

## **REPORT ON CORPORATE GOVERNANCE – YEAR 2019**

### **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 puts a very high focus 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 sound 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 concerning their roles and obligations. In general, the tasks and responsibilities comply with the tasks 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 data 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 complies 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 two 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 two 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.

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 Current Board has been elected during the elections held during the Annual General Meeting dated 20 March 2018 except for the Chairman, who was unanimously elected by shareholders as director of the company in the ordinary general meeting dated 20 January 2019 to fill up a casual vacancy of one of the directors.

Sr. No	Name of the Director	Designation in the Board	Status
1	Mr. Ali Mohammed Said Tabuk	Chairman	Independent
2	Mr. Vivek Varadan	Deputy Chairman	Non Independent
3	Mr. Ali Hamad Al Darei	Director	Independent
4	Mr. Ali Fida Hussain Mohammed Al Lawati	Director	Non Independent
5	Mr. Puneet Sardana	Director	Non Independent
6	Mr. Talal Issa Mohammed Al Harasi	Director	Non Independent
7	Mr. Arjun Subramanian	Director	Independent

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 Mohammed 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 Mohammed 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 2019, the Board met four times. The maximum gap between any two meetings was not more than four months. The Board Meetings were held on the following dates:

February 20, 2019, April 29, 2019, July 28, 2019, and October 23, 2019. Majority of the independent directors were present in all the meetings.

### Board

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

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, 2019:

Sr. No	Name of the Director	Designation in the Board	Status
1	Mr. Ali Mohammed Said Tabuk	Chairman	Independent
2	Mr. Vivek Varadan	Deputy Chairman	Non Independent
3	Mr. Ali Hamad Al Darei	Director	Independent
4	Mr. Ali Fida Hussain Mohammed Al Lawati	Director	Non Independent
5	Mr. Puneet Sardana	Director	Non Independent
6	Mr. Talal Issa Mohammed Al Harasi	Director	Non Independent
7	Mr. Arjun Subramanian	Director	Independent

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. Crowe Mak Ghazali LLC, Auditors, and Business Advisors was appointed during the Annual General Meeting dated 20 March 2018 who did the evaluation of the Board for the year 2018.

As per the code of Corporate Governance, the evaluation of Directors' shall be done once in 3 years. Since the same was done during the previous year, the evaluation is not carried out for the current year

**Audit Committee:**

The Board of Directors has set up Audit Committee under 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.

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

During the financial year 2019, the Audit Committee has met four times. The Meetings were held on following dates:

The Audit Committee met on February 20, 2019, April 24, 2019, July 21, 2019, October 21, 2019

**Audit Committee**

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Ali Hamad Al Darei	Chairman – Audit Committee	4	1200/-
Mr. Talal Issa Mohammed Al Harasi	Member – Audit Committee	4	1200/-
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:**

**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 bylaws 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 appropriate 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.

- l) Monitor the performance of 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, 2019 an Executive, Nomination, and Remuneration Committee held four meetings

May 16, 2019, June 26, 2019, September 22, 2019, and October 2, 2019

**Executive, Nomination and Remuneration Committee (ENRC)**

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Arjun Subramanian	Chairman - ENRC	3	900/-
Mr. Vivek Varadan	Member - ENRC	4	1,200/-
Mr. Ali Fida Hussain Mohammed Al Lawati	Member - ENRC	3	900/-
Mr. Puneet Sardana	Member – ENRC	4	1,200/-

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 2019 - NIL

Total Sitting fees paid/provided during the year 2019 for all meetings (Board meeting and meetings of all sub-committees) amounted to RO 20,500/-

### 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. 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 28 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 vast 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 also has significant experience in M&A activities during his tenure with Gujarat Glass and Middle East Glass.

Before 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. Relevant 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 ordinary course of the business as per approved Manual of Authority.

The Company enters into a formal contract of Employment with each employee, and such agreements 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



### Management Remunerations:

The Remuneration package of top five executives is made up of basic salary, additional allowance, and perquisites. During 2019, the total cost of top five executives of the Company was approximately RO 260,284/-.

The end of service benefits payable to top five executives as on end of year 2019 amount to approximately RO 21,005/-.

The end of service benefits charged to profit and loss account for year 2019 for the top 5 executives amount to RO 9,134/-.

Traveling expenditure amounting to RO 13,428/- is incurred pertaining to Business-related travel of the CEO / GM and some of the Senior Executives of the Company.

### Related party transactions during 2019:

Received Convertible Loan from Major Shareholder Oman Investment Fund on the Below terms

Loan Receipt- OIF	Detail
Date of Loan	29-Jan-19
Amount	1,800,000
Rate of Interest	6%
Repayment terms	
Quarterly Installments from	31-Mar-21
UP TO	31-Dec-24
Total Finance charges paid during 2019 in RO	100,603
Amount Outstanding - 31 DEC 2019 in RO	1,827,222

### 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 2019 were:-

Month	High – RO	Low – RO
January	No Trade	No Trade
February	0.165	0.165
March	No Trade	No Trade
April	0.179	0.179
May	No Trade	No Trade
June	0.162	0.162
July	No Trade	No Trade
August	No Trade	No Trade
September	No Trade	No Trade
October	No Trade	No Trade
November	No Trade	No Trade
December	No Trade	No Trade

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 2019

#### Professional Profile of the Auditors:

##### **External Auditors:**

The shareholders of the company appointed M/s Crowe Mak Ghazali LLC as its auditors for 2019. Crowe Mak Ghazali LLC, statutory auditors, is a reputed firm operating in the Sultanate of Oman and is a member firm of Crowe Global. They are one of the top ten accounting network in the world operating in 130 countries with 800 offices worldwide and employing more than 42,000 partners and staff.

The Audit Fees payable to Statutory Auditors M/s Crowe Mak Ghazali LLC for the year 2019 is RO 4,750/- (previous year RO 5,400/-).

##### Internal Audit Department:

On 26 August 2018, the Board of directors approved the appointment of M/S BDO LLC as the Internal Auditor of the Company for 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. 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 under 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: 27<sup>th</sup> February 2020

Place: Muscat

