

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of Mahanagar Gas Limited (“MGL”) present the Report on Corporate Governance for the year ended March 31, 2016.

CORPORATE GOVERNANCE PHILOSOPHY:

Corporate Governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. At MGL, it is imperative that our Company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

We, at MGL, ensure that we evolve and follow the corporate governance guidelines and best practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance of the Company.

MGL, though presently an unlisted entity, complies almost all requirements of Corporate Governance erstwhile clause 49 of the Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as “Listing Regulations”) and a related Certificate of Compliance with Corporate Governance is obtained from the Statutory Auditors of our Company. This has enhanced the trust and confidence of the stakeholders. The Company has continually been strengthening business processes, systems, financial reporting, information security systems, disclosures, and standards of ethics.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well-recognized that an effective Board is a pre-requisite for strong and effective corporate governance. At MGL, the Board of Directors (‘the Board’) is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of our stakeholders.

ETHICS/GOVERNANCE POLICIES

At MGL, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- Vigil Mechanism and Whistle Blower Policy
- Policy on Related Party Transactions
- Corporate Social Responsibility Policy
- Nomination and Remuneration Policy
- Board Diversity Policy
- Policy on preservation of Documents
- Policy on Determination of Materiality of Disclosures

Management Initiatives for Compliance

The Company has established a Compliance tool as a part of its transformation agenda to effectively monitor and implement various compliances within MGL.

Role of the Company Secretary in overall governance process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

BOARD OF DIRECTORS

The Board is headed by a Non-Executive Chairman, Mr. Ashutosh Karnatak and comprises eminent persons with high credentials of considerable professional experience and expertise in diverse fields who actively contribute in the deliberations of the Board, covering all strategic policy matters and decisions.

Composition of Board of Directors

As on March 31, 2016, the Board of Directors of MGL consists of ten Board Members. The present composition of the Board of Directors of MGL is in conformity with the requirements of the Companies Act, 2013, rules made there under and SEBI (LODR) Regulations, 2015 enjoining specified combination of Executive and Non-Executive Directors, with one woman director and with not less than 50 percent of the Board comprising of Non-Executive Directors and at least one-half comprising of Independent Directors. The Board is chaired by Non-Executive Promoter Director, as shown in the table below:

Category	No. of Directors	% to total no. of Directors
Executive Directors - (including Woman Director)	2	20%
Non Executive – Non Independent Directors	3	30%
Non Executive – Independent Directors	5	50%
Total	10	100%

The Chairman of the Board is Non Executive - Non Independent Director.

Profile of the Directors

The Board of Directors of the Company comprises of members from various fields having marvelous experience and expertise therein viz; finances, law, technical, engineering, oil and natural gas etc. The varied experience of Directors has facilitated the Company in better decision making process. A brief profile of Directors is given below:

Dr. Ashutosh Karnatak, (DIN: 03267102) Non-Executive (Non Independent Director)

Dr. Ashutosh Karnatak, Director (Projects) of GAIL (India) Limited has been appointed as Director and elected as Chairman of Mahanagar Gas Limited effective from May 28, 2015. Dr. Ashutosh Karnatak is an M. Tech (Energy Studies) from IIT Delhi, an MBA (Finance) from IGNoU, a Ph.D. from University of Petroleum & Energy Studies, Dehradun and B. Tech (Electrical Engineering) from HBTI, Kanpur. Dr. Karnatak is presently pursuing Post-Doctorate in Business Administration on 'Organizational Maturity in Project Management'. He is presently an Executive Member in SCOPE. He is a multi-talented personality and has also developed various innovative techniques in Project Management & Employee Engagement. Dr. Karnatak was a member of Education & Training Board of International Project Management Association (IPMA), Switzerland, was part of the 'International Technical Working Group' constituted for implementation of 'Turkmenistan - Afghanistan - Pakistan - India (TAPI) Pipeline' and had been the 'Industrial Member' in CBSE Committee involved in introducing 'Project Management' as a subject in Secondary School Academics.

Mr. Rajeev Mathur, (DIN : 03308185) Managing Director

Mr. Rajeev Mathur holds a Bachelor's degree in Mechanical Engineering from Regional Engineering College, Durgapur, Burdwan. He also holds a Master's Degree in Business Administration from the Jodhpur University. Mr. Rajeev Mathur is also an Associate Member of the Institution of Engineers. He is on our Board since September 29, 2014 and has over 29 years of work experience. Prior to joining our Company, Mr. Rajeev Mathur has served as an Executive Director (Marketing) at GAIL. He had also served on Board of Indraprastha Gas Limited and China Gas Holdings Limited.

Ms. Susmita Sengupta, (DIN: 06825311) Whole time Director

Ms. Susmita Sengupta holds a Bachelor's degree in Applied Sciences (Chemical Engineering) from the University of Waterloo and a Master's degree in Chemical and Petroleum Engineering from the University of Calgary, Alberta, Canada. She is a recipient of the Alberta Oil Sands Technology and Research Authority Scholarship. She is affiliated to Association of Professional Engineers of Ontario, Canada, Pipeline Inspectors' Certification, Canada and Gas Research Institute/Pipeline Research Council International Non-Destructive Testing Committee, North East Gas Association, American Gas Association, American Society of Mechanical Engineers, American Institute of Chemical Engineers. She is on our Board since February 15, 2014. She has over 25 years of work experience. Prior to joining our Company, she has worked with DCP Midstream, Denver/Midland, Colorado/Texas, USA. She also served as Project Director, Project Management for ENOGEX/OGE, Oklahoma City, Oklahoma, USA, as

Engineering Manager, Engineering & Corrosion Department for Vermont Gas Systems, Burlington, VT, USA, as Formal Leader, South East Region, Construction & Maintenance for MICHCON Gas Company, Detroit, Michigan, USA, as a Program Manager for British Gas Plc., London/ Loughborough, UK among others. During the span of her career, the responsibilities included managing all phases of project budget control and financial reporting, ensuring project execution, preparing and maintaining group business plan and budgets.

Mr. Apurva Chandra, (DIN : 02531655) Non Executive (Non Independent) Director

Mr. Apurva Chandra belongs to the 1988 batch of the Indian Administrative Service (Maharashtra Cadre) and is having a total experience of 27 years. He holds a Bachelor's degree in Civil Engineering from the Indian Institute of Technology, New Delhi, a Master's degree in Structural Engineering from the Indian Institute of Technology, New Delhi and a Diploma in Business Finance from the Institute of Chartered Financial Analysts of India. He has been on our Board as a representative of Government of Maharashtra, since April 2, 2013. He is currently the Principal Secretary (Industries), Government of Maharashtra. He spent more than 7 years in the Ministry of Petroleum and Natural Gas, Government of India. He has also served on the Board of Directors of GAIL (India) Limited and Petronet LNG Limited.

