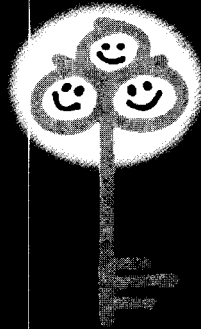


ANNUAL REPORT '99



Home is Key.

Report  junction.com

ALACRITY

HOUSING LIMITED

It still pays to be honest

These People took part in a
new chapter of Urban Development

Over 5000 customers who acquired their flats from Alacrity without black money, satisfied all legal requirements and completed the deal of a lifetime without any loss of sleep.

Over 200 land owners who sold their properties to Alacrity without any black money, satisfied all the tax and legal requirements, and completed the deal of a lifetime without any loss of sleep.

And all those in various government departments like The Chennai Metropolitan Development Authority, The Corporation of Chennai, The Chennai Metropolitan Water Supply &

Sewerage Board, The Appropriate Authority of the Income Tax Department, Tahsildar's Offices, The Tamilnadu Electricity Board and Sub-Registrar's Offices who cleared various sanctions and permits to Alacrity without any bribes, asserted their dignity and experienced true job satisfaction therefrom.

Not for them the confusion about what is right and what is wrong, what standards to pass on to their children, and what values to build national character with. All they needed was the enabling institutional support of an organised business with a deep commitment to human values.



Home is Key.

Organised Urban Development
No longer a fantasy. But a reality.

ALACRITY

Board of Directors

AMOL KARNAD Chairman
ASHOK KARNAD Managing Director
VIJAY NAGASWAMI Director
ARNAVAZ AGA Director
KISHORE MENON Director
TOMY MATHEW Additional Director

Top Management Team

NAGESH AROOR President
KRISHNA HATTANGADY Senior Vice President (Finance)
P. K. SUBRAMANIAN Vice President (Technical)
DURGANAND BALSAVER Vice President (Marketing)

Company Secretary

S.BALAMURUGASUNDARAM

Bankers

BANK OF MADURA LTD.
CITIBANK N.A.
TIMES BANK LTD.
UNION BANK OF INDIA
UTI BANK LTD.

Auditor

RAJAN VERGHESE CHACKO Chartered Accountant, Chennai

Registered Office

'Atandra', 15 Thirumalai Road, T.Nagar, Chennai 600 017. Tel: 825 1771 Fax: 825 9406
Email: maa.ahlhq@alacrity.sprintpg.ems.vsnl.net.in Web: www.alacrity.org

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NOTICE

ALACRITY HOUSING LIMITED
15, Thirumalai Road, T-Nagar, Chennai - 600 017

NOTICE is hereby given that the SEVENTH ANNUAL GENERAL MEETING of ALACRITY HOUSING LIMITED will be held at 11.00 A.M. on Monday, the 20th September, 1999, at the Music Academy, 306, T.T.K. Road, Chennai 600 014 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 1999, the Balance Sheet as at that date, together with the reports of the Directors and the Auditor.
2. To appoint a Director in place of Mr. Vijay Nagaswami who retires by rotation and offers himself for reappointment.
3. To appoint an auditor and fix his remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Mr. Tomy Mathew 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."

By order of the Board

Place : Chennai

S. BALAMURUGASUNDARAM

Date : 26th July, 1999

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 16/09/99 to 20/09/99 (both days inclusive).
4. Members are requested to notify any change in their address to the Company.
5. 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.
6. Admission restricted to members or proxies only.
7. 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.
8. Members/Proxy holders are requested to produce the admission slips at the entrance of the meeting hall.
9. The unpaid dividend for the financial year 1995-96 is due for transfer to the General Revenue Account of the Central Government on 8.11.99. Those 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. 4:

The Resolution for appointment of Mr. Tomy Mathew, who was till recently the Company's Vice President (Marketing & Communications) & had been in the Company's services for over six years, as an Additional Director of the Company was placed before the meeting of your Board of Directors held on 26th July, 1999 and recorded. Mr. Tomy Mathew will be vacating the office 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. Tomy Mathew'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. Tomy Mathew, no other Director is interested in the resolution.

