

Big shareholders seek to cash in as volatility weighs

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LARGE SHAREHOLDERS IN companies are increasingly looking at the block/bulk deal route to sell stake, at a time when share prices are in troubled waters.

Promoters and significant shareholders usually pick up stakes during market volatility to strengthen their holdings and shore up confidence among investors. However, large shareholders are now cashing in owing to the prolonged uncertainty, say market analysts.

According to data, some big shareholders who have taken the exit route in recent weeks have been Dynasty, which shed its holding in Shriram Finance for over ₹1,000 crore, and Hulst, which sold its stake in Coforge

TOP BLOCK DEAL SALES IN 2023

Amount (₹ crore)

Redington

Feb 24

Seller: Synnex (Mauritius)

3,215

Adani Green Energy

Mar 2

Seller: S.B. Adani Family Trust

2,806

Syngene International

Feb 1

Seller: Biocon

2,240

Adani Ports & SEZ

Mar 2

Seller: S.B. Adani Family Trust

5,282

Adani Transmission

Mar 2

Seller: S.B. Adani Family Trust

1,898

1,276

Embassy Office Parks REIT

Mar 3

Seller: Embassy Property Developments

1,040

Delhivery

Mar 1

Seller: SVF Doorbell (Cayman)

954

Shriram Finance

Jan 13

Seller: Dynasty Acquisition (FPI)

for close to ₹2,500 crore.

Sumit Agrawal, partner, Regstreet Law Advisors, said the decision to sell stakes via block/bulk deals at a time when share prices are falling has several

reasons. First, one may need funds for personal reasons, such as to finance other business ventures or meet personal financial obligations. Second, they may have concerns about the future perfor-

mance and may want to reduce their exposure. Third, they may view the current market conditions as an opportune time to exit and lock in profits, he said. While 2023 has also seen block/bulk

deals involving promoters, these have been largely those that were in the works, or done for a specific reason.

The Adani family trust's move to offload stakes in group firms followed the Hindenburg report, as the group needed the cash to assuage investor concerns.

Other major deals involving promoters this year were IndiGo promoter Shobha Gangwal paring her stake and Alibaba quitting Paytm.

"Alibaba's exit from Paytm was because of the pressure to cut ties with Chinese entities. Shobha Gangwal's exit from IndiGo had been in the works since years following the dispute between the co-founders.

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TOP BULK DEAL SALES IN 2023

Company	Seller	Deal in 2023	Amount (₹ cr)
Adani Enterprises	SBAdani Family Trust	Mar 2	5,460
Sona Blw Precision Forgings	Singapore VII Topco Iii Pte	Mar 13	4,917
Coforge	HULSTBV	Feb 3	2,430
Samvrhdna Mthrsn Intl	Sumitomo Wiring Systems	Mar 16	1,612
One 97 Communications	Alibaba.com Singapore E-commerce	Feb 10	1,378
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Shriram Finance	Dynasty Acquisition (FPI)	Mar 8	1,023
Interglobe Aviation	Shobha Gangwal	Feb 16	982
Interglobe Aviation	Shobha Gangwal	Feb 16	981
Interglobe Aviation	Shobha Gangwal	Feb 16	981

Source: Prime Database, Exchanges

"These deals had nothing to do with the market volatility," said J N Gupta, MD of Stakeholders Empowerment Services.

China's Alibaba made a complete exit from Paytm by paring its stake for ₹2,377 crore. Among others, Synex has pared its holding in Redington for ₹3,214 crore, Biocon has offloaded its holding in Syngene International for ₹2,240 crore, while Embassy Property Developments has also shed its holding in Embassy Office Parks REIT in a deal worth ₹1,276 crore. In recent days, Singapore VII Topco has reduced its stake in

Sona BLW Precision for ₹4,917 crore. According to market players, new investors — who have incurred losses since the last few months, including the business end of 2022 — are also hopping on to the exit route via such deals. They are either looking to cash in while they can, or aiming to cut their losses, and thus seek the best price they can command.

In block/bulk deals, a large number of shares are purchased or sold in a single transaction by a limited number of parties through a separate window. These are typically negotiated and executed pri-

vately. Agrawal added that such transactions are less likely to affect the market price of shares and are less visible to the public, which reduces the risk of insider trading as the information is known only to a limited number of parties.

Agrees Jyoti Prakash Gadia, MD of Resurgent India: "Promoters and large stakeholders sell in bulk to get a competitive deal through one-to-one negotiations after assessing the demand, rather than selling at variable prices likely to be influenced by frequent entries and exits."