



An ISO 9001: 2008, 17020 Company
Approved by PNGRB & BEE, IBR
CIN : U74899DL1994GOI062371

CERTIFICATION ENGINEERS INTERNATIONAL LTD.

(A Govt. of India Undertaking, Subsidiary of EIL)



22nd Annual Report 2016-17



The Mission

- To achieve Customer Delight through constant Value addition and Innovation.
- To strive relentlessly, constantly improve ourselves, our team and our services to become the best.
- To attain uncompromised quality and integrity.
- To inspire and facilitate employees towards excellence and ethics.

The Vision

To be a global leader, in the business of ensuring Quality, Integrity and Safety of Customer's Assets.

Risk Management Policy

CEIL is committed to effective Management of Risks across the Organization by aligning its Risk Management Strategy to its business objectives through instituting a Risk Management Structure for timely identification, Assessment, mitigations, monitoring and reporting of risks.

Risk Management at CEIL is the responsibility of every employee both individually as well as collectively.

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Chairman's Statement

Sanjay Gupta | Chairman

Dear Shareholders,

It gives me immense pleasure to review the performance of your company for the financial Year 2016-17 and share future plans in the present challenging phase and future outlook.

The year 2016-17 has also been eventful and landmark year in its growth, profitability and multisector performance.

CEIL in its remarkable journey of 22 years, since its inception in 1994, has emerged as one of the leading indigenous agency operating in critical domain of certification and recertification of offshore structures. Company has emerged as one of the most preferred and reputed Third Party Inspection agency in the country operating in quality sensitive hydrocarbon and Infrastructure projects where quality plays an important role in continuous and safe operations.

Considering huge planned investments and growth in Infrastructure, Railways, Port, Nuclear, Airport, defence and expected growth in Oil & Gas sector in the country, your company is aligning its growth strategy and is continuously exploring possibility of scaling its business of Quality Assurance Services, in these high growth sectors, meeting to the requirements of quality standards as per relevant codes, specifications and standards.

We intend to leverage our strong quality inspection capability and track record to diversify and expand our services in the newer areas like Nuclear, Airports, Port, Smart cities and affordable housing projects being planned by GOI.

Your Company is approved by PNGRB and continues to take

up ERDMP /Safety audits of POL installations and Integrity management of CNG pipelines

Your company is committed for Total Customer satisfaction by providing cost effective, high Quality services , timely Third Party Inspection services confirming to International standards

We are delighted to share that your company continues to be “Type A” accredited inspection body in India in accordance with ISO/IEC 17020 for various inspection Services and approved by Indian Boiler Regulation (IBR) as Inspection and Competent Authority for material inspection in Europe, Middle East and China.

Your Company has adopted new accounting standards INDAS from 1st April’2016 with transistion date as 1st April’ 2015. The order book at the end of the year was ₹ 31.70 Crores

Your company has registered a turnover of ₹ 38.18 Crore which is about 1.6 % higher than previous year .Profit after tax (PAT) augmented to ₹ 10.21 Crore against ₹ 9.79 Crore during 2015-16, an increase of 4.2%. Total Networth of the company also improved at the end of fiscal to ₹ 71.06 Crores as against ₹ 66.71 Crores at the beginning of the year.

Our appreciation goes to highly dedicated, motivated and professional Manpower for quality and timely deliverables and maintaining reputation of the company.

We are happy to share with you that despite highly competitive business scenario, your company was able to achieve “Excellent” rating under Memorandum of Understanding (MoU) with its parent organization EIL across various financial and non-financial parameters for the year 2015-16

While augmenting its business portfolio, your company is focused and has undertaken initiatives for the benefit of underprivileged sections of the society by sponsoring projects as a part of its CSR initiatives.

The Company remains committed to good Corporate Governance and ethical practices as per government guidelines.

We take this opportunity to thank all the clients and stake holders of CEIL and also express our sincere gratitude for the guidance and support provided by the various Ministries of the Government of India for their continued support.

We wish you and your families prosperity and good health.

Sanjay Gupta
Chairman

Board of Directors



Sanjay Gupta
Part-time Chairman



Umesh Chandra Pandey
Non-official Part-time
Independent Director



Dr. (Prof.) Mukesh Khare
Non-official Part-time
Independent Director



S.K. Handa
Part-time Director



Sudershan Gupta
Part-time Director
(Till 30.09.2016)



R. K. Garg
Part-time Director
(w.e.f. 01.10.2016 &
upto 30.06.2017)



L.K. Vijh
Part-time Director



R. Mahajan
Part-time Director

Chief Executive Officer

- **S.D. Kherdekar**

Ten Years' Performance at a Glance

(₹ in Lakhs)

