



شركة ريسوت للأسمنت (ش.م.ع.ع.)  
Raysut Cement Company (S.A.O.G.)



## Corporate Governance Report for the Financial Year 2015

The Company has implemented the Code of Corporate Governance during the financial year issued by the Capital Market Authorities.

### 1. A brief statement on Company's Philosophy on Code of Governance:

The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and others. The Company is prompt in discharging its statutory obligations and duties. The Company is maintaining policies, procedures and systems for the purposes of ensuring the fair and timely release of information about the Company. The Board of Directors ("the Board") has had adequate representation of the professional, qualified, Non-Executive, and Independent Directors. For the matters requiring special attention and also for proper and effective disposal of such matters, the Board has constituted various Committees of Directors from time to time. The Board and the Committee meetings have been held as frequently as required. Adequate disclosures and information are provided to the Board as well as to the Committees. All the Directors attending the Board and Committee Meetings actively participate in their proceedings. Decisions at the Board and Committee meetings are taken unanimously.

### 2. Board of Directors:

The Board of Directors is elected at the Annual General Meeting for the period of three years, renewable by a resolution of the ordinary general meeting. The Board of the Company consists of nine Directors. All Directors are Independent and Non-Executive Directors. As per requirement of the Capital Market Authority and commercial law of the Companies, none of the Directors on the Board has combined membership in the Board of Directors of Public Companies or other committees more than what is stipulated in Company laws.

All the members of Board satisfy the conditions required for the membership.

The details of composition and categories of Directors are given below:

	Name of the Director	Designate	Category, basis & capacity of membership
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	Chairman	Non Executive and independent/In personal capacity
2	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	Vice Chairman	Non Executive and independent/ In personal capacity
3	Mr. Mohd Saif Ghanim Al Suwaidi	Director	Non Executive and independent Nominee – Abu-dhabi Fund for Development
4	Mr. Khalid bin Mohd Hassan Habib	Director	Non Executive and independent Nominee – Islamic Development Bank Jeddah
5	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	Director	Non Executive and independent /In personal capacity
6	Sh. Qais bin Mustahil bin Ahmed Al Mashani	Director	Non Executive and independent /In personal capacity
7	Mr. Hussain bin Abdullah bin Ahmed Al Haddad	Director	Non Executive and independent /In personal capacity
8	Mr. Abdullah bin Ali bin Salim Al Sulimi	Director	Non Executive and independent Nominee – Ministry of defense pension fund
9	Mr. Gerhard Hugo Hirth	Director	Non Executive and independent /In personal capacity

### 3 Role of the Board of Directors and Management

The Company's business is conducted by its employees, officers and Managers under the direction of the Group Chief Executive Officer and the oversight of the Board of Directors.

### 4 Board, Audit committee and Executive committee meeting :

#### Board Meetings

During the financial year 2015, the Board of Directors met five times. The maximum time gap between any two meetings was not more than four months.

The details of the Board, Meetings held during the financial year 2015

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1 <sup>st</sup> .meeting	25/02/2015	9	6
2 <sup>nd</sup> .meeting	29/03/2015	9	6
3 <sup>rd</sup> .meeting	09/06/2015	9	7
4 <sup>TH</sup> .meeting	02/09/2015	9	7
5 <sup>TH</sup> .meeting	10/12/2015	9	8

#### Audit Committee Meetings

The details of the Audit Committee Meetings held during the financial year 2015

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1 <sup>st</sup> .meeting	24/02/2015	4	4
2 <sup>nd</sup> .meeting	05/05/2015	4	3
3 <sup>rd</sup> .meeting	08/06/2015	4	3
4 <sup>TH</sup> .meeting	09/08/2015	4	4
5 <sup>TH</sup> .meeting	28/10/2015	4	4
6 <sup>TH</sup> .meeting	10/12/2015	4	4

#### Executive Committee Meetings

The details of the Executive Committee Meetings held during the financial year 2015

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1 <sup>st</sup> .meeting	05/05/2015	4	3
2 <sup>nd</sup> .meeting	09/08/2015	4	4
3 <sup>rd</sup> .meeting	18/10/2015	4	4

The details of attendance of each Director at the Board, Audit Committee and Executive Committee Meetings and last AGM held during the financial year 2015:

