

**Board of Directors****Uto Baader**

Chairman

**Zafar Sareshwala**

Managing Director &amp; CEO

**Uves Sareshwala**

Joint Managing Director

**Pradeep Asrani**

Director

**Mushtaq Al Salesh**

Director

**Mahesh Bhatt**

Director

**C.A. Sanjay Shah**

Director

**M. I. Hava**

Director

**Christine Schiedermaier**

Director

**Registered Office**

325, Amba-sadan,  
402-403, 4th Floor,  
Linking Road, Khar (West)  
Mumbai-400 052.

**Corporate Office**

B/6-8, 4th Floor, Shalimar Complex,  
Mahalaxmi Cross Road, Paldi,  
Ahmedabad-38 007.

**Share Transfer**

Investors Relation Centre.  
PINNACLE SHARE REGISTRY PVT. LTD.  
Near Ashoka Mills, Naroda Road,  
Ahmedabad-380 025

**Auditors**

CHANDABHOY &amp;

JASSOOBHOY

Chartered Accountants

Mumbai

**Banks**

Axis Bank Ltd.

Ahmedabad / Mumbai

HDFC Bank Ltd.

Ahmedabad

Canara Bank

Ahmedabad

Union Bank of India

Mumbai

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Dear Stake holders,

In April 2006 Baader Wertpapierhandelsbank AG, one of the leading banks providing a broad spectrum of investment services across Europe, became a major shareholder of Parsoli Corporation Limited.

We are particularly excited about this investment. India is a highly attractive market and Parsoli Corporation Limited is a very promising company. We look forward to working with our new partner.

Why did we choose India? Being a modern and innovative family business and being a publicly listed company at the same time Baader naturally looks for growth opportunities outside Germany.

India is one of the strongest growing economies in the world. In the past 15 years it has shown a remarkably stable increase in GDP. International banks almost unanimously forecast that India will be a top performer among the BRIC countries (Brazil, Russia, India and China) and the "Next Eleven" (Egypt, Bangladesh, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, Vietnam) in the coming decade. But this is not the only reason to favour India over any other prospering economy.

Already at this point, capital markets in India are strong and solid. Unlike in other fast growing economies in India large parts of the population participate in the increasing prosperity. The current savings ratio amounts almost to an incredible 30 percent. And the number of people that economists consider to be higher income people increases at the speed of 25 percent annually.

India is a young nation. Its demographic structure with a high percentage of young people forms the strong backbone of this healthy economy.

The Bombay Stock Exchange is the oldest exchange in Asia. Furthermore, India is the BRIC country with the best functioning public market for derivatives. The Indian legal system with its Anglo-Saxon roots and the widely-spread acceptance of English as a business language turns India into a much sought-after trading partner.

From a German perspective India is more accessible than Brazil or China, regarding both travelling time and time difference. With the respect to political stability India, the largest democracy worldwide, is far more predictable and reliable than all the other BRIC countries.

With Parsoli Corporation Limited we have found the ideal partner for our commitment in India. Parsoli, being a company providing Shari'ah compliant and ethical investment services to its niche market, embraces certain ethic, humanitarian and moral principles, which we share irrespective of our different religions, nationalities or ethnic backgrounds.

Parsoli has started its business in a niche market by offering, Sharia-compliant financial products to its niche market. We are convinced that Parsoli will expand from the niche market. It has great potential and is in an excellent starting position to benefit from the ongoing upsurge of Indian capital markets.

Baader Wertpapierhandelsbank AG, which changed its name into Baader Bank AG after becoming a fully licensed German bank in August 2008 supports Parsoli in this endeavour. And we have more to offer than merely providing capital. Baader has many years of experience in setting-up highly innovative IT-infrastructure and constantly adapting it to market needs. We look forward to sharing our know-how with our new partner. May Parsoli thrive and prosper.

**Uto Baader**

(Chairman)

## NOTICE

**NOTICE** is hereby given that the Annual General Meeting of the Members of the Company will be held on Saturday, the **8<sup>th</sup> November 2008** at 11.00 a.m. at 19th, Ground Floor, Ashoka Shopping Centre, L.T. Marg, Fort, Mumbai-400 001 to transact the following business:

### **ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2008 and the Profit and Loss Account for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon.
- (2) To confirm the interim dividend as final dividend.
- (3) To appoint a Director in place of Mr. Uto Baader who retires at the ensuring Annual General Meeting and being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Mahesh Bhatt, who retires at the ensuring Annual General Meeting and being eligible, offers himself for reappointment.
- (5) To appoint Auditors of the company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General meeting and to fix up their remuneration.

