



SBI CAPITAL MARKETS LIMITED
(CIN : U99999MH1986PLC040298)
Regd. Office :- 202, Maker Tower 'E', Cuffe Parade, Mumbai-400 005

NOTICE

NOTICE is hereby given that the 41st Extra-ordinary General Meeting of the Members of SBI Capital Markets Limited will be held on Monday, 30th July, 2018 at 3.15 p.m. at the Registered Office of the Company situated at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005, to transact the following business :-

SPECIAL BUSINESS :

1. To consider and accord approval for realignment of the Project Advisory & Structured Finance Group of the Company and in this regard:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 117, Section 180 of the Companies Act 2013, and all other applicable provisions if any, of the Companies Act, 2013 (including any amendment or re-enactment thereof) the Rules made thereunder approval of members be and is hereby accorded to realign and recast the business activities of Project Advisory & Structured Finance Group, SBICAP.”

“RESOLVED FURTHER THAT approval of the Members be and is hereby accorded to the Board to execute the Memorandum of Understanding between SBI and SBICAPS.”

“RESOLVED FURTHER THAT the Managing Director & CEO of the Company be and is hereby severally authorized to sign and execute the necessary documents on behalf of the Company and any other related documents as may be required with respect to the realignment and recasting of the Project Advisory & Structured Finance Group of the Company and to do all such things, acts, deeds, matters etc. as may be necessary and expedient, to give effect to the above resolution.”

**By order of the Board
For SBI Capital Markets Limited**

**Amit Shah
Company Secretary**

Place : Mumbai
Date : 30th July, 2018

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EXTRA-ORDINARY GENERAL MEETING ('THE MEETING') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE

PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A BLANK PROXY FORM IS ENCLOSED.

2. The Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the meeting.





STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice

Item no. 1 -

To consider and accord approval for realignment of the Project Advisory & Structured Finance Group of the Company

SBI Capital Markets Limited offers the entire gamut of investment banking and corporate advisory services which include Project Advisory and Loan Syndication, Structured Debt Placement, Equity and Debt Capital Markets activities, Mergers & Acquisitions (M&A), Private Equity and Stressed Assets Resolution.

Project Advisory and Structured Finance (PA&SF) group of SBICAPS is involved in Project Advisory and Loan Syndication, Refinancing, Debt Resolution and Refinancing, M&A and Government Advisory Services.

Currently the revenue generated by PA&SF group constitutes significant part of the Company's total revenue of which majority of the mandates are derived from SBI/SBI Clients.

In view of duplication of processes resulting in delays, as also certain regulatory concerns, it is proposed that the following activities only will be pursued by the PA&SF group, SBICAP.

- 1) Project Advisory;
- 2) Government Mandate including PSUs;
- 3) Sector Study for State Governments and PSUs;
- 4) Public Sector syndications;
- 5) Bank Mandates and
- 6) Any other activity incidental to the above mentioned activities (sr. no. 1 to 5) handled by PA&SF of SBICAP.

Consequent to this, other activities such as debt syndication services for both, greenfield and brownfield projects and refinancing assistance for private sector customers and debt resolution services provided by SBI Caps to private sector enterprises shall be discontinued.

The realignment of the business activities of PA&SF group will entail reduction in the future revenues of the Company. Consequently, this will result in downsizing manpower in the PA&SF group. The Company will set its focus on further strengthening its Investment Banking activities.

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Registered Office: 202, Makers Tower 'E', Cuffe Parade, Mumbai 400 005. Tel: 22178322, 22186182, Fax: 22186158
Email: corporate.office@sbicaps.com Web: www.sbicaps.com CIN : U99999MH1986PL040298

A Wholly Owned Subsidiary of State Bank of India





Further, in relation to SBI customers that have been and are presently served by SBICAPS, SBICAPS also provided and provides services that indirectly aid SBI in its project appraisal and lending activities in relation to those customers. With a view to continue to serve its customers efficiently and effectively after discontinuation of activities (some of which are mentioned above) by SBICAPS, SBI may in its discretion, offer employment on contract with SBI, to such individuals as of the date hereof employed by SBICAPS in its PASF group to make use of their expertise and knowledge.

