

REPORT ON CORPORATE GOVERNANCE – YEAR 2018

Company Vision and Mission:

The Board of Directors of the Company has total commitment to the Code of Corporate Governance issued by Capital Market Authority and in this respect the Company has implemented all the guidelines issued by Capital Market Authority. The Company lays strong emphasis on audit and internal controls and has introduced suitable checks and balances to ensure sound integrity of operations. The Company also lays a very high emphasis on good governance, healthy corporate practices, total compliance with various laws and regulations of the country and transparency in its operations. The Company is maintaining robust corporate governance practices and the highest standards of business integrity in all activities.

The entire team of Majan Glass Company SAOG is focused and committed on to becoming the market leader in the Glass Industry and a partner to our customers offering Quality, Reliability, Sensitivity to their needs with incorporation of latest technological innovations along with constantly pushing towards improving the company's bottom line, simultaneously making efforts towards reduction of the cost of production consistently through vendor development and improvement in efficiency.

Board of Directors:

All the members of the Board of Directors of the Company are Non-executive Directors and three of them are Independent. The Board of Directors maintains a very high ethical standards and integrity in their professional dealings. They are responsible for achieving the set business objectives of the Company.

The Company has set out functions and responsibilities of the Board to help them effectively discharge their duties with reference to their roles and obligations. In general, the functions and responsibilities comply with the functions laid down as per the Article (5) of Code of Corporate Governance by Capital Market Authority.

The Management provides regularly adequate information to the Board to enable them to make appropriate decisions and to discharge their responsibilities effectively. The information is circulated well in advance for reference and perusal of the Board Members.

Composition of Board of Directors & Category of its Members:

The Board of Directors consists of seven Non-Executive members out of which three are independent. This is in compliance with the requirements of Article 3 of the Code of Corporate Governance.

None of the Independent Directors' first degree relatives held a senior position in the Company in the last 2 years. No Director is a member of more than 4 Public Companies whose shares are listed on the Muscat Securities market (MSM) and no Director is a Chairman of more than 2 such Companies. No Director is a member of the Board of Directors of a Public Company which carries similar business and whose principal office is located in the Sultanate of Oman.

During the month of January 2018 all the Shares (75.26% shares) held by Ministry of Finance were transferred to Oman Investment Fund. During the Annual General Meeting Dated 20 March 2018 the new directors were elected by the process of election and a new Board of Directors was formed as under

Sr. No	Name of the Director	Designation in the Board	Status
1	Mr. Ali Mohammed Said Tabuk	Chairman (w.e.f 09 Oct 2018)	Independent
2	Mr. Vivek Varadan	Deputy Chairman	Non Independent
3	Mr. Ali Hamad Al Darei	Director	Independent
4	Mr. Ali Fida Hussain Mohd. Al Lawati	Director	Non Independent
5	Mr. Puneet Sardana	Director	Non Independent
6	Mr. Talal Issa Mohd. Al Harasi	Director	Non Independent
7	Mr. Arjun Subramanian	Director	Independent
8	Mr. Mustafa Ahmed Salman@	Chairman (until 30 Sept 2018)	Independent

@ Mr Mustafa Salman resigned from the company's on 30 September 2018 due to health reasons.

The Board of Directors (pursuant to Article 98 of the Commercial Companies Law read with Article 35 of the Articles of Association,) appointed (Vide Circular Resolution dated 9 October 2018) Mr. Ali bin Mohammed Tabuk as the temporary Director to fill the casual vacancy caused by the resignation of Mr. Mustafa Salman (due to health reasons) to hold office till the next ordinary general meeting and was also appointed as Chairman of the Board. In the ordinary general meeting dated 20 January 2019 Mr. Ali bin Mohammed Tabuk was unanimously elected by the shareholders of the company as the director of the Company to hold office up to the tenure of the Board.

