

1st March 2023

To
Mr. Rakesh Joshi
Member (Finance and Investment)
Insurance Regulatory and Development Authority of India
Sy. No. 115/1, Financial District, Nanakramguda, Gachibowli
Hyderabad – 500 032

Subject: Lock-in requirement for the investor(s) in connection with the proposed initial public offering of the Company

Dear Sir,

This has the reference to the letter dated December 29, 2021 (Ref: 559/F&A(NL)/IPO/GoDigit/2021-22/285) read with the letter dated May 30, 2022 (Ref: 559/F&A(NL)/IPO/GoDigit/2022-23/17) (the “**Letters**”) issued by the Insurance Regulatory and Development Authority of India (the “**Authority**” or “**IRDAI**”) to Go Digit General Insurance Limited (the “**Company**”) regarding proposed initial public offering (“**IPO**”) and filing of the draft red herring prospectus dated August 14, 2022 (“**DRHP**”) with the Securities and Exchange Board of India (“**SEBI**”). The Company is now in the process of resubmitting an amended and restated draft red herring prospectus (“**DRHP-I**”) with SEBI. The DRHP-I will be updated to reflect the changes, to the extent required, for the observations issued by SEBI, IRDAI and the Stock Exchanges. Further, the DRHP-I will also reflect relevant updates, such as, updates to the financial statements, business and industry sections and other applicable factual and legal updates. The Authority vide the above-mentioned Letters granted in-principle approval to the Company for listing its shares on the stock exchanges of India by fresh issue of equity shares of the Company and offer for sale by certain shareholders of the Company in accordance with IRDAI (Issuance of Capital by Indian Insurance Companies Transacting other than Life Insurance Business) Regulations, 2015 (“**IRDAI Issuance of Capital Regulations**”) subject to the conditions prescribed under the Letters. Subsequently, on October 19, 2022, the Authority issued another letter (Ref: 559/F&A(NL)/IPO/GoDigit/2021-22/56) setting out additional conditions, the compliance of which has been confirmed by the Company vide its letters dated December 22, 2022 and January 18, 2023. The Authority while granting its approval under the aforesaid letters has not prescribed any lock-in period for the promoters and the investors of the Company in connection with the IPO under Regulation 6(1)(iii) of the IRDAI Issuance of Capital Regulations. The aforesaid letters were issued by the Authority, and the DRHP was filed by the Company with SEBI prior to the issuance of the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) Regulations, 2022 (“**IRDAI Registration Regulations 2022**”).

As you may be aware, the promoters of the Company include Go Digit Infoworks Services Private Limited (“**GDISPL**”). As per the DRHP filed by the Company, GDISPL along with certain shareholders of the Company have offered certain shares held by them in the Company for sale in the IPO (“**Selling shareholders**”). The details regarding the same are given below:

Go Digit General Insurance Limited | 1 to 6 Floor, Ananta One (AR One), Pride Hotel Lane, Narveer Tanaji Wadi, City Survey No. 1579, Shivajinagar Pune - 411005 Maharashtra | CIN: U66010PN2016PLC167410 | IRDAI Reg. No: 158

Name of the Selling Shareholder	Type	Number of Equity shares offered for sale in IPO
Go Digit Infoworks Services Private Limited	Promoter and Selling Shareholder	Up to 109,434,783 equity shares
Nikita Mihir Vakharia jointly with Mihir Atul Vakharia	Selling Shareholder	Up to 4,000 equity shares
Nikunj Hirendra Shah jointly with Sohag Hirendra Shah	Selling Shareholder	Up to 3,778 equity shares
Subramaniam Vasudevan jointly with Shanti Subramaniam	Selling Shareholder	Up to 3,000 equity shares

The shareholding of the GDISPL in the Company was subject to lock-in for a period of 5 years as per the IRDAI's issuance of certificate of registration letter dated September 20, 2017. The said lock-in period expired on September 19, 2022.

