



شركة ريسوت للأسمنت (ش.م.ع.ع.)

Raysut Cement Company (S.A.O.G.)



Corporate Governance Report for the Financial Year 2017

The Company has implemented the Code of Corporate Governance issued by the Capital Market Authorities during the financial year 2017.

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 , nomination and remuneration committee meeting :

Board Meetings

During the financial year 2017, 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 2017

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1 st .meeting	26/02/2017	9	8
2 nd .meeting	08/05/2017	9	7
3 rd .meeting	25/07/2017	9	7
4 th .meeting	05/11/2017	9	9
5 th .meeting	10/12/2017	9	7

Audit Committee Meetings

The details of the Audit Committee Meetings held during the financial year 2017

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1 st .meeting	26/02/2017	4	3
2 nd .meeting	25/04/2017	4	3
3 rd . meeting	07/05/2017	4	3
4 th .meeting	25/07/2017	4	4
5 th .meeting	05/11/2017	4	4
6 th .meeting	10/12/2017	4	3

Executive, nomination and remuneration committee Meetings

The details of the Executive Committee Meetings held during the financial year 2017

Meetings No.	Date of the meetings	Total members	Attendance by number of members
1 st .meeting	07/05/2017	4	3
2 nd .meeting	25/07/2017	4	3
3 rd .meeting	25/10/2017	4	2

The details of attendance of each Director at the Board, Audit Committee and Executive, nomination and remuneration committee meetings and last AGM held during the financial year 2017:

	Name	No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of Executive, nomination and remuneration Committee Meetings attended	Annual General Meetings Attended
1	Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	5	5	3	1
2	Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	4	-	1	1
3	Mr. Mohd Saif Ghanim Al Suwaidi	5	6	-	1
4	Mr. Khalid bin Mohd Hassan Habib	5	-	-	1
5	Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	2	-	-	1
6	Sh. Qais bin Mustahil bin Ahmed Al Mashani	2	2	1	1
7	Mr. Hussain bin Abdullah bin Ahmed Al Haddad	5	6	3	1
8	Mr. Abdullah bin Ali bin Salim Al Sulimi	5	1	-	1
9	Mr. Gerhard Hugo Hirth	5	-	-	1

The details of attendance of each Director at the Board, meetings held during the financial year 2017:

	Name	Number of Meetings & Dates Held				
		1	2	3	4	5
		26/2/2017	8/5/2017	25/7/2017	5/11/2017	10/12/2017
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	✓	✓	✓	✓	✓

The details of attendance of director at the Audit Committee Meetings held during the year 2017

		Number of Meetings & Dates Held					
		1	2	3	4	5	6
		26/2/2017	25/4/2017	7/5/2017	25/7/2017	5/11/2017	10/12/2017
1	Mr. Mohd Saif Ghanim Al Suwaidi	✓	✓	✓	✓	✓	✓
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	✓	✓	✓	✓	✓	✓
5	Mr. Abdullah bin Ali bin Salim Al Sulimi	-	-	-	-	-	✓

The details of attendance of director at the Executive, nomination and remuneration Committee Meetings held during the financial year 2017:

		Number of Meetings & Dates Held		
		1	2	3
		7/5/2017	25/7/2017	25/10/2017
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 of Directors of Company in financial year 2003. The role and power of the Audit Committee are as per the provisions of the Article 103 of Commercial Company Law (CCL) 4/1974 and its amendments , and as specified in tenth principle of the Code of Corporate Governance issued by CMA dated July 2015. 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 internal unit 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 2017, the Audit Committee comprised of following Non-Executive Independent Directors.

Mr. Mohd Saif Ghanim Al Suwaidi	Chairman
Mr. Abdulla bin Salim Al Sulimi	Member
Sh.Qais bin Mustahil bin Ahmed Al Mashani	Member
Mr.Hussain bin Abdullah bin Ahmed Al Haddad	Member

The Audit Committee is comprising of all independent 4 members of board of directors and its terms of reference including its functions as are defined in code of corporate governance dated July 2015 and relevant articles of Companies Commercial Law 4/1974 and its amendments .