The following Committees were formed during the Board meeting dated 25 March 2018

Audit Committee:

Sr. No	Name of the Director	Designation in the Committee	Status
1	Mr. Ali Hamad Al Darei	Chairman	Independent
2	Mr. Talal Issa Mohd. Al Harasi	Director	Non Independent
3	Mr. Arjun Subramanian	Director	Independent

Executive , Nomination and Remuneration Committee:

Sr. No	Name of the Director	Designation in the Committee	Status
1	Mr. Arjun Subramanian	Chairman	Independent
2	Mr. Vivek Varadan	Director	Non Independent
3	Mr. Ali Fida Hussain Mohd. Al Lawati	Director	Non Independent
4	Mr. Puneet Sardana	Director	Non Independent

There was no Project Committee appointed as the Executive, Nomination and Remuneration committee assumes the functions of the earlier Nominations and Remuneration Committee and Project Committee along with the usual Executive Committee Functions as defined in the Executive, Nomination and Remuneration committee Charter.

During the financial year 2018, the Board met five times. The maximum gap between any two meetings was not more than four months. The Board Meetings were held on the following dates:

The Old Board met on February 14, 2018, whereas the new Board met on March 25, 2018, April 12, 2018, July 26, 2018 and October 28, 2018. Majority of the independent directors were present in all the meetings.

OLD Board

Name of the Director	Status/ Representing	Category	No of Directorship held in other SAOG Companies	No. of Board Meetings attended	Sitting Fees RO
Mr. Anwar Ali Sultan	Independent / Individual	Chairman	2	0	0
Mr. Ali Saif Al Hadi	Non-Independent / Government	Deputy Chairman	0	1	500/-
Mr. Ali Mohd. Redha Jafar	Independent / Individual	Director	0	1	500/-
Mr. Ali Hassan Sulaiman	Non Independent / Individual	Director	1	1	500/-
Mr. Mustafa Ahmed Salman	Independent / Individual	Director	2	1	500/-
Mr. Sami Salim Al Sahib	Non Independent / Government	Director	0	1	500/-
Mr. Ali Hamad Al Darei	Non Independent / Government	Director	0	1	500/-

New Board

Name of the Director	Status/ Representing	Category	No of Directorship held in other SAOG Companies	No. of Board Meetings attended	Sitting Fees RO
Mr. Ali Mohammed Said Tabuk	Independent	Chairman	0	0	0
Mr. Vivek Varadan	Non Independent /OIF	Dy. Chairman	0	4	2,000/-
Mr. Ali Fida Hussain Mohd. Al Lawati	Non Independent /OIF	Director	0	3	1,500/-
Mr. Puneet Sardana	Non Independent /OIF	Director	0	4	2,000/-
Mr. Talal Issa Mohd. Al Harasi	Non Independent /OIF	Director	1	4	2,000/-
Mr. Ali Hamad Al Darei	Independent	Director	0	4	2,000/-
Mr. Arjun Subramanian	Independent	Director	0	3	1,500/-
Mr. Mustafa Ahmed Salman	Independent	Chairman	2	3	1,500/-

In line with Article 34 of Articles of Association, the Directors are elected every three years and the procedure adopted for standing as Candidate for the Board is in line with the requirements of Articles of Association and the Commercial Companies Law.

The procedure for election of the Board members shall be in line with the Revised Code of Corporate Governance. The new Board of directors got elected in the Annual General Meeting held on 20 March 2018

Following Directors attended the last Annual General Meeting of the Shareholders of the Company held on March 20, 2018:

Mr. Anwar Ali Sultan	-	Chairman
Mr. Ali Saif Al Hadi	-	Dy. Chairman
Mr. Ali Hassan Sulaiman	-	Director
Mr. Mustafa Ahmed Salman	-	Director
Mr. Sami Salim Al Sahib	-	Director
Mr. Ali Hamad Al Darei	-	Director

Mr Deepak A. Adnani, Financial Controller, continues to be the Company Secretary w.e.f 20 July 2016 in line with the Revised code of Corporate Governance.

Evaluation of Directors: From the year 2018, the Revised Code of Corporate Governance made Evaluation of Directors mandatory by an independent consultant. The Board of Directors need to recommend the name of that independent consultant in the general meeting for the approval of shareholders. In the Annual General Meeting dated 20 March 2018 on the recommendation of the Board of Directors the shareholders approved the appointment of M/S Howrath Mak Ghazali as an independent consultant to do the Annual Evaluation of performance of the Board of Directors for the year 2018 and submit their report during the next Annual general Meeting.