Pursuant to Regulation 16 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**"), the shareholding of the promoters, comprising promoters' contribution, shall be locked-in for a period of 18 months from the date of allotment / transfer of equity shares in the IPO. Additionally, the promoters' shareholding in excess of the minimum promoters' contribution shall be locked-in for a period of 6 months from the date of allotment / transfer of equity shares in the IPO. Further, pursuant to Regulation 17 of the SEBI ICDR Regulations, subject to certain exceptions provided therein, the entire pre-IPO share capital held by persons other than the promoters shall be locked-in for a period of 6 months from the date of allotment in the initial public offer. Therefore, the shareholding of the promoters and persons other than promoters, as applicable, shall be subject to the applicable lock-in requirements, as prescribed under SEBI ICDR Regulations.

We would also like to draw the Authority's attention to the IRDAI Registration Regulations 2022 notified subsequent to the issuance of the letters referred to in the first paragraph hereto:

- a) Regulation 6(1) of the IRDAI Registration Regulations 2022 prescribes that the equity shares of the applicant shall be locked-in for the period prescribed under that sub-regulation (see **Schedule I**). The said clause does not provide an exception/ carve-out for the promoters and investors of insurers whose equity shares are listed on the stock exchanges. However, the proviso to Regulation 6(1) has given power to the Authority ***to relax the lock-in period to enable the insurer to list its shares on the stock exchange(s) in India.***
- b) Regulation 6(10) of the IRDAI Registration Regulations 2022 specifies that "*No registration of transfer of shares or issue of equity capital of an insurance company, which would result in change in shareholding, shall be made, where:*
 - i. *after the transfer, the total paid-up holding of the transferee in the shares of the insurance*

company is likely to exceed five percent of its paid-up capital; or

- ii. the Nominal value of shares intended to be transferred by an individual, firm, group, constituents of a group, or body corporate under same management, jointly or severally exceeds one percent of the paid-up equity capital of the insurance company.*

Unless the prior approval of the Authority has been obtained for the said transfer in the manner as specified in Schedule 2 of these Regulations.”

- c) Schedule 2 to the IRDAI Registration Regulations 2022 stipulates the manner of obtaining prior approval of the Authority in terms of these regulations as required under Section 6A of the Insurance Act 1938. Clause (4) of the Schedule 2 to the IRDAI Registration Regulations 2022 provides as under:*

(4) Transfer of shares in case of listed insurance companies:

- a. Transfer of 1% or more but less than 5% of paid-up equity capital of insurer:*

- i. Every person who intends to make any transfer or make any arrangement or agreement for transferring one percent or more but less than five percent of the paid up equity share capital of the insurer, may do so, subject to filing of self-certification of the Fit and Proper criteria, of the acquirer, with the insurer.*
- ii. Such filing with the insurer shall be considered as the deemed approval of the Authority for the purpose of Section 6A(4)(b)(iii) of the Act.*
- iii. The transferor shall inform the Insurer immediately on execution of the transaction. The transferor is required to ensure compliance for any transaction(s) aggregating to more than 1 per cent of the paid-up capital.*

- b. Acquisition of 5% or more of paid-up equity capital of insurer:*

- i. Every person, who intends to make an acquisition or make an arrangement or agreement for acquisition which shall or is likely to take the aggregate holding of such person to five per cent or more of the paid-up equity share capital of the insurer, shall seek prior approval of the Authority in the manner specified in this Schedule.*
- ii. For any subsequent acquisition of shares of the insurer by such person upto ten per cent of the paid-up capital of the insurer, prior approval of the Authority is not necessary.*

- c. Notwithstanding any of the above, even when the acquisition or aggregate holding is proposed to be less than five percent and if the concerned insurer suspects that dubious methods have been adopted to get over the ceiling of five percent to camouflage the real purpose by individuals or groups with a view to acquire controlling interest in the insurer, a reference shall be made to the Authority by the concerned insurer. In such cases, it shall be in order for the Authority to require such shareholders to*

comply with the Due Diligence and Fit and Proper criteria.

