BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/MS/RG/2026-27/32733]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Madhukar Dubey & its Proprietorship firm viz.
Magnum Industrial Corporation
PAN: AIJPD7329J

In the matter of IPO of Channel Nine Entertainment Ltd.

A. BRIEF BACKGROUND:

1. An Adjudication Order dated February 28, 2022 was passed in respect of thirteen Noticees including Madhukar Dubey & its proprietorship firm viz. Magnum Industrial Corporation ('Magnum') being Noticee 2 (hereinafter also referred to as 'Noticee'/ 'Noticee 2', unless the context specifies otherwise) in the matter of IPO of Channel Nine Entertainment (hereinafter also referred to as 'CNE' /'Company') Ltd wherein a total monetary penalty of Rs. 8,00,000/- (Rupees Eight Lakhs) was imposed, payable jointly and severally by Noticees 1-8 under Section 15HA of the Securities and Exchange Board of India Act, 1992 ("SEBI Act, 1992") for the violation of Section 12A(a), (b) and (c) of SEBI Act and Regulations 3 (a), (b), (c) and (d) and 4 (1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter also referred to as 'PFUTP Regulations, 2003' / 'PFUTP Regulations') PFUTP Regulations for the fraudulent scheme to fund IPO of CNE through connected funding group entities and ensure minimum subscription.

2. Noticee filed appeal before Hon'ble Securities Appellate Tribunal ('SAT') in respect of the Adjudication Order dated February 28, 2022 passed by the Adjudicating Officer, imposing the aforesaid monetary penalty upon the Noticee.

3. As per the SAT Order, it was contended on behalf of the appellant that he was working as a driver under one Mr. Vijay Jindal who had misused appellant's credentials such as KYC etc.

4. In support of his contention, the Noticee placed reliance on the newspaper publication of notice issued by SEBI in Hindustan Times, Mumbai edition on October 9, 2020 and in New Delhi English Edition and Navbharat Times, New Delhi Hindi Edition dated March 08, 2022. The contention of the noticee was that he resides in Ghaziabad and he was not aware about the proceedings.

5. Further the appellant's credentials were misused by his employer, Vijay Jindal in one another case also viz., in the matter of IPO of HPC Biosciences Ltd. wherein the Noticee had approached SAT in Appeal No. 640 of 2023 and SAT had remitted the matter to the SEBI for fresh consideration in accordance with law. He prayed that appellant may be granted an opportunity to contest the matter.

6. SAT, vide Order dated September 02, 2025 in Appeal no. 589/2024 remitted the matter to the AO and inter alia observed :-

*"…Appellant's case is that his employer had misused his credentials in two cases. He had approached this Tribunal in one case, and this Tribunal has remanded the matter in that case. Since one of appellant's case has already been remanded, we are of the view that the appellant may be granted an opportunity to contest his case before the SEBI…**The appellant shall appear on September 29, 2025 without notice before the learned AO of SEBI** …"*

B. APPOINTMENT OF ADJUDICATING OFFICER:

7. Subsequent to the aforesaid Hon'ble SAT order, the Competent Authority, in exercise of the powers under Section 19 of the SEBI Act, 1992 read with Sub-

section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred as 'SEBI Adjudication Rules'), appointed an Adjudicating Officer (hereinafter also referred to as 'erstwhile AO') vide Communique dated September 17, 2025 to inquire into and adjudicate upon the alleged violations by Noticee 2 under Section 15HA of SEBI Act, 1992. Subsequent to transfer of AO, the case was assigned to this office vide communique dated June 09, 2026.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

8. Vide letter dated September 18, 2025, Noticee was inter alia advised to appear before the erstwhile Adjudicating Officer on September 29, 2025 for service of the Show Cause Notice in the matter, as directed by Hon'ble SAT, at the following address: *Enquiries and Adjudication Department – EAD-3 Securities and Exchange* Board *of India, SEBI* Bhavan - *II, Plot no. C-7, Block 'G', Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.* Vide emails dated September 23, 2025, the Authorised representative of the Noticee ('AR'), inter alia requested to provide the copy of SCN on email and requested to appear in the proceedings through virtual/Online mode. The same was subsequently provided.

