



THE ORGANIC MEAT COMPANY LIMITED

HALF-YEARLY PROGRESS REPORT



AS AT DECEMBER 31, 2021

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ANNUAL PROGRESS REPORT

INTRODUCTION

This annual progress report is being submitted in compliance with the requirement of Clause 16(i)(ii) of post issue reporting and disclosures of the “Public Offering Regulations, 2017” and in pursuance of the requirement specified in the clause 4(ii)(2)(b)(2) of the prospectus to the issue of the Company.

The Company carried out a successful IPO in July 2020, to finance its expansions, at estimated costs, as detailed below:

- Facility for local Offal at Korangi Industrial Areas - Rs. 167.20 million
- Facility in Export Processing Zone (EPZ), Karachi – Rs.104.45 million
- Utilization in Working Capital – Rs.448.35 million

We are pleased to share the quarterly progress report in accordance with quarterly results uploaded at PSX, in respect of the aforementioned projects, in the ensuing pages.

SUMMARY OF IPO FUNDS GENERATED

Description	Rupees
Issuance of 40 million ordinary shares at floor price of Rs. 18 per share	720,000,000
Excess funds received – Share Premium at Rs. 2 per share	80,000,000
Less: Share issuance costs	(23,769,303)
Net IPO Proceeds	776,230,697

IMPLEMENTATION STATUS

1. FACILITY FOR LOCAL OFFAL IN KORANGI INDUSTRIAL AREA

The Company had successfully acquired a partially-constructed building at an ideal location in the Korangi Industrial Area, with a total area of 1,067 square yard. The building has a total covered area of around 18,000 square ft, which is under additional civil-works for installation of plant and related machinery to enable its utilization as an offal processing plant.

The Company had over-spent an amount of around Rs. 22.84 million for acquisition of land and building as against planned expenditure of Rs.131 million. The increase is due to 50% additional built-up area of the acquired property, as against the construction plan mentioned in the prospectus.

Further, the major portion of the cold-chain management machinery which was imported vide firm Letter of Credits amounting to around Rs.38 million, as detailed in Annexure-I, has been installed successfully and is under commissioning process.

Implementation status

Particulars	Commitment	Completed
Acquisition of property	Q1 FY 21	Yes
Construction	Q4 FY 21	Yes
Installation of machinery and commission	Q1 FY 22	Yes
Test run	Q1 FY 22	In process
Commencement of production	Q2 FY 22	No

The first consignment of equipment, comprising of insulated panels and related accessories and attachments, were received on schedule. The equipment was used for construction of the cold rooms and its installation has been completed in the premises.

The second consignment of cold chain machinery was delayed due to supply chain management issues being faced by the supplier, in the wake of global COVID-19 pandemic crisis. The equipment had reached the offal facility in the month of June 2021. The installation process of the cold chain management equipment has been successfully completed. The equipment was under-going trial-runs as part of the commissioning process at the end of 2QFY22.

However, as of February 2022, the offal processing facility is fully operational, and the management has fulfilled its commitments as mentioned in the prospectus in respect of the Korangi Offal Processing Facility.

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2. FACILITY FOR EXPORT PROCESSING ZONE

The Company is still in process of procuring suitable land in the Export Processing Zone (EPZ) to construct the offal processing plant.

Approved intended utilization as per the prospectus is as under.

Description	Funds Allocated	Allocation %	Incurred costs
Land (1000 to 1200 Sq. yards)	60,000,000	57%	-
Construction of Office Building (12000 Sq. Feet)	22,000,000	21%	-
Equipment (Chillers + freezers Storages)	19,948,556	19%	-
Machinery	2,500,000	2%	-
Total	104,448,556	100%	-

3. INVESTMENT IN WORKING CAPITAL

The Company had evaluated its working capital requirement based on previous trends, requirements and future business outlook and the expected amount was allocated in the prospectus.

As at December 31, 2021, the funds allocated for the working capital have been fully utilized, and have been rolled over multiple times in the working capital cycle. The ratio of fund utilization in within the different product categories has been adjusted as per the demand pattern of different products over the period, since the IPO date.

SYED IMRAN ALI
Chief Financial Officer

IMRAN KHAN
Company Secretary

ANNEXURE - I

DETAILS OF COLD CHAIN MACHINERY

LC #	Value in FCY	Beneficiary	Product Description
TF2032875330	US\$ 179,845/-	Emerson Climate Technologies	Cold Chain Machinery with standard accessories and attachments for freezing and chilling applications, comprising of compressors, evaporators, condensing units, heat exchangers monitoring systems, and related accessories.
TF2032831726	US\$ 59,400/-	Kelvin Controls LLC.	Insulated sandwich panels with standard accessories and attachments

ANNEXURE - II

STATUS OF THE PROJECTS AS MENTIONED IN THE PROSPECTUS

(Under regulation 16(i)(ii) of “Public Offering Regulations, 2017”)

Commitment made in the prospectus	Start date	Completion date	Current status	Rationale for delay (If any)
Utilization in Working Capital	August 04, 2020	Not Applicable	The funds allocated for the working capital have been fully utilized now, and have been rolled over multiple times in the working capital cycle	Not Applicable
Facility for local offal	August 06, 2020	Expected completion and operations before end of Q3 FY 22	Work in Progress	On schedule
Facility in EPZ, Karachi	Not yet started	Not Applicable	Delayed	Company is in search for suitable land in KEPZA