

## REPORT ON CORPORATE GOVERNANCE – YEAR 2022

### 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:

During the year 2021 the Articles of Association was amended during Extra ordinary General meeting dated 22 March 2021 Articles of association of the Company in accordance with the Commercial Companies Law No. 18/2019. The Total membership of the Board of Directors was changed from 7 members to 5 members, two of them to be independent. All the members of the Board of Directors of the Company are Non-executive Directors. 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.

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 five Non-Executive members, out of which two are independent. This complies with the requirements of Article 114 of the Capital Market Authority Resolution 27.

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 Stock Exchange (MSX), 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 181 of the Commercial Companies law, 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 held on Thursday, 15 April 2021.

Pursuant to Article 201 of the Commercial Companies Law, the Board of Directors' have appointed Mr. Omar Mohamed Nasser Al Rasbi on 04 January 2023 as the Temporary Director to fill the casual vacancy caused by the resignation on 10 November 2022 of Mr. Hasan Mohamed Jawad Ali Abdawani (due to personal reasons) to hold office till the next ordinary general meeting

Sr. No	Name of the Director	Designation in the Board	Status
1	Mr. Talal Issa Mohammed Al Harasi	Chairman	Non Independent
2	Ms. Yusra Mohammed Hamood Al-Shidhani	Director	Non Independent
3	Mr. Puneet Sardana	Director	Non Independent
4	Mr. Abdawani Hasan Mohamed Jawad Ali (until 10 November 2022)	Director	Independent
5	Mr. Said Ahmed Malik Al Maawali	Director	Independent
6	Mr. Omar Mohamed Nasser Al Rasbi (from 04 January 2023)	Director	Independent

The following Committees were formed during the Board meeting dated 01 July 2021  
**Audit Committee:**

Sr. No	Name of the Director	Designation in the Committee	Status
1	Mr. Said Ahmed Malik Al Maawali	Chairman	Independent
2	Mr. Abdawani Hasan Mohamed Jawad Ali (Until 10 November 2022)	Director	Independent
3	Ms. Yusra Mohammed Hamood Al-Shidhani	Director	Non Independent

During the Board meeting dated 29 July 2021 the ENRC was replaced by the Nomination and Remuneration committee in line with the Eleventh principle of the Revised Code of Corporate Governance which is as under

Sr. No	Name of the Director	Designation in the Committee	Status
1	Mr. Talal Issa Mohammed Al Harasi	Chairman	Non Independent
2	Mr. Abdawani Hasan Mohamed Jawad Ali (Until 10 November 2022)	Director	Independent
3	Mr. Puneet Sardana	Director	Non Independent

During the financial year 2022, the Board met six times. The maximum gap between any two meetings was not more than four months. The Board Meetings were held on the following dates:

SR No	Meeting Dates	Venue
1	08 February 2022	Online
2	27 February 2022	Online
3	27 April 2022	Online
4	07 June 2022	Online
5	26 July 2022	Online
6	30 October 2022	Online

### Board

Directors Name	Status/ Representing	Category	No of Directorship held in other SAOG/SAOC Companies	No. of Board Meetings attended	Sitting Fees RO
Mr. Talal Issa Mohammed Al Harasi	Non-Independent/OIA	Chairman	1	6	1,700/-
Mr. Abdawani Hasan Mohamed Jawad Ali (until 10 November 2022)	Independent	Director	0	6	1,500/-
Mr. Puneet Sardana	Non-Independent/OIA	Director	0	6	1,500/-
Ms. Yusra Mohammed Hamood Al-Shidhani	Non-Independent/OIA	Director	0	6	1,500/-
Mr. Said Ahmed Malik Al Maawali	Independent	Director	0	6	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 15 April 2021.

Following Directors attended the last Annual General Meeting of the Shareholders of the Company held on 22 March 2022

Sr. No	Name of the Director	Designation in the Board	Status
1	Mr. Talal Issa Mohammed Al Harasi	Chairman	Non Independent
2	Mr. Puneet Sardana	Director	Non Independent
3	Ms. Yusra Mohammed Hamood Al-Shidhani	Director	Non Independent
4	Mr. Said Ahmed Malik Al Maawali	Director	Independent
5	Mr. Abdawani Hasan Mohamed Jawad Ali	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.

As per the code of Corporate Governance, the evaluation of Directors' shall be done once in 3 years. The evaluation of the Directors was carried out for the current year 2022 by the independent consultant M/s.BDO LLC who shall present their report in the forthcoming AGM during March 2023.

