

AL ANWAR HOLDINGS SAOG

Report on Corporate Governance for the year ended March 31, 2017

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, 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.

We follow "International Financial Reporting Standards (IFRS)" in the preparation of accounts and financial statements.

2. Composition of the Board of Directors

During the year 2016, 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'15 and amended on Dec'16 will be applicable on the Company from the next election of Board i.e. 2018. The Board consists of seven Directors as mentioned below:

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 31st March, 2017 are as follows:

Name of Director	Directorship in Other SAOG Companies in Oman
Mr. Masoud Humaid Al Harthy	1. Chairman, Al Maha Ceramics Co. SAOG
Mr. Qais Mohamed Al Yousef	1. Chairman, Voltamp Energy SAOG 2. Director, Oman Chromite SAOG 3. Director, Oman International Development & Investment Co. SAOG
Mr. Shabir Moosa Al Yousef	1. Director, Al Maha Ceramics Co. SAOG
Mr. Abdulredha Mustafa Sultan	1. Deputy Chairman, Al Jazeera Services Co. SAOG 2. Deputy Chairman, Al Maha Ceramics Co. SAOG 3. Director, Voltamp Energy SAOG
Mr. Qaboos Abdullah Al Khonji	1. Director, Al Maha Ceramics SAOG 2. Director, Oman Hotel & Tourism Co. SAOG 3. Director, Fincorp SAOG
Sheikh. Mohamed Abdullah Al Rawas	1. Director, Dhofar Cattle feed SAOG
Mr. Nabil Essa Al Hasani	1. Deputy Chairman, Construction Material Industries & Contracting SAOG

3. Meetings of the Board

(a) The Board meeting: The Board met five 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 Held on 13.06.16	Board No 1 12.05.16	Board No 2 19.07.16	Board No 3 01.11.16	Board No 4 06.02.17
1	Mr. Masoud Humaid Malik Al Harthy	Chairman	Yes	Yes	Yes	Yes	Yes
2	Mr. Qais Mohamed Al Yousef	Deputy Chairman	Yes	Yes	Yes	Yes	Yes
3	Mr. Abdulredha Mustafa Sultan	Director	Yes	Yes	Yes	Yes	Yes
4	Mr. Shabir Musa Abdullah Al Yousef	Director	No	Yes	Yes	Yes	No
5	Mr. Qaboos Abdullah Mohamed Al Khonji	Director	Yes	Yes	No	Yes	Yes
6	Sheikh Mohamed Abdullah Said Al Rawas	Director	Yes	Yes	Yes	Yes	Yes
7	Mr. Nabil Essa Al Hasani	Director	Yes	Yes	Yes	Yes	Yes

The Meeting attendance fees paid to the members for each meeting attended is

(i) Chairman – RO 1000/- (ii) Deputy Chairman – RO 900/- (iii) Other Members – RO 800/-

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

The Nomination, Remuneration & Executive committee (Executive Committee / 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.
 - Understanding of management trends in general and the respective industry in particular.
 - Proper and relevant experience in the nature of the company's business.

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 EC met six times during the year. The particulars of the dates of the meetings and attendance of members are mentioned below:

Sr.#	Name of the Director		NREC No 1 07.04.16	NREC No 2 11.05.16	NREC No 3 17.07.16	NREC No 4 26.09.16	NREC No 5 05.01.17	NREC No 6 16.01.17
1	Mr. Qais Mohamed Al Yousef	NREC Chairman	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr. Shabir Musa Abdullah Al Yousef	NREC Member	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr. Qaboos Abdullah Mohamed Al Khonji	NREC Member	Yes	Yes	No	Yes	Yes	Yes

The Meeting attendance fees paid to the members for each meeting attended was RO 500/- for EC Chairman and RO 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. 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 10.05.16	AC No 2 23.10.16	AC No 3 30.01.17	AC No 4 08.03.17
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 RO 500/- for AC Chairman and RO 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. 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 35 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 CEO of Al Yousef Group LLC. He is also Chairman of Voltamp Energy SAOG and Director in several companies operating in various sectors of the economy. He is also a board member of The Research Council, The Public Authority for SME Development and Oman Chamber of Commerce & Industry.

Mr. Shabir Moosa Al Yousef

He Holds an M.B.A 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 senior positions in management and Board of many SAOG and SAOC companies' i.e. National Aluminum Products Company SAOG, Bank Sohar SAOG, Al Anwar Ceramics SAOG, Financial Corporation Co. SAOG, Oman Investment and Finance Co. SAOG & Damac Holdings, SAOG, UAE. Currently, he is on the Board Al Maha Ceramics SAOG, Falcon Insurance Company SAOC and Cactus Premier Drilling Services SAOC in addition to Al Anwar Holdings SAOG.

Mr. Abdulredha Mustafa Sultan

He holds a Bachelor's Degree in Commerce majoring in Finance from San Diego State University, USA. He is a board member in several companies in Oman and abroad. 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 20 years in financial and brokerage companies. He holds Directorship in several private companies in Sultanate of Oman, Egypt and UAE.

5. 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.

