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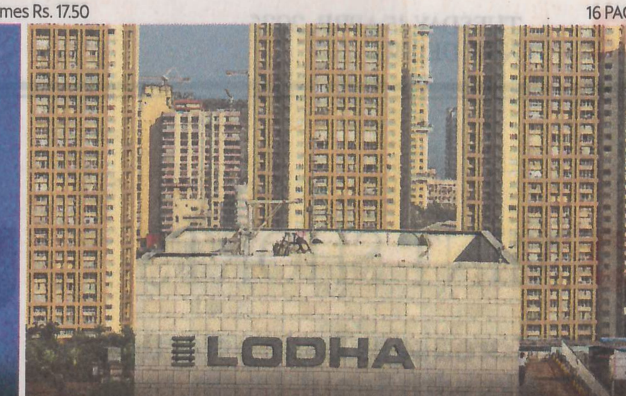

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Street chaos marks the end of a record year for bulk deals

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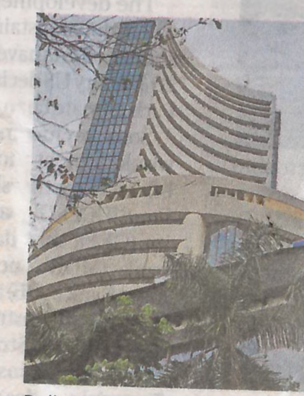
The Indian equity market closed FY25 with a record-breaking performance in bulk and block deals, clocking a total transaction value of ₹9.4 trillion, 3% higher than FY24's ₹9.1 trillion and the highest so far.



Bulk and block deals give clues about investor sentiment in specific stocks. BLOOMBERG

Yet, beneath this stellar figure lies a tale of two halves. The first six months boomed with high-value trades and institutional enthusiasm. This quickly reversed into a sobering decline in the second half as global turbulence (underlined by a tariff-trigger-happy Donald Trump), tepid corporate earnings, and investor caution took centre stage.

At the same time, analysts are sharply divided over the outlook for block deals in the current fiscal (FY26).

Bulk and block deals are large trades in the stock market, often made by institutional investors, which can give clues about investor sentiment or activity in specific stocks.

Almost 64% or ₹6 trillion of FY25's bulk and block deals came in the first half of FY25 (April to September). "The surge in block deals early in 2024 was driven by promoters offloading stakes as many companies traded at unsustainably high valuations. Recognizing that these levels wouldn't hold, they capitalized on the opportunity," said Anand K. Rathi, co-founder of investment management platform MIRA Money.

Sectorally, the bulk and block deal action remained concentrated in consumer discretionary, financial services, industrials, commodities, services, and telecom.

Among the most active institutional players were Graviton Research Capital, HRTI Pvt Ltd, Aakraya Research LLP, Siddhartha Yog, and Dodona Holdings

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Bulk and block deals fizzle amid market volatility

FROM PAGE 1

Ltd. These names featured prominently in trades across both large and mid-cap companies in the early part of the year.

In the second half, deal activity plunged to ₹3.48 trillion. The value of shares sold fell 46.3% to ₹1.82 trillion in the second half of FY25, while buying activity dropped 34.5% to ₹1.65 trillion, compared to the first half, according to data sourced from primedatabase.com.

From September onward, there was a confluence of headwinds, said Harshal Dasani, business head at INVasset PMS, a portfolio management service provider.

"The dollar index surged from 101 to 110 by January, the dollar-rupee pair rose in tandem, and despite a rate cut, US treasury yields stayed elevated—indicating sticky inflation and tight financial conditions globally. Foreign portfolio investors (FPIs) started pulling (out) money from Indian equities and reallocating to markets like China where valuations had become far more attractive."

To be sure, FPIs pulled out nearly ₹3.5 trillion from Indian equities over the course of H2FY25. The flight of capital wasn't merely a response to domestic concerns—it was largely shaped by global macroeconomic pressures, including geopolitical uncertainty.

US President Donald Trump's re-election rhetoric, particularly around renewed trade tariffs, triggered a new wave of anxiety among investors.