### **NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE MEMBER OF THE COMPANY.**

Proxy in order to be valid must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

2. Members are requested to notify the changes, if any, in their registered address.
4. The Register of Members and Share Transfer Book of the Company shall remain closed from 21<sup>st</sup> October 2008 to 25<sup>th</sup> October 2008 (both days inclusive) for the purpose of Annual General Meeting.
5. Members are requested to bring their copy of Annual Report to the meeting.
6. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. The Company's shares are listed with The Bombay Stock Exchange Limited, Mumbai.
8. Information required to be furnished under the Listing Agreement, as required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed, are given below:

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I	II	
<b>Name</b>	<b>Mr. Uto Baader</b>	<b>Mr. Mahesh Bhatt</b>
Date of Birth	21 <sup>st</sup> February 1944	20 <sup>th</sup> September 1948
Qualification	Diploma in Economics (University of Munich)	B.A
Expertise	Research, Investment Banking, Securities and Trading.	Leading Film Maker and Social Activist
Other Directorship	1. Baader Wertpapierhandelsbank AG, 2. Baader Beteiligungs GmbH, 3. Baader Management AG, 4. Bayerische Borse AG (Bavarian Stock Exchange) 5. Steico AG, Feldkirchen 6. Parsoli Travel House Ltd. 7. Parsoli Commodities Ltd. 8. Parsoli Insurance Brokers Ltd. 9. Parsoli Motor Works Pvt. Ltd. 10. Parsoli Infrastructure Pvt. Ltd. 11. Gulf Baader Capital Markets S.A.O.C., Oman	1. Allahabad Bank Ltd. 2. Vishesh Entertainment Ltd.

**BY ORDER OF THE BOARD  
FOR PARSOLI CORPORATION LIMITED.**

**Place : Mumbai**

**Date : 11<sup>th</sup> September 2008**

**(UVES SARESHWALA)  
JOINT MANAGING DIRECTOR**

**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting the Annual Report along with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS**

		(Rs. In Million)	
	2007-2008	2006-2007	
Income From Operation & Other Income	<b>157.42</b>	92.22	
Profit before tax, interest and depreciation	<b>61.98</b>	62.69	
Less: Financial charges	<b>0.60</b>	0.49	
Depreciation	<b>5.95</b>	2.22	2.51
Profit Before Tax	<b>55.43</b>	59.69	
Less: Provision for taxation			
Current year	<b>12.41</b>	20.37	
Deferred	<b>4.92</b>	1.88	
Short (Excess) provision of earlier years	-	0.11	22.36
Profit after tax	<b>38.10</b>	37.33	
Less: Prior period Exp.	<b>1.06</b>	0.42	
Add: Balance brought forward from Previous year	<b>46.24</b>	44.90	
Balance Available for appropriation	<b>83.28</b>	81.81	
Appropriation:			
Provisions for Interim Dividend	<b>13.46</b>	26.92	
Provision for Tax on Dividend	<b>2.29</b>	4.53	
Transferred to Special Reserve 45IC of RBI Act	<b>4.90</b>	3.12	
Transfer to General Reserve	<b>1.00</b>	1.00	
Deferred Tax Liabilities	-	-	
Balance carried to Balance Sheet	<b>61.63</b>	46.24	

**PERFORMANCE OF THE COMPANY:**

During the year under review, your Company has performed very well. The total income during the year increased to Rs.157.42 Million as compared to Rs. 92.22 Million for previous year showing growth of 74 %. The profit after tax is Rs.38.10 Million as compared to Rs.37.33 Million for the previous year.

**CORPORATE GOVERNANCE REPORT:**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, a compliance report on Corporate Governance has been annexed hereto as part of the Annual Report. The Company is in compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company forms part of said report.

**DIVIDEND:**

During the year under review, the Company has already paid interim Dividend @ 5% on Equity Shares of the Company. In view of the same, no further dividend is recommended and the interim dividend is confirmed as final dividend. (Previous year 10 %)

**DEPOSITS:**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 during the year under review.

**Allotment of Debentures.**

During the year , Company has allotted 2998058 Interest free fully Convertible Debentures of Rs. 100/- each to M/s. Baader Wertpapierhandles Bank AG and M/s. Oman Commercial Services LLC.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

The Management Discussion and Analysis report is annexed hear to as part of the Directors' Report.

**DIRECTORS:**

Mr. Uto Baader and Mr. Mahesh Bhatt, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends the reappointment of the aforesaid Directors.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) appropriate accounting policies have been selected and applied them consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguard the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (4) the accounts have been prepared on going concern basis.

**SUBSIDIARY COMPANY:**

During the year under review, considering the future planning a wholly owned subsidiary Company, namely M/s. Parsoli Corporate Services Ltd has been incorporated to undertake Merchant Banking Activities.

A statement pursuant to Section 212(1)(e) of the Companies Act, 1956 in respect of the subsidiary Companies is annexed herewith.

**LISTING:**

The Company's securities are listed with Bombay Stock Exchange Ltd, Mumbai. The Company has paid annual listing fee for the year 2007-2008 to the said stock Exchange.

