



## DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors of your Company, it gives me immense pleasure in presenting the 4<sup>th</sup> Directors' Report on the business and operations of your Company together with the Audited Financial Statements and the Auditors' Report for the financial year ended March 31, 2023.

### 1. FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2023 is summarised below:

Particulars	Amount in ₹ lakh	
	FY 2022-23	FY 2021-22
Revenue from operations	4,269.95	1,121.80
Other Income	1,928.14	625.02
<b>Total Revenue</b>	<b>6,198.09</b>	<b>1,746.82</b>
Less: Total Expenditure	2,441.48	1,517.54
<b>Profit/(Loss) before tax</b>	<b>3,756.61</b>	<b>229.28</b>
Less: Provision for Tax	952.90	53.83
<b>Profit/(Loss) after tax (A)</b>	<b>2,803.71</b>	<b>175.45</b>
<b>Other comprehensive income for the year, net of income tax (B)</b>	<b>4.65</b>	<b>3.17</b>
<b>Total comprehensive income/(loss) for the year (A+B)</b>	<b>2,808.36</b>	<b>178.62</b>
<b>Earnings per equity share [face value ₹10/- per share]</b>		
Basic (₹)	3.80	0.24
Diluted (₹)	3.79	0.24

### 2. COMPANY'S PERFORMANCE HIGHLIGHTS

#### Business Highlights

After commencing the operations as India's first authorized Gas Exchange in December 2020, the FY 2022-23 was the second complete financial year for your Company's operations.

During the year, your Company registered 14 Members and 61 clients. Your Company have a total of 40 Members and 190 active clients at the end of financial year. A total of 50.85 million MMBtus (Million British Thermal Unit) were traded at IGX during the year witnessing 319% growth in FY23 compared to FY22. Domestic ceiling price gas traded was 29.17 million MMBtu out of total trade of 50.85 million MMBtu.



## **Financial Performance Review And Analysis**

- Total revenue of ₹ 6,198.09 lakh was generated by the Company in FY23 against ₹ 1,746.82 lakh in FY22.
- Revenue from operations was ₹4,269.95 lakh comprising ₹ 3,934.83 lakhs from transaction fees and ₹ 335.12 lacs from admission fee and annual subscription fees from Members/Clients.
- Other income generated through treasury activities was ₹ 1,928.14 lakh.
- Total expenditure was ₹ 2,441.48 lakh, primarily incurred towards Personnel Cost, Technology Cost, Legal & Professional expense, Rent, Depreciation/Amortisation, etc. Contribution to Settlement Guarantee Fund (SGF) as per PNGRB regulations is also part of expenses.
- Profit after tax was ₹ 2,803.71 lakh against ₹ 175.45 lakh last year.

Detailed Financial and Business highlights are discussed in detail in the Management Discussion and Analysis Report (MDA), included in this Report.

## **Other Significant Developments**

Your Company successfully crossed 50 million MMBtu equivalent to 1.25 bcm of total natural gas traded during the year and recorded highest single day trade of 5.3 million MMBtu in the month of December 2022.

In May 2022 your company received approval from Petroleum and Natural Gas Regulatory Board (PNGRB) to trade domestic gas on its platform and subsequently launched domestic gas trading starting 23<sup>rd</sup> May 2022.

With the advent of this, upstream gas production of Marketing & Pricing Freedom gas is now being effectively managed through flexible contracts at IGX. In addition to this, producers have got immediate sales opportunity which eventually resulted in maximisation of domestic gas production and increased liquidity on the platform. Small buyers who earlier didn't have access to domestic gas either due to their size or allocation priority are now coming to the Exchange and procuring domestic gas at competitive prices and ultimately building a Gas ecosystem. All major domestic gas producers have sold their part of incremental production namely Reliance-BP, ONGC and Vedanta this year

Your company also has re-designated gas hubs. Now, as per new arrangement, post approval from PNGRB, we have identified six regional gas hubs (northern, eastern, western, central, southern and north-eastern) and each regional gas hub has multiple delivery points to facilitate ease of trading across the nation.

Another development during the year was that PPAC started publishing IGX price in PPAC monthly Abridged Ready Reckoner report starting July 2022.



In a major development your company in December 2022 launched GIXI – the first ever nation-wide price index to reflect benchmark natural gas price for India. The IGX Price Index is developed with the purpose to derive a single price for the country in line with international benchmarks such as JKM, HH, WIM, TTF, which are currently representative of the prices in their respective coverage regions. IGX Price Index is calculated for various hubs and delivery points with IGX prices being discovered based on actual deliveries making it reflective of the true market situation.

The PNGRB amended regulations to allow unified tariff for natural gas pipelines. The regulator has notified a levelized unified tariff effective 1 April 2023 and created three tariff zones for unified tariff, where the first zone is up to a distance of 300 kms from gas source, second zone is 300 – 1200 kms and third zone is beyond 1200 kms. With commissioning of newer interconnected pipelines, the national gas grid will keep expanding. These entities will get the tariff as per their entitlement while customers would pay Unified tariff. The difference between the same will be settled between the pipeline entities for which a settlement mechanism has been notified.

The reform will specially benefit the consumers located in the far-flung areas where currently the additive tariff is applicable and facilitate development of gas markets and vision of government to increase the gas utilization in the country. This is a significant step towards 'One Nation, One Grid and One tariff'.

### **New Members**

In this financial year, the Company had major PSUs and private companies joining as Member on the Exchange. The members who joined were – Hindustan Petroleum Corporation Limited, GAIL Gas Limited, Jubilant Infrastructure Limited, Enertech Fuel Solutions Private Limited, Central U.P. Gas Limited, Matrix Gas and Renewables Private Limited, Invenire Petrodyne Limited, BP Exploration (Alpha) Limited, Vedanta Limited, Reliance Industries Limited, IRM Energy Limited, Gujarat State Petroleum Corporation Limited, ONGC Petro additions Limited and Shell Energy India Private Limited.

### **Awards**

Your Company had the honour of receiving the the eminent '**Best Energy StartUp**' award in the non-renewable category at The Economic Times Energy Leadership. IGX also received the prestigious "**Best & Pioneering Gas Exchange Initiative for Gas Economy**" at Enertia Awards 2022. IPPAI also conferred IGX in 'Power Award 2022' event as '**The Best Exchange in India**'.

### **Future Outlook**

The Government of India (GoI) has taken various initiatives for increasing the Gas demand in the country and the share of Gas in energy mix.



Further, implementation of Unified Tariff Regulations shall increase viability of gas for customers which are in far-flung areas and hence will deepen the gas usage within the country, increasing the addressable market for your company.

Also regulation which are currently in draft stages like regulations for Access Code, Operating Code and Standard Gas Transportation Agreement; declaration of Geographical Areas of City Gas Distributions (CGDs) as Common Carrier/ Contract Carrier shall have a positive impact on the operations of your company. In addition to this, formation of independent TSO would further help in ease of doing business on the exchange.

Overall the sector is currently being supported by tailwinds from resilient demand from city gas distribution (CGD) networks and rising domestic production. The operationalisation of new CGD networks, the price advantage of natural gas against other fuels, and increased adoption of NG to comply with pollution norms would support long-term gas demand. The affordability of natural gas is expected to be ensured through the new pricing reforms introduced by Government of India based on Dr Kirit Parikh Committee recommendations which essentially caps the gas prices in times of increase in international gas prices. Infrastructure in terms of LNG terminals and NG pipelines is also getting unlocked year on year which shall further support gas demand.

### **3. DIVIDEND**

Your Directors do not recommend any dividend for the financial year ended March 31, 2023.

### **4. TRANSFER TO RESERVES**

During the year under review, no amount has been transferred to any reserves and no amount is proposed to be transferred to any reserves.

### **5. MATERIAL CHANGES AND COMMITMENTS**

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this Report.

### **6. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis (MDA) Report, as required under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has also been incorporated as a separate section forming a part of the Directors' Report.



## **7. CHANGES IN SHARE CAPITAL**

During the year under review, no changes were made in the Share Capital of the Company.

The Paid-Up Share Capital of the Company stood at 7,50,00,000 (Seven Crore Fifty Lakh) Equity Shares of ₹ 10/- (Rupees Ten only) each.

During the year under review, the Company has neither issued any equity shares with differential voting rights nor any shares (including sweat equity shares) to any of its employees under any scheme.

The details of the share capital are furnished in Note No. 15 to the Notes to Accounts.

## **8. BUYBACK OF SHARES**

During the year under review, your Company has not announced any scheme for buy back of shares from its members.

## **9. IGX EMPLOYEES STOCK OPTION SCHEME (“IGX ESOS 2021”)**

Your Company has IGX ESOS 2021, to motivate and instil a sense of ownership among its employees. The Company's ESOS scheme is administered through a Trust route, which acts as per instructions of the Nomination and Remuneration Committee of the Company.

The disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, Section 62 of the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014, as at March 31, 2019 in connection with the ESOP Scheme 2010 details are set out in **Annexure -1** to this Report.

During the financial year, there was no change in the ESOS plan and the Plan is in compliance with SEBI (Share Based Employee Benefits) Regulation, 2014. A total of 2,22,000 options were granted (excluding stock options lapsed) to eligible employees. NIL equity shares were transferred to eligible employees by the IGX ESOS Trust as the vesting was not due uptill March 31, 2023.

Further, the Company has obtained a certificate from the Secretarial Auditors of the Company certifying that the has been implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolution passed by the members. The certificate will be placed at the ensuing Annual General Meeting for inspection by the members.

## **10. PARENT COMPANY**

Your Company was incorporated as a wholly owned subsidiary of Indian Energy Exchange Limited (“IEX”) in 2019. Further, after divestment of equity shareholding of



approx. 53% by IEX in previous years, IEX is parent company with holding of 47.28% equity shares in the Company as on March 31, 2023 and accordingly the Company is an associate company of IEX as at March 31, 2023.

## 11. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES COMPANIES

During the year under review, your company does not have any Subsidiary or Joint Venture or associate Company.

## 12. RELATED PARTY TRANSACTIONS

Your Company launched the Exchange in the year 2020-21 and is in initial stages with limited resources which are primarily engaged in the business development and operations side only. It needed support in terms of infrastructure, manpower, IT and other services to support the business and activities at initial stages. Being a new company, creating an independent infrastructure and hiring big teams without utilising it to the full extent would have been wastage of resources and increase in operating expenses.

Accordingly, your Company had entered into a 'Support Services Agreement' with M/s Indian Energy Exchange Limited (IEX), the parent company wherein your Company takes the requisite support services viz. Exchange operations, Technology Support, IT infrastructure, Finance, HR, Communication, etc from IEX on need basis and IEX bill the IGX accordingly based on actual time spent by their respective functionality in providing requisite requested services. The said agreement was approved by the shareholders of the Company in the 3<sup>rd</sup> Annual General Meeting held on June 20, 2022.

The said Related Party Transactions were entered in accordance with the support services agreement and were on arm's length basis and in the ordinary course of business.

Further, the said Related Party Transactions were reviewed and confirmed by the Audit Committee and the Statutory Auditors of the Company on quarterly basis.

There was no related party transaction entered by the Company during the year in terms of Section 188 of the Companies Act, 2013 other than those as disclosed in the audited financial statements of the Company. Members may refer to **Note No. 42** to the financial statements which sets out related party disclosures pursuant to Ind AS.

A disclosure of Related Party Transaction is annexed with this Report in **Form AOC-2** as **Annexure 2**.

Your Company has a policy on materiality of related party transactions and dealing with related party transactions and the same is hosted on the website of the Company at <https://www.igxindia.com/statutory-disclosures/>



### **13. DIRECTORS AND KEY MANAGERIAL PERSON (“KMP”)**

Your Company has a well-diversified Board comprising of Directors having skills, competencies and expertise in the areas of Finance, Strategy Planning & Policy Development, Governance, Risk and Compliance etc. to ensure effective corporate governance and sustained commercial success of the Company. As on March 31, 2023, the Board comprised of 7 (seven) Directors, out of which 3 (three) were Non-Executive Independent Directors including 1 (one) Women Independent Director, 3 (three) Non-Executive Non-Independent Directors and 1 (one) Executive Director.

#### **A. Changes in Directors**

During the year under review and up till the date of this report, there has been following changes in the position of Directors of the Company:

##### **Appointment of Director**

- i. Mr. Yatrik Vin (DIN: 07662795), was appointed as an Additional Director designated as Non-Executive Director of the Company with effect from September 23, 2022, subject to shareholders’ approval at the ensuing AGM.

The members’ approval is sought towards regularization of appointment of Mr. Yatrik Vin as Non-Executive Non-Independent Director of the Company. Detailed resolutions seeking members approval for said appointment forms part of the Annual General Meeting (“AGM”) Notice.

##### **Cessation of Director**

- i. Dr. Jyoti Kiran Shukla (DIN: 03492315) resigned from the position of Independent Director of the Company and was on the Board of the Company uptill January 1, 2023.
- ii. Mr. Ravi Varanasi (DIN: 06573046) resigned from the Company and ceased to be Non-executive Non-Independent Director and was on the Board of the Company uptill July 31, 2022.

##### **Directors liable to retire by rotation:**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Mr. Satyanarayan Goel (DIN: 02294069), Director of the Company retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

Necessary resolutions for the re-appointment of the aforesaid Director have been included in the notice convening the ensuing AGM and details of the proposal for re-appointment are mentioned in the Explanatory Statement to the AGM Notice.

#### **B. Changes in KMP**



Following changes took place during the year:

- i. Mr. Vineet Maheshwary was appointed as the Chief Financial Officer of the Company w.e.f. August 1, 2022.

The Key Managerial Personnel of the Company as on March 31, 2023 are Mr. Rajesh Kumar Mediratta, Managing Director & CEO, Mr. Vineet Maheshwary, Chief Financial Officer and Ms. Priyanka Nautiyal, Company Secretary and Compliance Officer.

