

## **REPORT ON CORPORATE GOVERNANCE – YEAR 2015**

### **Company Vision:**

The Board of Directors of the Company has total commitment to the principles of Corporate Governance 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 Company is committed to:

- Provide high quality products to the satisfaction of our customers.
- Maintain high standards of business ethics.
- Achieve these goals while providing satisfactory and sustainable returns to the Shareholders.

### **Board of Directors:**

All the members of the Board of Directors of the Company are Non-executive Directors and two 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 two 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 financial year 2015 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:

February 23, 2015, April 01, 2015, June 01, 2015, July 14, 2015, October 21, 2015 and December 27, 2015.

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	Non Independent / Individual	Chairman	1	5	2,500/-
Mr. Ali Saif Al Hadi	Non Independent / Government	Dy. Chairman	0	6	3,000/-
Mr. Ali Mohd. Redha Jafar	Independent / Individual	Director	1	4	2,000/-
Mr. Ali Hassan Sulaiman	Non Independent / Individual	Director	1	5	2,500/-
Mr. Mustafa Ahmed Salman	Independent / Individual	Director	2	6	3,000/-
Mr. Sami Salim Al Sahib	Non Independent / Government	Director	1	5	2,500/-
Mr. Ali Hamad Al Darei	Non Independent / Government	Director	0	6	3,000/-

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 Company Law.

Following Directors attended the last Annual General Meeting of the Shareholders of the Company held on March 18, 2015:

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

Mr. Ramesh Mani – C.E.O. of the company continues to be the Secretary to the Board, Project committee and Compensation Committees.

#### **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 and Independent Directors. As per the terms of reference, the Audit Committee is required to meet at least four times in a year.

The Board has approved the Audit Committee Charter setting out functions and responsibilities of the Audit Committee 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 (8) annexure (3) of Code of Corporate Governance by Capital Market Authority.

Mr. Ravi prakash Deora – Chief Internal Auditor continues to be Secretary to the Audit Committee.

During the financial year 2015, the Audit Committee has met five times. The Meetings were held on following dates:

January 11, 2015, February 10, 2015, April 28, 2015, July 12, 2015, October 19, 2015.

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Ali Mohd. Redha Jafar	Chairman – Audit Committee	5	1,500/-
Mr. Mustafa Ahmed Salman	Member – Audit Committee	5	1,500/-
Mr. Ali Hamad Al Darei	Member – Audit Committee	1	300/-
Mr. Sami Salim Al Sahib	Member – Audit Committee	3	900/-

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

The Board of Directors has also appointed a Project Committee and a Compensation Committee. The Project Committee comprises of three members. The purpose/role and responsibility of Project Committee is mainly to evaluate, analyze, recommend and overlook activities related to implementation of Projects/Capital Expenditures which the Management proposes to carry out. The Board has approved the Project Committee Charter setting out functions and responsibilities of the Project Committee to help them effectively discharge their duties with reference to their roles and obligations.

During year 2015, the Project Committee had met 1 time.

December 23, 2015

Name of the Director	Category	No. of Meetings attended	Sitting Fees RO
Mr. Ali Hassan Sulaiman	Chairman – Project Committee	1	300/-
Mr. Ali Hamad Al Darei	Member – Project Committee	1	300/-
Mr. Ali Saif Al Hadi	Member – Project Committee	1	300/-

### **The Compensation Committee comprises of three members.**

The purpose/role and responsibility of Compensation Committee is mainly:-

1. To evaluate, analyze, formulate, implement and overlook from time to time, the Personnel Policies of the Company.
2. To scrutinize, discuss and recommend to the Board of Directors with respect to appointments of senior level Officials/Managerial Staff Members for the Company whenever required.
3. To scrutinize, review, discuss and propose recommendations given by Management with respect to Promotions, Increments, and Revisions in Pay packages of Employees and Staff Members to the Board of Directors for their approval and implementation.

4. To review, decide and recommend payment of Ex-gratia / Performance Bonus to Employees and Staff Members of the Company on year to year basis to the Board of Directors for their approval and implementation.

The Board has approved the Compensation Committee Charter setting out functions and responsibilities of the Compensation Committee to help them effectively discharge their duties with reference to their roles and obligations.

During year 2015, the Compensation Committee met one time.

