

# ALACRITY HOUSING LIMITED

Annual Report - 2001



Home is Key.

**ALACRITY**  
*No wealth or power greater than our dignity and integrity*



Construction in progress at project Tarangini, Mogappair.

**Board of Directors**

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

**Top Management Team**

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

**Company Secretary**

A BALA CHANDRAN

**Bankers/Financial Institutions**

ICICI BANK LIMITED  
 ICICI LIMITED

**Auditor**

RAJAN VERGHESE CHACKO Chartered Accountant, Chennai

**Registered Office**

'Atandra', 25 Thirumalai Road, T.Nagar, Chennai 600 017. Tel: 825 1771 Fax: 825 9406  
 Email: [shares@alacritymail.com](mailto:shares@alacritymail.com) Web: [www.alacritygroup.com](http://www.alacritygroup.com)

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## NOTICE

### **ALACRITY HOUSING LIMITED**

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

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of ALACRITY HOUSING LIMITED will be held at 11.00 A.M. on Monday, the 24<sup>th</sup> September, 2001, at the Music Academy, 306, T.T.K.Road, Chennai - 600 014 to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended 31st March 2001, 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 Mr. Tomy Mathew who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint an auditor and fix his remuneration.

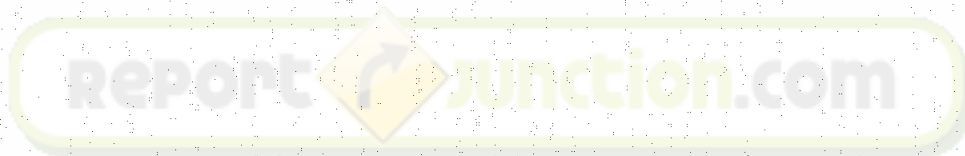
Chennai

27th July, 2001

By order of the Board

**A Bala Chandran**

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 a 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 the Share Transfer Books of the Company will remain closed from 16/09/2001 to 24/09/2001 (both days inclusive).
4. Payment of dividend, if declared, will be made on or after 24<sup>th</sup> September 2001 to those members whose names appear in the Register of Members of the Company on 24<sup>th</sup> September 2001 and to the beneficiary holders of shares held under electronic form on 24<sup>th</sup> September 2001.
5. Members are requested to notify any change in their address to the Company.
6. Members are requested to bring the 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.
7. Consequent upon the amendment to Section 205A of the Companies Act, 1956, and insertion of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years shall henceforth be transferred to the Investor Education and Protection Fund. Accordingly, the unclaimed dividend for the financial years 1995-96 and 1996-97 will be deposited by the Company into the Investor Education and Protection Fund upon expiry of the prescribed period of seven years after which the shareholders will not have any claim over their dividends. Hence shareholders who have not yet claimed their dividend for these years are requested to claim the same before the respective statutory periods are over.
8. Admission restricted to members or proxies only.
9. Anticipating a few questions on the Accounts, explanatory notes for the same are included in the report. Members who have further queries or who require further clarifications on any of the answers 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 their admission slips at the entrance of the meeting hall.
11. The Bombay Stock Exchange has advised all the Companies listed in B2 Group to execute agreements and establish connectivity with both the depositories National Securities Depositories Limited (NSDL) and Central Depository Service (India) Limited (CDSL) for dematerialisation of shares of the Company. Accordingly, the Company has executed agreements with both NSDL and CDSL. The ISIN allotted to the Company is INE781D01011. Members are requested to commence the process of dematerialisation of their shares.

Chennai  
27th July, 2001

By order of the Board  
**A Bala Chandran**  
Company Secretary

## DIRECTORS' REPORT

We take great pleasure in presenting this, our Ninth Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2001.

### FINANCIAL RESULTS

The market conditions, viewed across the year, reflected only marginal improvement over the previous year. However, a couple of break-throughs into corporate sales at the fag end of the year and a better average sales realisation from new projects in prime localities of the city contributed significantly to a Project Promotion Fee of Rs. 987 lacs against Rs. 753 lacs in the previous year. After providing for Rs. 10 lacs towards tax and Rs. 11.2 lacs towards depreciation, the net profit for the year was Rs 84.87 lacs.

Financial Overheads were higher by about Rs. 100 lacs mainly on account of interest being incurred for the whole year on borrowings of the previous year as well as due to a marginal increase in overall borrowings. The latter was necessitated by slow realisation of construction instalments in delayed projects and the pressure of advances to land owners on new projects.

Marketing Expenses were higher by about Rs. 67 lacs. This was contributed to mainly by a sharp increase in Liquidated Damages on delayed projects as well as a strategic increase in Advertisements. While the first was the inevitable aftermath of the earlier effects of market recession, the second was considered necessary to retain the faith of the prospective Alacrity customer in an economy whose general picture continued to be reported as dismal.

The higher financial and marketing expenses were to a great extent compensated by a reduction in construction expenses on account of the following items: Cement - about 8%; Ceramic Tiles - about 15%; Lifts and Other Electrical Items - about 8% in sales tax; PVC Items - about 8%.