Place : Chennai

Date : 26th July, 1999

By order of the Board
S. BALAMURUGASUNDARAM
Company Secretary

DIRECTORS' REPORT

We take great pleasure in presenting this, our Seventh Annual Report of your Company together with the Audited Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

In our last report, we had stated as follows: "With its strong brand equity and market leadership, its sizable stock of landholding in the suburbs and experience of having effectively marketed, developed and serviced large housing complexes, your Company is well placed to take advantage of the new favourable climate over the next five years.

However, the limiting effects of the two-year long crisis by way of increased costs of interest and delays are likely to keep profits for a year or two at modest levels. This could change dramatically for the better if the tax and other incentives offered by the Government go to boost the markets appreciably in the immediate future."

As the general recessionary condition of the economy continued, the new incentives did not have any appreciable effect on the revival of demand for housing. The volume of sales remained more or less the same as in the previous year yielding Project Promotion Fee (PPF) of Rs.475 lacs against Rs.474 lacs in the previous year.

As financial institutions continued to be reluctant to renew their support to the real estate market, severe liquidity constraints were experienced due to mismatch of cash inflows and outflows. This not only slowed down the progress in construction but also increased the incidence of the interest burden, though in absolute terms interest was almost the same as in the previous year. The realisation of proceeds from the sale of the property at Saidapet, Chennai to a foreign institution was delayed by red tape and was completed only towards the fag end of the year. A bulk of these proceeds went towards reducing loan borrowings and brought the previous year's borrowings of Rs.2071 lacs down to Rs.1443 lacs at the end of the year under review.

The modest increase in profit for the year was enabled by the realisation of the balance profit amounting to Rs.197 lacs from the sale of the Saidapet property. After providing for Rs.5.6 lacs for tax and Rs.18.82 lacs towards depreciation, the net profit for the year was Rs.47.26 lacs.

	1998-99 (Rs.Lacs)	1997-98 (Rs.Lacs)
Profit before Depreciation and Tax	71.68	65.23
Less: Depreciation	18.82	30.19
Profit before Tax	52.86	35.04
Less: Provision for Tax	5.60	3.68
Profit after Tax	47.26	31.36
Appropriations		
Transfer to General Reserve	15.00	15.00
Income Tax of earlier years	0.92	6.25
	31.34	10.11
Add: Balance brought forward from previous year	533.20	523.09
Balance carried forward to Balance Sheet	564.54	533.20

DIRECTORS' REPORT

OPERATIONS

1. Of the Rs.70 crores worth of projects in progress over the previous two years, Rs.50 crores worth of projects stand completed but, have been only partially delivered on account of electrical connections not being completed to all the flats. Projects worth Rs.20 crores affected by liquidity constraints are rescheduled to be completed between August and December 1999.
2. To the projects worth Rs.35 crores commenced last year were added projects worth Rs.27 crores during the year under review. Barring unforeseen delays, projects worth another Rs.70 crores are expected to be added during the current year. All these projects are scheduled to be completed over the next two and a half years.

GOVERNMENT RELATIONS

Projects in which transformers had to be installed by the Tamil Nadu Electricity Board before electrical connections could be effected, were delayed. Since your Company had undertaken several large projects, many of them required transformers & were affected by such delays. In certain other projects, on account of electrical meters being supplied in small lots, there have been delays. On the other hand, barring a few projects on busy roads, there were no delays in the sewerage connections to the other projects.

TRENDS FOR THE CURRENT YEAR AND THE FUTURE

With land prices in the city coming down from the speculative heights of 1995 and achieving a reasonable correction, your Company decided to reverse, for the time being, its decision to concentrate in the suburbs and go in for new properties in the city. This has resulted in improved sales though the Chennai market otherwise still reports no great signs of revival. With a steady though modest off-take in the suburban projects as well, the value of your Company's brand image and goodwill is clearly having its impact.