During the year under review, the Non-Executive Directors (NEDs) of the Company had no pecuniary relationship or transactions with the Company, other than reimbursement of expenses incurred by them, if applicable, for the purpose of attending Board/ Committee meetings of the Company.

### **C. Declaration by Independent Directors**

In terms of Section 149 of the Companies Act, 2013, Regulation 17 of the Listing Regulations and Regulation 22 of GER, 2020, Prof. Vaidyanathan Ramamurthy (DIN: 00221577), Mrs. Bharathi Sivaswami Sihag (DIN: 00120900) and Mr. Radhey Shyam Sharma (DIN: 00013208), are the Independent Directors on the Board of your Company as on March 31, 2023. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the Rules made thereunder, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the PNGRB (Gas Exchange) Regulations, 2020.

In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based upon the declarations received from the Independent Directors, the Board of Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations and PNGRB (Gas Exchange) Regulations, 2020 and that they are independent of the management.

A declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, along with a declaration as provided in the notification dated October 22, 2019, issued by the Ministry of Corporate Affairs (MCA), regarding the requirement relating to enrolment in the Data Bank for Independent Directors, has been received from all the Independent Directors, along with declaration made under Section 149(6) of the Act.

The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Rules made thereunder and are independent of the management.

### **D. Meetings of Board /Committees**



The composition of the Board, meetings of the Board and its Committees held during the year and the attendance of the Directors thereat is set out in Corporate Governance Report annexed with this Report as **Annexure 3**.

#### **E. Policy on Board Diversity and Director Attributes and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees**

In terms of the provisions of Section 178(3) of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, the Nomination & Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director.

The NRC is also responsible for recommending to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy to Promote Diversity on the Board of Directors, which is provided in **Annexure 4** to this Report and Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company, which is reproduced in **Annexure 5** to this Report. The details of the Policy are made available on the Company's website at <https://www.igxindia.com/statutory-disclosures/>

#### **F. Statement on Annual Evaluation made by the Board of Directors**

Your Company believes that the process of performance evaluation at the Board level is essential to its Board engagement and effectiveness. The Nomination and Remuneration Committee (NRC) of the Company has devised a policy for performance evaluation of the individual Directors, Board and its Committees with specific focus on performance and effective functioning of the Board and its Committee and the said policy is duly approved by the Board.

In terms of the requirements of the Companies Act 2013 and the Listing Regulations, 2015 and the policy devised by NRC, Annual Performance Evaluation was carried out for all the Board Members, for the Board and its Committees with specific focus on performance and effective functioning of the Board and its Committees.

Pursuant to the provisions of the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and the Guidance Note on Board Evaluation issued by SEBI in January 2017, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of committees, terms of reference of committee, effectiveness of committee meetings, etc. The above criteria were broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.



Performance of individual directors was reviewed on the basis of criteria such as attendance of the director to the Board and Committee meetings, their contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a subsequent Board meeting, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board.

A statement indicating the manner in which formal annual evaluation of the Directors, the Board and Board Committees has been made and the criteria for the same are set out in **Annexure 6** to this Report.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of the Executive Director and NEDs.

#### **14. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 pertaining to Directors' Responsibility Statement, the Directors hereunder confirmed that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, if any;
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the financial year 2022-23;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. They have prepared the annual accounts on a going concern basis;
- v. They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- vi. As required under Section 134(5) (f) of the Companies Act, 2013, the Board, hereby, states that proper systems and processes, commensurate with the size of the Company and the nature of its business, have been devised to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.



## 15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As on March 31, 2023 your Company is not covered under the provisions of the Section 135 of the Companies Act, 2013, and accordingly the provisions of CSR are not applicable on the Company.

## 16. CORPORATE GOVERNANCE

Your Company is in compliance with the PNGRB (Gas Exchange) Regulations, 2020 and Corporate Governance guidelines, to the extent applicable as laid out in the SEBI Listing Regulations.

A detailed Corporate Governance report for the Financial Year 2022-23 is annexed with this Report as **Annexure 3**.

## 17. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

During the year under review, your Company has not given any loans, guarantees, made any investments or provided any security to any Body corporate as specified under Section 186 of the Companies Act, 2013.

All the Investments of your Company are in Bank FD, Mutual Fund schemes, the details of which are provided in **Note 6, 9, 12** to Financial Statement for the year ended March 31, 2023.

## 18. FIXED DEPOSITS

Your Company has not invited or accepted any deposits under Section 73 of the Companies Act, 2013 during the year and as such, no amount on account of principal or interest related thereto was outstanding as on the date of the Balance Sheet i.e. March 31, 2023.

## 19. CONSERVATION OF ENERGY

Though the operations of your Company are not energy intensive, your Company has taken, inter alia, following measures to reduce energy consumption:

- Switched from conventional lighting systems to using energy-efficient lightning in office.
- Selecting and designing offices to facilitate maximum natural light utilisation to illuminate the work spaces.
- Use of energy efficient computer systems and procuring energy-efficient equipment.



- Use of cloud based virtual servers to increase energy efficiency and data security.
- Encouraging employees to suggest innovative ideas to cut down the energy costs.
- Regular and preventive maintenance for company's heating, venting and air conditioning (HVAC) equipments and systems.

As an on-going process, your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

## **20. TECHNOLOGY ABSORPTION**

Your Company has implemented the trading solution provided by GMEX which is an end to end seamless and highly scalable software solution catering to the trading requirements of participants in the gas exchange. GMEX is one of the leading providers of digital exchange trading platform in the world. IGX trading platform is a fully automated web-based interface which enables multi asset trading feature and a market surveillance system.

Following functions are performed on the trading platform:

- Trading & Surveillance: Monitoring the bids placed by the members, exposure, collateral management etc.
- Price Matching & Clearing: Double sided auction and Continuous trading, Market extension, and Margin collection
- Information broadcast: Broadcast of relevant trading information to all relevant stakeholder

During the year under review, the Company has implemented various new features and functions in its trading platform in order to provide better user experience to its members and to meet the market expectations also.

- New contracts launched which enabled domestic gas producers to trade at their respective gas fields
- With the increase in the number of instruments for trading, the trading dashboard is being made more interactive and informative.

## **21. RESEARCH AND DEVELOPMENT**

Your Company is not directly involved in any Research and Development activities and hence no expenditure on research and development has been incurred during the year.

## **22. FOREIGN EXCHANGE EARNING AND OUTGO**

The particulars of Foreign Exchange Earnings and outgo during the year under review are furnished hereunder:



Foreign Exchange Earning	Nil
Foreign Exchange Outgo	₹ 175.42 lakh

### 23. STATUTORY AUDITORS

The Members of the Company at the 1<sup>st</sup> Annual General Meeting (AGM) held on December 09, 2020, had appointed M/s B S R & Associates LLP, Chartered Accountants, (Firm Registration No. 116231W/W-100024) as the Statutory Auditors of the Company for a period of five consecutive years i.e. up to the conclusion of 6<sup>th</sup> Annual General Meeting to be held in the year 2025.

### 24. AUDITORS' REPORT

Statutory Auditors report is annexed together with notes to Financial Statements, which is self-explanatory and therefore, do not call for any further explanations or comments from the Board under Section 134(3) of the Companies Act, 2013. There is no qualification, reservation or adverse mark by the Statutory Auditors of the Company for FY2022-23.

### 25. SECRETARIAL AUDITORS

Pursuant to the Section 204 of the Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s MNK and Associates LLP, Company Secretary in Practice, Delhi to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2023.

The Secretarial Audit report for the financial year 2022-23 in **Form No. MR-3** is annexed as **Annexure 7** to this Report. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

### 26. REPORTING OF FRAUD BY AUDITORS

During the year under review, as per section 143(12) of the Companies Act 2013, neither the Internal Auditors, Statutory Auditors nor Secretarial Auditors have reported to the Audit Committee or the Board of the Company any material fraud by its officers or employees of the Company. Therefore, no details are required to be disclosed under Section 134(3) (ca) of the Companies Act, 2013.

### 27. RISK MANAGEMENT POLICY

Your Company being an exchange has adequate risk management systems and procedures operating within the organization. The Company has a 'Risk Management



Committee' to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management framework and process of the organization on quarterly basis as per Regulation 32 of the PNGRB (Gas Exchange) Regulations, 2020 and submits its report to the Board of Directors of the Company. Thereafter, the decision of the Board of Directors on the subject, along with the RMC report, is submitted to the PNGRB within two months from the end of each calendar quarter.

Your Company has also devised and implemented a comprehensive 'Risk Management Policy' which provides for identification, assessment and control of risks that the company would face in the normal course of business and mitigation measures associated with them. The Management identifies and control risks through a properly defined framework in terms of the aforesaid policy.

In addition to above, the Audit Committee of the Board has additional oversight in the area of financial risks and controls. Major risk identified by the business and functions are systematically addressed through mitigating actions on a continuous basis.

## **28. INTERNAL FINANCIAL CONTROL & ITS ADEQUACY**

Your company has adequate Internal Financial Controls for ensuring orderly and efficient conduct of its business including adherence to company's policies and procedures, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information commensurate with the operations of the Company.

As per Section 134(5) (e) of the Companies Act 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks.

The Internal control systems are reviewed and modified on an on-going basis to meet the changes in business conditions, accounting and statutory requirements. Effectiveness of Internal Financial Controls is ensured through management reviews, self-assessment and independent testing by the Internal Audit Team indicating that your Company has adequate Internal Financial Controls over Financial Reporting in compliance with the provisions of the Companies Act, 2013 and such Internal Financial Controls are operating effectively.

The external and internal auditors review the effectiveness and efficiency of these systems and procedures on regular basis to ensure safeguarding of assets and accuracy of financial and operational information in all respects. The audits are conducted on an ongoing basis and significant deviations, if any, are brought to the notice of the Audit Committee following which corrective action is recommended for implementation. All these measures facilitate timely detection of any deviations /irregularities and early remedial steps.



The Audit Committee/ Board periodically reviews the Internal Financial Controls to ensure its effectiveness and efficiency for achieving the intended objective.

During the year no fraud has been reported by the Auditors to the Audit Committee or the Board of the Company.

## **29. VIGIL MECHANISM**

As per provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the SEBI Listing Regulations, 2015, your company has adopted the robust policy for Whistle Blower and Anti-Fraud. The said Policy enables directors, stakeholders, including individual employees and their representative bodies to report, in good faith, illegal or unethical practices/behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. The said mechanism ensures that the whistle blowers are protected against victimization/any adverse action and/ or discrimination as a result of such a reporting.

## **30. HUMAN RESOURCE DEVELOPMENT**

Your company is focussed on achieving business targets alongwith continuous development of its employees. Your company believes that employees are its core strength.

Your company continues its transformation that encompasses both culture and talent which is also aligned to its technology transformation.

Your company believes in an open and transparent work-culture that places adequate emphasis on employee development and strong employee connects through planned engagements. Our strategy is a combination of developing internal talent and hiring best of talent externally. IGX hires professionals with experience working in reputed organisations. The objective is to create complimentary skills in both domain and external experience/sector experiences.

We enhance learning through regular sessions by experienced external trainers on key topics of development. To upgrade our employees with new skills coupled with professional and personal growth, we had organised several training sessions both on behavioural and functional competencies (essential skills development, Power BI throughout the year. The trainings are imparted by some of the best trainers and training organisations of the industry.

In addition, forums such as weekly and monthly meetings, All-Hands meetings every quarter, and departmental meetings provide opportunities for interaction.



### **31. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your company has complied with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, including the constitution of Internal Complaints Committee (ICC) for dealing with complaints of sexual harassment of women at workplace.

There were no complaints pertaining to sexual harassment during the Financial Year 2022-23.

### **32. MATERIAL AND SIGNIFICANT ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

During the year under review, there have been no significant and material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

### **33. FINANCIAL ACCOUNTING AND SECRETARIAL STANDARD**

The Financial Statements of the Company for FY23 have been prepared in compliance with the applicable provisions of Companies Act, 2013 including Indian Accounting Standards (Ind AS) issued by Institute of Chartered Accountants of India (ICAI).

Your Company has complied with applicable Secretarial Standards in respect of Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

### **34. ANNUAL RETURN**

Pursuant to Section 134 (3) (a) read with Section 92(3) of the Companies Act, 2013, Annual Return of the Company in the prescribed form (MGT-7) will be placed on the website of the Company at <https://www.igxindia.com/statutory-disclosures/>

### **35. DEMATERIALISATION OF SHARES**

The issued & fully paid-up equity shares of the Company are admitted with the National Securities Depository Limited ('NSDL'). The International Securities Identification Number (ISIN) allotted to the equity shares of the Company under the Depository System is INE0BI301012.

Your company has not allotted any physical shares, all shares are held in dematerialized form only. Members can contact M/s KFin Technologies Limited, Registrar and Share Transfer Agent of the Company for any assistance.



The contact detail for the benefit of Members is as follows:

**M/s KFin Technologies Limited**

Selenium Tower B,  
 Plot 31-32, Gachibowli,  
 Financial District,  
 Nanakramguda, Serilingampally  
 Hyderabad, Telangana – 500 032.  
 Toll Free No : 1800 309 4001  
 Email: einward.ris@kfintech.com  
 Website: www.karisma.kfintech.com

The bifurcation of the category of shares in electronic mode and physical and distributing of shareholding as on March 31, 2023 are given below:

Category	No. of Shareholders	Total Shares	% To Equity
ELECTRONIC (NSDL)	13	7,50,00,000	100
PHYSICAL	-	-	-
<b>Total</b>	<b>13</b>	<b>7,50,00,000</b>	<b>100</b>

INDIAN GAS EXCHANGE LIMITED					
DISTRIBUTION SCHEDULE AS ON 31/03/2023 (TOTAL)					
S.no	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	4	30.77	40	0.000005
2	100001& Above	9	69.23	749,999,960	99.999995
	<b>Total:</b>	<b>13</b>	<b>100</b>	<b>7,50,00,000</b>	<b>100</b>

**36. MAINTENANCE OF COST RECORDS**

The provision of Section 148 of the Companies Act, 2013 and Companies (Cost records and Audit) Rules, 2014 (as amended from time to time) is not applicable on the Company.