PARTICULARS/YEARS	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16**	2016-17
A. OPERATING STATISTICS										
Turnover*	1997.68	2473.71	2390.64	2949.14	2992.04	2843.13	2763.00	3440.43	3756.34	3818.26
Other Income	154.94	261.53	233.19	268.66	359.00	397.59	444.88	399.28	409.95	377.35
Expenditure	1130.94	1211.82	1261.69	1680.25	1864.86	2085.17	2236.02	2501.00	2674.09	2625.26
Prior Period Adj (Net)	6.31	9.12	(2.38)	5.69	-	19.62	13.81	-	-	-
Profit Before Tax	1015.37	1514.30	1364.52	1531.86	1486.18	1135.93	958.05	1338.71	1492.20	1570.35
Tax	354.52	534.84	492.49	518.48	501.44	405.29	330.60	463.71	527.51	571.81
Fringe Benefit Tax	18.91	15.10	-	-	-	-	-	-	-	-
Deferred Tax (Assets)/ Liability	(5.53)	(2.50)	(21.44)	(8.68)	(21.67)	(36.48)	(8.61)	(0.90)	(14.70)	(22.40)
Profit After Tax	647.47	966.86	893.47	1022.06	1006.41	767.12	636.06	875.90	979.39	1020.94
Other Comprehensive Income									(9.65)	15.46
Total Comprehensive Income for the year									969.74	1036.40
Dividend incldg Dividend Tax	292.49	350.99	350.31	378.21	406.77	466.44	467.98	540.88	601.79	661.97
B. FINANCIAL POSITION										
CAPITAL EMPLOYED	2755.74	3371.61	3914.77	4558.62	5158.26	5458.94	5627.02	6243.30	6671.43	7106.04
NON CURRENT ASSETS	360.77	357.15	387.49	1200.54	609.27	789.31	859.19	764.58	826.84	756.17
CURRENT ASSETS	3058.71	3730.81	4227.73	4140.99	5323.38	5451.43	5598.31	6378.38	7028.51	7389.31
EQUITY & LIABILITIES										
i) Share Capital	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ii) Other Equity	2655.74	3271.61	3814.77	4458.62	5058.26	5358.94	5527.02	6143.30	6571.43	7006.04
NON CURRENT LIABILITIES				124.62	157.14	209.22	245.64	294.19	405.14	421.71
CURRENT LIABILITIES	663.74	716.35	700.45	658.29	617.25	572.58	584.84	605.47	778.78	617.73
C. RATIOS										
PBT / Turnover(%)	50.83	61.22	57.08	51.94	49.67	39.95	34.67	38.91	39.72	41.13
PBT / Capital Employed(%)	36.85	44.91	34.86	33.60	28.81	20.81	17.03	21.44	22.37	22.10
PAT / Networth(%)	23.50	28.68	22.82	22.42	19.51	14.05	11.30	14.03	14.68	14.37
Turnover/ Net Worth (No. of Times)	0.72	0.73	0.61	0.65	0.58	0.52	0.49	0.55	0.56	0.54
Sundry Debts/ Turnover (Month's Turnover)	6.38	4.45	4.92	4.86	3.80	5.09	4.74	4.89	4.98	5.42
Turnover / Total Assets (No. of Times)	0.58	0.61	0.52	0.55	0.50	0.46	0.43	0.48	0.48	0.47

Notes:

* Turnover includes accretion/decretion to Work in Progress.

** The Company has adopted Indian Accounting Standards ('Ind AS') from April 1, 2016 and accordingly, financials from 2015-16 presented in accordance with Ind AS.



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CERTIFICATION ENGINEERS INTERNATIONAL LIMITED

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Tel: 011-26762121, Fax: 011-26164868, 26186245 E-mail: ceil.del@eil.co.in
website: www.ceil.co.in, CIN: U74899DL1994GOI062371

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Certification Engineers International Limited will be held on Monday, the 28th day of August, 2017 at 3.00 p.m. at the Registered office of the Company at E.I. Bhawan, 1, Bhikaiji Cama Place, New Delhi – 110 066 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2017 and the Reports of Directors and Auditors thereon.
2. To consider declaration of final dividend on equity shares.
3. To appoint a director in place of Shri R. Mahajan (DIN: 07262295), who retires by rotation and being eligible, offers himself for reappointment.
4. To fix remuneration of Auditors for the financial year 2017-2018 and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to fix the remuneration, out of pocket, statutory taxes and other ancillary expenses of Auditors to be appointed by the Comptroller and Auditor General of India for the financial year 2017-2018.”

By order of the Board

(S.D. Kherdekar)
Chief Executive Officer

Place: New Delhi
Date : 24th July, 2017

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint one or more proxy(ies) to attend and vote on a poll instead of himself and a proxy so appointed need not be a member of the Company. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
2. Pursuant to the requirements of DPE Guidelines on Corporate Governance, brief resume of the Director proposed for reappointment is annexed with the Notice.
3. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days between 10.30 a.m. to 12.30 p.m. prior to the Annual General Meeting.
5. The Annual Report of the Company, circulated to the Members of the Company, will also be made available on the Company’s website i.e. www.certificationengineers.com.
6. The Route Map of the venue of 22nd AGM along with prominent land-mark is given in the Annual Report.
7. No Gifts, gift coupons or cash in lieu of gifts shall be distributed to Members in the Annual General Meeting or afterwards.

By order of the Board

(S.D. Kherdekar)
Chief Executive Officer

Place: New Delhi
Date : 24th July, 2017



Brief Resume of Director, retiring by rotation and eligible for re-appointment vide Item Nos. 3 of Notice of 22nd AGM:

Item No. 3

Name	:	Shri R. Mahajan
Father's Name	:	Shri Suraj Prakash
Designation	:	Part-time Director
Official Address	:	Certification Engineers International Limited E.I. Bhawan, 1, Bhikaiji Cama Place, New Delhi-110066
Date of Birth	:	23rd August, 1960
Qualifications	:	B.Sc (Engineering) Honours in Electrical Engineering from Punjab Engineering College, Panjab University, Chandigarh
Experience	:	Having 35 years of versatile experience at various levels in Electrical Engineering, Project Engineering Manager and Project Manager in various Projects in the area of Refinery, Offshore, Petrochemicals and Metallurgical Plants. Responsible for the Project Management of some of the most prestigious projects for various clients as Project Manager / Executive Director.
Other Directorships	:	Nil
Other Committee Memberships/Chairmanships	:	Nil
Number of Board Meeting(s) attended	:	6
Shareholding in CEIL	:	5 equity shares*
Relationship between Directors/ Key Managerial Personnel inter-se	:	None

***(Shares held in personal name as nominee of EIL i.e. beneficial interest in the shares vest in EIL.)**

Directors' Report

To
The Shareholders,
Certification Engineers International Limited

Ladies & Gentlemen,

Your Directors have pleasure in presenting the 22nd Annual Report together with Audited accounts of the Company for the year ended 31st March 2017 along with Audited Statement of Accounts, the Auditors' Report and Comments of the Comptroller and Auditor General of India.