6. 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. During the year Mr. Reji Joseph, who was Chief Executive Officer of the Company resigned from services and Mr. Sanjay Kumar Tiwari, was appointed as Acting Chief Executive Officer with effect from 7th January, 2017.

7. 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 12 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, Manager – 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 fourteen 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 Ghazli, Manager - Administration & Compliance

Mubarak Al Ghazali is young dedicated, hardworking Omani. He has experience of more than a decade as Insurance Surveyor for Motor and Non Motor Claims in different Local and International Insurance companies and Insurance consultants companies. He also has experience in management and administration. He is working in Al Anwar Holdings SAOG since 2005. Mubarak holds General Diploma certificate and in the process of obtaining BA in Administration and Human Resource.

8. 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 has started disclosing 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 for its investors. The website is updated from time to time.
- (e) The Management Discussion and Analysis Report forms part of the Annual Report.

9. Remuneration matters

- (a) The meeting attendance fee was as per the remuneration fixed by the Board. A total of RO 34,600/- (FY 2015-16: RO 41,900/-) was paid to Directors for meetings attended during the period 1st April '16 to 31st March' 17 as per details given below:

Name of Director	2016-17	2015-16
Mr. Masoud Humaid Malik Al Harthy	4,000	5,000
Mr. Qais Mohamed Al Yousef	6,600	8,500
Mr. Shabir Moosa Abdullah Al Yousef	6,400	8,400
Mr. Abdulredha Mustafa Sultan	5,200	5,100
Mr. Qaboos Abdullah Al Khonji	4,400	6,000
Sheikh Mohamed Abdullah Said Al Rawas	3,200	3,200
Mr. Nabil Essa Al Hasani	4,800	4,400
Mr. Mehdi Mohamed Al Abduwani (last year)	-	1,300
Total Meeting Attendance fees	34,600	41,900

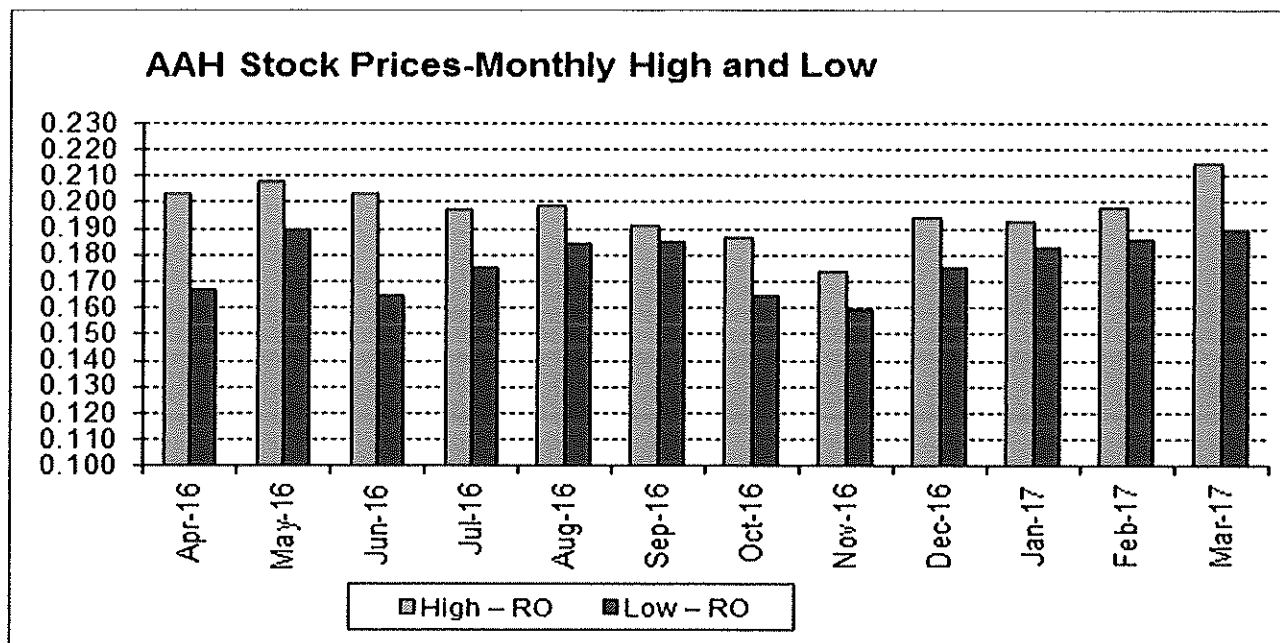
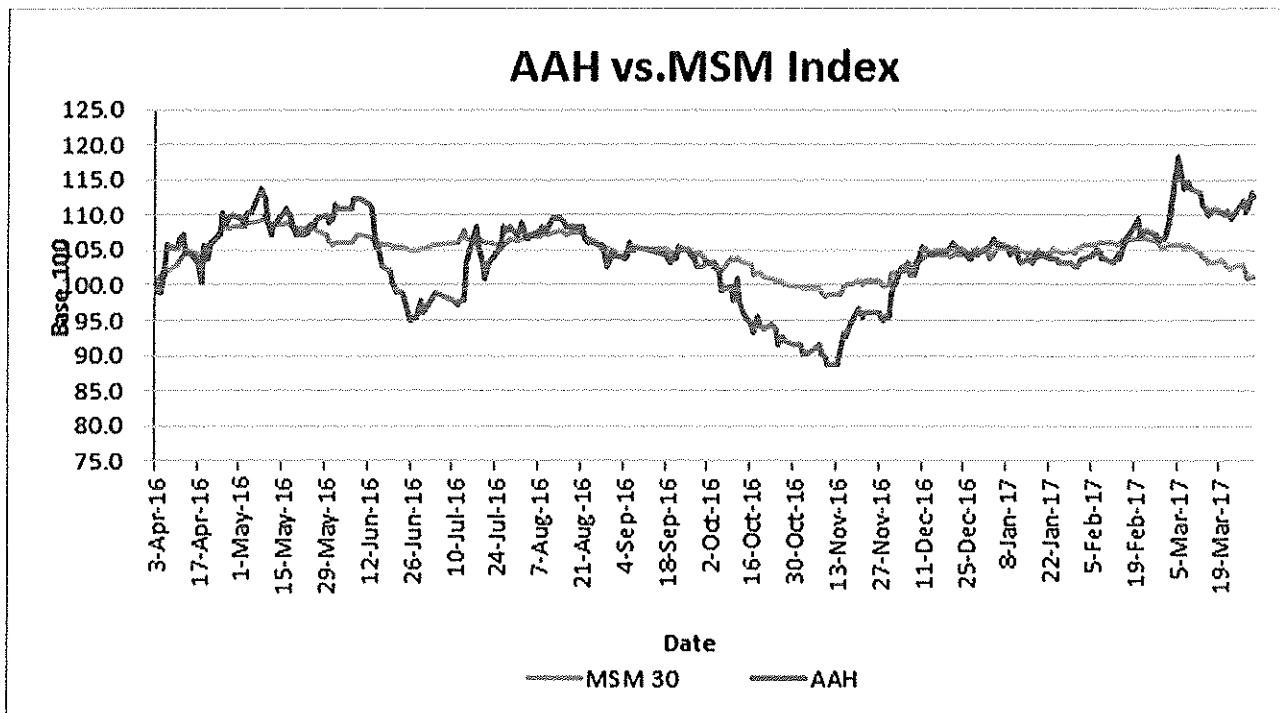
- (b) A sum of RO NIL (FY 2015-16: NIL) was reimbursed to Directors towards travelling expenses for attending the meetings in addition to above mentioned sitting fees.
- (c) The remuneration for the employees is, after critical evaluation, fixed by the Board, based on qualification, expertise and efficiency of the executives. The total remuneration of the top four (FY 2015-16 top five) employees for Financial Year 2016-17 was RO 341,553 (FY 2015-16: RO 305,220).
- (d) The Board has approved Directors' remuneration of RO. 160,000 for the year 2016-17 (FY 2015-16: RO 150,500) which is subject to approval of the Company's shareholders at the Annual General Meeting to be held on June 21st, 2017.

