

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 41st Annual General Meeting of Frontier Ceramics Limited (**the “Company”**) will be held on Saturday, October 28, 2023 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 March 15, 2023.
- 1.2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023, 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, 2024. 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 consider and if deemed fit, to pass the following resolution as Special Resolution, with or without modification, addition(s) or deletion(s):**

“Resolved that approval of the members of the Company be and is hereby accorded in respect of the transactions from/to with related parties, associated companies and undertaking as tabulated below during the year ended June 30, 2023 in term of Section 207 and / or 208 and/or 199 of the Companies Act, 2017 as approved by the Board of Directors of the Company.”

Name of Associated Companies & Undertakings	Loan Received	Loan Paid	Advance Paid	Advance Received
Toyota Rawal Motors (Pvt) Ltd	57,700,000	25,100,000		
Mr. Nadeem Khalid	528,124,431	282,723,998		
Rawal Industrial Equipment (Pvt) Ltd	106,100,000	67,441,802		
Khalid & Khalid Holdings (Pvt) Ltd			166,308,977	46,800,000

“Resolved that approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to approve all transactions which may be deemed necessary from time to time with related parties, associated companies and undertaking in term Section 207 and / or 208 and/or 199 and other applicable provisions of the Companies Act, 2017 during the ensuing year ending 30th June 2024.”

“Resolved that approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to approve loan amount up to Rs 200 million from time to time in Khalid & Khalid Holdings (Pvt) limited in term

of Section 207 and / or 208 and/or 199 and other applicable provisions of the Companies Act, 2017 during the ensuing year ending 30th June 2024 as per terms and conditions disclosed to the members for a period of two years @ one-year KIBOR plus 2%.”

“**Further Resolved that** the Company Secretary and CEO be and are hereby empowered and 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.”

- 2.2. To consider dissemination of annual audited financial statements to the shareholders through QR enabled code and weblink instead of transmitting the same in the form of CD/DVD/USB and to pass the following resolution as Special Resolution, with or without modification, addition(s) or deletion(s):

“**RESOLVED that** circulation/dissemination of annual audited financial statements together with the reports and documents required to be annexed thereto under Companies Act 2017, to the shareholders through QR enabled code and weblink as notified by the Securities and Commission of Pakistan vide its S.R.O 389(I)/2023 dated March 31,2023 be and is hereby approved while considering technology advancements and old technology becoming obsolete , the circulation of annual financial statements through CD/DVD/USB be discontinued for the ensuing years”

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

October 07, 2023
Peshawar

Rehman Khan Sherwani
(Company Secretary)

NOTES:

1. **Closure of Share Transfer Books**

The share transfer books of the Company will remain closed from October 22, 2023 to October 28, 2023 (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, 2023 will be treated for the purpose of attendance at Annual General Meeting.

2. **Proxy**

A member entitled to attend and vote at this Annual 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).

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.
- e) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

To facilitate and ensure the health of the shareholder the company will also be providing the online platform/ facility to participate in AGM in shape of Zoom. 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, 2023.

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, 2023 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](tel:0315-5601819) by October 27, 2023 by 4:30 p.m. Shareholders are required to mention their full name, CNIC number and Folio/CDS # for this purpose.

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, 2023 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, 2023 are 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 in case of shares, shall be delivered to SECP.

11. Mandatory Registration Detail of Physical Shareholders

In accordance with section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide address, email address / telephone number to the Company's Share Registrar immediately to avoid any non-compliance of law or any inconvenience in future.

12. Payment Of Cash Dividend Electronically – Compulsory

Members of the Company, who have not provided the particulars of their bank accounts, are hereby requested to provide them through E-Dividend Form (annexed at the end of annual report as well as available at Company's website i.e., www.forte.com.pk). In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend of those shareholders who have not provided the same.

**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 Saturday, October 28, 2023 at 09:00 A.M.

ANNEXURE – A

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 2023 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 2023.

Further, the Company may carry out further transactions with its related parties during the year ending 30th June 2024 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 approve and 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 2024, which transactions shall be deemed to be approved by the Shareholders and will be ratified by the members in the next AGM.