Mr. M. Ravindran, (DIN: 02309551) Non-Executive (Non Independent) Director (up to May 27, 2015)

Mr. M. Ravindran was a Non-Executive Director of the Company. He holds a Bachelor's degree in Mechanical Engineering from Regional Engineering College, Kurukshetra University. He has been serving on our Board as a Non Executive Director since June 1, 2013 as up to May 27, 2015. He has over 26 years of work experience. Prior to joining our Company, he has served as the Managing Director of Indraprastha Gas Limited ("IGL"), a Joint Venture of GAIL & BPCL. He presently holds the position of Director (HR) with GAIL (India) Limited and also as the Chairman of Indraprastha Gas Limited.

Dr. Basudeb Sen, (DIN: 00056861) Non-Executive (Independent Director)

Dr. Basudeb Sen is an Independent Director of the Company. He is MA in Economics from University of Calcutta and Ph d from the Indian Statistical Institute. He has been serving as an Independent Director on our Board since March 21, 2006. In compliance with the provisions of Companies Act, 2013, Dr. Basudeb Sen was re – appointed as an Independent Director from March 05, 2015 for a period of 2 (two) years, for a term upto March 4, 2017. He has over 35 years of work experience including serving as Chairman and Managing Director of the Industrial Investment Bank of India Limited, as Executive Director of the Unit Trust of India and in various executive positions in United Bank of India, Coal India Limited and Industrial Development Bank of India. During the last three decades, he has served as non-executive director in several listed and unlisted companies in sectors like textiles, electronics, steel, jute, engineering, power, financial services, chemicals, tea, hotels and consumer goods. He also served on committees and working groups set up by SEBI, RBI and domestic financial institutions and industry associations.

Mr. Jainender Kumar Jain, (DIN : 00066452) Non-Executive (Independent Director)

Mr. J.K. Jain is an Independent Director of the Company. He holds a Bachelor's degree in Commerce from Vikram University, Ujjain and he is a fellow member of the Institute of Chartered Accountants of India. He has been serving as an Independent Director on our Board since January 2, 2008. In compliance with the provisions of Companies Act, 2013, Mr. J.K Jain was re – appointed as an Independent Director from March 05, 2015 for a period of 2 (two) years upto March 4, 2017. He has over 33 years of work experience. Prior to joining our Company, he was the Director (Finance) in GAIL from 1996 to 2005. He is also a Director on the Board of Jamna Auto Industries Limited and EICL Limited. He has extensive experience in the areas of Finance, Investment, Funding, Compliance, Corporate Governance, Risk Management etc.

Mr. Santosh Kumar, (DIN : 00239324) Non-Executive (Independent Director)

Mr. Santosh Kumar is an Independent Director of the Company. He holds a Bachelor's degree in Electrical Engineering from the University of Allahabad. He has been serving as an Independent Director on our Board since July 21, 2011. In compliance with the provisions of Companies Act, 2013, Mr. Santosh Kumar was re – appointed as an Independent Director, from the date of conclusion of the 19th AGM of the company held on September 29, 2014 for a period of 2 (two) years up to the conclusion of 21st Annual General meeting of the Company to be held in the financial year 2016-17. He has over 40 years of work experience. Prior to joining our Company, he was the Director (Projects) in GAIL from 2006 to 2009. He was also the Chairman of Green Gas Limited and Maharashtra Natural Gas Limited and Director on the Board of Central UP Gas Limited, and Gujarat State Energy Generation Limited. He was also an advisor with Gujarat State Petronet Limited during the year 2009-10.

Mr. Arun Balakrishnan, (DIN : 00130241) Non-Executive (Independent Director)

Mr. Arun Balakrishnan is an Independent Director of the Company. He holds a Bachelor's degree in Chemical Engineering from the University of Calicut. He also holds a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore and has over 36 years of work experience. He has been serving as an Independent Director on our Board July 21, 2011. In compliance with the provisions of Companies Act, 2013, Mr. Arun Balakrishnan was re – appointed as an Independent Director, from the date of conclusion of the 19th AGM of the company, held on September 29, 2014, for a period of 2 (two) years up to the conclusion of 21st Annual General meeting of the Company to be held in the financial year 2016-17. Prior to joining our Company, he was the Chairman and Managing Director of Hindustan Petroleum Corporation Limited and he was in the Board of various other esteemed companies.

Mr. Raj Kishore Tewari, (DIN : 07056080) Non-Executive (Independent Director)

Mr. Raj Kishore Tewari is an Independent Director on our Board since March 5, 2015. He has holds a Bachelors Degree in Science and also holds Master's Degree in Physics from the University of Lucknow,

and also holds Master's Degree in Fiscal Studies from the University of Bath, U.K. and LLB from the University of Mumbai. Mr. Raj Kishore Tewari is a recruited officer of the Indian Revenue Service and has been a part of the Direct Taxes Administration since 1976. Mr. Raj Kishore Tewari has expertise and wide experience of around 39 years in matters relating to direct taxes and has retired as a Member and Chairman of the Central Board of Direct Taxes (CBDT). He has been actively involved in formulation, implementation and administration of Direct Taxes policy of the Government of India. As a Member / Chairman of CBDT, Mr. Raj Kishore Tewari has attended international seminars/conferences, i.e. Commonwealth Association of Tax Administrators (CATA) seminar at Malta in October 2012; International Tax Dialogue (ITD) seminar at Marrakesh, Morocco in December 2013; and, Inter-American Centre of Tax Administration conference at Rio De Janeiro, Brazil in May 2014 and effectively projected India's position.

Mr. Akhil Mehrotra, (DIN: 07197901) Non-Executive (Non Independent Director) (w.e.f March 11, 2016)

Mr. Akhil Mehrotra has graduated in B.E. (Mechanical Engineering) from Government Engineering College, Jabalpur. He has done his MBA (Finance) (Part time) from IGNOU, Management Program from Indian Institute of Management, Bangalore (Residential Course), Diploma in Business Finance (Part time) from ICFAI, Hyderabad and diploma in Marketing Management (Part time) from NMIMS, Mumbai. He is an energy Sector professional with over 25 years of experience in oil & gas, power and telecom sector. Mr. Mehrotra is presently Director - Downstream Business in BG India. His key responsibilities include management of downstream business and advocacy for development of gas markets. He has held the position of Director - Business Development and Regulatory Affairs at Gujarat Gas Company Limited. His career also includes working with Reliance Group of Industries (Reliance Industries, Reliance Infocomm & BSES) handling Power, Petrochemicals & Telecom Business.