### 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 Revised Code of Corporate Governance, 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 2022, the Audit Committee has met four times. The Meetings were held on following dates:

The Audit Committee met on the following dates

SR No	Meeting Dates	Venue
1	22 February 2022	Online
2	26 April 2022	Online
3	25 July 2022	Online
4	25 & 26 October 2022	Online

### Audit Committee

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Said Ahmed Malik Al Maawali	Chairman - Audit Committee	4	750/-
Ms. Yusra Mohammed Hamood Al-Shidhani	Member - Audit Committee	4	750/-
Mr. Abdawani Hasan Mohamed Jawad Ali	Member - Audit Committee	4	750/-

In line with principle, 10 (8) (a) of the Revised Code of Corporate Governance, the Audit Committee has reviewed the Internal Audit plan for the year submitted by the External Internal Auditor.

**Other sub-committees of the Board:**

**The Nomination and Remuneration Committee comprises of three 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, 2022 Nomination, and Remuneration Committee held **two on line meetings on 29 September 2022 and 28 December 2022** as during the Board meeting dated 29 July 2021 the ENRC was replaced by the Nomination and Remuneration committee in line with the Eleventh principle of the Revised Code of Corporate Governance

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Talal Issa Mohammed Al Harasi	Chairman	2	400/-
Mr. Abdawani Hasan Mohamed Jawad Ali	Director	1	200/-
Mr. Puneet Sardana	Director	2	400/-

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 2022 - NIL

Total Sitting fees provided during the year 2022 for all meetings (Board meeting and meetings of all sub-committees) amounted to RO 10,950/-.

#### 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 General Manager 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 30 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 2022, the total cost of top five executives of the Company was approximately RO 193,984/-

The end of service benefits payable to top five executives as on end of year 2022 amount to approximately RO 56,600/-

The end of service benefits charged to profit and loss account for year 2022 for the top 5 executives amount to RO 9,037/-.

Traveling expenditure amounting to RO 9,727/- is incurred pertaining to Business-related travel of the GM and some of the Senior Executives of the Company.

### Related party transactions during 2022:

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
Upto	31-Dec-24
Total Finance charges provided during 2022 in RO	108,000
Amount Outstanding - 31 Dec 2022 in RO	1,800,000

During the year 2019, the Company signed a convertible loan agreement amounting to RO 1.8 million with Oman Investment Fund. The loan carries interest at 6% per annum (Default rate: 12% per annum) and is repayable in 16 equal quarterly instalments commencing from March 2021.

During the year the company was unable to repay the installments due to OIA due to the adverse operational performance of the company. The Company has requested OIA for the installment payment to be rescheduled from March 2023 onwards on quarterly basis.

The loan is convertible at the option of lender, either upon occurrence of the event of default as specified in agreement or at any time at the sole discretion of the lender. The conversion price is equal to the prevailing market share price of the Company at the time of conversion.

On conversion these shares will be credited as fully paid and rank pari passu with all other shares of the Company then in issue.

### 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.

### Details of Non-compliance by the Company

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	41,787,903	81	99.439%
Other Shareholders	235,397	794	0.561%
Total	42,023,300	875	100.000%



### Monthly High And Low share prices of the company during the financial year 2022 were:-

<u>Month</u>	<u>High - RO</u>	<u>Low - RO</u>
January	No Trade	No Trade
February	No Trade	No Trade
March	0.155	0.155
April	No Trade	No Trade
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	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 2022.

### Professional Profile of the Auditors:

#### **External Auditors:**

Grant Thornton is a network of independent assurance, tax and advisory firms, made up of over 50,000 people in more than 130 countries, helping dynamic organizations unlock their potential for growth. It is one of the top six international accounting and business advisory networks and all its member firms are required to uphold the highest professional and ethical standards. The compliance with these standards are monitored and assured through a very strict quality assurance process. Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a branch in Salalah. The Muscat office was established in 1995 and is one of the leading firms in Oman, evidenced by portfolio of clients that includes well established companies across a broad spectrum of industries. The professional staff brings a strong background of experience and expertise to their clients' accounting, tax and management consulting needs. This rare combination of skilled resources and personal commitment explains why Abu Timam Grant Thornton has grown rapidly to a position of prominence among major accounting firms in the Sultanate of Oman. Abu Timam Grant Thornton is approved by Capital Market Authority as one of the audit firms allowed to audit joint stock companies.

### Internal Audit Department:

On 28 February 2022, the Board of directors approved the appointment of M/S RSM George Mathew LLC as the Internal Auditor of the Company for the year 2022 .The Internal audit assistant is the coordinator between M/S RSM and the management.

RSM George Mathew LLC, the internal auditors of the Company, has been operating in the Sultanate of Oman for the past 34 years and is one of the leading professional services organization in the region providing industry-focused Assurance, Tax, and Advisory Services to enhance value for their clients. The firm is a member firm of RSM, the sixth-largest global audit, Tax and consulting network operating in more than 123 countries from over 860 offices with a global team of over 51,000 professionals serving the organization with the combined global fee income of over USD 7.26 Billion

### 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: 05<sup>th</sup> March 2023

Place: Muscat

