

# GAIL Challenges Resolution Plan by JM Fin Unit, Reliance for Alok Ind

Joel Rebello & Maulik Vyas

Mumbai: A joint resolution plan submitted by JM Financial Asset Reconstruction Co and Reliance Industries to take over distressed textiles company Alok Industries has hit a roadblock after GAIL India, an operational creditor to Alok, challenged the plan before an appellate court.

In a petition filed before the National Company Law Appellate Tribunal (NCLAT) in Delhi on May 27, GAIL has opposed the resolution plan because it did not consider the government-owned gas and petrochemical company's claims, people familiar with the development said. The appellate tribunal will hear the matter on July 16.

The development is likely to further delay the resolution plan for the Mumbai-based fully integrated textile company that was in the Reserve Bank of India's first list of 12 large corporate debtors to be referred for insolvency proceedings, released in 2017.



**The resolution plan submitted by the resolution applicant (JM Financial-RIL) is totally silent towards the operational creditors and that is against the spirit of the law**

A person familiar with the development

**Operational creditors below Rs 3 lakh were accommodated in the plan. GAIL was a large supplier and so it wasn't on the list**

A Banker

"GAIL was not in the picture when the resolution plan was finalised," a banker involved in the process said. "It came in late and has filed a petition to be considered. It has claimed outstanding dues of ₹506 crore, but the total amount that operational creditors got was just ₹4.3 crore in the approved plan so it remains to be seen whether GAIL

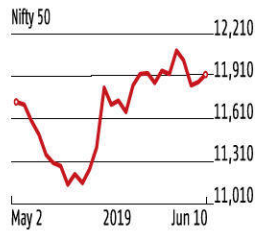
gets anything." In March, National Company Law Tribunal (NCLT), Ahmedabad, had approved the sole JM-RIL joint bid. The bid amount was ₹5,000 crore, just above the ₹4,500 crore liquidation value of Alok. The company owes lenders a total of ₹30,000 crore, which means they are taking a haircut of a whopping 83%. State-run GAIL India has

argued that while submitting the revival plan the resolution applicant didn't give equal weightage to the operational creditors. Bankers, however, said the amount of recovery is too small to consider anything for non-financial creditors.

"The resolution plan submitted by the resolution applicant (JM Financial-RIL) is totally silent towards the operational creditors and that is against the spirit of the law," said one of the persons privy to the development. "GAIL has challenged the resolution plan, approved by the National Company Law Tribunal." GAIL has made Ajay Joshi, resolution professional (RP) of Alok Industries, as one of the respondents of the case. Joshi did not respond to messages on his mobile phone as of press time on Monday. The banker said, "Operational creditors below ₹3 lakh were accommodated in the plan. GAIL was a large supplier and so it wasn't on the list." Nishant Awana, partner at law firm NMA Law Chambers, who is advising GAIL India, confirmed the development.



**TODAY'S PICKS**

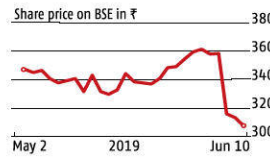
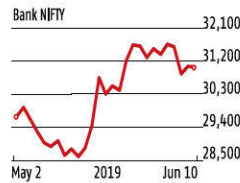


**Nifty**

Current: **11,922 (fut: 11,942)**  
 Target: **NA**  
 Stop-long positions at 11,865.  
 Stop-short positions at 12,025.  
 Big moves could go till 12,100, 11,800. A long 11800p (82), short 11700p (56) could gain 10-15 if the index drops till 11,870.

**Nifty Bank**

Current **31,034 (fut: 31,075)**  
 Target: **NA**  
 Stop-long positions at 30,925.  
 Stop-short positions at 31200. Big moves could go till 31,350, 30,800. Trend uncertain and may have a negative bias.

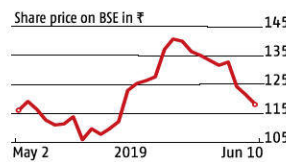
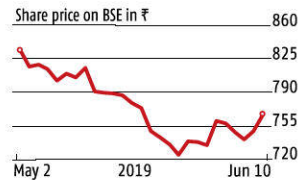


**Gail**

Current price: **₹307**  
 Target price: **₹302**  
 Keep a stop at ₹310 and go short. Add to the position between ₹303 and ₹304. Book profits at ₹ 302.

**Tech Mahindra**

Current price: **₹768**  
 Target price: **₹780**  
 Keep a stop at ₹762 and go long. Add to the position between ₹775-₹778. Book profits at ₹780.



**Bank of Baroda**

Current price: **₹118**  
 Target price: **₹115**  
 Keep a stop at ₹120 and go short. Add to the position between ₹116-₹117. Book profits at ₹115.

**DEVANGSHU DATTA**

*Target prices, projected movements in terms of next session, unless otherwise stated*