9. The chronology of events leading to the present proceedings is in the table below: -

Sr. No.	Date	Remarks
1	02/09/2025	Hon'ble SAT remitted the matter to SEBI for fresh consideration
2	17/09/2025	SEBI appointed AO vide communique dated September 17, 2025
3	18/09/2025	Vide letter dated September 18, 2025, Noticee was inter alia advised to appear before the erstwhile Adjudicating Officer on September 29, 2025 for service of the Show Cause Notice in the matter, as directed by Hon'ble SAT
4	23/09/2025	Noticee' AR requested to provide the copy of SCN on email and requested to appear in the proceedings through virtual/Online mode

5	26/09/2025	Noticee was provided the copy of SCN on email and the Noticee was allowed time till October 10, 2025 to submit the reply to the SCN
6	09/10/2025	Noticee sought bank account statements of certain entities
7	13/10/2025	Noticee was provided with bank account statements as sought by Noticee vide email dated October 09, 2025 and Noticee was allowed time till October 20, 2025 to submit the reply to the SCN
8	27/10/2025	Noticee was informed that in absence of any reply, the matter was being proceeded with on the basis of material available on record
9	29/10/2025	Noticee sought another 4 weeks' extension to submit the reply to the SCN. Considering the Noticee's request, time till November 14, 2025 was allowed.
10	14/11/2025	Noticee submitted that he would submit the reply by end of next week
11	20/11/2025	Noticee submitted the reply to the SCN
12	02/01/2026	Noticee was provided an opportunity of hearing on January 14, 2026 by the erstwhile AO vide Hearing Notice dated January 02, 2026
13	14/01/2026	Noticee's AR appeared for hearing and requested for another date of hearing and the hearing in the matter was rescheduled to January 20, 2026 and the Noticee was provided with another bank account statement of N.V. Sales Corporation account no. xxxxxxxxxxx2171
14	20/01/2026	Noticee's AR again appeared for hearing before the erstwhile AO wherein the AR relied upon and reiterated the submissions made by Noticee vide email dated November 20, 2025. Further, the AR inter alia submitted that there were no further/additional submissions to be made and the submissions made vide letter dated November 20, 2025 be taken as final and complete submissions in the matter
15	09/06/2026	Proceedings commenced before this office
16	29/07/2026	Vide email dated July 29, 2026, the Noticee was advised to indicate if the Noticee required another opportunity of hearing. However, no response was received from the Noticee in this regard

10. Briefly stated, the following was inter alia alleged in the SCN dated December 10, 2018 in respect of the Noticee:

10.1. CNE came out with an IPO in February 2013 and allotted 46,86,000 shares. It was observed that IPO of CNE would not have got minimum subscription had the funding group not funded the applicants and had not led to successful listing of the scrip at SME Exchange platform of BSE. CNE and its Directors at the time of IPO in connivance with the funding group entities employed a fraudulent scheme to get the IPO subscribed in a fraudulent manner by directly/ indirectly funding the IPO applicants.

10.2. SEBI alleged that the Company funded applications in excess of 40% either directly or indirectly, to make the IPO a success. Further it was also alleged that the issue proceeds were used to refund the funding entities. It was observed that the CNE transferred major IPO proceeds to the funding group entities on day on which it received funds from the escrow account. The company had raised Rs. 1171.50 lacs through IPO out of which Rs. 1140 lacs were transferred to the various entities, out of which Rs. 500 lacs transferred to funding group entities.

10.3. The key allegations against the noticee was that he was one of the 11 entities who had funded applications, who got allotment and these funds were received directly or indirectly from the company that raised funds in the SME IPO. He not only funded CNE but also allottees in two other IPOs.