	2000-2001 (Rs.Lacs)	1999-2000 (Rs.Lacs)
Profit before Depreciation and Tax	106.07	62.65
Less: Depreciation	11.20	13.86
Profit before Tax	94.87	48.79
Less: Provision for Tax	10.00	10.00
Profit after Tax	84.87	38.79
<b>Appropriations</b>		
Transfer to General Reserve	Nil	5.00
Proposed Dividend	40.00	Nil
Provision for Tax on Proposed Dividend	4.08	Nil
Income Tax of earlier years	(0.05)	0.41
	40.84	33.38
Add: Balance brought forward from previous year	597.92	564.54
Balance carried forward to Balance Sheet	638.76	597.92



## DIRECTORS' REPORT

### DIVIDEND

The Board is pleased to recommend a dividend of 5% which would absorb Rs.40 lacs before providing for tax on distributed profit and surcharge.

### OPERATIONS

In our last report we had indicated that business on hand was worth Rs. 185 crores. Of this, projects comprising 3.75 lacs sq. ft. and worth about Rs. 52 crores have been completed. We have also added to the balance, new projects comprising 3.07 lacs sq. ft. and worth about Rs. 48 crores of which more than 50% is related to prime localities in the city. Other additions include about Rs. 2 crores towards the construction of a modern research and training centre for a christian mission in Bangalore who have retained Alacrity Foundations as their consultants. The effective business on hand currently is valued around Rs. 181 crores.

### GOVERNMENT RELATIONS

Just when it seemed, as reported last year, that Planning Permits would be received in fair time, procedures within CMDA relating to regularisation of land for legitimate reasons such as reconstitution of sub-divided portions within families etc. were amended. As a result, what had earlier been within the purview of planning permission, moved away to be caught up with the massive load of the new scheme for regularising unauthorised constructions. The sanctioning time has since then again become quite unpredictable and affected most of our new applications. A recently revived green channel for efficient service is still to settle down as a feasible system.

With respect to electricity connections, we had in the last year's report stated as follows: "With the recent introduction however of a new system by the TNEB, connections have been assured within three months after receipt of applications, if payment is made of the charges for the additional infrastructure needed. We plan to take advantage of this and have accordingly budgeted for it in the costing of our new projects launched after the introduction of this system." This plan was, however, shortlived as some people moved the courts citing the unreasonableness of TNEB's passing on the infrastructure cost and obtained a stay on the proposal. Consequently, connections involving transformers and large projects requiring meters in volume continued to suffer delays over and above the delays earlier caused by liquidity constraints.

We see all these as environmental constraints with an inherent cost to the business which, nevertheless, have to be taken in our stride as part of our corporate responsibility, particularly when both the Indian economy and polity are experiencing severe pangs of growth and development.

### TRENDS FOR THE CURRENT YEAR AND THE FUTURE

At a time when industrial markets in general are reported to have dipped sharply, it is indeed encouraging to be able to report steady trends in sale of flats both in the city and the suburbs. Liquidity constraints caused by slow instalment realisation on delayed projects, advances to land owners on new projects and instalments on other projects being held up by delayed permits have further delayed the completion of old projects like 'Tarangini' in Mogappair and 'JASA' in Perambur. This is a temporary phenomenon viewed in the context that the current and future receivables on flats already sold have averaged around Rs.50 to Rs. 60 crores at any given point in time and current sales have revealed a steady growth. To break out of this liquidity deadlock, your Company responded to an initiative from Canara Bank to take over the account from ICICI and offer us additional funds at a lower cost. Although their 'in-principle' sanction was received in April itself, the final approval and disbursement have taken time and are expected shortly. This additional borrowing will support emerging business prospects centred around the active and collective interest in flats of employees from large corporations such as Larsen & Toubro (L&T), Oil & Natural Gas Commission

**DIRECTORS' REPORT**

(ONGC) etc. Barring unforeseen future market setbacks, the overall borrowings are expected to start decreasing in less than a year's time. Consequently, as the burden of interest comes down in the context of sustained levels of sales and production, profits are bound to increase from the year 2002-2003 onwards.

**AUDIT COMMITTEE**

Pursuant to Section 292A of the Companies Act, 1956, the Board has constituted an Audit Committee with the following members of the Board:

1. Mr. Tomy Mathew
2. Mr. Vijay Nagaswami
3. Mr. Ashok Karnad

The composition of this Audit committee is subject to alteration depending on the applicability of various provisions under Corporate Governance as per the Listing Agreements entered into with the Stock Exchanges.

**DIRECTORS' RESPONSIBILITY**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The directors had prepared the annual accounts on a going concern basis.

**PUBLIC DEPOSITS**

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

**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.



## DIRECTORS' REPORT

### 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 2001-2002.

### DIRECTORS

Mr. Tomy Mathew, retires by rotation and being eligible offers himself for re-election.

Ms. Arnavaz Aga, resigned from the Board with effect from 30th October 2000. The Board places on record its appreciation of her contribution to the Company during her tenure as Director.

### 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 Tamil Nadu Governments and not the least, you - the members - for the cooperation and support extended to us.

Chennai  
27th July, 2001

On behalf of the Board  
**Amol Karnad**  
Chairman