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# L&T Technology Services

# L&T TECHNOLOGY SERVICES LIMITED

Our Company was incorporated as L&T Technology and Engineering Services Company Limited on June 14, 2012 at Mumbai as a public limited company under the Companies Act, 1956. Our Company received the certificate of commencement of business on June 20, 2012. Subsequently, the name of our Company was changed to L&T Technology Services Limited and the Registrar of Companies, Maharashtra located at Mumbai (the "RoC") issued a fresh certificate of incorporation on July 25, 2012. For further details, see "History and Certain Corporate Matters" on page 140 of the Red Herring Prospectus dated August 31, 2016 (the "RHP").

**Registered Office:** L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001; **Tel:** (91 22) 6752 5656; **Fax:** (91 22) 6752 5893; **Corporate Office:** 5<sup>th</sup> Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ, N.H. No. 8, Ajwa Waghodia Crossing, Vadodara 390 019; **Tel:** (91 265) 670 5000/ (91 265) 670 5001; **Fax:** (91 265) 670 5955; **Contact Person:** Kapil Bhalla, Company Secretary and Compliance Officer; **E-mail:** investor@LntTechservices.com; **Website:** www.LntTechservices.com; **Corporate Identity Number:** U72900MH2012PLC232169

## OUR PROMOTER: LARSEN & TOUBRO LIMITED

**PUBLIC OFFER OF UP TO 10,400,000 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (THE "EQUITY SHARES") OF L&T TECHNOLOGY SERVICES LIMITED (OUR "COMPANY") FOR CASH AT A PRICE OF ₹ [·] PER EQUITY SHARE AGGREGATING UP TO ₹ [·] MILLION (THE "OFFER") THROUGH AN OFFER FOR SALE BY OUR PROMOTER, LARSEN & TOUBRO LIMITED (THE "SELLING SHAREHOLDER"). THE OFFER WOULD CONSTITUTE 10.2 % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.**

**Price Band: ₹ 850 to ₹ 860 per Equity Share of face value of ₹ 2 each.**

**The Floor Price is 425 times the face value and the Cap Price is 430 times the face value. • Bids can be made for a minimum of 16 Equity Shares and in multiples of 16 Equity Shares thereafter.**

### Risks to Investors:

- The four Book Running Lead Managers associated with the Offer have handled 22 public issues in the past three years out of which seven issues closed below the issue price on listing date.
- The Price/Earnings ratio based on consolidated diluted EPS for March 31, 2016 for the Company at the upper end of the Price Band is 26.8 as compared to the average industry peer group Price/Earnings ratio of 25.3.
- Average cost of acquisition of Equity Shares for the Promoter is ₹ 103.25 per Equity Share and the Offer Price at the upper end of the Price Band is significantly higher at ₹ 860 per Equity Share

### BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 2 each and the Offer Price is 425 times the lower end of the Price Band and 430 times the face value at the higher end of the Price Band. Investors should also refer to "Our Business", "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 114, 21, 183 and 342, respectively of the RHP, to have an informed view before making an investment decision.

**Qualitative Factors:** Some of the qualitative factors which form the basis for computing the Offer Price are:

**A.** Leading global pure-play ER&D services company; **B.** Well-diversified player with multi-vertical industry expertise and long-standing customer relationships; **C.** Focused on driving innovation through in-house R&D, IP and strategic alliances; **D.** Strong L&T parentage and long history of engineering expertise; and **E.** Qualified and experienced personnel in an entrepreneurial culture.

For further details, see "Our Business – Our Competitive Strengths" from pages 117 to 119 of the RHP.

**Quantitative Factors:** The information presented below relating to our Company is based on the unconsolidated and consolidated Restated Financial Statements prepared in accordance with Indian GAAP.