10. Details of non-compliance by the company during last three years

No penalties have been imposed by CMA or MSM or any other statutory bodies on the company.

11. Market price data

The monthly high and low share price of the company during the financial year ended 31st March 2017 was as under:



12. Distribution of Shares

The share holding pattern as on 31st March 2017 is as given below:

Distribution	No of Shares Holders	%age of Shareholders	No of Shares	%age of No. of Shares
1 to 50,000	1,609	84%	13,245,512	8%
50,001 to 100,000	130	7%	9,600,103	5%
100,001 to 200,000	69	4%	9,604,893	5%
200,001 to 500,000	55	3%	18,072,909	10%
500,001 & Above	49	3%	124,479,040	71%
Grand Total	1,912	100%	175,002,457	100%

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. Professional profile of the 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).

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 for further details.

During the year 2016-17, details of professional fees are as follows:

	RO
Audit of financial statements for the year ended 31 March 2017 and compliance with Code of Corporate Governance	7,250
Review of Purchase Price Allocation (PPA) report prepared by Deloitte on Arabia Falcon Insurance SAOC	6,150
Total	13,400

A subsidiary of the group paid an audit fee of RO 11,000 for the year ended 31 December 2016.

14. Specific areas of non-compliance with the provisions of corporate governance and reasons

This report is prepared in compliance with the Code of Corporate Governance and covers all the items specified in Annexures 3 of code of Corporate Governance issued in December, 2015 and updated in December, 2015.


15. Acknowledgement by Board of Directors

The Board of Directors has approved the criteria for Board evaluation and have recommended independent third party consultant to carry out the Board evaluation during 2017-18.

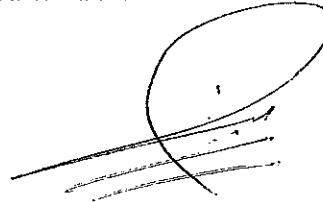
The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable standards and rules.

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 31st March 2017. The Board of Directors has concluded based on this that internal controls operated effectively throughout the year.



Masoud Humaid Al Harthy
Chairman



Nabil Issa Al Hasni
Member Audit Committee