Mr. Shaleen Sharma, (DIN : 00202295) Chairman - Non Executive (Non Independent Director) (Up to May 27, 2015)

Mr. Shaleen Sharma was the Chairman and Non Executive Director of the Company. He holds a Master's degree in Business Administration from the University of Lucknow. He has been serving on our Board as a Non-Executive Director since June 25, 2012 as up to May 27, 2015 and has over 33 years of work experience. Prior to joining our Company, he was the Managing Director of Gujarat Gas Company Limited for five years. He had also worked with ONGC, GAIL (India) Limited and Petronet LNG Limited, handling many important business responsibilities including finalization and execution of India's first long term LNG sale and purchase agreement with RasGas, Qatar.

Mr. Nitin Banerjee, (DIN: 07196059) Non-Executive (Non Independent Director) (up to February 11, 2016)

Mr. Nitin Banerjee was the Non-Executive (Non Independent Director) of the company. He has graduated in Law from Lucknow University and also completed Solicitor ship from College of Law,

London (UK). He has been serving on our Board as a Non Executive Director since July 31, 2015 as upto February 11, 2016 and has over 18 years of work experience. Mr. Nitin Banerjee was holding the position as Vice President, Legal & Governance in BG Group Plc's Indian operations. He was responsible for Legal guardian of BG's Indian operations, to lead BG India's Legal team and was accountable for the legal and governance function of the Indian asset. He was Key member of the Indian Asset Leadership Team (ALT) and provides Legal advice and strategic guidance in respect of BG India operations and activities, including partner management, engage with upstream regulator and petroleum ministry, legal work streams associated with approval and sanction of development projects, brown field activities and annual work programme and budgets.

Number of Board Meetings

During the financial year 2015-2016, 6 (Six) Board Meetings were held, the details of the board meetings are given below:-

Date of Board Meeting	Total Strength of the directors	No. of members present in the meeting
June 30, 2015	10	7
September 22, 2015	10	7
November 02, 2015	10	7
November 06, 2015	10	8
December 16, 2015	10	10
March 30, 2016	10	9

The gap between any two meetings was not more than one hundred and twenty days, as stipulated under Listing Regulations. The details of attendance of the Directors at the Board Meetings, last annual general meeting (AGM) held during the Financial Year 2015-16 is as follows:-

Sr No.	Name of the Director	Category	No. of Board Meetings	Attendance at AGM held on July 31, 2015
1	Dr. Ashutosh Karnatak	Chairman	6 out of 6	Yes
2	Mr. Rajeev Mathur	Managing Director	6 out of 6	Yes
3	Ms. Susmita Sengupta	Whole Time Director	6 out of 6	Yes
4	Mr. Apurva Chandra	Non Executive (Non Independent Director)	4 out of 6	Absent
5	Mr. Nitin Banerjee (upto February 11, 2016)	Non Executive (Non Independent Director)	3 out of 5	Absent
6	*Mr. Akhil Mehrotra (w.e.f. March 11, 2016)	Non Executive (Non Independent Director)	1 out of 1	NA
7	Mr. J. K. Jain	Non Executive (Independent Director)	4 out of 6	Yes
8	Mr. Santosh Kumar	Non Executive (Independent Director)	6 out of 6	Absent
9	Dr. Basudeb Sen	Non Executive (Independent Director)	2 out of 6	Absent
10	Mr. Arun Balakrishnan	Non Executive (Independent Director)	5 out of 6	Yes
11	Mr. Raj Kishore Tewari	Non Executive (Independent Director)	5 out of 6	Absent
12	Mr. M. Ravindran (upto May 27, 2015)	Non Executive (Non Independent Director)	NA	NA
13	Mr. Shaleen Sharma (upto May 27, 2015)	Non Executive (Non Independent Director)	NA	NA

* Attendance of Directors is considered from the date of their joining the company.

Relationship between the Directors

There is no relationship amongst any of the Directors of the Company.

Shareholding of Non-Executive Directors

None of the Non-Executive Directors holds any equity shares / convertible instruments in the Company.

Invitees and Proceedings of the Board Meeting:

Apart from the Board members and Company Secretary, the CFO was usually invited to attend all the Board Meetings. Other senior management executives also participate as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance. For items of Agenda relating to any specific department or function, a presentation relating to such items are generally made by the respective functional Head at the Board Meeting.

Company Secretary acts as a Secretary to the Board and all the Committees of the Board.

Other Directorships

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he/she is a Director.

The details of the Directorships, Chairmanships and the Committee memberships in other Companies held by the Directors in the public limited Companies as on March 31, 2016, pursuant to Companies Act, 2013, are given below:-

Sr No.	Name of the Director	*Other Directorships	**No. of Membership/Chairmanship in Board Committees	
			Chairmanship	Membership
1.	Mr. Ashutosh Karnatak	2	-	-
2.	Mr. Rajeev Mathur	-	-	-
3.	Ms. Susmita Sengupta	-	-	-
4.	Mr. M Ravindran (up to May 27, 2015)	5	1	1
5.	Mr. J.K Jain	1	-	1
6.	Mr. Santosh Kumar	1	-	-
7.	Mr. Arun Balakrishnan	8	2	3
8.	Mr. Apurva Chandra	4	-	-
9.	Dr. Basudeb Sen	3	-	2

10.	Mr. Raj Kishore Tewari	-	-	-
11.	Mr. Nitin Banerjee	-	-	-
12.	Mr. Akhil Mehrotra	-	-	-
13.	Mr. Shaleen Sharma (up to May 27, 2015)	1	-	-

*Excluding Directorship held in MGL, Private Limited Companies, Foreign Companies and Section 8 Companies.

**The above details represent Membership / Chairmanship of Audit Committee and Stakeholders Relationship Committee

SITTING FEES:

The Sitting fees paid to the Independent Directors during the Financial Year 2015 - 16 is as per details given below:

₹ in Lakhs

Sr No	Name of the Director	Number of Meetings Attended					Amount Paid as sitting fees for attending the Board meeting @ ` 30,000 per Board meeting and meeting of committees @ ` 25,000 per committee meeting
		Board	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	IPO Committee	
	Total Meetings	6	5	5	2	2	Amount (in lacs)
1.	Dr. Basudeb Sen	2	NA	2	NA	NA	1.10
2.	Mr. J.K. Jain	4	3	NA	NA	2	2.45
3.	Mr. Santosh Kumar	6	5	NA	2	NA	3.55
4.	Mr. Arun Balakrishnan	5	4	5	NA	NA	3.75
5.	Mr. Raj Kishore Tewari	5	3	NA	NA	NA	2.25
						TOTAL	13.10

Remuneration to Non Executive (Non Independent Directors)

The Company has not paid any remuneration or made any reimbursement to any Non-Executive (Non Independent Director) for attending meetings during the Financial Year 2015 -16.

