

FRONTIER CERAMICS LIMITED
NOTICE OF THE 39TH ANNUAL GENERAL MEETING

Notice is hereby given that 39th Annual General Meeting of **Frontier Ceramics Limited** will be held on Thursday, October 28, 2021 at 09:00 A.M at 29-Industrial Estate, Jamrud Road, Peshawar to transact the following business:

1. ORDINARY BUSINESS

- 1.1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on February 8, 2021.
- 1.2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021, together with the Chairperson's Review Report, Directors Report and Auditors' Report thereon.
- 1.3. To appoint auditors and fix their remuneration for the year ending June 30, 2022. The present auditors' M/s BDO Ebrahim & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

2. SPECIAL BUSINESS

- 2.1. To consent and accord approval for alteration in Memorandum of Association of the Company by passing special resolution with or without modification.

“Resolved That approval of shareholders be and is hereby accorded under section 32 of the Companies Act, 2017 for alteration of Memorandum of Association to facilitates its sister concern/ related parties. Thus, the sub-clause 88 of clause no. III of the Memorandum of Association of the Company be and is hereby inserted which read to be as follows:

To guarantee the performance of contracts, agreements, obligations or discharge of any debt of the company or on behalf of any other company or person or sister concerns or related parties, in relation to the payment of any financial facility including but not limited to loans, advances, letter of credit or other obligations through creation of any or all types of mortgages, charges, pledges, hypothecations, on execution of the usual banking documents or instruments or otherwise encumbrance on any or all of the movable and immoveable properties of the company, either present or future or both and issuance of any other securities or sureties by any mean in favor of banks, Non-Banking Finance Companies (NBFCs) of any financial institutions and to borrow money for purpose of the company.”

- 2.2. To consent and accord approval for appointment of independent directors in compliance of clause 6 of Code of Corporate Governance by passing special resolution with or without modification.

“Resolved That approval of shareholder be and is hereby accorded to fill the casual vacancies on the Board upon resignations of Ms. Pervez Aslam and Ms. Sana Khalid.”

“Further Resolved That in place of outgoing directors, appointment of Ms. Shabina Anjum and Mr. Muhammad Riaz Khan as independent directors of the Company are hereby approved.”

- 2.3. To consent and accord post approval of transaction with Khalid & Khalid Holding (Pvt) Ltd an associated company in the financial year June 30, 2020 in compliance of Section 199(1) by passing special resolution with or without modification.

“Resolved That, post approval of shareholder be and is hereby accorded under section 199(1) for advance of Rs.5,494,109 to associated company “Khalid & Khalid Holdings (Pvt) Ltd.”

- 2.4. To consent and accord post approval of transaction with Rawal Industrial Equipment (Pvt) Ltd an associated company in the financial year June 30, 2019 in compliance of Section 208(1) by passing special resolution with or without modification.

“Resolved That, post approval of shareholder be and is hereby accorded under section 208(1) of Companies Act 2017 for procurement of assets of Rs.10.5 million in the financial year 2019 from associated company “Rawal Industrial Equipment (Pvt) Ltd.”

- 2.5. To consent and accord approval of transactions from/to with associated companies & undertaking in compliance of Section 207, 208 and 199 of the Companies Act, 2017 by passing special resolution with or without modification.

“Resolved That the transactions from/to with associated companies and undertaking tabulated below during the year are approved by the Board shall be deemed to have been approved by the shareholders U/S 207 and / or 208 and/or 199 of the Companies Act, 2017.”

Name of Associated Companies & Undertakings	Loan Received	Loan Paid	Advance Paid	Advance Received
Toyota Rawal Motors (Pvt) Ltd		7,121,941		
Nadeem Khalid	10,000,000	21,767,136		
Rawal Industrial Equipment (Pvt) Ltd		27,500,000		
Khalid & Khalid Holding (Pvt) Ltd			26,500,000	24,100,000

“Resolved That the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis for the financial year ending 30th June 2022.”

“Resolved That the transactions approved by the Board shall be deemed to have been approved by the shareholders U/S 207 and / or 208 and/or 199 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval U/S 207 and / or 208 or 199 of the Companies Act, 2017 (if required).”

