

# AL ANWAR HOLDINGS SAOG

## Report on Corporate Governance for the year ended March 31, 2018

### 1. Company philosophy

The principles of Corporate Governance mainly deals with the way companies are led and managed, the role of the Board of Directors and the framework of internal controls. At Al Anwar Holdings (Company, AAH), the Board supports the highest standards of Corporate Governance. The Board of Directors is responsible for approving and monitoring the Company's overall strategy and policies, including risk management policies, control systems, business plan and annual budget. The Management is responsible to provide the Board with appropriate and timely information to monitor and maintain effective control over strategic, financial, operational and compliance issues. The Board confirms that Al Anwar Holdings applies the principles set out in the Capital Market Authority's (CMA) Code of Corporate Governance for Public Listed Companies (the "Code") and other rules and guidelines issued by the CMA from time to time.

The financial statements are prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs), the relevant requirements of the Commercial Companies Law of 1974 of the Sultanate of Oman, as amended and the CMA.

### 2. Composition of the Board of Directors

During the year 2017, the Board consisted of seven directors who have varied backgrounds and experience and who individually and collectively exercise independent and objective judgement. The composition and the independence of the board of directors is in accordance with the Code:

i) All Directors, including the Chairman, are non-executive. In accordance to the CMA guidelines, the Company has adopted the definition of Independent Director as per Article 1 of old Code of Corporate Governance for MSM listed companies. The definition of Independent director as per the new Code of Corporate Governance issued in July'16 and amended on Dec'16 will be applicable on the Company from the next election of Board i.e. 2018.

ii) Two out of the Seven Directors represent institutional shareholders. The Board consists of seven Directors as mentioned below:

| Name of Director                      | Independent /Non Independent | Date of Election | Period of Directorship | Position        | Mode of Representation         |
|---------------------------------------|------------------------------|------------------|------------------------|-----------------|--------------------------------|
| Mr. Masoud Humaid Al Harthy           | Independent                  | 17.06.2015       | 3 Years                | Chairman        | Himself - Shareholder          |
| Mr. Qais Mohamed Al Yousef            | Independent                  | 17.06.2015       | 3 Years                | Deputy Chairman | Fincorp Investment Company LLC |
| Mr. Shabir Moosa Al Yousef            | Independent                  | 17.06.2015       | 3 Years                | Director        | Himself – Shareholder          |
| Mr. Abdulredha Mustafa Sultan         | Independent                  | 17.06.2015       | 3 Years                | Director        | Himself – Shareholder          |
| Mr. Qaboos Abdullah Al Khonji         | Independent                  | 17.06.2015       | 3 Years                | Director        | Al Khonji Holding LLC          |
| Sheikh Mohamed Abdullah Said Al Rawas | Independent                  | 17.06.2015       | 3 Years                | Director        | Himself – Non-shareholder      |
| Mr. Nabil Essa Al Hasani              | Independent                  | 17.06.2015       | 3 Years                | Director        | Himself – Non-shareholder      |

The details of the present Directors' directorship in other public companies in Oman as at 31<sup>st</sup> March, 2018 are as follows:

| Name of Director            | Directorship in Other SAOG Companies in Oman                  |
|-----------------------------|---|
| Mr. Masoud Humaid Al Harthy | Chairman, Al Maha Ceramics Co. SAOG                           |
| Mr. Qais Mohamed Al Yousef  | Chairman, Voltamp Energy SAOG<br>Director, Oman Chromite SAOG |

| Name of Director                  | Directorship in Other SAOG Companies in Oman   |
|-----------------------------------|--|
| Mr. Shabir Moosa Al Yousef        | Director, Al Maha Ceramics Co. SAOG<br>Director, Al Arabia Falcon Insurance SAOG   |
| Mr. Abdulredha Mustafa Sultan     | Deputy Chairman, Al Jazeera Services Co. SAOG<br>Director, Voltamp Energy SAOG<br>Deputy Chairman, Al Maha Ceramics Co. SAOG |
| Mr. Qaboos Abdullah Al Khonji     | Director, Al Maha Ceramics SAOG<br>Director, Oman Hotel & Tourism Co. SAOG<br>Director, Financial Corporation SAOG           |
| Sheikh. Mohamed Abdullah Al Rawas | Director, Dhofar Cattle feed SAOG  |
| Mr. Nabil Essa Al Hasani          | Deputy Chairman, Construction Materials Industries SAOG  |

