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## GAIL Gas, Vadodara Gas JV to help expand city gas distribution network

Vadodara Gas Company to add 200,000 connections in five years

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Vadodara Gas Company Ltd (VGCL), a city gas distribution (CGD) player joint-promoted by Vadodara Municipal Corporation (VMC) and GAIL Gas Limited, is looking to expand its consumer base by adding 200,000 domestic consumers over the next five years.

With existing base of about 75,000 domestic gas consumers and about 2,800 commercial units, VMC believes that the GAIL Gas JV would help expand the existing CGD network in Vadodara and add about 30 new CNG stations in the city over the next five years, a VMC official informed.

Currently, GAIL has six CNG stations across Vadodara city.

"The joint venture with GAIL India will help VMC to secure cheap and sustainable gas supply for its domestic and industrial consumers. There are over 450,000 households in Vadodara city. We believe that with the GAIL JV, we will be able to cover about 70% of

these households in the next five years," said Shailesh Nayak, project engineer - gas, VMC.

GAIL Gas, fully-owned subsidiary of GAIL India, and VMSS (Vadodara Municipal Corporation) had signed a JV in August this year for CGD project in Vadodara at a combined enterprise value of Rs 215 crore.

The JV is considered to be a unique case of a local civic body forming a gas distribution company in partnership with a public sector gas company.

Earlier, it was decided that GAIL Gas would hold 26% equity in the JV, while 24% would be controlled by VMC and for the remaining 50% stake, strategic partners and financial institutions would be roped in. However, later, both the companies decided to hold equal stake in the JV.

"The deal is through and the VMC board has given its approval. Now, the GAIL board's approval is required to get the actual work to begin," said Rajeev Shah, MD of RBSA Advisors LLP. RBSA Advisors acted as an exclusive financial advisor to GAIL and VMSS for the joint venture.

"The work will begin once the project gets approval from GAIL India board and then from the Petroleum and Natural Gas Regulatory Board (PNGRB). We expect it to come in the next 4-5 months," informed the VMC official.

According to sources, valuation of GAIL Gas's gas assets in Vadodara is around Rs 107.8 crore, while that of VMC also stood at Rs 107.2 crore.