10.4. Hence, other entities including the present noticee was alleged to have violated Sections 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3 (a), (b), (c) and (d) and 4(1) of PFUTP Regulations.

11. The key submissions of the Noticee, as reply to the SCN, are summarised as under:

11.1. The notice has contended that he was a former driver of Late Shri Vijay Jindal (2010–2015), and has denied any involvement in the alleged funding of the CNE IPO or any connection with the proprietorship firms Magnum Industrial Corporation, Alliance Traders, N.V. Sales and A One Furniture.

11.2. His main contentions are that, there he did not have any financial involvement: Bank statements show no transactions between the Noticees personal account and Magnum Industrial Corporation or any other entities connected with the CNE IPO.

11.3. Noticee has contended that above proprietorship firms and their bank accounts were fraudulently opened/operated by his former employer, Late Shri Vijay Jindal, using his credentials, which he had provided in good faith during employment. Further that he has no connection with CNE:

11.4. Noticee contends that certain entities/persons allegedly connected with the IPO funding, including HPC Biosciences Ltd. and AMS Powertronics Pvt. Ltd., were not made Noticees, despite references to their involvement.

11.5. Noticee disputes the address mentioned in the SCN - East Guru Angad Nagar/Laxmi Nagar and states that he neither owned the premises nor conducted any kind of business there. He contended that mere misuse of his credentials cannot establish liability under Section 15HA of the SEBI Act and violation of Regulations 3(a), (b), (c) and (d) and 4(1) of the PFUTP Regulations read with section 12A(a), (b) and (c) of the SEBI Act, 1992.

11.6. Noticee highlights several links suggesting Vijay Jindal's involvement, including his role as an original promoter/director of the company and an IPO applicant for 1,20,000 shares worth ₹30 lakh, allegedly funded by Aavisha Credit Capital Pvt. Ltd. Noticee relies on the 28.02.2022 SEBI adjudication order, stating that Aavisha acknowledged funding Vijay Jindal and that its operations were managed by him.

11.7. Noticee contends that he received no money or benefit from the alleged funding transactions. Noticee states that he was unaware of the interim/confirmatory orders and had no knowledge of or involvement in the alleged CNE IPO funding scheme. Noticee states that he attempted to lodge a police complaint against Vijay Jindal for misuse of his credentials, but the police did not accept the complaint because Vijay Jindal was deceased.

D. CONSIDERATION OF ISSUES AND FINDINGS

12. The issues that arise for consideration in the present matter are as follows:

Issue No. I: Whether Noticee had violated provisions of Regulation 3(a), (b), (c), (d) and 4(1) of SEBI PFUTP Regulations, 2003 read with section 12A(a), (b) and (c) of the SEBI Act, 1992, as alleged?

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Sections 15HA of the SEBI Act, 1992?

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

13. Here it would be pertinent to refer to the text of the provisions of SEBI PFUTP Regulations and SEBI Act, 1992, alleged to have been violated, which are reproduced as under:

SEBI PFUTP Regulations, 2003

"…

3. Prohibition of certain dealings in securities
No person shall directly or indirectly—
(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices
(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.– For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

…"