**37. OTHER INFORMATION**

- (i) Proceeding under Insolvency and Bankruptcy Code, 2016: The Company has neither made any application nor any proceedings were pending under the Insolvency and Bankruptcy Code, 2016 (“IBC Code”) during the Financial Year under review.



(ii) The Company has not made any onetime settlement during the Financial Year 2022-23 with Banks or Financial Institution.

### **38. ACKNOWLEDGMENT**

Your Directors wishes to place on record its sincere gratitude for the valuable guidance and constant support, and co-operation extended by the Government of India particularly the Ministry of Petroleum & Natural Gas, PNGRB, DGH, MCA and various regulatory and statutory authorities.

Your directors acknowledge wise counsel received from Statutory and Secretarial Auditors and are thankful for their continued support and cooperation.

Your Directors would like to thank all its stakeholders including its shareholders, members, bankers, consultants, etc. for their continued support and confidence reposed in the Company. The Board recognize the dedicated efforts and consistent contribution made by the Management and the employees of the Company for an outstanding performance during the year.

For and on behalf of the Board of Directors  
**Indian Gas Exchange Limited**

Sd/-  
**Prof. R Vaidyanathan**  
**Non-Executive Chairman**  
**DIN: 00221577**

Dated: May 24, 2023  
Place: Noida



## ANNEXURE – 1

### Disclosure pursuant to the Rule 12(9) of Companies (Share Capital and Debentures) Rules 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

#### IGX Employees Stock Option Scheme- 2021 (“IGX ESOS 2021”)

The Shareholders of the Company at the 2<sup>nd</sup> Annual General Meeting held on June 15, 2021, approved the “IGX ESOS Scheme 2021”. The Company is following a Trust route for managing IGX ESOS 2021. Accordingly, 11,25,000 Equity Shares of Rs. 10/- each were allotted to the ‘IGX ESOS Trust’ under the “IGX ESOS 2021”.

The disclosures pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for IGX ESOS 2021 are under:

S. No.	Particulars	Details
1.	Material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.	There were no material changes in the ‘IGX ESOS 2021’ and the scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolution(s) passed by the members.
A.	Disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the ‘Guidance note on accounting for employee share-based payments’ issued in that regard from time to time.	Disclosure has been given in Note 43 to Financial Statements for the Year ended March 31, 2023. Same has been reproduced as <b>Annexure-A</b>
B.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with ‘Indian Accounting Standard (Ind AS) 33 - Earnings Per Share’ issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Disclosure has been given in Note 31 to Financial Statements for the Year ended March 31, 2023. Same has been reproduced as <b>Annexure-B</b>
C.	<b>Details related to ESOS</b>	
i.	A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including -	
a.	Date of shareholders' approval	June 15, 2021
b.	Total number of options approved under ESOS	11,25,000 Equity Shares of Rs. 10/- each
c.	Vesting requirements	Refer to <b>Annexure-A</b>
d.	Pricing formula	For options granted on May 22, 2022 and August 1, 2022, the pricing was on the basis of Valuation Reports obtained from an Independent Valuer/SEBI



Registered Category-I Merchant Banker as applicable.

e.	Exercise price	Refer to <b>Annexure-A</b>
f.	Maximum term of options granted	Refer to <b>Annexure-A</b>
g.	Source of shares (primary, secondary or combination)	Primary (ESOP Scheme is implemented through trust route, ESOP equity shares were issued to the trust initially).
h.	Variation in terms of options	There has been no variation in the terms of the options during the Year ended March 31, 2023.
ii.	Method used to account for ESOP - Intrinsic or fair value.	Fair Value Method
iii.	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable
iv.	Option movement during the year (For each ESOPs):	Refer to <b>Annexure-C</b>
v.	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Refer to <b>Annexure-A</b>
vi.	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to  KMP / Senior managerial personnel  any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	<b>As per Annexure D</b>
c.	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil



vii. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

- 
- a. the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
- 
- b. The method used and the assumptions made to incorporate the effects of expected early exercise;
- 
- c. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
- 
- d. whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.

Refer to **Annexure-A**

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D. Details related to Trust

Refer to **Annexure-E**

### 43. Share based payment arrangements

#### a. Description of share-based payment arrangements

The Company had framed an "Employee Stock Option Scheme - 2021" ("ESOS Scheme"), which was duly approved by the Board of Directors and Shareholders of the Company. The ESOS Scheme is administered by IGX ESOS Trust ("IGX Trust") on behalf of the Company. During the year ended 31 Mar 2023, IGX Trust has issued 222,000 stock options (excluding stock options lapsed) to the eligible employees on the basis of approval received from the Nomination and Remuneration committee of the Company. Each Stock Option entitles the holder one equity share of Rs. 10/- each.

Detail of options granted by the IGX ESOS Trust ("ESOS Trust") is as under:

Grant Date	24 May 2022	1 August 2022
No. of Options	1,90,000*	32,000
Exercise Price (Rs.)	10	10
Vesting Conditions	15% on completion of 1st year 15% on completion of 2nd year 20% on completion of 3rd year 25% on completion of 4th year 25% on completion of 5th year	15% on completion of 1st year 15% on completion of 2nd year 20% on completion of 3rd year 25% on completion of 4th year 25% on completion of 5th year
Vesting Period	12 months from the date of vesting	12 months from the date of vesting
Method of Settlement	Equity	Equity
* excluding stock options lapsed		

#### b. Measurement of fair values

##### Employee stock option plan 2022

Grant Date	24 May 2022	1 August 2022
Method of Valuation	Black Scholes option pricing model	Black Scholes option pricing model
Weighted average fair value as on the grant date (Rs.)	8.53	8.55

The inputs used in the measurement of grant date fair value are as follows:

Grant Date	24 May 2022	1 August 2022
Share Price (Rs.)	10	10
Exercise Price (Rs.)	10	10
Expected Volatility	33.35%	33.26%
Expected Life	1.5 to 5.5 years	1.5 to 5.5 years
Expected Dividend	Nil	Nil
Risk free Interest Rate	6.62%	6.74%



- c. The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-yield curve for Government Securities. Expected volatility calculation is based on the historical volatility of other matured entities in the same industry.

**d. Effect of employee stock option scheme on the Statement of Profit and loss:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee stock option expenses	6.32	-
<b>Total</b>	<b>6.32</b>	

**e. Reconciliation of outstanding share options**

The number and weighted-average exercise prices of share options under the share option programs were as follows:

Particulars	31-Mar-23		31-Mar-22	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Options outstanding as at the beginning of the year (including exercisable)	-	-	-	-
Add: Options granted during the year	2,71,000	-	-	-
Less: Options forfeited and expired during the year	49,000	-	-	-
Less: Options vested and exercised	-	-	-	-
Options outstanding as at the end of the year (including exercisable)	2,22,000	-	-	-
Exercisable at the end of the year (included options outstanding as well)	-	-	-	-

The options outstanding at 31 March 2023 have an exercise price of Rs 10, each option entitle the holder to get one equity share of Rs. 10 each (31 March 2022: Nil), and a weighted average remaining contractual life of 2.8 years (31 March 2022: Nil).



**Annexure-B**

**Earnings per Share (' EPS ')**

**(a) Basic and diluted earnings per share (in Rs.)**

	<b>For the year ended 31 March 2023</b>	<b>For the year ended 31 March 2022</b>
Basic earnings per share	3.80	0.24
Diluted earnings per share	3.79	0.24
Nominal value per share	10.00	10.00

**(b) Profit attributable to equity holders  
(Rs Lakh)**

**2803.69**

**175.45**

**(c) Weighted average number of equity shares (used as denominator) (in Nos.)**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Weighted average number of equity shares used in calculation of basic earnings per share	7,38,75,000	7,38,75,000
Add: Number of potential equity shares in respect of stock option	1,83,715	-
Weighted average number of equity shares used in calculation of diluted earnings per share	7,40,58,715	7,38,75,000

**Annexure-C**
**Option movement during the year under IGX ESOS 2021:**

S. No.	Particulars	Date of Grant 22/05/2022	Date of Grant 01/08/2022
a.	Number of options outstanding at the beginning of the period	-	
b.	Number of options granted during the year	2,39,000	32,000
c.	Number of options forfeited / lapsed during the year	49,000	-
f.	Money realized by exercise of options (INR), if scheme is implemented directly by the company (In Rs. Lakhs)	Nil (as ESOP scheme is implemented through Trust route).	
g.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	
h.	Number of options outstanding at the end of the year	1,90,000	32,000
i.	Number of options exercisable at the end of the year	NIL	NIL

**Annexure-D**
**I. Person-wise details of options granted to Directors/Key Managerial Personnel/Senior Managerial Personnel under ESOS 2021 as at March 31, 2023.**

Name	Designation	Options granted on May 22, 2022	Exercise Price (in Rs.)	Options granted on August 1, 2022	Exercise Price (In Rs.)
<b>Directors / KMP</b>					
Priyanka Nautiyal	Company Secretary	16,000	10	-	
Vineet Maheshwary	CFO	-	-	32,000	10
<b>Senior Managerial Personnel other than above</b>					
Deepak Mehta	Head – Business Development	63,000	10	-	
Prasanna Rao	Head – Market Operations	28,000	10	-	
Mritunjay Srivastava	Head – Regulatory, Membership & Surveillance	25,000	10	-	

**II. Details of other employees who received a grant in one year of option amounting to 5% or more of option granted during FY23:**

Name	Designation	Options granted on May 22, 2022	Exercise Price (in Rs.)
Sushil Kumar Mishra*	AVP – Business Development	19,000	10
Saroj Kumar Mohapatra	Sr. Manager – Market Operations	16,000	10
Prashant Mandir*	Sr. Manager – Business Development	22,000	10

\* Resigned during FY23 and consequently, the options so granted returned to the ESOP Pool.

**Details related to Trust under IGX ESOS 2021**

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

(i) General information on all schemes		
Sl. No.	Particulars	Details
1	Name of the Trust	IGX ESOS Trust
2	Details of the Trustee(s)	Mr. Deepak Mehta Mr. Prasanna Rao Mr. Mritunjay Srivastava
3	Amount of loan disbursed by company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Rs. 1,27,48,106 (including applicable interest)
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil
ii. Brief details of transactions in shares by the Trust		
a.	Number of shares held at the beginning of the year;	11,25,000
b.	<b>Number of shares acquired during the year through</b>	
	Primary issuance,	Nil
	i. Secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	Nil
c.	Number of shares held at the end of the year.	11,25,000
iii.	In case of secondary acquisition of shares by the Trust	
	<b>Number of shares</b>	<b>As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained</b>
a	Held at the beginning of the year	
b	Acquired during the year	
c	Sold during the year	Not Applicable
d	Transferred to the employees during the year	
e	Held at the end of the year	

**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship	<b>-NA-</b>
(b) Nature of contracts/ arrangements/ transactions	<b>-NA-</b>
(c) Duration of the contracts/ arrangements/ transactions	<b>-NA-</b>
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	<b>-NA-</b>
(e) Justification for entering into such contracts or arrangements or transactions	<b>-NA-</b>
(f) Date(s) of approval by the Board	<b>-NA-</b>
(g) Amount paid as advances, if any:	<b>-NA-</b>
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	<b>-NA-</b>

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship	Indian Energy Exchange Limited (IEX) was the Parent Company of IGX
(b) Nature of contracts/ arrangements/ transactions	Availing of Business / infrastructure Support Services from IEX
(c) Duration of the contracts/ arrangements/ transactions	One financial Year April 01, 2022 to March 31, 2023
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	<ul style="list-style-type: none"> <li>For all support services provided by IEX, billing was at cost-plus mark-up of 12%.</li> </ul>



- For any third-party / outsourced cost incurred by IEX for IGX only, it was re-charged from IGX on a cost-to-cost basis without any mark-up.
- Noting of the transactions entered under the said agreement by the Board/Audit Committee on quarterly basis.
- Total value of transactions entered under the said agreement during the year was ₹ 209.64 lakh only.

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(e) Date(s) of approval by the Board, if any	January 19, 2022
(f) Amount paid as advances, if any	Nil

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For and on behalf of the Board of Directors  
**Indian Gas Exchange Limited**

Sd/-  
**Prof. R Vaidyanathan**  
**Non-Executive Chairman**  
**DIN: 00221577**

Dated: May 24, 2023  
Place: Noida

**CORPORATE GOVERNANCE REPORT  
(Part C of Schedule V)**

The Company is in compliance with the requirements stipulated under regulation 17 to 27 read with Schedule V and Regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance. The detailed report on Corporate Governance for the financial year 2022-23 demonstrating the Company's accountability to its stakeholders is set out hereunder.

**1. Company's Philosophy on Corporate Governance:**

In IGX, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency, growth, enhancing investor's confidence and return on investments to the shareholders.

Corporate Governance in IGX reflects our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to gain and retain the trust of our stakeholders at all times. Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in a Company to ensure that they get a fair share of its earnings and assets and disclosure of all material information. It is a system by which business corporations are directed and controlled. IGX believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies.

The Corporate Governance philosophy has been scripted as under:

"As a good corporate citizen, our Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability besides building confidence in its various stakeholders, thereby paving the way for long term success."

Our Company is committed to creating value that is not only profitable to the business but sustainable in the long-term interests of all stakeholders. In pursuit of same, we consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance in the Company.

**The Corporate Governance of IGX is geared by the following:**

- i. To meet the short term, medium term & long-term objectives and specific targets every year set by the Government of India and the persons at the helm of its affairs, i.e. the Board, by empowering people at the most appropriate levels keeping the job profile/ functions in view.
- ii. To ensure compliance with laws, rules and regulations in true letter and spirit in the interest of stakeholders.



