



***AKD Capital Limited***

**ANNUAL REPORT  
2011**



## **VISION STATEMENT**

To be the most competitive, focused, quality driven  
and growth oriented Company  
in Pakistan

## **MISSION STATEMENT**

The mission of AKD Capital Limited  
the company in terms of quality and profitability with an  
emphasis on minimizing risk in order to optimize return  
to Shareholder



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## COMPANY INFORMATION

**Board of Directors**

Mr. Aqeel Karim Dhedhi  
(Chairman)  
Mrs. Yasmeen Aqeel  
Mr. Nessar Ahmed  
(Chief Executive Officer)  
Ms. Ayesha Aqeel  
Mr. Muhammad Sohail  
Ms. Anum Aqeel  
Mrs. Mehrunnisa Siddiqui

**Company Secretary**

Tanveer Hussain Khan

**Auditors**

Muniff Ziauddin & Co.  
Chartered Accountants

**Share Registrar**

C&K Management Associates  
(Pvt) Limited

**Bankers**

MCB Bank Limited  
United Bank Limited  
Bank Al-Habib Limited

**Registered Office**

416-418 Continental Trade Center  
Main Clifton Road Clifton  
Karachi-74000, Pakistan  
Tel: (92-21) 35302902 (5 Lines)  
Fax: (92-21) 35302913

**Audit Committee**

Mr. Aqeel A. Karim Dhedhi  
Mr. Muhammad Sohail  
Ms. Anum Aqeel

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventy Sixth Annual General Meeting of AKD Capital Limited will be held on 27 October 2011 at 10:00 A.M at its Corporate Office Room # 416-418- Continental Trade Centre, Block 8, Clifton, Karachi to transact the following business:-

### ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on 30 November 2010.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and Auditors' Report for the year ended 30 June 2011.
3. To consider and approve Cash Dividend @ 10% Rupee 1 per share except for sponsors, directors, their family members and friends as recommended by the Board of Directors for the year ended 30 June 2011.
4. To elect seven directors as fixed by the Board pursuant to the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years.

Following are the names of the retiring directors:

- 1) Mr. Aqeel Karim Dhedhi
- 2) Mrs. Yasmeen Aqeel
- 3) Mr. Nessar Ahmed
- 4) Miss. Ayesha Aqeel
- 5) Miss. Anum Aqeel
- 6) Mr. Muhammad Sohail
- 7) Mrs. Mehrunnisa Siddiqui

The retiring directors are eligible for re-election.

5. To appoint Auditors for the year ending 30 June 2012 and to fix their remuneration. Present auditors M/S Muniff Ziauddin Junaidy and Co, Chartered Accountants, retire and did not offer for re-appointment in view of rotation requirements of Code of Corporate Governance being part of the listing regulation of Karachi Stock Exchange. One of the members has given a notice to the Company and suggested the name M/S Riaz Ahmad & Company, Chartered Accountants for appointment in place of retiring auditors for consideration in the Annual General Meeting.

### SPECIAL BUSINESS:

#### Receivable from an Associate, "Creek Developers (Private) Limited"

6. To consider and, if deemed fit, to pass the following resolutions as a special resolution as approved by the Board of Directors (the "Board" of the Company in a meeting held on 05 October 2011), with or without modifications.

#### Special Resolution No. 1/2012

**Resolved** that in pursuance of the Agreement between BF Properties & Construction Pak (Private) Limited" (BF) and "Creek Developers (Private) Limited" (CDPL), the amount receivable from BF Rs 17,196,343 is now receivable from CDPL, is hereby approved subject to following terms and conditions;

Markup rate 6 Months KIBOR Plus 5%  
Expiry/Repayment date Not later than June 30, 2012

**Special Resolution No. 2/2012**

"Resolved further that the earnest money adjusted by" Defense Housing Authority" in favor of CDPL is now receivable from CDPL, is hereby approved subject to following terms and conditions;

Markup rate 6 Months KIBOR Plus 5%  
Expiry/Repayment date Not later than June 30, 2012