As part of a business restructuring exercise conducted by the L&T group, our Company acquired the PES Business of LTIL, a wholly-owned subsidiary of L&T effective January 1, 2014 and L&T Infotech GmbH, a wholly-owned subsidiary of LTIL, on September 1, 2014. Our results of operations for the year ended March 31, 2014 only include the results of operations of the PES Business for a period of three months (from January 1, 2014 to March 31, 2014). Further, our restated financial information for the Financial Year ended March 31, 2014 is prepared on an unconsolidated basis as we did not have any subsidiaries in this period. For further details, see "History and Certain Corporate Matters - Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets" on pages 142 and 143 of the RHP.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

**I. Basic and Diluted Earnings per Share ("EPS"), as adjusted for change in capital currently at face value of ₹ 2 each:**

On an unconsolidated basis:

Year ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2016	45.86	33.82	3
March 31, 2015	47.64	47.64	2
March 31, 2014	0.84	0.84	1
<b>Weighted Average</b>	<b>38.95</b>	<b>32.93</b>	

For the three months ended June 30, 2016, the basic EPS was ₹ 14.04 and diluted EPS was ₹ 12.14 on an unconsolidated basis (not annualised).

**Notes:** 1. The face value of each Equity Share is ₹ 2.

2. All share data has been adjusted for events of consolidation and sub-division of equity shares of our Company.

(i) Pursuant to the resolution passed by our Shareholders on January 13, 2016, our Company consolidated and re-classified its equity shares from face value of ₹ 10 each to face value of ₹ 40 each with effect from January 13, 2016.

(ii) Pursuant to the resolution passed by our Shareholders on January 13, 2016, our Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each, subject to the requisite approvals / sanction of the competent High Court, statutory authorities, banks, financial institutions and creditors of our Company. The Bombay High Court, pursuant to its order on April 1, 2016, sanctioned the Scheme of Arrangement. Therefore, the cumulative number of Equity Shares pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each. Consequent to the reduction, an amount of ₹ 2,850 million was transferred to the securities premium account of our Company; and

(iii) Subsequently, 26,690,392 Equity Shares were allotted by our Company on June 3, 2016 by way of a rights issue pursuant to the resolution passed by our Board at the meeting held on April 26, 2016. Further, pursuant to a resolution passed by our Board at the meeting held on April 26, 2016, 75,000,000 Preference Shares were redeemed in five tranches of 150,000,000 Preference Shares each, on May 16, 2016, May 17, 2016, May 18, 2016, May 19, 2016 and May 20, 2016, respectively, for an aggregate amount of ₹ 7,500 million.

3. Basic and diluted earnings per Equity Share are computed in accordance with Accounting Standard 20 'Earnings per Share' notified by Companies (Accounting Standards) Rules, 2006, as amended.

4. The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Financial Statements.

5. Basic EPS (₹) is net profit attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the year / period.

6. Diluted EPS (₹) net profit, after tax, as restated for the year/period, attributable to equity shareholders/weighted average number of dilutive equity shares outstanding during the year/period.

**II. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 850 to ₹ 860 per Equity Share:**

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on basic EPS for the year ended March 31, 2016 on an unconsolidated basis	18.5	18.8
Based on basic EPS for the year ended March 31, 2016 on a consolidated basis	19.5	19.8
Diluted EPS for the year ended March 31, 2016 on an unconsolidated basis	25.1	25.4
Diluted EPS for the year ended March 31, 2016 on a consolidated basis	26.5	26.8

For further details, see "Basis for Offer Price" beginning on page 95 of the RHP

# BID/OFFER PERIOD OPENS ON: MONDAY, SEPTEMBER 12, 2016\* CLOSING ON: THURSDAY, SEPTEMBER 15, 2016

\*Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

## ASBA\* | Simple, Safe, Smart way of Application - Make use of it!!!

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

In terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), this is an Offer for at least 10.0% of the post-Offer paid-up equity share capital of our Company. The Offer is being made in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations"), through the Book Building Process wherein 50.0% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), provided that our Company and the Selling Shareholder may allocate up to 60.0% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI Regulations. Post allocation to Anchor Investors, the QIB Portion will be reduced by such number of Equity Shares. 5.0% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15.0% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.0% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price. All potential investors, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"), to participate in this Offer. For details, see "Offer Procedure" beginning on 415 of the RHP.