**EMPLOYEES:**

As required under provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, from time to time, the requisite particulars in respect of the employees of the Company, who were in receipt of remuneration in excess of the limits specified under the said section are set out in the annexure herewith and form part of this report.

**INSURANCE:**

The Company has taken adequate insurance to cover its assets.

**AUDITORS:**

M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai will retire at the ensuing Annual General meeting and being eligible to offer themselves for re-appointment. The Members are requested to appoint auditors for the current year and fix remuneration.

**MANAGEMENT'S RESPONSE TO AUDITOR'S OBSERVATION**

1. In reply to the Auditor's remark in their Auditor's report in point no. 4. a), the management is of the view that there has been no diminution in the value of the investments in the unquoted equity shares of Parsoli (UK) Ltd. to the extent of Rs. 904.31 Lacs and Parsoli Capital Markets Ltd. to the extent of Rs. 52.23 Lacs respectively.

Parsoli (UK) Ltd. was wholly acquired for a total consideration of Rs. 1000 Lacs by way of Share swap in 2004. Parsoli (UK) Ltd. was valued at £12.5 million at that time. Parsoli (UK) Ltd. is the sponsor of the first onshore retail Islamic Equity Fund in the UK which is regulated and registered with the FSA. The Fund itself is an Open Ended Investment Company (OEIC) and therefore can have a whole host of funds under its own umbrella. The Fund also has the tax wrapper of Individual Savings Account (ISA) and the pension wrapper of Self Invested Pension Plan (SIPP) with it making it an unique product. The management is of the view that since there is till date no such similar product in the market and since UK now has become the international hub of Islamic Finance and Investment products and services, there exists a huge and vast potential of growing the Fund and starting allied services. The management plans to take up the re-launch and marketing of the Fund in a big way in the next two quarters and thus is of the view that there is no diminution in the value of its investment in the equity shares of Parsoli (UK) Ltd. as even today to create the structure of the Fund and to get approval for the same would actually cost more than what it has invested in the equity shares of Parsoli (UK) Ltd.

Parsoli Capital Markets Ltd. is a wholly owned subsidiary of the Company which was specifically created to diverge the broking business of the Company into Parsoli Capital Markets Ltd. For this purpose the Company is going through a court approved demerger process and has appointed KMPG as consultant for this purpose. As and when the Company receives the approval from the Court, the broking licenses and approvals will be transferred to Parsoli Capital Markets Ltd. Therefore Parsoli Capital Markets Ltd. will become in operational as soon as approvals are received for the transfer of the broking business from the respective authorities. The expenses incurred till date in Parsoli Capital Markets is only for setting up the company. Therefore the management is of the view that there has been no diminution in value of investment made in Parsoli Capital Markets Ltd. since the company is yet to become operational and once approvals are received, the profitable broking business will be transferred to it.

2. In to the point no. 4. C), the management is of the view that in the travel business, it is a business practice and norm that debts remain outstanding for some time but realization does happen sooner or latter as these clients are also active and do business in other segments and make regular payments in those segments.
3. In reply to point no. 4. d), the management is of the view that the debtors though outstanding for a long time, are fully recoverable as we have enough security against these outstanding balances and the same has already been verified by both the Statutory Auditor and the Internal Auditor. We have also all legal documents to recover outstanding amount from debtors, we have also obtained legal opinion on legal issues suggested by the internal auditor.

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The management is of the view that none of the loans and advances are doubtful as we are deducting from salary on loans given to staff members and we have obtained confirmations from the other respective parties.

4. In reply for the point no. 4. e), the management is of the view that none of the loans and advances are doubtful as we are deducting from salary on loans given to staff members and we have obtained confirmations from the other respective parties.
5. *In reply to Point 4.f),* the management is of the view that none of the loans and advances are doubtful as we are deducting from salary on loans given to staff members and we have obtained confirmations from the other respective parties.
6. *In reply to Point 4.g),* The management has written off preliminary expenses in five equal installments and deferred revenue expenditure in ten equal installments. There are different views for treatment of preliminary expenses which includes share issue expenses and differed revenue expenditure which includes technical fees and can be write off in five to ten installments. We have verified Annual Report of various companies for the treatment of preliminary expenses and found that preliminary expenditure has been written off as per our policy.
7. *In reply to Point 4.h),* The management would like to state that since the specialized service we are providing is a relatively new concept in India, and therefore there is a general lack of awareness of such specialized services, especially among our target market. Further, this niche market segment has practically negligible participation in the securities market as majority of them do not even have bank accounts and PAN Cards and are therefore extremely apprehensive into entering into any explicit written agreement.