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(1)/2023 dated March 21, 2023 has allowed listed companies to circulate the Annual Report (including the audited financial statements, Auditors' report, Directors' report, Chairman's review report) to its members through QR enabled code and weblink, therefore, the Board of Directors of Frontier Ceramics Limited ("the Company") in their meeting held on October 07, 2023 has recommended for transmission of the Annual Report to its members through QR enabled code and weblink instead of transmitting the same through CD/DVD/USB, however, hard copy of the Annual Report will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of receipt of such demand.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

REF NO.	REQUIREMENT	INFORMATION								
a) Disclosure for all type of investments,										
(A) Regarding associated company or associated undertaking;										
I	Name of the associated company or associated undertaking	KHALID & KHALID HOLDINGS (Pvt) LTD								
II	Basis of Relationship	An associated undertaking due to common directorship.								
III	Earnings/ (Loss) per share for the last three years	<table border="1"> <thead> <tr> <th>Year</th> <th>Earning/ (Loss) per Share Rs.</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>(42.79)</td> </tr> <tr> <td>2022</td> <td>7.00</td> </tr> <tr> <td>2021</td> <td>25.92</td> </tr> </tbody> </table>	Year	Earning/ (Loss) per Share Rs.	2023	(42.79)	2022	7.00	2021	25.92
Year	Earning/ (Loss) per Share Rs.									
2023	(42.79)									
2022	7.00									
2021	25.92									
IV	Break-up value per share	PKR 677.78								

V	Financial position, including main item of statement financial position and profit & loss account on the basis of latest financial statements	<p>Audited financial statements for the year ended June 30, 2023 showed.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Balance Sheet:</th> <th style="text-align: right;">Rs. in '000'</th> </tr> </thead> <tbody> <tr> <td colspan="2">Assets</td> </tr> <tr> <td>Non-Current Assets</td> <td style="text-align: right;">363,989</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">477,396</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: right;">841,385</td> </tr> <tr> <td colspan="2">Liabilities</td> </tr> <tr> <td>Long Term</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Short Term</td> <td style="text-align: right;">288,533</td> </tr> <tr> <td>Total Liabilities</td> <td style="text-align: right;">288,533</td> </tr> <tr> <td colspan="2">Profit & loss:</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">58,055</td> </tr> <tr> <td>Gross Profit</td> <td style="text-align: right;">7,006</td> </tr> <tr> <td>Gross Profit Ratio</td> <td style="text-align: right;">12.07%</td> </tr> <tr> <td>Loss after Tax</td> <td style="text-align: right;">(38,697)</td> </tr> <tr> <td>Ratio</td> <td style="text-align: right;">(66.63%)</td> </tr> <tr> <td>LPS</td> <td style="text-align: right;">(42.79)</td> </tr> </tbody> </table>	Balance Sheet:	Rs. in '000'	Assets		Non-Current Assets	363,989	Current Assets	477,396	Total Assets	841,385	Liabilities		Long Term	0	Short Term	288,533	Total Liabilities	288,533	Profit & loss:		Sales	58,055	Gross Profit	7,006	Gross Profit Ratio	12.07%	Loss after Tax	(38,697)	Ratio	(66.63%)	LPS	(42.79)
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VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operation, following further information namely	Not Applicable																																
	i.	Description of the project and its history since conceptualization	Not Applicable																															
	ii.	Starting date and expected date of completion of work	Not Applicable																															
	iii.	Time by which such project shall become commercially operational	Not Applicable																															
	iv.	Expected time by which the project shall start paying return on investment.	Not Applicable																															
	v.	Funds invested or to be invested by the promoters, sponsors associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not Applicable																															
(B) General Disclosures: -																																		
(i)	Maximum amount of investment to be made	Previously sanctioned utilized limit of PKR.145.54 million is being extended to PKR 200 million. Above facilities will be in the nature of running finance for a period of two years																																
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period investment	To support the functionality, operations and growth of the associate.																																

(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed fund:	From Company's own available liquidity, credit lines and borrowings from associated companies and undertakings	
	I	Justification for investment through borrowings	Not Applicable
	II	Detail of collateral, guarantees provided and assets pledge for obtaining such funds	Not Applicable
	III	Cost of benefit analysis	Not Applicable
(iv)	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Period: Two Years Rate: One-year KIBOR+2%	
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor/ Director / Shareholder of Investee Company.	
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/ justification for any impairment or write offs.	A loan of Rs. 145.54 million had already been granted for the period July-2019 to June-2023	
(A) Additional disclosure regarding investment in the form of working capital loan: -			
(i)	Category wise amount of investment.	PKR 200 million as loan/ advance	
(ii)	average borrowing cost of the investing company, the Karachi inter Bank Offered Rate (KIBOR) for relevant period, rate of return for Shariah complaint products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average borrowing cost of the investing Company is 1-year Kibor+2%.	
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Company's' prevalent average borrowing cost.	
(iv)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No Security to be obtained	
(v)	If the investment carries conversion feature i.e., it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable	
(vi)	Repayment schedule and term and conditions of loans or advances to be given to associated company or associated undertaking	Above facilities will be in the nature of running finance for a period of two year. However, transaction with investing Company will be approved and ratified in annual general meeting of the Company	