In view of the above, it has been proposed to enter into MOU with SBI. Copy of the draft MOU is enclosed for approval. (As per Annexure I)

As suggested by the Board at its previous meeting held on 12th July, 2018, the matter had been referred to a tax Consultant M/s. Bobby Parikh & Co., to suggest on tax implications. The proposed draft MOU has been vetted by the tax Consultant. Copy of the opinion issued by the Consultant is placed before the Board for noting. (As per Annexure II).

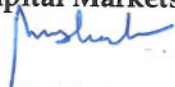
State Bank of India vide its letter ref. no: A&S/NBS/SR/3944 dated 20th June, 2018 had advised that the Executive Committee of the Central Board, SBI at its meeting held on 14th June, 2018 has accorded approval to re-structure the PA&SF group of SBICAP and directed us to seek necessary approval from the Board of Directors of the Company for the above specified activities alone to be carried out by the PA&SF group of our Company.

The proposed business realignment of PA&SF Group, and the specified activities that could be undertaken by PASF as outlined above, has been placed before the Board for approval at its meeting scheduled to be held on 30th July, 2018.

Save and except the above, none of the other Directors / Key Managerial Personnel / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at item No. 1 of the Notice.

The Board commends the Special Resolution set out in item No. 1 of the Notice for approval by the shareholders.

**By order of the Board
For SBI Capital Markets Limited**


**Amit Shah
Company Secretary**

Place : Mumbai

Date : 30th July, 2018



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U99999MH1986PLC040298

Name of the company : SBI CAPITAL MARKETS LIMITED

Registered Office : 202, Maker Tower 'E', Cuffe Parade, Mumbai - 400 005

Name of the member (s) :	
Registered Address :	
E-mail ID :	
Folio No. / Client ID :	
DP ID :	
No. of shares held	

I/We, being the member (s) holding _____ shares of the above named company, hereby appoint :

1	Name :	
	Address :	
	E-mail ID :	
	Signature :	

Or failing him

2	Name of the member (s) :	
	Registered Address :	
	E-mail ID :	
	Folio No. / Client ID :	

Or failing him

3	Name of the member (s) :	
	Registered Address :	
	E-mail ID :	
	Folio No. / Client ID :	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Extra-ordinary General Meeting of the company, to be held on Monday, 30th day of July, 2018 at 3.15 p.m. at the Registered Office of the Company situated at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 and at any adjournment thereof in respect of such resolutions as are indicated below :





Resolution No.	Particulars	For	Against
Special Business			
1.	To consider and accord approval for realignment of the Project Advisory & Structured Finance Group of the Company		

Signed this ----- day of ----- 2018.

Signature of the shareholder

Signature of Proxy holder(s)

Affix one Rupee
Revenue Stamp

Note : This Form of Proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Road map for reaching to venue of 41st Extra-Ordinary General Meeting of SBI Capital Markets Ltd. scheduled to be held at Registered Office of the Company situated at 202 Maker Tower E, Cuffe Parade, Mumbai 400005



This Memorandum of Understanding (hereinafter referred to as "MoU") is executed on this ____ day of _____ 2018 at _____ between:

STATE BANK OF INDIA, a body corporate constituted under the State Bank of India Act, 1955 (23 of 1955) and having its Corporate Centre at State Bank Bhavan, Madame Cama Road, Mumbai, 400021, acting through its Project Finance Strategic Business Unit at Voltas House, J.N. Heredia Marg, Ballard Estate, Mumbai, Maharashtra 400001 (hereinafter referred to as "SBI" on the one part);

AND

SBI CAPITAL MARKETS LIMITED, a wholly owned subsidiary of SBI, incorporated under the Companies Act, 1956 and having its registered office at 202, Maker Tower E, Cuffe Parade, Mumbai 400005 acting through its Project Advisory and Structured Finance Group (hereinafter referred to as the "SBICAPS" on the other part).