The management is of the view that the debtors though outstanding for a long time, are fully recoverable as we have enough security against these outstanding balances and the same has already been verified by both the Statutory Auditor and the Internal Auditor. We have also all legal documents to recover outstanding amount from debtors, we have also obtained legal opinion on legal issues suggested by the internal auditor.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:**

The Company has no activities relating to Conservation of Energy, Technology Absorption etc. Details of foreign exchange earnings and out go are given into notes to accounts.

#### **ACKNOWLEDGEMENT:**

Your Directors acknowledge unstinted support provided by the management of M/s. Baader Wertpapierhandelsbank AG, Germany for their continued support and trust in the management and workings of the Company.

Your Directors wish to sincerely thanks to the management of M/s. Gulf Investment Services S.A.O.G., and M/s. Oman Commercial Services LLC for making strategic investment in the Company and the faith they have shown in the management and workings of the Company.

Your Directors recognize the patronage extended by the customers, business associates, employees and Axis Bank Ltd, HDFC Bank Limited & Canara Bank Ltd, the bankers of the company.

**BY ORDER OF THE BOARD  
FOR PARSOLI CORPORATION LIMITED.**

**Place : Mumbai**

**Date : 11<sup>th</sup> September 2008**

**ZAFAR SARESHWALA  
(MANAGING DIRECTOR)**

**UVES SARESHWALA  
(JT. MANAGING DIRECTOR)**

*Parsoli Corporation Limited**18th Annual Report***Information regarding subsidiary Companies pursuant to Section 212(1)(e) of the Companies Act, 1956**

Sr.	Name of the Subsidiary Companies	Parsoli U.K. Ltd.	Parsoli Commodities Ltd.	Parsoli Insurance Brokers Ltd.	Parsoli Travel House Ltd.	Parsoli Capital Markets Ltd.
1	Financial year of the Subsidiary Company	31 <sup>st</sup> December 2007	31 <sup>st</sup> March 2008	31 <sup>st</sup> March 2008	31 <sup>st</sup> March 2008	31 <sup>st</sup> March 2008
2	Shares Held by the Company on and above date					
	I Number & Face value	95800 Equity Share of £ 1 each	520000 Equity Share of Rs. 10 each	620000 Equity Share of Rs. 10 each	50000 Equity Share of Rs. 10 each	992,000 Equity Share of Rs. 10 each
	II Extent of Holding	100%	100%	100%	100%	100%
3.	Changes if any in the holding Company's interest in the subsidiary	Nil	Nil	Nil	Nil	Became Rs. 10 each in the year 2007-08.
4.	Net profit for the financial year	1396 £	*	*	*	Rs. 3.84 Lacs

**Notes:**

1. M/s. Parsoli Corporate Services Limited has been incorporated on 29<sup>th</sup> march 2008. The First financial year of the Company would be ended on 31<sup>st</sup> March 2009, the Company is yet to start its business operations.
- 2.\* The Companies have not commenced its Business Activities therefore no Profit & Loss Accounts has been prepared during the year.

**Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.**

Name & Designation	Nature of Duties	Gross Remuneration Rs. in Lacs	Qualification	Experience Years	Date of Commencement of Employment	Particulars of previous Employment	Age Years
Zafar Sareshwala, Managing Director & CEO	Over all Management	24.45	Diploma in Mechanical Engineer Diploma in Marketing management	23	01-08-1994	Self Employed	45
Uves Sareshwala Jt. Managing Director	Day to Day Management	24.45	B.Com	21	28-06-1997	Self Employed	43

**BY ORDER OF THE BOARD  
FOR PARSOLI CORPORATION LIMITED.**

**Place : Mumbai**

**Date : 11<sup>th</sup> September 2008**

**ZAFAR SARESHWALA  
(MANAGING DIRECTOR)**

**UVES SARESHWALA  
(JT. MANAGING DIRECTOR)**

*Parsoli Corporation Limited**18th Annual Report***CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION IN TERMS OF CLAUSE 49(V) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

We, Zafar Sareshwala, CEO and Managing Director and Talha Sareshwala, CFO of Parsoli Corporation Limited, hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes in internal control during the year,
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**FOR PARSOLI CORPORATION LIMITED**

Place : Mumbai

Date: 11<sup>th</sup> September 2008

**Zafar Sareshwala**  
Chief Executive Officer  
Managing director

**Talha Sareshwala**  
Chief Financial Officer

**CHIEF EXECUTIVE OFFICER (CEO) DECLARATION IN TERMS OF CLAUSE 49(I)(D) (II) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

I Zafar Sareshwala, CEO and Managing Director, hereby declare that as per the requirements of Clause 49(i)(D)(ii) of the Listing Agreement with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have confirmed compliance with the Parsoli Code of Conduct, for the ended on 31<sup>st</sup> March 2008

**FOR PARSOLI CORPORATION LIMITED**

Place : Mumbai

Date: 11<sup>th</sup> September 2008

**Zafar Sareshwala**  
Chief Executive Officer  
Managing director