



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

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SEBI/HO/CFD/RAC-DIL2/P/OW/2022/53476/1  
October 20, 2022

ICICI Securities Limited  
ICICI Centre  
HT Parekh Marg,  
Churchgate,  
Mumbai - 400020

Kind Attention: Mr Prem Dcunha and Sameer Purohit

Dear Sir

Sub: Clarification sought for proposed IPO of GO Digit General Insurance Limited (the Company / Issuer)

With reference to the discussions held on October 03, 2022 and minutes shared vide your email dated Monday 10, 2022, you are advised to clarify on the discussed points.

Further, with reference to the Draft Red Herring Prospectus of captioned IPO filed with SEBI, you are advised to clarify on the following points:

- A. LM is advised to examine the applicability of SEBI (Framework for Rejection of Draft Offer Documents) Order, 2012, to the DRHP of Issuer Company and confirm whether the said general order is applicable to the instant public issue/DRHP. LM is further advised to provide a para-wise reply on the applicability of aforesaid order.
- B. LM is advised to examine the applicability of SEBI (Issuing Observations on Draft Offer Documents Pending Regulatory Actions) Order, 2020, dated Feb 05, 2020, to the DRHP of Issuer Company and confirm whether the said general order is applicable to the instant public issue/DRHP. LM is further advised to provide a para-wise reply on the applicability of aforesaid order.
- C. It has been observed that in various instances disclosures have been made in the offer document stating 'we believe...' LM is advised to provide the basis for making such disclosures in the offer document while also explaining compliance with Regulation 24 (1) and Regulation 25 (2) (b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").
- D. Additional Section: LM is advised to include a separate section at appropriate place, preferably after Section – Offer Document Summary, providing illustrative examples of all such performance/financial/operational metrics such as GWP, NEP, IBNR, etc.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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- E. Under section – *General Information*, LM is advised to not mention names of the Legal Counsels as they do not satisfy the definition of Expert or form part of mandatory disclosures.
- F. LM is advised to provide list of observations made by IRDAI along with the ensuing compliance of the same.

G. FORWARD LOOKING STATEMENTS

1. Page-34 – It is disclosed that this Draft Red Herring Prospectus contains certain “forward-looking statements”. It may be noted that point (e) under Instructions of Part A of Schedule VI of ICDR Regulations, 2018, states that the offer document should not make any forward looking statements that cannot be substantiated. In view of the same, you are advised to confirm and explain compliance with aforesaid provision with respect to all such forward looking statements made in the DRHP.

H. RISK FACTORS (Page 35-87)

2. LM is advised to rearrange the risk factors based on materiality.
3. LM is advised to place para of emphasis as first para of each RF.
4. LM is advised that all the RF containing any data to have a proper cross reference to the actual section / page where the specific and detailed explanation is given (where required more than one section / page). Further, LM is advised that data provided in % to be followed with the actual / absolute figures. Data shall be for last 3 financial years and stub period.  
Due reason to be provided if there is no cross reference being provided.
5. LM is advised to disclose, for every RF on contingent risks such as fraud, liquidity etc, past instances, if any of such contingencies.
6. Risk Factor 1: LM is advised to disclose losses with reference to corresponding revenue.  
LM is advised to substantiate issuer’s track record of innovation or provide cross reference to appropriate section.  
LM is advised to elaborate the term ‘*operating leverage*’ in terms of a general insurance company. LM is also advised to disclose the measure/ratio/indicator for measuring *operating leverage*.  
LM is advised to disclose the issuer’s variable cost as a % of total cost and as % of total revenue for the financial period under disclosure.  
LM is advised to disclose the *quarter sufficiency* of its existing reserves, if the issuer continues to have same rate of incurred losses. Additionally, LM may disclose post issue *quarter sufficiency*.
7. Risk Factor 2: LM is advised to appropriately merge RF 2 with RF 1.  
LM is advised to disclose year of introduction of various products and their current contribution to GWP in % terms.



