Street chaos marks end of a record yr for bulk deals

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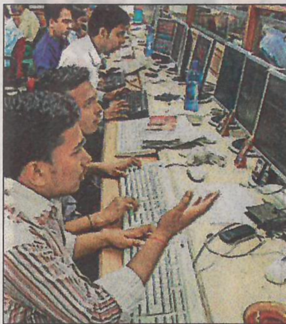
MUMBAI: The Indian equity market closed FY25 with a record-breaking performance in bulk and block deals, clocking a total transaction value of ₹9.4 lakh crore, 3% higher than FY24's ₹9.1 lakh crore and the highest so far.

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 lakh crore 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.



FPIs pulled out ₹3.5 lakh crore from Indian equities over the course of H2FY25. REUTERS

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 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 lakh crore 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.