PERFORMANCE DURING THE YEAR 2016-17

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The financial statements for the Financial Year ended March 31, 2017 are the Company's first Ind AS compliant annual financial statements with comparative figures for the year ended March 31, 2016 also under Ind AS. The date of transition is April 1, 2015. The disclosure and effects of first time adoption of Ind AS are detailed in Note 46 of the financial statements.

The overall financial performance for the year 2016-17 is highlighted below:

(₹ in lakhs)

RESULTS OF OPERATIONS	For the year ended 31.3.2017	For the year ended 31.03.2016
Income from services rendered (Including adjustment of work-in- progress)	3818.26	3756.34
Expenditure	2625.26	2674.09
Operating profit	1193.00	1082.25
Other Income	377.35	409.95
Profit before Tax	1570.35	1492.20
Provision for Taxation(incl. earlier years)		
Current Tax	571.81	527.51
Deferred Tax	(-)22.40	(-)14.70
Profit after Tax	1020.94	979.39
Other Comprehensive Income (Net of Taxes)	15.46	(9.65)
Total Comprehensive Income	1036.40	969.74

DIVIDEND

The Board of Directors of the company has recommended for the financial year 2016-17, a final dividend of ₹350/- per share (of face value of ₹100/- per share) in addition to ₹ 200/- per share interim dividend already paid during the year. With this, the total dividend for the financial year 2016-17 works out to ₹550/- per share. Payment of final dividend is, however, subject to approval of shareholders in the ensuing Annual General Meeting of the company. The dividend, if approved and declared in the forthcoming Annual General Meeting, would result into total dividend outflow of ₹ 550 Lakhs and dividend distribution tax of ₹111.97 Lakhs aggregating to total outflow of ₹661.97 Lakhs.

MANAGEMENT DISCUSSION & ANALYSIS

A separate report on Management Discussion & Analysis is annexed to this report.

OPERATIONS

During the year, work on the following major assignments for which your company is providing its services progressed well:

- 1) Oil & Natural Gas Corporation Limited (ONGC) – Certification & Third Party Inspection Services for Sagar Samrat Conversion Project (SSCP), HRD – II (PLP), Sagar Pragati Conversion Project (SPCON), Daman Development Project (DDP), C26 Pipeline Project, MHNDR Pipeline Project, Life extension of well platform project (Tender I & II)

- 2) Konkan Railway corporation Limited (KRCL) – Udhamapura-Shrinagar-Baramulla Rail Link (USBRL) Project- Quality Assurance Services
- 3) Third Party Inspection Services for
 - a. Vadodara & Surat Municipal Corporation (VMC & SMC) -Infrastructure works for Vadodara Municipal Corporation and Surat Municipal Corporation & Rajkot Municipal Corporation/RMC.
 - b. Rajkot Urban Development Authority (RUDA) -Infrastructure Project of (RUDA) / RMC.
 - c. Reliance Industries Ltd – Marketing Terminal at Bhopal, Rewari, Chennai,Kanpur & Haldia.
- 4) BPCL – TPI and Expediting Services for BPCL-MR, BPCL-KR and NRL.
- 5) Heurtey Petrochem – BPCL DCU Heater Project, Kochi- Third Party Inspection Services
- 6) Mazgaon Dock Ltd – MDL Project – 75 – Quality Control Services
- 7) Tamil Nadu Energy Development Authority – SPV Home Lighting system.
- 8) Punj Lloyds – TPI of Sulphur Block of Resid upgradation project, CPCL.
- 9) IOCL – TPI for Construction / Modernisation of Marketing Terminal, Madurai & Tuticorin & also Automation Works to be carried out at Retail Outlets, Bihar & Jharkhand.
- 10) Vizag Steel Plant - TPI and Capacity assessment.
- 11) Fabtech Project & Engineers Ltd – Third Party Inspection Services for Mounded Bullet Project for BPCL, Kochi.
- 12) Gujarat State Petronet Limited (GSPL) – TPI services for various Pipeline Project viz :
 - Sanand GIDC Multiple Customer Connectivity
 - Mandali Becharaji Pipeline
 - Dahej Customer Connectivity
 - PPI & Madhvas Top Works
 - Vendor Assessment Works
 - Technical audit of Pipeline Network as per PNGRB Regulations
- 13) Pune, Delhi Cantonment Boards & Maharashtra Maritime Board - Third Party Quality Audits.
- 14) Fernas Construction – TPI services for LSTK Contracts for OPaL, Dahej & SJPL, Paradeep.
- 15) Empire – TPI for Aluminum Dome roof of IOCL terminals.
- 16) CIDCO - Quality Audit of Infrastructure works.
- 17) During the year, CEIL completed Emergency Response and Disaster Management Plan (ERDMP) Certification, Pipeline Integrity Management system Certification, External Safety Audit.
- 18) ONGC Petro additional Ltd - Third Party Construction Supervision of IU & offsite Packages.
- 19)a. ERDMP Audits for:
 - GAIL (India) Ltd. Pata Petrochemical Complex, Khera and Dibiyapur Compressor Stations and Maharashtra Regional Pipeline Network, Petronet LNG Dahej.
 - b. IMS Audit for GAIL(India) Ltd. Khera Compressor Station.
 - c. T4S Audit for Torrent Power..
 - d. Industrial Hygiene and Ergonomics Survey for GAIL (India) Ltd. Jamnagar Loni Pipeline Network.
 - e. Fit For Purpose Certification of Upstream Intra-field pipeline in Rajasthan block of Cairn India Ltd.
 - f. External Safety Audit of Midstream Pipeline of Cairn India Ltd. and NG & Effluent Pipelines of GSP Ltd.

