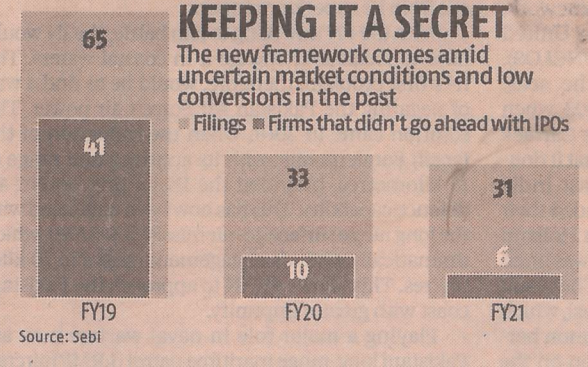


# Tata Play becomes first to take pre-filing route for IPO

▶ OFFER DOCUMENT OPEN TO SCRUTINY ONLY BY REGULATOR, EXCHANGES, AND NOT THE PUBLIC

▶ THE WALT DISNEY COMPANY-LED FIRM EYEING A ₹3,000-CRORE INITIAL PUBLIC OFFERING



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Tata Play (formerly Tata Sky) has become the first company to take the pre-filing route for its initial public offering (IPO). The direct-to-home platform has pre-filed its draft red herring prospectus (DRHP) confidentially with the Securities and Exchange Board of India (Sebi) on November 29, the Tata group firm has disclosed via a newspaper advertisement.

The capital markets regulator amended the Issue of the Capital and Disclosure Requirements only last month, introducing the concept of confidential filings — popular in the US markets — to the domestic markets.

Under this optional mechanism, an unlisted company is allowed to keep its offer document private until it firms up its IPO plan.

Tata Play's offer document will only be open to scrutiny by the regulator and exchanges, but will not be open to the public. The company will then have to file an updated DRHP, which will be a public document once Sebi issues its observations and the company decides to launch its IPO.

According to market sources, The Walt Disney Company-led firm is eyeing an IPO of around ₹3,000 crore, which could be a mix of fresh and secondary share sales.

Investment bankers said more companies will follow suit in taking the pre-filing route.

"The idea behind this route was to enable companies to keep key information about their business private until the time there was clarity on the launch of the IPO. From that perspective, I do expect several companies, including new-age technology ones, to opt for this route," said Pranav Haldea, managing director, PRIME Database.

In recent years, global firms, such as Snapchat, Robinhood, SurveyMonkey, and LINE, have taken the confidential filing route. Investment bankers said the biggest draw for companies to file confidentially is the flexibility they get over information flow. They can withhold sensitive information from their competitors, which can be

misused, they add.

"The biggest motivation is that disclosures don't become public until approved by Sebi. The public does not know about the competitive positioning, group company, and related party disclosures. That's the reason it is going to be popular. Many times when you file, you are not sure you will get the response or even the valuation," said Pranjal Srivastava, partner-ECM, Centrum Capital. He said more new-generation companies will be inclined to take this route, as opposed to traditional ones.

Sebi has allowed companies taking the pre-filing route to market their offering to institutional investors to gauge demand and

arrive at a fair price. The so-called 'test the water' (TTW) clause is aimed at allowing issuers to undertake limited purpose marketing to qualified institutional buyers (QIBs). The TTW exercise with QIBs will be limited to the information provided in the pre-filed DRHP and no extraneous information is allowed to be shared with potential investors.

Another key relaxation for companies taking the pre-filing route can delay the conversion of their outstanding warrants until the time Sebi issues its observations. Earlier, a company had to convert all its outstanding warrants into equity shares right at the time of filing its DRHP.