- iii. Well-developed internal control, systems and processes, risk management and financial reporting.
- iv. Adherence to ethical standards and for effective management and distribution of wealth and discharge of social responsibility for sustainable development of stakeholders.
- v. Full and complete accuracy and transparency in disclosures and timely disclosures of material information to all stakeholders.
- vi. To respond to the challenges and the emerging opportunities and to play a pivotal role in the economic development of the country.
- vii. Effective distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are preceded ahead after approval by the Board.

## **2. Board of Directors:**

### **(A) Composition of the Board:**

The Company has an optimum mix of executive and non-Executive Directors on the Board, comprising of expert professionals having experience in diverse areas such as management, technical, finance and legal.

As on March 31, 2023, the Board comprised of 7(seven) Directors, out of which 3(three) were Independent Non-Executive Director including 1(one) Woman Independent Director and 3(three) were Non-Executive Non-Independent Directors and 1(one) Managing Director and CEO of the Company, duly meeting the requirements as stipulated in the Regulation 17 of the SEBI (LODR) Regulations, 2015.

In terms of PNGRB (Gas Exchange) Regulations, 2020 ("GER"), where the board strength shall be 50% of independent directors, the Board uptill January 1, 2023 comprised of 4 Independent Directors and 4 other directors. However, after resignation of Dr Jyoti Kiran Shukla from the IGX Board on January 1, 2023, the Composition of Board was reduced to 7 Directors wherein 3 were Independent and 4 were other Directors. Further, as per GER, the approval for the name of the Independent Director to be appointed on the Board of Gas Exchange has to be taken from PNGRB and the Company has made application seeking approval for the name of new proposed independent director on March 16, 2023 and the PNGRB vide their letter dated 18<sup>th</sup> April, 2023 communicated their dissent on the same.

The Company has made application to PNGRB seeking approval for the name of new director (proposed) for appointment as an Independent Director on the Board of the Company.



In compliance with the requirement of Regulation 22(2) of the PNGRB (Gas Exchange) Regulations, Prof. Vaidyanathan, an Independent Director was elected as the Chairman of the Board.

The Board's composition, and in respect of each Director, the nature of directorship, the number of meetings attended, directorship(s) in other companies, chairmanship(s) and membership(s) of committees of the Board of other companies are given below:

Sr. no.	Name and DIN of the Director	Nature of Directorship	Number of Board Meetings (in no.)		Attendance at the last AGM held on June 20, 2022	Directorship(s) in other companies as on March 31, 2023#	Chairmanship(s) and Membership(s) of Board Committee in Companies (**) including this company as on March 31, 2023	
			Held	Attended			Chairman	Member
1.	Prof. Vaidyanathan Ramamurthy (DIN: 00221577)	Chairman Independent Non-Executive Director	4	4	Yes	8	3	1
2.	Dr. Jyoti Kiran Shukla (DIN: 03492315) [1]	Independent Non-Executive Director	3	3	Yes	NA	NA	NA
3.	Mrs. Bharathi Sivaswami Sihag (DIN: 00120900)	Independent Non-Executive Director	4	4	Yes	1	1	-
4.	Mr. Radhey Shyam Sharma (DIN: 00013208)	Independent Non-Executive Director	4	4	Yes	8	3	6
5.	Mr. Satyanarayan Goel (DIN: 02294069)	Non-Executive Non-Independent Director	4	4	Yes	2	-	-
6.	Mr. Gautam Dalmia (DIN: 00009758)	Non-Executive Non-Independent Director	4	4	No	9	-	3
7.	Mr. Ravi Varanasi (DIN: 06573046) [2]	Non-Executive Non-Independent Director	1	1	No	NA	NA	NA



8.	Mr. Rajesh Kumar Mediratta (DIN: 08604535)	Managing Director & CEO	4	4	Yes	Nil	-	1
9.	Mr. Yatrik Vin (DIN: 07662795) [3]	Non-Executive Non-Independent Director	2	2	NA	10	2	3

[1] Resigned from the Company w.e.f. January 1,2023.

[2] Resigned from the Company w.e.f. July 31,2022.

[3] Appointed as Additional Director designated as Non-Executive Non-Independent Director of the Company with effect from September 23,2022, subject to shareholders' approval.

**Note:**

There are no inter-se relationships between the Board Members.

#Excludes directorship(s) in Indian Gas Exchange Limited, Foreign Companies, Alternate Directorships, Section-8 Companies and One Person Companies.

\*\*Only Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered.

**(B) Number of Board Meetings held, the dates thereof, and the information provided to the Board:**

Except in case of emergent meetings, inter alia, to take care of exigencies of business, the Company gives adequate notice of meetings to the Board of Directors. The meetings held at a shorter notice were attended by adequate number of Independent Directors and were in compliance with the Companies Act, 2013.

During the year, four (4) meetings of the Board were held and the gap between any two meetings did not exceed one hundred and twenty days (120 days). The said Board Meetings were held as per below:

Sl. No.	Date of Board Meeting	Director Participation								
		Prof. Vaidyanathan Ramamurthy	Dr. Jyoti Kiran Shukla [1]	Mrs. Bharathi Sivaswami Sihag	Mr. Radhey Shyam Sharma	Mr. Satyanarayan Goel	Mr. Gautam Dalmia	Mr. Ravi Varanasi [2]	Mr. Rajesh Kumar Mediratta	Mr. Yatrik Vin [3]
1	22-Apr-22	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
2	20-Jul-22	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-
3	18-Oct-22	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
4	18-Jan-22	Yes	-	Yes	Yes	Yes	Yes	-	Yes	Yes

[1] Resigned from the Company w.e.f. January 1,2023.

[2] Resigned from the Company w.e.f. July 31,2022.

[3] Appointed as Additional Director designated as Non-Executive Non-Independent Director of the Company with effect from September 23,2022, subject to shareholders' approval.



In certain cases, the Board's approval was taken by passing resolutions through circulation, as permitted by law, which were confirmed in the subsequent meetings of the Board of Directors.

During the year under review, the Minimum information required to be placed before the Board of directors as specified in Part A of the Schedule II of SEBI Listing Regulations, to the extent applicable and deemed appropriate by the Management, was periodically placed before the Board for their consideration. This information was made available either as a part of the agenda papers or tabled before the Board at the time of the meeting.

### **(C) Independent Directors**

Your Company appoints Independent Directors on the Board who are having expertise/experience in their respective field/profession. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Listing Agreement/Regulation 16(1)(b) of the SEBI Listing Regulations, and PNGRB (Gas Exchange) Regulations, 2020, as applicable.

All Independent Directors maintain their limit of directorships as required under Regulation 25(1) of the SEBI Listing Regulations. The Company has issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company.

### **(D) Familiarization Programme for Independent Directors**

The Board Members are provided with the documents sought by them that enable them to have a good understanding of the Company, its operations, procedures and practices. Periodic presentations are made at the Board/Committee Meetings on business development plan and performance, risk management, technology, etc. Also, the Board of directors are regularly updated on relevant statutory changes and letters received from PNGRB, as applicable.

The appointment letter issued to the Independent Directors, inter alia, sets out the expectation of the Board from the Directors so appointed, their fiduciary duties and the accompanying liabilities. The Independent Directors are also apprised about their role at their separate meeting.

During the Financial year, two separate meetings of the Independent Directors were held in terms of the provisions of the Companies Act, 2013, SEBI (LODR) Regulations and PNGRB (Gas Exchange) Regulations, 2020.

### **(E) Compliance reports of applicable laws**

The Board periodically reviews compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by it to rectify instances of non-compliances, if any.



**(F) Code of Conduct:**

The Company has formulated and implemented a comprehensive Code of Conduct for the Board of Directors and Senior Management of the Company which is available on the website of the Company at [www.igxindia.com](http://www.igxindia.com).

**(G) Directors’ Remuneration and Shareholding:**

**i. Remuneration of the Executive Directors and their Shareholding**

The aggregate value of salary and perquisites paid/payable for the year ended March 31, 2023 and the outstanding stock options along with the shareholding as on March 31, 2023.

S No.	Particulars	(₹ in lakh) Mr. Rajesh Kumar Mediratta (Managing Director & CEO)
<b>1.</b>	<b>Gross salary</b>	
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 #	256.83
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	0.45
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
<b>2.</b>	<b>Stock Options</b>	-
<b>3.</b>	<b>Sweat Equity</b>	-
<b>4.</b>	<b>Commission</b> - as % of profit - others	-
<b>5.</b>	<b>Others</b>	
	<b>Total (A)</b>	<b>257.28</b>
	<b>Ceiling as per Act</b>	<b>The remuneration is under the Provisions of Section 197(3) read with Schedule V Part II Section II</b>

# Includes Rs. 104.08 lac towards provision for variable pay, payable post requisite approvals.

ii. Remuneration paid to the Non-Executive Directors and /or Independent Directors for attending the Board and Committee meetings during the year ended March 31, 2023, outstanding stock options and their shareholding as on March 31, 2023 is as below:

Name of the Director	Gross Sitting Fees (Amount in ₹ lakh)		Outstanding Stock options (in Nos.)	Shareholding in the Company as on March 31, 2023 (in Nos.)
	Board Meetings	Committee Meetings		
Prof. Vaidyanathan Ramamurthy (DIN: 00221577)	2.60	5.30	N.A.	Nil
Dr. Jyoti Kiran Shukla (DIN: 03492315)	1.90	1.50	N.A.	Nil
Mr. Radhey Shyam Sharma (DIN: 00013208)	2.60	4.20	N.A.	Nil
Mrs. Bharathi Sivaswami Sihag (DIN: 00120900)	2.60	3.50	N.A.	Nil
Mr. Ravi Varanasi (DIN:06573046)	Nil	Nil	N.A.	Nil
Mr. Satyanarayan Goel (DIN: 02294069)	Nil	Nil	N.A.	Nil
Mr. Gautam Dalmia (DIN: 00009758)	Nil	Nil	N.A.	Nil
Mr. Yatrik Vin (DIN: 07662795)	Nil	Nil	N.A.	Nil

There were no pecuniary relationships or transactions between the Non-Executive Directors and /or Independent Directors of the Company during FY 2022-23, except for sitting fees paid to them.

During FY 2022-23, the Non-Executive Directors were entitled to sitting fees of Rs. 30,000/- per meeting till April 22, 2022 for attending the Committee Meetings which was thereafter increased to Rs.40,000/- per meeting.

Further, the Non-Executive Directors were entitled to sitting fees of Rs.50,000/- per meeting till April 22, 2022 for attending the Board Meetings which was thereafter increased to Rs.70,000/- per meeting.



The sitting fees paid to the Non-Executive Directors and /or Independent Directors is within the limits prescribed under the Companies Act, 2013.

### **3. BOARD COMMITTEES**

The Board has constituted various Committees to take informed decisions in the best interest of the Company. Such Committees are constituted in accordance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations to the extent applicable, PNGRB (Gas Exchange) Regulations, 2020 and Exchange Business Rules and Bye Laws, as applicable, in order to ensure effective oversight on the functioning of Exchange and to facilitate cohesive decision making.

The Committees monitor the activities falling within their terms of reference. During the year, the Committees were constituted, inter-alia, to provide for appropriate representation of the members of the Board in terms of the regulatory requirements and to ensure smooth functioning.

The Chairman of the Board / Chairman of the respective Committees, in consultation with the Company Secretary, determine the schedule for the Committee Meetings. The minutes of all the Committee Meetings are placed at the respective subsequent Meetings and also before the Board for its noting. The recommendations of Committees are submitted to the Board for approval, wherever required.

The details w.r.t. terms of reference, composition and attendance for Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board are given below:

#### **i. AUDIT COMMITTEE**

As required under Section 177 of the Companies Act, 2013 (the 'Act') and as per Regulation 18 of SEBI (LODR) Regulations, 2015, your Board has constituted a competent Audit Committee consisting of majority of Independent Directors as its members.

All the Members of the Committee have requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

#### **(A) Brief Terms of Reference:**

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and as per applicable Clauses of SEBI Listing Regulations, 2015. The brief terms of reference of the Committee are as under:

- a) Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;



- b) Recommending appointment and removal of auditors and fixing of their fees;
- c) Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements;
- d) Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements; and
- e) Any other terms of reference as may be included from time to time in the Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments / re-enactments thereof from time to time.

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

**(B) Composition and attendance:**

During the financial year 2022-23, four meetings of Audit Committee were held. The said meetings were held on April 22,2022; July 20,2022; October 18,2022 and January 18, 2023. The constitution and the number of meetings attended with respect to the Audit Committee are as under:

Name of Director	Category	No. of Meetings Held#	No. of Meetings Attended
Prof. R Vaidyanathan (Chairman)	Independent Non-Executive Director	4	4
Mr. R S Sharma (Member)	Independent Non-Executive Director	4	4
Mr. Ravi Varanasi (Member) [1]	Non-Independent Non-Executive Director	2	1
Mr. Yatrik Vin [2]	Non-Independent Non-Executive Director	2	1

# No. of meetings held during the tenure of the director on the committee.

[1] Ceased to be member of the Committee w.e.f. July 31,2022.

[2] Joined as a Member of the Committee w.e.f September 23,2022.

The Company Secretary of the Company acts as the Secretary of the Committee.

**ii. NOMINATION AND REMUNERATION COMMITTEE**

As required under Section 178 of the Companies Act, 2013 (the 'Act'), Regulation 19 of SEBI (LODR) Regulations, 2015 and Regulation 26 of the PNGRB (Gas Exchange) Regulations, 2020, your Company has a competent Nomination and Remuneration Committee consisting of 50% of Independent Directors as its members.



The Company's Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure 4** to this Report. The said Policy is directed towards rewarding performance based on periodic review of achievements. Further, the Company has formulated the criteria for performance evaluation of individual Directors, Board Committees and the Board as a whole.