SEBI Act, 1992

"…
Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

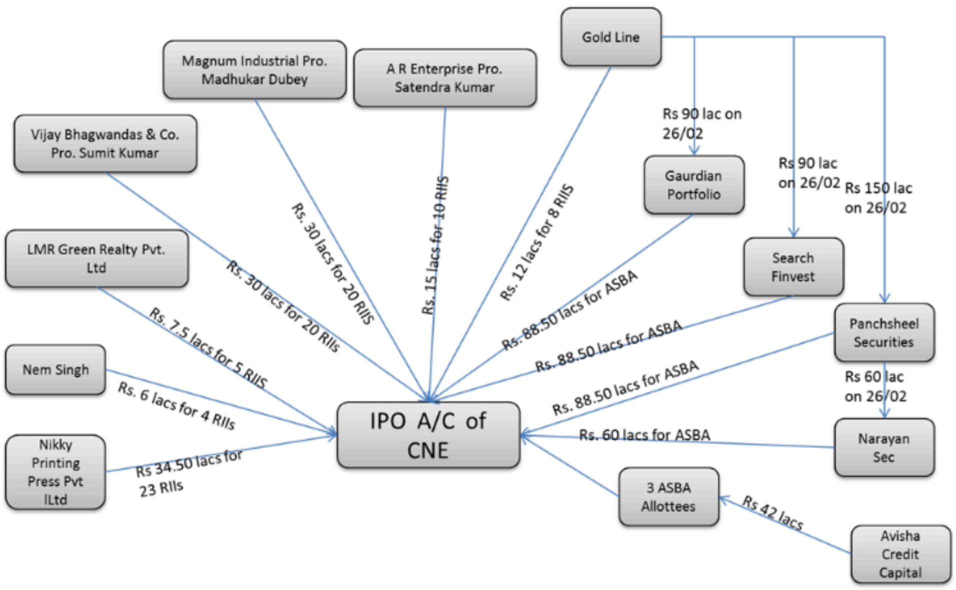
12A. No person shall directly or indirectly -
(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

…"

Issue No. I: Whether Noticee has violated provisions of Regulation 3(a), (b), (c), (d) and 4(1) of SEBI PFUTP Regulations, 2003 read with section 12A(a), (b) and (c) of the SEBI Act, 1992, as alleged?

14. Noticee in the instant matter was one amongst the entities who were alleged to being one amongst the funding group entities was a part of the alleged scheme.

15. Diagrammatic Presentation of Funding by Funding group entities to the IPO applicants is as follows:



16. The Noticee has tried to take a stand that he was not associated with Magnum Industrial Corporation in any manner or form other than just being a driver and doing odd jobs. It is also the stand taken by the noticee that the cheques have not been issued from the individual account of Madhukar Dubey.

17. In this respect it would be worthwhile to recount the allegations against Madhukar Dubey & its Proprietorship firm viz. Magnum Industrial Corporation

17.1. It is alleged that Magnum Industrial Corporation had issued 20 cheques of Rs.1.50 lacs each on behalf of 20 Non ASBA retail investors (20 allottees got allotment) from its account xxxxxxxxxxx2209. The relevant extracts of bank statements in this regard, are as under:

01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598710	150000.00	2,865,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUB ISSUE R	000000598725	150000.00	2,715,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUB ISSUE R	000000598713	150000.00	2,565,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598708	150000.00	2,415,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598707	150000.00	2,265,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598719	150000.00	2,115,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598706	150000.00	1,965,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE	000000598726	150000.00	1,815,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUB ISSUE R	000000598705	150000.00	1,665,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598720	150000.00	1,515,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598722	150000.00	1,365,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598715	150000.00	1,215,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598714	150000.00	1,065,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598724	150000.00	915,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598709	150000.00	765,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598717	150000.00	615,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598718	150000.00	465,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598712	150000.00	315,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598716	150000.00	165,250.00
01/03/13	01/03/13	CTS CLG DELCNEL PUBLIC ISSUE R	000000598711	150000.00	15,250.00

17.2. The details of 20 applicants who got allotment, as noted from material available on record, are as under:

PAN	Applied Qty	Appli. Money	Allotted Qty	Cheque No.
CKIPS6770D	6000	150000	6000	598705
AILPG0331R	6000	150000	6000	598706
AWFPG4300G	6000	150000	6000	598707
BMEPK5862M	6000	150000	6000	598708
AFFPV4573H	6000	150000	6000	598709
AHQPG9733P	6000	150000	6000	598710
AGEPG0921C	6000	150000	6000	598711
AQMPK4590R	6000	150000	6000	598712
ARCPK9910G	6000	150000	6000	598713
AJNPD6008P	6000	150000	6000	598714
CFXPS9077P	6000	150000	6000	598715
ASMPB8944N	6000	150000	6000	598716
AHWPC8956E	6000	150000	6000	598717
AMGPJ0408F	6000	150000	6000	598718