The following major TPI/ Certification/ Quality Assurance/ ERDMP/ Safety Audit etc. assignments were secured during the year:

- Konkan Railways corporation limited – Udhamapura-Shrinagar-Baramulla Rail Link (USBRL) Project –Quality Assurance Services
- VMC, SMC &RMC – Infrastructure works for Vadodara Municipal Corporation and Surat Municipal Corporation & Rajkot Municipal Corporation.
- Reliance Industries Ltd – Marketing Terminal at Bhopal, Rewari & Chennai, Kanpur & Haldia – Third Party Inspection Services



Loadout of Well Platform for Daman Development Project.



Structural Bridge Fabrication - Chenab River Bridge for KRCL Project at Jammu

- Tamilnadu Energy Development Authority - Third Party Inspection Services SPV Home Lighting System.
- Pune Cantonment Board – Third Party Quality Audit. Technical Audit of Rajasthan Housing Board Nagur & J&K ERA Bridge Retaining work.
- OPaL Third Party Construction & Supervision of IU & O Packages.
- MMB – Third Party Quality Audit
- AFCONS – TPI for LEWPP –Tender –I, ONGC Project
- Jindal Steel Works – TPI of Pipes.
- SHA Dong Province, China – Third Party Inspection.
- Oil & Natural Gas Corporation Limited (ONGC) – Certification services for Sagar Samrat Conversion Project, Life Extension of WPP (Tender 2)
- HPCL- Mittal Energy Ltd : Expediting Services
- Bharat Oman Refineries Ltd : Expediting Services
- GSPL/GIGL – Third Party Inspection of various pipeline projects
- Mazagon Dock Ltd - Third Party Inspection of warship 15A & B work.
- ERDMP, IMS, External Safety Audits, Safety Awareness Survey assignments from IGL, GAIL Gas Ltd., Hazira LNG Private Limited, GAIL (India) Limited and IOCL.
- Fit For Purpose Certification of upstream intra-field pipelines of Cairn India Ltd - Rajasthan Block.
- ESA of Cross-country Pipelines and Process Plants of GAIL (India) Ltd.
- ERDMP, IMS, External Safety Audits, assignments from GAIL, Petronet LNG, Cairn, GSPC, HPCL and Adani Gas.
- T4S Audit of Torrent Power
- Industrial Hygiene and Ergonomic Survey from GAIL (India) Ltd.

RISK MANAGEMENT

CEIL has a robust Enterprise Risk Management (ERM) System which encompasses risk identification, assessment, and mitigation of strategic, operation, business and compliance related risks.

The ERM system is governed by the Risk Management Committee reporting to the Board on ERM matters, The risk Functional Committee executes and monitors enterprise risks at operational level and apprises RMC periodically

INTERNAL AUDIT

Internal audit of the company is done by Internal Audit Department of Engineers India Ltd., the parent company. Internal audit for the financial year 2016-17 was carried out and the Internal Audit Reports were submitted to the Management and Audit Committee of the Board.

VIGILANCE

Vigilance activities of the company are carried out by the Vigilance Department of Engineers India Ltd, the parent company, with focused objective of ensuring conformity to the company procedures and Govt. guidelines. System improvements are suggested to management and actions are undertaken for improvement.

CEIL observed the Vigilance Awareness Week w.e.f. 31st October 2016 to 5th November 2016 as per the directives for spreading vigilance awareness and encouraging “participative vigilance” amongst the employees of the company.

Various competitions were organized during the vigilance week for the employees.

SUBSIDIARY JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint ventures or associate company. Further the names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year are NIL.



MANPOWER

As on 31st March 2017, your Company had total manpower of 73. Regular employees were 71 and number of employees on deputation from EIL stood at 2.

Employees were nominated for various training programs in the field like NDT, Offshore, Risk Management, functional & behavioral trainings from time to time. For meeting job requirements at optimum cost, your Company is also outsourcing manpower from agencies and is empanelling engineers and consultants.

OFFICIAL LANGUAGE

Like previous years, awareness and increased usage of official language was enthusiastically carried out during the year. Provisions of section 3(3) of Official Languages Act and Official Language Rules have been complied with. 'Hindi Diwas' was observed on 14.09.2016 and 'Hindi Fortnight' was organized from 14.09.2016 to 28.09.2016 in association with holding company EIL. With a view to create greater awareness, consciousness and to encourage employees to enhance use of Hindi in official work several workshops, inspection and seminar were also organized

CONSERVATION OF ENERGY & FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy and technology absorption are not applicable.

The particulars regarding foreign exchange earnings and outgo are as under :

Total foreign exchange used and earned for the year:

- (a) Total Foreign Exchange Earnings : ₹ 34.17 Lakhs
- (b) Total Foreign Exchange Outgo : ₹ 85.23 Lakhs

The Company does not own any manufacturing facilities hence the other particulars required under Section 134 (3)(m) of the Companies Act, 2013 relating to Foreign Exchange Earnings & Outgo are not applicable.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

The information required under Company's (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this Report. The CSR Policy is given on the website of the Company at <http://ceil.co.in/company.html>.

DETAILS OF LOANS/GUARANTEES/INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the financial year 2016-17.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES (RPTs)

In line with the provisions of the Companies Act, 2013 and the Listing Regulations, the parent Company i.e. Engineers India Limited has formulated a Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions as per which the necessary compliances have been done in this regard.

During the financial year 2016-17, there were no material RPTs. Further, suitable disclosure as per statutory requirements has been given in Note35 of Notes to Financial Statements.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an Extract of the Annual Return in the prescribed form is annexed to this Report.

COST AUDITORS

The Company does not fall under the Cost Audit Rules and therefore, there is no requirement of Cost Audit for the Company as per the Statutory requirements.

NUMBER OF MEETINGS OF THE BOARD

The Board met seven times during the financial year 2016-17, the details of which are given in the Corporate governance report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed under Companies Act, 2013 and DPE Guidelines on Corporate Governance. For further details regarding number of meetings of the Board and its committees, please refer Corporate Governance Report, annexed to this Report.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has formulated a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel in terms of DPE Guidelines on Corporate Governance. The confirmation of compliance of the same is obtained from all concerned on annual basis. All Directors and Senior Management Personnel have given their confirmation of compliance for the year under review. A declaration duly signed by CEO is given in the Report on Corporate Governance. The Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel is given on the website of the Company at <http://ceil.co.in/company.html>.

CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance as per the requirements/Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises, Government of India. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic issues, CEIL lays strong emphasis on transparency, accountability and integrity.

A Report on Corporate Governance as required under DPE Guidelines on Corporate Governance is annexed. Certificate of the Statutory Auditors regarding compliance of the conditions of the Corporate Governance as stipulated in DPE Guidelines on Corporate Governance along with the Management's Reply on the comments of the Auditors is enclosed.

TRAINING OF BOARD MEMBERS

The company has a well defined Training Policy for Board Members. 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. The details of such familiarization programmes/Training Policy have also been posted on the website of the company at <http://ceil.co.in/company.html>.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, the Board hereby submit its responsibility Statement:

- (a) In the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the year ended on the date;
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts on a going concern basis;
- (e) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (f) The Directors have devised proper systems to ensure compliance with the provisions of the applicable laws and that such system were adequate and operating effectively.

RIGHT TO INFORMATION ACT, 2005

In order to promote transparency and accountability, appropriate action is taken to reply to queries from any source whenever received,

on time. In compliance to the provisions of the Right to Information Act, 2005, Central Public Information Officer (CPIO) and ACPIOs have been appointed and utmost care is being taken for timely compliance and dissemination of information. As on 31.3.2017, no application is pending under RTI Act, 2005.

DIRECTORS

After the date of last Directors' Report i.e. 18.07.2016, Shri R.K. Garg, Executive Director (F&A), EIL was appointed as Additional (Part-time) Director w.e.f. 1.10.2016. Shri Sudershan Gupta ceased to be Director of the Company w.e.f. 1.10.2016 due to his retirement from Engineers India Limited, the holding Company, on attaining the age of superannuation on 30.09.2016. Shri R.K. Garg ceased to be Director of the Company w.e.f. 1.07.2017 due to his retirement from Engineers India Limited, the holding Company, on attaining the age of superannuation on 30.06.2017. The Board placed on record its sincere appreciation for the valuable services rendered and contributions made by Shri Sudershan Gupta and Shri R.K. Garg, Directors of the Company.

In accordance with the provisions of the Companies Act, 2013, Shri R. Mahajan, Part-time Director would retire by rotation, at the ensuing Annual General Meeting, and being eligible, offer himself for reappointment. Brief resume of the Director seeking reappointment together with the nature of his expertise in specific functional areas, disclosures of relationships between Directors inter-se, names of companies in which he holds directorships and the memberships/ chairmanships of Committees of the Board along with his shareholding



MGY 104 Manjalpur, VMC



in the company etc. pursuant to the statutory requirements are given in the Annexure to Notice of 22nd Annual General Meeting.

BANKERS

The Bankers of the Company are Bank of India, Corporation Bank, Axis Bank, State Bank of India and Indusind Bank Ltd.

PARTICULARS OF EMPLOYEES

As per the provisions of Section 197 of the Companies Act, 2013 and rules made thereunder, Government Companies are exempted from inclusion of the statement of particulars of employees. The information has, therefore, not been included as part of the Directors' Report. However the same information is open for inspection at the registered office of the Company on all working days between 10.30 a.m. to 12.30 p.m. prior to the Annual General Meeting.

ACCREDITATION

ISO 17020:

CEIL continues to be a Type-A accredited Inspection Body in accordance with ISO/IEC 17020 granted by NABCB. During the year, ISO 17020 Renewal Audit was carried out by NABCB successfully with accreditation validity till 19th June 2018. The ISO 17020 accreditation is granted for company's operations in India for in process/finished product/installation/in service inspection activities. ISO 17020 accreditation is a pre-qualification criteria to carry out IMS, ERDMP and T4S Audits under PNGRB.

CERTIFICATION

ISO 9001:

CEIL successfully underwent ISO 9001 Certificate Surveillance Audit carried out by IRQS. The ISO 9001 Certification is valid till 3rd September 2017.

APPROVALS

Emergency Response & Disaster Management Plan (ERDMP):

CEIL continues as an approved Third Party Inspection body under PNGRB for review and verification of Emergency Response & Disaster Management Plan (ERDMP). During the year, CEIL carried out ERDMP Audits ranging from Cross country NG and crude Pipelines to Petrochemical Complex, LPG Recovery Units and Compressor Stations.

Technical Standards and Specifications including Safety Standards (T4S):

CEIL continues to be an approved Third party Inspection body under PNGRB for carrying out Technical Standards and Specifications including Safety Standards (T4S) Audits for Natural Gas Pipelines (NGPL) and City Gas Distribution (CGD) networks.

Integrity Management System for Natural Gas Pipelines and CGD Networks (IMS):

CEIL continues to be an approved Third party Inspection body under PNGRB for carrying out Pipeline Integrity Management System Audits for Natural Gas Pipelines and CGD Networks.

Petroleum & Explosives Safety Organization (PESO):

CEIL continues its approval from PESO as a recognized inspection authority as well as competent authority for inspections under SMPV(U) Rules 1981.

Indian Boiler Regulations (IBR):

During the year, CEIL continued approval from IBR as a recognized inspection authority as well as competent authority for inspections of Materials in Europe, Middle East and China.

Bureau of Energy Efficiency (BEE) ESCO:

CEIL continues to be a CARE BEE Grade 2 rating as an Energy service company. The Grading indicates "HIGH" ability to carry out energy efficiency audits and undertake energy efficiency projects.

STATUTORY AUDITORS

M/s Luthra & Luthra, Chartered Accountants were appointed as Auditors of your Company for the Financial Year 2016-17 by the Office of the Comptroller & Auditor General of India.