	Name	No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of Executive Committee Meetings attended	Annual General Meetings Attended
	<b>Current Board of Directors members who elected on 29 March 2015</b>				
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	4	5	3	1
2	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	4	5	3	1
3	Mr. Mohd Saif Ghanim Al Suwaidi	3	-	-	1
4	Mr.Khalid bin Mohd Hassan Habib	3	-	-	1
5	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	4	-	-	1
6	Sh.Qais bin Mustahil bin Ahmed Al Mashani	2	3	2	1
7	Mr.Hussain bin Abdullah bin Ahmed Al Haddad	4	5	3	1
8	Mr. Abdullah bin Ali bin Salim Al Sulimi	3	-	-	1
9	Mr. Gerhard Hugo Hirth	2	-	-	1
	<b>Previous Board of Directors members ,whose term ended 29 March 2015</b>				
10	Sh. Ahmed bin Alawi bin Abdulla Al Ibrahim	1	1	-	1
11	Mr. Mohd bin Yousuf bin Alawi Al Ibrahim	1	1	-	1
12	Sh.Khalid bin Abdulla bin Said Al Rawas	1	1	-	1
13	Mr.Mohd Adnan Al Midani	1	-	-	1
14	Mr.Ahmed Bin Ali Sahal Al hafeedh	1	1	-	1

The details of attendance of each Director at the Board, meetings held during the financial year 2015:

	Name	Number of Meetings & Dates Held				
		1	2	3	4	5
		25/2/2015	29/3/2015	9/6/2015	2/9/2015	10/12/2015
	<b>Current Board of Directors members who elected on 29 March 2015</b>					
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	-	✓	✓	✓	✓
2	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	-	✓	✓	✓	✓
3	Mr. Mohd Saif Ghanim Al Suwaidi	-	-	✓	✓	✓
4	Mr.Khalid bin Mohd Hassan Habib	-	-	✓	✓	✓
5	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	-	✓	✓	✓	✓
6	Sh.Qais bin Mustahil bin Ahmed Al Mashani	-	✓	-	-	✓
7	Mr.Hussain bin Abdullah bin Ahmed Al Haddad	-	✓	✓	✓	✓
8	Mr. Abdullah bin Ali bin Salim Al Sulimi	-	-	✓	✓	✓
9	Mr. Gerhard Hugo Hirth	✓	✓	-	-	-
	<b>Previous Board of Directors members ,whose term ended 29 March 2015</b>					
1-	Sh. Ahmed bin Alawi bin Abdulla Al Ibrahim	✓	-	-	-	-
2-	Mr. Mohd bin Yousuf bin Alawi Al Ibrahim	✓	-	-	-	-
3-	Sh.Khalid bin Abdulla bin Said Al Rawas	✓	-	-	-	-
4-	Mr.Mohd Adnan Al Midani	✓	-	-	-	-
5-	Sh.Ahmed Bin Ali Sahal Al hafeedh	✓	-	-	-	-

The details of attendance of Director at the Audit Committee Meetings held during the financial year 2015:

		Number of Meetings & Dates Held					
		1	2	3	4	5	6
		24/2/2015	5/5/2015	8/6/2015	9/8/2015	28/10/2015	10/12/2015
<b>Current Board of Directors members who elected on 29 March 2015</b>							
1	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	-	✓	✓	✓	✓	✓
2	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	-	✓	✓	✓	✓	✓
3	Sh.Qais bin Mustahil bin Ahmed Al Mashani	-	-	-	✓	✓	✓
4	Mr.Hussain bin Abdullah bin Ahmed Al Haddad	-	✓	✓	✓	✓	✓
<b>Previous Board of Directors members ,whose term ended 29 March 2015</b>							
5	Sh.Ahmed Bin Ali Sahal Al hafeedh	✓	-	-	-	-	-
6	Sh. Ahmed bin Alawi bin Abdulla Al Ibrahim	✓	-	-	-	-	-
7	Mr. Mohd bin Yousuf bin Alawi Al Ibrahim	✓	-	-	-	-	-
8	Sh.Khalid bin Abdulla bin Said Al Rawas	✓	-	-	-	-	-

The details of attendance of Director at the Executive Committee Meetings held during the financial year 2015:

		Number of Meetings & Dates Held		
		1	2	3
		5/5/2015	9/8/2015	18/10/2015
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	✓	✓	✓
2	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	✓	✓	✓
3	Sh.Qais bin Mustahil bin Ahmed Al Mashani	-	✓	✓
4	Mr.Hussain bin Abdullah bin Ahmed Al Haddad	✓	✓	✓

## 5. Audit Committee

The Audit Committee was constituted by the Board in 2003. The role and power of the Audit Committee are as per the provisions of the Article 103 of Commercial Company Law (CCL), and as specified under Annexure 3 of the Code of Corporate Governance issued by CMA vide circular No. 11/2002 dated 3<sup>rd</sup> June 2002, and as amended by circular 1/2003 dated 11<sup>th</sup> January 2003. The Committee acts as a link between the statutory and internal auditors and the Board of Directors. It reviews the various reports placed before it by the Management and Audit Department and addresses to the larger issues, and examines and considers those facets that could be of vital concern to the Company including adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures and compliance with all relevant statutes.

