Circular No.: IGX/MO/56/2022 March 30, 2022

Amendments in Clauses of Master Circular

Dear Members,

In pursuance to Byelaws and Market Rules of IGX and in conjunction to IGX Circular No. 37 (Master Circular.ver2) dated 14th June 2021, Members are requested to kindly note following changes in the clauses of the Master Circular:

1. **Clause No. 2 (D) Contracts Available for Trading on each hub, point vi** (Modified as below):

   Monthly - Contracts available for delivery of gas for entire upcoming Month(s). On any given trade day, Monthly Contracts available will be on a rolling basis for 6 months [1] .

2. **Clause No. 3(B) Post Trade Margin, paragraph 2:**

   Current para: Exchange will collect the Post Trade Margin on trade date basis from the Members Settlement Account before sending it for further processing.

   Revised para:
   For Monthly, Fortnightly, Weekly and Weekday Contracts - Members shall pay the post trade margins by next bank working day of the trade date.

3. **Clause No. 4(B) Taxation, point iii** (Modified clause as below):

   Buyers who intend to avail benefit of any concessional rate of tax available under the sales tax laws/ value added tax laws of the Appropriate States or Central Sales Tax Act, 1956 ("CST Act, 1956"), shall be required to furnish documents within the specified timelines as mentioned below.

   a. The buyer shall furnish documents as requested by sellers or prescribed by Government authority including but not limited to declaration in Form "C" under CST Act, 1956, to enable sellers to claim the concessional rate of tax under CST Act, 1956

[1] At present, 3 monthly contracts are available for trading.

within a period of 90 days[2] from end of financial quarter, to which the transaction pertains or within such extended time period as may be allowed by respective seller, failing which, the buyer shall be liable to pay the differential liability of taxes, interest and penalty to sellers. In case of non-submission of C-Form within a period of 90 days from end of each financial quarter to which the transaction pertains, the buyer member has to deposit with IGX the necessary margin amount (in cash/ non-cash form) as informed by IGX which shall not be less than the differential amount (i.e., the amount of concession availed by the buyer through C Form). Sellers shall have the right to raise necessary invoices or debit notes for collection of differential liability of taxes, interest, penalties etc. that may arise as a result of such failure of buyer and buyer shall make good the payment of such invoices or debit notes within 5 Business Days.

4. **Clause No. 4(C): Transaction Fees** (Modified clause as below)

IGX will charge transaction fees from the Members at following rates: -

i. Buy in Ex-Hub Transactions: Rs. 4.00/MMBTU
ii. Buy in Delivered Transactions: Rs. 6.00/MMBTU
iii. Sell: Rs. 4.00/MMBTU

The transaction fees in respect of a contract shall be the product of i) the total trade quantity[3] and ii) the applicable transaction fee rate subject to:

a) For trades at KG Basin hub: If the total scheduled quantity for the contract period is more than or equal to 85% of the total trade quantity, then the fees from buyer and seller for that trade will be charged for actual scheduled quantity. If the total scheduled quantity for the contract period is less than 85% of the total trade quantity, then the fees will be charged for 85% of the total trade quantity.
b) For trades at all hubs other than KG Basin hub: If the total scheduled quantity for the contract period is more than or equal to 90% of the total trade quantity[4], then the fees from buyer and seller for that trade will be charged for actual scheduled quantity. If the total scheduled quantity is less than 90% of the total trade quantity, then the fees will be charged for 90% of the total trade quantity.
c) In case the traded quantity is not scheduled or partially scheduled due to reasons attributable solely due to transporter, then such truncated quantity shall not be charged by the exchange.

[2] At present, timelines for C-Form submission and related documents are quarter end plus 20 days.
[3] At present, fees are charged at CT quantity.
[4] At present, fees are not linked to the scheduled quantity.

5. **Clause No. 5(B) Nomination and Scheduling Procedure at Delivery Point, point ii** (Modified clause as below)

   ii. In case of any reduction in gas requirements, the Buyer shall no later than 12:00 hours of one day prior to the day of actual gas flow, shall intimate Seller and IGX to modify the Daily Nominated Quantity (DNQ). The Buyer can nominate Gas quantity ranging from NIL to maximum up to 110% of DCQ subject to acceptance by Transporter and Exchange. In case, the Daily Nominated Quantity (DNQ) by Buyer is less than the DCQ, Seller will schedule the quantity equal to the reduced DNQ for supply at the Delivery Point. In the event Buyer nominates a quantity in the range of 100 to 110% of DCQ, then such request of Buyer for higher nomination will be subject to Seller's acceptance. Seller has to send such acceptance (in writing) to both Buyer and IGX latest by 13:00 hours on D-1 failing which request of the Buyer for increase in DCQ will be rejected. Buyer will have to pay additional post trade margins for any increase in the DCQ.
   Seller has the right to curtail the gas supplies at the delivery Point on any gas day as per the provisions of clause 5(B)(iii).