### 3. Meetings of the Board

(a) **The Board meeting:** The Board met six times during the year. Full particulars of the dates of the meetings and attendance of directors are mentioned below:

| Sr.# | Name of the Director                  |                 | AGM<br>Held on<br>21.06.17 | Board<br>No 1<br>05.04.17 | Board<br>No 2<br>30.05.17 | Board<br>No 3<br>24.07.17 | Board<br>No 4<br>07.09.17 | Board<br>No 5<br>06.11.17 | Board<br>No 6<br>12.02.2018 |
|------|---------------------------------------|-----------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|
| 1    | Mr. Masoud Humaid Malik Al Harthy     | Chairman        | Yes                        | Yes                       | Yes                       | Yes                       | Yes                       | Yes                       | Yes                         |
| 2    | Mr. Qais Mohamed Al Yousef            | Deputy Chairman | Yes                        | Yes                       | Yes                       | Yes                       | Yes                       | Yes                       | Yes                         |
| 3    | Mr. Abdulredha Mustafa Sultan         | Director        | Yes                        | Yes                       | Yes                       | Yes                       | Yes                       | Yes                       | Yes                         |
| 4    | Mr. Shabir Musa Abdullah Al Yousef    | Director        | Yes                        | Yes                       | Yes                       | Yes                       | Yes                       | No                        | No                          |
| 5    | Mr. Qaboos Abdullah Mohamed Al Khonji | Director        | No                         | Yes                       | Yes                       | No                        | Yes                       | Yes                       | Yes                         |
| 6    | Sheikh Mohamed Abdullah Said Al Rawas | Director        | No                         | Yes                       | Yes                       | Yes                       | Yes                       | Yes                       | Yes                         |
| 7    | Mr. Nabil Essa Al Hasani              | Director        | Yes                        | Yes                       | Yes                       | Yes                       | Yes                       | Yes                       | Yes                         |

The Meeting attendance fees paid to the members for each meeting attended is  
(i) Chairman – OMR 1000/- (ii) Deputy Chairman – OMR 900/- (iii) Other Members – OMR 800/-

### (b) The Nomination, Remuneration & Executive Committee (NR & EC)

The Nomination, Remuneration & Executive committee is empowered

- assisting the general meeting in the nomination of proficient directors and the election of the fit for the purpose. Moreover, the committee aims to assist the board in selecting the appropriate and necessary executives for the executive management.
- to assist the company in formulating clear, credible and accessible policies to inform shareholders about directors' and executives' remuneration (subject to CMA Administrative Decision No. 11/2005 on the rules of remuneration and sitting fees for directors of public joint stock companies). However, additional performance-based criteria have to be used to determine the bonus and remunerations of the chief executive officer and senior executive management.

- c. the opinion of the NR&EC shall be taken into consideration when electing directors to ensure that elected directors possess the following skills and abilities:
- Strategic insight; and ability to direct, encourage innovation and continuously drive the company to consolidate its vision.
  - Required expertise in financial accounting and corporate finance.
  - Understanding of management trends in general and the respective industry in particular.
  - Ability to deal with crises, both short term and prolonged.
  - Proper and relevant experience in the nature of the company's business.
  - Commercial experience in global markets, if the company has international operations.

