

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company firmly believes in consistently practicing good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism and accountability. The Company is committed to attain the highest standard of Corporate Governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws, regulations and Government Guidelines.

2. Board of Directors

a) Composition of the Board of Directors

Certification Engineers International Limited is a public sector undertaking. The Articles of Association of the Company stipulates that the number of Directors shall not be less than three and more than nine.

Presently, CEIL is having 4 Directors on its Board comprising of 3(three) Directors including Chairman and 1 (one) Non-official (Independent) Director nominated by Holding Company, Engineers India Limited.

b) Number of Board Meetings

The Board of Directors met 6 times during the financial year 2014-15. The details of the Board Meetings are as under:

Sl. No.	Date of Meeting	Place	Board Strength	No. of Directors Present
1.	April 29, 2014	New Delhi	5	5
2.	May 23, 2014	New Delhi	5	5
3.	August 12, 2014	New Delhi	5	4
4.	November 7, 2014	New Delhi	4	4
5.	December 17, 2014	New Delhi	4	4
6.	February 16, 2015	New Delhi	4	3

c) Attendance record of Directors at Board Meetings and Annual General Meeting and number of other Directorships/Committee Memberships/ Chairmanships.

Attendance of each Director at the Board Meetings and at the last Annual General Meeting held during the financial year 2014-2015 and number of other Directorships / Committee Memberships/ Chairmanships of each director is given below:

Name of the Director	Attendance Particulars		Number of other Directorships / Committee Memberships / Chairmanships		
	Board Meetings	Last AGM held on 12.08.2014	Other Directorships	Committee Memberships**	Committee Chairmanships**
A) Part time Directors- From Holding Company, EIL					
I) Present Directors					
Shri A.K. Purwaha, Chairman	6	Yes	4	-	-
Shri Sanjay Gupta	6	Yes	5	-	-
Shri Sudershan Gupta	6	Yes	1	-	-
B) Non-official Independent Directors					
I) Present Directors					
Dr. J.P. Gupta	5	Yes	1	1	-
II) Past Directors					
Shri Adit Jain*	2	Yes	5	-	1

Remarks:

* Shri Adit Jain, Non-official Independent Director ceased to be Director of the Company w.e.f. 28.08.2014 due to his cessation from Engineers India Limited, the holding Company.

**None of Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a Director. Membership/ Chairmanship in committee is reckoned pertaining to Audit Committee and Stakeholders Relationship Committee and based on disclosures received from Directors.

Notes:

- (i) None of the Independent Directors are holding directorships in more than seven listed companies.
- (ii) The company has not issued any convertible instruments.

d) Board Procedure

The meetings of the Board of Directors are generally held at the Company's Registered Office in New Delhi. The meetings are generally scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the quarterly performance and the financial results. The time gap between two meetings was not more than three months. The agenda for the meetings is prepared by the concerned officials and sponsored by CEO of the Company. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose.

e) Code of Business Conduct and Ethics for Board Members and Senior Management

The Board of Directors has laid down the Code of Business Conduct and Ethics for all Board Members and Senior Management of the Company. The same has also been posted on the Website of the Company at <http://ceil.co.in/company.html>.

Declaration as required under DPE Guidelines on Corporate Governance for CPSEs	
All the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Business Conduct and Ethics for the financial year ended on March 31, 2015.	
Place: New Delhi Date: May 14, 2015	(S.D. Kherdekar) Chief Executive Officer

f) Compliance Reports

To the best of the knowledge and belief, the Company is complying with all applicable laws as on date except the composition of Board of Directors and Audit Committee of the Board. The Board has reviewed Compliance Report of all Laws applicable to the Company and the steps taken by the Company to rectify instances of non-compliances.

g) Appointment/Re-appointment of Directors

The brief resume of the Directors seeking appointment/re-appointment together with the nature of their expertise in specific functional areas, names of companies in which he holds directorships and the memberships/chairmanships of Committees of the Board along with their shareholding in the Company etc. pursuant to the statutory requirements is annexed to the Notice calling the Annual General Meeting.

