

भारत सरकार
कार्पोरेट कार्य मंत्रालय
कार्यालय कंपनीज़ रजिस्ट्रार, दिल्ली एवं हरियाणा
चतुर्थ तल, आई.एफ.सी.आई. टॉवर, 61 नेहरू प्लेस,
नई दिल्ली -110019



GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS,
OFFICE OF REGISTRAR OF COMPANIES,
NCT OF DELHI & HARYANA
4TH FLOOR, IFCI TOWER, 61, NEHRU
PLACE, NEW DELHI -110019

**ORDER FOR PENALTY UNDER SECTION 42 OF THE COMPANIES ACT, 2013 IN
THE MATTER OF ADJUDICATION OF MAYASHEEL RETAIL INDIA LIMITED
(CIN: U52599DL2018PLC333450)**

1. Appointment of Adjudicating Officer: -

Ministry of Corporate Affairs vide its Gazette Notification No. A-42011/112/2014-Ad.II, dated 24.03.2015 appointed Registrar of Companies, NCT of Delhi & Haryana as Adjudicating Officer in exercise of the powers conferred by section 454(1) of the Companies Act, 2013 (hereinafter known as the Act) r/w Companies (Adjudication of Penalties) Rules, 2014 for adjudging penalties under the provisions of this Act.

2. Company: -

Whereas the company viz. MAYASHEEL RETAIL INDIA LIMITED (hereafter known as 'Company' or 'subject company') is a registered company with this office under the provisions of section 7 of the Companies Act, 2013, having its registered office as per MCA 21 registry at 5709, GALI NO 6, Subhash Mohalla, Gandhi Nagar, New Delhi, East Delhi, Delhi – 110031. The financial & other details of the subject company for immediately preceding F.Y.2022-23 as available on MCA-21 portal is stated as under:

S. No.	Particulars	Details as on FY 2022-23
1.	Paid up capital (in lakhs of INR)	3,000
2.	a. Revenue from operation (in lakhs of INR)	15258.94
	b. Other Income (in lakhs of INR)	535.76
	c. Profit for the Period (in lakhs of INR)	96.30
3.	Holding Company	No
4.	Subsidiary Company	No
5.	Whether company registered under Section 8 of the Act?	No
6.	Whether company registered under any other special Act?	No

3. Facts about the Case: -

- I. On the basis of the information which had come to notice, it appeared that the Company had apparently used the website/platform <https://www.planify.in/> [Planify Platform or Planify] for raising funds by selling its shares. The Company is operating under the brand name "BAZAR INDIA". The following weblink was used for the campaign:

<https://www.planify.in/research-report/bazar-india-mayasheel-retail-india-limited/>.

The link showed the following information :-

Total number of Subscriber (Investors)	1806
Total amount Raised	Rs. 40,00,00,000
Face Value per Share	Rs. 10
Stock Price per Share	Rs. 90

Pitch Video Details	Link https://www.youtube.com/watch?v=fBZj-Pf9LDI&t=2s Dated 06-Sept-2022
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- II. Accordingly, a SCN was issued to the company and its directors on 31.10.2023, *inter alia* pointing out the following violations:
- Pursuant to Section 42(2) of the Act r/w Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company making private placement offer shall not make it to not more than 200 persons in aggregate in a financial year. While it is observed that the subject company issued securities to 1806 subscribers and has violated the said provisions.
 - Pursuant to Section 42(7) of the Act, no company issuing securities under section 42 shall release any public advertisements or utilize any media, marketing or distribution channels or agents to inform the public at large about such an issue. Use of Planify platform for raising securities, putting pitch information, raising money from general public through platform amounts to issuance of public advertisements or utilization of media, marketing or distribution channels or agents to inform the public at large about such an issue.
 - Pursuant to Section 42(8) of the Act, a company making private placement shall file with the Registrar a return of allotment in form PAS-3 including a complete list of all allottees, with their full names, addresses, number of securities allotted within 30 days



as prescribed under rule 12 Companies (Registration Offices and Fees) Rules, 2014. It is observed that while the subject company has issued Securities to 1806 subscribers, but form PAS-3 has not been filed for the said issuance.

III. That in response to the SCN issued, a reply from the company was received on 23.11.2023 which *inter-alia* stated as under:

- a) *We completely deny the allegations as mentioned in the above-said Show cause Notice that the Company has campaigned and raised the funds to the tune of Rs. 40,00,00,000/- (Rupees Forty crores only) through sale of 1806 shares on the website <https://www.planify.in/>.*
- b) *We would prima-facia like to submit that the Company, in compliance with Section 42 and Section 62(1)(c) of the Companies Act, 2013, read with the Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, made a private placement/ preferential allotment of 10,00,000/- Equity Shares to Planify Capital Private Limited vide Special Resolution passed on 10.03.2022 in the Extra-ordinary General Meeting of the shareholders of the Company.*
- c) *We would further like to state that the **allotment was made by Company to Planify Capital Limited (Formerly known as Planify Capital Private Limited) only**, in 7 tranches after receipt of subscription amount @ Rs. 50.48 per share taking into consideration the share valuation of the Company vide Valuation Report from Registered Valuer. The Company has submitted the eForm PAS 3 for the allotments made. The details of the shares allotted are as hereunder:*

Date	Name of allottee	Face Value	No. of Shares	Issue Price	Amount	Premium	Details of Filing of eform PAS 3
21.03.2022	Planify Capital Limited(Formerly Known as Planify Capital Private Limited)	10	100000	50.48	5048000	40.48	SRN T89558241 dated 21.03.2022
22.03.2022	Planify Capital Limited(Formerly Known as Planify Capital Private Limited)	10	100000	50.48	5048000	40.48	SRN T89852081 dated 22.03.2022
29.03.2022	Planify Capital Limited(Formerly Known as Planify Capital Private Limited)	10	150000	50.48	7572000	40.48	SRN T91773119 dated 29.03.2022
30.03.2022	Planify Capital Limited(Formerly Known as Planify	10	150000	50.48	7572000	40.48	SRN T92367770

