

## Omani Packaging Company Saog Corporate Governance Report

In accordance with the Capital Market Authority (CMA) Circular No.11/2002 dated 3 June 2002 and as amended by Circular No.1/2003, Omani Packaging Company (OPC) Board of Directors are pleased to present the Corporate Governance Report for the year ended 31 December 2014.

### 1. Company philosophy on code of Governance

Omani Packaging Co. Board of Directors ensure that the code of Governance promote a culture of compliance, transparency and accountability without restraining the business initiative. The Board comprises of members holding high ethical standards and integrity in their personal and professional dealings. The Board has constituted an Audit committee to assist them in discharging their responsibilities. The Company has appointed M/s Ali Al-Dohh as Internal Auditors for the year 2014.

### 2. Board of Directors

- 2.1 The Board of Directors is committed to achieving full compliance with the updated CMA requirements in respect of independent directors as soon as practicable. Composition and category of Board of Directors elected / re-elected in Ordinary General Meeting held on 2 March 2014 for office term of three years.

Name	Designation	Institution Representing	Category
Sheikh Bakhit Said Salim Al Shanfari	Chairman	Equity Investor	Independent Non Executive
Sheikh Yasser Abdullah Said Al Rawas	Deputy Chairman	Al Baraka Investment Co. LLC	Independent Non Executive
Sheikh Majid Salim Al Fannah Al Araiimi	Director	Al-Baz Services & Investments LLC	Independent Non Executive
Sheikh Hamoud Ahmed Mohamed Al Hinai	Director	Bin Omier Group of Companies	Independent Non Executive
Mr. Kamal Asa'd Suleiman Abutayeh	Director	Al Saud Co. Sharjah	Independent Non Executive
Sheikh Faisal Abdullah Said Al Rawas	Director	Al Baraka Financial Services LLC	Independent Non Executive
Eng. Masoud Mohd. Masoud Al Mashani	Director	Dhofar Intl. Dev. & Investment Holding Company SAOG	Independent Non Executive
Mr. Yousuf Ahmed Alawi Al Ibrahim	Director	Equity Investor	Independent Non Executive
Mr. Majid Shams Hamood Al Battashi	Director	Salem International Inv. Holding LLC	Independent Non Executive

**2.2 & 2.3 Meetings and attendance of each Director and other Directorships held during the year 2014.**

S.No	Name of the Directors	Position	Board meetings attended	Whether attended last AGM	Directorship Membership in other SAOG / SAOC Companies
1	Sheikh Bakhit Said Salim Al Shanfari	Chairman	Five	Yes	Salalah Mills Co. SAOG
2	Sheikh Yasser Abdullah Said Al Rawas	Deputy Chairman	Five	Yes	Salalah Mills Co. SAOG
3	Sheikh Majid Salim Al Fannah Al Araiimi	Director	Two	Yes	1.Ominvest SAOG 2.Chairman, Galfar Engineering & Contracting SAOG 3.Chairman, Oman Medical College. SAOC
4	Sheikh Hamoud Ahmed Mohamed Al Hinai	Director	Four	Yes	Oman Refreshment Co. SAOG
5	Mr. Kamal Asa'd Suleiman Abutayeh	Director	Five	Yes	---
6	Sheikh Faisal Abdullah Said Al Rawas	Director	Three	Yes	Salalah Mills Co. SAOG
7*	Mr. Asem Salim Ali Al Ghailani	Director	One	-	---
8*	Sheikh Ali Abdullah Said Al Rawas	Director	One	-	---
9	Engg. Masoud Mohd. Masoud Al Mashani	Director	Five	Yes	National Mineral Water Co. SOAG
10	Mr. Yousuf Ahmed Alawi Al Ibrahim	Director	Four	Yes	1.Gulf International Chemicals. SAOG 2.National Mineral Water Co. SAOG
11	Mr. Majid Shams Hamood Al Battashi	Director	Four	Yes	---

S.No : 7 & 8 not elected in Annual General Meeting on 02 March 2014.