Horwath Mak Ghazali llc, Auditors and Business Advisors, are a member firm of Crowe Horwath International. Horwath Mak Ghazali llc, the Muscat branch of Horwath MAK was established in the Sultanate in 1995, and today ranks amongst the top ten Auditing and Accounting firms in Oman.

Audit Committee:

The Board of Directors has set up Audit Committee in accordance with the guidelines issued by Capital Market Authority. The Audit Committee comprises of three Non-executive including two Independent Directors. As per the terms of reference, the Audit Committee is required to meet at least four times in a year. Audit Committee working plan for the year 2018 was proposed and approved by the Board of Directors

Mr. Ravi Deora – Chief Internal Auditor was the Secretary to the Audit Committee.

Mr. Ravi Deora resigned from his position of the Chief Internal Auditor during the Audit Committee meeting of 19 July 2018 and the Board of Directors took a decision in the meeting dated 26 July 2018 to appoint an external agency as the internal Auditor of the Company for an initial period of 18 months.

Mr. Deepak A.Adnani, Company Secretary is also the Secretary to the Audit Committee.

During the financial year 2018, the Audit Committee has met four times. The Meetings were held on following dates:

The Old Audit Committee met on February 06, 2018, whereas the new audit Committee met on April 12, 2018, July 19, 2018, October 23, 2018,

OLD Audit Committee

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Ali Mohd. Redha Jafar	Chairman – Audit Committee	1	300/-
Mr. Mustafa Ahmed Salman	Member – Audit Committee	0	0
Mr. Sami Salim Al Sahib	Member – Audit Committee	1	300/-

New Audit Committee

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Ali Hamad Al Darei	Chairman – Audit Committee	3	900/-
Mr. Talal Issa Mohd. Al Harasi	Member – Audit Committee	3	900/-
Mr. Arjun Subramanian	Member – Audit Committee	3	900/-

In line with principle, 10 (8) (a) of the Revised Code of Corporate Governance the Audit committee has reviewed the internal control system and submitted an annual written report to the Board with its opinion and recommendations.

Other sub committees of the Board:

Before the appointment of the new Board on 25 March 2018 there used to be a Project committee, Nomination, and Remuneration Committee. The Project committee did not meet during the year 2018 but the Nomination and Remunerations committee met only on 25 February 2018

The New Board of Directors have appointed an Executive, Nomination and Remunerations Committee.

The Executive, Nomination and Remuneration committee assumes the functions of the earlier Nominations and Remuneration Committee and Project Committee along with the usual Executive Committee Functions as defined in the Executive, Nomination and Remuneration committee Charter.

The Executive, Nomination, and Remuneration Committee comprises of four members.

The purpose of the committee is to assist the Board of Directors to carry out the following functions as per the code of corporate Governance

- a) In identifying strategic vision of the company based on Mission, purpose and objects and set viable performance indicators within a reasonable time frame which can be measured objectively and updated periodically {3(1)(a)}
- b) In adopting the business and financial policies pertinent to the performance of the company's business and meeting its objectives, reviewing them periodically to ensure sustenance if their efficiency. {3(1)(b)}
- c) In setting required Strategic plans, Budgets, reviewing them periodically. {3(1)(c)}
- d) In adopting internal regulations and byelaws pertinent to steering and management of the affairs of the company
- e) Formulating clear credible and accessible policy to inform shareholders about Directors and Executive remuneration
- f) To prepare nomination policy targeting directors of high competence and caliber or to nominate whoever they see fit
- g) in selecting appropriate and necessary executives for the Executive Management.
- h) To determine the bonus and remuneration of the Chief Executive Officer and Senior Executive Management using Performance Based Criteria
- i) To develop proper remuneration and Incentive policy to attract competent executives with proper wages and remuneration
- j) To review and recommend activities related to implementation of Projects / Capital Expenditures which the Management proposes to carry out to the Board of Directors for approval.
- k) To review and recommend the estimated Capital budget of the Company in a manner that achieves its objectives, safeguards the rights of its shareholders and maintains its growth.