Remuneration to Executive Directors of the Company

The disclosure relating to Remuneration paid to Executive Directors i.e. Managing Director and Whole Time Director (Technical Director) is disclosed in the Directors' Report of the Company.

Commission to Non-Executive Independent Directors :

Apart from Sitting Fees and reimbursement of expenses for attending the meetings of the Board and / or Committees thereof, the Shareholders of the Company have approved payment of Commission to Non-Executive Independent Directors at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and divided amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2011-12.

Following are the details of Commission paid to the following Independent Directors for the Financial Year 2014- 2015:

Sr No	Name of the Director	No. of Board meetings attended	Amt. Payable	Chairmanship held for Committee meetings												Total Amount payable (Rs. in lacs)
				Audit	Amt. Payable	Remuneration	Amt. Payable	CS R	Amt. Payable	Finance	Amt. Payable	HR	Amt. Payable	IPO	Amt. Payable	
1	Dr. Basudeb Sen	8	4.00	5	0.50	1	0.10	-	-	-	-	-	-	-	-	4.60
2	Mr. J.K. Jain	5	2.50	-	-	-	-	-	-	4	0.40	-	-	5	0.50	3.40
3	Mr. Santosh Kumar	7	4.00	-	-	-	-	4	0.40	-	-	-	-	-	-	4.40
4	Mr. Arun Balakrishnan	7	4.00	-	-	-	-	-	-	1	0.10	4	0.40	-	-	4.50
TOTAL																16.90

Notes:

1. Total 6 (six) Board Meetings were held during the Financial Year 2014-15.
2. The above calculations have been made, as per the method detailed below:
(i) If the attendance in the Board Meeting is 80% or more -
No. of Meetings HELD X ₹ 50,000
(ii) If the attendance in the Board Meeting is less than 80% -
No. of meetings ATTENDED X ₹ 50,000
3. Additional payment of ₹ 10,000/- payable for chairing Committee meetings.
4. The total amount payable to each Non executive Independent Director is subject to the maximum limit of INR 5 lacs.

The Commission to be paid to Non-Executive Independent Directors for the Financial year 2015 -16 shall be approved in the Financial year 2016-17 and shall be disclosed in the Report on Corporate Governance pertaining to F.Y. 2016-17.

Selection of New Directors and Board Membership

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Human Resources, Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Scheduling and selection of agenda items for Board meetings

As required, the company holds minimum four board meetings in a year with a time gap between two board meeting not exceeding 120 days. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting (AGM) of the shareholders. Additional meetings are held, when necessary. Committees of the Board usually meet on the same day or on the day before the formal Board meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval.

The Company's various business heads / service heads are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/decision at Board/Board Committee meetings. Such matters are communicated by them to the Company Secretary in advance so that they are included in the agenda for Board/Board Committee meetings.

The Board is given presentations covering Finance, Sales, Marketing, the Company's major business segments and their operations, overview of business operations, Company's business areas, including business opportunities and strategy and risk management practices before taking on record the Company's quarterly/annual financial results.

The Board / Committees periodically reviews compliance reports of all laws applicable to the Company.

Familiarization Programme for the Directors

All new Directors inducted on the Board are provided an orientation. Presentations are made by Executive Directors and the senior management giving an overview of the Company's operations,

products, Board constitution, business model of the Company and roles, rights, responsibilities of independent directors.

The Independent Directors have been provided with necessary documents, reports and internal policies to familiarise them with the Company's policies, procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, business strategy and risks involved.

Quarterly updates on relevant statutory changes and judicial pronouncements encompassing important amendments are briefed to the Directors. The details of such Familiarization Programme for Independent Directors are disclosed on the website of the Company. weblink: <http://mahanagargas.com>

Code of Conduct for the Board, Senior Management Personnel and Managerial Personnel.

The Company has in place a comprehensive Code of Conduct (the Code) applicable to the Board, Senior Management Personnel and Managerial Personnel. The Code of Conduct is formulated with a purpose to ensure good corporate governance and ethical and transparent process in managing the affairs of the Company. A copy of the Code has been put on the Company's website (www.mahagargas.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

Declaration:

I hereby confirm that the company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2015-2016.

Date:

(Rajeev Mathur)

Place:

Managing Director

Independent Directors' Meeting

In compliance with the requirements of Schedule IV of the Companies Act 2013 and the SEBI Listing Regulations, 2015 and other applicable provisions thereof, a meeting of Independent Directors was held on March 30, 2016 where the Directors had discussed on matters relating to a) review of performance of non – independent directors and the Board as a whole b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non –executive directors. c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Committees of the Board

The Board has constituted the below mentioned committees.

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Corporate Social Responsibility Committee
- d) Stakeholders Relationship Committee
- e) IPO Committee

Meetings of Board Committees held during the year and Directors' attendance:

Board Committees	No. of Meetings attended			
	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	IPO Committee
Meetings held	5	5	2	2
Mr. Ashutosh Karnatak (w.e.f. May 28, 2015)	4 out of 5	4 out of 4	NA	2 out of 2
Mr. Rajeev Mathur	NA	NA	2 out of 2	2 out of 2
Ms. Susmita Sengupta	NA	NA	2 out of 2	2 out of 2
Mr. M Ravindran (up to May 27, 2015)	NA	1 out of 1	NA	NA
Mr. J.K Jain	3 out of 5	NA	NA	2 out of 2
Mr. Santosh Kumar	5 out of 5	NA	2 out of 2	NA
Mr. Arun Balakrishnan	4 out of 5	5 out of 5	NA	NA
Mr. Apurva Chandra	NA	NA	NA	NA
Dr. Basudeb Sen	NA	2 out of 5	NA	NA
Mr. Raj Kishore Tewari	3 out of 3	NA	NA	NA
Mr. Nitin Banerjee (up to February 11, 2016)	3 out of 4	2 out of 2	NA	0 out of 1
Mr. Akhil Mehrotra (w.e.f. March 11, 2016)	1 out of 1	1 out of 1	NA	1 out of 1
Mr. Shaleen Sharma (up to May 27, 2015)	NA	0 out of 1	NA	NA

Note:

- 1) One another committee known as "Performance Review Board Committee" was constituted on March 30, 2016 . No meeting of this committee was held during the financial year 2015-2016.
- 2) No meeting of Stakeholder's Relationship Committee was held during the financial year 2015-2016.

Audit Committee

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 177 of the Companies Act, 2013 and Listing Regulations. To align with the requirements of Listing Regulations the Board reconstituted the Audit Committee in its meeting held on December 16, 2016.

