

Bulk sales hitch a ride on soaring stock mkt

Block and bulk deals of ₹1.35 trillion since 1 Jan, ₹92,800 cr in Apr-Aug

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Bulk share sales have hit a record \$11 billion during FY24 so far, as promoters and large public investors cashed in on a buoyant equity market fuelled by nimble earnings growth.

A Mint analysis showed that key stakeholders, including promoters, have sold shares worth over 1.35 trillion through bulk and block deals during the calendar year so far, out of which deals worth over ₹92,800 crore were concluded in the first five months of FY24, which is more than double that of the same period last year.

"A strong market rally driven by the resumption of robust FII (foreign institutional investor) flows, sustained domestic inflows, especially in small-cap funds, led to a valuation re-rating across the board, and investors looking for transactions where they could deploy significant ticket sizes in one go have contributed to the surge in share sales," said Subhrajit Roy, India head, global capital markets, Bank of America.

In 2023 so far, Adani Group promoters offloaded stakes worth around ₹3,441 crore via block and bulk deals in five group firms.

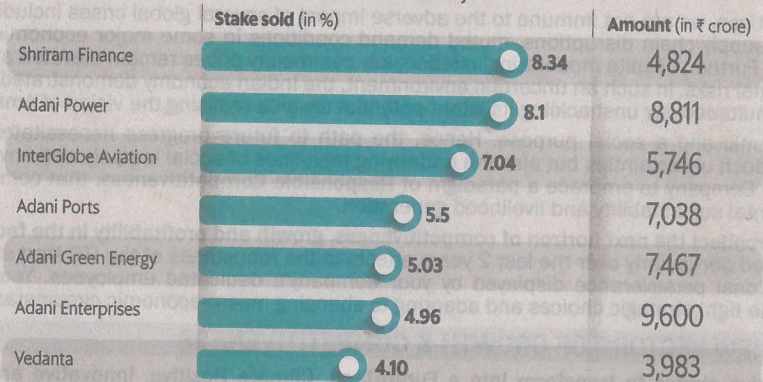
The Vedanta Group's promoter Twin Star Holdings divested 4.1% in Vedanta Ltd for ₹3,983 crore, while IndiGo co-promoter Rakesh Gangwal's wife Shobha Gangwal sold all of her 2.99% stake in InterGlobe Aviation for ₹2,801.8 crore.

Recently, a promoter group of Sajjan Jindal-led JSW Energy Ltd sold 1.3% to GQG Partners for ₹717.6 crore. And, on Friday, Pfadler Inc. sold a 13.56% stake in GMM Pfadler Ltd for ₹824 crore.

"If this trend sustains, we think this will create a positive investment mindset for future deals and will also encourage issuers

Cashing in

The biggest stake sales via bulk and block deals this year.



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Source: BSE, NSE

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to tap capital markets for their needs," Roy added.

To be sure, capital-raising gained momentum only in the second half of the calendar year, since markets were perceived to be overvalued in the first half.

"By the middle of the year, US inflation data and Fed (Federal Reserve) commentary led investors to believe that interest rates were near their peak with expectations for rate cuts in early 2024. That led to weakness in the dollar and an increase in risk appetite, which was positive for emerging market equities," said Pratik Gupta, chief executive officer (CEO) and co-head of Kotak Institutional Equities.

"India is being seen as a steady growth market with corporate earnings growth of 15% in FY24, largely steady currency outlook and stable political environment," added Gupta.

Out of the total ₹92,800 crore large-ticket deals, Indian promoters alone have sold shares worth about ₹81,000 crore in 2023, which is nearly twice that of 2022,

said Anil Rego, CEO and fund manager at Right Horizons.

"As domestic interest rates are at a peak level, the preference is to sell stakes instead of raising debt," Rego said.

Equity markets began picking up in the first quarter of FY24, leading to an increase in share sales. During April-July, shares worth ₹9,660 crore were sold via initial public offerings (IPOs), ₹11,429 crore worth of shares were sold via offers for sale and ₹8,141 crore was raised through qualified institutional placements, according to primary market data tracker Prime Database.

"Foreign portfolio investors have invested close to \$16 billion in this calendar year so far, and that number for domestic investors is nearing ₹1 trillion. Liquidity needs to find a home, creating the need for supply to satiate the demand. With block trades and IPOs, investors get to invest chunky capital in the stories of their choice vis-à-vis purchase from the secondary markets, which could lead to cost inefficiencies for that kind of volume," said Bhavesh Shah, managing director and head of investment banking at Equirus.

₹37,441 cr

Stakes sold by Adani promoters in 2023 so far