

# AGRO ALLIANZ LIMITED

Unity Tower, Plot # 8 C, Block-6, P.E.C.H.S, Karachi 75400

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September 2, 2019

Mr. Hafiz Maqsood Munshi  
Manager  
Companies & Securities Compliance - RAD  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road,  
Karachi.

Dear Sir,

## Compliance of deadline by Agro Allianz Limited

Please refer to your letter No. Gen 3726 of August 26, 2019 which relates to compliance of deadline by Agro Allianz Limited.

Our business plan for the Company included acquisition of the 154 acre land at Port Qasim, Karachi and set up of a coal storage facility on portion of the land in phase 1 and setting up of a steel mill and a power plant in phase 2. Benefits of these ventures were explained to the Securities Exchange Commission of Pakistan (The Commission) in detail in our meeting with them and our presentation where a detailed financial forecast was also shared.

In response to the business plan submitted to the SECP, the Commission in its letter of December 3, 2018, stated that in order to remove suspension and restore it to normal counter of PSX, the Company will have to acquire the land (154 acre proposed to be acquired as detailed in the business plan). It was also required that shares shall have to be inducted in Central Depository System and that the sponsors shares shall remain blocked and unencumbered. It was further stated that sponsors will sell their shares only after commencement of full scale operations and upon issuance of prior written consent of the SECP.

This implied that

- a) the sponsors were to close the acquisition of the land with their own funds for removal of suspension and restoration of trading to normal counter, and
- b) to fully fund, from its own sources, the remaining project cost also and commence full scale operations, before seeking the Commission's consent to sell the shares.

The sponsors planned to fund that acquisition, part through equity and part through personal debt, however, drastic changes in the macro-economic condition of the country in the last 6 to 8 months made this feat extremely challenging.

*Remo at 5:10  
28/2/19*

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In the last 1 year, interests rates have increased by over 77% (6 Month KIBOR 7.81% (August 29, 2018), 13.83% (as on August 29, 2019). At the same time, rupee has lost its value by over 26% during the same period and today stands at PKR 157 to 1 USD. This has resulted in extreme slowing down in demand which has slowed-down the whole economy. This, in turn, has resulted in liquidity drying out for the private sector as banks now have an option to lend to the Government (risk free) at around 14%.

All of this has adversely impacted the business plan for our Company (as presented to the Commission on November 12, 2018). This has compelled the board to review the whole business plan and it has now decided that the earlier business plan is no more viable/profitable and therefore has decided to scrap the same. In view of this, the Company has also decided not to purchase the 154 acre land.

The board has now decided to cut down the size of the total business plan from PKR 20 billion to around PKR 2 billion (exact figure and source of funds to be finalized once the business plan is complete) where, now, the Company looks to enter into processing and production of by-products of edible oil. The Company may also be producing chemicals including calcium salts that can be sold locally as well as can be exported.

The Company is negotiating with parties for the purchase of related plant and equipment at this point in time.

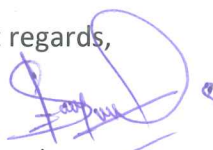
The management of AAL is engaged in finalizing a new business plan in light of the above mentioned realities and hope to have the same ready in next couple of months. Once this is done, we will request an audience with the PSX to present the new business plan. Meanwhile, we will keep the Exchange up to date with developments in this regard.

Please also note that we had also approached CDC for induction of shares in its Central Depository System. However, we were told that the process of induction of shares will be initiated only after suspension in trading is removed.

We further plan to secure approval of shareholders for changes in the object clause and authorized capital in the upcoming Annual General Meeting scheduled for October 24, 2019.

We greatly appreciate continued understanding and support of the Exchange in this regard.

With best regards,



Yousuf Hamdani  
Company Secretary