The Audit Committee as on 31 March 2016, comprised of following six (6) Members of the Board:

Mr. J.K. Jain	Independent & Non-Executive Director (Chairman)
Mr. Arun Balakrishnan	Independent & Non-Executive Director (Member)
Mr. Santosh Kumar	Independent & Non-Executive Director (Member)
Mr. Raj Kishore Tewari	Independent & Non-Executive Director (Member)
Dr. Ashutosh Karnatak	Non Independent & Non-Executive Director (Member)
Mr. Akhil Mehrotra	Non Independent & Non-Executive Director (Member)

Managing Director (presently Mr. Rajeev Mathur) and Whole Time Director (presently Ms. Susmita Sengupta) shall be the Permanent Invitees in the Committee.

During the financial year 2015-2016, 5 (Five) meetings of Audit Committee were held, the details of the meetings are given below:

Date of Audit Committee Meeting	Total strength of the members	No. of members present in the meeting
June 29, 2015	5	3
September 22, 2015	5	4
November 02, 2015	6	4
December 16, 2015	6	6
March 29, 2016	6	6

TERMS OF REFERENCE OF COMMITTEE

Powers of Audit Committee:

3.1 The audit committee shall have powers, which should include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- Selecting and appointing professional advisors and obtaining advice from external sources including for forensic or other investigations, if necessary
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

- To have full access to the information contained in the records of the Company.

4.0 **Role and Terms Of Reference of Audit Committee :**

4.1 The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Review and recommend for approval to the Board - proposals on Borrowings and proposals on non- fund based facilities from banks
3. Review and recommend for approval to the Board - Business plan.
4. Review and recommend for approval to the Board - capital expenditure proposals exceeding authority limit of SMG but not exceeding Rs. 50.0 Crores.
5. Review and recommend for approval to the Board - treasury policies of MGL.
6. Review and recommend for approval to the Board - Corporate Annual Budget and Revised Estimates
7. To review PNG and CNG Pricing Policy at least on a quarterly basis and to recommend to the Board for approval, change required in it, if any
8. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the internal auditor, cost auditor and statutory auditors and the fixation of audit fees and remuneration;
9. Approval of payment to statutory internal and cost auditors for any other services rendered by them, as applicable;
10. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013.;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit

findings;

- (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and,
 - (g) modified opinion(s) in the draft audit report.
 - (h) The going-concern assumption;
 - (i) Compliance with accounting standards;
 - (j) Contingent liabilities;
 - (k) Claims against the Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
11. Reviewing, with the management, the quarterly and annually financial statements and such other periodical statements before submission to the board for approval;
 12. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
 13. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 14. Examination of the financial statement and the auditor's report thereon;
 15. Approval or any subsequent modification of transactions of the company with related parties, provided that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
 16. Lay down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
 17. The audit committee to satisfy itself regarding the need for omnibus approval and that such approval is in the interest of the Company;
 18. Scrutiny of inter-corporate loans and investments

19. Valuation of undertakings or assets of the company, wherever it is necessary;
20. Evaluation of internal financial controls and risk management systems;
21. Reviewing, with the management, performance of statutory, cost and internal auditors, adequacy of the internal control systems;
22. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
23. Discussion with internal auditors of any significant findings and follow up there on;
24. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
25. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
26. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
27. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the internal auditor
28. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
29. to review the functioning of the whistle blower mechanism;
30. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per the Companies Act, 2013, Rules framed there under, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Rules and Regulations.

Explanation:

- i) The term "related party transactions" shall have the same meaning as provided in Section 188 of the Companies Act, 2013 and Regulation 2 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5.0 **Review of information by Audit Committee :**

5.1 The Audit Committee shall mandatorily review the following information:

- (i) Management discussion and analysis of financial condition and results of operations;
- (ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (iii) It shall also define Statement of significant related party transactions to be submitted by management.
- (iv) Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on Corporate Governance.
- (v) On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approvals given
- (vi) Audit Committee to monitor whether the policy dealing with Related Party transactions is placed on the website thereto to be presented in the Annual Report.
- (vi) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (vii) Internal audit reports relating to internal control weaknesses; and,
- (viii) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- (ix) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

6.0 Establishing and monitoring of a Vigil Mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the Chairperson of the Audit Committee in exceptional cases where deemed necessary.

The company has in place Whistle Blower policy and no person has been denied access to the Audit committee in this regard.

Nomination and Remuneration Committee :

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations. To align with the requirements of Listing Regulations, the Board reconstituted the Nomination and Remuneration Committee in its meeting held on December 16, 2015.

The Nomination and Remuneration Committee as on 31 March 2016, comprised of following four (4) Members of the Board:

Mr. Arun Balakrishnan	Independent & Non-Executive Director (Chairman)
Dr. Basudeb Sen	Independent & Non Executive Director (Member)
Dr. Ashutosh Karnatak	Non Independent & Non-Executive Director (Member)
Mr. Akhil Mehrotra (w.e.f. March 11, 2016	Non Independent & Non-Executive Director (Member)

Managing Director (presently Mr. Rajeev Mathur) and Whole Time Director (presently Ms. Susmita Sengupta) shall be the Permanent Invitees in the Committee.

During the financial year 2015-2016, 5 (Five) meetings of NRC were held, the details of the meetings are given below:

Date of NRC Meeting	Total strength of the members	No. of members present in the meeting
April 29, 2015	4	2
September 22, 2015	4	3
December 16, 2015	4	4
February 29, 2015	3	3
March 29, 2016	4	3

The purpose of the Committee is to oversee the Company's nomination process for the senior management and specifically to identify, screen and review individuals qualified to serve as EDs, NEDs and IDs consistent with criteria approved by the Board and to recommend, for approval by the Board, at the AGM of the shareholders. The Committee also discharges the Board's responsibilities relating to compensation of the Company's EDs and senior management. The Committee has the overall responsibility of approving and evaluating the compensation plans, policies and programmes for EDs and the senior management. The Committee reviews and recommends to the Board, to approve for the EDs, the base salary, incentives/commission, other benefits, compensation. The Committee further coordinates and oversees the annual performance evaluation of the Board, Committees' and of individual Directors.

Terms of Reference of the Committee:

The role of the Nomination and Remuneration Committee shall inter-alia include:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) The Nomination and Remuneration Committee would be reviewing the Terms and Conditions of services including remuneration in respect of Technical Director and Managing Director and submit their recommendations to the Board.
- (c) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- (d) Devising a policy on Board diversity
- (e) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.;
- (f) Determination of extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (g) Evaluating the current composition, organization and governance of the Board and its Committees, as well as determine future requirements and make recommendations to the Board for approval;
- (h) Determine on an annual basis, desired Board qualifications, expertise and characteristics and conducting searches for potential Board Members with corresponding attributes. Evaluate and propose Nominees for election to the Board. In performing these tasks, the Committee shall have the sole authority to retain and terminate any Search Firm to be used to identify Director candidates;
- (i) Evaluate and recommend termination of membership of individual Directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
- (j) To recommend to the Board regarding the appointment, promotion and removal of the senior management personnel at such level/s.