3. Audit Committee

Presently, the Audit Committee comprises of three Members viz. Dr. J.P. Gupta, Director, Shri Sanjay Gupta, Director and Shri Sudershan Gupta, Director. Dr. J.P. Gupta, Director is acting as the Chairman of the Committee. The Committee was reconstituted during the financial year 2014-15 due to the following:

- Shri Adit Jain ceased to be Director of the Company and consequently ceased to be the Chairman w.e.f. 28.08.2014.
- Dr. J.P. Gupta, Non-official Independent Director was inducted as Chairman of the Committee w.e.f. 28.08.2014.

The terms of reference/scope, role and powers etc. of the Audit Committee are in accordance with DPE Guidelines on Corporate Governance for CPSEs. The details of meetings held during the financial year 2014-15 and the attendance of the Members is given below:

Sl. No.	Date of Meeting	Name	Chairman/Member	Attendance
1.	23.05.2014	Shri Adit Jain Dr. J.P. Gupta Shri Sanjay Gupta Shri Sudershan Gupta	Chairman Member Member Member	Present Present Present Present
2.	12.08.2014	Shri Adit Jain Dr. J.P. Gupta Shri Sanjay Gupta Shri Sudershan Gupta	Chairman Member* Member Member	Not Present Present Present Present
3.	7.11.2014	Dr. J.P. Gupta Shri Sanjay Gupta Shri Sudershan Gupta	Chairman Member Member	Present Present Present
4.	16.02.2015	Dr. J.P. Gupta Shri Sanjay Gupta Shri Sudershan Gupta	Chairman Member* Member	Not Present Present Present

*Chairman of the Meeting.

4. Subsidiary Companies

The Company is not having any subsidiary company.

5. Remuneration Committee/Remuneration of Directors

The company has formed a Remuneration Committee as per DPE OM dated 26th November, 2008 regarding pay revision of CPSE executives. Presently, Dr. J.P. Gupta, Director, Shri Sanjay Gupta, Director and Shri Sudershan Gupta, Director are the members of the Committee. Dr. J.P. Gupta, Director is acting as Chairman of the Committee. The Committee met once during the year 2014-15 on 16.02.2015 in which all the members of the Committee were present except Dr. J.P. Gupta. Shri Sanjay Gupta, member chaired the meeting held on 16.02.2015.

The scope of the Remuneration Committee includes finalizing the salary structure, applicable perks & allowances and deciding the annual bonus pool/variable pay & policy for its distribution across the executives and Non-Unionised Supervisors with prescribed limits. Remuneration Committee may also be called upon to decide issues like ESOP schemes, Performance Incentive Schemes, Superannuation Benefits and any other Fringe Benefits which may be considered appropriate. The Remuneration committee shall also assist the Board in ensuring that appropriate and effective remuneration packages and policies are implemented in CEIL for all employees including Directors and Chairman. The Committee's role also extends to the review of Non-Executive Directors' fees.

There is no pecuniary relationship or transactions of the Non-Executive directors vis-à-vis the company. The part-time official directors other than non-official Independent Directors nominated on the Board do not draw any remuneration from the Company for their role as director. The sitting fees fixed for part-time (non official) independent directors of the Company is ₹10,000/- per meeting of the Board or its Committee thereof attended by them.

The details of payments towards sitting fees to Non-official Independent Director during the financial year 2014-15 are given below:-

Name of Part-time (non-official) Independent Director	Sitting Fees*		Total
	Board Meeting	Committee Meeting	
Shri Adit Jain	10000	10000	20000
Dr. J.P. Gupta	40000	30000	70000

*Gross Fees excluding Tax Deducted at Source as per applicable Tax Laws and Rules.

6. CSR and SD Committee of the Board

The SD Committee of the Board has been constituted to deliberate and decide on the matters as per defined Scope of the committee. Presently, Dr. J.P. Gupta, Director, Shri Sanjay Gupta, Director and Shri Sudershan Gupta, Director are the members of the Committee. Dr. J.P. Gupta, Director is acting as Chairman of the Committee. The committee was reconstituted during the financial year 2014-15 due to induction of Dr. J.P. Gupta as Chairman in place of Shri Adit Jain, Chairman who ceased to be Director of the Company w.e.f. 28.08.2014. Further the SD committee was renamed as CSR and SD committee of the Board w.e.f. 16.02.2015. No meeting was held during the financial year 2014-15.