**Bidders should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders' sole risk. Bidders should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the depository database, otherwise, the Bid cum Application Form is liable to be rejected.**

**Contents of the Memorandum of the Company as regards its Objects:** For information on the main objects and other objects of the Company, see "History and Certain

**Corporate Matters**" on page 140 to 141 of the RHP and Clause III of the Memorandum of Association of the Company. The Memorandum of Association of the Company is a material document for inspection in relation to the Offer. For further details, see the section "Material Contracts and Documents for Inspection" on page 463 of the RHP.

**Liability of the members of the Company:** Limited by shares

**Amount of share capital of the Company and Capital structure:** The authorised, issued, subscribed and paid up share capital of the Company as on the date of the RHP is as follows: The authorised capital of the Company is ₹ 10,500,000,000 divided into 5,250,000,000 Equity Shares of ₹ 2 each. The issued, subscribed and paid-up share capital of the Company is ₹ 203,380,784 divided into 101,690,392 Equity Shares of ₹ 2 each. For details, see the section "Capital Structure" beginning on page 83 of the RHP.

**Names of signatories to the Memorandum of Association of the Company and the number of Equity Shares subscribed by them:** Given below are the names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association: Larsen & Toubro Limited- 49,994 Equity Shares, Vijay Kumar Magapu- one Equity Share, N.Hanharan- one Equity Share, Naina R.Desai- one Equity Share, K.P.Janardhanan- one Equity Share, P.Ramakrishnan- one Equity Share, Prasad V. Shanbhag- one Equity Share, which were allotted as part of the allotment on June 14, 2012.

**Listing :** The Equity Shares offered through the RHP are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated July 27, 2016 and July 22, 2016, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be the NSE.

**Disclaimer Clause of the Securities and Exchange Board of India ("SEBI"):** SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to pages 394 to 396 of the RHP for the full text of the Disclaimer Clause of SEBI.

**Disclaimer Clause of BSE:** It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to page 404 of the RHP for the full text of the Disclaimer Clause of the BSE.

**Disclaimer Clause of NSE (The Designated Stock Exchange):** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the offer document. The investors are advised to refer to page 404 and 405 of the RHP for the full text of the Disclaimer Clause of NSE.

**GENERAL RISKS:** Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the RHP. Specific attention of the investors is invited to "Risk Factors" beginning on page 21 of the RHP.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER	Company Secretary and Compliance Officer
 <b>Kotak Mahindra Capital Company Limited</b> 1st Floor, 27 BKC, Plot No. 27, G Block Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel: (91 22) 4336 0000; Fax: (91 22) 6713 2447 E-mail: lts.ipo@kotak.com Website: http://investmentbank.kotak.com Investor grievance e-mail: kmccredressal@kotak.com Contact person: Ganesh Rane SEBI Registration No.: INM000008704	 <b>DSP Merrill Lynch Limited</b> Ground Floor, A Wing, One BKC, G Block Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel: (91 22) 6632 8000; Fax: (91 22) 2204 8518 E-mail: dg.lnttechnology@baml.com Website: www.dspml.com Investor grievance e-mail: dg.india_merchantbanking@baml.com Contact person: Saransh Shringi SEBI Registration No.: INM000011625	 <b>JM Financial Institutional Securities Limited</b> 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Tel: (91 22) 6630 3030; Fax: (91 22) 6630 3330 E-mail: l@ttech.ipo@jmf.com Website: www.jmf.com Investor grievance e-mail: grievance.lbd@jmf.com Contact person: Lakshmi Lakshmanan SEBI Registration No.: INM000010361	 <b>SBI Capital Markets Limited</b> 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Tel: (91 22) 2217 8300; Fax: (91 22) 2218 8332 E-mail: lts.ipo@sbicaps.com Website: www.sbicaps.com Investor grievance e-mail: investor.relations@sbicaps.com Contact person: Nithin Kanuganti/ Nikhil Bhiwapurkar SEBI Registration No.: INM000003531	 <b>Karvy ComputerShare Private Limited</b> Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032 Tel: (91 40) 6716 2222; Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com Website: https://karisma.karvy.com Investor Grievance e-mail: l@ttechnology.ipo@karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221	<b>Kapil Bhalla</b> 5th Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ N.H. No. 8, Ajwa Waghodia Crossing, Vadodara 390 019 Tel: (91 265) 670 5000; Fax: (91 265) 670 5955 E-mail: investor@LntTechservices.com Investors can contact the Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