- i) Monitor the performance of the executive management for capital projects and ascertain that the work is progressing in a manner that achieves the goals of the Company in the light of the objectives of its incorporation.

During year, 2018 an Executive, Nomination and Remuneration Committee held two meetings September 25, 2018 and December 25, 2018

OLD Nomination and Remuneration Committee (NRC)

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Anwar Ali Sultan	Chairman – NRC	0	0
Mr. Ali Hassan Sulaiman	Member – NRC	1	300/-
Mr. Ali Saif Al Hadi	Member –NRC	1	300/-

New Executive, Nomination and Remuneration Committee (ENRC)

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Vivek Varadan	Member - ENRC	2	600/-
Mr. Ali Fida Hussain Mohd. Al Lawati	Member - ENRC	2	600/-
Mr. Puneet Sardana	Member – ENRC	2	600/-
Mr. Arjun Subramanian	Chairman - ENRC	2	600/-

The Board on an annual basis broadly evaluates its performance, company's systems of internal control and its Committees performance and as well as compensation provided for attending Board Meetings/Committee Meetings. Compensation is based on Industry standards.

Director's Remunerations matters:

Director's remuneration proposed for year 2018 - NIL

Total Sitting fees paid / provided during the year 2018 for all meetings (Board meeting and meetings of all sub-committees) amounted to RO 21,800/-

Executive Management:

The Management members of the Company are appointed by proper Contracts specifying the period of Contract, Notice period and clearly defined terms of reference. The CEO Mr. Gerasimos Varvias resigned from the company during the month of May 2018. Mr. Asit Chawla was appointed on July 01, 2018 to lead the company, reporting directly to the Board of Directors.

Mr. Asit Chawla is an experienced General Manager with more than 27 years of working in the Glass Container Industry and heading various senior management positions in glass companies of international repute for last 18 years.

He has a large experience in turning around glass business with a combined strategy of improving sales profile of the company (through Product and Geographical diversification) and improved productivity of the plant operations. He has also significant experience in M&A activities during his tenure with Gujarat Glass and Middle East Glass.

Prior to joining Majan Glass as General Manager, he worked with Haldyn Glass/Haldyn Heinz Glass (a joint venture with Heinz Glass, Germany) in India as Chief Operating Officer, Middle East Glass Manufacturing Company, Egypt as General Manager and Chief Technical Officer, Frigo Glass Nigeria as Head of Glass Operations and Gujarat Glass (now Piramal Glass) as Chief Operating Officer.

He Holds a Graduate Mechanical Engineering degree and a post graduate master's degree in financial management from India.

The Company does not have a Managing Director at this stage.

The performance of the Company is evaluated on monthly basis by the Senior Management Members in consultation with the GM. Monthly performance reports are sent to the Board of Directors for their review and comments. Appropriate directives are given to the Management on related issues by the Board of Directors.

No transactions in the Company where the Management has personal interest are carried out. Required approvals are obtained from the GM and/or the Chairman and/or the Board of Directors for all transactions arising in the normal course of the business as per approved Manual of Authority.

The Company enters into a formal contract of Employment with each employee and such contracts are in line with the regulation of Ministry of Manpower and Omani Labour Law.

In line with the Revised Code of Corporate Governance, the management had compiled a detailed Risk Register, which was reviewed by the Audit Committee and approved by the Board

Director's Remunerations matters:

Total Sitting fees payable during the year 2018 for all meetings (Board meeting and meetings of all sub-committees) amounted to RO 21,800/-

Management Remunerations:

The Remuneration package of top five executives is made up of basic salary, additional allowance and perquisites. During 2018, the total cost of top five executives of the Company was approximately RO 244,916/-.

The end of service benefits payable to top five executives as on end of year 2018 amount to approximately RO 9,510/-.

The end of service benefits charged to profit and loss account for year 2018 for the top 5 executives amount to RO 7,182/-.

Traveling expenditure amounting to RO 23,363/- is incurred pertaining to Business related travel of the CEO / GM and some of the Senior Executives of the Company.

