गेल (इंडिया) लिमिटेड
(भारत सरकार का उपक्रम-
एक नवरत्न कम्पनी)
GAIL (India) Limited
(A Government of India Undertaking-
A Navratna Company)

ND/GAIL/SECTT/2011

April 4, 2011

Listing Department
Bombay Stock Exchange Limited
Floor 1, P.J.Towers, Dalal Street,
Mumbai – 400 001

Dear Sir,

Enclosed please find a copy of Press Releases regarding "**GAIL Gas Limited and Vadodara Mahanagar Sewa Sadan set up Joint Venture for City Gas Distribution**."

The above is for your information and record please.

Thanking you

Yours faithfully

(N.K. Nagpal)
Company Secretary

Encl: As above.

Copy to:

1. Listing Department,
   National Stock Exchange of India Limited
   Exchange Plaza, 5th Floor,
   Plot No C/1, G Block, Bandra-Kurla Complex,
   Bandra (East),
   MUMBAI – 400 051

2. Deutsche Bank
   Kodak House, 1st Floor,
   222 Dr. D N Road,
   Mumbai - 400 001

PRESS RELEASE

GAIL Gas Limited

GAIL Gas Limited and Vadodara Mahanagar Sewa Sadan set up Joint Venture for City Gas Distribution

New Delhi, April 4: Shri Prabhat Singh, Director (Marketing), GAIL (India) Limited and Director, GAIL Gas Limited, and Shri M. K. Das, IAS, Municipal Commissioner, Vadodara Mahanagar Seva Sadan (VMSS), the Municipal Corporation of Vadodara, signed an agreement to set up a joint venture for city gas distribution in Vadodara and its adjoining areas today in the presence of Shri B. C. Tripathi, Chairman and Managing Director, GAIL (India) Limited, Shri R D Goyal, Director (Projects), Shri S L Raina, Director (HR), Shri S Venkatraman, Director (BD), Shri P K Jain, Director (Finance), Shri M Ravindran, CEO, GAIL Gas Limited and senior officials of GAIL, GAIL Gas Limited and VMSS.

The Joint Venture Company will have an authorized share capital of Rs 100 crore. GAIL, through its wholly owned subsidiary, GAIL Gas Limited will hold 26 per cent equity in the new company, while VMSS will have 24 per cent. The balance 50 per cent equity will be held by financial institutions and strategic partners.

Presently, GAIL has six CNG stations in Vadodara and supplies more than 30,000 kg CNG to cater to over 4,000 vehicles in the city which will be further augmented in a phased manner by the new Joint Venture Company. VMSS has presently laid pipelines to connect about 75,000 houses for piped natural gas. Through this Joint Venture Company, it is planned to connect another 85,000 households in the coming years. The present gas demand of GAIL, GAIL Gas and VMSS of 0.13 MMSCMD is likely to be augmented by another 1.46 MMSCMD in next couple of years.

Speaking on the occasion, Shri B C Tripathi, Chairman and Managing Director GAIL said that "GAIL started its first operation from the City of Vadodara. Let us give precedence to the City which gave birth to GAIL and develop this JV as a model project to run purely as a commercial organization which should be a win-win proposition for both the consumer as well as the supplier".

Shri M K Das, Commissioner, VMSS said that " There is a huge potential in the market to utilize gas availability as there is a popular demand of piped gas in the city and both GAIL and VMSS are government organizations and the people of Vadodara will be benefited from this Company".

The proposed joint venture plans a total capital expenditure of approx. Rs 150 crore in the first five years and approx. Rs 170 crore will be invested for its further expansion activities. Steel grid of another 66 km will be laid to cover the whole of Vadodara and adjoining areas like Vagodia and Padra. Both the promoters have submitted application for authorization to Petroleum and Natural Gas Regulatory Board (PNGRB).

GAIL and VMSS are carrying out City Gas Distribution (CGD) activities in Vadodara for more than 20 years with the gas allocation from Ministry of Petroleum and Natural Gas. While GAIL and GAIL Gas are taking care of the fuel needs of the vehicles by supplying CNG, VMSS is supplying PNG to domestic customers. In fact, Vadodara is one of the first cities in the country to have PNG which is being supplied by VMSS from 1972. Therefore, the setting up of the joint venture is a natural alliance for the organizations.

With the incorporation of the joint venture company, both the promoters expect that there would be a dedicated thrust for CGD activities and the projects would be completed on a fast track basis to facilitate the fulfillment the city gas requirement in the city of Vadodara.