**2.4 Details of Board Meetings held and attendance by members.**

S. No.	Date of Meeting	Number of Members attended
1 <sup>st</sup> Board of Directors Meeting	03.02.2014	All members, except Sheikh Majid Salim Al Fannah Al Araiimi,
2 <sup>nd</sup> Board of Directors Meeting	28.04.2014	All members.
3 <sup>rd</sup> Board of Directors Meeting	15.07.2014	All members, except Sheikh Faisal Abdullah Said Al Rawas
4 <sup>th</sup> Board of Directors Meeting	22.10.2014	All members, except Sheikh Majid Salim Al Fannah Al Araiimi and Sheikh Hamoud Ahmed Mohamed Al Hinai
5 <sup>th</sup> Board of Directors Meeting	29.12.2014	All members, except Sheikh Majid Salim Al Fannah Al Araiimi and Sheikh Faisal Abdullah Al Rawas

### 3. **Audit Committee**

3.1 In accordance with CMA guidelines the audit Committee was set up during the year 2002. The Committee's functions and responsibilities are as below.

1. Considering the name of the auditor.
2. Oversight of the internal audit function in general and with particular reference to reviewing the scope of internal audit plan for the year.
3. Checking financial frauds and shall put in place an appropriate system to ensure adoption of appropriate accounting policies and principles leading to fairness in financial statements.
4. Oversight of the adequacy of the internal control system through the regular reports of the internal and external auditors.
5. Oversight of financial statements in general and with particular reference to review of annual and quarterly financial statements before issue, review of qualifications in the draft financial statements and discussion of accounting principles.
6. Serving as a channel of communication between external auditors and the board and also internal auditors and the board.
7. Reviewing risk management policies and looking into the reasons of defaults in payment obligations of the company, if any.
8. Reviewing proposed specific transactions with related parties.
9. Board of Directors has entrusted the following additional executive authorities to audit committee.
  - 9.1 Represent the Board in the general management of the Company, the powers to take decisions within the duties assigned to it and to ensure that the executive management adheres to the activities consistent with the policies approved by the Board.
  - 9.2 Assist the Board in formulating, monitoring and implementing strategies, policies, executive management performance criteria & Business Plan.
  - 9.3 Ensure adequate financial controls which protect the assets and limit the liabilities with a view of achieving the company objectives eg. reviewing and recommendation of budgets to Board for approval, authorizing expenditures, borrowings and budget control.
  - 9.4 Deal with any other matter referred to the committee by the Board.

3.2 **Following is the composition of Audit Committee, from Annual General Meeting held on 02 March 2014.**

<u>Name</u>	<u>Designation</u>	<u>Category</u>
Sheikh Yasser Abdullah Al Rawas	Chairman	Independent, Non Executive
Mr. Kamal Asa'd Sulieman Abutayeh	Member	Independent, Non Executive
Sheikh Faisal Abdullah Said Al Rawas	Member	Independent, Non Executive
Mr. Majid Shams Hamood Al Battashi	Member	Independent, Non Executive
Mr. Yousuf Ahmed Alawi Al Ibrahim	Member	Independent, Non Executive

**Details of Audit Committee meeting held and attendance by members.**

S. No.	Date of Meeting	Number of Members attended
1 <sup>st</sup> Audit Committee Meeting.	03.02.2014	All members
2 <sup>nd</sup> Audit Committee Meeting	28.04.2014	All members
3 <sup>rd</sup> Audit Committee Meeting	15.07.2014	All members, except Sheikh Faisal Abdullah Said Al Rawas
4 <sup>th</sup> Audit Committee Meeting	22.10.2014	All members

**4. Process of Nomination of Directors**

The Directors were elected in the Ordinary General Meeting held on 02 March 2014.

The Board consists of Nine Directors. Only nine members contested for the posts and were elected by the share holders.

The Directors were elected for a period of three years up to Annual General Meeting 2017.

**5. Remuneration matters**

The company paid sitting fees of RO 36,300 for attending Board & Audit Committee meetings by Directors.

Total Remuneration paid to top five officials of the company is R.O. 188,122 (2013: RO.192,852)

Management Advisor to Board of Directors paid RO 17,500 (2013:RO12,000)

The names, designations, description of responsibilities in Omani Packaging Co.SAOG and brief profile of the Company Management personnel are as follows:

- Mr. Surya K Arora - Chief Executive Officer

Mr. Surya K Arora is a Graduate Mechanical Engineer with Diploma in Management from Delhi, India. He has more than 33 years of post qualification experience in Industrial Projects Planning, Implementation and managing operations as Profit Centre head. He has worked with reputed consulting and manufacturing multinational companies at India and contracting company at Oman at various Engineering and Management positions, prior joining Omani Packaging Company as General Manager in 1996.