**A) Brief Terms of Reference:**

The Terms of Reference of the NRC are in conformity with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The brief terms of reference of the Committee are as under;

- (a) The Nomination and Remuneration Committee (NRC) is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments.
- (b) The Committee also formulates criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional & personal attributes such as understanding of the Company's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Company's Code of Conduct, Ethics and Values, etc.
- (c) Any other terms of reference as may be included from time to time in the Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments / re-enactments thereof from time to time.

The Company has formulated the criteria for performance evaluation of Individual Directors, Board Committees and the Board as a whole and the same is annexed as **Annexure- 5** of the Board Report.

**(B) Composition and attendance:**

During the financial year 2022-23, four meetings of Nomination and Remuneration Committee were held on April 22,2022; July 20, 2022; September 23, 2022 and March 13, 2023.

The constitution and the number of meetings attended with respect to the Nomination and Remuneration Committee are as under:

Name of Director	Category	No. of Meetings Held#	No. of Meetings Attended
Mr. R S Sharma	Independent Non-Executive Director	4	4



(Chairman)			
Prof. R Vaidyanathan (Member)	Independent Non-Executive Director	4	4
Mr. Gautam Dalmia (Member)	Non-Independent Non-Executive Director	4	3

#No. of meetings held during the tenure of the director on the committee.

The Company Secretary of the Company acts as the Secretary of the Committee.

### iii. STAKEHOLDERS RELATIONSHIP COMMITTEE

As required under provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has constituted Stakeholders Relationship Committee.

#### A) Brief Terms of Reference:

The Terms of Reference of the Stakeholders Relationship Committee are in conformity with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015. The brief terms of reference of the Committee are as under;

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

#### (B) Composition:

During the financial year 2022-23, one meeting of Stakeholders Relationship Committee was held on February 21, 2023.

The constitution and the number of meetings attended with respect to the Stakeholders Relationship Committee are as under:

Name of Director	Category	No. of Meetings Held#	No. of Meetings Attended
Mrs. Bharathi Sivaswami Sihag (Chairperson)	Independent Non-Executive Director	1	1
Mr. Yatrik Vin (Member)	Independent Non-Executive Director	1	1



Mr. Rajesh Kumar Mediratta (Member)	Managing Director & CEO	1	1
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#No. of meetings held during the tenure of the director on the committee

The Company Secretary of the Company acts as the Secretary of the Committee.

**Name of Compliance Officer:** Ms. Priyanka Nautiyal

**Designation:** Company Secretary & Compliance Officer

**The Company Secretary & Compliance Officer can be reached at the corporate office of the Company.**

INDIAN GAS EXCHANGE LIMITED (IGX)  
 Plot No. C-001/A/1, 6th Floor, Office D  
 Max Towers, Sector 16 B,  
 Noida, Gautam Buddha Nagar,  
 Uttar Pradesh – 201301

Email: [priyanka.nautiyal@igxindia.com](mailto:priyanka.nautiyal@igxindia.com)

Tel: 91- 0120 - 4648100

Details of the number of complaints received from shareholders and attended during the financial year.

Opening balance	Number of complaints received during the year 2022-23	Number of complaints resolved during the year 2022-23	Number of pending complaints on 31 <sup>st</sup> of March, 2023
Nil	Nil	Nil	Nil

## OTHER COMMITTEES

- i. Regulatory Oversight Committee
- ii. Risk Management Committee
- iii. Grievance Redressal Committee
- iv. Investment Committee
- v. Membership Selection Committee

## 4. General Body Meetings

### (A) Details of the last three Annual General Meetings (AGMs) held

Financial Year	Date	Time	Venue of the Meeting
2021-22 (3 <sup>rd</sup> AGM)	20-06-2022	11:30 A.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)
2020-21 (2 <sup>nd</sup> AGM)	15-06-2021	11:30 A.M.	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)
2019-20 (1 <sup>st</sup> AGM)	09-12-2020	02:00 P.M	9th Floor, Max Towers, Plot No. C001/A/A, Sector 16B, Gautam Buddha Nagar, Noida, Uttar Pradesh-India- 201301

### (B) Particulars of the Special Resolution passed in the last three AGMs

Date	Particulars
20-06-2022	<ol style="list-style-type: none"> <li>1. Appointment of Mrs. Bharathi Sivaswami Sihag (DIN:00120900) as a Non-Executive and Independent Director of the Company.</li> <li>2. Approval for appointment of Mr. Rajesh Kumar Mediratta (DIN: 08604535) as the Director of the Company.</li> <li>3. Ratification of the appointment of Mr. Rajesh Kumar Mediratta (DIN: 08604535) as the Managing Director and CEO of the Company and the approval of his remuneration in case of no profit or in-adequate profits.</li> <li>4. Approval for Business Support Service Agreement with Indian Energy Exchange Limited, a Related Party.</li> </ol>
15-06-2021	Approved the Indian Gas Exchange Limited "Employees Stock Option Scheme 2021"

### (C) Extra-ordinary General Meeting

During the financial year 2022-23, no Extra-Ordinary General Meeting was held.

### (D) Postal Ballot

During the financial year 2022-23, no special resolution was passed through postal ballot.

## 5. Disclosures

### A) Disclosures on materially significant related party transactions



Apart from the Support Services Agreement with the IEX, the holding company, there are no other materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

A detailed note on related party transactions is provided in the Directors' Report. Members may refer to Note No. 42 to the Financial Statement which sets out related party disclosures pursuant to Ind AS.

Further, the Company's Policy on Related Party Transactions is available on website of the Company at [www.igxindia.com](http://www.igxindia.com)

**B) Details of Non-Compliance by the Entity, Penalties or strictures imposed on the entity by PNGRB or any statutory authority, on any matter related to the capital markets during the last three years.**

No penalties or strictures have been imposed by any statutory authority from the date of incorporation of the Company.

**C) Whistle Blower Policy**

Your Company has established a Vigil Mechanism/ Whistle Blower Policy to enable Directors, Stakeholders, including individual employees and their representative bodies to report, in good faith, illegal or unethical practices/behaviours, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. The said mechanism ensures that the whistle blowers are protected against victimization/any adverse action and/ or discrimination as a result of such a reporting.

This Policy, inter-alia, provides a direct access to the Chairman of the Audit Committee. The said Policy was approved by the Board of the Company on April 19, 2021, and the same has been disclosed on the Company's website. No whistle blowing activity was reported this year.

**D) Management Discussion & Analysis**

The Management's Discussion and Analysis is covered elsewhere in this Annual Report

**E) Mandatory Requirements**

Your Company has complied with all the mandatory corporate governance requirements under the Listing Regulations to the extent applicable. Specifically, your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and Regulation 46 of the Listing Regulations to the extent applicable.

The Board periodically reviews compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by it to rectify instances of non-compliances, if any.



## F) Details of fees paid to Statutory Auditor

M/s B S R & Associates LLP, Chartered Accountants, (Firm Registration No. 116231W/W-100024) are the Statutory Auditors of the Company. Total fees paid by the Company and its subsidiaries, on consolidated basis to the Auditors including all entities in their network firm/ entity of which they are a part is given below:

Particulars	Amount (In ₹ Lakhs)
For Audit	8.80
For reimbursement of expenses	4.95
For other services	1.63
<b>Total</b>	<b>15.38</b>

## 6. Subsidiaries

The Company does not have any subsidiary.

## 7. General Shareholder Information: Pursuant to Sch. V(C)(9)

1. Day, Date, Time and Venue of Annual General Meeting (F.Y. 2022-2023)	Tuesday, June 27, 2023, at 11.30 a.m. IST through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)
2. Financial year	April 1, 2022 to March 31, 2023
3. Cut-off date	June 2, 2023
4. Dividend payment date	Not Applicable
5. Mode of payment of dividend	Not Applicable
6. Listing on Stock Exchanges	Not Applicable
7. Stock Market Code	Not Applicable
8. Registrar & Transfer Agents	KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana – 500 032. Ph: 040-67162222, Fax: 040-23001153 Toll Free no.: 1800-309-4001  Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>
9. Share Transfer system	100% of the equity shares of the Company are in dematerialized /electronic form.
10. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	As on March 31, 2023, the Company did not have any outstanding GDRs/ ADRs / Warrants or any convertible instruments.



11. Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
12. Exchange operations are located at	At Corporate Office:  Plot No. C-001/A/A, 6th Floor, Office-D, Max Towers Sector-16B, Gautam Buddha Nagar Noida 201301 Uttar Pradesh India
13. Address for Correspondence	<b>Registered Office:</b> 1st Floor, Unit No.1.14(b), Avanta Business Centre Southern Park, D-2, District Centre, Saket New Delhi 110017, India.  <b>Corporate Office:</b> Plot No. C-001/A/A, 6th Floor, Office-D, Max Towers Sector-16B, Gautam Buddha Nagar Noida 201301 Uttar Pradesh India  Tel. No. +91-120-4648 100 Fax: +91-120-4648 115  Email: <a href="mailto:compliance@igxindia.com">compliance@igxindia.com</a>
14. Depository for equity shares	National Securities Depository Limited (NSDL)
15. Demat International Securities Identification Number (ISIN) allotted to the equity shares of the Company under the Depository System	INE0BI301012
16. Corporate Identification Number (CIN) of the Company	U74999DL2019PLC357145

**For and on behalf of the Board of Directors  
Indian Gas Exchange Limited**

**Sd/-  
Prof. R Vaidyanathan  
Non-Executive Chairman  
DIN: 00221577**

**Dated: May 24, 2023  
Place: Noida**

## **Policy to promote diversity on the Board of Directors**

### **1. PREFACE**

Indian Gas Exchange Limited (the “Company”) is committed to deal with all stakeholders with full transparency and fairness, ensuring adherence to all laws and regulations and achieving highest standards of corporate governance.

Regulation 31 of PNGRB (Gas Exchange) Regulations, 2020 provides that the disclosure requirements and corporate governance norms as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 for listed companies shall mutatis mutandis apply to a Gas Exchange and a Clearing Corporation, except those specifically dealt in the Regulations.

Accordingly, pursuant to Regulation 19(4) read with Part D of the Schedule II of the SEBI Listing Regulations, the Nomination and Remuneration Committee of the board of directors of the Company is required to devise a policy on diversity of board of directors. In compliance with the SEBI Listing Regulations, the Company has formulated the policy on diversity of board of directors.

### **2. DEFINITIONS**

For the purpose of this Board Diversity Policy the following terms shall have the meanings assigned to them hereunder:

- (i) **“Board”** means the board of directors of the Company;
- (ii) **“Board Diversity Policy”** means this policy, as amended from time to time;
- (iii) **“Gas Exchange Regulations”** means the Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020;
- (iv) **“Committee”** means the Nomination and Remuneration Committee of the Board;
- (v) **“Director”** means a member of the Board;
- (vi) **“IGX”** or the **“Company”** means Indian Gas Exchange Limited; and
- (vii) **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Words and expressions used and not defined in this Board Diversity Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder.

### **3. BOARD DIVERSITY**



- The Committee shall ensure that the Board shall have an optimum combination of executive, non-executive and independent directors including woman director in accordance with requirements of the Companies Act, 2013 and Gas Exchange Regulations and other statutory, regulatory and contractual obligations of the Company.
- The Company recognises the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, race and gender, which will ensure that the Company retains its competitive advantage. The Company further believes that a diverse Board will contribute towards driving business results, make corporate governance more effective, enhance quality and responsible decision-making capability, ensure sustainable development, and enhance the reputation of the Company.
- The Committee shall review the profile of the prospective candidates for appointment as director on the Board taking in consideration knowledge, experience, financial literacy / expertise, global market awareness and other relevant factors as may be considered appropriate and the Board shall be so formulated with mix of members to maintain high level of ethical standards. The Committee shall also take into consideration the provisions of the Companies Act, 2013, SEBI Listing Regulations, Gas Exchange Regulations and other statutory, regulatory and contractual obligations of the Company.

#### **4. AMENDMENTS TO THE POLICY**

The Committee may modify and/or amend the Board Diversity Policy at any time subject to the provisions of the SEBI Listing Regulations, Gas Exchange Regulations and the Companies Act, 2013 and rules framed thereunder.

## **Nomination and Remuneration Policy of Directors, Key Managerial Personnel and Other Employees**

### **PRINCIPLE AND RATIONALE**

As per the requirements of Section 178 of the Companies Act, 2013 and the Rules framed thereunder, Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, (“Listing Regulations”) and Regulation 26 of the Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020, (“Gas Exchange Regulations, 2020”) the Board of Directors of Indian Gas Exchange Limited (“the Company”) has constituted a Nomination and Remuneration Committee (“NRC or Committee”). The Committee’s role is to be supported by a policy for nomination of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel as also for remuneration of Directors, KMP, Senior Management Personnel and other Employees.

In line with the Company’s philosophy towards nurturing its human resources, the Committee of the Board of Directors of the Company herein below recommends to the Board of Directors for its adoption of the Nomination and Remuneration Policy for the Directors, KMP and other employees of the Company.

### **1. OBJECTIVE AND PURPOSE**

The key objectives and purpose of this policy are:

- To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive & Non-Executive/Independent) and persons who may be appointed in Senior Management Personnel.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To attract, retain and motivate the Directors and evaluation of their performance.
- To ensure that the relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- To recommend to the Board a Policy relating to the Remuneration for the Directors, Key Managerial Personnel and other Employees.
- To determine the remuneration based on the Company’s size and financial position and practices in the industry.
- To recommend to the Board, all remuneration, in whatever form, payable to senior management.

### **2. APPLICABILITY**



This Policy shall apply to all Directors, KMPs, Senior Management Personnel and other employees of the Company.

### 3. DEFINITIONS

**3.1 'Board'** shall mean Board of Directors of Indian Gas Exchange Limited.

**3.2 'Director'** shall mean a director appointed to the Board of the Company.

**3.3 'Independent Director'** shall mean a director referred to in Section 149(6) of the Companies Act, 2013.

**3.4 'Key Managerial Personnel'** or KMP means:

- (ii) Chief Executive Officer or the Managing Director or the Manager;
- (iii) Company Secretary;
- (iv) Whole-Time Director;
- (v) Chief Financial Officer;
- (vi) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vii) such other officer as may be prescribed.

**3.5 'Nomination and Remuneration Committee'** or the Committee under this policy shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Rules framed thereunder, Regulation 19 of the SEBI (LODR) Regulations, 2015 and Regulation 26 of the Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020.

**3.6 'Other employees'** means all employees other than the Directors, KMPs and the Senior Management Personnel.

**3.7 'Policy or This Policy'** means, "Nomination and Remuneration Policy."

**3.8 'Remuneration'** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

**3.9 'Senior Management'** shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole-time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, Listing Regulations and Gas Exchange Regulations, 2020, as may be amended from time to time shall have the meaning respectively assigned to them therein.

### 4. GENERAL

This Policy is divided in three parts: -

**Part – A** covers the matters to be dealt with and recommended by the Committee to the Board;



**Part – B** covers the appointment, removal and retirement of Director, KMP and Senior Management; and

**Part–C** covers provisions relating to remuneration of Managerial Person, KMP and Senior Management

#### **5. DISCLOSURE OF THIS POLICY**

This policy shall be disclosed in the Board's report as required under the Companies Act, 2013.

#### **6. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

#### **7. REVIEW AND AMENDMENT**

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also where there is any statutory changes necessitating the change in the policy.

### **PART – A MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The following matters shall be dealt with by the Committee: -

#### **(a) Size and composition of the Board**

Periodically reviewing the size and composition of the Board in terms of requirements of the Gas Exchange Regulations, 2020 and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

#### **(b) Directors:**

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

#### **(c) Succession plans:**

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

#### **(d) Evaluation of performance:**



- (i) Make recommendations to the Board on appropriate performance criteria for the Directors.
- (ii) Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third party facilitator in doing so.
- (iii) Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

**(e) Board diversity:**

The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives. The policy on Board diversity is available, at <https://www.igxindia.com/>

**(f) Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- a. Remuneration of executive Directors to be presented for shareholders' approval including severance, if any.
- b. Individual and total remuneration of non-executive Directors and the chairperson, including any additional fees payable for membership of Board committees;
- c. the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any and service contracts having regard to the need to:
  - (i) attract and motivate talent to pursue the Company's long term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance;
  - (iii) be reasonable and fair, having regard to best governance practices and legal requirements and
  - (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals
  - (v) the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements;



**PART – B**  
**APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

**APPOINTMENT CRITERIA AND QUALIFICATIONS:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- A potential candidate being considered for appointment to a position should possess adequate qualification, expertise and experience for the position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether he satisfies the criteria as prescribed by the Petroleum and Natural Gas Regulatory Board (PNGRB) for appointment and disqualification as Director in the Gas Exchange.
- The Committee may recommend appropriate induction & training program for any or all the appointees.
- The Company shall normally not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who has attained the age of seventy years. Provided, the term of the person holding such position may be extended beyond the age of seventy years with the approval of shareholders.
- The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years and shall not appoint or continue the directorship of any person as a Non-Executive Non-Independent Director who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years/seventy five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years/seventy five years as the case may be. The Company shall not appoint or continue the directorship of any person as an Independent Director who has served as an Independent Director for three terms across Gas Exchanges subject to a maximum age limit of seventy-five years.
- The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of a director subject to the provisions of law and the respective service contract.

**TERM / TENURE:**

**Managing Director/Whole-time Director/Manager:**

- The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director/Manager for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.



- The appointment, renewal of appointment and termination of service of the managing director shall be approved by the board of directors on the recommendation of the nomination and remuneration committee.

#### **Independent Director:**

- An Independent Director shall hold office in Company for such term as prescribed under the Gas Exchange Regulations, 2020, Companies Act, 2013 and the Rules framed thereunder and other applicable statutory provisions.
- Appointment of the Independent Directors on the Board of Directors of the Company shall be approved by the Petroleum and Natural Gas Regulatory Board (PNGRB).
- The appointment including the terms and conditions of appointment of Independent Director shall be recommended by the Committee and approved by the Board of Directors of the Company subject to the approval of the Shareholders in the General Meeting.

No Independent Director shall hold office for more than two consecutive terms on the Board of the Company.

The Terms/ Tenure of the Senior Management Personnel/ KMP shall be as per the Company's prevailing policy.

#### **EVALUATION**

The Committee shall carry out evaluation of performance of Directors, KMP or Senior Management yearly or at such intervals as may be considered necessary.

#### **REMOVAL**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder, PNGRB (Gas Exchange) Regulations, 2020 or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

#### **RETIREMENT**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 along with the Rules framed thereunder and PNGRB (Gas Exchange) Regulations, 2020 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP or the Senior Management Personnel, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **PART-C**

#### **PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

##### **GENERAL CRITERIA**

- The Committee will determine and recommend to the Board the remuneration/Compensation/Commission etc. to Managerial Person, KMP and Senior Management Personnel for approval. While determining the remuneration, the



Committee shall ensure that, the level and composition of remuneration/Compensation/Commission etc. to be paid to the Managerial Person, KMPs, Senior Management Personnel, and other employees is reasonable and sufficient to attract, retain and motivate them in the company.

- The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.
- Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Person.
- The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- Where any insurance is taken by the Company on behalf of its Managerial Person, KMPs, Senior Management Personnel and/or any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel, unless such person(s) is/are proved to be guilty.

#### **REMUNERATION TO MANAGERIAL PERSON, KMPs AND SENIOR MANAGEMENT**

- Besides the above Criteria, the Remuneration/Compensation/Commission etc to be paid to Managerial Person and/ or KMPs and/or Senior Management shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and the PNGRB (Gas Exchange) Regulations, 2020 or any other enactment for the time being in force as also by Company policy.

#### **REMUNERATION TO NON-EXECUTIVE DIRECTORS/ INDEPENDENT DIRECTORS**

- The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of the Board or Committee thereof.  
Provided that the amount of such fees shall be such as determined by the Board of Directors of the Company from time to time and shall be within the maximum permissible limit as defined under the Companies Act, 2013 and the Rules framed thereunder.
- The remuneration /commission payable, if any, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. Provided that Independent Directors shall be remunerated by way of sitting fees only as admissible to Independent Directors as per the provisions of the Companies Act, 2013.
- An Independent Director shall not be entitled to any stock options of the Company.

#### **REMUNERATION TO OTHER EMPLOYEES**

- Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.



- The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the HODs of various departments. Decision on Annual Increments shall be made on the basis of this appraisal.
- The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

### **STOCK OPTIONS**

In addition to the normal/ regular remuneration package, Employee Stock Option Schemes are also in place for the Managerial Person, KMPs and other employees of the Company. To attract & retain talent, reward for performance and for creating long term shareholder value, the Committee may from time to time determine the stock options and other share-based payments to be made to Managerial Person (except Managing Director, Chief Executive Officer or Whole Time Director), KMPs, and other employees of the Company. Provided that no stock options and other share-based payments shall be made to Managing Director, Chief Executive Officer or Whole Time Director of the Company.

## **PERFORMANCE EVALUATION OF THE BOARD**

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed by the SEBI (LODR) Regulations, 2015.

The annual evaluation process involved assessment of Individual Directors, Chairman of the Board and the Chairman of the respective Board Committees. Further, the Independent Directors evaluated the performance of all the Non-Independent Directors, Chairman of the Board, Board Committees and the Board as a whole. Thereafter, the Board evaluated the performance of each Independent Director, excluding the Director being evaluated.

The criteria for performance evaluation, inter alia, include the following:

- a) The Board- Structure, composition of the Board, Board meeting schedule, agenda and collaterals, Board meeting practices and overall effectiveness of the Board.
- b) Board Committees- Composition, their role and responsibilities, information flow and effectiveness of the meetings, recommendations to the Board, effectiveness of committee chairpersons etc
- c) Individual Directors- Attendance at the meetings, preparedness for discussion, quality of contribution, engagement with fellow Board members, key managerial personnel and senior management, etc
- d) The Chairman– Leadership of the Board, promoting effective participation of all Board members in the decision-making process etc
- e) Independent Directors- Independence from the Company, exercising independent judgement in decision-making, contributing strongly to the objectivity of the Board's deliberations based on their external expertise, etc.

**For and on behalf of the Board of Directors  
Indian Gas Exchange Limited**

**Sd/-  
Prof. R Vaidyanathan  
Non-Executive Chairman  
DIN: 00221577  
Dated: May 24, 2023  
Place: Noida**



**ANNEXURE – 7**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

From April 01, 2022 to March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
Indian Gas Exchange Limited

**Registered Office:**

1st Floor, Unit No.1.14(b)  
Avanta Business Centre, Southern Park  
D-2, District Centre, Saket  
New Delhi 110017.

**Corporate office:**

Plot No. C-001/A/1, 6<sup>th</sup> Floor,  
Max Towers Sector 16B  
Gautam Buddha Nagar, Noida  
Uttar Pradesh-201301.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indian Gas Exchange Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year April 01, 2022 to March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (N.A)
- v. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") to the extent applicable;



vi. **Specifically, Applicable Laws:**

1. The Petroleum and Natural Gas Regulatory Board Act, 2006.
2. The following Rules, Regulations and Guidelines prescribed under the Petroleum and Natural Gas Regulatory Board Act, 2006.
  - a. The Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulation, 2020 (“PNGRB Gas Exchange Regulations”)

i. **Other Applicable Laws:**

1. Shops and Commercial Establishments Act, 1958 read with Shops and Commercial Establishments Rules with respect to offices situated at:
  - a. 1st Floor, Unit No.1.14(b), Avanta Business Centre Southern Park, D-2, District Centre, Saket New Delhi South Delhi 110017, India.
  - b. Plot No. C-001/A/1, 6<sup>th</sup> Floor, Max Towers, Sector- 16B, Noida, Gautam Buddha Nagar, Uttar Pradesh – 201301, India;
2. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder;
3. The Rights of Persons with Disabilities Act, 2016 and Rules made thereunder.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India as amended from time to time.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors, Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Further, Regulation 22 of the PNGRB Gas Exchange Regulations provides that the number of independent directors shall not be less than the number of other directors on Board of Directors of the Gas Exchange. Till December 31, 2022, the Board composition consisted of four Independent Directors and four other Directors. However, Dr. Jyoti Kiran Shukla, one of independent Director resigned from January 1, 2023, owing to personal reasons and as a result the Board strength was reduced to 7 Directors (3 Independent and 4 other Directors).

However, we understand from the perusal of records of the Company that Company being a Gas Exchange and governed by the Gas Exchange Regulations the Independent Directors can be appointed only after receiving the name approval from the Petroleum and Natural Gas Regulatory Board and hence the Company is dependent on the regulatory approval to comply with said composition requirements.

Necessary application seeking approval of PNGRB was submitted and approval thereon was awaited as on close of FY23.



Adequate notice along with detailed agenda is given to all directors to Schedule the Board Meetings and a system exists for seeking and obtaining further information and clarification on agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes maintained by the Company for the Board/ Committee and Shareholders, we noticed that all the decisions were approved by the respective Board/Committee and Shareholders without any dissent note.

**We further report** that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However, the compliances of other applicable laws, as listed in Para (vi) above, are based on the documents presented and management certifications reported to the Board through agenda papers with respect to the office located at New Delhi and Noida.

For MNK and Associates LLP  
Company Secretaries  
FRN: L2018DE004900

Mohd. Nazim Khan  
(Designated Partner)  
Company Secretary  
FCS: 6529; CP-8245  
UDIN: F006529E000367472  
Peer Review Cert. No: 671/2020

Date: 24<sup>th</sup> May, 2023  
Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.



## Annexure-A

The Members  
Indian Gas Exchange Limited

**Registered Office:**

1st Floor, Unit No.1.14(b)  
Avanta Business Centre, Southern Park  
D-2, District Centre, Saket  
New Delhi 110017.

**Corporate office:**

Plot No. C-001/A/1, 6<sup>th</sup> Floor,  
Max Towers Sector 16B  
Gautam Buddha Nagar Noida  
Uttar Pradesh-201301.