The caution wasn't restricted to institutional investors. Even promoter stake sales, often a major component of block deals, remained subdued. Promoters sold shares worth only ₹82,638 crore in FY25, down 30% from the previous year. The decline indicates a more conservative approach, with promoters seemingly preferring to hold onto their stakes rather than monetize them amid uncertain times.

"India remains largely a long-only, buy-and-hold institutional market. Promoters or large investors typically book profits in rising markets. But when uncertainty around trade policy, tariffs, and global order spiked in November, many large institutional investors began to sit on cash, waiting for clarity and lower entry points. This inevitably slowed large deals," explained Akshay Gupta, director at investment banking and corporate advisory services firm Prime Research & Advisory Ltd.

Uncertainties surrounding Trump's tariff war and the absence of strong domestic drivers are the headwinds at the start of the current fiscal year.

Nonetheless, April's deal value stands at ₹6,160 crore. Despite the prevailing uncertainties, market analysts remain divided on the potential for a rebound in the latter half of FY26.

"Looking ahead to FY2026, I believe the environment is turning significantly more favourable for a revival in bulk and block deal activity," said Dasani. "Many of the macro headwinds that weighed on sentiment in the second half of FY25 have now eased. The dollar index has slipped below 100—a level not seen in a long time—providing relief to emerging markets, particularly import-heavy economies like India. Crude oil prices are also subdued, which bodes well for inflation management and current account stability."

Gupta echoes the sentiment, though with a note of caution. "We expect the VUCA (volatility, uncertainty, complexity and ambiguity) to abate in the next 3-6 months. So, the next months might mirror the last 6 months of lower block trade activity, but second half of FY26 should see a pick up in large long trades in the Indian market. We will also see return of FPIs in the later part of this year with reducing geo-political uncertainties and an encouragingly reducing and accommodative interest rate scenario in the country."

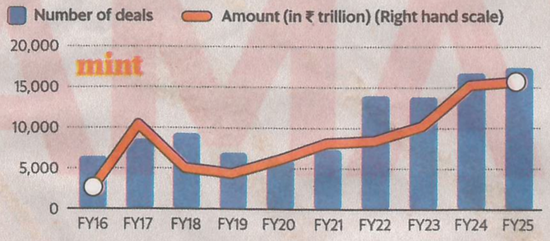
However, Rathi added "given subdued valuations and global uncertainty, we don't anticipate a significant rebound in block deal activity in FY26. Deal sizes may even shrink further until markets stabilize and corporate earnings recover. Only then could momentum return—but for now, a major uptick seems unlikely."

Market mood shifts

Almost 64% of FY25's bulk and block deals came in H1FY25 and sectorally, the action was concentrated in consumer discretionary, financial services, industrials, commodities, services and telecom.

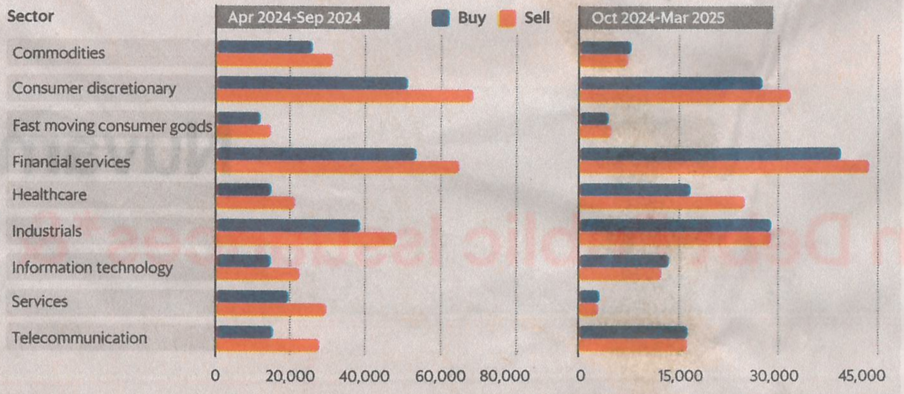
India's record deal year has a twist

Bulk and block deal activity, yearly



Deal hot spots

Sectorwise bulk and block deals on a semi-annual basis (in ₹ crore)



Sectors as per Sebi classification

Source: Primebbdatabase.com

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