Circular No.: IGX/MO/90/2023 May 19, 2023

Commencement of new Contracts for Fertilizer Sector

Dear Members,

In pursuance to Byelaws and Market Rules of IGX, Members may kindly note that IGX will be introducing new segment of contracts at delivery points of Dahej and Hazira in the Western Regional Hub from trading date May 22, 2023. These Contracts are available only for Fertilizer customers as Buyers. The contract parameters i.e., terms and conditions are same as for existing monthly and fortnightly contract at above two Delivery Points except those as mentioned below:

1. Description: On any given trade date, the Contracts available for trading will be for next two Months and next two Fortnights at Dahej and Hazira delivery point.

2. Contract Code:

   i. For Monthly - "MF-Delp-dd/mm/yy-mmm-yyyy-FS" where
      MF: Monthly Fertilizer
      Delp: 'DH' for Dahej and 'HZ' for Hazira
      dd/mm/yy: Delivery Start Date
      mmm-yyyyy: month and year

   ii. For Fortnightly - "FF-Delp-dd/mm/yy- dd/mm/yy^2-FS" where
      FF: Fortnightly Fertilizer
      Delp: 'DH' for Dahej and 'HZ' for Hazira
      dd/mm/yy: Delivery Start Date
      dd/mm/yy^2: Delivery End Date

3. Margins for Ex- Hub and Delivered Transactions:

   Exposure Margin - Bidders have to maintain margin in the form of cash or collaterals viz. BG or LC, for an amount equivalent to 10% of bid value.

Post Trade and Additional Margin - The Bidder shall provide Post Trade Margins by next bank working day of the trade date for an amount equivalent to –

i. Seller Margin: - Post Trade Margin for 15% of Trade value (cash/non-cash)

ii. Buyer Margin: -

a. Monthly Contract –
- In Ex-Hub transaction: Post Trade Margin for 25% of Trade value (cash/non-cash) and Additional Margin for 55% of Trade value plus applicable taxes (cash/non-cash[1]).
- In Delivered transaction: Post Trade Margin for 25% of Trade value (cash/non-cash), Additional Margin for 55% of Trade value plus applicable taxes (cash/non-cash) and 102% of estimated ship or pay margin plus taxes in cash/non-cash.

b. Fortnightly Contract –
- In Ex-Hub transaction: Post Trade Margin for 25% of Trade value (cash/non-cash) and Additional Margin for 75% of Trade value plus appliable taxes (cash/non-cash).
- In Delivered transaction: Post Trade Margin for 25% of Trade value (cash/non-cash), Additional Margin for 75% of Trade value plus applicable taxes (cash/non-cash) and 102% of estimated ship or pay margin plus taxes in cash/non-cash.

4. Invoicing and Payment Cycle:

i. Invoice – The Seller shall raise invoices on Fortnightly basis, for the applicable trade price plus applicable taxes to Buyer within two working days from the last day of the fortnight.

ii. Buyer Pay-In – The Buyer shall have to make the payment to the Exchange on 4th working day succeeding the last day of the respective fortnight equivalent to –

[1] Non-cash margins in the form of Bank Guarantee or Letter of Credit provided by buyer and seller to the Exchange should have a minimum validity from trade date till 20 days after end of the Contract period.

a. Seller's Invoice amount, if Seller's invoice is received within 2 working days succeeding the last day of the respective fortnight or,

b. In case of non-receipt of Seller's Invoice within 2 working days, the Buyer has to make the payment to the Exchange for provisional pay-in based on Allocated Quantity 'AQ' for the entire fortnight with taxes. In case 'AQ' is not available then the provisional pay-in will be collected at 'Daily Contracted Quantity 'DCQ' for the entire fortnight with taxes. On receipt of Seller's Invoice, the Exchange will do the final settlement process for the respective fortnight within 2 working days of receipt of Seller's invoice, where the debits or credits will be carried for any outstanding amount.

iii. Seller Pay-Out - – The Exchange will make the payment to the Seller as below –

a. In case of para 5 (ii) (a) above, on 2nd working day from receipt of Buyer Pay-In.

b. In case of para 5 (ii) (b) above, by 4th working day of receipt of Seller's Invoice.

iv. In Delivered transaction: In addition to 5 (ii) above, the Transporter shall raise invoices on Fortnightly basis, for the applicable trade price along with taxes for sale of allocated quantities to Buyer, after the end of each fortnight.
Accordingly, the Buyer will make payment to the Exchange equivalent to transporter's invoice, within 2 days of receipt of transporter's invoice.

5. Delay in payment: In case of delay in the payment from Buyer, the Exchange has the right to terminate the Contract and liquidate the available cash/non-cash margins for final settlement as per Clause 11.5 of IGX Market Rules. For any delay in payments by Buyer, the Seller shall have right to raise late payment invoices, and the Buyer will be required to make such payments to the Exchange within four business days from the date of late payment invoice. Such late payment charges shall be calculated based on one month State Bank of India Marginal Cost Lending Rate ("SBIMCLR") plus six and a half (6.50) percentage points (the "Default Interest Rate") per annum computed for each day payments are overdue until paid.

6. Delivery Terms –
Quantity Obligation on Buyer: The "Take or Pay Quantity" shall mean 80% of the total DCQ for the contract period less quantity of Gas that Buyer was unable to offtake during such contract period.

Liquidated Damage on Seller: "Seller's Shortfall Gas Quantity" for the contract period shall mean the positive difference between aggregate of 80% 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.

7. Transaction fees: The transaction fees shall be payable by Seller to Exchange at CT DCQ Quantity approved by Transporter. IGX will charge transaction fees from the Members at following rates: -

    i. Buy in Ex-Hub Transactions: NIL
    ii. Buy in Delivered Transactions: NIL
    iii. Sell: Will be notified separately.

All other provisions of the Contracts shall remain the same as applicable on existing Contracts at Dahej and Hazira delivery points. Members are requested to kindly make a note of all above changes and act accordingly.

This Circular will come into effect from Trading date 22nd May 2023 till further notice.

For and on behalf of
Indian Gas Exchange Limited

(Sd/-)
Prasanna Rao
Vice President
(Market Operations)