- (k) To review, amend, modify and approve all other Human Resources related Policies of the Company from time to time;
- (l) To review and recommend to the Board Manpower Plan / budget, sanction of new senior management positions from time to time in future;
- (m) To review and recommend to the Board matters relating to revision of compensation / salary and long term wage settlements.
- (n) To review with the Management, all HR related issues from time to time so as to maintain harmonious employer-employee relations;
- (o) To periodically review and re-examine the Terms of Reference and make recommendations to the Board for any proposed changes; and,
- (p) In performing its responsibilities, the Committee shall have authority to obtain advice, reports or opinions from internal or external counsel and expert advisors.
- (q) Ensuring proper induction program for new Directors, KMP and Senior Management and reviewing its effectiveness; ensuring that on appointment receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013.
- (r) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- (s) Consider and determine the Nomination and Remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.
- (t) The Committee should ensure that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company; and

Performance evaluation

The Board carried out an annual performance evaluation of its own performance, all the Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The

performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

The Nomination and remuneration committee in its meeting held on February 29, 2016, designated Shri Arun Balakrishnan, the Chairman of the NRC as the Lead Director for discussing and soliciting the views of the group and summarizing the collective views in the questionnaire for the purpose of performance evaluation for the financial year 2015-2016.

The purpose of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level with the participation of all concerned in an environment of harmony.

Corporate Social Responsibility (CSR) Committee

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 135 of the Companies Act, 2013. The CSR Committee, as on 31 March 2016, comprised of following Directors as members.

Mr. Santosh Kumar	Independent & Non Executive Director (Chairman)
Mr. Rajeev Mathur	Executive Non Independent Director (Member)
Ms. Susmita Sengupta	Executive Non Independent Director(Member)

During the financial year 2015-2016, 2 (Two) Corporate Social Responsibility Meetings were held, the details of the meetings are given below:

Date of CSR Meeting	Total strength of the members	No. of members present in the meeting
November 02, 2015	3	3
March 29, 2016	3	3

Terms of reference of Committee

Following are the functions and powers of the CSR committee including those as enumerated in the Companies Act, 2013 and Rules made there under:

1. To formulate and recommend to the Board a Corporate Social Responsibility Policy and subsequent amendments as required from time to time.
2. To ensure that the Corporate Social Responsibility Policy shall include/ indicate the activities to be undertaken by the Companies as specified in Schedule VII of the Companies Act, 2013 and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business.

3. To monitor the Corporate Social Responsibility Policy by instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company from time to time.
4. To recommend the annual budget for the Corporate Social Responsibility activities of the Company in compliance with the relevant statutory provisions.
5. To assist the Board to ensure that the Company spends towards the Corporate Social Responsibility activities, in every Financial Year, such percentage of average net profit /amount as may be prescribed in the Companies Act, 2013 and/or Rules made there under.
6. To explain the Board of Directors of the Company, if the Company fails to spend the prescribed amount within the financial year.
7. To provide updates to the Board at regular interval of six months on the Corporate Social Responsibility Activities.
8. Subject to these terms of reference, the Corporate Social Responsibility Committee shall have the power to regulate its own proceedings.
9. To review and recommend the CSR plan for the ensuing financial year to the Board of Directors.
10. To approve any project that may come during the year and which is not covered in the CSR Plan up to such amount as may be prescribed by the Board of Directors from time to time.
11. Such other functions as may be prescribed.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations. To align with the requirements of Listing Regulations the Board reconstituted the Audit Committee in its meeting held on December 16, 2016.

The Stakeholders' Relationship Committee, as on 31 March 2016, comprised of following Directors as members.

1	Dr. Basudeb Sen	Non Executive Independent Director (Chairman)
2	Managing Director currently Mr. Rajeev Mathur	Executive Director (Member)
3	Technical Director currently Ms. Susmita Sengupta	Executive Director (Member)

During the financial year 2015-2016, No meeting of Stakeholder's Relationship was held.

The Stakeholder Relationship Committee shall be responsible to resolve the grievances and complaints of all the Security Holders. The functions of the Stakeholder Relationship Committee include the following:

- a) Collecting and analysing reports received periodically from Registrar and Share Transfer Agent (RTA) on the following
 - I. Requests regarding Non-receipt of the Shares, Debentures, Deposit receipt, declared Dividend or interest;
 - II. Requests regarding Non-receipt of the notice of Annual General Meeting , Balance Sheet and Profit & Loss Account Statement;
 - III. Complaints of investors routed by SEBI or Stock Exchanges and others;
 - IV. Transfer, Sub-division, consolidation, split, exchange, endorsement, transmission of share certificates, transposition of share certificates;
 - V. Issue of Share Certificates, Debenture Certificate, Duplicate Share or Debenture Certificate in lieu of lost/torn/mutilated /defaced certificates;
 - VI. Request relating to dematerialisation and rematerialisation of shares;
 - VII. Request relating to modes of paying the Dividend i.e. through Electronic clearing service, RTGS and issue of Dividend Warrant for dividend payment/Interest etc.
 - VIII. Complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

- b) Other matters related to or arising out of shareholders/investors services including preparation and approval of periodical reports.

IPO COMMITTEE

The IPO Committee, as on 31 March 2016, comprised of following Directors as members.

Mr. J.K. Jain	Independent & Non-Executive Director (Chairman)
Dr. Ashutosh Karnatak	Non Independent & Non-Executive Director (Member)
Mr. Akhil Mehrotra	Non Independent & Non-Executive Director (Member)
Managing Director currently Mr. Rajeev Mathur	Executive Director (Member)
Technical Director currently Ms. Susmita Sengupta	Executive Director (Member)

During the financial year 2015-2016, 2 (Two) IPO Committee Meetings were held, the details of the meetings are given below:

Date of IPO Meeting	Total strength of the members	No. of members present in the meeting
November 02, 2015	5	4
March 29, 2016	5	5

TERMS OF REFERENCE OF COMMITTEE

1. To decide on the activity plan and timelines for execution of the IPO.
2. To advise the MGL board and the Promoters on necessary activities to be carried out to comply with the Companies Act, Securities Contracts (Regulation) Act, SEBI regulations and any other relevant Act/rules applicable.
3. To constitute the IPO Execution Committee to carry out day-to-day activities and coordinate with external advisors as necessary and to delegate to the Execution Committee such powers, from within the scope of the authority of the IPO Committee, as are appropriate.
4. To approve the appointment and decide on the scope and fees of the key advisors and intermediaries including the Auditor for the issue required for the delivery of the IPO. To authorise IPO Execution Committee and/or MGL management to appoint such approved advisors and intermediaries.
5. To authorise and approve the incurring of all the expenditure and payment of fees in connection with the IPO of the Company.
6. To open one or more designated separate current account(s) with a Bank(s) to receive applications along with application monies in respect of the Issuance Compulsorily Convertible unsecured Debentures, refund of Compulsorily Convertible unsecured Debentures or any other account with any name and style as required during or after the process of the forthcoming Issuance of Compulsorily Convertible unsecured Debentures of the Company
7. To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, allocation and allotment of the Compulsorily Convertible unsecured Debentures as permissible in law, issue of Compulsorily Convertible unsecured Debentures Certificates and or credit of Compulsorily Convertible unsecured Debentures in electronic mode or physical mode in accordance with the relevant rules

as the case may be including maintenance of such records and to update the same periodically, as required;