8. Risk Factor 3: LM is advised to define IBNER under Section – *Definition and Abbreviation*.  
LM is advised to disclose the value of loss reserves for the financial period under disclosure. Same shall be referenced with year wise GWP. Additionally, LM shall disclose the issuer's loss reserves in comparison with other top 5 general insurance companies (GI companies). The comparison shall be disclosed for loss reserves as % of GWP.  
LM is also advised to disclose claims settled in a financial year as against the loss reserves of past FY.  
LM is advised to present a short example to demonstrate the difference between IBNR and IBNER.  
LM is advised to disclose the loss reserves for motor third-party liability as against the total loss reserves.
9. Risk Factor 4: LM is advised to disclose the year wise re-insurance coverage undertaken towards catastrophic re-insurance arrangements. LM is also advised to disclose the same in comparison to top 5 GI companies.  
LM is advised to disclose an appropriate comparative financial indicator for correlation with catastrophic re-insurance coverage.  
LM is advised to disclose at para 6, the % of liability insured towards natural disasters as against the total liability.  
LM is advised to disclose at para 6, for the mentioned natural disasters, the settled claims vi-a-vis loss reserves of the company for that FY.
10. Risk Factor 5: LM is advised to place para 5 as para 2 and advised to update on the current status of settlement proceedings.
11. Risk Factor 6: With reference to delayed submission of financial statements to IRDAI, LM is advised to disclose the number of such quarters where delayed submissions were made and the penalties imposed.  
With reference to delayed submissions with ROC, LM is advised to disclose number of such instances during the disclosed financial period and the penalties imposed.
12. Risk Factor 7: LM is advised to disclose FY wise, % of insurance applications underwritten on automated basis.  
LM is advised to disclose product wise, average premiums, average claims etc.  
LM is advised to disclose comparative table with top 5 GI companies for product wise average premiums and average claims and loss ratio. The demonstrative para shall be placed as first para.
13. Risk Factor 8: LM is advised to disclose the approved modes of raising capital/finance as advised by IRDAI and the applicable limitations. The same shall be presented as Table.
14. Additional Risk Factor: LM is advised to place an additional RF as and under top 5 RFs, disclosing all the mandatory ratios as prescribed by IRDAI. The same shall be represented under a table with columns defining the formulae for calculation,



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business significance of such ratios, Issuer's ratio for the last disclosed financial period and existing ratios for top 3 GI companies.

15. Risk Factor 9: LM is advised to merge RF 9 with above advised additional RF.
16. Risk Factor 10: LM is advised to disclose the % contribution of various distribution channels/partners vis-à-vis GWP, for each period of financial disclosure.  
LM is advised to disclose FY wise and distribution channel/partner wise, number of on record distribution partners.  
LM is advised to disclose contribution of top 50 partners in GWP for each disclosed financial period along with the percentage of commission/brokerage paid to them vis-à-vis total paid commission or brokerage.  
LM is advised to disclose if any of such partners are shareholders of the company in any capacity.  
LM is advised to disclose the names of banks acting as distribution partners, along with share of their contribution to GWP.  
LM is advised to disclose IRDAI approved commission/brokerage margins applicable to GI companies.
17. Risk Factor 12: LM is advised to disclose a comparative table depicting top 5 GI companies in Motor Vehicle insurance segment and corresponding % of motor vehicle insurance to their overall GWP. The table shall suitably provide comparable financial indicators such as NEP, net claims, loss ratios etc for the motor vehicle insurance segment.  
LM is advised to place the said RF as and under top 10 RFs.
18. Risk Factor 14: LM is advised to disclose FY wise adjustments, if any, made to the disclosed reserves.
19. Risk Factor 15: LM is advised to place the said RF as and under top 10 RFs,
20. Risk Factor 17: LM is advised to suitably merge the said RF with RF 12.
21. Risk Factor 19 and 20: LM is advised to place the said RFs as and under bottom 10 RFs.
22. Risk Factor 21: LM is advised to place the said RF as and under top 15 RFs.
23. Risk Factor 22: LM is advised to place the said RF as and under top 20 RFs. LM is advised to disclose the names of reinsurance partners along with the % of reinsurance risk ceded to such partners. Further, the LM shall disclose the rate of commission, earned commission for each of these reinsurance partners. The same shall be disclosed for each of the disclosed financial period.
24. Risk Factor 23: LM is advised to disclose FY wise expenses on branding, advertisement and publicity as % of GWP and as % of NEP. LM is advised to confirm if any related party is assigned the responsibility of branding, advertisement



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and promotion or LM shall disclose the name of the empaneled agency for handling of the same.

