IPOs lose shine as venture fund exits pivot to block deals

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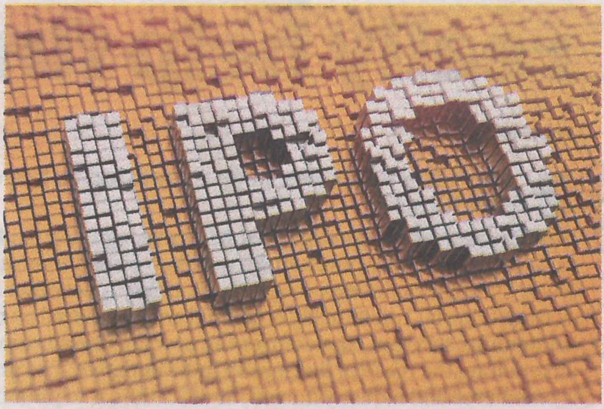

In past five years, PE and VC investors realised higher exit value via post-listing bulk and block deals than via offer-for-sale. ISTOCK

Initial public offerings are not all that they're cracked up to be for private equity (PE) and venture capital (VC) investors seeking to monetize their holdings.

Even though IPOs are considered the primary liquidity event, data over the past five years shows that investors have realized a significantly larger exit value through post-listing bulk and block deals than through the offer-for-sale (OFS) segment of an IPO.

Since 2024, there have been 43 PE- and VC-backed IPOs where shares worth almost ₹59,000 crore were sold through the OFS route, data from Prime Database showed. This was about one-third of the over ₹1.9 trillion worth of shares sold through post-listing bulk and block deals.

An OFS during an IPO allows the promoters of a company and its existing investors including PE and VC firms to sell their shares to the public. After listing, they have the option to sell shares on the exchanges through bulk or block deals.

Since 2024, OFS exits of about ₹59,000 crore were just one-third of post-listing bulk and block deal exits

Over the past two years alone, more than 950 block deals were executed, highlighting a growing preference among funds to defer large exits until after listing amid volatile valuations.

While block deals peaked in 2024 and slowed in 2025, they slowly started to open up in the second half. Legal experts said this was normal after a phase of heavy monetization and did not reflect a structural constraint on exits.

Following a year of aggressive sell-downs, funds are recalibrating the pace of exits, said Abhishek Guha, a partner at Trilegal.

"We expect to see many exits through block sales in 2026," Guha added.

The most recent wave of post-listing exits began towards the end of 2023 and has continued since, barring brief pauses triggered by trade-related and geopolitical disruptions.

In 2021, investors sold shares worth about ₹48,000 crore through OFS, compared with almost ₹62,500 crore through post-IPO bulk and block trades, according to Prime Database. The gap between IPO-stage exits and post-listing exits has widened since then.

Mint's analysis of Venture Intelligence data underscores this shift. In 2021, IPOs accounted for 12% of overall PE exits, with block trades at 23%. In 2025, IPO exits shrank to 8% even as block trades accounted for 30% of exits. The divergence was most pronounced in 2023, when block trades surged to 47% of total exits, while IPO exits collapsed to a mere 6%.

As *Mint* reported last year, selling shareholders have increasingly trimmed the OFS component of IPOs, opting to hold back stakes and pursue exits through block deals and secondary sales once companies are listed.

"The block deal ecosystem was far less active five years ago. What has changed is the depth of domestic liquidity, especially from mutual funds, which are now willing and able to absorb large secondary stakes," said Pranav Haldea, managing director at Prime Database Group.

He added that several private equity funds of older vintage have now reached their exit phase and block deals have emerged as a preferred mechanism for monetization.

Pricing control, combined with discretion and speed, has made block deals structurally more attractive for large financial investors, said Guha.

"There is far greater flexibility in pricing since block deals are private and negotiated," Guha noted.

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