



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

[PPR/P/61/15-DD/6/INF/16-DC/729/17]

**ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949  
READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF  
INVESTIGATION OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF  
CASES) RULES, 2007.**

**[PPR/P/61/15-DD/6/INF/16-DC/729/17]**

**In the matter of:**

**CA. Kishore Purushottam Joshi (M.No.034760), Mumbai in Re: .... Respondent**

**MEMBERS PRESENT:**

- 1. CA. (Dr.) Debashis Mitra, Presiding Officer**
- 2. Shri Rajeev Kher, I.A.S. (Retd.), Government Nominee**
- 3. CA. Amarjit Chopra, Government Nominee**
- 4. CA. Rajendra Kumar P, Member**
- 5. CA. Babu Abraham Kallivayalil, Member**

**DATE OF MEETING : 06.04.2021 (Through Physical/Video Conferencing Mode)**

1. That vide findings under Rule 18 (17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 the Disciplinary Committee was inter-alia of the opinion that **CA. Kishore Purushottam Joshi (M.No.034760)** (hereinafter referred to as the **Respondent**) was **GUILTY** of professional misconduct falling within the meaning of Items (7) and (9) of Part I of the Second Schedule of Chartered Accountant Act 1949.

2. The Committee noted that the Respondent was not present before it. However, it also noted that there was one email on record from the side of the Respondent dated 1st April, 2021 whereby he had submitted that he has already been debarred by SEBI for conducting audit of listed Companies for a period of one year. He further expressed his confidence and faith in the Disciplinary Committee and stated that he did not wish to attend the hearing. However, he invited the attention of the Committee that while deciding the quantum of punishment in his case, besides the abovesaid fact that he had already been punished by SEBI in the instant matter, it should also be kept in mind that he was a senior citizen. Therefore, he requested for deciding the case on merits and with mercy. Thereafter, after bringing these facts before the Committee, the office briefed it about the other relevant facts of the case and after understanding the facts of the case, the Committee decided to proceed ex-parte against the Respondent.

**CA. Kishore Purushottam Joshi (M.No.034760), Mumbai in Re:**



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3. The Committee looking into the gravity of charges alleged, seriousness of the present case vis-a-vis acceptance of SEBI order by the Respondent debaring him for accepting any audit or attestation assignment of any listed company for a period of one year was of the view that the ends of justice shall be met if severe punishment is granted to him.

4. Therefore, keeping in view the facts and circumstances of the case, material on record and submissions of the Respondent before it, the Committee ordered that the name of the Respondent i.e. CA. Kishore Purushottam Joshi (M.No.034760) be removed for a period of Five Years.


sd/-  
(CA. (Dr.) DEBASHIS MITRA)  
PRESIDING OFFICER

(approved & confirmed through email)  
(SHRI RAJEEV KHER, I.A.S. RETD.)  
GOVERNMENT NOMINEE

(approved & confirmed through email)  
(CA. AMARJIT CHOPRA)  
GOVERNMENT NOMINEE

sd/-  
(CA. RAJENDRA KUMAR P)  
MEMBER

(approved & confirmed through email)  
(CA. BABU ABRAHAM KALLIVAYALIL)  
MEMBER

Certified to be true copy  
  
A. Aruna Sarma  
Sr. Executive Officer,  
Disciplinary Directorate  
The Institute of Chartered Accountants of India,  
ICAI Bhawan, Vishwas Nagar, Shahdra, Delhi-110032

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2020-2021)]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No. : [PPR/P/61/15-DD/6/INF/16-DC/729/17]

In the matter of:

CA. Kishor Purushottam Joshi (M.No.034760), Mumbai in Re: .... Respondent

MEMBERS PRESENT:

CA. Atul Kumar Gupta, Presiding Officer  
Shri Rajeev Kher, I.A.S. Retd. (Govt. Nominee)  
CA. Amarjit Chopra, (Govt. Nominee)  
CA. Pramod Kumar Boob, Member

DATE OF FINAL HEARING : 09.10.2020 (Through Video Conferencing)