BBCPR9350J	6000	150000	6000	598719
AHIPS4392N	6000	150000	6000	598720
ASUPK0433H	6000	150000	6000	598722
BZDPK1900J	6000	150000	6000	598724
AITPT2562P	6000	150000	6000	598725
ARBPG5662L	6000	150000	6000	598726

17.3. Thus Noticee is alleged to have funded an amount of Rs. 30 lakhs involving 20 allottees who were allotted 1,20,000 shares. The material available on record shows that Magnum Industrial Corporation had in turn received Rs. 30 lacs from N V Sales Corporation on February 28, 2013, which apparently were used to fund the 20 allottees.

A screenshot of transaction from N V Sales Corporation's bank account number xxxxxxxxxxx2171 is attached below:

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28/02/13 28/02/13 FUNDS TRF,SHAKARPUR,013683900002209    000000155439    3000000.00                1,751,710.00
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18. During the proceedings, the Noticee in its submissions had inter alia submitted that the Notice was unable to find receipt of funds from N V Sales in the provided bank account statement. In this regard, it is noted that the Noticee was subsequently provided the bank account statement of N V Sales Corporation's bank account ending with 2171 on January 14, 2026, wherein the transaction of Rs. 30,00,000/- fund transfer was reflecting on February 28, 2013.

19. The Noticee has taken a stand that there was no fund transaction of any of the entity with Madhukar Dubey in his individual account. In this regard, it is noted that the SCN nowhere mentions about the fund transactions in the individual account of the Noticee but rather the Non ASBA applications were funded by Noticee's proprietorship firm viz., Magnum Industrial Corporation after receiving funds from Noticee's another proprietorship firm viz., N V Sales Corporation. Therefore, the Noticee's submission is out of context and devoid of merit.

20. It may be mentioned that the entity has not claimed that he is not aware of the two proprietorships Magnum and NV Sales Corporation that stood in his name. Being a proprietorship concern, the noticee is liable for action where the cheques have been issued in name of the firm or in his personal name.

21. The Noticee has further submitted that he had no connection with Magnum Industrial Corporation/ N V Sales Corporation and that the proprietorship firms were opened and operated by his ex-employer Late Sh. Vijay Jindal, for whom the Noticee used to work as a driver.

In this regard, it is noted that the said contentions of the Noticee are in nature of mere statements and that the on google search of the apartment address submitted by the Noticee, the search results reflect "*premium 2/3/4 BHK flats / 2/3/4 BHK Luxury flats/ top-notch amenities*" etc. However, it is noted from the Adjudication Order dated February 29, 2024 passed against the Noticee with respect to funding the IPO applicants of HPC Biosciences Ltd. by Madhukar Dubey and his proprietorship firms viz., N V Sales Corporation, Magnum Industrial and Alliance Traders that the Noticee therein had submitted that, "*Noticee is doing petty jobs due to a lack of proper education and working as a Driver for more than the last 15 years*" Therefore, I find that the Noticee's submissions across the proceedings are conflicting in nature. I further note that the Noticee's claims with respect to misuse of his credentials by Sh. Vijay Jindal remain unsubstantiated in so far as the Noticee has himself submitted that Sh. Vijay Jindal has deceased.

22. The Noticee has submitted the Handwriting expert report Sh. B.N. Srivastava's having comparative analysis of signature of Deponent with signatures in the KYC form of Magnum Industrial Corporation and with the signatures bank KYC of Magnum Industrial Corporation. In this regard, it is noted that as per the report, the Noticee's signatures on PAN card and signatures certificate issued by State Bank of India (A1 to A4) have been taken as reference and compared with signatures in the KYC form of Magnum Industrial Corporation and with

the signatures bank KYC of Magnum Industrial Corporation (Q1 and Q2). It is noted that the said report is that of a paid private person who was hired by the defendants against payment and that the said report is not corroborated by any other evidence. Therefore, the said report does not inspire confidence. Therefore, I do not find merit in the said report submitted by the Noticee.