**Note:**

Statement of material facts under section 160 (1) of "The Companies Ordinance, 1984" is attached

Karachi:  
October 5, 2011

**Tanveer Hussain Khan**  
Company Secretary

**NOTES:**

1. Any person who is not ineligible to be appointed as a director under section 187 of "The Companies Ordinance 1984" and seeks to contest the election to the office of director shall whether he / she is a retiring director or otherwise file with the Company at its registered office not later than fourteen days before the date of the above said meeting his / her intention to offer himself / herself for the election of directors in terms of the section 178 (3) of the Companies Ordinance, 1984 together with (a) consent in Form 28, (b) a declaration with consent to act as a director in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he / she is aware of duties and power of directors under the Companies Ordinance, 1984, the Memorandum and Articles of association of the Company and the listing regulation of the Karachi, Lahore and Islamabad Stock Exchanges and has read the provisions contained therein, (c) a declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance to the effect that he / she is not serving as a directors of more than nine other listed companies, that his / her name is borne in the register of national tax payers (except where he / she is a non-resident), that he / she has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member.
3. The share transfer books of the Company will remain closed from 20 October 2011 to 27 October 2011 (both days inclusive).
4. The shareholders are advised to notify the company of any change in their addresses to ensure prompt delivery of mails. Any shares(s) for transfer etc. should also be lodged with the company.
5. Shareholders whose shares are deposited with Central Depository Company (CDC), or their Proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participants I.D. number and their account number at the time of attending the Annual General Meeting for verification.



## STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item number 6 of the Notice, to be transacted at the 76th Annual General Meeting of AKD Capital Limited, the Company.

### **Special Resolution No. 1/2012 - Explanation**

Pursuant to an Agreement between "BF Properties & Construction Pak (Private) Limited (BF) and "Creek Developer (Private) Limited" an amount of Rupees 17,196,343 previously receivable from BF has been taken over by CDPL during this year. Accordingly to the agreement between the Company and CDPL, this amount is now receivable from CDPL and the Company has been charging a markup at the rate of 6 Months KIBOR plus five percent on this receivable amount from the date of such take over. Moreover, this amount will be repaid not later than 30 June 2012.

### **Special Resolution No. 2/2012 - Explanation**

During this year, earnest money amounting Rupees 10,000,000 paid by the Company in previous periods to Defense Housing Authority (DHA) has been adjusted by DHA in favor of Creek Developers (Private) Limited. According to the agreement between the Company and CDPL, this amount is now receivable from CDPL and the Company has been charging markup on this receivable at the rate of six Month KIBOR plus five percent. Moreover, this amount will be repaid not later than 30 June 2012.



## DIRECTOR'S REPORT

The Board of Directors of your company is hereby pleased to present the audited financial statements together with the Auditor's Report thereon of your Company for the year ended 30 June 2011.

### OPERATING RESULTS

The comparison of the audited results for the year ended 30 June 2011 with the corresponding period of last year is as under:

	June 30, 2011	June 30, 2010
Net profit / (loss) before tax	1,126,339	1,759,090
Net Profit / (Loss) after tax	889,324	1,029,962
<b>Earning / (loss) per share - Basic &amp; diluted</b>	<b>0.35</b>	<b>0.41</b>

During the year, the company incurred a net profit of Rs. 0.889 million. The company's revenue target could not achieve due to lack of business. In these testing times, the only option was maintain the low administrative expenses.

### THE ECONOMY

The macro landscape managed to reap gains in FY11 led by higher agri prices which helped offset farmers loss in the aftermath of the floods in 3Q10. Moreover, a stable external account situation (USD 1.5bn surplus in FY11) and relatively impressive performance of the PKR (0.5% depreciation against USD) despite a rising crude oil prices, provided additional comfort to the macro environment. This, alongwith slight reduction in inflationary pressure (CPI ranges around 13.3% in FY11 down from 14.6% in FY10) has slightly improved the business environment.

