

Stocks rally sets stage for record bulk deals in FY24

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For large investors looking to sell some of their shares, FY24 was the year when the right opportunity presented. In a year the local stock market took off, block and bulk deals shot up 55% to touch a record ₹5.25 trillion, data from Prime Database showed.

Sectors that saw the biggest deals were financial services, consumer goods, telecom, aviation, pharmaceuticals, IT and power. Among the year's biggest sellers were Adani group promoters, British American Tobacco and IndiGo co-promoter Rakesh Gangwal.

"Aside from the bullish sentiment and robust earnings, there has been a significant improvement in corporate governance standards. A convergence of these factors has led to heightened activity in the capital markets, with IPO and block deals delivering superlative outcomes to the founders, PE investors and other shareholders," said Bhavesh Shah, managing director and head, investment banking at Equirus.

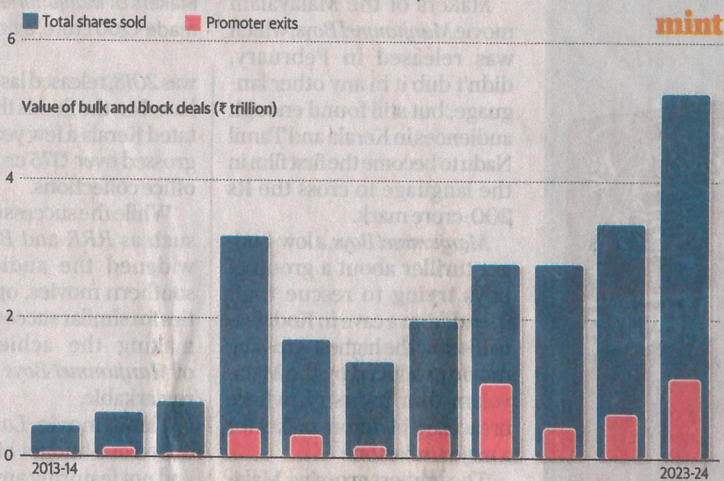
The Nifty 50 that fell 1.7% the previous year jumped 28.6% in FY24, setting the stage for lucrative share sales. The broader market gained even more—the Nifty Midcap 150 index surged 56.7%, against a marginal gain of 0.7% in FY23; while the Nifty Small Cap index shot up 63%, after slipping 8.6% in FY23.

Fund-raising via IPOs rose 19% in FY24, with 76 companies raising ₹61,915 crore, up from the previous year's ₹52,116 crore from 37 IPOs.

The value of block and bulk deals have been steadily rising over the past

On the block

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Source: Primedatabase

SARVESH KUMAR SHARMA/MINT

five years, clocking ₹1.4 trillion in FY19, ₹1.96 trillion in FY20, ₹2.78 trillion in FY21, ₹2.79 trillion in FY22, and ₹3.38 trillion in FY23.

"The participation of promoters through such sales is also a reflection of demand outstripping supply for

previous five years, promoters had sold ₹64,015 crore, ₹44,519 crore, ₹1.09 trillion, ₹39,167 crore, and ₹16,174 crore, according to Prime Database.

"Reduction in promoter stakes can be prompted by several factors,

online investment and trading firm Bigul.

"However, now, the rules of investing have changed. Promoters selling their holding in a bull market is also a sign that the companies are trading at reasonable valuations. It's only fair if promoters sell some of their shares and lock in profits. This doesn't mean that they think the price will crash. Instead, they want to take some money off the table," he added.

Among the biggest deals of the year were Adani group promoters selling shares in five group companies for around ₹23,880 crore; British American Tobacco selling 3.5% stake in ITC for ₹17,500 crore; Baring PE selling 27% of stake in Coforge for ₹7,684 crore, and IndiGo co-promoter Rakesh Gangwal selling 5.8% in InterGlobe Aviation Ltd for ₹6,786 crore, Singapore telecom operator Singtel selling 0.8% in Bharti Airtel for ₹5,849 crore; and Indian Continent Investment selling 1.35% stake in Bharti Airtel for ₹8,301 crore.

Other notable sales include Canada Pension Plan Investment Board (CPPIB) sold 1.7% stake in private lender Kotak Mahindra Bank for ₹6,123 crore, Whirlpool of India Ltd promoter, Whirlpool Mauritius Ltd, sold 24% stake for 3,880.7 crore and Beige Ltd, an affiliate of ChrysCapital sold 2.9% stake in Mankind Pharma Ltd for ₹2,469 crore.

"There has been a rise in the equity culture that India has been witnessing post-covid, with increased participation from the retail investor. There has been considerable increase in both direct as well as indirect investments through mutual funds from the retail investors," Shah of Equirus said.

ON THE BLOCK

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well-run businesses, creating more liquidity in the counter enabling future value creation," Shah of Equirus said.

Promoter stake sales during the year shot up 82% to touch ₹1.16 trillion, making up 22% of the total ₹5.25 trillion in block and bulk deals. In the

including the need to comply with the listing norms, buying properties, reducing debt, or making room for strategic investments in the company. It could be interpreted as a sign that promoters are losing confidence or they believe the stock is overvalued," said Atul Parakh, chief executive at