

Flavour of season: Promoters, PE firms use block deals to offload shares worth over \$10 billion so far in 2023

Janaki Krishnan
Mumbai

The surge in Indian equities and rich valuations have prompted promoters, private equity firms and strategic investors to offload shares worth over \$10 billion so far in calendar 2023.

They used the block deal route with June seeing the highest number of such transactions worth about \$4.7 billion against block deals of \$14 billion in the whole of 2022.

BLOCKBUSTER YEAR

Block deals have always been an exit avenue for stakeholders and for funds and institutional investors to buy, but the pace and number of such transactions have been at an unprecedented scale this year. March was another month

Exit through block deals

Promoters of company	Stake sold (%)	Deal value (₹ crore)
Adani Enterprises	1.60	4,140.0
TD Power	24.15	840.0
Easy Trip	9+	667.0
Sterling & Wilson	1.85	103.0
Landmark Cars	1.40	36.8
Craftsman Automation	3.80	316.8
CMS Info	13.75	630.0

PE Firms	Company	Stake sold (%)	Deal value (₹ crore)
TPG Growth	Landmark Cars	100	293
Ca Swift Investments	Delhivery	100	709
TPG Growth	Shriram Finance	100	1,389
Warburg Pincus	Kalyan Jewellers	6+	725
Canada Pension Plan Investment Board	Kotak Mahindra Bank	1.7	6,123

that saw \$1.8-billion worth of block deals, according to Prime Database numbers.

Offer for Sale (OFS), as an

exit route, has become less favoured due to its lengthy process and rules; mostly government-owned companies are

taking that route now. "I think it reflects the underlying demand for stocks, especially from institutional players, mostly foreign investors," said Deepak Jasani, Head of Retail Research at HDFC Securities.

Data from exchanges and Prime Database show that promoters and private equity firms have been using the block deal route to exit and sell substantial stakes. Mutual funds, insurance companies, and PE firms have used the block deals to stock up on shares as most transactions were done at significant discount to the prevailing prices.

ECONOMY LINKAGE

V Jayasankar, MD and Member of the Board of Kotak Investment Banking, said block deals were active since last one year even when the markets were challenged, and the

quantum has gone up this year and in the June quarter. "This only shows that investors would like to put more money to work in companies that are already listed and that have been tracked for long. Importantly, blocks are easier to do as it just takes a few days to complete. We have seen a pretty good deal flow in blocks and I think the momentum may continue, but every month may not see block deals as high as June." The Kotak group managed over a third of the block deals and OFS in the June quarter in value terms.

Investors need fresh paper to invest in, and while they could do it through IPOs, it has a longer lead time. Jayasankar said that for PE investors and promoters who want to exit, now was the right time with the indices at life highs.