February 22, 2015

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

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:**

Name of the director	Position held	Remuneration for 2015 (RO)
Mr. Anwar Ali Sultan	Chairman	4,250
Mr. Ali Saif Al Hadi	Dy. Chairman	3,542
Mr. Ali Mohd. Redha Jafar	Director	3,542
Mr. Ali Hassan Sulaiman	Director	3,542
Mr. Mustafa Ahmed Salman	Director	3,542
Mr. Sami Salim Al Sahib	Director	3,541
Mr. Ali Hamad Al Darei	Director	3,541
	Total	25,500

- Sitting fees amounting to RO 24,500/- was paid to the Board of Directors and respective members of various sub-committees during year 2015.
- Directors Remuneration amounting to RO 25,500/- would be paid as per provisions of Commercial Companies Law subject to approval of Shareholders of the Company in their forth coming Annual General Meeting for the year 2015.

### **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 Company is led by the CEO - Mr. Ramesh Mani to manage the daily operations of the company. He is B.Com, MBA (Business Management), Computers Management, Dipl. In Mech Engineering and Internal Auditor in Quality Systems. He is having rich experience in Glass Industry in India for 2 years and Middle East for 26 years, and has been with Majan Glass since 2004, and has been instrumental in turning around the company. Trained in Owens Illinois - USA, who is the Technology leaders in Glass Technology. Very reputed and well known personality in Global Glass Industry for his Techno-Commercial skills and as a Team Leader.

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 CEO. 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 where the Management has personal interest are carried out in the Company. Required approvals are obtained from the CEO 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.

### **Management Remunerations:**

The Remuneration package of top executives is made up of basic salary, additional allowance and perquisites. During 2015, the total cost of top five executives of the Company was approximately RO 205,148/-.

The end of service benefits payable to top five executives as on end of year 2015 amount to approximately RO 57,051/-.

Traveling expenditure amounting to RO 22,922./- is incurred pertaining to Business related travel of the Chairman, the Directors, the C.E.O. and some of the Senior Executives of the Company.

**Related party transactions during 2015 were as follows:**

Sale of Glass bottles to M/s Ali & Abdul Karim Trading Co. LLC (RO). 1,008,326/-

Sale of Glass bottles to M/s AATCO Food Industries (RO). 30,893/-

Purchase of Oils & Lubricants from M/s Towell Auto Centre / Towell Tools / Enhance (RO) 28,668/-

**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.

**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	41,794,641	85	99.46%
Other Shareholders	228,659	793	0.54%
Total	42,023,300	878	100.00%

**Monthly High And Low share prices of the company during the financial year 2015 were:-**

<b><u>Month</u></b>	<b><u>High – RO</u></b>	<b><u>Low – RO</u></b>
January	0.244	0.244
February	0.244	0.240
March	0.230	0.230
April	No Trade	No Trade
May	No Trade	No Trade
June	0.220	0.220
July	0.220	0.220
August	0.200	0.200
September	0.210	0.210
October	0.210	0.210
November	0.198	0.198
December	0.200	0.200

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.

**Professional Profile of the Auditors:**

**External Auditors:**

The Oman branch of Moore Stephens commenced practise in 1988. Over the years, the practice has developed considerably and now services a number of clients, including major listed companies, Groups, government organisations and Ministries providing either audit, tax or management consultancy services. The local staff strength is around 40, most of whom are qualified Chartered Accountants, internal auditors and information systems auditors.

Since Moore Stephens London was founded 100 years ago, the Moore Stephens International Limited network has grown to be one of the largest international accounting and consulting groups worldwide. Moore Stephens International is regarded as one of the world's major accounting and consulting networks consisting of 307 independent firms with 667 offices and 27,081 people across 105 countries.

The Audit Fees payable to Statutory Auditors M/s Moore Stephens for the year 2015 is RO 5,250/- (previous year RO 5,250/-).



**Internal Audit Department:**

The Company has full time Internal Audit Department to carry out the activities as per Internal Audit Charter as approved by Audit Committee. The department reports to the Audit Committee functionally. The Internal Audit Department is currently headed by Mr. Ravi Prakash Deora, B Com, ACA, CIA, CISA with 16 years of post qualification experience in various fields of finance and Internal Audit.

**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: 15th February, 2016**

**Place: Muscat**