

*Parsoli Corporation Limited**19th Annual Report***Board of Directors****Uto Baader upto 25th March 2009**

Chairman

Zafar Sareshwala

Managing Director & 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
upto 25th March 2009**

Director

Registered Office325, 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.**Auditors**

CHANDABHOY &

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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 - Parsoli Insurance Brokers Limited
 - Parsoli Travel House Limited
 - Parsoli Commodities Limited
 - Parsoli UK Limited

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Friday, the 18th December, 2009 at 10.30 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 31st March 2009 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 appoint a Director in place of Mr. Pradeep Asrani who retires at the ensuring Annual General Meeting and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Mr. Mushtaq Al Saleh, who retires at the ensuring Annual General Meeting and being eligible, offers himself for reappointment.
- (4) To appoint Auditors and in that connection, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Heda & Co. Chartered Accountants be and are hereby appointed as the auditors of the Company in the place of the retiring Auditors M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, to hold office until the conclusion of next Annual general Meeting at a remuneration as may be decided by Board of Directors of the Company ".

SPECIAL BUSINESS:

- (5) To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**

"RESOLVED THAT Mr. Talha Sareshwala appointed as an Additional Director of the Company and who holds office up to the date of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company."

- (6) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 and also in terms or Schedule XIII of the said Act as amended up to date, consent of the Company be and is hereby accorded to the re-appointment of Mr. Zafar Sareshwala as the Managing Director of the Company for the period of 3 years with effect from 01-08-2009 on the terms and conditions as detailed in the explanatory statement attached hereto

"RESOLVED FURTHER THAT the aggregate of the remuneration and perquisites payable to him along with other managerial personnel shall be subject to overall ceiling of total remuneration for each year as provided under section 198, 309 of the Companies Act, 1956. "

"RESOLVED FURTHER THAT wherein in any financial charges during the tenure of Managing Director, the Company has no profits or inadequate profits, the Company will pay aforesaid remuneration as minimum remuneration."

"RESOLVED FURTHER THAT the Managing Director shall work under the direction, control and supervision of Board of Directors of the Company and look after the affairs as may be delegated to him from time to time by the Board of Directors of the Company."

- (7) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 and also in terms or Schedule XIII of the said Act as amended up to date, consent of the Company be and is hereby accorded to the re-appointment of Mr. Uves Sareshwala as the Joint Managing Director of the Company for the period of 3 years with effect from 01-08-2009 on the terms and conditions as detailed in the explanatory statement attached hereto

“RESOLVED FURTHER THAT the aggregate of the remuneration and perquisites payable to him along with other managerial personnel shall be subject to overall ceiling of total remuneration for each year as provided under section 198, 309 of the Companies Act, 1956. “

“RESOLVED FURTHER THAT wherein in any financial charges during the tenure of Joint Managing Director, the Company has no profits or inadequate profits, the Company will pay aforesaid remuneration as minimum remuneration.”

“RESOLVED FURTHER THAT the Joint Managing Director shall work under the direction, control and supervision of Board of Directors of the Company and look after the affairs as may be delegated to him from time to time by the Board of Directors of the Company.”

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.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from 14th December, 2009 to 18th December, 2009 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to bring their copy of Annual Report to the meeting.
5. 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.
6. The Company's shares are listed with The Bombay Stock Exchange Limited, Mumbai.
7. Explanatory Statement in respect of special business is attached.

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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:

	I	II	III
Name	Mr. Pradeep Asrani	Mr. Mushtaq Al Saleh	Mr. Talha Sareshwala
Date of Birth	01 st June 1952	05 th October 1951	23 rd April 1966
Qualification	B.Sc. ; Post Graduate in Business Management	Master of International Policies	Chartered Accountant
Expertise	Financial Management & Business Development	International Affairs	Financial Management & Business Development
Other Directorship	1. Gulf Baader Capital markets SAO 2. DOM Global Property Investments Co. 2. Parsoli commodities Ltd. 3. Parsoli Insurance Brokers Ltd. 4. Parsoli Travel House Ltd. 5. parsoli Corporate Services Ltd.	1. Oman Commercial Services LLC 2. Parsoli Capital 3. Sareshwala Enterprises	1. Parsoli Motor Works Pvt. Ltd. Markets Limited Pvt. Limited

BY ORDER OF THE BOARD
FOR PARSOLI CORPORATION LIMITED.