NR & EC is a sub-committee of the Board consisting of following three directors:

|                                       |                    |
|---------------------------------------|--------------------|
| Mr. Qais Mohamed Al Yousef            | (NR & EC) Chairman |
| Mr. Shabir Moosa Abdullah Al Yousef   | (NR & EC) Member   |
| Mr. Qaboos Abdullah Mohamed Al Khonji | (NR & EC) Member   |

The (NR & EC) met seven times during the year. The particulars of the dates of the meetings and attendance of members are mentioned below:

| Sr.# | Name of the Director                  |                | NR&EC No 1<br>13.04.17 | NR&EC No 2<br>29.05.17 | NR&EC No 3<br>19.07.17 | NR&EC No 4<br>09.10.17 | NR&EC No 5<br>15.10.17 | NR&EC No 6<br>09.01.18 | NR&EC No 7<br>13.03.18 |
|------|---------------------------------------|----------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 1    | Mr. Qais Mohamed Al Yousef            | NR&EC Chairman | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    |
| 2    | Mr. Shabir Musa Abdullah Al Yousef    | NR&EC Member   | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    |
| 3    | Mr. Qaboos Abdullah Mohamed Al Khonji | NR&EC Member   | Yes                    | Yes                    | No                     | Yes                    | Yes                    | Yes                    | Yes                    |

The Meeting attendance fees paid to the members for each meeting attended was OMR 500/- for EC Chairman and OMR 400/- for EC Members.

- (c) **Audit Committee (AC) :** The Audit Committee (AC) is a sub-committee of the Board, comprising of the following three Directors:

|                                     |             |
|-------------------------------------|-------------|
| Mr. Abdulredha Mustafa Sultan       | AC Chairman |
| Mr. Shabir Moosa Abdullah Al Yousef | AC Member   |
| Mr. Nabil Essa Al Hasani            | AC Member   |

The Audit Committee met four times during the year. The Full particulars of the dates of the meetings and attendance of members are mentioned below.

| Sr.# | Name of the Director                |             | AC No 1<br>28.05.17 | AC No 2<br>24.07.17 | AC No 3<br>05.11.17 | AC No 4<br>11.02.2018 |
|------|-------------------------------------|-------------|---------------------|---------------------|---------------------|-----------------------|
| 1    | Mr. Abdulredha Mustafa Sultan       | AC Chairman | Yes                 | Yes                 | Yes                 | Yes                   |
| 2    | Mr. Shabir Moosa Abdullah Al Yousef | AC Member   | Yes                 | Yes                 | Yes                 | Yes                   |
| 3    | Mr. Nabil Essa Al Hasani            | AC Member   | Yes                 | Yes                 | Yes                 | Yes                   |

The Meeting attendance fees paid to the members for each meeting attended was OMR 500/- for AC Chairman and OMR 400/- for AC Member.

All the members are experienced and have fundamental knowledge of accounts and finance.

The terms of reference of the Audit Committee are in accordance with the guidelines given by CMA. The major areas covered by the Audit Committee are matters concerning (i) consideration and recommendations for appointment of Internal and Statutory Auditors, (ii) reviewing of audit plans and audit reports; (iii) oversight of internal audit functions to comply with all the requirements of internal audit as per Code of Corporate Governance and oversight of adequacy of internal control systems and financial statements, (iv) checking financial frauds, (v) reviewing annual and quarterly statements and qualifications, if any, before issuing, (vi) critical review of non-compliance of IFRS and disclosure requirements prescribed by CMA, (vii) reviewing risk management policies and related party transactions and (viii) serving a channel between internal and external auditors and the Board.

#### **4. Board Evaluation**

The Code requires that the Board of Directors performance is appraised impartially and independently by a third party appointed by the AGM in accordance with a benchmark and standards set by the board or the general meeting. The AGM held on 21<sup>st</sup> June'17 approved the appointment of an independent third-party, Moore Stephens, as per the evaluation framework parameters. The appointed consultants carried out the evaluation exercise during the year and presented a report with recommendations and concluded that the Board "Performed Adequately" for the year ended 31<sup>st</sup> Mar'18.