COMPOSITION OF AUDIT COMMITTEE

The recommendations made by the Audit Committee during the year 2016-17 were accepted by the Board. The other details of Audit Committee like composition, terms of reference, meetings held are provided in the Corporate Governance Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company is governed by the Whistle Blower Policy/Vigil Mechanism formed by the holding Company i.e. M/s Engineers India Limited and no personnel have been denied access to the Audit Committee. The same has also been given on the website of the holding Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance.

SIGNIFICANT AND MATERIAL ORDERS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

OTHER DISCLOSURES

No disclosure or reporting is required in respect of the following items as either these were not applicable or there were no transactions on these items during the financial year 2016-17 :-

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Details regarding receipt of remuneration or commission by the Managing Director or the Whole-time Director from any of its subsidiaries.
5. Buy Back of shares.
6. Issue of Bonus shares.

During the financial year 2016-17, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

ACKNOWLEDGEMENTS

The Board of Directors express their sincere thanks to the esteemed Clients of CEIL for their continued patronage and express deep appreciation for the assistance provided by the Ministries of the Government of India.

The Board of Directors express their sincere gratitude to EIL, the holding company for their all round support and look forward to their continued support and guidance.

For & on behalf of the Board of Directors

(Sanjay Gupta)
Chairman

Place: New Delhi
Date: July 21, 2017

Management Discussion & Analysis

We have the pleasure of presenting you an analysis report covering the performance of the company for the year 2016-17 and the future outlook.

FINANCIAL PERFORMANCE

During the financial year, the income from services rendered by the Company has increased to ₹ 38.18 Crores from ₹ 37.56 Crores in the previous year, which is 1.6% more than the previous year.

Profit before tax has increased to ₹ 15.70 Crores from ₹ 14.92 Crores in previous year, which is 5.2% higher. Similarly, Profit after tax has increased by 4.2% from ₹ 9.79 Crores in previous year to ₹ 10.21 Crores in the current year.

BUSINESS OVERVIEW

During the financial year 2016-17, your company was able to secure business worth ₹ 36.62 Crores.

The order book as on 31.03.2017 was ₹ 31.70 Crores.

During the year company secured major orders from ONGC, VMC, KRCL, SMC, RIL, GSPL, IOCL TNSO, RMC, Afcons, Empire Industries, Jindal Steel Works, other esteemed clients, besides securing sizable business from various state government organizations.

BUSINESS ENVIRONMENT AND FUTURE OUTLOOK

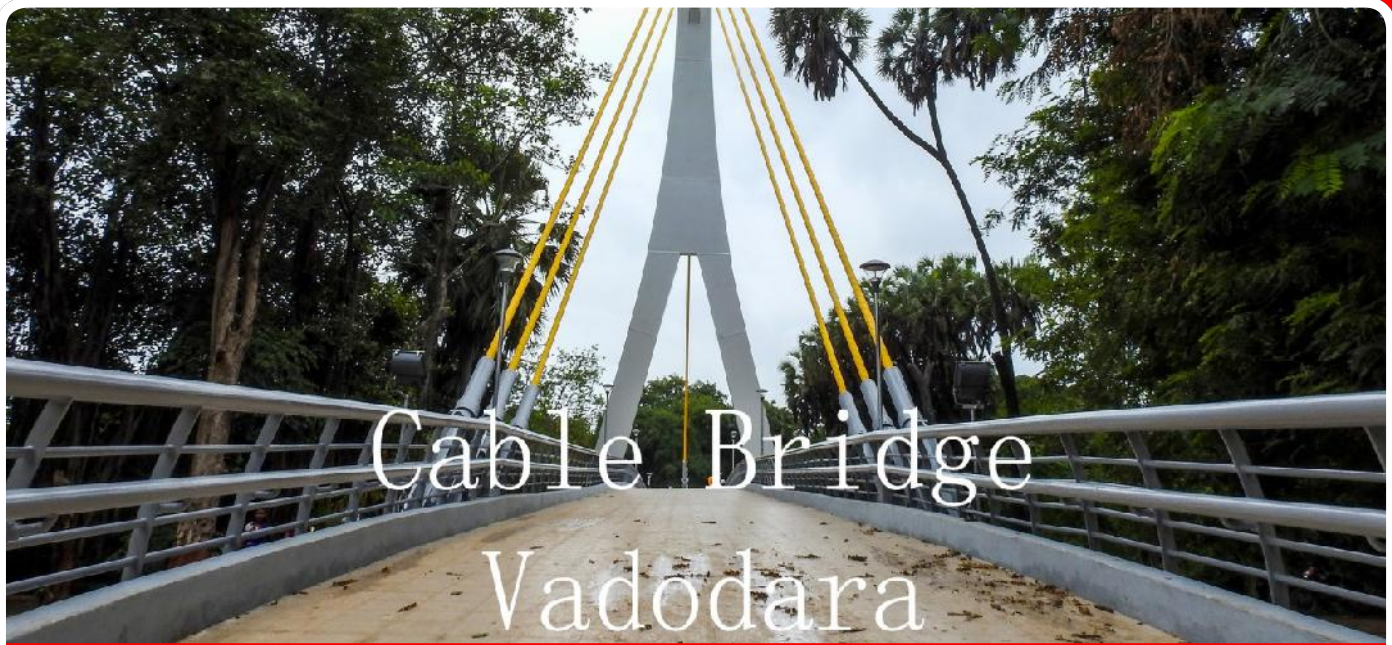
In spite of downward trend in Oil & Gas sector, your company has been

able to maintain its order book at ₹ 31.70 Crores. The order book is comprising of the unexecuted portion of the orders from ONGC Vadodara Mahanagar Seva Sadan, Surat Municipal GSPL, Vizag Steel Plant, BPCL, DCB, AFCONS, EIL, Reliance, CIDCO, IOCL, GSPL, TEDA, PLL, Thermax, DRDO, RUDA, MDL, GAIL, KRCL etc. Your Company expects to secure further assignments during the year from current and new clients which will translate into healthy turnover growth and good order book position.