	Capital Private Limited)						dated 30.03.2022
02.06.2022	Planify Capital Limited(Formerly Known as Planify Capital Private Limited)	10	200000	50.48	10096000	40.48	SRN F04075065 dated 02.06.2022
03.06.2022	Planify Capital Limited(Formerly Known as Planify Capital Private Limited)	10	200000	50.48	10096000	40.48	SRN F04210191 dated 03.06.2022
04.06.2022	Planify Capital Limited(Formerly Known as Planify Capital Private Limited)	10	100000	50.48	5048000	40.48	SRN F04408274 Dated 04.06.2022
			10,00,000		5,04,80,000		

- d) Pursuant to the Special Resolution passed on 10th March, 2022, the Company made its first allotment on 21.03.2022 as mentioned in the above table also. The number of Shareholders of the Company on 18.03.2022 were 1650 as on 25.03.2022 and as on 31.03.2022 were 1676. There is an increase of 26 shareholders in FY 2021-22 and this increase is due to transfer of shares not pursuant to allotment of shares and the Company has not received any amount raised due to transfer of shares by the transferor. The number of shareholders as on 31.03.2023 were 1806, therefore the increase in the number of Shareholders in FY 2022-23 is 130 and this increase is also due to transfer of shares not pursuant to allotment of shares and the Company has not received any amount raised due to transfer of shares by the transferor.
- e) Thus, we can say the Company has raised funds to the tune of Rs. 5,04,80,000/- (Rupees Five crores Four Lakhs Eighty Thousand only) by allotment of 10,00,000 shares @ 50.48 (having Face value of Rs. 10/- each and at a premium of Rs. 40.48/- each) to Planify Capital Limited (Formerly known as Planify Capital Private Limited) in proper compliance with all provisions of the Companies Act, 2013.
- f) The company has done proper compliance of Section 42(2) of the Companies Act, 2013 read with the Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and made offer/invitation to subscribe Equity shares under Private Placement to following persons pursuant to Special Resolution passed in the Extra-Ordinary General Meeting of the shareholders of the Company held on 10th March, 2022.



List of Proposed Allottees:

Sr.No	Names	No of Shares	Price per share	Amount	Category
1	Planify Capital Private Limited	1,05,00,000	Rs. 50.48	Rs. 53,00,40,000	Public
2.	Mr. Manish Kumar Mundra	500	Rs. 50.48	Rs.25,240	Public
3.	Mr. Ramesh Kumar Rathi	500	Rs. 50.48	Rs.25,240	Public
4.	Mr. Mohit Kumar Mundra	500	Rs. 50.48	Rs.25,240	Public
5.	Ms. Umang Mundra	500	Rs. 50.48	Rs.25,240	Public
	Total	1,05,02,000	Rs. 50.48	Rs. 53,01,40,960	Public

The Company got subscription amount from Planify Capital Limited (Formerly known as Planify Capital Private Limited) and subsequently allotments of Equity Shares were made, the details of allotment are mentioned in the table above.

Thus, the Company issued securities to 1 (One) subscriber and not 1806 subscribers and has not violated said provisions.

g) The company has not issued any public advertisement or utilized any media, marketing or distribution channels or agents to inform public at large about such an issue, except in compliance of provisions of section 42 or other applicable provisions of the Companies Act, 2013 and rules made thereunder.

h) Regarding putting of pitch information and use of Planify platform to raise funds it was submitted that the video was about the Company and its promoters in general and it was meant to motivate the employees, customers and vendors of the Company; it nowhere states about the private placement/preferential allotment made by the Company. Moreover, the video was posted on 6th September, 2022 and the allotments alongwith all related compliances pursuant to private placement were completed by June, 2022. The calendar of events of private placement is as hereunder:

S.No.	Particulars	Date
a.	Date of passing of Board Resolution	15.02.2022
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities	10.03.2022
c.	Date of circulation of offer	19.03.2022
d.	Date of Allotment	FY 21-22: 21.03.2022, 22.03.2022, 29.03.2023, 30.03.2022. FY 22-23: 02.06.2022, 03.06.2022, 04.06.2022

i) Further, the number of shareholders of the Company as on 10th June, 2022 (just after completion of allotment) were 1745, as on 9th

September, 2022 (just after the date of pitch video was uploaded) were 1781, as on 31.03.2023 were 1809 and presently i.e. on 3rd November, 2023 are 1821. From this we can observe there has been no significant increase of Shareholders after the release of pitch video as mentioned in Show Cause Notice.

j) Therefore, we can say that the Company has not used the Planify platform.

- IV. Considering the reply of the company, a hearing **in the matter was scheduled on 19.12.2023 wherein Mr. ATUL GARG (MD), Ms. Shwetambhary Khurana (Company Secretary) and Mr. SANJEEV AGARWAL (CFO) of the Company appeared for hearing.**
- V. During the course of hearing, the representatives of the company were asked to clarify about the various newspaper reports appearing in Business Standard & The Print and others on 31.12.2021 wherein it was stated that the retail chain 'Bazaar India' had raised 25 crores in Series A funding on Planify Platform. It was further stated in the news reports that Bazaar India will utilise the fund for expanding its team, marketing, branding, funding expansion and platform advancement. To this, the representatives of the company denied having received Rs. 25 crores through any such funding.
- VI. That in response to the queries raised during the hearing held on 19.12.2023, an additional reply was received from the company on 16.01.2024 which *inter alia* stated as follows [the queries are shown in BOLD]:

A. That 10 lacs shares were allotted by the company to Planify Capital Limited (hereinafter referred as 'Planify) on various dates as indicated in their reply dated 23.11.2023. While passing the special resolution it was shown that 1.05 crores shares were proposed to be allotted to Planify Capital Limited but only 10 lacs shares were allotted.

The Company entered into a fundraising agreement with Planify on December 17, 2021. Pursuant to this agreement, it is mutually understood and agreed between Planify Capital Limited and the Company that Planify may, subsequently, approach potential investors, inviting them to subscribe to the equity shares of the Company. Additionally, it is expressly stipulated and agreed upon by both parties that the outreach to identify potential buyers shall be directed towards those who have established a substantive and pre-existing relationship with Planify Capital Limited.

The Special Resolution was passed on 10th March, 2022 on the basis of the few aligned and later on modified clauses of the Agreement, 1,00,00,000 shares were proposed to be allotted at a price of Rs. 53/- per share and 5,00,000 shares were proposed to be allotted at a price



of Rs. 10/- per share to Planify, which was subsequently rescinded due to uncertain market conditions as submitted by the promoters in the physical hearing held in your good office as on 19th December, 2023.

B. Planify has also bought 50 lacs shares @ 15 Rs per shares from 5 promoters/ directors namely Sh. Sushil Karwa, Sunil Karwa, Puneet Kalani, Parthy Purani and Atul Garg (10 lacs each). The details about these transactions.

Planify Capital Limited has entered into agreement(s) with the promoter(s) in their individual capacity on 8th July, 2021, wherein Planify Capital Limited shall purchase 10,00,000 equity shares from the promoters of the company at the rate of Rs. 14.625 per share. This agreement pertains to the acquisition of 10,00,000 Equity Shares of the Company out of the total equity shares held by the promoters. The detailed breakup of the same has been provided hereinbelow-

S. No	Name of the Transferor	Name of the Transferee	Date of the Agreement	No. of Shares	Date of Transfer	Consideration per Share (Rs.)	Value of Shares
1.	Sushil Kumar Karwa	Planify Capital Limited	8 th July, 2021	10,00,000	23/07/2021	14.625	1.46 Crore
2.	Sunil Kumar Karwa	Planify Capital Limited	8 th July, 2021	10,00,000	23/07/2021	14.625	1.46 Crore
3.	Atul Garg	Planify Capital Limited	8 th July, 2021	10,00,000	16/07/2021	14.625	1.46 Crore
4.	*Parthy Purani	Planify Capital Limited	12 th June, 2021	10,00,000	06/08/2021	14.625	1.46 Crore
5.	Puneet Kalani	Planify Capital Limited	8 th July, 2021	10,00,000	16/07/2021	14.625	1.46 Crore

**10,00,000 shares were transferred in aggregate by Mr. Parthy Purani to Planify Capital Pvt. Ltd.*

C. Planify is in the business of trading shares of unlisted companies through their portal which the company was aware of at the time of

entering into the transaction/agreement held above. Provide the copy of the agreement and correspondences whereby the deal between the company and Planify was materialized with an understanding that what would be role of Planify after receiving the shares from the company.

As stated above also, we are enclosing 'Fundraising Agreement' as Annexure-I, executed between Planify Capital Limited and the Company, wherein the role of the Planify Capital Limited as well as the Company has been clearly articulated. Further we would like to draw your kind attention towards the Clause 3 of Representations, Warranties and Covenants of the above agreement which has been reproduced herein below-

3. Planify represents, warrants to, and covenants with Seller as follows:

a. Planify agrees to maintain any and all registrations and licenses under the relevant laws applicable to its operations in connection with the services performed pursuant to this Agreement including registration as a broker-dealer with the SEC, FINRA, and every state or territory of the United States of America where such registration is required to complete a Transaction.

b. Planify is solely responsible for FINRA compliance with all activities of its registered representatives, contractors, employees, partners and principals.

c. Unless the applicable exemption from registration for the Securities allows for general solicitation, Planify shall only offer the Securities to potential Buyers with whom Planify has established a substantive, pre-existing relationship.

Respectfully we further wish to draw your kind attention towards Nashv Lynde, 1929 AC 158 where it was held that-

A Private Placement where the Company's directors approach a few likely investors with request that they or other individuals whom they may introduce should subscribe for the Company's security is again not a prospectus. Approach by a company through its brokers or a merchant banker or financier or recognised dealer acting on its behalf to a limited number of institutional or other investors inviting them to subscribe for the securities will not amount to a prospectus.

D. During the hearing it was submitted that there was conversion of loan to equity. Hence clarification in this regard was required with respect to compliance of Companies Act, 2013.

The Company is in compliance of Section 62(3) of the Companies Act, 2013 and the loan was obtained from the directors of the Company with a precondition of conversion of loan into equity and the said stipulation was approved by the Members of the Company in their Extra Ordinary General Meeting held on 28th May, 2021. Loan Agreement executed



between the promoters of the Company, Form MGT-14 and Form PAS-3 has been enclosed as Annexure-II.

E. Various newspaper reports appearing in Business Standard & The Print and others on 31.12.2021 wherein it was stated that the retail chain Bazaar India has raised 25 crores in Series A funding on Planify Platform. It is further stated in the news reports that Bazaar India will utilise the fund for expanding its team, marketing, branding, funding expansion and platform advancement. To this, the representatives of the company denied having received Rs. 25 crores through any such funding. The copy of two said newspaper articles were handed over to them.

a. The Company categorically denies any involvement in the publication of statements in Print Media, including but not limited to Business Standard and The Print. It is imperative to clarify that the referenced advertisements were exclusively sponsored and disseminated by Planify Capital Limited. At no point did the Company authorize Planify Capital Limited to publish any advertisements, statements, or opinions in the print media on its behalf.

b. We direct your attention to the concluding statements of the advertisement in question, where it is expressly stated that Planify Capital Limited is identified as a fintech startup engaged in offering stocks to investors through its platform. This acknowledgment underscores the clear distinction between the Company and Planify Capital Limited in the context of the publication.

c. The assertions made in the print media regarding the utilization of funds for expansion, marketing, and branding are vehemently refuted by the Company. Contrary to these claims, the Company has not received any funding amounting to Rs. 25 Crore, whether for business operations or any other purpose. The Company has meticulously engaged in a private placement of securities exclusively with Planify Capital Limited, raising funds limited to Rs. 5.04 Crore. As part of this transaction, 10,00,000 shares were allotted at Rs. 50.48 per share.