PARTIES PRESENT :

Respondent : NOT PRESENT

Charges in Brief:-

1. The Committee noted that present case is based on information received from SEBI wherein it is charged regarding non-application of due diligence in the audit of M/s Coral Hub Ltd (hereinafter referred to as "CHL") by the Respondent especially in the light of allegation of inflated turnover and profit figure for the Financial Year 2008-09 and 2009-10. The Committee noted that

the Respondent as accordingly held prima-facie Guilty of Professional misconduct under Items (7) and (9) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

**Brief facts of the Proceedings:**

2. On the day of final hearing i.e., on 9<sup>th</sup> of October, 2020, the Committee noted that the Respondent was not present before it rather an email dated 30<sup>th</sup> July, 2020 was received from the Respondent informing that he neither wish to appear before the Committee nor did he wish to appoint his authorised representative to defend his case and would like to obey the order of the Disciplinary Committee whatsoever it would deem fit so. He further added that as the matter was very old and the promoters of the auditee company were no more traceable, SEBI had passed an order directing him to not to accept and perform any audit or attestation assignment of any listed company and intermediaries registered with SEBI for a period of one year. In view of the same, he requested to excuse him from personal appearance and pass suitable order in line with that of SEBI and oblige a senior citizen.

After considering all the documents available on record and considering the Respondent's written request, the Committee decided to conclude the matter.

**Findings of the Committee**

3. The Committee noted that brief of present matter is that M/s. Vishal Information Technology Ltd. was incorporated on 2<sup>nd</sup> May 1994 as a private limited Company and later it became a public company on March 13, 2000. It came out with an IPO on August 2, 2008 and got listed on NSE and BSE on August 11, 2008. The name of Vishal Information Technology Ltd. (hereinafter referred to as "VITL") was later changed to M/s Coral Hub Ltd (hereinafter referred to as "CHL") on July 26, 2010. CHL was promoted by M/s Tutis Technologies Ltd. (hereinafter referred to as "TTL"). TTL is also a listed Company whose main business was in the area of Biometric Security Solutions. The Company had expertise in the areas of data digitization, E-publishing and digital library. The Company's scrip was under suspension for

trading in NSE since June 27, 2012 and in BSE since 21-03-2013 for non-compliance of listing agreement. The Company remained failed to file its quarterly audited/unaudited financial results after the quarter ended June 30, 2012 on both the stock exchanges i.e. BSE and NSE. Last audited yearly financial statement of CHL was filed on BSE for the period ended 30 June 2010 on 14 Sep 2010. In the above context, an anonymous complaint (dated nil) was received by SEBI which inter-alia alleged that Revenue and Profit of CHL was manipulated and fabricated. The said compliant was taken up for further investigation by SEBI.

4. The Committee noted that SEBI, in its findings, observed that the amount of sales and profits reported by CHL (Standalone financials excluding that of its subsidiaries) for 2008-2009 and 2009-2010 as reported in the Annual Report 2009-10 were inflated. To verify the veracity of sales made to customers, the details of amounts received from them were sought from the Company. However, the desired relevant details were not to SEBI. In view of the above, the investigation team visited corporate office of the Company on March 07, 2013 and found that the corporate office was no longer in existence. To proceed further in the investigation, SEBI decided to verify the veracity of sales reported by CHL in respect of the clients who have contributed to more than 20% to sales during 2008 - 09 and 2009-10. In the absence of information from the Company, external confirmations and statements given by certain entities was relied upon.
5. The Committee noted that Statement of the Respondent was recorded by SEBI on February 12, 2013. He stated that he had not verified contracts for work of the Company. The Respodnent further stated that he relied on revenue shown by G.S. Chandrasekhar and Suthesh Nair, both being CA professionals. Further he failed to provide working papers for the Audit of CHL. In view of the above, the SEBI informed that the Company and its directors had shown inflated figures for sales for (FY 2009 and FY 2010). The inflated figure was to the extent of approx. 38.22 Cr for FAO UN, and approx. Rs.32.98 Cr for NDS USA LLC which contributed a total of approx Rs.71.21 Cr which in turn was 51.90% of the total sales for the Financial Year 2009 and 2010.

