

April 25, 2014

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400 051.

BSE Limited
Corporate Relations Department,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street,
Mumbai - 400 001.

Symbol: L&TFH

Scrip Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Confirmation/Information on published news

Dear Sir/ Madam,

This has reference to the news printed in The Economic Times on April 23, 2014 that L&T Finance Holdings Limited ('the Company') is in talks on buying a Stake in Yes Bank Limited.

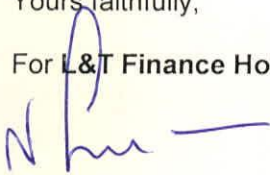
The Company, as a policy, does not comment on speculative news appearing in the media. As a part of its normal course of business, the Company keeps evaluating opportunities on both organic and inorganic basis. The investors/stock exchanges would be informed as and when definitive developments take place.

Kindly take note of the above.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**



N.Suryanarayanan
Company Secretary



Encl: as above

L&T Fin in Talks With Yes Bank On Stake Buy

But Rana Kapoor denies negotiations, says committed to building Yes Bank

SHILPY SINHA & ANITA BHOIR
MUMBAI

L&T Finance Holdings, the non-banking finance which lost out on its bid to get a banking licence, may be looking to buy a stake in Yes Bank, or combine the two entities, three people familiar with the matter said. A senior executive from the company has held talks with Yes Bank promoter Rana Kapoor on the possibility of combining the two companies, said those people who did not want to be identified.

Combining the two may lead to the non-banking finance company becoming a bank, and also help Yes Bank move away from the glare of the family fight that has grabbed headlines. The talks may not lead to a transaction, as the Reserve Bank of India will have the final say over any stake buy above 5% by an individual, or an entity in a bank.

Kapoor denied being in talks with L&T Finance and said he was committed to building a world-class bank. "This is really amusing," Kapoor said in response to queries over the two combining, or a stake sale to L&T Finance. "I and my management team at Yes Bank are unequivocally committed to building the best bank of the world in India by 2020!"

YM Deosthalee, chairman and managing director at L&T Finance, said he would not comment on speculation.

For L&T Finance, becoming a bank has been a dream and it was speculat-

Bank Role?

► **Combining the two** can help both L&T Fin and Yes Bank

► **While the NBFC can become a bank**, the lender can shift attention away from the family fight it is caught in

► **However, RBI could come in the way of the NBFC's plan**

► **L&T Fin has been diversifying operations** as it aims to build a comprehensive long-term financial services business

► **It has acquired Indo Pacific, Family Credit, and Fidelity Mutual Fund**



ed to have been one of the stronger contenders to get a bank licence because of its backing from a financially sound and professional company, L&T. But when the central bank passed over its claims, L&T began thinking about a possible acquisition.

Over the last few years, the company has diversified into several lines of businesses by acquiring companies like Indo Pacific, a housing finance company, Family Credit, an auto and two-wheeler financier and Fidelity Mutual Fund to grow its fund management portfolio. It was looking at building a comprehensive long-term

financial services business, which is a challenge when focus is only on a niche segment. For Yes Bank co-promoter Rana Kapoor, who is fighting a legal battle with Madhu Kapur, widow of co-promoter Ashok Kapur, it could be an opportunity to put the bitter fight behind and continue building the institution. "Nobody has approached us and my stake is not for sale," said Shagun Kapur Gogia, daughter of Madhu Kapur.

But regulatory approval could be the stumbling block. In the past, the RBI has permitted only weak or mismanaged banks to be taken over by a stronger rival, and not permitted takeovers, which is being contemplated in this case, according to the people. "RBI may allow takeover of existing banks that are not managed well or are in distress, but the first choice would be to merge with an existing bank and the second to give controlling stake to the first-come," said Abizer Diwanji, national leader—finance, EY.

L&T Finance, which owns less than 5% in City Union Bank, had tried to acquire more than 10% in an old private sector bank, which failed to pass muster at the Reserve Bank of India.

"There is no regulatory framework set by RBI around which such a deal can be structured," said a banker not wanting to be identified. "There is always a first time and the RBI would have to come out with norms to guide an NBFC taking over a bank."

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