This detailed communication serves as a formal and legally binding clarification on behalf of the Company to rectify any misconceptions and inaccuracies present in the public domain. The Company remains unwavering in its commitment to transparency, adherence to regulatory standards, and the protection of its reputation.

F. The videos on Youtube (published in the December, 2021 and subsequently) wherein pitch information for investment in company was called for from the general public. The details about companies financials and other details were published on the platform of Planify. In this regard, representatives were asked to clarify about this and provide copy of agreement/arrangement



between company and Planify for use of their information by the Planify platform.

In response to the same, at the outset, we would like to acknowledge that the video in question came to the attention of the management of the Company only subsequent to your office's notification during the physical hearing held on December 19, 2023.

Regarding the aforementioned video, we wish to assert that no representative of the Company appeared in the video. The Company vehemently denies authorizing Planify Capital Limited or any affiliated entity to create, produce, or disseminate such a video on its behalf. The Company categorically denies any association with the video and its posting on the Planify Capital Limited website.

It is crucial to clarify that the Company granted permission for the recording of only one video. This video was intended for a general discussion about the present and future prospects of the Company. Mr. Sanjeev Kumar Aggarwal, Chief Financial Officer of the Company, participated in this video, providing insights on general matters concerning the Company.

However, it has come to our attention that the content of the video exceeds the scope of the permission granted and is not representative of the Company's official stance. We affirm that no authorization was given for the creation or distribution of any content (print or otherwise) beyond the agreed-upon terms.

G. It was noted on the Planify platform that the company has raised Rs. 40 crores through Planify Platform.

In this regard, we would like to submit that whereas, the Company, in the ordinary course of its operations, engaged in a private placement transaction with Planify Capital Limited, resulting in the issuance of securities in the form of 10,00,000 Equity Shares of the Company at a stipulated rate of Rs. 50.48 per Equity Share, thereby amounting to a total sum of Rs. 5,04,80,000 only.

IT IS HEREBY AFFIRMED that the Company, in accordance with the aforementioned private placement, has not raised any funds exceeding the specified amount. Any and all allegations asserting the Company's engagement in fundraising activities amounting to Rs. 40,00,00,000 (Forty Crore) are vehemently and categorically denied.

FURTHERMORE, the Company explicitly disclaims any association with the details disclosed on the Planify Platform, suggesting a fundraising initiative of up to Rs. 40,00,00,000. Such representations fall beyond the purview of the Company's actions, and any insinuation to the contrary is hereby refuted.

This declaration is made in good faith and with the intent to clarify the accurate details surrounding the Company's financial transactions, specifically in response to any misconceptions or misinformation that

may have arisen. The Company remains committed to transparency and compliance with all applicable legal and regulatory requirements.

H. On perusal of the financials of the company on 31.03.2023 it is seen that Planify Capital is not holding any shares in the company. It is seen that for the F.Y 2021-22 Planify was holding 2901191 shares of the company (9.83%). The representatives of the company were asked to clarify the true position of the shares held by Planify as on 31.03.2023 and 30.11.2023.

In response to the same, it is pertinent and imperative to mention that the Company is a Public Limited Company and the securities of our Company are freely transferable, adhering to the principles governing a Public Limited Company. In the fiscal year 2021-2022, the shareholding of Planify Capital Limited surpassed the 5% threshold. In accordance with the stipulations outlined in applicable Accounting Standards, the Company is obligated to disclose the names of shareholders holding 5% or more shares in the Company.

Consequently, the Company duly disclosed Planify Capital Limited as a shareholder, as it held 2,901,191 shares, amounting to 9.83% of the total share capital during that fiscal year.

Furthermore, it is noteworthy that the shareholding of Planify Capital Limited was subsequently reduced to below 5% during the Financial Year 2022-23. While compliance with statutory requirements did not mandate the disclosure of the Company's shareholding below the 5% threshold, However the Company will disclose the shareholding information of the Planify Capital Limited in the MGT-7 to be filed for the Financial Year 2022-23.

- VII. Considering all these issues, it was important that representatives/officers of Planify Capital Limited "Planify" be given an opportunity of being heard in this matter. Accordingly, Shri. Rajesh Kumar Singla, Director of Planify was called for hearing on 27.02.2024 wherein queries were raised regarding Series A Funding of M/s Mayasheel Retail India Limited. In response to which a reply was submitted by Planify on 12.03.2024 which are stated as below:

A. Details of transaction of shares where Planify Capital is the transferor and transferee of the shares of Company namely Mayasheel Retail India Limited :

List of transactions (where Planify is the transferor and transferee of shares) have been provided by Planify which is as follows:



Procurement of Shares as per category:

<i>Company & Promoter</i>	<i>86%</i>
<i>Ultra-HNI</i>	<i>6%</i>
<i>HNI</i>	<i>5%</i>
<i>Retail</i>	<i>1%</i>
Total	100%

Selling of Shares as per category:

<i>Ultra HNI</i>	<i>86%</i>
<i>Retail</i>	<i>7%</i>
<i>HNI</i>	<i>6%</i>
Total	100%

- *87% of the total shares procured from promoters and the company are allocated to Ultra HNIs.*
- *While the remaining 13% of shares are procured through secondary sales of HNI, Retail is broadly distributed to the other HNI's and Retail investors.*

B. A link of a News Articles was shared wherein it was mentioned that through the Platform of Planify, there was Series A funding in the Mayasheel Retail India Limited (Bazar India).

We have not published or advertised any Article regarding Series A Funding of Mayasheel Retail India Limited. So, we hereby assume no liability for any misleading article regarding the same, published on any online news platform.

