

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

IN THE MATTER OF APPLICATION BY PARSOLI CORPORATE SERVICES LTD. FOR GRANT OF CERTIFICATE REGISTRATION AS A MERCHANT BANKER

Date of Hearings: October 6, 2010 and October 22, 2010

Appearances:

For Noticee : None.

For SEBI : Mr. Kajio Mao, Legal Officer (Presenting Officer)
Mr. K. Saravanan, Deputy General Manager
Ms. Kshama Wagherkar, Assistant Legal Adviser, and
Mr. M. Krishnamoorthy, Manager.

ORDER

UNDER REGULATION 10 OF THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992

1. Parsoli Corporate Services Ltd., a company having its registered office at 325, Amba Sadan, 402-403, 4th Floor, Linking Road, Khar (West) (hereinafter referred to as 'the applicant') had submitted an application dated April 3, 2008 for grant of certificate of registration under the SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as 'Regulations') to SEBI. The applicant is promoted by and is a wholly owned subsidiary of Parsoli Corporation Ltd. (PCL). Mr. Zafar Sareshwala and Mr. Uves Sareshwala are the Managing Director and Joint Managing Director respectively of the applicant.

2. Vide an interim order dated February 20, 2009, SEBI restrained PCL and its Whole Time Directors, namely, Mr. Zafar Sareshwala and Mr. Uves Sareshwala and its associate/group companies from accessing the securities market till further orders. It also prohibited them from buying, selling or dealing in securities in any manner directly or indirectly till further orders. In view of this interim order, the application made by the applicant was kept on hold and the same was communicated to the applicant vide letter dated October 26, 2009.

3. PCL filed an appeal against the interim order. While disposing of the appeal, Hon'ble SAT, vide its order dated May 6, 2010, directed SEBI to conclude the pending enquiry proceedings at the earliest, but not later than July 31, 2010. Accordingly, SEBI concluded the proceedings and, vide order dated July 27, 2010, restrained PCL, and its whole time directors, namely, Mr. Zafar Sareshwala and Mr. Uves Sareshwala from buying, selling or dealing in securities market in any manner whatsoever or accessing the securities market directly or indirectly for a period of seven years. It also restrained Mr. Zafar Sareshwala and Mr. Uves Sareshwala from holding the position of Director in any listed company for a period of seven years.

4. In view of the above order restraining the promoter and the holding company, and Managing Director and Joint Managing Director of the applicant, SEBI formed a *prima-facie* view that the applicant is not a fit and proper person to act as a Merchant Banker under regulation 6A of the Regulations, read with regulation 38(3) and Schedule II of the SEBI (Intermediaries) Regulations, 2008. A notice dated August 5, 2010 was issued asking the applicant to explain as to why its application for registration as a Merchant Banker dated April 3, 2008 should not be rejected in accordance with regulation 10 of the Regulations. No reply to the notice was received from the applicant. An opportunity of personal hearing was granted before me on October 6, 2010. There was no appearance. Another opportunity of personal hearing was granted to the applicant on October 22, 2010. The applicant again failed to avail the opportunity. Under the circumstances, I am of the view that no purpose would be served by according another opportunity of hearing and hence, this order.

5. I note that regulation 6 of the Regulations requires SEBI to take into account, while considering grant of certificate of registration, all matters relevant to the activities relating to merchant banker and in particular whether the applicant complies with certain requirements, such as: (a) the applicant is a fit and proper person, and (b) grant of certificate of registration to the applicant is in the interest of investors. Regulation 6A of the Regulations read with Schedule II of the SEBI (Intermediaries) Regulations, 2008 requires SEBI to take into account the integrity, reputation and character, absence of convictions and restraint orders in relation to the applicant, the principal officer and key management persons, for the purpose of determining whether it is a fit and proper person. In view of the SEBI order dated July 27, 2010 restraining

the promoter / holding company of the applicant, namely, Parsoli Corporation Ltd., and Managing Director, namely, Mr. Zafar Sareshwala and Joint Managing Director, Mr. Uves Sareshwala, I consider the applicant not a fit and proper person to be a merchant banker and grant of certificate of registration to the applicant is not in the interest of investors.

6. In view of the foregoing, pursuant to the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with regulation 10 of the SEBI (Merchant Bankers) Regulations, 1992, and Schedule II of the SEBI (Intermediaries) Regulations, 2008, I hereby reject the application dated April 3, 2008, submitted by Parsoli Corporate Services Ltd. for grant of certificate of registration as a merchant banker.

7. This order shall come into force with immediate effect.

Date: November 2, 2010
Place: Mumbai

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