Place : Ahmedabad

Date : 03rd November 2009

(UVES SARESHWALA)
JOINT MANAGING DIRECTOR

EXPLANTORY STATEMENT**PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

Mr. Talha Sareshwala has been appointed as an additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company he holds office only up to the ensuing Annual General Meeting. The Company has received notice from a member proposing candidature of Mr. Talha Sareshwala for the office of Director of the Company.

The Board considered it desirable that the Company should continue to avail his services and hence recommends his appointment as a Director of the Company.

Mr. Talha Sareshwala himself, Mr. Zafar Sareshwala and Mr. Uves Sareshwala, being relatives are concerned or interested in the proposed resolution.

Item No. 6 & 7

Special Resolution at item no 6 relates to the re-appointment of Mr. Zafar Sareshwala as the Managing Director of the Company. The Directors are of the view that the re-appointment of Mr. Zafar Sareshwala as the Managing Director of the Company would be beneficial and in the interest of the Company and remuneration payable to him is commensurate with his experience, ability and responsibilities. Remuneration payable to him has been recommended and approved by the Remuneration Committee of the Board of Directors of the Company. In view of the same, the Board of Directors has re-appointed him subject to approval of members of the Company on the same remuneration as he was drawing prior to re-appointment and terms and conditions stated below for a period of three years with effect from 01-08-2009:

(1) Remuneration Package:

The term of the office is for a period of three years with effect from 01-08-2009. He is entitled to following remuneration, benefits / perquisites.

(A) Salary :

Rs. 100,000/- per month in the scale of 100,000 – 15000 – 175000. The Board may give one or more increment depending upon work performance, working of the Company etc. First annual increment will fall due on 01-04-2010.

(B) Commission :

1% of net profit.

(C) Perquisites :

- a. House Rent Allowance: 25% of Basic Salary.
- b. Education Allowance: Rs. 5000/- per month per child.
- c. Conveyance Allowance / Reimbursement: Rs. 5000/- per month.
- d. Academic Research Allowance/ Reimbursement: Rs. 3000/- per month.

(D) Other Perquisites:

- a. Medical Reimbursement:
Expenses incurred for self and his family subject to ceiling of Rs. 15000/- per year or Rs. 45000/- over a period of three years.
- b. Leave Travel Concession :
One month's salary per year for self and family once in a year, which can be carried forward to next year.
- c. Bonus/ Ex – gratia Payments: The Company shall pay as per rules of the Company.

- d. Provident Fund: The Company shall pay an amount as per the company's rules as applicable.
- e. Gratuity: The Company shall pay gratuity as per the Company's rules.
- f. Leave encashment: He will be entitled to all leave benefits as applicable to the senior executives of the company including accumulation and encashment of un availed leave.
- g. The Company shall reimburse telephone bill at the residence of the joint Managing Director and that personal long distance call, if any shall be billed by the company. Company shall provide car for official purpose.

(2) He shall not be liable to retire by rotation.

Special Resolution at item no 7 relates to the re-appointment of Mr. Uves Sareshwala as the Joint Managing Director of the Company. The Directors are of the view that the re-appointment of Mr. Uves Sareshwala as the Joint Managing Director of the Company would be beneficial and in the interest of the Company and remuneration payable to him is commensurate with his experience, ability and responsibilities. Remuneration payable to him has been recommended and approved by the Remuneration Committee of the Board of Directors of the Company. In view of the same, the Board of Directors has re-appointed him subject to approval of members of the Company on the same remuneration as he was drawing prior to re-appointment and terms and conditions stated below for a period of three years with effect from 01-08-2009:

(1) Remuneration Package:

The term of the office is for a period of three years with effect from 01-08-2009. He is entitled to following remuneration, benefits / perquisites.

(A) Salary :

Rs. 100,000/- per month in the scale of 100,000 – 15000 – 175000. The Board may give one or more increment depending upon work performance, working of the Company etc. First annual increment will fall due on 01- 04- 2010.

(B) Commission :

1% of net profit.

(C) Perquisites :

1. House Rent Allowance: 25% of Basic Salary.
2. Education Allowance: Rs. 5000/- per month per child.
3. Conveyance Allowance / Reimbursement: Rs. 5000/- per month.
4. Academic Research Allowance/ Reimbursement: Rs. 3000/- per month.

(D) Other Perquisites:

- a. Medical Reimbursement:
Expenses incurred for self and his family subject to ceiling of Rs. 15000/- per year or Rs. 45000/- over a period of three years.
- b. Leave Travel Concession :
One month's salary per year for self and family once in a year, which can be carried forward to next year.
- c. Bonus/Ex-gratia Payments: The Company shall pay as per rules of the Company.
- d. Provident Fund: The Company shall pay an amount as per the company's rules as applicable.
- e. Gratuity: The Company shall pay gratuity as per the Company's rules.
- f. Leave encashment: He will be entitled to all leave benefits as applicable to the senior executives of the company including accumulation and encashment of un availed leave.

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- g. The Company shall reimburse telephone bill at the residence of the joint Managing Director and that personal long distance call, if any shall be billed by the company. Company shall provide car for official purpose.

- (2) He shall not be liable to retire by rotation.

Pursuant to provisions of section 198, 269, 309, 310, and Schedule XIII and other applicable provisions of the Companies Act, 1956 and in accordance with notification in Official Gazette by the Department of Company Affairs dated 16th January, 2002 Companies are permitted to pay higher remuneration provided it is approved by the members by a Special Resolution. Statement as required under the said notification is given below. Your Directors hereby declare that Company has not made any default in repayment of any of its debts and the Company has not accepted any public deposits.

Statement as required under the notification GSR36(E), dated 16th January, 2002

I. General Information :

- (1) Nature of Industry : Company is engaged in investment , finance and stock broking related activities.
- (2) The Company is in operations since last more than 15 years.
- (3) Financial performance :

PARTICULARS	Year ended (Audited) 31-03-2008	Year ended (Audited) 31-03-2007
1. Net Income	1574	922
2. Profit/(Loss) Before Tax	554	596
3. Net Profit/(Loss) After Tax	381	373

- (1) Export earnings : NIL
- (3) Foreign investment : NRIs and Foreign Bodies corporates holds Equity shares of the Company which is more than 45 % of the paid up share capital of the company.

(4) Information about the appointee :

(1) Background details :

- (a) Mr. Uves Sareshwala is a commerce graduate and well versed in the broking activities. He was badge holder in the Bombay Stock Exchange. He has been shouldering the responsibilities of managing the affairs of the Company.
- (b) Mr. Zafar Sareshwala has very good experience of finance, investment and broking related activities, and also acted as a sub-broker. He has expertise in investment related activities.

(2) Past Remuneration :

Both the directors were drawing the same remuneration as proposed for re-appointment.

- (3) Recognition or awards : NIL
- (4) Job profile and his suitability:
- (a) Mr. Uves Sareshwala looks after the entire operations of Company relating to broking business

and administration.

Company is engaged in the business of broking of shares, securities & other related activities and he has rich experience of said business & well versed with business operations of the Company

- (b) Mr. Zafar Sareshwala would be heading entire operations relating to investments and other related activities and operations of the Company. In view of the expansion of activities in broking, investments and other related activities his experience and expertise would be much helpful to the company.
- (5) Remuneration proposed : As stated above.
- (6) There are no companies of the same size in the industry, as such there is no statistics available of comparative remuneration profiles
- (7) (a) Mr. Uves Sareshwala holds 50,00,000 Equity Shares of the Company.
- (8) (b) Mr. Zafar Sareshwala holds 16,84,800 Equity Shares of the Company.

II. Other information:

Company is engaged in investment, finance and stock broking related activities. For last few years the growth of the Company is satisfactory. The Company has achieved total income of Rs. 1574 lacs for the year 2008 in comparison to the total income of Rs. 922 lacs for the year 2007, the net profit of the company for the year 2008 was Rs. 381 lacs in comparison to the net profit of Rs. 373 lacs for the year 2007. During the year 2008-09, due to depressed market conditions, Company has incurred losses. However, the Company has taken a series of steps under the guidance of Mr. Zafar Sareshwala & Mr. Uves Sareshwala for improvement and development of the Company as well as for curtailing expenditure. The Company is working under supervision and guidance of the Board of Directors which is leading to better performance.

III. Disclosures : As stated above

Your Directors recommend the resolutions to be passed with or without modifications as a Special Resolution.

Mr. Zafar Sareshwala, Mr. Uves Sareshwala and Mr. Talha Sareshwala are deemed to be concerned or interested in the proposed resolution.

