

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: M. S. SAHOO, WHOLE TIME MEMBER**

In the matter of Show Cause Notice No. IVD/ID7/SG/SM/179470/2009 dated October 09, 2009 issued to Parsoli Corporation Limited

Date of Hearing: May 24, 2010

Appearances:

For Noticees: 1) Mr. Zafar Yunus Sareswala, Managing Director & CEO, Parsoli
2) Mr. J. B. Chinai, Senior Advocate, and
3) Ms. Sonal, Advocate.

For SEBI: 1) Ms. Geetha G., Dy. Legal Adviser (Presenting Officer)
2) Ms. Kshama P. Wagherkar, Asstt. Legal Adviser
3) Mr. Rajesh Gujjar, Asstt. General Manager, and
4) Mr. Nikhil Bhiwapurkar, Manager.

ORDER

Under Sections 11(4) and 11B of the Securities and Exchange Board of India Act, 1992

1. SEBI had, vide its Order dated February 20, 2009, directed Parsoli Corporation Limited (Parsoli), inter alia, to remove Pinnacle Shares Registry Private Limited (Pinnacle) as its Registrar and Transfer Agent (RTA) and to appoint another RTA within six months. It alleged, vide show cause notice dated October 9, 2009 (SCN), that Parsoli failed to comply with the said direction despite reminders from SEBI and Pinnacle.

2. Parsoli replied to the SCN vide its letter dated October 16, 2009. It availed the opportunity of personal hearing on May 24, 2010 when it made an unsigned written submission. I have carefully considered the SCN, reply to the SCN, oral as well as unsigned written submissions at the hearing and other material available on records.

3. Parsoli has submitted that it could not comply with the SEBI's direction to replace RTA as Pinnacle did not issue no objection letter till its dues, which were in dispute, were paid. It further stated that it has issued an appointment letter dated October 14, 2009 to the new RTA and it was hopeful of completing the changeover to the new RTA by November 14, 2009.

4. I find that Parsoli was required to replace RTA by August 20, 2009. SEBI followed up its Order for implementation vide its letters dated May 7, 2009 and September 15, 2009. Pinnacle issued no objection letter on June 10, 2009. Vide its letter dated August 21, 2009, it reminded Parsoli for third time to arrange for changeover to new RTA.

5. I, therefore, find that even though there was a commercial dispute between Pinnacle and Parsoli, Pinnacle issued no objection letter well in time to enable Parsoli to complete changeover to the new RTA by August, 20, 2009. Further, non-resolution of commercial dispute cannot be the ground for non-compliance with SEBI's direction. In any case, Parsoli finally resolved the commercial dispute which it could have done earlier. Therefore, I conclude that by not replacing Pinnacle by another RTA within the specified time, Parsoli failed to comply with SEBI's direction issued under Section 11(4) and 11B of the SEBI Act, 1992.

6. SEBI issues directions under the SEBI Act in the interest of investors and orderly development of securities market. Non-compliance of such directions adversely affects the interests of investors and orderly development of securities market. Such non-compliance, particularly by a SEBI registered intermediary, cannot be viewed lightly and warrants regulatory intervention.

7. Therefore, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11(4) and 11B thereof, I hereby restrain Parsoli Corporation Ltd. (Permanent Account Number: AABCP9030F) from buying, selling or dealing in securities market in any manner whatsoever or accessing the securities market directly or indirectly for a period of six months from the date of this Order.

8. A copy of this Order shall be served on all recognized stock exchanges and depositories to ensure that the direction given in Para 7 above are strictly complied with. A copy of this Order shall also be served on NSE, BSE, and CDSL of which Parsoli Corporation Ltd. is a member or depository participant or where Parsoli is listed, as the case may be.

9. This Order shall come into force with immediate effect.

DATE: July 22, 2010
PLACE: MUMBAI

M. S. SAHOO
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA