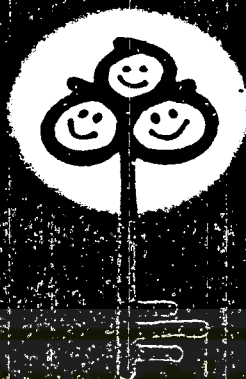


## ANNUAL REPORT '97



Home is Key.

**ALACRITY**  
HOUSING LIMITED

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			

## When the market is so bad, How come Alacrity is still selling?

In the year just gone by, the real estate markets crashed across the country. Many developers lost heavily as their lands and buildings either remained unsold or were sold in distress. Others just about managed to sell a flat here or a flat there. Through all this the customer continued to repose faith in Alacrity's long term strategy and we sold on an average, a flat a day.



### MARKET PRACTICE

#### SPECULATION

1. Developers seek to make a fast buck out of the rising trend in land prices by buying cheap and selling dear. The result? Opportunistic purchase of property, defective titles and incomplete/undelivered projects.
2. Developers attempt to cover high risk of speculative land purchase with more speculation - by violating building regulations and selling flats after they are constructed. The result? Overhanging threat of demolition and uncertain value for your investment of a life time.

#### ABSENCE OF STANDARDS

1. The emphasis is on how the building looks. The functional aspects of the flat tend to get compromised.
2. In the effort to make each building look different, there are no standards established for excellence in quality.

#### SHORT TERM THINKING

1. Either price too low to make the easy sale, cut corners on quality and remain a fly-by-night operator. Or price too high to take out what you can while you can, while also promising the shareholders the moon.
2. Duck the risks of building an organisation. Keep overheads low without realising that this keeps commitment also low. Rely on retainers and consultants. Hire and fire to get at best nervous, inconsistent performance. Treat workers casually - you can get them when you want them.
3. Be at the mercy of the market. Build and forget. Call the customer King. Never mind what he gets in the end.

### ALACRITY STRATEGY

#### PLANNING

1. The focus is on housing, not on real estate. Land is transferred at cost to the flat buyer. Titles indemnified for life. Strategic shift to suburbs to counter spiralling land prices.
2. Established market standing and brand image enable sale of flats at fixed price before beginning of construction. Risk limited to delayed delivery mostly due to delayed sanctions - despite strict adherence to regulations. Alacrity flats fetch higher resale value.

#### DISCIPLINE OF STANDARDS

1. A flat is first something to live in and only then something to look at. The functional details are based on tested standards.
2. Each Alacrity flat goes through over 100 quality assurance checks. Yes, Alacrity flats look alike. So do Ford cars and Sony TVs.

#### LONG TERM COMMITMENT

1. Price responsibly to develop the market and industry. Provide product warranty and continuing service to enable a better quality of life. Take the share holder into confidence in moderating short term expectations to ensure long term returns.
2. Build, not merely an organisation, but an institution. Do value and develop human resources. Allow time for attaining sustained efficiency and effectiveness. Respect workers - they are as human as we.
3. Be mission-philosophy driven. Make the human being King. Keep the family together - the Alacrity way. Make HOME the KEY.

Now is as good a time as any to secure your Alacrity Flat.

## ALACRITY

15, Thirumalai Road, T. Nagar, Chennai - 600017. Ph : 8251771 Fax : 8259406

**Board of Directors**

AMOL KARNAD Chairman  
 ASHOK R. KARNAD Managing Director  
 VIJAY NAGASWAMI Director  
 ARNAVAZ R. AGA Director  
 BARJOR E. MEHTA Director  
 RAVI KUMAR NAIR Director( Alternate to BARJOR E. MEHTA )  
 KISHORE M. MENON Director

**Top Management Team**

NAGESH AROOR Senior Vice President (Planning)  
 A.S. DINESH Senior Vice President (Control)  
 P.K. SUBRAMANIAN Vice President (Technical)  
 KRISHNA HATTANGADY Vice President (Sales)

**Company Secretary**

UMA R. IYER

**Bankers**

UNION BANK OF INDIA  
 CITI BANK N.A  
 TIMES BANK LTD..  
 BANK OF MADURA LTD.

**Auditor**

RAJAN VERGHESE CHACKO Chartered Accountant, Chennai

**Registered Office**

'ATANDRA', 15, Thirumalai Road, T.Nagar, Chennai 600 017

## REPORT JUNCTION.com

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## NOTICE

**ALACRITY HOUSING LIMITED**

15, Thirumalai Road, T.Nagar, Chennai: 600 017

NOTICE is hereby given that the FIFTH ANNUAL GENERAL MEETING of ALACRITY HOUSING LIMITED will be held at 11.00 A.M. on Friday, the 19th SEPTEMBER, 1997, at KAMARAJ ARANGAM, 574-A Anna Salai, Teynampet, Chennai 18 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 1997, the Balance Sheet as at that date, together with the reports of the Directors and the Auditor.
2. To declare a dividend.
3. To appoint a Director in place of Ms.Arnavaaz Rohinton Aga who retires by rotation and offers herself for reappointment.
4. To appoint an auditor and fix his remuneration.

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

"RESOLVED that Mr.Kishore M Menon who was appointed as an Additional Director of the Company and who ceases to hold office under Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

"RESOLVED that Mr.Ashok R Karnad who was appointed as an Additional Director of the Company and who ceases to hold office under Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company."

7. To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the approval of the Company be and is hereby accorded to the Board of Directors' resolution, dated 17.7.97 appointing Mr.Ashok R Karnad as Managing Director with effect from 17th July, 1997, on the terms and conditions including the remuneration as were set out therein, with liberty to the Board to vary the terms and conditions of the said appointment, within the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory or other modifications that may hereafter be made thereto by the Central Government and as may be agreed between the Board of Directors and Mr.Ashok R Karnad."

Place: Chennai  
Date :17th July, 1997

By order of the Board,  
UMA R. IYER  
Company Secretary

## NOTICE

## NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member.
2. A form of proxy and admission slip is enclosed. The completed proxy forms must be deposited with the Company at its Registered Office not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16/09/97 to 19/09/97 (both days inclusive).
4. Members are requested to notify any change in their address to the Company.
5. Payment of dividend, if declared, will be made on or after 19th October, 1997 to those members whose names appear in the Register of Members of the Company on 19th September, 1997.
6. Members are requested to furnish their bank account number, name and address of their bank to enable the Company to remit the dividend directly to their bank account and thereby avoid loss/misuse of dividend warrant.
7. Members are requested to bring their copies of the Annual Report to the meeting. In view of the high cost of printing, additional copies of the Annual Report will not be distributed at the meeting.
8. Admission restricted to members or proxies only.
9. Members who have queries on the accounts of the Company are requested to send the same to the Company at the earliest, to enable gathering of data needed for the replies.
10. Members/Proxy holders are requested to produce the admission slips at the entrance of the meeting hall.
11. The unpaid dividend for the financial year 1993-94 is due for transfer to the General Revenue Account of the Central Government on 29.10.97. All shareholders who have not encashed their dividend warrants are requested to encash the same before this date after getting them revalidated by the Company. After the said date, dividend claims will have to be made only to the Registrar of Companies.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

**Item no. 5:**

The Resolution for appointment of Mr. Kishore M Menon, an advertisement and communications professional and the Managing Director of Takewing Communication Limited as an Additional Director of the Company was placed before the meeting of your Board of Directors held on 21st May, 1997 and recorded. Mr. Kishore M Menon will be retiring at the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose Mr. Kishore M Menon's appointment as a Director along with a deposit of Rs.500/-. The Board considers it desirable that the Company should continue to avail itself of his services.

The Board of Directors commends this resolution to the Members for their approval.

Except Mr. Kishore M Menon, no other Director is interested in the resolution.

**Item no. 6:**

At their meeting held on 17th July, 1997 the Board appointed Mr. Ashok R Karnad, an engineer who has served Alacrity in various capacities for the last 13 years and has been the President of the Company since its inception, as an additional director of the Company in terms of the provisions of the Companies Act, 1956 and also as Managing Director with effect from 17th July, 1997. According to the provisions of the Companies Act, 1956 he holds office as a Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose Mr. Ashok R Karnad's appointment as a Director, along with a deposit of Rs.500/-. The Board considers it desirable to avail itself of his services.

## NOTICE

The Board of Directors commends this resolution to the Members for their approval.

Except Mr.Ashok R Karnad and Mr.Amol Karnad no other Director is interested in the resolution.

### Item no. 7 :

Mr. Ashok R Karnad, was appointed as an additional director and Managing Director of the Company for a period of five years, with effect from 17th July, 1997 at the Board of Directors Meeting held on 17th July, 1997. This resolution is placed before the Annual General Meeting for approval as required by the provisions of Sections 198 & 269 of the Companies Act, 1956.

The terms and conditions governing Mr.Ashok R Karnad's appointment are as follows:

1. Remuneration: Nil
2. The Company shall reimburse travelling and all other expenses incurred by him for the business of the Company.

Except Mr.Ashok R Karnad and Mr. Amol Karnad, no other Director is interested in this Resolution.

Place: Chennai  
Date :17th July, 1997

By order of the Board,  
UMA R. IYER  
Company Secretary





## DIRECTORS' REPORT

We take great pleasure in presenting this, our Fifth Annual Report of your Company together with the Audited Accounts for the year ended March 31, 1997.

### FINANCIAL RESULTS

Last year we had reported that the speculative trend in property prices had flattened out after December 1995. While this did not influence the market for flats within the city which continued to be sluggish, the Company's sales in its suburban projects were fairly brisk during the first half of the year. But in the second half, some developers apparently caught in a cash crunch, announced "distress rates" which increased the sense of market uncertainty and made the average flat buyer jittery. The consequent drop in prices did not, however, boost the market offtake as prospective buyers chose to wait in anticipation of a further decrease. This arrested the promising trend of the Company's sales in the suburbs.