In addition, the government injected Pkr. 120bn into the energy sector in May 2011 to ease the circular debt problem. On the flipside, fiscal account slippages continue to remain a concern and also contributed to stalling the IMF standby agreement. On this front, the government managed to broaden the GST net in the federal budget for FY-12 a step ahead towards improving the tax base. Key concerns remain addressing public sector institutions losses and power sector reforms. Pakistan's real estate market remains depressed due to lack of liquidity including foreign direct investments. This is due to high Government borrowings and high interest rates paid on treasury bills which has reduced the availability of credit to the private sector.

As a result of the above due to macro-economic imbalances, the housing market continued to remain depressed.

### DIVIDEND

The Board of directors of the Company have recommended final cash dividend from the net profits of the current year at the rate of 10% (2010: 10%) Rupee 1 per share (2010: Rupee 1 per share) to the ordinary shareholders except Company's sponsors, directors, their families and friends.

### GENERAL

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to all the employees for their ongoing dedication and commitment to the Company.



## CODE OF CORPORATE GOVERNANCE

The Directors of your Company are fully aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code.

As a part of the compliance of the Code, we confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and is being effectively implemented and monitored.
- f) The Company has the ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) We have an Internal Audit Committee the members of which are amongst from the Board of Directors.
- i) We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.
- j) The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.
- k) As required by the Code of Corporate Governance, we have included the following information in this report:
  - i. Statement of pattern of shareholding has been given separately.
  - ii. Statement of shares held by associated undertakings and related persons.
  - iii. Statement of the Board meetings held during the year and attendance by each director has been given separately.
  - iv. Key operating and financial statistics for last six years in summarized form is given below.

## KEY FINANCIAL DATA

Particulars	(Rs. 000)					
	2011	2010	2009	2008	2007	2006
Capital	25,072	25,072	25,072	25,072	25,072	25,072
Share premium	20,891	20,891	20,891	20,891	20,891	20,891
Reserve	752	752	752	752	752	752
Accumulated (loss) / profit	(10,113)	(10,068)	(11,098)	3,109	(28,547)	(22,625)
Long term liabilities	-	-	-	309	1,869	3,803
Current Liability	1,384	4,396	17,024	9,206	23,414	77,919
<b>Total Equity &amp; Liability</b>	<b>37,987</b>	<b>41,044</b>	<b>52,641</b>	<b>59,339</b>	<b>43,451</b>	<b>105,812</b>
Operating Fixed Assets	4,535	5,341	7,033	8,173	9,046	10,865
Long term assets	218	218	10,020	15,020	10,020	10,606
Current assets	33,233	35,486	35,589	36,148	24,385	84,342
<b>Total Assets</b>	<b>37,987</b>	<b>41,044</b>	<b>52,642</b>	<b>59,342</b>	<b>43,452</b>	<b>105,814</b>
Operating Income	2,662	5,344	4	57,775	2	4
Capital Gain/(Loss)	(1)	10	(41)	(55)	41	61
Operating Expenses	(1,536)	(3,559)	(13,997)	(25,130)	(5,399)	(26,299)
Operating Profit/(Loss)	1,126	1,759	(14,207)	32,204	(5,922)	(26,233)
Taxation	(237)	(729)	-	(547)	-	-
Net Profit (Loss)	889	1,030	(14,207)	31,656	(5,922)	(26,234)
Basic (Loss) / Earning per share	0.35	0.41	(5.67)	12.63	(2.36)	(10.46)

## CHANGES IN THE BOARD OF DIRECTORS

During the year, there was no change in composition of the Board of Directors.

## PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2011 is shown on page # 29. The Statement showing the Company's shares bought & sold by Directors, CEO, Company Secretary and minor family members is also disclosed therein.

## DIRECTORS MEETING

During the year four meetings of the board of Directors were held, Attendance by each director is as follows:

Name of Director	Nos. of Meeting Attended
Mr. Aqeel Karim Dhedhi	4
Mrs. Yasmeen Aqeel	3
Mrs. Mehrunnisa Siddique	3
Miss. Ayesha Dhedhi	4
Mr. Muhammad Sohail	3
Miss. Anum Aqeel	3
Mr. Nessar Ahmed	4