#### **5. Brief Profile of the Directors**

##### **Mr. Masoud Humaid Al Harthy**

He is a retired brigadier from the Royal Guard of Oman. Mr. Masoud holds a Bachelor Certificate in Army Science Management with an experience of 36 years in military services. Mr. Masoud is Chairman of Al Maha Ceramics SAOG in addition to being Member in several other Companies.

##### **Mr. Qais Mohamed Al Yousef**

He is post-graduate with Master's in Management (Business) from Stanford University's Graduate School of Business, USA. He is presently holding the position of Chairman of OCCI and CEO of Al Yousef Group LLC. He is also Chairman of Voltamp Energy SAOG and director in several companies operating in various fields of the economy. Previously, he was also Chairman of Gulf Commercial Bank in Pakistan for four years. He is also a board member of The Research Council and The Public Authority for SME Development.

##### **Mr. Shabir Moosa Al Yousef**

He Holds a Master of Research in Economics from University of Essex (UK), MBA in Finance from University of Lincolnshire & Humberside (U.K), Master of Science from Colorado School of Mines (U.S.A), and Bachelor's Degree in Electronics and Communications from Sultan Qaboos University.

He held positions of Chief Executive Officer of Oman Investment & Finance Co. SAOG, General Manager of Damac Holding U.A.E, Group General Manager of Premier Logistics Group LLC, General Manager of Truck Oman LLC, and a Petroleum Engineer post in Petroleum Development Oman (PDO).

Currently he is a Board member in Al Maha Ceramics Co. SAOG, Arabia Falcon Insurance Company SAOG and CACTUS Premier Drilling Services SAOC.

During his career, he was also Board member of Bank Sohar SAOG, Financial Corporation Co. SAOG, Chairman of National Aluminum Products Company SAOG.

##### **Mr. Abdulredha Mustafa Sultan**

He holds a Bachelor's Degree in Commerce majoring in Finance from San Diego State University, USA. He is Deputy Chairman at Al Jazeera Services SAOG and Al Maha Ceramics SAOG and holds position of Director in Voltamp Energy SAOG. He is also the Director in Almondz Global Securities Limited (India). He is the Managing Director in Mustafa Sultan Enterprises LLC. He is a member of the Young Presidents' Organisation.

**Mr. Qaboos Abdullah Al Khonji**

He belongs to a traditional business dominated family and holds a Diploma in Business Administration from US. He has previously held a position of General Manager in Moosa Abdul Rahman Hassan & Co. and at present he is the Deputy Chairman of Al Khonji Holding LLC and CEO of Al Binaa Construction/ Al Khonji Real Estate (Betterhomes). He also holds Directorship in some of the prominent SAOG Companies in Oman.

**Sheikh Mohamed Abdullah Said Al Rawas**

Hold the honorary doctorate in business administration from the University of Luton in December 2005 as the first figure in Asia and the Middle East who get this doctorate from this prestigious University for his efforts in the higher education field model (Majan College University, Sultanate of Oman), during his chairmanship of the Presidency of the Majan College University. He holds Bachelor of business administration (finance and investment – Faculty of Commerce, Cairo University). He is also a board member in several companies, operating in various fields of the economy.

**Mr. Nabil Essa Al Hasani**

Holds a diploma in management plus MBA mini from Egypt 2011 with an experience of 23 years in financial and brokerage companies, A board member in several private companies in Sultanate of Oman, UAE and Egypt.

**6. Process of nomination of the Directors**

The company follows the provisions of the Commercial Companies Law and Capital Market Authority Law & Regulations in respect of nomination of the members of the Board of Directors.

**7. Management**

The members of the management of the company are appointed with proper contracts clearly defining the terms of reference. The Chief Executive Officer, under the supervision, direction and control of the Board, manages the company. Mr. Sanjay Kumar Tiwari, was appointed as Acting Chief Executive Officer W.E.F. 7 January 2017.