7. Accounting Treatment

The Financial statements have been prepared as per generally accepted accounting principles and in accordance with the prescribed Accounting Standards.

8. CEO/CFO Certification

The CEO and Head of the Finance Function i.e AGM (F&A) have given the certificate to the Board as well as disclosed the required information to the Statutory Auditors and the Audit Committee in terms of DPE Guidelines on Corporate Governance and the same is annexed to this Report.

9. Risk Management

The Company has well defined Risk Management policy. The objective of risk management in the Company is to act as enabler in maintaining its knowledge edge, sustaining and expanding the business, being competitive and ensuring execution of projects within budgeted cost and time resulting in improved turnover and profitability. The management is committed to further strengthen its risk management capabilities in order to protect and enhance shareholder value by improving its business performance. Continuous efforts in creating new opportunities, improving competencies/knowledge in various areas leading to improved performance and leveraging existing knowledge resources, in line with the risk appetite of the company, has enabled the company to protect the shareholders interests.

10. General Body Meetings
i) Annual General Meeting (AGM)

The Annual General Meetings of the Company are held at New Delhi where the registered office of the Company is situated. The details of such meetings held during the last three years are as under:

AGM	Year	Venue	Date	Time
17 th	2011-2012	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	26.07.2012	3.30 p.m
18 th	2012-2013	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	5.08.2013	3.30 p.m.
19 th	2013-2014	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	12.08.2014	11.00 a.m.

ii) Details of Special Resolutions passed at last three AGMs

AGM	Details of Special Resolutions Passed
17 th	Nil
18 th	Nil
19 th	Nil

No special resolutions were put through postal ballot during the last year. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

iii) No Extra-ordinary General Meeting of the Members was held during the Financial Year 2014-15.
11. Disclosures

- (i) Details of transactions between the Company and its holding company, associates, key managerial personnel during the financial year 2014-2015 are given in Point no. 2.24 of the Notes to Accounts for the year ended 31st March, 2015. These transactions do not have any potential conflict with the interests of the Company at large.
- (ii) There have been no instances of non-compliance by the Company and no penalties/strictures imposed on the Company by any statutory authority on any matters related to any Guidelines issued by Government during the last three years.
- (iii) The Company has complied with all mandatory requirements of DPE Guidelines on Corporate Governance for CPSEs, save and except the composition of Board of Directors and Audit Committee.
- (iv) During the last three years, no Presidential Directives were received by the company.
- (v) No Expenditures were debited in the Books of Accounts during the financial year 2014-15 which are not for the purposes of the Business.
- (vi) No expenses had been incurred which are personal in nature and incurred for the Board of Directors and the top Management.
- (vii) The administrative and office expenses are 24.53% of the total expenses in the Financial year 2014-15 as against 21.98% during the Financial year 2013-14. The increase in the administrative and office expenses are due to the following major reasons:
 - (a) Higher Depreciation and Amortization expenses as per the requirements of the Companies Act, 2013.
 - (b) Increase in expenditure towards Corporate Social Responsibility(CSR).
- (viii) None of the Directors of the company are inter-se related as on 31st March, 2015.
- (ix) None of the Non-official Independent Directors holds any equity shares in the Company as on 31st March, 2015.

12. Means of Communication

The quarterly/yearly Financial results are displayed on the website viz. www.certificationengineers.com of the company. The website of the company also displays the official news releases. Annual Report is also available on the website in a user friendly manner and is circulated to the members and others entitled.

13. Audit Qualifications

The company has ensured to remain in the regime of unqualified statements.

14. Training of Board Members

The Company has a well defined Training Policy for Board Members which is given on the website of the Company at <http://ceil.co.in/company.html>. Detailed presentations are made by senior executives/professionals/consultants on business related issues and the Directors have attended seminars/conferences/programmes from time to time.