Your company is aligning its growth strategy with GOI initiatives and is continuously exploring the possibility of scaling its overseas and domestic business and securing certification and TPI jobs in high growth sectors like Nuclear, Fertilizers, Power, Infrastructure, Affordable Housing, Railways etc.

RISK & CONCERNS

The Company has a robust Enterprise Risk Management System (ERM) in place which includes risk identification, assessment and risk mitigation. Risks pertaining to business, stakeholder, strategy, financial, execution and other related risks are systematically identified using a Risk Matrix. The ERM process is maintained and executed by the Risk Functional Committee whose outcome is monitored at the apex by the Risk Management Committee. The Management periodically reviews the status of identified risks and probable new risks and uses Enterprise Risk Management as an effective tool to foresee and take prompt actions for optimizing its business model and enhance shareholder value.



Cable Stayed Bridge, KamatiBaug, VMC, Vadodara

INTERNAL CONTROL SYSTEMS

Your company has in place adequate systems of internal control. These have been designed to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from unauthorized use or losses, and ensuring reliability of financial and operational information. your company continued its efforts to align all its process and control with best practices and is also controlling its operating process through well-defined international standard certification of ISO 9001:2008 and ISO 17020 accreditation.

Some significant features of the internal control systems are preparation and monitoring of annual budgets, internal audit and its review, clear delegation of authority and responsibility, corporate policy on accounting and periodic management meeting to review operation and plans in business areas.

MEMORANDUM OF UNDERSTANDING (MOU) WITH ENGINEERS INDIA LIMITED

Your company has signed MOU with EIL for the year 2017-18, with target for Turnover, Operating profit, Return on Investment Production efficiency, R&D, Innovation, Technology up-gradation, Human Resource Management (HRM) related parameters.

SIGNIFICANT INITIATIVES

In order to meet the challenges of continuing changes in business environment and growing competition, corporate focus has been on various initiatives on increasing engagement in Company's core strength areas, gaining entry into areas that are expected to

show significant growth in the near future like Railways, Defense, Infrastructure, Nuclear, Fertilizer etc.; Number of initiatives have also been taken for improvement in systems and processes, HR and for training & recruitment.

HUMAN RESOURCES

Strength of regular employees, including employees on deputation from EIL, was 73 during the year. 64 Man days training was imparted to employees during the year through 28 nos. training programs.

Your Company intends to pursue aggressive specific training of CSWIP 3.1 and CSWIP 3.2 Inspection of weld joints by Phased Array Ultrasonic Testing (PAUT) and managerial training programs for the employees in future too, to retain the knowledge edge in its area of business.

MARKETING

The company is successfully expanding its client's base with addition of new clients in existing and diversified business areas. Company's commitment to quality and timely execution of certification and third party inspection activities, coupled with proper marketing initiatives has helped the company achieve significant order book. Staffing in the Marketing Department has been substantially increased. Surveyors are motivated to discuss with the clients and suppliers during the inspection visit and inform the potential leads to marketing department.

OPERATIONAL IMPROVEMENT

Major Operational Improvements like improving manpower productivity, optimization of cost, realization of outstanding etc.



Sagar Samrat Conversion Project

are ensured through strict monitoring of operations in the Company and gradual increase in use of Software Packages and automated systems.

COST CONTROL & MONITORING

Effective cost reduction measures for control of travel cost, manpower cost etc. are taken up at all stages of operations. Deputation of surveyors based on project requirements from nearby locations results in less travel cost.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's CSR initiatives aim at assisting socially and economically weaker segments of society, as well as defining the Company as a socially responsible business to employees, clients and other stakeholders. The company remains committed towards its social obligations and targets on capacity building, empowerment of communities, inclusive socio-economic growth, and environment protection, development of backward regions and upliftment of marginalized & underprivileged section of society.

As part of CSR activities, during the financial year 2016-17, MoU was signed with NMMC for purchase of various therapy equipments for Navi Mumbai Municipal Corporation Education & training centre (NMMC-ETC) for the treatment of persons with disability (PWD'S) and Children with disability (CWD'S).

ENVIRONMENT PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENT, FOREIGN EXCHANGE CONSERVATION

Environmental protection is an integral part of the Company's business processes. The Company is adopting a long term approach to business, built upon a solid commitment of sustainable growth through the active participation in responsible environmental practices.

MANAGEMENT INFORMATION SYSTEM (MIS)

MIS in the company is constantly being fine tuned to cater to ever growing information needs for effective and quick decision making as well as for statutory requirements. This provides vital data inputs to management highlighting operating variables, achievement vis-à-vis budgets and other decision support data.

DISCLOSURE BY SENIOR MANAGEMENT PERSONNEL

As Confirmed by Senior Management Personnel, none of them has materials financial and commercial transactions with the Company, where they have personal interest that may have a potential conflict with the interest of the Company.

CAUTIONARY STATEMENT

Statements in management discussion and analysis describing the company's objectives, projections, expectations, estimates are based on current business environment. Actual results could differ from those expressed or implied based on future economic and other developments in India and abroad.



MBPL Project – Receiving Terminal @ Becharaji

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2016-17

- 1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. To assist socially and economically disadvantaged segments of society to overcome hardship and impoverishment. To enhance increased commitment at all levels in the organization towards reinforcing its image as a social and environmental conscience company. The Company has undertaken CSR Projects/ Programs in line with Schedule VII of the Companies Act 2013, which are under the following thrust areas:
 - i) Education
 - ii) HealthCare
 - iii) Renewable Energy
 - iv) Drinking Water/ Sanitation Facility
 - v) Environment Protection.