8. To settle any question, difficulty or doubt that may arise in connection with the including the issue and allotment of the Compulsorily Convertible unsecured Debentures attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt
9. To consider, deliberate and make recommendations to the MGL Board on the following issues:
 - 9.1 Foreign Investment Promotion Board (FIPB) obligations and engagement plan;
 - 9.2 Engagement with Government of Maharashtra (**GoM**) and Issuance of 9.5% shares to GoM ;
 - 9.3 Finalisation of business plan and valuation;
 - 9.4 Target IPO price band.
10. To consider, deliberate and make decisions on the following issues based on recommendations from the IPO Execution Committee and the Promoters:
 - 10.1 Offer document;
 - 10.2 Regulation strategy;
 - 10.3 IPO Marketing strategy;
 - 10.4 Any other issue raised by the IPO Execution Committee in relation to the IPO or otherwise within the scope of these terms of reference.
11. To approve the appointment, roles and responsibilities' terms and conditions, scope of work of the Book Running Lead Manager (BLRM), Domestic Legal Counsel (DLC), International Legal Counsel (ILC), Merchant banker and other key advisors and intermediaries required for the successful completion of the IPO.
12. To approve the process / procedure to be followed by the MGL Executive Management to appoint the Book Running Lead Manager (BLRM), Domestic Legal Counsel (DLC) and International Legal Council (ILC) and other consultants and advisories to undertake the MGL IPO task.
13. To administer the Contract with respect to various intermediaries involved including extension of time limit as may be necessary from time to time; and,
14. To decide and approve on the actual size of the Issue, the Offer for Sale by the Selling Shareholders, exercise of any green shoe (over-allotment) option and/or reservation on a competitive basis, timing, pricing (including discount to retail bidders, if any), allocation and

allotment to Anchor Investors and all the terms and conditions of the issue of the shares including the price, and to accept any amendments, modifications, variations or alterations thereto;

15. To finalise and approve the terms of appointment (including fees payable to them) and appoint and enter into arrangements/ agreements with the book running lead managers, co-managers to the issue (if any), underwriters to the issue, syndicate members to the issue, stabilizing agent, brokers to the issue, escrow collection bankers to the issue, registrars, legal advisors, monitoring agencies, IPO grading agencies, advertising agencies and any other agencies, intermediaries or persons required in connection with the issue of shares by the Company and other relevant requirements;
16. To finalize and settle, and to execute and deliver or arrange the delivery of the draft red herring prospectus, red herring prospectus and prospectus with SEBI, the Stock Exchanges, the Registrar of Companies and any other authority including the preliminary international wrap and final international wrap, for marketing of the Issue in jurisdictions outside India, syndicate agreement, issue agreement, underwriting agreement, escrow agreement, advertising agency agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the issue of shares by the Company;
17. To open one or more separate current account(s) with a scheduled bank(s) to receive applications along with application monies in respect of the Issue or any other account with any name and style as required during or after the process of the forthcoming IPO of the Company;
18. To open one or more public Issue account(s) / escrow account(s) / refund account(s) of the Company for the handling of IPO proceeds, refunds for the Issue;
19. To approve/issue all notices, including any advertisement(s) in such newspapers as it may deem fit and proper about the future prospects of the company and the proposed issue conforming to the guidelines/ regulations issued by SEBI and such other applicable authorities;
20. To make any applications to the Foreign Investment Promotion Board, Reserve Bank of India and such other authorities, as may be required, for the purpose of issue of Equity Shares by the Company to non-resident investors such as Non-Resident Indians, Foreign Venture Capital Investors and Foreign Institutional Investors;
21. To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates and or credit of shares in electronic

mode in accordance with the relevant rules;

22. To make applications for listing of the Equity Shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
23. To determine and finalise the floor price/price band for the IPO, approve the basis for allocation/allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the BRLMs and the Selling Shareholders;
24. To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the company to sign all or any of the afore stated documents;
25. To enter the names of the allottees in the Register of Members of the Company, and take necessary corporate actions for credit of shares with the National Securities Depository Limited, the Central Depository Services (India) limited;
26. To settle any question, difficulty or doubt that may arise in connection with the IPO including the issue and allotment of the Equity Shares attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;
27. To do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue;
28. To authorise and approve the incurring of expenditure and payment of fees in connection with the IPO of the Company;
29. To approve and adopt the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, and any other offering document for the public issue as required under Section 26, Section 32 and other relevant provisions of the Companies Act, 2013 and to file the same with the Registrar of Companies and SEBI, as the case may be, and to make any corrections or alterations there in;

30. To affix the common seal of the Company on all documents as may be required by law, in relation to the Issue, and in terms of the articles of association of the Company; and
31. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection.
32. To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the Equity Shares as permissible in law, issue of share certificates in accordance with the relevant rules.
33. To authorise any MGL Officer/s to execute the documents that are necessary to undertake the IPO Process effectively and efficiently and are within the ambit of the IPOSC.
34. To provide updates to the MGL Board, and also provide updates as and when required by the MGL Board, on the progress of the IPO process.
35. To meet as per the business requirement to review the progress of the IPO.
36. At least 7 days' notice of every meeting of the IPO Committee shall be given to its members unless the members unanimously agree to a shorter notice.
37. All decisions of the IPO Committee shall be decided by way of simple majority, provided that one representative of each of BG and GAIL from the nominee Directors shall have voted in favour of such decision.
38. Meetings of the IPO Committee shall be conducted in English and the minutes thereof shall be recorded in writing in English. The minutes of meetings of the IPO Committee shall be produced before the MGL Board along with the monthly updates mentioned in paragraph 7 above.
39. The Chairman (or any member nominated as the chairman) shall have no casting vote.
40. The IPO Committee shall be entitled to request secretarial support from MGL and shall also be entitled to request the presence of such officers, employees and auditors of MGL as may be appropriate to discharge its functions.

41. Subject to these terms of reference, the IPO Committee shall have the power to regulate its own proceedings.

Directors retiring by rotation: Dr. Ashutosh Karnatak, Director of the company, will retire by rotation at the ensuing Annual General Meeting and his brief profile has been annexed to the Notice of the ensuing Annual General Meeting.