- Mr.H.Ramakrishnan – General Manager (F&C)

Mr. H.Ramakrishnan is a Certified Public Accountant (CPA) from United State of America (USA), fellow member of Institute of Chartered Accounts of India (FCA), Member of Institute of Cost and Management Accounts of India (ICMA), Bachelor of Commerce (B.Com) and with an overall experience of 29 years including multinational companies where he was handling audit, finance and other managerial positions. He joined the service of the company in the year 1994 and responsible for Finance and other overall commercial operations of the Company.

- Mr.Eapen Shaji Eapen – Production Manager

Mr. Eapen Shaji Eapen with an overall experience of 32 years both in India and abroad including experience with a multinational in India. He joined the services of the Company as a Production Manager and heads the production & planning operations since 1994.

- Mr. Ishaq Mohammad Hilal Al Hashami. – Manager (A&P)

Mr. Ishaq Mohammad Hilal Al Hashami with an overall experience of 21 years in Oman. He joined the services of the Company in 1994 and presently heads the administration and personnel department.

- Mr. Jerry P Mathews – Asst. Sales Manager

Mr. Jerry P Mathews is a Graduate Chemical Engineer with MBA (Marketing & Finance) with an overall experience of 14 years both in India and abroad including experience with a multinational in India. He joined the services of the Company as Asst. Sales Manager and heads the sales and marketing operations since 2010.

## 6. **Detail of non-compliance**

There are no penalties, strictures imposed on the company by MSM/CMA or any statutory authorities on any Matter related to Capital Markets, during the last three years.

## 7. **Communication with Shareholders**

Quarterly financial statements were submitted to Capital Market Authority and Muscat Security Market and published in daily Newspaper. The same are posted in the Website of Muscat Security Markets ([www.msm.gov.om](http://www.msm.gov.om)).

Management discussion & analysis shall be part of Annual report.

## 8. **Market price data**

### 8.1 **High/Low during each month in the last financial year ended 31 December 2014.**

Month	High RO	Low RO	Shares Volume traded
Jan-2014	0.304	0.298	1,124,350
Feb-2014	0.285	0.274	312,940
Mar-2014	.....	.....	.....
Apr-2014	.....	.....	.....
May-2014	.....	.....	.....
Jun-2014	.....	.....	.....
Jul-2014	.....	.....	.....
Aug-2014	.....	.....	.....
Sep-2014	0.260	0.250	11,500
Oct-2014	.....	.....	.....
Nov-2014	.....	.....	.....
Dec-2014	.....	.....	.....

## 8.2 Performance in comparison to broad based index of MSM (relevant sector)

	01January 2014	31 Dec. 2014	% change
MSM Index – Industrial Sector (Points)	10,406.820	8,365.900	-19.61%
Omani Packaging Co. SAOG share – closing			
Price (RO)	0.300	0.260	-13.33%.

## 8.3 Distribution of OPC share holding comprises the following.

Omani Nationals 87.41% , GCC Nationals 12.59% and Foreigners 0.01% with total number of share holders as 175.

## 9. Shareholders

The shareholders of the Company who own 5% or more of the Company's shares and the number of shares held by them are as follows :

	2014		2013	
	Percentage Shareholding	No. of Shares	Percentage Shareholding	No. of Shares
Salim Saeed Hamed Al Fannah Al Aرامي	15.803	5,125,970	15.803	5,125,970
Al Baraka Investment Co. LLC	11.409	3,700,485	11.409	3,700,485
Bin Omeir Investment Group of Companies	9.381	3,042,854	9.381	3,042,854
Dhofar International Development & Investment Holding Co. SAOG	8.731	2,832,048	8.731	2,832,048
Sheikh Bakhit Said Salim Al Shanfari	5.986	1,941,667	5.986	1,941,667
Al Saud Co. Sharjah	9.878	3,203,933	12.332	4,000,000
Al Rawas Holding LLC	6.682	2,167,313	6.560	2,127,683
Mr.Ahmed Alawi Abdullah	9.961	3,230,863	9.961	3,230,863

## 10. Board of Directors acknowledgement

The Board of Directors are responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (as amended) and the rules for disclosure requirements prescribed by Capital Market Authority.

The Board reviewed the efficiency and adequacy of internal control systems of the company and confirmed that it is complying with internal rules and regulations.

There are no material events affecting the continuation of Omani Packaging Company SAOG and its ability to continue its production operations during the next financial year.

## 11. Professional profile of the statutory Auditor

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