6. Executive , nomination and remuneration committee

In Conformity with the code of corporate governance of public companies issued by Capital Market Authority, the Board of Directors of the company has decided on 9 June 2016 constitution the nomination and remuneration committee and merges the executive committee in the nomination and remuneration committee.

The role and power of the Committee is to implement the decisions of the Board of Director and to assist the general meeting in the nomination of proficient directors and the election of the most fit for purpose .Moreover, the committee aims to assist the board in selecting the appropriate and necessary executives for the executive management and to assist the company in formulating clear,credible and accessible polices to inform shareholders about directors' and executives' remuneration.

As at 31 December 2017, the executive, nomination and remuneration 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 2017, the Directors were paid a total sum of RO 48,500 towards sitting fee for attending various board meetings, audit committee meetings and executive committee meeting as against RO 51,000 for 2016.

Name	Sitting fee RO
Mr. Ahmed bin Yousuf bin Alawi Al Ibrahim	9,000
Mr. Shihab bin Yousuf bin Alawi Al Ibrahim	4,500
Mr. Mohd Saif Ghanim Al Suwaidi	8,000
Mr. Khalid bin Mohd Hassan Habib	5,000
Mr. Fahad bin Abdulla Abdul Aziz Al Rajihi	2,000
Sh. Qais bin Mustahil bin Ahmed Al Mashani	-
Mr. Hussain bin Abdullah bin Ahmed Al Haddad	9,500
Mr. Abdullah bin Ali bin Salim Al Sulimi	5,500
Mr. Gerhard Hugo Hirth	5,000
Total	48,500

In addition to above, the Company has provided for payment of RO 151,500 as Directors Remuneration for attending the Board meetings during 2017 as against RO 149,000 for 2016.

Remuneration for top 5 employees of the company for 2017 including salary, allowances, benefits, bonus and other expenditures amount to RO 371,748 (last year RO 609,210) as per details given below:

Name of Employee	Designation	Gross salary	Bonus and other benefits	Total
Mr.Ghose Jotirmoy Pratul Krishna	Chief Executive Officer	12,193	2,345	14,538
Mr.Khadim Awad	Head of Support services	14,700	1,294	15,994
Mr. Mohammed Ahmed Omar Aideed	Acting Chief Executive Officer	98,652	44,964	143,616
Mr.Ahmed Ali sahal	Consultant to the Board of directors	75,300	27,604	102,904
Mr. Abdullah Hussain Abdullah Saif	Head of Health ,Safety, Security and Environment	66,072	28,624	94,696
TOTAL		266,917	104,831	371,748

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

9.1 Company has complied with relevant provisions of Capital Market Authority on Corporate Governance. There were no penalties or strictures imposed on the company by MSM/CMA during the last 3 years.

9.2 The Company is in the process of implementation of few mentioned clauses of the Code of Corporate Governance which are currently under review by the Board of Directors and Management such as Annual declaration of independent directors, Director's enrollment in training and refresher programs, formal induction program for Directors, performance evaluation of specialized committees by Board, devise of risk management plan, succession plan for Board, Job description of Directors and establishment of the terms of reference of audit committee and NRC.

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.