As at 31 December 2015, the Audit Committee comprised of following Non-Executive Independent Directors.

Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	Chairman
Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	Member
Sh.Qais bin Mustahil bin Ahmed Al Mashani	Member
Mr.Hussain bin Abdullah bin Ahmed Al Haddad	Member

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the provision of Article 102 of CCL.

## **6. Executive Committee**

The role and power of the Executive Committee is to implement the decisions of the Board of Director .

As at 31 December 2015, the executive Committee comprised of following Non-Executive Independent Directors.

Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	Chairman
Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	Member
Sh.Qais bin Mustahil bin Ahmed Al Mashani	Member
Mr.Hussain bin Abdullah bin Ahmed Al Haddad	Member

## **7. Tender Committee**

The role and power of the Tender Committee is to take decisions on the procurement of material and services. The Tender Committee comprises of the head of various department.

## **8. Remuneration Matters**

During the financial year 2015, the Directors were paid a total sum of RO 44,500 towards sitting fee for attending various board meetings, audit committee meetings and executive committee meeting as against RO 52,500 for 2014.

In addition to above, the Company has provided for payment of RO 155,500 as Directors Remuneration for attending the Board meetings during 2015 as against RO 147,500 for 2014.

Remuneration of top seven executive employees of the company for 2015 including salary, benefits and bonus amounts to RO.644,775 (last year RO. (660,391)

Performance bonus is paid to the employees based on their performance evaluation on various attributes like productivity, quality etc.

Service contracts are usually of two years and unless terminated by the either of the parties is automatically renewed for a further period of two years. Notice period for termination of contract is one to two months.

## 9. Disclosure of non-compliance

There were no instances of non-compliance or penalty or strictures imposed on the Company by MSM/CMA or any statutory authority or for any matter related to capital markets, during the last three years.

## 10. Means of Communication:

Annual financial statements and invitation for attending annual general meeting to be sent by post to the shareholder according to their registered addresses. Annual, Quarterly and half yearly results were published in local newspapers as per the guidelines of Capital Market Authority and Muscat Securities Market.

Financials were also posted on the web site of Muscat Securities Market.

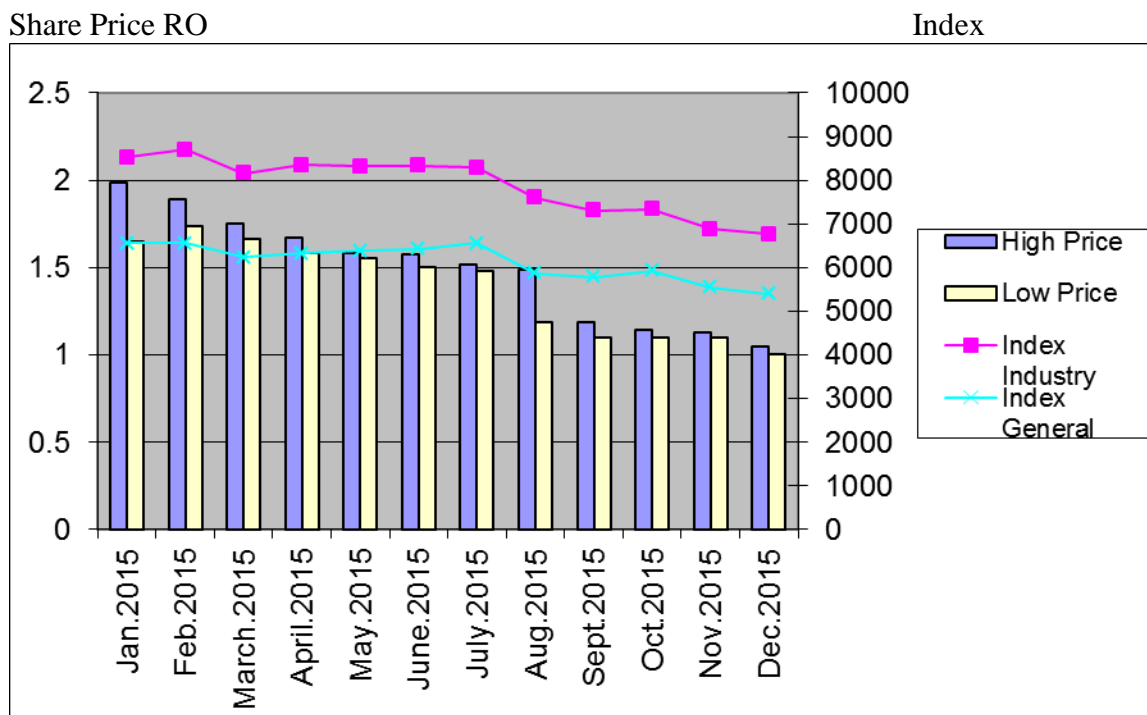
The management discussions and analysis report is part of the annual report.