C. Explain business model of Planify.

Planify is a fintech startup that focuses on building Indian private companies at your fingertips. Planify offers stocks that are not yet listed to investors (Angel, Accredited Investors, VC, AIF, and PE Funds) so that the exchange of hands can become easy in unlisted companies. As per the Memorandum of Association (MOA) of the Company, the main business objectives of the Company are as under:

To carry on the business or profession of stock broker, sub-broker, dealer, jobber, market maker, portfolio manager, underwriter, dealer or broker or agent in securities, financial instruments, capital market/money market instruments of all kinds, company deposits, mutual funds, national saving certificates and other government securities issued or guaranteed by a body corporate, company, public sector company, Government, Municipality or anybody in India



or abroad whether they are listed or not for the time being, and to acquire or takeover the business of any individual, partnership or corporate body, carrying on business/profession, as brokers, sub-brokers, underwriters, jobbers, members, agents, traders of all types of shares and stock and to hold one or more membership of any recognized stock exchange of India/OTC Exchange of India/National Stock Exchange of India.

To acquire, hold, sell, buy, or otherwise deal in any shares, units, stocks, debentures, debenture-stock, bonds, mortgages, obligations, and other securities by original subscription, tender, purchase, charge gift, or otherwise and to subscribe for the same, either conditionally or otherwise, and to underwrite, sub-underwrite or guarantee the subscription thereof to purchase and sell above-mentioned securities.

4. Factor considered for Adjudication:

- I. At the time of issuance of the Show Cause Notice, it appeared that the subject company had carried out a private placement by using the Planify Portal. However, during the course of the adjudication and on the basis of the documents submitted by the subject company and Planify, it emerged that actually the subject company had first issued the shares to Planify, which in turn used its platform for selling the shares to people at large.
- II. The subject company argued that Plainfy had bought these shares from the subject company, through a private placement, and it was Planify which was now selling the shares on its platform. Thus, the argument advanced by the subject company was that the transactions, involving buying and selling of securities of the subject company, taking place on the Planify Portal were actually secondary market transactions. Therefore, Section 42 of the Act cannot be invoked with regard to these transactions as the subject company was not directly issuing the shares to the people at large using the Planify portal.
- III. The arguments advanced were clearly at odds with the information available on the public domain. In particular, a news article which was published on 31.12.2021 in ANI and other news portals like Business Standard and Print, which said that Bazar India [the brand under which the subject company operates] had raised Rs 25 crore in Series A funding on Planify Capital Platform, which would be used by the subject company for expanding its team, marketing and branding, funding expansion plans and platform advancement, which indicated that the funds were actually being raised by the subject company. However, both the subject company and Planify have denied the veracity of the information given in the advertorial, stating that the selling of shares on the Planify platform took place after Planify's acquisition of the shares from the company and other sources, as a result, the proceeds of all shares transferred



through the Planify platform would go to Planify itself and not to the subject company. It is necessary to reproduce the said newspaper article, which is as under:

New Delhi [India], December 31 (ANI/GIPR): Bazar India, one of the leading retail brands and India's fastest growing fashion and lifestyle company has raised Rs 25 crore in Series A funding on Planify Capital Platform.

Bazar India will utilise the fund for expanding its team, marketing and branding, funding expansion plans and platform advancement.

The company has raised the current round led by Shashvat Nakrani, co-founder of Bharatpe, Sanjiv Maini, VP at Hindware group; Bhumika Srivastava, HR Director at Airbnb and other executives.

Bazar India has a PAN India presence with 55 stores in 51 cities and 13 states, providing a content-led lifestyle retail experience to its customers. Its retail chain offers a wide range of apparel and general merchandise at competitive prices and in the latest fashion, making it a popular destination for "under-served" India. Bazar India motto "Fashion ke saath bachat bhi" can be truly identified from their range and the value of product portfolio they maintain all across their stores.

Bazar India operates as "One Stop Shop", caters to the complete fashion needs of the entire family at most affordable prices. Furthermore, the company has a strong presence in Northeast India, making it the top brand in the value segment. The company has a strong base of more than 4,500 employees.

The management of the company believes that the organisation has strength to spread its wings across India with a capacity to escalate its chain upto 1000 stores in the next year, and the company plans to increase its value-added by launching new products along with its own brand, which will create employment opportunities for many people. The company earned a net profit after tax of Rs 1.8 Cr with a revenue of Rs 180 Cr during FY21 despite facing COVID-19 lockdown and restrictions. The company is valued at 750 crores at the moment.

Atul Garg, CEO of Bazar India, stated, "The funds raised will be used for the company's expansionary purposes as the company plans to open 20 more stores in states such as Uttar Pradesh, Bihar, Jharkhand, Orissa, and also in South India. The Company is expected to reach a top line of Rs1000 Cr with a PAT of Rs 70 Cr in the next 5 coming years. "

Rajesh Singla, CEO of Planify Capital, said, "Bazar India is poised to be one of the most prominent players in the retail segment in North East India. Early investors will have a great opportunity to make excellent returns on their investments."



Planify is a fintech startup that focuses on building India's first marketplace for private equity. Planify offers stocks that are not yet listed to investors (Angel, Accredited Investors, VC, AIF, and PE Funds) so that the exchange of hands can become easy in unlisted companies.

It aims to solve problems of the availability of IPO stocks to investors with its flagship product, Private Boutique. Startups and private companies can raise funds on their platform.