25. Risk Factor 24: LM is advised to place the said RF as and under top 20 RFs. LM is advised to disclose FY wise income earned through investments and their % share in issuer's total income. LM is advised to disclose FY wise, the average rate of return on the issuer's investment and provide a comparative table with similar details of top 5 GI companies.
26. Risk Factor 63: LM is advised to place the said RF as and under top 20 RFs.
27. Risk Factor 64: LM is advised to disclose the names of the allottees, number of shares and the price of the equity shares allotted in the last year.
28. Risk Factor 66: LM is advised to place the said RF as and under top 15 RFs. LM shall disclose why is the issuer not required to appoint a monitoring agency. LM is also advised to disclose IRDAI's norms, if any, on utilization of funds raised for augmenting solvency ratio.  
LM is advised to explain the statement, *...Accordingly, the deployment of fresh proceeds...Our Board of directors...discretion over the application of net proceeds.*
29. Risk Factor 67: LM is advised to list out under a table, all such differences in performance metrics, between GI companies and Life Insurance Companies. The table shall also provide the significance of such performance metrics including valuation metric.  
LM is advised to place the said RF as and under top 20 RFs.

**I. OFFER DOCUMENT SUMMARY (Page 20):**

30. LM is advised that as para 1, it is mentioned that the offer is being made in terms of *Rule 19(2)(b).....For details see 'offer structure on page 446, as mentioned on the cover page.*
31. LM is advised that as para 2, additionally, it is mentioned that the offer is being made in terms of Regulation 6(2) of SEBI (ICDR) Regulations, 2018 as the issuer does not satisfy the clauses as stipulated in sub-regulation (1). The relevant clauses to be provided *ad-verbatim*.
32. LM to provide its comments as para 3, with respect to standing and credibility of RedSeer. LM shall also clarify whether other companies in same line of business or startup industry accept / follow RedSeer estimates / reports / data.
33. Para Head- *Summary of Primary Business*: LM is advised to substantiate the phrase, *'leading digital full stack'*. Unsubstantiated phrases or adjectives to be deleted. The para to be elaborated further to include nature of product streams and their percentage revenue contribution.

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34. Para Head – *Aggregate pre-offer shareholding.....*-Table – LM is advised to provide appropriate disclosures on disclosed shareholding of 83.65% held by FAL corporation, as both *FAL* and *GDISPL* are shown to be holding 83.65%.
35. Pre- IPO Placement – LM to confirm that the issuer has / will appropriately intimate the prospective investor that there is no guarantee that the IPO may come through or listing shall happen and the pre-IPO investment is being done solely at the risk of the investor. Further, a suitable disclosure to be incorporated in the offer document in this regard.

**J. OBJECTS OF THE OFFER (Page 150)**

36. Para Head – *Proposed schedule of implementation and deployment of net proceeds-* LM is advised to explain the following sentences in terms of the stated object:  
*Our proposed deployment of net proceeds has not been appraised....*  
*Our management will therefore have broad discretion....*  
*As stipulated in the proviso to Regulation 41 (1)...*  
*There may be variations....*(refer the calculation of solvency levels)  
What is the relevance of reference to expenditure in the said para.  
What all capital ratios (for GI companies) will get affected post issue.  
Can insurance companies seek debt from lenders?
37. *Details of the Objects of the offer:* LM is advised to explain why augmentation of capital base and maintenance of solvency levels are two separate objects. With augmentation of capital base, wouldn't the solvency level see an improvement?  
LM is advised to explain the following statement:  
*We intend to utilize the net proceeds from the fresh issue...*  
LM to make specific disclosure on future capital requirements as mentioned in the above referred statement.  
LM is advised to make consistent statements on the objects of the issue. At one para it is utilization is disclosed towards future capital requirements, at another para utilization is disclosed towards *expansion of our business*. At one para utilization is towards maintenance of solvency levels, at another para utilization is towards *improving our solvency margins*. LM is advised to appropriately modify its objects and state the true purpose of utilization of the issue proceeds.  
In view of the above noted inconsistencies in disclosures on *objects of the offer*, LM is advised to make due modifications.
38. *Interim use of Net Proceeds:* Refer calculation of solvency ratio on page 151. As current assets including cash and bank balances are an inherent variable for calculation of solvency ratio, LM is advised to explain how disclosed *Interim use of Net Proceeds* shall not be considered as utilization of proceeds.  
With reference to the disclosed method of calculation, LM is advised to appropriately modify all paras in the offer document on unutilized net proceeds.
39. Para Head – Offer Expenses – LM to disclose that offer expenses shall be shared on a pro-rata basis even if the issue does not go through or does not get listed. LM is



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advised to disclose that the proceeds of selling shareholders will be made only post deduction of selling shareholder's proportion of expenses from the IPO account.

