

PLINTS

REPORTJUNCTION.COM

14th Annual Report
for shareowners
1999-2000



Mr Lakhotia's Journey

28 December 1954 - 30 May 2000

Mr Lakhotia started LCC with Rs 10,000 - and a dream in 1985. Over the years, he built LCC into a respected brand and one of India's biggest computer education and training entities. In 1999, he took the big leap : of evolving LCC from a proprietorship into a publicly quoted company. This was but one step in Mr Lakhotia's vision of making LCC a respected brand across various geographies. Everything appeared to be falling into place. Except for destiny. Mr Lakhotia died in a tragic road accident in May 2000. The show will go on, if only to emphasise that Mr Lakhotia built a vibrant organisation. To do the one thing for which he went into business as a 30 year old. *For a man of his age.*

INFORMATION

TECHNOLOGY GOES BEYOND INFORMATION AND TECHNOLOGY. PEOPLE.

IT EXTENDS TO

For the last 15 years, LCC has
been touching and enriching the
lives of people. Students.
Employees. Franchisees.
Stakeholders.

This annual report explains how.

The document also outlines how
we expect to grow over the
foreseeable future - as visualised
by our founder, the late
Suresh Ch. Lakhotia before he
passed away in a tragic road

accident in May 2000.

Even though the annual report
covers our numbers in the
financial year leading to 31
March 2000, in the interests of
complete and transparent
reporting we have attempted to
provide information relevant until
June 2000.

This is the first annual report
following the corporatisation of
our company.

Contents

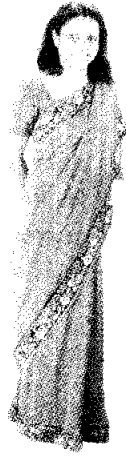
Managing Director's message 2 What we are 4 What we achieved 6 Guiding principles 8 Interview with the
Chairman 10 Interview with the Managing Director 12 Creating shareholder value 15 Directors' report 20 Section
173(2) 24 Management discussion and analysis 26 Management responsibility statement 58 Company Secretary's
responsibility statement 59 A tour of the accounts 60 Auditors' report 65 Shareholder's information 68 Balance
Sheet 70 Profit and Loss Account 71 Schedules 72-84 Balance Sheet Abstract 85 Cash flow statement 86

IF YOU THINK THAT WE ARE
IN THE BUSINESS OF C++
XML AND JAVA, YOU HAVE
GOT IT WRONG. WE ARE IN
A DIFFERENT BUSINESS

THE BUSINESS OF

Managing Director's message





If you think that we are in the business of C++, XML and Java, you have got it wrong. We are in a different business.

In the business of enriching lives.

The lives of a number of our stakeholders. Of the students who enrol with us. The professionals, who work with us. The franchisees, who spread our network. And the shareowners, who have invested with us.

LCC enriches lives by providing a win-win situation across these categories. Students get the best value that their money can buy. Professionals get the delegated freedom to grow our business. Franchisees enjoy the benefit of a stable long-term relationship and a quicker payback. Shareowners inherit the upside of all these initiatives : they enjoy a stronger market capitalisation.

We performed far beyond what had been expected of us when we started out last year.

We forged international alliances with some of the most reputed names in the information technology space; we provided the latest in courses to students across the country; we re-positioned the LCC brand and this accelerated the payback to our franchisees; as the revenues and profits started going north, the impact was immediately reflected in a stronger value of the LCC share on the stockmarket.

In 1999-2000, LCC posted a profit after tax of Rs 11.88 cr. There is a far more heart warming statistic that I must draw your attention to : LCC posted a return

of 22.69 per cent on the capital employed in its business. This reflects the efficiency with which capital was used to drive the business and the intrinsic profitability resident in the LCC brand.

It is our ROCE and the speed with which we changed business direction during the year which convinces me that this is the first of a number of years of high double-digit growth for the company. Over the coming years, we expect to continue enriching lives in the same way as we started out in 1999-2000.

Stay with us.

Kirti Lakhota

Kirti Lakhota

Managing Director

19 July, 2000

LCC Infotech Limited is among the pioneers in computer training and education in India. Towards the close of 1999-2000, LCC's alumni base of over 970,000 students was the highest among any other computer education provider in the country. LCC had 654 centers across India; its reach ran deep across a number of SEC (Socio-Economic Classification) B and C towns and villages on the strength of its reputation for delivering quality IT education to over 100,000 individuals every year across contemporary technologies. The number of centers has expanded to 764 by July 2000. The company's global reach extends to the Middle East, Bangladesh, Indonesia and Nepal. People form the biggest strength of the organisation; the company had an employee strength of 228 towards the end of March 2000.