## 11. Market Price Data:

The monthly high and low quotations at Muscat Securities Market during financial year 2015 are as follows:

Period	Traded		Price (RO)	
	Shares	Value (RO)	High	Low
January 2015	165,850	291,071	1.985	1.650
February 2015	1,492,924	2,724,685	1.890	1.740
March 2015	557,105	969,179	1.755	1.660
April 2015	245,798	397,402	1.670	1.585
May 2015	438,511	685,251	1.585	1.550
June 2015	491,024	758,645	1.575	1.500
July 2015	84,463	126,758	1.520	1.480
August 2015	671,403	911,486	1.495	1.190
September 2015	530,556	612,528	1.190	1.100
October 2015	215,704	242,956	1.145	1.100
November 2015	439,539	480,552	1.130	1.095
December 2015	394,442	402,983	1.050	1.000

Share price during the financial year 2015 compared to MSM Industrial index and General index are as follows:



## 12. Distribution of Shareholding :

The following are the major shareholders who own more than 5% of the outstanding shares as at 31 December 2015:

S. No	Name of Shareholders	Shareholding %
1.	Abu Dhabi Fund for Development	15.00
2.	Islamic Development Bank	11.71
3.	Dolphin International	10.33
4.	Baader Bank Aktiengesellschaft	10.00
5.	Ministry of Defense Pension Fund	6.93
6.	Abdulla bin Abdul Aziz Al Rajhi	8.72
7.	Sindibad International Trading Co. LLC	5.94

The shareholding distribution of equity shares as on 31 December 2015 is given below:

No.of Equity shares	No.of Shareholders	No.of Shares	Shareholding %
Less than 100,000	1,134	8,536,880	4.268
100,001 to 500,000	50	9,795,696	4.898
500,001 to 1,000,000	12	7,940,692	3.970
1,000,001 to 10,000,000	14	36,477,344	18.239
10,000,000 & above	7	137,249,388	68.625
<b>TOTAL</b>	<b>1,217</b>	<b>200,000,000</b>	<b>100</b>

### 13. Categories of shareholding as on 31<sup>st</sup> December 2015

Category	No. of shares held	Shareholding%
Promoter's holding	90,030,169	45.015
Companies	5,888,616	2.944
Banks & Financial Institutions	54,881,181	27.441
Pension Funds	37,964,237	18.982
Individuals	11,235,797	5.618
<b>Total</b>	<b>200,000,000</b>	<b>100%</b>

### 14. Professional Profile of PwC : Statutory Auditor

PwC is a global network of firms operating in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, tax and advisory services. PwC also provides corporate training and professional financial qualifications through PwC's Academy.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 3,000 people. ([www.pwc.com/me](http://www.pwc.com/me)).

PwC has been established in Oman for over 40 years and the Firm comprises 3 partners, including one Omani national, and over 140 professionals and support staff. Expert assurance, tax and advisory professionals are able to combine internationally acquired specialist consulting and technical skills with relevant local experience.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

During the year 2015, professional fees in the amount of RO 27,300 were rendered by the external auditors in respect of the services provided by them to the organization.

### 15. Acknowledgment

The Board of Directors acknowledges confirmation of:

- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules.
- Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations.
- There are no material matters that affect the continuation of the Company and its ability to continue its operations during the next financial year.

**Ahmed bin Yousuf Bin Alawi Al Ibrahim**  
**Chairman of the Board of Directors**