The Company has also granted certain Employee Stock Appreciation Rights to the eligible employees of the Company and its holding company pursuant to Employee Stock Appreciation Rights Plan 2018 (the “Plan”) to reward the eligible employees of the Company for their performance, to motivate them to contribute to the growth and profitability of the Company and to retain talent working with the Company. As on December 31, 2022, approximately 72% of ESARs stand vested with the eligible employees and are outstanding for exercise within the predefined exercise period of 2 years from the date of vesting as stipulated under the ESAR 2018. The average vesting period for these vested ESARs is not less than 4 years. Up on exercise of these vested ESARs and payment of face value and applicable perquisite tax, these eligible employees shall be eligible to get equity shares equivalent to the appreciation in the value of ESARs. The Company, subject to receiving necessary corporate approvals, is in the process of converting its ESAR Plan into Employee Stock Options Plan. There will be no change in the economic benefit to the employee pursuant to the conversion of the plan.

Our Understanding:

Based on the combined reading of the letters referred to in the first paragraph, IRDAI Issuance of Capital Regulations and IRDAI Registration Regulations 2022, we understand that:

1. Applicability of lock-in before listing

- a. The requirement of lock-in period mentioned in the Regulation 6(1) of the IRDAI Registration Regulations 2022 will be applicable to applicants seeking to be registered as an insurance company on or after December 5, 2022 or in case of change in shareholding pattern of existing insurance companies in excess of the prescribed thresholds under Section 6A of the Insurance Act, 1938 undertaken on or after December 5, 2022.
- b. The Selling Shareholders can offer their shares in the IPO, as per the details given under the Letters and included in DRHP, without the need to obtain prior approval for the same from the IRDAI, as the IRDAI has already granted its approval on the IPO of the Company without imposing any lock-in on existing or incoming investors of the Company.

2. Applicability of lock-in post listing

- a. The existing shareholders of the Company and incoming investors in the IPO shall not be subject to a lock-in pursuant to IRDAI Issuance of Capital Regulations and IRDAI Registration Regulations 2022.
- b. Post listing, no lock-in shall be applicable under IRDAI Registration Regulations 2022, on an existing investor or an incoming investor who proposes to invest in 1% or more but less than 5% of the paid-up equity capital of the Company in or after completion of the IPO.

3. Employee Share based benefit Schemes (ESAR / ESOP)

- a. The shares allotted to employees against Employee Stock Appreciation Plan and / or Employee Stock

Option plans will not be subject to any lock-in.

We would accordingly go ahead with the aforesaid understanding and make relevant disclosures in the offer document. Kindly let us know in case our interpretation is not correct.

Thanking you,

Yours sincerely,

For Go Digit General Insurance Limited

Jasleen Kohli
Managing Director & CEO

Encl: Schedule I

SCHEDULE I
Prescribed lock-in period as per IRDAI Registration Regulations 2022

S No.	Particulars	Investment in the capacity of	Lock-in Period
1.	Investment at the time of or before grant of R3 (i.e. Certificate of Registration)	Promoter or Investor	5 years from the date of grant of R3
2.	Investment during 5 years post grant of R3: In case of change in shareholding pattern	Promoter or Investor	Earlier of the following: (a) 5 years from the date of investment; or (b) 8 years from the grant of R3
3.	Investment after 5 years but before 10 years post grant of R3: In case of change in shareholding pattern	Promoter	Earlier of the following: (a) 3 years from the date of investment; or (b) 12 years from the grant of R3
		Investor	Earlier of the following: (a) 2 years from the date of investment; or (b) 11 years from the grant of R3
4.	Investment after 10 years post grant of R3: In case of change in shareholding pattern	Promoter	2 years from the date of investment
		Investor	1 year from the date of investment

Provided that the Authority may relax the lock-in period to enable the insurer to list its shares on the stock exchange(s) in India.