Hereinafter individually referred to as "Party" and collectively as "Parties"

WHEREAS

A. SBI Capital Markets Limited offers the entire gamut of investment banking and corporate advisory services which include Project Advisory and Loan Syndication, Structured Debt Placement, Equity and Debt Capital Markets activities, Mergers & Acquisitions (M&A), Private Equity and Stressed Assets Resolution.

B. Project Advisory and Structured Finance (PASF) group of SBICAPS is involved in Project Advisory and Loan Syndication, Refinancing, Debt Resolution, M&A and Government Advisory Services.

C. In view of duplication of processes resulting in delays, as also certain regulatory concerns, it is imperative that certain business activities undertaken by PASF, SBICAPS are discontinued.

IT IS NOW AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. Scope of MoU

PASF of SBICAPS is involved in offering investment banking services to various entities, including customers of SBI, which inter alia includes:

A. Debt Syndication (both greenfield and brownfield projects / refinancing) for private sector customers. The key activities include:

- Meeting with clients for sourcing of new business proposals.
- Structuring the transaction which involves assessing the business plan of the customer company, reviewing the project contracts, preparing detailed financial projections and preparation of information memorandum.
- Syndication of loan which involves identifying the various sources of debt, approaching the banks, initiating discussions, associating in joint presentations along

- with the company (if required), getting commitments and negotiating detailed term sheets.
 - Assisting in finalizing the terms of facility documentation upon obtaining necessary sanctions.
- B. Debt resolution mandates taken from private sector companies. The key activities include:
- Supporting the customers in restructuring, refinancing and change management under various resolution process
 - Syndication of funds or refinancing / restructuring of existing debt may be involved.

SBICAPS is in the process of discontinuing the above activities for the reasons cited in Recital C above. As in the past SBI will continue to provide support and assistance to all its customers on an ongoing basis.

2. Individuals employed in PASF, SBICAPS

In relation to SBI customers that have been and are presently served by SBICAPS, SBICAPS also provided and provides services that indirectly aid SBI in its project appraisal and lending activities in relation to those customers.

With a view to continue to serve its customers efficiently and effectively after activities described in Clause 1 above are discontinued by SBICAPS, SBI may in its discretion, offer employment on contract with SBI, for a period not exceeding three years on such terms and conditions as decided by SBI, to such individuals as of the date hereof employed by SBICAPS in its PASF group ('employees') to make use of their expertise and knowledge. In the event of SBI making such an offer to such employees and such employees accepting said offer, their employment contract with SBICAPS shall stand terminated and SBICAPS shall deliver full records relating to the said employees as may be requested by SBI. SBICAPS shall ensure that necessary consent, if any, required from the relevant employee for the sharing of such records/ details with SBI is obtained in writing. For the period of employment of such employees with SBI CAPS, SBICAPS shall be liable to pay to the employees all amounts becoming due and payable to them as per the terms of employment and statutory provisions whether by way of salary, bonus, or otherwise. SBI shall assume and be liable for all dues and obligations towards such employees that accept its offers of employment in accordance with the terms set out in such offers with effect from the date of joining of such employees in SBI.

3. Effective Date

The arrangement outlined under this MoU shall become effective from _____.

4. Execution / Counter Parts

IN WITNESS WHEREOF the parties hereto have executed these presents on the day,
month and year first above written.

For and on behalf of For and on behalf of
State Bank of India SBI Capital Markets Limited

—
Name: Name:

Designation: Designation:

Date: Date:

Witness: Witness:

**Bobby Parikh Associates**

701, Ceejay House, Shiv Sagar Estate
Dr. Annie Besant Road, Worli, Mumbai 400018
T +91 22 6263 6000

July 30, 2018

Ms Varsha Purandare
SBI Capital Markets Limited
202 Maker Tower E
Cuffe Parade
Mumbai 400 005

Privileged and confidential

Dear Ms Purandare,

Re: Proposed restructuring of SBI Cap's business activities

Further to our recent discussions, we have set out our understanding of the facts and our comments in relation to the proposed restructuring of some of the business activities presently undertaken by SBI Capital Markets Limited ("SBI Caps").