(For the period from April 01, 2022 to March 31, 2023)

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification goes done on the random test basis to ensure the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, standards is the responsibility of the management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MNK and Associates LLP  
Company Secretaries  
FRN: L2018DE004900

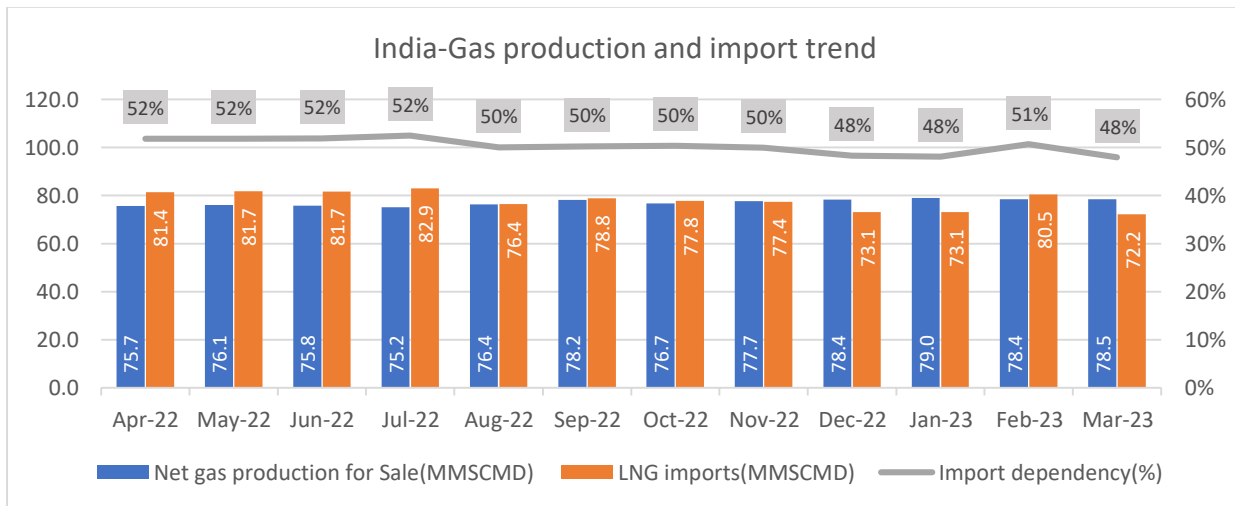
Mohd. Nazim Khan  
(Designated Partner)  
Company Secretary  
FCS: 6529; CP-8245  
UDIN:  
F006529E000367472  
Peer Review Cert. No:  
671/2020

Date: May 24, 2023  
Place: New Delhi

## MANAGEMENT DISCUSSION AND ANALYSIS

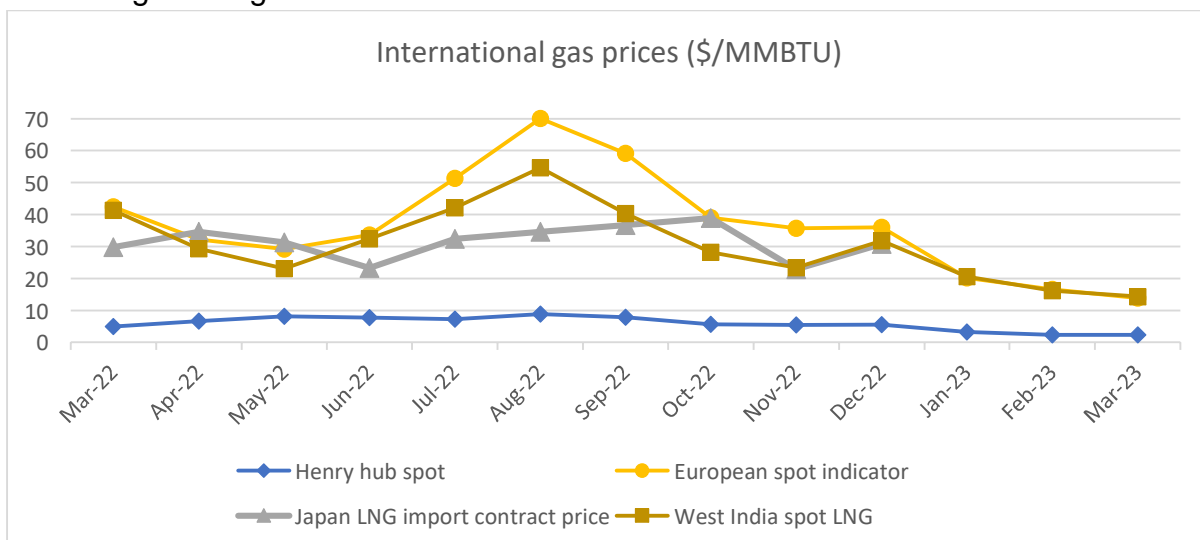
### Gas Sector in FY23

In the Financial Year 2022-23, the total gas consumption of India stood at 157.6 MMSCMD, with the fertiliser sector being the major consumer, followed by the CGD sector, power sector, refinery and petrochemical industry. As compared to FY22, the total consumption saw a degrowth of 3 % which could largely be attributed to the supply side constraints brought about by the geopolitical situation that drove the gas prices up. This is also evident from the fact that though the net gas production was more or less at the same level, the LNG imports were down by 8% and consumption by 15% year-on-year.



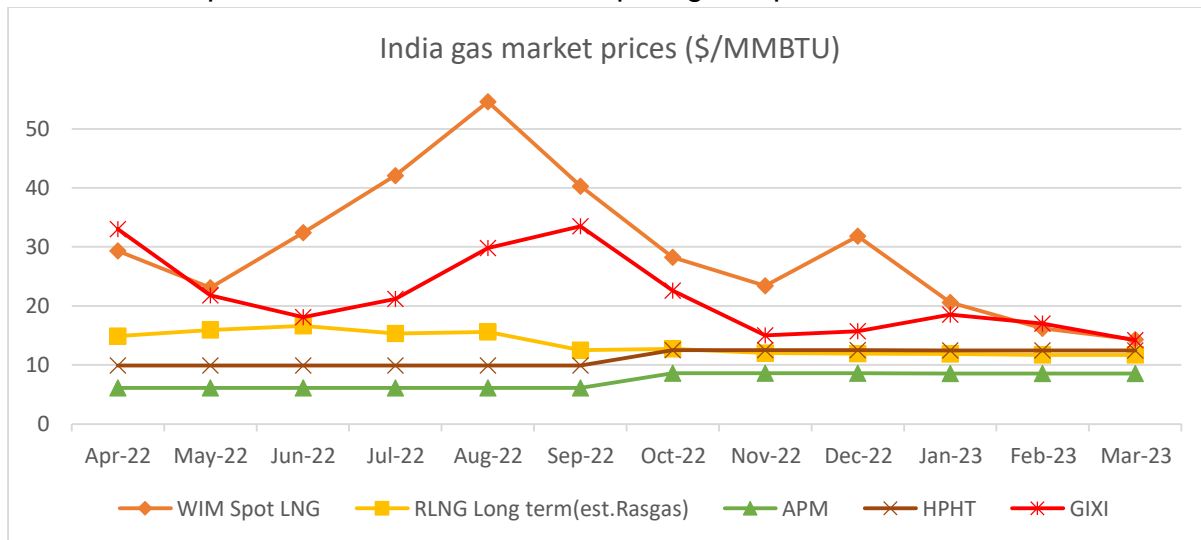
Source: IGX Research, PPAC

India's LNG imports during FY23 kept fluctuating while the domestic gas production remained range bound. The LNG imports suffered following Russia's invasion of Ukraine in February 2022 and the resultant sky-high international spot LNG prices which touched a record high in August.



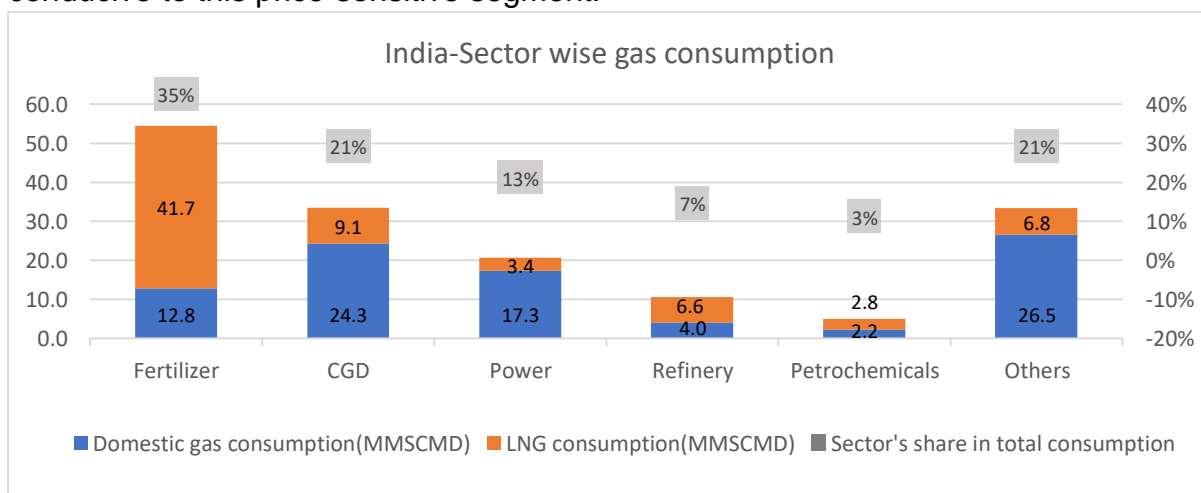
Source: IGX Research, JOGMEC, PPAC, EIA

In India too the natural gas prices remained elevated due to international developments. Prices at the gas exchange (represented by GIXI) though remained competitive to spot LNG prices across the year. The domestic gas prices (APM, HPHT) were also periodically discovered to be higher owing to increase in the constituents of their respective formulae-international spot indices for APM and competing fuel prices for HPHT.



Source: IGX Research, PPAC

Sector-wise, Fertilizer and CGD strengthened their share to over 33% and 20% respectively in FY23. The consumption by refineries and petrochemicals dropped down significantly as gas marketers like GAIL had to divert gas to their customers by cutting supplies to their petrochemical plants. Consumption by power sector too declined as high prices remained conducive to this price-sensitive segment.



Source: IGX Research, PPAC

On the regulatory front, Petroleum and Natural Gas Regulatory Board (PNGRB) brought out amendments in Natural Gas Tariff, Authorisation and Capacity Regulations. Through these regulations PNGRB has introduced unified pipeline tariffs effective FY24. Entity-level



integrated tariffs will act as the building blocks for the introduced unified tariffs at national level, though the number of unified tariff zones have been increased from two to three. The ultimate objective is to achieve ‘One Nation, One Grid, One Tariff’.

### Gas Exchange Highlights

In FY23, IGX traded volume of 50.85 million MMBTU through about 2355 trades. This is a YoY growth of more than 300%, despite the price volatility seen in the overall natural gas sector. Such healthy growth, in addition to onboarding 14 new members and 61 new clients is a positive for the gas exchange. Total Registered Members stand at 40 and registered clients at 190.

### Trade Summary

Of the six regional hubs (Western, Southern, Eastern, Central, Northern and North-Eastern), western and southern hubs have been active this year with trades being witnessed at Dahej, Mhaskal, Ankot, Bhadbhut, Hazira, Suvali delivery points in western hub and Gadimoga, KG Basin delivery points in southern hub.

#### All-India (trades distribution)

Hubs	% trades (volume-wise)	% trades (number-wise)
Western	43%	55%
Southern	57%	45%

Within the western hub most trades (both in terms of volume and numbers) were witnessed at Dahej delivery point followed by Mhaskal, Ankot, Bhadbhut, Hazira and Suvali (in that order).

#### Western Hub (trades distribution)

Delivery pts	% trades (volume-wise)	% trades (number-wise)
Dahej	31%	33%
Mhaskal	25%	22%
Ankot	15%	28%
Hazira	13%	4%
Bhadbhut	11%	9%
Suvali	5%	4%

While at the southern hub about 83% of the trade volumes were witnessed at Gadimoga delivery point and the rest at KG Basin delivery point. BP-RIL sold its ceiling price gas from Gadimoga and ONGC sold its ceiling price gas from KG-Basin. In terms of number of trades Gadimoga witnessed 51% of the trades and rest 49% were at KG Basin. This can be attributed to the fact that the volume-size of the trades at Gadimoga was substantially more than of those at KG Basin.

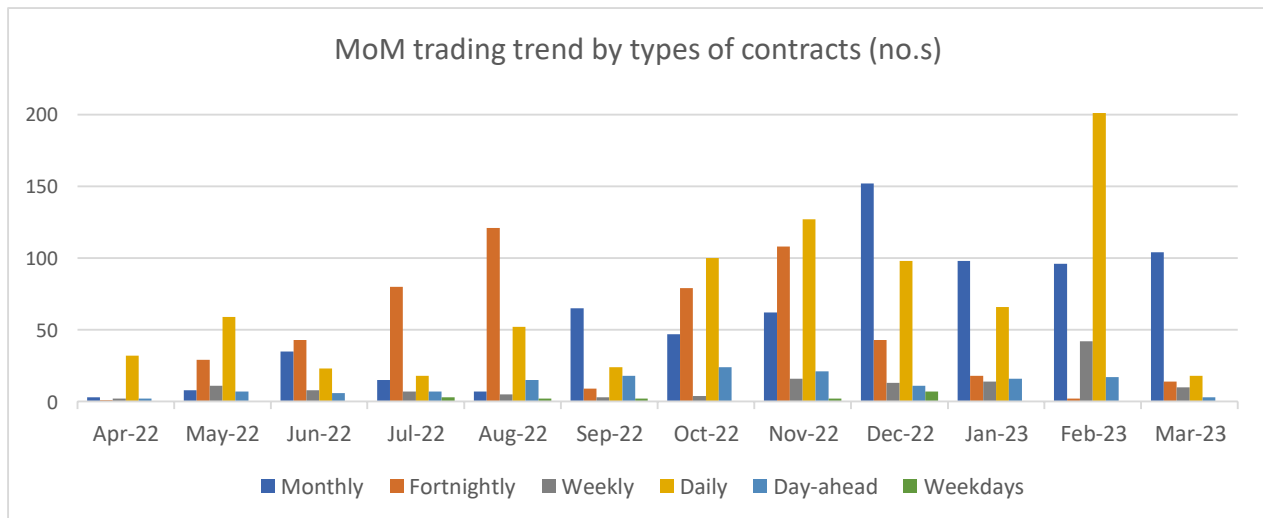
### Southern Hub (trades distribution)

Delivery pts	% trades (volume-wise)	% trades (number-wise)
Gadimoga	83%	51%
KG Basin	17%	49%

Of all the contracts available at IGX, monthly contracts were most traded followed by fortnightly, weekly, daily and day-ahead (in that order). In terms of number of trades daily contracts were most traded.