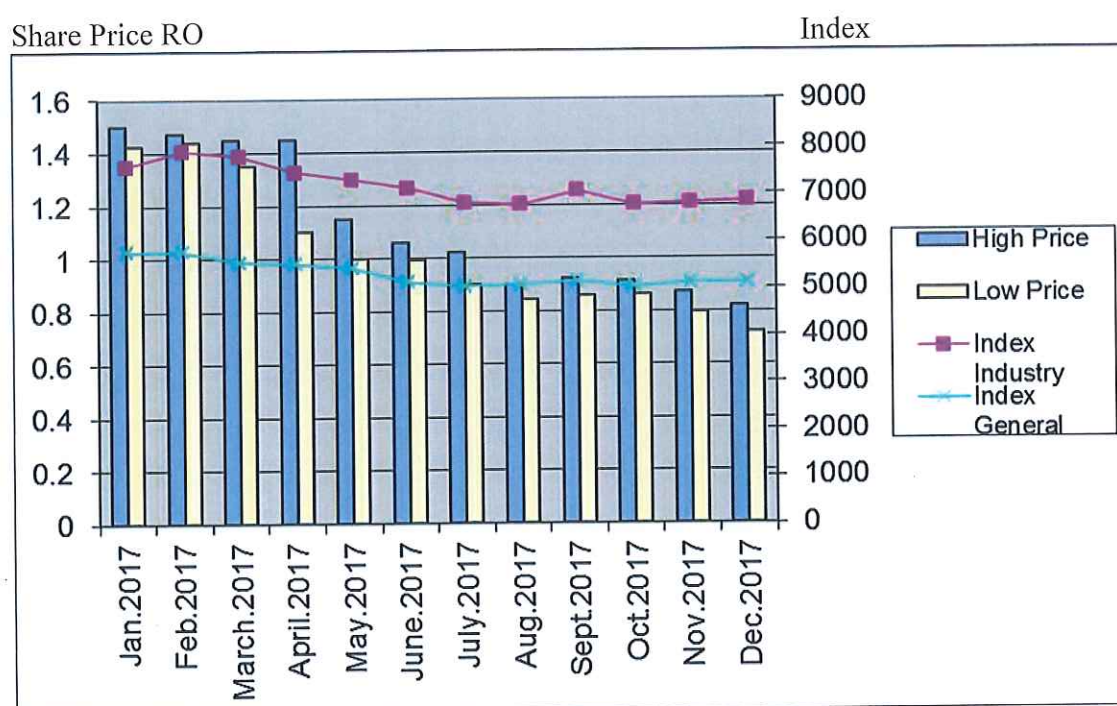
Financials were also posted on the web site of Muscat Securities Market. The management discussions and analysis report is part of the annual report.

11. Market Price Data:

The monthly high and low quotations at Muscat Securities Market during financial year 2017 are as follows:

Period	Traded		Price (RO)	
	Shares	Value (RO)	High	Low
January 2017	388,735	563,520	1.500	1.425
February 2017	57,393	84,305	1.475	1.440
March 2017	569,452	813,923	1.450	1.350
April 2017	591,229	731,257	1.450	1.100
May 2017	158,946	172,205	1.150	1.000
June 2017	2,917,043	3,013,575	1.060	0.992
July 2017	355,953	347,850	1.020	0.900
August 2017	160,939	143,925	0.900	0.844
September 2017	1,301,964	1,137,241	0.924	0.856
October 2017	140,243	127,755	0.912	0.860
November 2017	38,905	32,996	0.872	0.796
December 2017	512,146	385,725	0.820	0.720

Share price during the financial year 2017 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 2017:

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.	Abdulla bin Abdul Aziz Al Rajhi	8.72
6.	Ministry of Defense Pension Fund	6.93
7.	Sindibad International Trading Co. LLC	5.94

The shareholding distribution of equity shares as on 31 December 2017 is given below:

No. of Equity shares	No. of Shareholders	No. of Shares	Shareholding %
Less than 100,000	1131	8,588,620	4.294%
100,000 to 500,000	48	9,410,516	4.705%
500,001 to 1,000,000	8	5,085,678	2.543%
1,000,001 to 10,000,000	13	39,665,798	19.833%
10,000,000 & above	7	137,249,388	68.625%
TOTAL	1,207	200,000,000	100

13. Categories of shareholding as on 31st December 2017 :

Category	No. of shares held	Shareholding%
Promoter's holding	89,911,679	44.956%
Companies	5,183,861	2.592%
Banks & Financial Institutions	54,646,630	27.323%
Pension Funds	39,468,732	19.734%
Individuals	10,789,098	5.395%
Total	200,000,000	100%

14. Professional Profile of KPMG : Statutory Auditor

"The shareholders of the Company appointed KPMG as its auditors for 2017. KPMG is a leading audit, tax and advisory firm in Oman and is part of KPMG Lower Gulf, established in 1973. KPMG in Oman employs more than 180 people, amongst whom are 4 Partners, 5 Directors and 30 Managers, including Omani nationals. KPMG is a global network of professional firms providing audit, tax and advisory services. KPMG operates in 154 countries and has around 197,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG billed an amount of RO 33,425 towards professional services rendered to the Company for during the year 2017 (RO 26,000 for audit and RO 7,425 for tax and other services).

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