**AVAILABILITY OF RHP:** Investors are advised to refer to the RHP, and the Risk Factors, contained therein before applying in the Offer. Full copy of the RHP is available at www.sebi.gov.in, the websites of the BRLMs to the Offer at http://investmentbank.kotak.com, www.dspml.com, www.jmf.com and www.sbicaps.com, and websites of BSE and NSE i.e. www.bseindia.com and www.nseindia.com, respectively.

**AVAILABILITY OF BID CUM APPLICATION FORMS:** Bid-cum-Application Forms can be obtained from the Registered Office of L&T Technology Services Limited, BRLMs: **Kotak Mahindra Capital Company Limited; Tel:** (91 22) 4336 0000; **Fax:** (91 22) 6713 2447; **DSP Merrill Lynch Limited; Tel:** (91 22) 6632 8000; **Fax:** (91 22) 2204 8518; **JM Financial Institutional Securities Limited; Tel:** (91 22) 6630 3030; **Fax:** (91 22) 6630 3330; **SBI Capital Markets Limited; Tel:** (91 22) 2217 8300; **Fax:** (91 22) 2218 8332 and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. Bid-cum-Application Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

**Sub-syndicate Members:** Aijon Global Services Ltd., Almondz Global Securities Ltd., Amit Jasani Financial Services Private Limited, Amrapali Capital & Finance Services Ltd., Anand Rathi Share & Stock Brokers Ltd., Ashika Stock Broking Ltd., Axis Capital Limited, Bonanza Portfolio Ltd, Centrum Broking Limited, Centrum Capital, Dalal & Broacha Stock Broking Private Limited, DSP Merrill Lynch Limited, Edelweiss Broking, Eureka Stock & Share Broking Services Ltd, Hitesh Shah Share & Stock Brokers, ICICI Securities Limited, IDBI Capital Markets Limited, Inventure Growth & Securities Limited, JM Financial Services Limited, Just Trade Securities Limited, Karvy Stock Broking, Keynote Capitals Limited, Lokat Securities Limited, LKP Securities Limited, LSE Securities Limited, Monarch Network Capital Ltd., Motilal Oswal Securities, MPSE Securities Limited, Nirmal Bang Securities Pvt. Ltd., Prabhudas Lilladhar Pvt Ltd, Pravin Ratilal Share And Stock Brokers Ltd, Religare Securities, RR Equity Broker Private Limited, Sharekhan Ltd, SMC Global Securities Ltd, Systematix Shares, Tradebliss Sec Pvt Ltd.

**APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA):** Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except Anchor Investors. For details on the ASBA process, please refer to the details given in ASBA Form and Abridged Prospectus and also please refer to the section "Offer Procedure" beginning on page 415 of the RHP. ASBA Forms can also be downloaded from the websites of BSE and NSE. ASBA form can be obtained from the list of banks that is available on the website of SEBI at www.sebi.gov.in. ASBA Form can be obtained from Members of the Syndicate, SCSBs, Registered Brokers, RTAs and CDPs, the list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

**Escrow Collection Bank, Refund Bank and Public Offer Account Bank:** Axis Bank Limited

All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

Place : Mumbai

Date : September 01, 2016

For L&T TECHNOLOGY SERVICES LIMITED

On behalf of the Board of Directors

Sd/-

Company Secretary and Compliance Officer

L&T TECHNOLOGY SERVICES LIMITED is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP with the RoC, on August 31, 2016. The RHP is available on the websites of SEBI and Stock Exchanges at www.sebi.gov.in, www.bseindia.com and www.nseindia.com, respectively, and is also available on the websites of the Book Running Lead Managers at http://investmentbank.kotak.com, www.dspml.com, www.jmf.com and www.sbicaps.com. Potential investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see "Risk Factors" beginning on page 21 of the RHP.

These materials are not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia). These materials are not an offer of securities for sale into the United States, Canada or Japan. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.