“Further Resolved That the Company Secretary and CEO be and are hereby authorized to take and do, and/or cause to be taken or done, any /all necessary actions, deeds and things which are or may be necessary for giving effects to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental /or consequential to fulfill all requisite legal, corporate and procedural formalities and any ancillary matters thereto.”

3. ANY OTHER BUSINESS

To consider any other business with the permission of the Chair

A statement under Section 134(3) of the Companies Act 2017 pertaining to the special business is being sent to the shareholders along with this notice.

BY ORDER OF THE BOARD

(Company Secretary)

October 07, 2021
Peshawar

NOTES:

1. **Participation in the AGM Proceeding via the video conference facility**

Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only. Shareholders interested to participate in the meeting are requested to share below information at rehman.khan@forte.com.pk for their appointment and proxy's verification by or before 4:30 p.m. on October 27, 2021.

Name of Shareholder	CNIC No.	Folio No. / CDC No.	Cell Number	Email address

Video conference link details and login credentials will be shared with those shareholders whose registered emails containing all the particulars are received on or before October 27, 2021 by 4:30 p.m. Shareholders can also provide their comments and questions for the agenda items of the AGM on Rehman.khan@forte.com.pk or WhatsApp or SMS on Cell Number 0315-5601819 by October 27, 2021 by 4:30 p.m. Shareholders are required to mention their full name, CNIC number and Folio/CDS # for this purpose.

2. **Closure of Share Transfer Books**

The share transfer books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on October 21, 2021 will be treated for the purpose of attendance at Annual General Meeting.

3. **Proxy**

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial certified copy of the power or authority must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

CDC Account Holders will have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

The SECP vide circular No. 25 of 2020 dated: August 31, 2020 has given regulatory relief to dilute impact of Coronavirus (COVID-19) for corporate sector. Accordingly this notice of AGM of the Company shall be dispatched to the shareholders through printed copies and shall be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website (www.forte.com.pk) under "Notices". Shareholders are requested to provide the Company their email addresses at Rehman.khan@forte.com.pk if notice of the meeting is required through email.

A. For Attending the Meeting

- a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- b) In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B. For Appointing Proxies

- a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to the Company

4. Changes in Members Addresses

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.

5. Availability of Financial Statements and Reports on Website

The Annual Audited Financial Statements for the year ended June 30, 2021 has been uploaded on the website of the Company.

6. Submission of copies of valid CNIC not provided earlier

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar.

7. Transmission of Audited Financial Statements / Notices Through Email

In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated: September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through

email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.forte.com.pk and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. The Company's Annual Financial Statements for the year ended June 30, 2021 is also being circulated to the shareholders through CD in compliance of section 223(6) of the Companies Act, 2017.

8. Deposit of Physical Shares In CDC Account

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

9. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members holding in aggregate 10% or more shareholding will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

10. Unclaimed /Unpaid Shares and Dividends

Shareholders, who may by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar at the address mentioned herein above, to collect/enquire about their unclaimed dividend/shares, if any.

In compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and incase of shares, shall be delivered to SECP.

**STATEMENT OF MATERIAL FACT UNDER SECTION 134 (3) OF THE
COMPANIES ACT 2017 READ WITH SRO 423/(i)/2018, DATED APRIL 3, 2018
IN CONNECTION WITH SPECIAL RESOLUTION**

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 2 of the Notice to be transacted at the Annual General Meeting of the Company to be held on Thursday, October 28, 2021 at 09:00 A.M.

ANNEXURE – A (Agenda Item 2.1)

APPROVAL FOR ALTERATION IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

The Company needs to alter Memorandum of Association of the Company in order to facilitate its associated companies/ related parties for obtaining credit lines and financing from financial institutions.

The Directors are interested in the resolutions only to the extent of their shareholding and / or common directorships.