Sales for the year in terms of area sold were 36% less than the previous year. As a result the income under Project Promotion Fees (PPF) fell by 24%. While the income under Value of Construction Work went up on account of increased volumes, disproportionate escalation in the cost of material and labour on some delayed projects where government sanctions misbehaved, set back the estimated contribution to profit. The strategic decisions taken by the Company to infuse confidence in a suspicious market through active advertising and to appoint sales dealers on attractive terms made further inroads into the planned profit. After providing Rs.51 lacs for tax and Rs.26 lacs for depreciation, the net profit for the year was Rs.128 lacs.

	1996-97 (Rs. Lacs)	1995-96 (Rs.Lacs)
Profits before Depreciation and Tax	205.09	550.77
Less: Depreciation	25.61	12.06
Profit before Tax	179.48	538.71
Less: Provision for Tax	51.25	183.73
Profit after Tax	128.23	354.98
<b>Appropriations</b>		
Transfer to General Reserve	10.00	36.00
Proposed Dividend	80.00	136.00
Provision for Tax on Proposed Dividend	8.00	Nil
	30.23	182.98
Add: Balance brought forward from previous year	492.86	309.88
Balance carried forward to Balance Sheet	523.09	492.86

### DIVIDEND

The Board is pleased to recommend a dividend of 10% which would absorb Rs.80 lacs. Tax on dividend would absorb a further amount of Rs.8 lacs.

### OPERATIONS

#### Construction

- 1) Of the 17 projects worth Rs.50 crores scheduled to be delivered during the year, 11 projects were delivered while the balance 6 will be delivered by September/October 1997.



## DIRECTORS' REPORT

- 2) Projects worth another Rs.68 crores are progressing satisfactorily and most of them are expected to be completed during the year.
- 3) Projects under various stages of construction worth Rs.70 crores are scheduled to be completed by the end of 1998-99.
- 4) New projects signed since our last report are worth Rs.23 crores. These together with projects worth Rs.153 crores which form part of those signed last year will be completed progressively from 1999 onwards.

## GOVERNMENT RELATIONS

The Company's sustained efforts in improved planning and communication with CMDA and the Corporation of Chennai resulted in permits being obtained for most of the projects on hand.

The record on service connections has not, however, been as satisfactory. While electricity connections to several projects were delayed because of TNEB needing time to strengthen its infrastructure in the vicinity of these projects, several sewerage and water connections were held up by Metrowater as it insisted on provision of rain water harvesting as mandated by CMDA in the planning permit. The Company had already implemented in these projects a system of rain water harvesting that was more efficient than mandated and had sought acceptance of its system by Metrowater. Discussions with Metrowater resulted in the Company's system not only being accepted but recognised as an alternative for other builders/developers also in Chennai. Sewerage and water connections have since been resumed.

To avoid such delays in the future, the Company has recommended to the CMDA that action for service connections be initiated with the TNEB and Metrowater at the time of issuing the Planning Permits itself. If this be accepted, it would vastly improve the Company's performance in hand-over of its projects on time.

## TRENDS FOR THE CURRENT YEAR AND THE FUTURE

A recent edition of the popular weekly journal, India Today, in an article titled "The crash of '97" describes the current real estate scene as follows: With prices plummeting across the country, the real estate business faces an unprecedented crisis. A sluggish economy and the funds-crunch belie hopes of a recovery.

Going by the declining price trend reported by the journal for properties in Chennai, the current rates for the small residual stock of flats within the city carried by the Company compare favourably with the rates cited for 1997. The three-year old strategy of shifting marketing focus to the suburbs has obviously enabled the Company to minimise the adverse impact of the market slump on its business.

The sales for the large suburban projects have been well short of the target during the first quarter of the current year. The Company nevertheless is pursuing its previous year's initiative of sales through dealer outlets. Two such outlets under the standard banner of 'Alacrity Homeshop' are already in operation and two more are likely to be added soon. The popular press campaign under the theme **Home is Key** which discusses the Alacrity philosophy in the context of our quality of life both at home and at work is being continued and the market is also being educated on the essential differences between the Company's strategy and the market practice \*.

The relevance of the Company's accounting policy providing for two main streams of income viz., PPF and the Value of Construction Work, becomes highlighted in a bad year like the one the Company has just passed through. Given the dismal market conditions, the Company will be happy to minimise its interest burden, keep up its construction schedules and loan repayments and achieve atleast the break-even point of its income/expenditure. In a year when it may be necessary to be prepared for Sales and PPF to slump badly, there should be enough accrual from an increased volume of construction in projects which had yielded a higher aggregate of PPF in the previous years, to provide a true and fair financial picture. The prospect of having future profitability depend more on the the Value of Construction Work than on PPF to counter the effects of the

\* ads reproduced on the inside front and back covers of this report.