



THE ORGANIC MEAT COMPANY LIMITED

HALF YEARLY PROGRESS REPORT



AS AT DECEMBER 31, 2022

Contents

INTRODUCTION.....	1
SUMMARY OF IPO FUNDS GENERATED	1
IMPLEMENTATION STATUS.....	2
1. FACILITY FOR LOCAL OFFAL IN KORANGI INDUSTRIAL AREA	2
2. FACILITY FOR EXPORT PROCESSING ZONE	2
3. INVESTMENT IN WORKING CAPITAL.....	3
ANNEXURE - I	4
ANNEXURE - II	5

HALF YEARLY PROGRESS REPORT

INTRODUCTION

This half yearly 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 half year progress report for the FY 2022-23 pertaining to six months ending December 31, 2022 and in accordance with half yearly 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

SUMMARY OF IPO FUNDS UTILIZED

Description	IPO Funds		
	Approved	Utilized	Balance
<i>Intended usage as per prospectus for:</i>			
Facility of Local Offal in Korangi Industrial Area	167,200,000	167,200,000	-
Facility for Export Processing Zone:	104,448,556	-	104,448,556
Working Capital	448,351,444	448,351,444	-
	720,000,000	615,551,444	104,448,556
<i>Excess funds raised, used for</i>			
Payment of IPO expenses	23,769,303	23,769,303	-
Loan re-paid	40,000,000	40,000,000	-
Fattening farm	16,230,697	16,230,697	-
	80,000,000	80,000,000	-
Total	800,000,000	695,551,444	104,448,556

HALF YEARLY PROGRESS REPORT

IMPLEMENTATION STATUS

1. FACILITY FOR LOCAL OFFAL IN KORANGI INDUSTRIAL AREA

The offal processing facility at Korangi Industrial Area is fully operational since last year, and the management has fulfilled its commitments in this respect, as mentioned in the prospectus.

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.

The Company has spent a total amount of Rs.198.44 million for acquisition of land and construction of building. The expenditure represents a 51.4% increase over planned expenditures due to 50% additional built-up area of the acquired property and related civil works conducted. These additional capital expenditures were financed through Company's own sources.

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, was successfully completed at 2QFY22, and the trial run ended at 3QFY22. The cold chain machinery is fully operational.

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	Yes
Commencement of production	Q2 FY 22	Yes

2. FACILITY FOR KARACHI EXPORT PROCESSING ZONE (KEPZ)

The Company has tried to secure land in Karachi Export Processing Zone (KEPZ) since the time of the IPO, however, due to regulatory changes and non-availability of vacant land in the KEPZ, the Company has looked at other options to fulfill its IPO fund utilization and application commitments. The management of the Company has identified an already existing offal processing facility and company in the KEPZ, and the Board of Directors of the Company has approved an amount of up to PKR 170,000,000 (Pak Rupees one hundred and seventy million only) to acquire 100% shareholding in that existing company in the Karachi Export Processing Zone (KEPZ), subject to negotiations with the existing shareholders of the said company.

The proposed transaction shall ensure the successful completion of all the Company's IPO commitments. The Board of Directors has authorized the Chief Financial Officer (CFO) of the Company to negotiate the said transaction with the existing shareholders of the said offal processing company.

HALF YEARLY PROGRESS REPORT

Implementation status

Particulars	Commitment	Completed
Acquisition of property	Q1 FY 21	No
Approval of construction drawings	Q2 FY 21	No
Construction	Q1 FY 22	No
Application for completion month	Q2 FY 22	No
Installation of machinery and commission	Q2 FY 22	No
Test run	Q2 FY 22	No
Commencement of production	Q3 FY 22	No

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, 2022, 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.



MUHAMMAD FAISAL IDREES
Chief Financial Officer



IMRAN KHAN
Company Secretary

ANNEXURE - I

DETAILS OF MACHINERY AND EQUIPMENT

LC #	Value	Vendor	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
N/A	Rs.3,340,084	Wenzhou Longwan Wanyuan Food Machinery Factor	Steam Heated Cattles
N/A	Rs. 925,000	Local Fabrication	Steam generator
N/A	Rs.1,325,396	Local Fabrication	Installation and Fitting
N/A	Rs. 802,500	Local Fabrication	Cooking hood and Installation

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 <i>(As disclosed in the prospectus)</i>	Completion date <i>(As disclosed in the prospectus)</i>	Current status	Rationale for delay <i>(If any)</i>
Utilization in Working Capital	August 04, 2020	1Q FY21	The funds allocated for the working capital have been fully utilized, and have been rolled over multiple times in the working capital cycle	Not Applicable
Facility for local offal	4Q FY20	2Q FY22	Facility has been completed, and has successfully commenced commercial production.	Not Applicable
Facility in EPZ, Karachi	1Q FY20	3Q FY22	Delayed	The company is looking to acquire 100% shareholding in an existing offal processing facility company in KEPZ and is negotiating with its shareholders. The Company is confident of meeting this commitment on or before December 31, 2023.