**K. BASIS FOR OFFER PRICE (Page 156):**

40. LM is advised to provide updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasising on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, with corresponding suitable explanations so as to justify the offer price.
41. Qualitative factors – LM is advised to provide cross-references for the mentioned qualitative factors.  
LM is advised to re-evaluate mention of predictive underwriting method, as underwriting is inherently predictive in nature.
42. Quantitative Factors- Comparison with Listed peers – LM is advised to include an additional table on comparison with top 5 GI companies. Another Table shall be included for comparison with *digital full stack* GI companies.  
LM is advised to include comparable financial/operational/performance indicators for above disclosures.  
LM is advised to provide product wise operational/financial/performance comparison with top 5 GI companies.

**L. OUR BUSINESS (Page 185)**

43. LM is advised not to highlight (fonts in *bold*), except for the para headings.
44. LM is advised to quantify all superlative adjectives such as *leading, largest, fastest etc.*
45. LM is advised to elaborate the term, *digital full stack*.
46. LM is advised to disclose the names of other digital full stack GI companies, referred by pronoun *these*, in the sentence, .....*written by these digital full stack*.
47. LM is advised to disclose share of *digital full stack* GI companies in industrywide written GWP, before the sentence beginning as *Our company caters for approximately....*
48. LM is advised to provide cross-reference to appropriate pages and paras, wherever the emphasis is made to *Redseer report*.
49. LM is advised to suitably modify/clarify the quoted figure of 30 Million customers or people who have availed insurance benefits since inception. LM is advised to disclose product wise break-up of such customer or beneficiary base.



50. Page 185-Para 2 – LM is advised to provide tabular representation of growth of top 5 GI companies and other comparative figures as disclosed, in comparison to issuer's disclosed CAGR growth of 52.9% and loss ratio etc.. The para shall suitably mention the effect of low base in such growth.  
LM is advised to disclose a separate comparative table on comparison between issuer and other *digital full stack* GI companies.  
LM is advised to ensure that the advised tables provide comparative data on all the disclosed operational/performance metrics.  
LM is advised to have correlated time period for comparison of issuer's growth and industrywide growth. Issuer's growth is disclosed for FY 2020-FY 2022, whereas industrywide growth is mentioned for FY 2018-2022.
51. Page 186 – *Our Mission* – LM is advised to explain, whether 15 year old (Minors) are allowed to purchase insurance products. LM is advised to disclose all such pioneer innovations undertaken by issuer to simplify insurance as a product. LM is also advised to differentiate between issuer's initiative and regulator's initiative towards innovation in insurance products. LM is advised to suitably modify all such statements to include only pioneer innovations.
52. Page 187 – *Who we are* – Para 1- LM is advised to evaluate the disclosed statement, *We have designed our underlying....*, in light of the share of motor insurance premiums in the issuer's NEP.
53. LM is advised to disclose whether the *API* is open source or in-house.
54. LM is advised to explain what all data points are undertaken for underwriting of insurance for a new customer.
55. LM is advised to disclose the data sources linked with the issuer's data bank. LM is advised to disclose whether any data-set is purchased from third-party providers such as *Policy Bazaar etc.* If yes, LM shall disclose the expenses made towards such purchases.
56. Page 188 – Para numbered as 1 – LM is advised to suitably modify the heading or the text, as the heading and text have no correlation.
57. LM is advised to disclose share of top 5 GI companies in motor insurance, in comparison to issuer's share of 4.5%.
58. LM is advised to disclose total number of products launched since inception along with total number of products withdrawn in the sentence disclosing the number of active products.
59. Page 189 – *Table – Digit has consistently delivered on high growth* – The disclosed figures in % disclose a decrease in % growth in Motor OD, Motor TP as against the mentioned *consistent delivery of high growth*.





