



THE ORGANIC MEAT COMPANY LIMITED

FINAL PROGRESS REPORT



AS AT AUGUST 15, 2023

REPORT OF FACTUAL FINDINGS ON FINAL PROGRESS REPORT OF THE ORGANIC MEAT COMPANY LIMITED IN COMPLIANCE WITH THE REQUIREMENT OF CLAUSE 16(ii) OF PUBLIC OFFERING REGULATIONS, 2017

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Purpose of this Agreed upon procedure report and restriction on use of distribution

We have performed the procedures agreed with you and enumerating below with respect to pre-defined inspection items. Our engagement was undertaken in accordance with the "International Standard on Related Services (ISRS 4400)" to perform agreed upon procedures regarding financial information. The procedures were performed solely to assist The Organic Meat Company Limited (the Company) to demonstrate to the investors, upon request about the progress of the expansion.

This report relates to the final progress report which is being submitted in compliance with the requirement of Clause 16(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 and should not be used for any other purposes.

Responsibilities of the Engaging Party and Responsible Party

The Organic Meat Company Limited has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Management, as identified by (the Company) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with The Organic Meat Company Limited, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code) as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

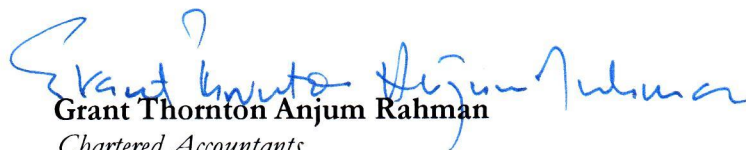
Procedures and Findings

We have performed the procedures described below, which were agreed with (the Company) in terms of its IPO progress report.

S.no	Procedures	Findings
1	Obtain the management's final progress report to ensure that all the required information is appropriately disclosed as per "Public Offering Regulations, 2017"	We have reviewed the management's final progress report to ensure that it is in accordance with "Public Offering Regulations, 2017" and no exception were noted.
2	Inspect the minutes of the meeting of Board of Directors (BOD) held on March 01, 2023 for the approval of the capital expenditure.	We inspected the minutes of the meeting of BOD dated March 01, 2023 relating to the purchase of (MSMHL) KEPZ facility. No exception was noted
3	Obtain supporting documents amounting to Rs. 104 million paid to the respective shareholders in Muhammad Saeed Muhammad Hussain Limited (MSMHL) relating to the acquisition of MSMHL in Karachi Export Processing Zone (KEPZ).	We inspected the following documents: 1. Purchase agreement, 2. Share transfer deed 3. Bank statement relating to the acquisition of Muhammad Saeed Muhammad Hussain Limited (MSMHL) in Karachi Export Processing Zone (KEPZ) and found that share transfer is pending subject to the approval of the relevant authority.

S.no	Procedures	Findings
4	Obtain representation that the company has acquired the MSMHL in KEPZ, and whole proceeds from the IPO have been applied solely for the purpose as mentioned in the prospectus and to no other purpose.	We have obtained written representation letter that attest to the compliance with the requirement of clause 16(i)(ii) of "Public Offering Regulations, 2017", and that all information relevant to this purpose has been disclosed.

Yours sincerely


Grant Thornton Anjum Rahman
Chartered Accountants
Date: 09 JAN 2024

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HALF YEARLY PROGRESS REPORT

INTRODUCTION

This final progress report is being submitted in compliance with the requirement of Clause 16(ii)(a) 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)(3) 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 final progress report as at August 15, 2023, in respect of the commitments made for 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	720,000,000	-
<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	800,000,000	-

IMPLEMENTATION STATUS

1. FACILITY FOR LOCAL OFFAL IN KORANGI INDUSTRIAL AREA

The offal processing facility at Korangi Industrial Area is fully operational since FY22, and the management had 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 spent a total amount of Rs.198.44 million for acquisition of land and construction of building. The actual expenditures incurred were 51.40% higher than the planned expenditures outlay. This was due to 50% additional built-up area of the acquired property and related civil works conducted. The additional capital expenditures were financed through Company's own funds.

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 had 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 moved to look at other options to fulfill its IPO fund utilization and application commitments. The management of the Company then identified an already existing offal processing facility and company in the KEPZ, by the name of Muhammad Saeed Muhammad Hussain Limited. The Board of Directors of the Company approved an amount of up to PKR 170,000,000 (Pak Rupees one hundred and seventy million only) to acquire 100% shareholding in the said company, subject to negotiations.

After the negotiations, the Company entered into a definitive Share Purchase Agreement (SPA) with the shareholders of Mohammad Saeed Mohammad Hussain Limited (MSMHL), a public limited company (unlisted) for acquiring 100% of its outstanding shares at a cash, cum deferred price arrangement, of PKR 170.00 million on May 16, 2023. The terms of the SPA stipulated that all the rights in shares of MSMHL shall stand transferred to the Company upon payment of PKR 104.00 million to the shareholders of MSMHL on or before closing date, i.e. August 15, 2023. The Company is to assumed control of the management upon the closing date, and the balance PKR 66.00 million is to be settled in next two years, i.e. on or before August 15, 2025, from the profits and funds generated from the operations of MSMHL. The Company is in the process of assuming control of the board of directors of MSMHL through reconstitution and relevant applications have been forwarded to the regulatory authorities for approval.

HALF YEARLY PROGRESS REPORT

Implementation status

Particulars	Commitment	Completed
Acquisition of property	Q1 FY 21	Fulfilled alternatively through acquisition of MSMHL
Approval of construction drawings	Q2 FY 21	
Construction	Q1 FY 22	
Application for completion month	Q2 FY 22	
Installation of machinery and commission	Q2 FY 22	
Test run	Q2 FY 22	
Commencement of production	Q3 FY 22	

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**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 (As disclosed in the prospectus)	Completion date (As disclosed in the prospectus)	Current status	Rationale for delay (If any)
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	The funds earmarked have been fully utilized alternatively by acquisition of MSMHL.	The Company has acquired 100% shareholding in an existing offal processing facility company in KEPZ, Muhammad Saeed Muhammad Hussain Limited, at a cash, cum deferred price arrangement, of PKR 170.00 million on May 16, 2023. The Company has assumed 100% control of MSMHL on August 15, 2023 upon settlement of the partial acquisition price and thus from August 15, 2023, MSMHL is a wholly-owned subsidiary of the Company.