

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT MUMBAI  
COMPANY SCHEME APPLICATION NO. 1116 OF 2017.

In the matter of the Companies Act, 2013 (18 of 2013);

AND

In the matter of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder as in force from time to time;

AND

In the matter of Scheme of Arrangement between FIRESTAR DIAMOND INTERNATIONAL PRIVATE LIMITED, the Demerged Company, NIRAV MODI PRIVATE LIMITED, the Resulting Company and RHYTHM HOUSE PRIVATE LIMITED, the Transferor Company and their respective shareholders.

RHYTHM HOUSE PRIVATE LIMITED, )  
a company incorporated under the )  
Companies Act, 1913, having its registered )  
office at 40, K. Dubhash Marg (formerly )  
known as Rampart Row), Fort, Mumbai – )  
400 023, Maharashtra, India ) ...Applicant Company.

**Called for Notice of Admission:**

Ms. Prachi Garg, Mr. Munaf Virjee i/b DSK Legal, Advocates for the Applicant

Coram: Hon'ble B.S.V. Prakash Kumar , Member (J)

Hon'ble V. Nallasenapthy , Member (T)

Date: January 24, 2018

Per : V. Nallasenapthy , Member (T)

**ORDER**

1. The Counsel for the Applicant Company states that the present Scheme of Arrangement between FIRESTAR DIAMOND INTERNATIONAL PRIVATE LIMITED ("the Demerged Company"), NIRAV MODI PRIVATE LIMITED ("the Resulting Company") and RHYTHM HOUSE PRIVATE LIMITED ("the Transferor Company") and their respective shareholders.
2. The Counsel for the Applicant Company further submits that the Demerged Company is engaged in the business of jewelry manufacturing and caters to both the retail and the wholesale segment. In order to segregate the retail business of the Demerged Company, it is intended to demerge the retail business undertaking on a going concern basis into the Resulting Company. Further, the Transferor Company whose 100% shareholding, is held by the Demerged Company, forms part of the retail business undertaking is sought to be transferred as part of the retail business undertaking and shall become a wholly owned subsidiary of the Resulting Company upon demerger. Thereafter, immediately upon demerger of the retail business undertaking, whereby the Transferor Company becomes a wholly owned subsidiary of the Resulting Company, the Transferor Company is sought to be amalgamated with the Resulting Company.
3. The Counsel for the Applicant Company further submits that the rationale for the Scheme is that it would lead to:
  - (i) Greater administrative efficiency and shall enable the Demerged Company to focus on and enhance its remaining business operations by streamlining operations and cutting costs;
  - (ii) Ability to leverage financial and operational resources of each business;
  - (iii) Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different sets of investors, strategic partners, lenders and other stakeholders, and will enable investors to separately hold investments which best suit their investment strategies and risk



profiles;

- (iv) Streamlining of group structure; and
- (v) Consolidation of business operations: pursuant to the demerger of the retail business undertaking by the Demerged Company to the Resulting Company and the amalgamation of the Transferor Company with the Resulting Company, the Resulting Company will have advanced shareholder's value accruing from consolidation of business operation resulting in economies of scale, operational rationalisation, organisation efficiency and optimum utilisation of various resources.

4. The Tribunal directs that a meeting of Equity Shareholders of the Applicant Company be convened and held at office at Unit No. 23, 3<sup>rd</sup> Floor, Tower II, Wing B, Kohinoor City, Kirol Road, Off. LBS Marg, Kurla (W), Mumbai - 400 070, Maharashtra on the 5<sup>th</sup> day of April, 2018 at 01.00 pm for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Firestar Diamond International Private Limited (the Demerged Company) Nirav Modi Private Limited (the Resulting Company) and Rhythm House Private Limited (the Transferor Company) and their respective shareholders.
5. At least 30 clear days before the said meeting of the Equity Shareholders of the Applicant Company to be held as aforesaid, a notice convening the said meeting at the place, date and time aforesaid, together with a copy of the Scheme, a copy of the Explanatory Statement required to be sent under Section 230 of the Companies Act, 2013 and the prescribed Form of Proxy, shall be sent by Registered Post / Courier / Speed Post or by hand delivery to each of the Equity Shareholders of the Applicant Company at their respective registered or last known addresses or through e-mail to the registered e-mail address of the Equity Shareholders as per the records of the Applicant Company.
6. At least 30 clear days before the Meeting of the Equity Shareholders of the Applicant Company is held as aforesaid, a notice indicating the place, date and time of the aforesaid meeting be published and advertised in two local newspapers viz. 'Free Press Journal' in English and