CEO / CFO Certification:

CEO / CFO Certification, as required, have been made part of this Report.

Annual General Meetings:

Details regarding the previous three Annual General Meetings of the Company are as follows:

Year	Date	Time	Venue	Special Resolutions passed
2014 - 15	July 31, 2015	1230 Hours	Taj Lands End Hotel, Mumbai	1. Approval of Material Related Party Transactions
2013 - 14	September 29, 2014	1100 Hours	Hotel Trident , Mumbai	No Special Resolution were passed in the 19 th Annual General Meeting
2012 - 13	August 27, 2013	1430 hours	Taj Lands End Hotel, Mumbai	1. Appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors 2. Alteration of Memorandum of Association 3. Commencement of Business specified in the Other Objects Clause of the Memorandum of Association of the Company.

Extra-Ordinary General Meeting

Details in respect of Extra-Ordinary General Meetings of the Company held during the financial year 2015-2016 are as under:

Date, Time & Venue	Particulars	Resolutions passed
Date: November 06, 2015 Time: 11:30 AM Venue: The Taj Lands End, Bandstand, Bandra (W), Mumbai – 400 50	3 rd EOGM	1. Issue of Equity Share by way of offer for sale through initial public offer, 2. Alteration of object clause of Memorandum of association (MOA) of the company. 3. Adoption of new set of Articles of Association of the company.
Date: March 30, 2016 Time: 02:30 PM Venue: Hyatt Regency, Bhikaji Cama Place, Ring Road, New Delhi - 110066	4 th EOGM	1. Adoption of new set of Articles of Association of the company 2. Re-Appointment of Ms. Susmita Sengupta as Whole Time Director of the Company 3. Approval of Material Related Party Transactions

In accordance with the provisions of the Companies Act, 2013, our Company does not fall in the ambit requiring the approval of the Shareholders through “Postal Ballot”, as no shares nor any security of the Company is listed with any Stock Exchange nor the members of the Company exceed the number of 200.

Disclosure:

Related party transactions are disclosed in the Notes to Accounts forming part of this Annual Report. There are no material pecuniary relationships or transactions with the Non-Executive Directors. The practice of General Disclosure of the interest by the Directors pursuant to Section 184 and 189 of the Companies Act, 2013 on an annual basis is being followed by the Company.

The Company has not entered into any materially significant contract with its Promoters, Directors or the Management or Relatives etc., during the Financial Year 2015-16 , except the Material Related Party Transaction with GAIL (India) Limited mentioned in the point no. 26.3 of the Notes to Accounts. The policy on related party transactions is uploaded on the website of the Company. The web link of the Policy is <http://www.mahanagargas.com>

The Company has not been imposed with any penalty / strictures by any Statutory Authority for noncompliance of any matter related to capital market during the last three years.

The Company has a well defined risk management framework in place. The Company has procedures to periodically place before the Audit Committee and the Board the risk assessment and mitigation plans being followed by the Company.

Means of Communication:

Hard copy of Annual Report is sent to each Shareholder of the Company.

The Management Discussions and Analysis report is attached herewith as a part of Directors' Report.

General Shareholder Information:

21st Annual General Meeting proposed to be held, as under:-

Date :

Place :

Time :

The Financial year of the Company is from 1st April of every year to 31st March of the subsequent year.

The face value of Equity Share is Rs.10/- each. The Dividend payment for the Financial Year 2015 -16 will be paid after approval from the shareholders in the Annual General Meeting within the time period provided in the applicable laws.

Being an unlisted Company, the Company does not disclose its quarterly results on the website. The Company has appointed separate persons to the post of Chairman and Managing Director. The Internal

Auditor reports directly to the Audit Committee. The Company has appointed a Non – Executive Chairman in the Company, and the Company has maintained a Chairman’s office to be utilised for performance of his duties, however no expenses are reimbursed by the Company in performance his duties as no such expenses have been incurred as on date. A half – yearly declaration of financial performance including summary of significant events in last six months is not sent to the shareholders.

At present, the shares of the Company are not listed on any Stock Exchange.

Shareholding Pattern as on March 31, 2016:

NAME OF THE SHAREHOLDER	NO. OF EQUITY SHARES HELD	PERCENTAGE OF HOLDING
GAIL(India) Limited	4,44,49,960	49.75
British Gas Asia and Pacific Holdings Pte Limited	4,44,49,960	49.75
Government of Maharashtra	4,41,600	0.50
Promoters and Associates	80	0.00(negligible)
Total	8,93,41,600	100

The Register of Members was not closed during the year by the Company.

The Company has a duly structured system for effecting transfer of shares, in compliance with the applicable statutory provisions.

The Company has been allotted ISIN number for dematerialization of its equity shares. As on March 31, 2016, total 8,88,99,920 equity shares of the company (representing 99.50%) are in the demat form.

As on March 31, 2016, 94,36,178, 9% Unsecured Compulsorily Convertible Debentures (CCDs) are outstanding and those shall be convertible into equity shares. As per the terms and conditions of the issue, each CCD would be compulsorily and automatically converted into one Equity Share fully paid up:- (i) on the expiry of two years from the date of allotment of the CCDs; i.e. January 4, 2017 or (ii) during seven days prior to the date of the filing of the Red Herring Prospectus (RHP) with Registrar of Companies (Roc), whichever is earlier, in the event the Company proposes an initial public offering either by way of a fresh issue of Equity Shares by the Company or an offer for sale by the Eligible Shareholders or both, without any application or any further act on the part of the holder of the Unsecured CCDs. There shall be no redemption of the Unsecured CCDs

ISIN Number: INE002S01010

No. of Complaints received / disposed during the year NIL

Registrar and Share Transfer Agent Link Intime India Private Limited
C 13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078

Maharashtra, India
Email : rnt.helpdesk@linkintime.co.in
Tel : 022 - 2594 6970
Fax : 022 - 2594 6969

Address for Correspondence:

Alok Mishra
Company Secretary & Compliance Officer,
Mahanagar Gas Limited
MGL House, Block No : G-33,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051.
E-mail: info@mahanagargas.com
Tel No. +91 22 6678 5000
Fax: +91 22 2654 0092/2654 1046

Plant Locations

City Gate Station,
Opposite Anik Bus Depot,
Sion, Mumbai - 400 022.

City Gate Station,
MIDC Mahape,
Post-Koper Khairane,
Navi Mumbai - 400 709.

City Gate Station,
Plot No : TAK-A,
Ambarnath Industrial Area,
Ambarnath - Badlapur Road,
Village - Chikhaloli, Tal-Ambarnath,
District - Thane

City Gate Station,
Plot No : J-93/2,
Taloja MIDC Area, Taloja,
District - Raigad