

AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

June 10, 2021

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

Dear Sir,

Sub : Progress Report

We refer to your letter Gen-1077, dated June 07, 2021 on the subject matter.

We would like to submit that currently the management is engaged in meeting the compliance requirements in response to two show cause notices, of SECP, dated February 18, 2021 under Section 132 and under Section 237. In this connection, we have submitted written explanation and that the Company shall fulfill its obligation for complying fully with the requirement of Section 132 and Section 237 of the Companies Act, 2017 as well as the clauses 5.11.1(c)&(d) of PSX Regulations. Please find enclosed copies of our submissions to the Commission dated June 05, 2021 for your information and records. It has been submitted to SECP in the enclosed letters that Company's business plan had to be put on hold in view of the risk associated with huge investment due to overall political and macroeconomic situation of the country. However, in view of current environment, the sponsors are deliberating options available and still exploring avenues for revival of the business.

Accordingly, once the compliance matters are resolved at priority basis and sponsors decide on the outlook of the company's business plan, we shall update the exchange in respect of this matter.

You may please inform the members at the exchange.

Looking forward to your kind understanding,

Yours sincerely,



Shah Amin UIHaq
Director

AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

June 05, 2021

Mr. Amir Saleem,
Additional Director (Adjudication –I)
Securities and Exchange Commission of Pakistan,
NICL Building,
Jinnah Avenue,
Islamabad

Subject: Show Cause Notice CSD/ARN/228/2015-96 dated February 18, 2021 under Section 237 read with Section 479 of the Companies Act, 2017

Dear Sir,

We refer to the subject show cause notice that was fixed for Hearing on May 26, 2021 through Zoom link. At the request of our Representative, the Hearing was adjourned by your Authority to June 07, 2021 to enable him to acquaint himself with the case details. Our Representative has later on dispatched the original power of attorney from the Chief Executive and other respondents of the company with attendance sheet to your office through Mr. Sardar Sohaib Amin.

With reference to the subject notice requiring the company to show cause as to why penalty may not be imposed on the company for contravening the provision of sub section 1 of Section 237 of the Companies Act, 2017 for the not preparing, publishing on website and transmitting the quarterly financial statements. We respectfully submit as under:

At the outset, the Respondent would like to share the progress made towards compliance with the provision of the Companies Act, 2017 for your kind consideration:

1. That the accounts of the company for the first quarter ended on September 30, 2018 were issued on October 29, 2018.

That the accounts of the company for the third quarter ended on March 31, 2019 have already been prepared and would be released along with the half yearly accounts as soon as these are duly reviewed by the statutory auditor.

That the accounts of the company for the half year ended on December 31, 2018 and the year ended June 30, 2019 have already been prepared. The company has communicated to the statutory auditor of the company, vide Company's letter dated June 02, 2021, enclosed herewith as Annexure A, to conduct half yearly review and audit of the accounts for the year ended June 30, 2019.



AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

The statutory auditor vide their letter dated June 02, 2021, enclosed herewith as Annexure B, acknowledged the request of the Company to conduct kick off meeting and requested to share the draft financial statements and other records for the purpose of review and audit for the year ended June 30, 2019. Furthermore, the auditor intimated that it would take at least 30-40 workings days to complete the half yearly review as well as the annual audit of the accounts of the company for the year ended June 30, 2019.

Accordingly, the Company, vide its letter dated June 04, 2021, enclosed herewith as Annexure C, in response to auditor's request for draft financial statements, have duly submitted trial balance and draft financial statements for half year, 9 months and full year ended December 31, 2018, March 31, 2019 and June 30, 2019 respectively. The auditor has duly received the draft financial statements and acknowledged the same as mentioned on letter attached as Annexure C.

Post completion of half yearly review and full year audit for the year ended June 30, 2019, the accounts will be submitted to the Board for approval. Board approved accounts will be then circulated to the members with due regulatory notice of 21 days for holding of the AGM for approval of accounts by the members of the Company. In view of these timelines for half review, full year audit as well as holding of board meeting and AGM, the company management is making effort to complete the regulatory filings of the Company for the year ended June 30, 2019 by September 30, 2021.