LCC Infotech specialises in IT education services to students and software professionals; its courses address all categories of learners. These courses extend upwards from the basic computer awareness level to the high-end platform specific E-commerce courses. The company's MPACT division specialises in multi-media training. LCC's quality proposition has been strengthened with tie-ups with international majors like Microsoft, Novell and Adobe among others. The company jointly develops the courseware with international publisher IDG. The company sources content and acts as the design partner for courseware.

As a synergy to its core expertise of providing basic and high-end computer education and training, LCC has evolved into a software developer. Its expertise lies in providing web-enabled solutions. The software operations registered revenues of Rs 3.49 cr in the first year of operations; of which exports touched Rs 2.29 cr.

REPORTJUNCTION.COM

WHAT

LCC Infotech is also setting up a subsidiary in eLCCinfo.com Limited; the subsidiary is developing a complete online MIS for the parent company with features that directly benefit students, franchisees and shareholders, covering the Internet areas of B2C (students), e-SCM (franchisee) and e-CRM (students and corporate).

LCC Infotech is headquartered in Calcutta but has offices in Delhi, Mumbai, Chennai, Hyderabad, Bangalore, Pune, Jaipur and Baroda. The proprietorship concern Lakhota Computer Centre came into existence in 1985. In April 1999, LCC Infotech took over the existing proprietary business of Lakhota Computer Centre as well as the LCC brand for Rs 37 cr.

LCC registered an EVA of Rs 2.80 cr in 1999-2000, indicating that the expectation of our shareowners was exceeded. The company also registered a Total Shareholder Return of Rs 274.51 cr. LCC posted a profit after tax of Rs 11.88 cr in 1999-2000. LCC is listed on the National, Mumbai, Ahmedabad, Delhi and Calcutta stock exchanges. The company's market capitalisation was Rs. 343.84 cr (based on the market price of Rs 165.15 on BSE) as on 31 March, 2000. The promoters hold more than 51 per cent stake in the equity of the company.

 **WE ARE**

WHAT WE

Highlights 1999-2000

- The total income and net profit were Rs 55.12 cr and Rs 11.88 cr respectively in 1999-2000.
- Average increase in per student revenue from Rs 4000 to Rs 6302 in 1999-2000. This increased to Rs 9837 in the last quarter of 1999-2000.
- Alliances forged with MS-Sales Specialist, Adobe, Novell, IDG [International Data Group] with an eye to providing students the latest curriculum.
- Emerged as one of the major partners with IDG Books Worldwide Inc., the world's largest publisher of computer-related information.
- Employees increased to 228.
- LCC's new software development activity achieved a turnover of Rs 3.49 cr; exports contributed 65.61 per cent of that.
- The market capitalisation of the company increased from Rs 69.26 cr to Rs 343.84 cr.

ACHIEVED

Post balance sheet date development

Mr Suresh Ch. Lakhotia, the Chairman and MD of the company, passed away in a tragic road accident on 30 May, 2000.

LCC's total income from operations and net profit of the company increased by 197.40 per cent and 81.70 per cent - to Rs 25.07 cr and Rs 4.07 cr respectively for the quarter ended June 30, 2000.

The number of LCC's centres increased from 654 to 764 in the first four months of 2000-01.

First quarter (2000-01) performance (Rs in cr)

	30.6.1999	30.6.2000	QoQ %
Income from operations	8.44	25.07	197.04
Other Income	0.01	0.15	1400.00
Total Income	8.45	25.22	198.46
EBIDTA	2.55	4.62	81.18
Interest	0	0.02	
EBDT	2.55	4.6	80.39
Depreciation	0.01	0.03	200.00
PBT	2.54	4.57	79.92
Tax	0.3	0.5	66.67
PAT	2.24	4.07	81.70

The company embarked on efforts to set up a software development centre in Sweden.

The company is setting up IT training and software development centres in Jakarta, Indonesia.

The company forged a strategic alliance with Linux Technologies to introduce e-commerce courses on LINUX .

Vision

To enrich lives
through
technology

Technology
direction

We will deliver
value by leveraging
cutting-edge
technologies and
contemporary
practices.

Predominant
customer focus

We will exceed
customer
expectations by
providing effective
solutions.

The pursuit of
excellence

LCC will strive
continuously to
improve the
delivery and
content of its
products and
services, financial
performance and
its community and
human relations.

GUIDING PRINCIPLES

Mission

We will enrich lives
by giving our
customers excellent
value : placing our
students successfully
in companies of
repute and skill;
delivering technology
solutions to our
corporate customers
that strengthen their
business.

Leveraging the
people asset

We will continue to
provide an
environment -
aggressively
delegated - where
our people can
grow their
personalities and
deliver their best.

Financial success
as the lubricant

We will never lose
sight of the fact
that we are in
business to provide
a higher-than-
average rate of
return to our
owners through
sound strategy.

High sense of
integrity

LCC's actions will
always reflect the
highest ethical and
professional
standards of the
geographies in
which it operates.