**8. Brief profile of top management personnel with executive powers****Sanjay Tiwari, Acting Chief Executive Officer**

Sanjay Tiwari is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and a graduate in Commerce. He has 29 years of experience in industries ranging from Textile, Cement, Tyre & Engineering to FMCG. He has in-depth knowledge of the Middle East, South East and South Asian markets. His core expertise has been to monitor and manage operations of varied industries from financial and commercial viewpoints. He has worked in some of the leading companies in India, UAE and Oman.

**Manish Palande, Investment Manager**

Manish Palande is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India. He has over 13 years of experience in the buy-side/independent research and funds management in Indian, US and GCC capital markets. Involved in end-to-end Private-Equity transactions involving acquisition / divestiture / refinance work flow from deal sourcing transaction structuring, valuations, financial modeling, deal diligence, fund raising, portfolio company management and timely exit. Before joining Al Anwar Holdings, Manish has worked with leading independent research houses and family offices in India managing the equity portfolios.

**Dhiraj Chidwal, Manger – Internal Audit & Risk Management**

Dhiraj Chidwal is a Chartered Accountant with accreditations from the Institute of Chartered Accountants of India and Certified Public Accountant (CPA) from USA. He has more than fifteen years of experience in the field of Internal Audit, Finance and Accounting. Prior to Al Anwar, he worked for one of leading private

bank in India as Chief Manager, Internal Audit. He has extensive experience in the Internal Audit of Banking and Finance sector.

**Mubarak Al Ghazali, Manager - Administration & Compliance**

Mubarak has over 10 years of experience as Insurance Surveyor for insurance companies for motor vehicle accident claims and other types of insurance in various insurance companies, both local and international, and insurance consultant companies. He has more than 13 years of experience in management and has worked with Al Anwar Holdings SAOG since 2005. He holds a General Diploma and a Certificate in Human Resource Management. He attended several training courses, workshops and conferences in various fields such as Human Resources, Executive management skills and effective leadership, Legislation Regulating MSM listed companies and many other topics.

**9. Means of communication with the Shareholders and investors**

- (a) The notice to the Shareholders for the Annual General Meeting containing the details of the related party transactions is filed with CMA and mailed to shareholders along with Directors' Report and audited accounts.
- (b) The Quarterly results of the company as per CMA format, are prepared by the management for every quarter, reviewed by the Audit Committee, approved by the Board, are forwarded to CMA and also published in the Newspapers as per the directives of CMA. Copies are made available to shareholders on request. Results are also uploaded on the website of Muscat Securities Market (MSM).
- (c) Pursuant to the Executive Regulations of the Capital Market Law, AAH disclosed the initial quarterly and annual un-audited management results within 15 days from the end of the period.
- (d) Important Board decisions are disclosed to the investors through MSM from time to time. The company has its official website, [www.alanwarholdings.com](http://www.alanwarholdings.com) for its investors. The website is updated from time to time.
- (e) The Company had a penal discussion session with investor/ analyst session at CMA hall on 09<sup>th</sup> May/2018.
- (f) The Management Discussion and Analysis Report forms part of the Annual Report.

**10. Remuneration matters**

- (a) The meeting attendance fee was as per the remuneration fixed by the Board. A total of OMR 46,900/- (FY 2016-17: OMR 34,600/-) was paid to Directors for meetings attended during the period 1<sup>st</sup> April '17 to 31<sup>st</sup> March' 18 as per details given below:

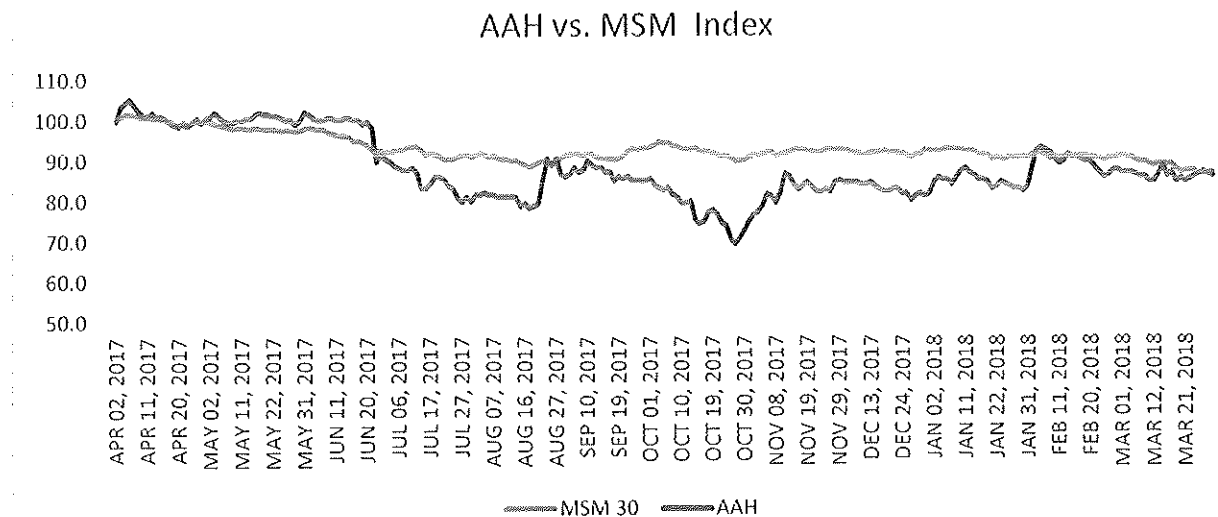
| <b>Name of Director</b>               | <b>2017-18</b> | <b>2016-17</b> |
|---------------------------------------|----------------|----------------|
| Mr. Masoud Humaid Malik Al Harthy     | 6,000          | 4,000          |
| Mr. Qais Mohamed Al Yousef            | 8,900          | 6,600          |
| Mr. Shabir Moosa Abdullah Al Yousef   | 6,800          | 6,400          |
| Mr. Abdulredha Mustafa Sultan         | 7,600          | 5,200          |
| Mr. Qaboos Abdullah Al Khonji         | 6,400          | 4,400          |
| Sheikh Mohamed Abdullah Said Al Rawas | 4,800          | 3,200          |
| Mr. Nabil Essa Al Hasani              | 6,400          | 4,800          |
| <b>Total Meeting Attendance fees</b>  | <b>46,900</b>  | <b>34,600</b>  |

- (b) A sum of OMR NIL (FY 2016-17: OMR NIL) was reimbursed to Directors towards travelling expenses for attending the meetings in addition to above mentioned sitting fees.

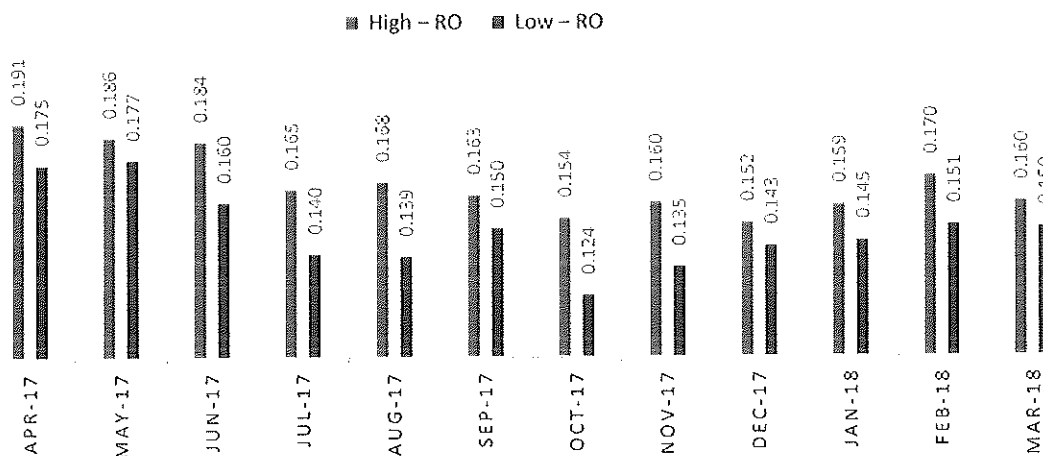
- (d) The Board has approved Directors' remuneration of OMR 82,500 for the year 2017-18 (FY 2016-17: OMR 165,000) which is subject to approval of the Company's shareholders at the Annual General Meeting to be held on June 24th, 2018.