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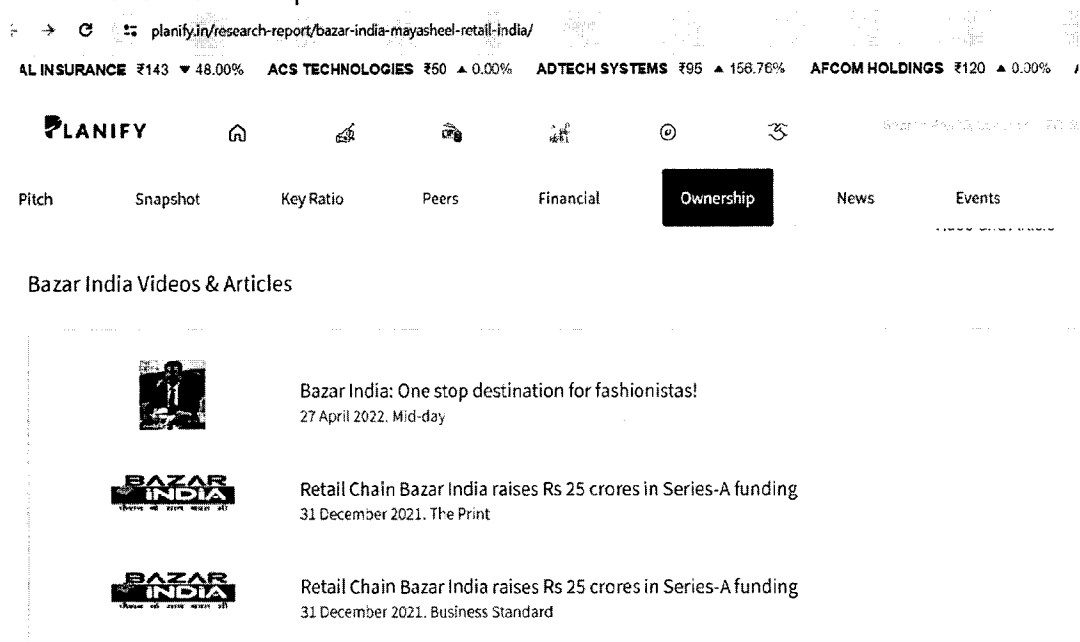
IV. During the course of adjudication, while the subject company has clearly stated that the aforementioned advertorial in the news portals was sponsored by Planify. On the other hand, Planify has simply denied its responsibility with respect to the aforementioned advertorial.

V. The submission of Planify that it had no role in the said misleading advertorial clearly appears to be incorrect due to the following reasons:

a. The advertorial is an attempt to promote the Planify portal, it also attempts to allure the likely investors for investing in "Bazar India" by mentioning the names of certain high-profile investors.

b. Since the shares being offered on the platform were owned by Planify, the money of the likely investors would have only gone to Planify. Thus, it has all reasons to issue this advertorial for promotion.

c. The Planify's own portal has highlighted this news item for the potential investors on its platform. The screenshot is as under:



- d. There is an uncanny similarity between the manner in which Planify has described its operations in its reply 12.3.2024 to this office and the way in which the said advertorial describes it. The below-mentioned table brings it out:

Planify's description of itself in its reply 12.3.2024	Planify's description in the advertorial dated 31.12.2021
Planify is a fintech startup that focuses on building Indian private companies on your fingertips. Planify offers stocks that are not yet listed to investors (Angel, Accredited Investors, VC, AIF, and PE Funds) so that the exchange of hands can become easy in unlisted companies.	Planify is a fintech startup that focuses on building India's first marketplace for private equity. Planify offers stocks that are not yet listed to investors (Angel, Accredited Investors, VC, AIF, and PE Funds) so that the exchange of hands can become easy in unlisted companies.

- VI. It is clear that the advertorial was misleading and Planify's role in it appears to be pretty evident.
- VII. It is also noted that the subject company in its reply had denied its role in the Youtube videos released by Planify to encourage people at large to buy the shares of the subject company – terming it be a good choice for early stage investing.
- VIII. Now, it is important to refer to the **Fundraising Agreement** between Planify Capital Limited "Planify" and Mayasheel Retail India limited "seller" provided by the subject company. The relevant clauses are as under:

Seller engages Planify as its exclusive partners to find potential investors of securities "buyers" from 15th Jan 2022 to 14th Jan 2023 (herein-after "Term").

Upon sale of securities to Referred Buyer "Transaction" Planify shall be paying seller 53 per share for 1,00,00,000 units consideration amount will be 53,00,00,000 (Fifty Crores Rupees only).

- IX. In addition, as per the financial statements of Planify Capital Limited for past two preceding financial years, details of Inventory and investment are as follows:

Particulars	F.Y. 2022-2023	F.Y. 2021-2022
Non-current investments	Rs. 3,31,82,300	00
Inventories	Rs. 8,95,90,542	Rs. 9,08,31,978

- X. The fundraising agreement and the financial statements clearly indicate that the role of Planify was to find potential investors for the subject company. Most of the shares acquired by Planify have been shown as 'inventories'. Thus, Planify

had no other intentions in buying the shares of the subject company, other than to sell it on its portal.

- XI. Now section 42(7) of the Companies Act, 2013 lays down certain prohibitions, one of them is the use of "distribution channel". The present facts clearly indicate that Planify acted as a "distribution channel" of the subject company to inform the public at large about the issue of the subject company. This is evident from the fact that the information related to the buying of shares of the subject company were hosted on the Planify platform, along with crucial information related to the pitch, financial ratios, news, etc. This was followed by Youtube videos and advertorials in the news portal, which encouraged people at large to buy the shares of the subject company.
- XII. Thus, even after considering the fact that the shares of the subject company were first subscribed by Planify and thereafter those shares were sold through the platform to different buyers, it cannot be denied that the purpose of the selling the shares to Planify was to only find the potential investors for the subject company. The real intention was to issue the shares to the public at large. Thus, the first transaction whereby the shares of the subject company were issued to Planify was merely a smokescreen. Thus, the provisions of section 42(7) of the Companies Act, 2013 stood violated.
- XIII. It is also required to be clarified that Planify bought shares from the promoters/directors of the subject company as well for selling the same on its platform. However, those transactions would not be violative of section 42(7), as the shares were not being sold by the subject company, rather its promoters/directors had directly entered into an agreement with Planify for selling their own shares of the subject company to Planify.
- XIV. It is also clarified that while in the context of secondary market transactions, section 58(2) provides for free transferability of securities of a public company and also provides for enforceability of a contract in respect of transfer of securities, such provision would be applicable subject to section 42(7). In the present case, the private placement of shares of the subject company to Planify was solely done to find potential buyers for its securities through the Planify platform, thereby it results into creation of a distribution channel, which is prohibited under section 42(7). Thus, the selling of shares of the subject company on the Planify platform would not get the protection of section 58(2) as this selling was not a transaction simpliciter between the buyer and the seller of securities as envisaged under section 58(2), rather it emanated out of a private placement which created a distribution channel [a prohibited act] for selling of securities to the public at large on the platform and thus it is violative of section 42(7). On the other hand, the transaction through which Planify directly bought shares from the promoters/directors of the subject company for selling the same on its platform, would get the protection of section 58(2).
- XV. On the basis of the records available in this office and on the basis of the submission made by parties, it is seen an amount of Rs. 5,04,80,000 was raised by the subject company by selling its 10 lakhs shares to Planify. On the other hand, promoters of the company in their individual capacity have transferred

50,00,000 shares to Planify @ Rs 14.625 during June/July 2021, while the value of these shares as per valuation report done as of 30th November 2021 [on the basis of the audited financial statement for FY 2020-21] was much higher, i.e. Rs 50. During the proceedings, oral submissions were made by the director-promoter of the subject company that the lesser valuation was accepted due to the immediate requirement of funds arising out of Covid pandemic. Accordingly, Planify sold these shares using its Platform and raised monies for itself, and not for the subject company. This amount on calculation as per the valuation comes as Rs 25 crores [50 lakh shares @ Rs. 50 each]. This is the same amount which has been published in the advertorial. Thus, Planify has used the name of Bazaar India (Mayasheel) and raised the money for itself, and misled the public into believing that Rs. 25 crores would be used by the subject for its operations.

XVI. In the present case, the penalty is leviable under section 42(10) of the Act. As far as returning the money to the subscribers under section 42(6) is concerned, clause (b) of the proviso section 42(6) clearly provides that such an eventuality would arise if the company is unable to allot the securities. In the present case, since the securities have been allotted, the issue of returning the monies to the subscribers does not arise.

5. The relevant provision of the section 42 of the Act is as under: -

42. Issue of shares on private placement basis.—

(1) A company may, subject to the provisions of this section, make a private placement of securities.

(2) A private placement shall be made only to a select group of persons who have been identified by the Board (herein referred to as "identified persons"), whose number shall not exceed fifty or such higher number as may be prescribed [excluding the qualified institutional buyers and employees of the company being offered securities under a scheme of employees stock option in terms of provisions of clause (b) of sub-section (1) of section 62], in a financial year subject to such conditions as may be prescribed.

(3) A company making private placement shall issue private placement offer and application in such form and manner as may be prescribed to identified persons, whose names and addresses are recorded by the company in such manner as may be prescribed:

Provided that the private placement offer and application shall not carry any right of renunciation.

Explanation I.—"private placement" means any offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offercum-application, which satisfies the conditions specified in this section.

Explanation II.—"qualified institutional buyer" means the qualified institutional buyer as defined in the Securities and Exchange Board of India (Issue of Capital and



Disclosure Requirements) Regulations, 2009, as amended from time to time, made under the Securities and Exchange Board of India Act, 1992, (15 of 1992).

Explanation III.—If a company, listed or unlisted, makes an offer to allot or invites subscription, or allots, or enters into an agreement to allot, securities to more than the prescribed number of persons, whether the payment for the securities has been received or not or whether the company intends to list its securities or not on any recognised stock exchange in or outside India, the same shall be deemed to be an offer to the public and shall accordingly be governed by the provisions of Part I of this Chapter.

(4) Every identified person willing to subscribe to the private placement issue shall apply in the private placement and application issued to such person alongwith subscription money paid either by cheque or demand draft or other banking channel and not by cash:

Provided that a company shall not utilise monies raised through private placement unless allotment is made and the return of allotment is filed with the Registrar in accordance with sub-section (8).

(5) No fresh offer or invitation under this section shall be made unless the allotments with respect to any offer or invitation made earlier have been completed or that offer or invitation has been withdrawn or abandoned by the company:

Provided that, subject to the maximum number of identified persons under sub-section (2), a company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed.

(6) A company making an offer or invitation under this section shall allot its securities within sixty days from the date of receipt of the application money for such securities and if the company is not able to allot the securities within that period, it shall repay the application money to the subscribers within fifteen days from the expiry of sixty days and if the company fails to repay the application money within the aforesaid period, it shall be liable to repay that money with interest at the rate of twelve per cent. per annum from the expiry of the sixtieth day:

Provided that monies received on application under this section shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than—

(a) for adjustment against allotment of securities; or

(b) for the repayment of monies where the company is unable to allot securities.

(7) No company issuing securities under this section shall release any public advertisements or utilise any media, marketing or distribution channels or agents to inform the public at large about such an issue.

(8) A company making any allotment of securities under this section, shall file with the Registrar a return of allotment within fifteen days from the date of the allotment in such manner as may be prescribed, including a complete list of all allottees, with their full names, addresses, number of securities allotted and such other relevant information as may be prescribed.



(9) If a company defaults in filing the return of allotment within the period prescribed under sub-section (8), the company, its promoters and directors shall be liable to a penalty for each default of one thousand rupees for each day during which such default continues but not exceeding twenty-five lakh rupees.

(10) Subject to sub-section (11), if a company makes an offer or accepts monies in contravention of this section, the company, its promoters and directors shall be liable for a penalty which may extend to the amount raised through the private placement or two crore rupees, whichever is lower, and the company shall also refund all monies with interest as specified in sub-section (6) to subscribers within a period of thirty days of the order imposing the penalty.