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60. LM is advised to evaluate issuer's *amassment of data* in view of the National Data Policy.
61. Page 189 – *Our Business Model – Focus on accuracy...*- LM is advised to demonstrate impact of predictive underwriting models, in light of the disclosed statement, *We believe it can lower...*
62. LM is advised to explain difference between predictive underwriting models as against other underwriting models. Isn't underwriting inherently predictive?
63. LM is advised to demonstrate disclosed *strong underwriting performance to date* with comparative table on product wise performance with top 5 GI companies.
64. Page 189 – *Efficient, scalable....*- LM is advised to disclose comparative table with top 5 GI companies with reference to operating expenses and commission to net premium ratio.
65. Page 190 – *Strong, stable...*- LM is advised disclose what % of investments in Indian Government securities/corporate bonds are on account of mandated investments by IRDAI. *Average Yield* to be defined.
66. LM is advised to maintain consistent time period while disclosing industry-wide projections. At certain sections, disclosure is for FY 2018-2022, At some 2016-2022.
67. Page 191 – *High-quality customer experience* – LM is advised to explain the term *net promoters score*. LM is further advised to provide comparative figures with top 5 GI companies.
68. LM is advised to disclose operational/financial/performance metrics for consistent time period across the offer documents. It is noted that at places, FY 2020-22 is mentioned for disclosures on growth and at places FY 21-22 is mentioned. LM is advised to ensure such inconsistencies are properly identified and corrected.
69. Page 198: LM is advised to explain the difference between *Liability Insurance* and *Other insurance*. The disclosed products under both the categories appear to be same.
70. LM is advised to collate all comparative operational/financial/performance metrics and disclose it under one table, preferably at the beginning of the section. Due cross reference or applicable extracts of the table shall be placed under relevant paras.
71. LM is advised to make use of 'jargon free' communication in simple language. For Example, para on *Brand and Marketing* may be considered for revision.

**M. HISTORY AND CERTAIN CORPORATE MATTERS (Page 224)**

72. LM is advised that under section "History and Certain Corporate Matters" of the offer document, it is specifically disclosed that all special rights available to the



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Shareholders / Investors, shall cease to exist or expire /waived immediately before or on the date shares are allotted to public shareholders, without requiring any further action.

73. LM is advised to make disclosures regarding whether any of the special rights available to certain shareholders would continue post listing and if yes, the details of the same may be clearly disclosed under section "History and Certain Corporate Matters". Further, LM shall specifically disclose that any special rights, post listing shall be subject to approval of the Shareholders by way of a special resolution, in a general meeting of the Company held post listing of the Equity Shares.
74. LM is advised to ensure that special rights which will continue post listing are not prejudicial or adverse to the interest of the minority / public shareholders.
75. Page 229 – *Events of Default*....-LM is advised to include an additional RF on such events of default and possible consequences on public shareholders.
76. Further, a categorical statement from the Issuer Company/ promoter/ shareholders, may be provided that there are no other agreements and clauses / covenants which are material and which needs to be disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the public shareholders. Also that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.
77. Further, the LMs also to confirm to SEBI that they have gone through the agreements / inter-se, if any, as disclosed in the DRHP and they also do not see any clauses / covenants which are material and which need to be disclosed, have not been disclosed and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the public shareholders / unit holders.

**N. FINANCIAL INDEBTEDNESS (Page 363)**

78. LM is advised to disclose the name of the lender and instance, if any, of non-repayment of intraday facility on any given day during the disclosed financial period.

**O. LEGAL AND OTHER INFORMATION (Page 392)**

79. LM shall update the details of status of litigation with the latest/updated position of litigations against promoter/promoter group entities/company and the companies promoted by the issuer.
80. LM is advised to confirm that the existing litigations are not so major that the issuer's survival is dependent on the outcome of the pending litigation.
81. LM is advised to ensure the disclosures of all actions taken by statutory and regulatory authorities.



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**P. MISCELLANEOUS**

82. Any risk on pricing of the issue / basis of issue price, track record of BRLMs, average cost of acquisition of shares by selling shareholders etc. which is proposed to be included in the issue advertisement may be submitted.

You are requested to provide the replies to the above clarification within 5 working days from the date of receipt of this letter.

Yours faithfully,

*Abhishek*

Abhishek Ranjan