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

Place : Ahmedabad
Date : 3rd November 2009

**(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 31st March 2009.

FINANCIAL RESULTS**(Rs. In Million)**

	2008-2009	2007-2008
Income From Operation & Other Income	25.25	157.42
(Loss)/Profit before tax, interest and depreciation	(439.18)	61.98
Less: Financial charges	1.81	0.60
Depreciation	14.12	5.95
(Loss)/ Profit Before Tax	(455.11)	6.55
Less: Provision for taxation		55.43
-Current year	-	11.80
- Fringe Benefit Tax	0.60	00.61
-Deferred	13.88	4.92
-Short (Excess) provision of earlier years	0.58	17.33
Loss/ Profit after tax	(470.17)	-
Less: Prior period Exp.	8.13	38.10
Add: Balance brought forward from Previous year	61.63	1.06
Balance Available for appropriation	(416.67)	46.24
Appropriation:		83.28
Provisions for Interim Dividend	-	13.46
Provision for Tax on Dividend	-	2.29
Transferred to Special Reserve 45IC of RBI Act	-	4.90
Transfer to General Reserve	-	1.00
Deferred Tax Liabilities	-	-
Transferred from General Reserve	24.68	
Balance carried to Balance Sheet	(391.99)	61.63

PERFORMANCE OF THE COMPANY:

The year under review was a year of tremendous challenges and difficulties for the Company. It was one of the most challenging years for the Company, due to various external and internal factors.

During the year under review, the economic conditions across the globe spiraled downwards, as the entire world had to deal with the implications of the global recession which took its toll on various leading global financial giants. However, your Company managed to survive through this tumultuous period, even as the economic downturn claimed major casualties even in India, but, we were forced to act decisively to ward off the effects of the sustained economic downturn by shutting down certain non-performing areas of our business and had to reduce our headcount and presence in certain areas.

However even amidst the economic downturn during the year under review, the Company has firmly established itself as the leading Shari'ah compliant financial services provider in the country. The Company during the year under review signed a Shari'ah services agreement with Tata-AIG Life Insurance Company (TALIC), to provide them with Shari'ah services for some of their equity fund schemes. This has been a very successful tie-up and has been renewed for FY 2009-10 as well.

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But, during the year under review, the Securities Exchange Board of India (SEBI) had passed an interim order against the Company on 20 February 2009, restraining the Company from acquiring any new clients in either its broking business or its Demat business. The interim order further restrained the Company, Mr. Zafar Sareshwala and Mr. Uves Sareshwala, the Managing Director and the Joint Managing Director respectively of the Company from accessing the securities market till further order.

The Company and your Directors feel highly aggrieved and wronged against by this Order. This Order has certainly hampered the growth of the Company by restraining it from acquiring any new clients. The Company has applied for Consent Order against this order and the matter is currently sub-judice so your Directors will not be able to discuss the facts and merits of the case in favour of the Company in this report, but we are hopeful that justice will be served and the Consent proceedings will be successfully resolved.

Further, when we had begun the exercise of expanding the product portfolio, services and the geographical reach of the Company in 2005-06, we had undertaken major marketing, advertisement and expansion initiatives, which paid fruits, in establishing the Company as a recognized player in the financial services sector and the leading player in the nascent but fast growing Shari'ah compliant financial services segment. However, as a result of the expansion, the Company had accumulated certain debts which were deemed bad or doubtful for recovery, over the course of the years since 2005-06 and these bad debts got further accentuated during the year under review due to the economic downturn and prolonged recessionary trend. The issue of long standing over due debts was under consideration of Board since long. With a view to clean up the Balance sheet and in view of advice given by Statutory Auditors, the Board has resolved to write off the debts which are bad and doubtful amounting to Rs. 28.97 crores.

Your Company has also converted the Fully Convertible Debentures (FCD's) issued to M/s Baader Wertpapierhandelsbank AG and M/s Oman Commercial Services LLC at a Price of Rs. 272/- per share and accordingly has issued 10,48,417 Equity shares of RS 10 each at premium of Rs. 262/- per share to M/s Baader Wertpapierhandelsbank AG and 53,810 equity shares of Rs.10/-each at premium of Rs. 262/- per share to M/s Oman Commercial Services LLC as fully paid up share. The conversion price of Rs. 272 (Rupees Two Hundred and Seventy Two only), was unanimously approved by the Board of Directors at its Board Meeting on 2nd November 2009, in the presence of the Debenture Holder. Further, the conversion price is higher than the price arrived at by using SEBI's pricing method. This has added Rs. 29.98 crores to the Share Capital of the Company.

Your Company will pursue its efforts to recover all possible dues which have been written off. However, for the year under review, the write-offs have majorly impacted the bottom line of the Company along with lower revenues in its core business due to the economic downturn but the Company is confident that as the economic conditions keep improving so will its core businesses and therefore the Company is fairly certain that it will bounce back into the black very soon. Also certain cost cutting exercises initiated by the Company will start showing its effects in the next few quarters, aiding the Company to make a return to being profitable.

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 Company has incurred the Loss, Your Directors does not recommended any dividend in this financial Year.