‘Navshakti’ in Marathi by the Applicant Company stating that the copies of the Scheme of Arrangement and the statement required to be furnished pursuant to Section 230 of the Companies Act, 2013 along with the Form of Proxy can be obtained free of charge at the Registered Office of the Applicant Company as aforesaid.

7. Mr. Paresh Pravinbhai Rathod, failing whom Mr. Ketan Chandrakant Solanki, Director, failing whom Mr. Bhavik Hasmukhlal Desai, Director of the Applicant Company is appointed as the Chairman for the aforesaid meeting of Equity Shareholders. The Scrutinizer for the meeting shall be Mr. Sanket Bipin Shah, failing him, Ms. Darshi Shailesh Shah.
8. The Chairman appointed for the aforesaid Meeting shall issue the notices of the Meeting referred to above. The said Chairman shall have all powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the conduct of the meeting(s), including for deciding procedural questions that may arise or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).
9. The quorum for the aforesaid Meeting of the Equity Shareholders shall be as prescribed under Section 103 of the Companies Act, 2013.
10. The voting by proxy or authorised representative in case of body corporate be permitted, provided that a proxy in the prescribed form / authorisation duly signed by the person entitled to attend and vote at the meeting, is filed with the Applicant Company at Unit No. 23, 3<sup>rd</sup> Floor, Tower II, Wing B, Kohinoor City, Kirol Road, Off. LBS Marg, Kurla (W), Mumbai - 400 070, Maharashtra, not later than, 48 hours before the aforesaid meeting as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
11. The value and number of the shares of each member shall be in accordance with the books / register of the Applicant Company or



depository records and where the entries in the books / register / depository records are disputed, the Chairman of the Meeting shall determine the value for the purpose of the aforesaid meeting and his decision in that behalf would be final.

12. The Chairman to file an affidavit not less than seven (7) days before the date fixed for the holding of the meeting and do report this Tribunal that the direction regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
13. The Chairman to report to this Tribunal, the result of the aforesaid meeting within thirty (30) days of the conclusion of the meeting, and the said report shall be verified by his Affidavit as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
14. The Counsel for the Applicant submits that there are no Secured Creditors as mentioned in paragraph 21 of the Application.
15. The Counsel for the Applicant submits that there are no unsecured Creditors as mentioned in paragraph 22 of the Application.
16. The Applicant Company is directed to serve the notice upon the (i) concerned Income Tax Authority within whose jurisdiction the Applicant Company's assessments are made; (ii) the Central Government through the office of Regional Director, Western Region, Ministry of Corporate Affairs, Mumbai (iii) Registrar of Companies with a direction that they may submit their representations, if any, within a period of thirty days from the date of receipt of such notice to the Tribunal with a copy of such representations shall simultaneously be served upon the Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the proposals.
17. At least 30 clear days before the date fixed for hearing, Applicant Company to serve the notice of hearing of Company Application upon

the Official Liquidator, High Court, Bombay pursuant to Section 230(5) of the Companies Act, 2013. The Tribunal is appointing Chartered Account, Gondalia & Mandviwala, with remuneration of Rs. 80,000/- for the services. If no response is received by the concerned Tribunal from Official Liquidator within 30 days of the date of receipt of the notice it may be presumed that Official Liquidator, High Court, Bombay has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

18. The Applicant Company to file an affidavit of service of the directions in the Registry proving dispatch of notices to the equity shareholders, publication of notices in newspapers and to the regulatory authorities as stated in clauses 16 and 17 above do report to this Tribunal that the direction regarding the issue of notices have been duly complied with.

Sd/-

V. Nallasenapthy, Member (T)

Sd/-

B.S.V. Prakash Kumar, Member (J)