Related party transactions during 2018:

Sale of Glass bottles to M/s Ali & Abdul Karim Trading Co. LLC (RO).607,618/-

Sale of Glass bottles to M/s AATCO Food Industries (RO). 192,854/-

Purchase of Oils & Lubricants from M/s Towell Auto Centre (RO). 21349/-

During the year 2018 due to the changes in the board during the month of March 2018 the above no longer are the related parties as on 31 Dec 2018

Means of communication with the shareholders and investors:

Quarterly results of the Company as per CMA format, are prepared by the Management and are reviewed by the Audit Committee and approved by the Board of Directors and are uploaded on MSM website as per CMA requirements. The quarterly results are also published in newspapers as per directives of CMA and copies are made available to the shareholders as and when requests are made. In addition to the above, the Company, at the end of each year, sends by post the Company's Annual Financial Statements and Reports to all its Shareholders, financiers and others who are associated with the Company. Management discussion and Analysis Report and Corporate Governance report forms a part of the Annual Report.

Revised code of Corporate Governance

The Board of Directors has approved all Policies under the Revised Code of Corporate Governance.

No penalties/structures have been imposed on the Company by MSM/CMA or any statutory authority during last three years.

Distribution of shareholders and their shareholding pattern are as below:-

Distribution of Shares	No. of shares	No. of Shareholders	% on total Shares
Major Shareholders	41,789,804	80	99.44%
Other Shareholders	233,496	791	0.56%
Total	42,023,300	871	100.00%

Monthly High And Low share prices of the company during the financial year 2018 were:-

Month	High – RO	Low – RO
January	No Trade	No Trade
February	0.177	0.177
March	No Trade	No Trade
April	0.180	0.180
May	No Trade	No Trade
June	No Trade	No Trade
July	No Trade	No Trade
August	No Trade	No Trade
September	No Trade	No Trade
October	0.165	0.165
November	No Trade	No Trade
December	0163	0163

The company does not have any foreign GDRs/ADRs/warrants or any other instruments of any type issued to public or institutional investors or any other class of investors.

The transactions of the company share did not have an impact on MSM Index for industrial sector during 2018

Professional Profile of the Auditors:

External Auditors:

The shareholders of the company appointed KPMG as its auditors for 2018. KPMG in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 180 people, amongst whom are five partners, six directors and 30 managers, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 153 countries and territories and have 207,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

The Audit Fees payable to Statutory Auditors M/s KPMG for the year 2018 is RO 5,400/- (previous year RO 5,250/-).

Internal Audit Department:

Until August 2018 the Company was having full time Internal Audit Department to carry out the activities as per Internal Audit Charter as approved by Audit Committee. Mr. Ravi Prakash Deora, the Chef internal Auditor of the Company, headed the department, along with an audit assistant.

After the resignation of Mr. Ravi Deora, the Board of Directors decided to appoint an external agency to be an internal auditor of the company. On 26 August 2018, the Board of directors approved the appointment of M/S BDO LLC as the Internal Auditor of the Company for a period of 18 months. The Internal audit assistant is the coordinator between M/S BDO and the management.

BDO LLC, the internal auditors of the Company, has been operating in the Sultanate of Oman for the past 40 years and is one of the leading professional services organizations in the region providing industry focused Assurance, Tax and Advisory Services to enhance value for their clients. The firm is a member firm of BDO International, the fifth largest international accounting organization with over 78,000 employees working in a global network of over 1,500 offices situated in 164 countries.

Internal Control System:

The Management is regularly reviewing the effectiveness of internal control systems in discussion with the Audit Committee and Internal Audit Department. Effectiveness of internal control is periodically assessed by the Audit Committee through review of various internal audit reports and discussing it with the management for improvements. The Board of Directors is pleased to inform the shareholders that in their opinion an adequate and effective internal control system is in place.

Board of Directors' Confirmation:

The Board of Directors confirms that:

1. It's our liability for the presentation of the financial statements in accordance with the applicable standards and rules.
2. It's our responsibility to review the efficiency and adequacy of internal control systems and that it complies with internal rules and regulations.
3. There is no material thing that affects the continuation of the Company and its ability to continue its production and operations during the next financial year.

Chairman

Date: 20th February, 2019

Place: Muscat