## 11. Market price data

The monthly high and low share price of the company during the financial year ended 31<sup>st</sup> March 2018 was as under:



## AAH STOCK PRICES-MONTHLY HIGH AND LOW



## 12. Distribution of Shares

The share holding pattern as on 31<sup>st</sup> March 2018 is as given below:

| Distribution       | No of Shares Holders | %age of Shareholders | No of Shares       | %age of No. of Shares |
|--------------------|----------------------|----------------------|--------------------|-----------------------|
| 1 to 50,000        | 1,613                | 84%                  | 13,487,662         | 7%                    |
| 50,001 to 100,000  | 115                  | 6%                   | 8,595,207          | 4%                    |
| 100,001 to 200,000 | 78                   | 4%                   | 10,961,641         | 5%                    |
| 200,001 to 500,000 | 56                   | 3%                   | 18,230,078         | 9%                    |
| 500,001 & Above    | 57                   | 3%                   | 148,725,412        | 74%                   |
| <b>Grand Total</b> | <b>1,919</b>         | <b>100%</b>          | <b>200,000,000</b> | <b>100%</b>           |

The Company does not have any foreign Global Depository Receipts (GDR) / American Depository Receipts (ADR) / Warrants or any other instrument of any type issued to public or institutional investors or any other class of investors.

### 13. Corporate Social Responsibility (CSR)

Al Anwar Holdings committed to support the society and environment. Over the years, AAH has extended its support to a broad range of charitable organizations as well as charitable programmes and events that have helped improve the lives of the disabled, orphans and the underprivileged across the Sultanate. During the year AAH has spent OMR 25,000 on CSR activity as approved by the shareholders in the AGM dated 21<sup>st</sup> Jun'17.

### 14. Professional profile of the statutory auditor

EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 6,700 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEA practice, with over 4,500 partners and approximately 1,06,079 professionals. Globally, EY operates in more than 150 countries and employs 256,500 professionals in 728 offices. Please visit [ey.com](http://ey.com) for more information about EY.

**During the year 2017-18, details of professional fees are as follows:**

|   |              |
|---|--------------|
|   | OMR          |
| Audit of financial statements for the year ended 31 March 2018 and compliance with Code of Corporate Governance | <u>9,500</u> |

### 15. Details of Non-Compliance

There have been no instances of non-compliance on any matter relating to the Commercial Companies Law No. 4/1974, CMA's Code of Corporate Governance for Public Listed Companies, CMA regulations or the MSM listing agreements.

### 16. Acknowledgement by Board of Directors

The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable standards and rules.



There are no material things that effect the continuation of the Company and its ability to continue its operations during the next financial year.

The Board of Directors, through the Audit Committee's consideration of the results of the internal audit work and discussions with the external auditors, together with their examination of periodic management information and discussions with the management, have reviewed the operation of internal controls during the year ended 31<sup>st</sup> March 2018. The Board of Directors has concluded based on this that internal controls operated effectively throughout the year.



**Masoud Humaid Al Harthy**  
Chairman



**Abdulredha Mustafa Sultan**  
Chairman Audit Committee