15. Vigil Mechanism/Whistle Blower Policy

The scope of Vigil Mechanism/Whistle Blower Policy of holding company i.e EIL covers the subsidiary company also.

16. General Information**i) 20th Annual General Meeting**

Day and Date	Thursday, 20 th August, 2015
Time	3.30 p.m.
Venue	E.I. Bhavan, 1, Bhikaiji Cama Place, New Delhi-110066.

ii) Financial Year

1st Day of April to 31st Day of March every year.

iii) Dividend

The Board of Directors of the company have recommended payment of Final Dividend of ₹250 per share (on the face value of ₹100/- each) for the Financial Year ended 31st March, 2015 subject to approval of Shareholders in the forthcoming Annual General Meeting. This was in addition to the Interim Dividend of ₹200/- per share (on the face value of ₹100/- each) paid during the year.

iv) Registered office of the Company

Certification Engineers International Limited
E.I. Bhawan,
1, Bhikaiji Cama Place,
New Delhi-110066.
CIN:U74899DL1994GOI062371
Tel. No.011-26762121, Fax : 011-26164868, 011-26192693
Website: <http://ceil.co.in>

v) Auditors

M/s Kapoor Goyal & Co
Chartered Accountants
G-1, Pooja Apartment,
4, Ansari Road, Daryaganj,
New Delhi – 110002
Tel. : 011- 2327 1046
Email:kapoorgoyal@gmail.com

Place: New Delhi

Date: May 14, 2015

Annexure to Report on Corporate Governance

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, SD Kherdekar, Chief Executive Officer and G.D. Goswami, Asst. General Manager (Finance & Accounts) of Certification Engineers International Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Financial results for the Quarter and year ended 31st March 2015.
2. Based on our knowledge and information, these Financial Results do not contain any untrue statement of a material fact or omit any material fact or contain statements that might be misleading.
3. Based on our knowledge and information, these Financial Results together present a true and fair view of the company's operations for the quarter & period and are in compliance with the existing Accounting Standards and /or applicable Laws and Regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the quarter and period, are fraudulent, illegal or violative of the Company's Code of Conduct.
5. We are responsible for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of such controls.
6. We have disclosed, wherever applicable, to the Company's Auditors and Audit Committee :
 - a) Any deficiencies in the design or operation of internal control for financial reporting including any corrective action with regard to deficiencies.
 - b) Significant changes in internal control over financial reporting during the quarter and period
 - c) Significant changes in accounting Policies during the quarter & period and the impact thereof, if any, have been disclosed in Notes to the Financial Results.
 - d) Instances of significant fraud, of which we are aware, that involves management or other employees who have significant role in the Company's internal control system over financial reporting.

Place: New Delhi
Date: May 14, 2015

SD Kherdekar
Chief Executive Officer

GD Goswami
AGM (F&A)

Auditors' Report on Corporate Governance

To,
The Members
Certification Engineers International Limited

We have examined the compliance of Guidelines on Corporate Governance by CERTIFICATION ENGINEERS INTERNATIONAL LIMITED for the year ended 31st March, 2015, as stipulated in O.M No. 18(8)/2005-GM dated 14.05.2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, Government of India.

The compliance of Guidelines on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementations thereof, adopted by the Company for ensuring the Compliance of Guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Management, we certify that, *except the Composition of the Board of Directors and Audit Committee*, the Company has complied with the Guidelines on Corporate Governance as stipulated in above mentioned O.M.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For KAPOOR GOYAL & CO.
CHARTERED ACCOUNTANTS

(TARUN KAPOOR)
PARTNER
M.No. 095949
Firm Registration No. 001370N

Place: New Delhi
Dated: May 14, 2015

Annexure to Report on Corporate Governance

Management's Reply to Auditors' Report on Corporate Governance (2014-15)

AUDITORS' COMMENTS	MANAGEMENT'S REPLY
The Composition of the Board of Directors and Audit Committee as per DPE Guidelines on Corporate Governance has not been complied with.	The Company is pursuing with the Ministry of Petroleum & Natural Gas (MoP&NG), Government of India for appointment of sufficient number of Directors on the Board of the Company.