6. **Clause No. 5(D) Quantity Obligation on Buyer**[5] (Modified clause as below)

   For Contracts at KG Basin Hub the "Take or Pay Quantity" shall mean 85% of the total DCQ for the contract period less quantity of Gas that Buyer was unable to offtake during such contract period for the reasons mentioned in 6(a) below (but without double counting of any of the quantities mentioned in 6(a)).

   For Contracts at all hubs other than KG Basin Hub the "Take or Pay Quantity" shall mean 90% of the total DCQ for the contract period less quantity of Gas that Buyer was unable to offtake during such contract period for the reasons mentioned in 6(a) below (but without double counting of any of the quantities mentioned in 6(a)).

   a. Any less quantity offtake by the Buyer during the contract period due to reasons as mentioned below:

   i. any quantity of Gas up to DNQ for the relevant Gas Day that Buyer could not offtake due to Force Majeure.

[5] At present, Take or Pay obligation in monthly contract is 90% on contract period basis while for other contracts it is 95% on daily basis.

ii. any quantity of Gas up to DNQ for the relevant Gas Day where Seller failed to make available for delivery unless such failure was due to Buyer's failure to comply with the terms of IGX Bye laws and Market Rules.
iii. any quantity of Gas up to DNQ for the relevant Gas Day that Buyer rejected because it failed to meet the Specifications.
iv. any quantity of Gas up to DCQ, the Buyer fails to nominate because of extra gas already supplied by the Seller during the previous Gas Day as mentioned in above clauses of 5(C)(iii) and 5(C)(iv).
v. any quantity of Gas up to DNQ for the relevant Gas Day which Transporter curtailed the quantity because of any limitation at Transporters facility.

The "Buyer's Take or Pay Deficiency Quantity" shall be the positive difference between: - i) Take or Pay Quantity and ii) Seller's Allocated Quantity at the entry point.

For each contract, the Buyer shall be obligated to take and pay for, or pay for if not taken, a quantity of Gas at least equal to the Take or Pay Quantity for such contract period. In respect of each contract, if the quantity of Gas taken by Buyer is less than the Take or Pay Quantity (as mentioned above), then Buyer shall in addition to payments for Gas actually taken, shall also pay for Buyer's Take or Pay Deficiency Quantity. The take or pay obligation of the Buyer (hereinafter referred to as the "Take or Pay Obligation") shall be equal to summation of the following two parameters-

a. Product of (A) 20% of Trade Price for such contract and (B) Buyers Take or Pay Deficiency along with applicable taxes, and
b. In delivered transactions, positive difference between 90% of the total DCQ and total Allocated Quantity for the contract period at the rate of the applicable tariff/s (to be paid to transporter) of the pipeline/s connected between the source and destination of gas traded.

7. **Clause No. 5(E) Liquidity Damage on Seller**[6] (Modified clause as below)

For Contracts at KG basin gas hub, "Seller's Shortfall Gas Quantity" for the contract period shall mean the positive difference between aggregate of 85% of lower of DCQ and DNQ for each Gas Day of the contract period and aggregate actual quantity delivered by the Seller at the Entry Point during such contract period.

For Contracts at all hubs other than KG Basin Hub, "Seller's Shortfall Gas Quantity" for the contract period shall mean the positive difference between aggregate of 90% of lower of

[6] At present, Liquidated damage on seller in monthly contract is 90% on contract period basis while for other contracts it is 95% on daily basis.

DCQ and DNQ for each Gas Day of the contract period and aggregate actual quantity delivered by the Seller at the Entry Point during such contract period.

Provided that Seller's Shortfall Gas Quantity shall exclude quantities that Seller could not deliver due to the following reasons:

i. Any quantity of Gas not delivered by Seller due to Force Majeure event;
ii. The Buyer's failure to accept delivery of Gas tendered for delivery by the Seller in accordance with IGX Bye laws and Market Rule.

Liquidated Damage on Sellers shall be equal to summation of the following two parameters-

a. Twenty percentage (20%) of the Trade Price multiplied by the aggregate Seller's Shortfall Gas Quantity for the contract period, and
b. Positive difference between 90% of the total DCQ and total Allocated Quantity of the contract period at the rate of the applicable tariff/s (to be paid to transporter) of the pipeline/s connected between the source and destination of gas traded, in which the capacity has been booked by the respective Buyer or IGX.

Members are requested to kindly make a note of all above changes and act accordingly.

This Circular will come into effect from Trading date 4th April 2022.

For and on behalf of
Indian Gas Exchange Limited

(Sd/-)

Prasanna Rao
Head - Market Operations