1. Our understanding of the facts

- 1.1 SBI Caps, a wholly-owned subsidiary of State Bank of India ("SBI"), provides a comprehensive range of investment banking and corporate advisory services including project advisory and loan syndication services, structured debt placement services, equity capital market and debt capital market activities, mergers and acquisition advisory services, private equity and stressed asset resolution to private sector and public-sector enterprises. Activities in relation to project advisory and loan syndication services, refinancing, debt resolutions, mergers and acquisition advisory services and Government mandates are conducted by the Projects Advisory and Structured Finance Group within SBI Caps.
- 1.2 Of the activities undertaken by the Project Advisory and Structured Finance Group of SBI Caps, there is concern that (i) debt syndication services for both, greenfield and brownfield projects, and refinancing assistance and (ii) debt resolution services provided by SBI Caps to private sector enterprises (the "**Specified Activities**") entail a duplication of certain activities also undertaken by SBI, which could lead to a delay in addressing client needs. Further, there is concern that the Specified Activities, if undertaken by SBI Caps on an ongoing basis, could potentially raise regulatory concerns. Accordingly, and based on a recent review undertaken by the SBI group, SBI Caps has concluded that

Bobby Parikh Associates

Ms Varsha Purandare, SBI Capital Markets Limited

July 30, 2018

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it would discontinue the Specified Activities with effect from such date as may be agreed upon in the MOU, as defined below (the "**Effective Date**").

- 1.3 Upon the discontinuance of the Specified Activities, a number of SBI Caps employees who undertake the Specified Activities may be rendered surplus. At the same time, some activities undertaken by such employees indirectly aided SBI in the effective conduct of its project appraisal and lending activities. In order to ensure that SBI's ability to conduct its project appraisal and lending activities is not adversely affected or impaired, SBI intends to extend offers to select SBI Caps employees, based on SBI's assessment of its requirements for relevant sector and other experience and expertise. Such individuals would have the option, but not an obligation, to accept SBI's offer. The services of employees otherwise rendered surplus in SBI Caps will be terminated.
- 1.4 Mandates that SBI Caps is presently executing in relation to the Specified Activities would be terminated with effect from the Effective Date, and SBI Caps will take steps to appropriately notify its clients in this regard. Similarly, SBI Caps will withdraw from any active pursuit of new mandates with regard to the Specified Activities. While the terms of the mandate letters that SBI Caps executes with its clients permit a termination of a mandate subject to providing a notice of a specified duration, SBI Caps is separately examining the possible legal and other implications that could arise from a termination of its existing client mandates.
- 1.5 The discontinuance of the Specified Activities together with the transfer or the termination of SBI Caps employees engaged in the Specified Activities constitutes the proposed restructuring (the "**Proposed Restructuring**").
- 1.6 Bobby Parikh Associates has been requested by SBI Caps to review the Proposed Restructuring and comment on the income-tax implications if any, that may arise for SBI Caps in connection with the implementation of the Proposed Restructuring. For the purpose of expressing our comments below, we have reviewed the following documents:
 - Illustrative mandate letters executed by SBI Caps with clients for undertaking the Specified Activities;
 - Memorandum for the Executive Committee of the Central Board of State Bank of India dated June 7, 2008 for approval for taking over of specified activities carried on by the Project Advisory and Structured Finance Division of SBI Capital Markets by State Bank of India; Restructuring and Manpower requirements (the "**Board Memorandum**"); and
 - Draft Memorandum of Understanding to be entered into between State Bank of India and SBI Capital Markets in relation to the Proposed Restructuring (the "**MOU**").