23. The Noticee has submitted that he attempted to file police complaint against Late Sh. Vijay Jindal but he could not file the complaint against the deceased person. In this regard, it is noted that Adjudication Order dated February 29, 2024 was passed against the Noticee with respect to funding the IPO applicants of HPC Biosciences Ltd. by Madhukar Dubey and his proprietorship firms viz., N V Sales Corporation, Magnum Industrial and Alliance Traders, wherein the Noticee had submitted that "…*As the Noticee is doing petty jobs and is a person of limited means, so he hadn't filed any complaint/FIR on or after 04.07.2023, after the knowledge of the misuse of his documents…"* Therefore, it is noted that the Noticee's claimed attempt of filing an FIR in the instant case is the aftermath/ outcome of aforesaid Adjudication Order dated February 29, 2024. I further note that in the absence of any police complaint, the Noticee has not demonstrated if he had taken up the issue with the bank in order to initiate the closure of the bank account/ proprietorship firms running in his name without his knowledge as per the Noticee's claims. Therefore, the Noticee's submissions are an afterthought and lack merit.

24. The Noticee has contended that HPC Biosciences Ltd., who was the ultimate funding entity in the IPO of CNE and AMS Powertronics Pvt. Ltd., who had fund movement with 5 out of 11 funding group entities, have not been arrayed in the present SCN which indicates biased investigation & violates Principle of 'Equality before Law'. The Noticee has further contended that CNE was originally incorporated by Mr. Vijay Jindal and he was a past director at CNE, however Vijay Jindal has not been arrayed as Noticee in present matter. The

Noticee has also submitted that Mr. Vijay Jindal had applied for shares of CNE during IPO and was funded by Aavisha Credit Capital Pvt. Ltd.

25. In this regard, it is noted that 8 funding group entities who had funded the IPO applicants of CNE were made part of the SCN dated December 10, 2018. The details of funding provided by the aforesaid 8 entities were as below:

SN	Funding Entity	Amount funded (Rs. in lacs)	No. of allottees got allotment	No. of shares allotted
1	Goldline International Finvest Ltd.	342	10 (4 ASBA)	13,38,000
2	Sumit Kumar	30	20	1,20,000
3	**Madhukar Dubey**	**30**	**20**	**1,20,000**
4	Satendra Kumar	15	9	54,000
5	LMR Green Realty Pvt. Ltd.	7.50	5	30,000
6	Nikky Printing Press Pvt. Ltd.	34.50	21	1,26,000
7	Aavisha Credit Capital Pvt. Ltd.	42	3	1,68,000
8	Nem Singh	6	4	24000
	Total	507	92	19,80,000

26. As regards the Noticee's contention on inclusion of Mr. Vijay Jindal in the SCN, in my view, the Noticee's contention is misplaced in so far as the allegations in the SCN are with respect to funding the IPO of the company wherein the promoters/ directors of the company along with the funding group entities had devised a scheme to get sufficient IPO application to get listing on SME-exchange platform. It is noted from the material available on record that Noticees 10 to 13 of the SCN dated December 10, 2018 had signed the IPO prospectus and had mislead the investors by giving false and misleading information w.r.t. the objects of the IPO stated in the prospectus.

27. I further note that considering the outcome of the fact finding exercise, which is the investigation done in this case, SEBI initiated the present proceedings in accordance with the statutory mandate under Section 15-I of the SEBI Act. Therefore, Noticee's above contentions are not tenable in this regard and do not merit further consideration.

28. In view thereof, it is noted that certain aspects reflects upon the Noticee's conduct such as that the Noticee did not file any police compliant or report to the bank despite getting to know about existence of bank accounts of NV Sales Corporation, Magnum Industrial opened using Noticee's credentials/ documents.

29. Therefore, in view of the foregoing, I note that the Noticee was one of the 8 funding group entities who had funded the IPO applicants of CNE, and had connived with CNE and its directors/ other funding group entities by employing a fraudulent scheme to get the IPO subscribed in a fraudulent manner. Therefore, I hold that Noticee had violated Regulations 3 (a), (b), (c) and (d) and 4(1) of PFUTP Regulations read with 12A(a), (b) and (c) of SEBI Act, 1992.

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Sections 15HA of the SEBI Act, 1992?

30. It has been established in the foregoing paragraphs that Noticee had violated provisions of SEBI Act, 1992 and PFUTP Regulations.

31. In this regard, it is noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

"…In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established...."

32. Therefore, for the established violation, as brought out in the foregoing paragraphs, I find that Noticee is liable for monetary penalty under section 15HA of the SEBI Act, 1992 which read as under:

"…

Penalty for fraudulent and unfair trade practices.

15HA.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-

five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

..."

Issue No. III: If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

33. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

"...

Factors to be taken into account while adjudging quantum of penalty.

***15J**. While adjudging quantum of penalty under 15- or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—*

a. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

b. the amount of loss caused to an investor or group of investors as a result of the default;

c. the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

…."

34. In the instant case, it is noted that the material available on record does not specifically quantify any disproportionate gain or unfair advantage or consequent loss caused to investors or profit made by the Noticee as a result of the violations committed by the Noticee. Further, as regards repetitive nature of default, it is noted that following penalties have been imposed/directions issued against Noticee:

Sr. No.	Case name	Date of order	Violation of provisions of	Penalty imposed	Direction issued
1	In the matter of IPO of Channel Nine Entertainment Limited	22/12/2020	SEBI (PFUTP) Regulations, 2003	NA	Restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever
2	In the matter of IPO of HPC Biosciences	22/12/2020	SEBI (PFUTP) Regulations, 2003	NA	Restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever

3	In the matter of IPO of Esteem Bio Organic Food Processing Ltd	22/12/2020	SEBI (PFUTP) Regulations, 2003	NA	Restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever
4	In the matter of Eco Friendly Food Processing Limited	22/12/2020		NA	Restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever
5	In the matter of IPO of Esteem Bio Organic Food Processing Ltd	28/04/2022	SEBI (PFUTP) Regulations, 2003 and SEBI Act, 1992	5,00,000/-	NA
6	In the matter of IPO of ECO Friendly Food Processing Park Limited	29/07/2022	SEBI (PFUTP) Regulations, 2003 and SEBI Act, 1992	6,00,000/-	NA
7	In the matter of IPO of HPC Biosciences	29/02/2024	SEBI (PFUTP) Regulations, 2003 and SEBI Act, 1992	10,00,000/-	NA

35. Having regard to the facts and circumstances in the matter; and the role of Noticee as brought out in the foregoing, inter alia including that Noticee was part of the funding group entities and was party to the connivance involving employing of a fraudulent scheme to get the IPO subscribed in a fraudulent manner by directly/ indirectly funding the IPO applicants, accordingly, I am of the view that such violations on part of the Noticee needs to be dealt with suitable penalty.

E. ORDER

36. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 r/w Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose following penalty, as per Table below, on the Noticee, for the aforementioned violations, as discussed

in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticee in this case:

Name of the Noticee	Penalty Under Section	Penalty Amount (Rs.)
Madhukar Dubey & its Proprietorship firm viz. Magnum Industrial Corporation	15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakhs Only)

37. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

38. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

39. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Medha Jeevan Sonparote
Digitally signed by Medha Jeevan Sonparote
Date: 2026.09.28 12:25:17 +05'30'

Date: September 28, 2026
Place: Mumbai

Medha Sonparote
Adjudicating Officer