ANNEXURE – B (Agenda Item 2.2)

APPOINTMENT OF INDEPENDENT DIRECTORS

The Company in compliance of section 166 of Companies Act 2017 and clause 6 of Code of Corporate Governance shortlisted two candidates for their appointment as independent director. In this regard the process of due diligence of the independent directors had also been completed and consent has already been received from those directors. In place of outgoing directors of the Company Ms. Sana Khalid & Ms. Pervez Aslam Mr. Muhammad Riaz Anjum and Ms. Shabina Anjum will be appointed as independent directors of the Company to fill the casual vacancies as well. In the past the company could not induct the independent director from PICG panel due to the Company's CIB related issues.

Brief Profile/experience of upcoming independent directors are as follow:

Ms. Shabina Anjum recently retired from effective duties as Executive Director in the national Oil and Gas Development Company Limited (OGDCL) where her significant contributions include playing an instrumental role in devising:

- The Company's key strategic plans particularly its first ever business plan
- Leading its first IPO
- Spearheading its vision/mission exercise.

Mr. Muhammad Riaz Khan has served as Managing Director/CEO of Oil & Gas. He has over 18 Years of Directorship Experience on the Boards of various Oil & Gas Exploration & Production & Mid/Down Stream Companies. He has authored/co-authored and presented several papers. He is an active member of Pakistan Engineering Council (PEC), and The Society of Petroleum Engineers (USA).

The Directors are interested to the extent of compliance of section 166 of Companies Act 2017.

ANNEXURE – C (Agenda Item 2.3)

POST APPROVAL OF TRANSACTION WITH KHALID & KHALID HOLDING (PVT) LTD IN FINANCIAL YEAR ENDED 2020

The Company had provided loan of Rs. 5,494,109 to Khalid & Khalid holding (Pvt) Ltd. (an Associated Company) in the year 2020 and has not obtained the approval of the members as required under section 199 of the Companies' act 2017. Therefore, a post approval is sought from the members for the compliance of the section under reference.

The Directors have no other interest except to the extent of their common shareholdings and/or their common directorship and to the extent of compliance of Section 199 of the Companies Act, 2017.

ANNEXURE – D (Agenda Item 2.4)

POST APPROVAL OF TRANSACTIONS WITH RAWAL INDUSTRIAL EQUIPMENT (PVT) LTD

The Company procured fixed assets of Rs.10.5 million in the financial year 2019 from Rawal Industrial Equipment (Pvt) Ltd (an Associated Company). The pre-approval of which had already been obtained by the Company in its Extra Ordinary General Meeting held on May 28, 2016 that

if required, Company may also procure and dispose of fixed assets from/to its sister concerns/related parties up to the extent of Rs.30 million in future.

The Company has to place the matter in the AGM as the pre-approval of the shareholders was obtained prior to promulgation of the Companies Act, 2017, wherein provision of Section 208 has been first time introduced in Companies Act 2017. Therefore, a post approval is sought from the members for the compliance of the section under reference.

The Directors are interested in the resolutions only to the extent of their shareholdings and / or common directorships and to the extent of compliance of Section 208(1) of the Companies Act, 2017.

ANNEXURE – E (Agenda Item 2.5)

APPROVAL OF TRANSACTIONS FROM/TO WITH ASSOCIATED COMPANIES & UNDERTAKING IN COMPLIANCE OF SECTION 207, 208 & 199 OF THE COMPANIES ACT, 2017

The Company's shareholders accorded prior approval for the transactions in last AGM with its related parties for the year ended 30th June 2021 which were on an arm's length basis as per the approved policy with respect to 'transactions with related parties' which were in the normal course of business. Many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships, shareholders further approval/ ratification is required for all transactions with the related parties as required u/s 207 and / or 208 and / or 199 of the Companies Act, 2017, for the year ended 30th June 2021.

Further, the Company may carry out further transactions with its related parties during the year ending 30th June 2022 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties as required u/s 207 and / or 208 and / or 199 of the Companies Act, 2017, for the year ending 30th June 2022, which transactions shall be deemed to be approved by the Shareholders and will be ratified by the members in the next AGM.

The Directors are interested in the resolutions only to the extent of their shareholdings and / or common directorships in such related parties.