6. Adjudication of penalty: -

- a. That the provision pursuant to sub-section (7) of Section 42 of the Act, no company issuing securities under this section shall release any public advertisements or utilize any media, marketing or distribution channels or agents to inform the public at large about such an issue. The subject company has violated sub-section (7) of section 42 of the Act. The penal provision for the same is provided at sub-section (10) of Section 42 of the Act.
- b. Section 42(7) of the Act provides the ceiling upto which a penalty can be imposed on the company, directors and promoters. In the present case, the Rs. 5,04,80,000 was raised by selling the shares to Planify Capital Limited, which in turn acted as a "distribution channel" for selling the shares to the investors on the Planify platform. The amount raised is more than Rs. 2 crores, so the amount of penalty cannot exceed Rs. 2 crores. The dates of allotments ranges from 21.3.2022 to 04.6.2022.
- c. Since this provision does not provide for a fixed penalty, the provisions of rule 3(12) of the Companies (Adjudication of Penalties) Rules, 2014 are applicable. The said provision reads as under:

"(12) While adjudging quantum of penalty, the adjudicating officer shall have due regard to the following factors, namely:-

(a) size of the company;

(b) nature of business carried on by the company;

(c) injury to public interest;

(d) nature of the default;

(e) repetition of the default;



(f) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default; and

(g) the amount of loss caused to an investor or group of investors or creditors as a result of the default:

Provided that, in no case, the penalty imposed shall be less than the minimum penalty prescribed, if any, under the relevant section of the Act.”

- d. The financial position of the subject company for the last three financial years is as under:

Particulars	F.Y. 2022-23 (amount in lakhs of INR)	F.Y. 2021-22 (amount in lakhs of INR)	F.Y. 2020-21 (amount in lakhs of INR)
Paid-up Share Capital	3000	2950	2500
Reserve & Surplus	0.89	-297.80	-1457.82
Profit (after Tax)	96.30	957.62	188.22

- e. The company operates its business in the name of 'Bazar India' and has retail chain offering apparel and general merchandise. The transaction entered into by the subject company for selling its shares through the Planify platform involves risk for retail investors. However, as such there is no repetition of the default. The exact amount of gain or loss cannot be gauged. Since the nature of the default is such that penalty on subject company should be sufficiently punitive, accordingly, the company and its directors/promoters serving during the period 21.3.2022 to 04.6.2022 are liable for penalty of one-half of the profits of the company for FY 2022-23.
- f. Now in exercise of the powers conferred on the undersigned vide Notification dated 24th March, 2015 and having considered the reply submitted by the subject company in response to the notice on 31.10.2023 and hearing in the matter held on 19.12.2023 and a reply dated 16.01.2024, hereby impose the penalty on the company and its officers in default under section 42 (10) of the Act r/w rule 3(12) of the Companies (Adjudication of Penalties) Rules, 2014 for violation of section 42 (7) of the Companies Act, 2013 which are as follows:-



Violation	Penalty imposed on company/director(s)/promoter(s)	Basis of calculation of penalty	Calculation of penalty (amount in INR)	Total penalty imposed u/s 42 of the Companies Act, 2013 (amount in INR)
A	B	C	D	E
Section 42 (7)	MAYASHEEL RETAIL INDIA LIMITED (Company)	Profit x 1/2	96,30,000/2 =48,15,000	48,15,000
	Sh. Atul Garg (Managing Director)	Profit x 1/2	96,30,000/2 =48,15,000	48,15,000
	Sh. Sunil Kumar Karwa (Director)	Profit x 1/2	96,30,000/2 =48,15,000	48,15,000
	Sh. Sushil Kumar Karwa (Director)	Profit x 1/2	96,30,000/2 =48,15,000	48,15,000
	Sh. Puneet Kalani (Director)	Profit x 1/2	96,30,000/2 =48,15,000	48,15,000
	Sh. Parthy Purani (Director) 31.12.2021 from to 28.02.2023	Profit x 1/2	96,30,000/2 =48,15,000	48,15,000


7. Order:

- a. Names of party as mentioned in the table above are hereby directed to pay the penalty amount as per column no. 'E' therein. In case of parties other than company, such amount is required to be paid out of their own funds.
- b. The said amount of penalty through online by using the website www.mca.gov.in (Misc. head) in favor of "Pay & Accounts Officer, Ministry of Corporate Affairs, New Delhi, payable at Delhi, **within 90 days of receipt of this order, and intimate this office with proof of penalty paid.**
- c. Appeal against this order may be filed with the Regional Director (NR), Ministry of Corporate Affairs, B-2 Wing, 2nd Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi-110003 within a period of **sixty days** from the date of receipt of this order, in Form ADJ [available on Ministry website www.mca.gov.in] setting forth the grounds of appeal and shall be accompanied by a certified copy of the order. [Section 454(5) & 454(6) of the Act read with Companies (Adjudicating of Penalties) Rules, 2014].



- d. Your attention is also invited to section 454(8) of the Act in the event of non-compliance of this order.

Place: New Delhi.


(Pranay Chaturvedi, ICLs)
(Adjudicating Officer)
Registrar of Companies,
NCT of Delhi & Haryana

No. ROC/D/ADJ/Order/Section 42/ Mayasheel/ 1655-1661

Date: 03.04.2024

To,

1. MAYASHEEL RETAIL INDIA LIMITED
5709, Gali No 6, Subhash Mohalla, Gandhi Nagar, East Delhi, - 110031
2. Sh. Atul Garg
111-A 136, Nehru Nagar Ghaziabad Uttar Pradesh, 201001, Uttar Pradesh, India
3. Sh. Sunil Kumar Karwa
House No G-36, 3rd Floor near Jain Mandir, Radhey Puri, Krishna N, Agardelhi, 110051, Delhi, India
4. Sh. Sushil Kumar Karwa
C-14, 2nd Floor, Gali No.5, New Krishna Nagar, East Delhi Shahdara, 110051, Delhi, India
5. Sh. Puneet Kalani
Flat-602, Tower-6, Uniworld Garden 1, Sector-47, Near Subhash Chowk, South City-II gurgaon, 122018, Haryana, India
6. Sh. Parthy Purani
87, Chitra Vihar, Preet Vihar vikas Marg Delhi, 110092, Delhi, India

Copy to:

Regional Director (NR), Ministry of Corporate Affairs, B-2 Wing, 2nd Floor,
Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi-110003