2. That the Respondent shall likewise complete the preparation of accounts for the first quarter ended September 30, 2019, half year ended December 31, 2019, third quarterly ended March 31, 2020 and for year ended June 30, 2020. Accordingly, the Company will get the half yearly review and annual audit for the year ended June 30, 2020 from the statutory auditor. Post Board and members approval in AGM, regulatory filings for the year ended June 30, 2020 are expected to be completed by **December 31, 2021**.
3. That the Respondent shall likewise complete the preparation of accounts for the first quarter ended September 30, 2020, half year ended December 31, 2020, third quarterly ended March 31, 2021 and for year ended June 30, 2021. Accordingly, the Company will get the half yearly review and annual audit for the year ended June 30, 2021 from the statutory auditor. Post Board and members approval in AGM, regulatory filings for the year ended June 30, 2021 are expected to be completed by **December 31, 2021**, in same time frame as requested for year ended June 30, 2020.

In view of the above, the Respondent seek time till **December 31, 2021** to complete the review and audit of respective periods till June 30, 2021 and complete all regulatory formalities and obligations.



AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

Condonation of Delay in holding AGM

The Respondent craves to submit this request for condonation of delay in compliance with the requirement of Section 237 of the Companies Act 2017 for the reason that:

- The sponsors of the Company are major stakeholder of the company holding 94.87% of the total share capital of the company while 1.36% shares and 3.77% shares are held by institutional investors and general public respectively mainly reflecting shares issued as part of acquisition of Karim Cotton Mills Limited.
- There are no creditors or lenders of the Company in the absence of any operations pending execution of business plans as explained below.
- The new management that took charge on August 25, 2017 from the previous management for revival of Karim Cotton Mills Limited with its name changed to Agro Allianz Limited and the accounts for the year ended 30th June 2018 were duly audited and AGM was held on 24th October 2018.
- That the current sponsors comprising of two groups had by mutual agreement made changes leading to replacement of Chief Executive of the other group with effect from October 22, 2018. The sponsors' business plan as was shared in the Director's Report of September 26, 2018 was planned to be implemented in due course of time with the acquisition of land and construction of steel plant. The group led by the current Chief Executive made substantial investment in the Company as advance against equity that was paid as advance for the acquisition of land required to execute the business plan. These plans, however, had to be put on hold in view of the risk associated with huge investment due to overall political and macroeconomic situation of the country. However, in view of current environment, the sponsors are deliberating options available and still exploring avenues for revival of the business.

Under these circumstances of management change over and suspension of operational and development plans of the Company, the company's compliance could not be made on due time. While sponsors are deliberating the corporate development plans, the Company has started actively pursuing the finalization and audit of accounts, as evident from the above so as to abide by the legal and statutory requirements in terms of the show cause notices.

In view of the progress made so far, the Company seeks time till December 31, 2021 to fulfill its obligation under the law and shall be pleased to share the progress with the Commission as and when required.

Yours sincerely



Shah Amin ul Haq
Director

AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

June 05, 2021

Mr. Amir Muhammad Khan Afridi,
HOD (Adjudication –I)
Securities and Exchange Commission of Pakistan,
NICL Building,
Jinnah Avenue,
Islamabad

Subject: Show Cause Notice CSD/ARN/228/2015-97 dated February 18, 2021 under Section 132 read with Section 479 of the Companies Act, 2017

Dear Sir,

We refer to the subject show cause notice that was fixed for Hearing on May 26, 2021 through Zoom link. At the request of our Representative, the Hearing was adjourned by your Authority to June 07, 2021 to enable him to acquaint himself with the case details. Our Representative has later on dispatched the original power of attorney from the Chief Executive and other respondents of the company with attendance sheet to your office through Mr. Sardar Sohail Amin.

With reference to the subject notice requiring the company to show cause as to why penalty may not be imposed on the company for contravening the provision of Section 132 of the Companies Act, 2017 for the not holding the Annual General Meeting of the Company. We respectfully submit as under:

At the outset, the Respondent would like to share the progress made towards compliance with the provision of the Companies Act, 2017 for your kind consideration:

1. That the accounts of the company for the first quarter ended on September 30, 2018 were issued on October 29, 2018.

That the accounts of the company for the third quarter ended on March 31, 2019 have already been prepared and would be released along with the half yearly accounts as soon as these are duly reviewed by the statutory auditor.

That the accounts of the company for the half year ended on December 31, 2018 and the year ended June 30, 2019 have already been prepared. The company has communicated to the statutory auditor of the company, vide Company's letter dated June 02, 2021, enclosed herewith as Annexure A, to conduct half yearly review and audit of the accounts for the year ended June 30, 2019.



AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

The statutory auditor vide their letter dated June 02, 2021, enclosed herewith as Annexure B, acknowledged the request of the Company to conduct kick off meeting and requested to share the draft financial statements and other records for the purpose of review and audit for the year ended June 30, 2019. Furthermore, the auditor intimated that it would take at least 30-40 working days to complete the half yearly review as well as the annual audit of the accounts of the company for the year ended June 30, 2019.

Accordingly, the Company, vide its letter dated June 04, 2021, enclosed herewith as Annexure C, in response to auditor's request for draft financial statements, have duly submitted trial balance and draft financial statements for half year, 9 months and full year ended December 31, 2018, March 31, 2019 and June 30, 2019 respectively. The auditor has duly received the draft financial statements and acknowledged the same as mentioned on letter attached as Annexure C.

Post completion of half yearly review and full year audit for the year ended June 30, 2019, the accounts will be submitted to the Board for approval. Board approved accounts will be then circulated to the members with due regulatory notice of 21 days for holding of the AGM for approval of accounts by the members of the Company. In view of these timelines for half review, full year audit as well as holding of board meeting and AGM, the company management is making effort to complete the regulatory filings of the Company for the year ended June 30, 2019 by September 30, 2021.

2. That the Respondent shall likewise complete the preparation of accounts for the first quarter ended September 30, 2019, half year ended December 31, 2019, third quarterly ended March 31, 2020 and for year ended June 30, 2020. Accordingly, the Company will get the half yearly review and annual audit for the year ended June 30, 2020 from the statutory auditor. Post Board and members approval in AGM, regulatory filings for the year ended June 30, 2020 are expected to be completed by December 31, 2021.
3. That the Respondent shall likewise complete the preparation of accounts for the first quarter ended September 30, 2020, half year ended December 31, 2020, third quarterly ended March 31, 2021 and for year ended June 30, 2021. Accordingly, the Company will get the half yearly review and annual audit for the year ended June 30, 2021 from the statutory auditor. Post Board and members approval in AGM, regulatory filings for the year ended June 30, 2021 are expected to be completed by December 31, 2021, in same time frame as requested for year ended June 30, 2020.

In view of the above, the Respondent seek time till December 31, 2021 to complete the review and audit of respective periods till June 30, 2021 and complete all regulatory formalities and obligations.



AGRO ALLIANZ LIMITED

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

PHONE # +92 21 34373605-7

FAX # +92 21 34373608

Email: info@agroallianz.com.pk

Condonation of Delay in holding AGM

The Respondent craves to submit this request for condonation of delay in compliance with the requirement of Section 132 of the Companies Act 2017 for the reason that:

- The sponsors of the Company are major stakeholder of the company holding 94.87% of the total share capital of the company while 1.36% shares and 3.77% shares are held by institutional investors and general public respectively mainly reflecting shares issued as part of acquisition of Karim Cotton Mills Limited.
- There are no creditors or lenders of the Company in the absence of any operations pending execution of business plans as explained below.
- The new management that took charge on August 25, 2017 from the previous management for revival of Karim Cotton Mills Limited with its name changed to Agro Allianz Limited and the accounts for the year ended 30th June 2018 were duly audited and AGM was held on 24th October 2018.
- That the current sponsors comprising of two groups had by mutual agreement made changes leading to replacement of Chief Executive of the other group with effect from October 22, 2018. The sponsors' business plan as was shared in the Director's Report of September 26, 2018 was planned to be implemented in due course of time with the acquisition of land and construction of steel plant. The group led by the current Chief Executive made substantial investment in the Company as advance against equity that was paid as advance for the acquisition of land required to execute the business plan. These plans, however, had to be put on hold in view of the risk associated with huge investment due to overall political and macroeconomic situation of the country. However, in view of current environment, the sponsors are deliberating options available and still exploring avenues for revival of the business.

Under these circumstances of management change over and suspension of operational and development plans of the Company, the company's compliance could not be made on due time. While sponsors are deliberating the corporate development plans, the Company has started actively pursuing the finalization and audit of accounts, as evident from the above so as to abide by the legal and statutory requirements in terms of the show cause notices.

In view of the progress made so far, the Company seeks time till December 31, 2021 to fulfill its obligation under the law and shall be pleased to share the progress with the Commission as and when required.

Yours sincerely



Shah Amin UlHaq
Director