### Contract type-wise trades distribution (All-India)

Contract-type	% trades (volume-wise)	% trades (number-wise)
Monthly	72%	29%
Fortnightly	17%	23%
Weekly	5%	6%
Daily	5%	35%
Day Ahead	1%	6%
Weekday	0.5%	1%

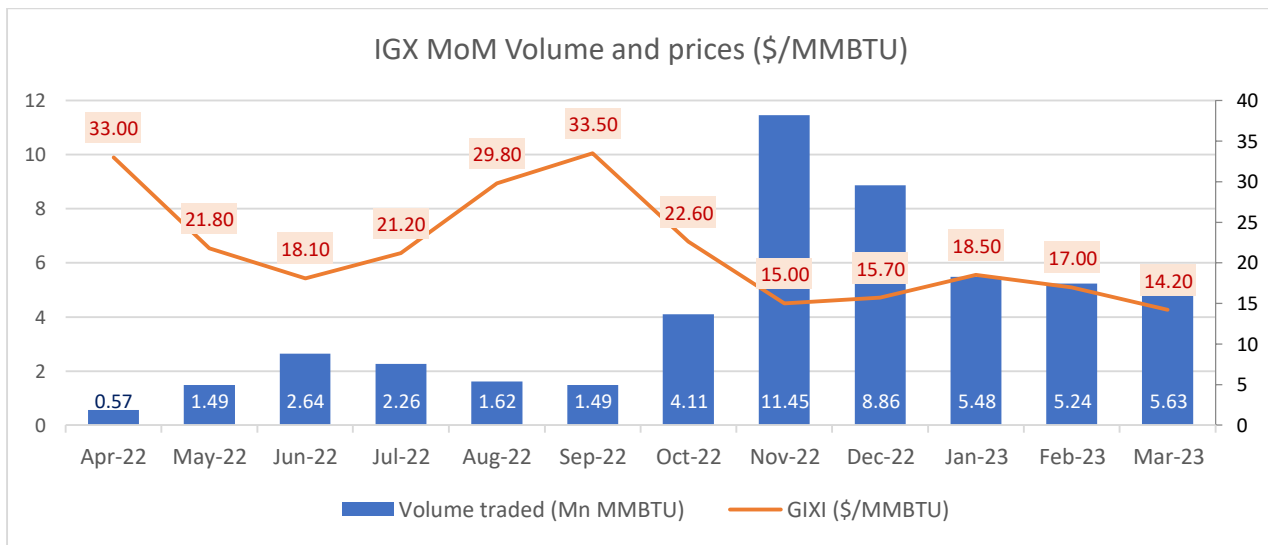


Between the types of deliveries offered by Exchange, market participants opted for 'Ex-hub' type the most. In terms of number of trades, 85% of trades executed in this year were Ex-hub transactions and remaining 15% of trades were Delivered transactions.

Transaction Type	% trades (volume-wise)	% trades (number-wise)
Delivered	6%	15%
Ex-hub	94%	85%

### Exchange Price Trends

Prices at the gas exchange remained competitive to spot LNG prices across the year. The year started with slightly elevated prices due to impact of international geopolitics and increased winter demand. The prices started softening post April-2022 driven by increased supply from RLNG imports and ramp-up in utilization of major RLNG terminals. International volatility did have an impact on IGX prices as they touched a high in Aug-Sep post which the prices declined gradually driven by significant sell side liquidity on the exchange.



### Domestic Gas Trades

In pursuance to the Office Memorandum issued by the Ministry of Petroleum and Natural Gas dated 19<sup>th</sup> August 2021, IGX launched the trading of domestic gas on the 16<sup>th</sup> of May 2022, with the first trade recorded on 23<sup>rd</sup> May 2022. This is a segment that has strong potential, as seen with the growing volumes being traded in this market.

Of the total 50.85 million MMBTU traded in 2022 at the Exchange about 60% i.e. 29.17 million MMBTU domestic natural gas (with marketing and pricing freedom) was traded. In terms of number of trades about more than 1000 trades out of 2355 trades were in this segment. All major domestic gas producers sold their production namely Reliance-BP, ONGC and Vedanta.

### Launch of Benchmark Gas Price Index for India: GIXI

A major development in the Indian gas markets in FY23 was the introduction of GIXI (Gas Index of India), which is the prominent price index on the IGX exchange. This index is based on the deliveries occurring through trades on the exchange but exclude the ceiling price gas. Designed to be extremely transparent, neutral and competitive, GIXI is calculated basis the delivery points and the hubs, with the IGX prices themselves discovered through actual deliveries. This makes this index unique, and reflective of various market aspects



like demand and supply, taxation, tariffs for transmission, storage, domestic and LNG supply mix. This index represents aggregated gas price for all regional hubs and all contracts for delivery during a particular month.

GIXI is regarded as the benchmark price reference for the gas sector in India that will reflect the spot prices for natural gas in within a specific region. Additionally, it is a precursor for the Gas derivatives which will help the market players in hedging their prices.

### **Sector outlook**

Although price volatility and infrastructure constraints have been a challenge to India's target of increasing natural gas' (NG) share of energy to 15%, the sector is currently being supported by tailwinds from resilient demand from city gas distribution (CGD) networks and rising domestic production. The operationalisation of new CGD networks, the price advantage of natural gas against other fuels, and increased adoption of NG to comply with pollution norms would support long-term gas demand. The affordability of natural gas is expected to be ensured through the new pricing reforms introduced by Government of India based on Dr Kirit Parikh Committee recommendations which essentially caps the gas prices in times of volatility. Infrastructure in terms of LNG terminals and NG pipelines is also getting unlocked year on year which shall further support gas demand.

## FINANCIAL PERFORMANCE

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore. The key financial ratios are given below:

### Key performance metrics

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	Variance %
<b>Total revenue (₹ lakh)</b>	6,198.09	1,746.82	254.8%
Operating Cost	2,174.94	1,403.45	55.0%
Depreciation and Amortization	218.97	113.83	92.4%
Finance Cost	47.59	0.26	-
<b>Total Expenses (₹ lakh)</b>	2,441.48	1,517.54	60.9%
PBT (₹ lakh)	3,756.61	229.28	
PAT (₹ lakh)	2,803.71	175.45	
PAT MARGIN	45.24%	10.04%	
Earnings per share (₹) -Basic	3.80	0.24	
Earnings per share (₹) -Diluted	3.79	0.24	

### Profit & Loss statement analysis

#### Revenue:

The Company derives its revenues from transaction fees, annual subscription fees, admission fees, interest income, gain on sale of investments, and other miscellaneous income.

During FY23, the total revenue of the Company stood at ₹ 6,198.09 lakh as compared to ₹ 1,746.82 lakh in FY22.

The operating revenue increased from ₹ 1,121.80 lakh in FY22 to ₹ 4,269.95 lakh in FY23 and Other income increased from ₹ 625.02 lakh in FY22 to ₹ 1,928.14 lakh in FY23.

The profit after tax (PAT) for the year was ₹ 2,803.71 lakh, against loss of ₹ 175.45 in FY22.



## Expenses:

The expenses of the company primarily comprise of employee cost, operating and other expenses and depreciation / amortization charges as detailed below:

### IGX's expenditure (₹ in lakh)

	For the FY 22-23	For the FY 21-22	Variance %
Employee benefit	1,029.95	819.14	25.7%
Other operating expenses			
- Technology	214.04	200.19	6.9%
- Rates & Taxes (PNGRB Fees)	89.28	20.21	341.8%
- Business Promotion / Advertisement	86.78	26.52	227.2%
- Rent, Electricity & Maintenance	77.70	107.59	-27.8%
- Legal & Professional	109.75	40.34	172.1%
- Contribution to SGF	440.08	111.87	293.4%
- Other expenses	127.34	77.59	64.1%
<b>Total Other operating expenses</b>	<b>1,144.97</b>	<b>584.57</b>	<b>96.0%</b>
<b>Total operating expenses</b>	<b>2,174.92</b>	<b>1,403.71</b>	<b>55.0%</b>
Depreciation and amortization	218.97	113.83	92.4%
Finance Cost	47.59	0.26	0.0%
<b>Total expenditure</b>	<b>2,441.48</b>	<b>1,517.54</b>	<b>60.9%</b>

Detailed analysis of operating expenses is as below:

- Employee benefit cost increased mainly due to annual increments, hiring of additional manpower to meet the business requirements, creating talent pool, ESOP cost and performance linked variable pay to employees.
- Technology expense has slightly increased year on year due to higher expense incurred on information security and connectivity charges.
- Rates & Taxes majorly includes Fees (@1% of Total Revenue) paid to PNGRB as per Gas Exchange Regulations. This also includes ₹ 27 lakh fees pertaining to FY 22 paid in current year.
- During the year, Business Promotion / Advertisement expense increased from ₹ 26.52 lakh to ₹ 86.78 lakh due to increased sponsorships / participations in various industry events during the year and event organised during the year, marking completion of 2 years of gas exchange operations.
- During the year, the company moved into own new office premise. Rent expense is lower as company has recognized its lease expenses as depreciation on Right-to-use (ROU) assets and finance cost on lease liability in accordance with Ind AS 116.



- Legal & Professional expense charges have increased from ₹ 40.34 lakh to ₹ 109.75 lakh mainly due to Employee secondment charges (w.e.f. July 2021) accounted for and paid during the year, in accordance with Share Purchase Agreement with one of the strategic partners. It also includes expense related to IT related audits and employee recruitment charges.
- Contribution to SGF (5% of total revenue) and interest on SGF investments as per PNGRB regulations is included in other operating expenses, which has increased from 111.87 Lakhs in FY22 to 440.08 Lakhs in FY23, in-line with increase in revenue. This also includes contribution of 35 lakhs, being 5% of 'other income' pertaining to previous years (in line with clarification from PNGRB regarding 'other income' also being part of 'Gross Revenue')
- Other expenses include increase in travelling expense, stamp duty on investments, directors sitting fees, reversal of GST ITC and other misc. expenses.
- Depreciation and amortization expense has increased from ₹ 113.83 lakh to ₹ 218.97 due to depreciation on additions to Leasehold improvements, Right-to-use (ROU), Electrical equipment and IT assets created at company's new corporate office.
- Finance cost includes ₹ 37.29 lakh recognised on lease liability in accordance with IND AS 116 "Leases" and ₹ 10.30 lakh on other interest cost incurred.

### Provision for taxation

- The total income tax (provision) increased from ₹ 53.83 lakh to ₹ 952.90 lakh. The current tax in FY23 was ₹ 637.16 lakh and deferred tax charge is ₹ 315.74 lakh. During the year, the company has set off against all carried forward losses from previous years.

### Earnings Per Share

- Basic EPS of the Company was ₹ 3.80 for the FY23 against ₹ 0.24 for FY22. Diluted EPS was ₹ 3.79 against ₹ 0.24 for FY22.

### Shareholders' Funds

#### Share capital:

As on March 31, 2023, the Company's share capital stood at ₹ 7,387.50 lakh, i.e., 7,50,00,000 equity shares of ₹ 10 each less 11,25,000 Equity shares of face value of Rs. 10 each (31 March 2021: 11,25,000 Equity shares of face value of Rs. 10 each) held by IGX ESOS Trust. (Previous year ₹ 7,387.50 lakh, i.e. 7,38,75,000 equity shares of ₹ 10 each).



### Other equity:

The Company's other equity as on March 31, 2023 was of ₹ 1,961.03 lakh in comparison to ₹ (853.65) lakh as on March 31, 2022.

### Trade Payable

The Company's trade payable was of ₹ 32,466.16 lakh as on March 31, 2023, as against ₹ 41,503.26 lakh as on March 31, 2022.

### Lease Liabilities

Lease liabilities balance (Non-current and Current) was ₹ 395.83 lakh as on March 31, 2021. This was created during the year with respect to ROU assets (New corporate office) in accordance with Ind AS 116.

### Other Financials Liabilities

Other financial liabilities majorly include **Settlement Guarantee Fund** which stood at ₹ 2,574.82 lakh as on March 31, 2023 as compared to ₹ 2,134.74 lakh as on March 31, 2022. Increase in SGF balance is due to additional contribution as per regulations based on revenue and interest income on SGF investments. Other than SGF balance, Other financial liabilities have increased due to deposit from clearing & settlement banker received during the year and employee related payables.

### Provisions

Provisions (Non-current and Current) include provision for employee benefits (Gratuity and Compensated absences) as on March 31, 2023

### Other Liabilities

Other liabilities (Non-current and Current) majorly include Unamortised/deferred income and Statutory dues payable as on March 31, 2023.

Unamortised/deferred income includes Admission fees, annual subscription fees and transaction fees charged from members during current year, which pertains to next financial years and stood at ₹ 534.13 lakh as on March 31, 2023, as against ₹ 282.89 lakh as on March 31, 2022.

Statutory Dues payable include TDS and GST payable as on March 31, 2023 in due course of business.

### Secured & Unsecured loans



There were no secured & unsecured loans in the books of the Company books during the year under review.

### Fixed assets

The Company's net fixed assets stood at ₹ 1,136.33 lakh as at March 31, 2023, as against ₹ 586.86 lakh as at March 31, 2022. The increase in fixed assets was mainly due to additions to Leasehold improvements, Right-to-use (ROU), Electrical equipment and IT assets created at company's new corporate office.

### Investments and Cash and Bank balances

As on March 31, 2023, the Company's investments (Non-current and Current) and cash and Bank balances stood at ₹ 43,787.60 lakh as against ₹ 49,046.92 lakh as on March 31, 2022. Investments in FY23 includes ₹ 2,576.12 lakh earmarked towards SGF.

### Trade Receivable

The Company's trade receivable was of ₹ 438.62 lakh as on March 31, 2023, as against 194.17 as on March 31, 2022 due to significant increase in traded volume compared to last year.

### Own Contribution to Settlement Guarantee Fund (Part of other assets)

Own Contribution to Settlement Guarantee Fund (non-current and current) as on March 31, 2023 was of ₹ 1,152.50 lakh as compared to ₹ 1477.50 lakh as on March 31, 2022 which has reduced due to contribution from members added during the year.

### Key ratios

Key Ratios	2022-23	2021-22	Reasons for change
Operating profit margin (%)	64.91%	19.65%	Considering higher trade volume achieved during the year with relatively fixed nature of costs, there is significant improvement in profit margins.
Net Profit Margin (%):	45.24%	10.04%	