While the acquisition of new properties in the city will require more borrowings to pay advances to landowners, the total average borrowing is not expected to exceed the levels of the previous two years. But the incidence of interest is expected to steadily come down. As both sales and construction pick up, the mismatch of cash inflows and outflows is bound to be corrected and borrowings gradually reduced. There is every evidence that financial institutions will support your Company to this end, given the responsible and dignified manner with which your Company has weathered the long crisis. Your Company is also exploring taking up construction contracts for the foreign institution which acquired the Saidapet property and for a few others in order to neutralise the market uncertainty.

Cement manufactures, encouraged by the emerging opportunities for infrastructural projects, have sharply increased their prices. This is likely to partially erode the construction surplus of the on going projects. It seems prudent therefore to expect only a modest profit for the current year also. We are optimistic, however, that profit will rise from the year 2000-2001 onwards.

PUBLIC DEPOSITS

Your Company has neither invited nor accepted any deposits from the Public.

YEAR 2000

The Company has taken appropriate and effective steps to be Y2K compliant. The expenditure to ensure Y2K compliance is not expected to have any material financial impact.

DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The provisions of Section 217(1)(e) of the Companies Act, 1956, relating to the conservation of energy and technology absorption, are not applicable to the Company.

The company has not incurred any expenditure in foreign currency during the year.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

None of the personnel in the Company was in receipt of remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956 during the year under review.

LISTING

Your Company's shares are listed at Chennai, Mumbai, Coimbatore, Hyderabad and Ahmedabad Stock Exchanges and OTCEI and the Company has paid the listing fees to all the Stock Exchanges for the year 1999-2000.

DIRECTORS

Mr. Ravi Kumar Nair, who was appointed as Alternate Director to Mr. Barjor E Mehta, resigned from the Board effective from 23rd September 1998.

Mr. Barjor E Mehta, who continues his assignment and residence in the United States of America, also resigned from the Board effective from 26th July 1999.

The Board places on record its appreciation of their contributions to the Company during their tenure as Directors.

Mr. Tomy Mathew was appointed as Additional Director w.e.f. 26th July 1999. Mr. Tomy Mathew holds office till the forthcoming Annual General Meeting, at which he offers himself for election.

AUDITOR

Mr. Rajan Verghese Chacko, Chartered Accountant, Auditor of the Company, retires at the ensuing Annual General Meeting and is eligible for re-appointment.

ACKNOWLEDGEMENTS

We thank our employees, customers, bankers, suppliers, the various departments/ agencies of the Central and Tamilnadu Governments and not the least, you - the members - for the cooperation and support extended to us.

On behalf of the Board

Place : Chennai
Date : 26th July, 1999

AMOL KARNAD
Chairman

AUDITOR'S REPORT**TO****THE MEMBERS OF ALACRITY HOUSING LIMITED**

I have examined the books of accounts of ALACRITY HOUSING LTD., CHENNAI, for the year ended 31st March 1999 and the attached Balance Sheet as at 31st March 1999 and the Profit and Loss Account for the year ended that date annexed thereto and report that:

In my opinion and to the best of my information and according to the explanations given to me, the said accounts, read with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at the end of the year; and
- ii) in the case of the Profit and Loss Account, of the Profit for the year.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

In my opinion, proper books of account as required by law have been kept as far as it appears from my examination of these books.

The Company's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the aforesaid books of account.

In my opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

As required under the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Government of India under section 227(4A) of the Companies Act, 1956, I further state that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year and no discrepancies have been noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. Physical verification of stock of construction materials and project work-in-progress has been conducted by the management at the close of the year and no significant discrepancies have been noticed on such verification as compared with the records. Further, the Company has a programme of physical verification of stock of construction materials and project work-in-progress at reasonable intervals.
4. In my opinion, the procedure of physical verification of stock of construction materials and project work-in-progress followed by the management is generally found to be reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material.
6. In my opinion, the valuation of inventory and project work-in-progress is fair and proper and in accordance with the normally accepted accounting principles, and is on the same basis as in the previous year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under section 370(1B) of the Companies Act, 1956.