Bobby Parikh Associates

Ms Varsha Purandare, SBI Capital Markets Limited
July 30, 2018
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2. Our comments

- 2.1 The Board Memorandum seeks approval for taking over of the Specified Activities by SBI. "Taking over" of the Specified Activities would imply that SBI Caps would, as from the Effective Date, cease to undertake the Specified Activities; that such activities would, as from the Effective Date, be undertaken by SBI instead; that live mandates in relation to the Specified Activities would transfer from SBI Caps to SBI, and SBI would execute the portion of each mandate that remained to be executed as of the Effective Date.

Although the Board Memorandum uses the expression "taking over", it is our understanding based on the facts set out above, our review of the MOU and our discussions with SBI Caps management, that SBI will not undertake the Specified Activities after these are discontinued in SBI Caps. Accordingly, the commercial intent and effect of the Proposed Restructuring is for SBI Caps to discontinue the Specified Activities for the reasons noted in paragraph 2 above; no part of the Specified Activities will be undertaken either by SBI Caps or by SBI thereafter. This is consistent with the position set out in the MOU. Consequently, there would in fact be no transfer of business activities effected by SBI Caps to SBI pursuant to the Proposed Restructuring.

- 2.2 Separately, the Board Memorandum also discusses "Restructuring and Manpower Requirement" and seeks approval for a proposal to hire manpower from SBI Caps on a contractual basis. In this regard, the Board Memorandum, inter-alia, notes as follows:

"One of the aspects of take-over of business from SBI Caps is the treatment of the employees of SBI Caps who are currently handling this business."

"We therefore, propose that the positions proposed to be created on account of take-over of specified activities of SBI Caps by SBI as well as positions arising due to revamping of Bank's various verticals may be offered to the SBI Caps employees on contractual basis."

As noted above, the commercial intent of the Proposed Restructuring is for the Specified Activities to be discontinued and not transferred or taken over by SBI. Our understanding is that in the conduct of the Specified Activities by SBI Caps, the project appraisal and lending activities undertaken by SBI were indirectly facilitated; that SBI may seek to offer employment on a contractual basis to SBI Caps employees engaged in the Specified Activities not to undertake the Specified Activities in SBI but to ensure that SBI is in a position to maintain the efficiency and effectiveness of its project appraisal and lending activities after SBI Caps discontinues the Specified Activities. This is consistent with the terms of the MOU.

On this basis, the employment offers that SBI may make to select employees of SBI Caps should also not result in a taxing event for SBI Caps.

Bobby Parikh Associates

Ms Varsha Purandare, SBI Capital Markets Limited

July 30, 2018

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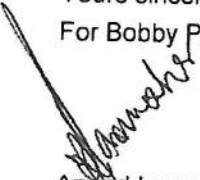
- 2.3 Since the Board Memorandum records the Proposed Restructuring in a manner that could potentially be construed to be at variance from the underlying commercial intent, consideration should be given to appropriately amending the Board Memorandum and seeking approval of the Executive Committee of the Central Board to such amended Board Memorandum. This would mitigate potentially adverse income-tax consequences that may otherwise result.

3. Scope limitations

- 3.1 In providing our opinion, we have relied entirely upon the facts presented to us by SBI Caps and summarized by us in paragraph 1.1 to 1.5 above. We have proceeded on the basis that these facts are complete and accurate and have not independently verified them. A misstatement or omission of any fact or a change or an amendment in any of the facts or assumptions we have relied upon, may require a modification of all or a part of this opinion.
- 3.2 This opinion is based on an analysis of the IT Act. These are subject to change with prospective or retroactive effect, and such changes may not support the conclusions presented in this opinion.
- 3.3 Our interpretation of the IT Act and our consequent comments are not binding on the Indian Revenue authorities and there can be no assurance that the Indian Revenue authorities may not take a position contrary to our comments.
- 3.4 Our opinion is as of the date of this letter and is based on the law and practice as on that date. We are under no obligation to keep you informed of subsequent modifications to the law or its practice.
- 3.5 Our opinion is solely for the benefit of SBI Caps and it may not be used for any other purpose, disclosed or made available to any other party or referred to in any document without our prior written consent.

Yours sincerely,

For Bobby Parikh Associates



Anand Laxmeshwar

Partner