Correspondingly the figures of profit and profit carried over in the Balance Sheet were also inflated. SEBI, thereafter, referred the case to ICAI for necessary action against the Respondent (being statutory auditor of the said company) in relation with the possible irregularities in the audit of the said company in question.

6. Based on above the Committee noted that in the instant case before it pertains to matter wherein CHL had not complied with the listing agreement of the NSE & BSE by not filing its annual reports. Consequently, the scrips of the Company were suspended for trading on the exchange. It noted that the charge against the Respondent was non-application of due diligence in the audit of CHL especially in the light of allegation of inflated turnover and profit figure. Noticeably, the Respondent denied doing audit of this company for the FY 2009-10, though, he accepted that he carried out audit work for FY 2008-09 with due diligence. The Committee understood that SEBI was carrying out investigation against the said company in question i.e, CHL and could not find even its registered office leave about getting the explanation from its promoters about possible inflated figures of turnover and revenue and profits who were also reportedly missing. Therefore, the case was brought before the Disciplinary Committee of ICAI to take appropriate action against the statutory auditor of the said company who is the Respondent in the instant matter.
7. The Committee observed that for the FY 2008-09, the Respondent did not submit any conclusive evidence to refute the charges of inflated revenue & profits of CHL either before SEBI in its investigation proceedings or before the Disciplinary Committee of ICAI. This is sufficient to draw an analogy of implied acceptance of charge by the Respondent.
8. The Committee also noted that though, the Respondent had outrightly denied conducting audit of CHL for FY 2009-10, yet, he failed to prove with concrete documentary evidences the fact of his signatures on the audit report for FY 2009-10. Therefore, his defense was not strong enough simply by denying the fact of not conducting audit of CHL for FY 2009-10 and not providing any evidence where he would have taken any retractive action even after bringing this fact into his knowledge by SEBI. Further, the Committee noted that the

Respondent in statement given to SEBI on 12.02.2013 in reply to question no. 13 (page A-167 of PFO) accepted of conducting audit of F.Y. 2008-19 and 2009-10. Therefore, overall, the Committee opined that the Respondent lacked in application of due diligence that was supposed to put in conducting the audit of CHL for FY 2008-09 and he also lacked in proving his stand of not taken up audit of the said company for the FY 2009-10.

9. Moreover, the Committee also observed that there existed one SEBI order against the Respondent debarring him of accepting any audit or attestation assignment of any listed company for a period of one year. This SEBI order was also accepted by the Respondent which further strengthens the analogy that the Respondent had admitted professional misconduct on his part.
10. Therefore, thoroughly considering the documents on record, stand/ request of the Respondent and the observations made in the above-said paras, the Committee decided to hold him guilty of professional misconduct falling within the meaning of item (7) & (9) of Part I of Second Schedule to the Chartered Accountants Act, 1956.

### Conclusion

11. Thus, while looking into the facts of the case and in terms of the reasoning observed above, the Committee held the Respondent i.e. **CA. Kishor Purushottam Joshi (M.No.034760) GUILTY** under Items (7) and (9) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

sd/-

**(CA. ATUL KUMAR GUPTA)**  
**PRESIING OFFICER**

(approved and confirmed through e-mail)

**(SHRI RAJEEV KHER I.A.S. RETD.)**  
**GOVERNMENT NOMINEE**

(approved and confirmed through e-mail)

**(CA. AMARJIT CHOPRA)**  
**GOVERNMENT NOMINEE**

(approved and confirmed through e-mail)

**(CA. PRAMOD KUMAR BOOB)**  
**MEMBER**

Certified to be true copy

*Jyoti Grover*

Jyoti Grover

Assistant Secretary,

Disciplinary Directorate

CA. Kishore Purushottam Joshi (M.No.034760), Mumbai in Re:  
**The Institute of Chartered Accountants of India,**  
ICAI Bhawan, Vishwas Nagar, Shahdra, Delhi-110032