The web link for CSR project or programme and policy is given at <http://ceil.co.in/company.html>.
- 2) Composition of CSR and SD Committee
The details regarding composition of CSR and SD Committee are given in the Corporate Governance Report annexed to the Directors' Report.
- 3) Average Net Profit of the Company for the last three financial years was ₹12.37 cr
- 4) Prescribed CSR Expenditure (2% of the amount as in item 3 above) is ₹24.74 Lac
- 5) Details of amount spent towards CSR during the financial year 2016-17
 - a) Total amount to be spent for the financial year 2016-17 was ₹24.74 Lac
 - b) Amount unspent, if any - NIL
 - c) Manner in which the amounts spent towards CSR during the financial year 2016-17.

S. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs [1] Local area or other [2] Specify the State and district where projects or programs was undertaken	Amount outlay [budget] project or programs wise	Amount spent on the projects or programs Sub -heads: [1] Direct expenditure on projects or programs. [2] Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent : Direct or through implementing agency *
1	To Support/Sponsor Tata Memorial Centre-ACTREC, Kharghar for purchase of 40 seater Bus to take the cancer patients to their lower parel hospital for specialised treatment & back.	Medical	Local Area	₹17.31 Lac	Direct on project	₹125902/-	Through TMC ACTREC
2	To support/ Sponsor Smt. Thamabai Ganpat Patil Education Society's (STGPES), Matoshree Vidyamandir School replacing benches located at Deonar to impart education to children of slums.	Education	Local Area	₹8.50 Lac	Direct on project	₹84966/-	Through STGPES
3	To support/ sponcer Navi Mumbai. Municipal Corporation , for purchase of various therapy equipments for Navi Mumbai Municipal Corporation, education, training & Service Centre (NMMC ETC) for the treatment of person with disability (PWP's and children with disability (CWD's)	Medical	Local Area	₹25.60 Lac	Direct on project	₹2455558/-	Through NMMC etc

S. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs [1] Local area or other [2] Specify the State and district where projects or programs was undertaken	Amount outlay [budget] project or programs wise	Amount spent on the projects or programs Sub -heads: [1] Direct expenditure on projects or programs. [2] Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent : Direct or through implementing agency *
	TOTAL			₹51.41 Lac		₹2666426/-	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee confirms that the implementation and monitoring of CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

S. D. Kherdekar, Chief Executive Officer

Form No. MGT-9

Extract of Annual Return

as on the Financial Year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U74899DL1994GOI062371
- ii) Registration Date : 26/10/1994
- iii) Name of the Company : Certification Engineers International Limited
- iv) Category/Sub-Category of the Company : Public Limited Company (Limited by Shares)- Govt. of India Undertaking.
- v) Address of the Registered office and contact details : Engineers India Bhawan,
1, Bhikaiji Cama Place, New Delhi-110066
Tel: 011-26762121, Fax: 011-26164868, 26186245
E-mail: ceil.del@eil.co.in, Website: http://ceil.co.in
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Certification /Re-certification & Third Party Inspection Services	Not Applicable	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Engineers India Limited Engineers India House, 1, Bhikaiji Cama Place, New Delhi - 110066	L74899DL1965GOI004352	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

The shareholding pattern of the company as on 31.03.2017 is as follows:

S.No.	Name of Shareholder	Number of Equity Shares of ₹ 100 each	% of Issued Capital
1	Shri Sanjay Gupta, Part-time Chairman (C&MD, Engineers India Limited, Holding Company of CEIL)	5*	0.005%
2	Shri Ram Singh, Director (Finance), Engineers India Limited	5*	0.005%
3	Mr. Ajay N. Deshpande, Director (Technical), Engineers India Limited	5*	0.005%
4	Shri S. K. Handa, Part-time Director [ED (Projects), Engineers India Limited, Holding Company of CEIL]	5*	0.005%
5	Shri L. K. Vijh, Part-time Director [ED (Technical), Engineers India Limited, Holding Company of CEIL]	8*	0.008%

S.No.	Name of Shareholder	Number of Equity Shares of ₹ 100 each	% of Issued Capital
6	Shri R. Mahajan, Part-time Director [ED (Projects), Engineers India Limited, Holding Company of CEIL]	5*	0.005%
7	Shri S. D. Kherdekar, CEO, CEIL	5*	0.005%
8	Shri Jagdish Chander Nakra, Director (Projects), Engineers India Limited	5*	0.005%
9	Shri R.K. Garg, Part-time Director [ED (F&A), Engineers India Limited, Holding Company of CEIL]	5*	0.005%
10	Engineers India Limited, Holding Company of CEIL	99952	99.952%

* These shares are held by these officials on behalf of Engineers India Limited and the beneficiary interest lies with Engineers India Limited in respect of these shares.

V. INDEBTEDNESS :

The Company is a debt-free company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

B. Remuneration to other directors:

Name of Directors	Particulars of Remuneration- Sitting Fee
Dr. (Prof.) Mukesh Khare	₹130000
Shri Umesh Chandra Pandey	₹170000

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM - NIL*

*The Company does not have Managing Director/Manager/Whole time Director/ Company Secretary. Further, Chief Executive Officer of the Company is on deputation from EIL (Holding Company), the salary for which is paid by Engineers India Limited. EIL raises monthly bills on the basis of manhour cost as per agreement with the company which are accounted for as professional charges, under the head "Manpower Services".

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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 7 Directors on its Board comprising of 5 (five) Part-time Directors including Chairman and 2 (two) Non-official Part-time Independent Directors nominated by Holding Company, Engineers India Limited.

b) Number of Board Meetings

The Board of Directors met 7 times during the financial year 2016-17. The details of the Board Meetings are as under:

Sl. No.	Date of Meeting	Place	Board Strength	No. of Directors Present
1.	May 4, 2016	New Delhi	7	6
2.	May 19, 2016	New Delhi	7	7
3.	August, 10, 2016	New Delhi	7	6
4.	November 4, 2016	New Delhi	7	5
5.	December 19, 2016	Mumbai	7	7
6.	January 13, 2017	New Delhi	7	4
7.	March 31, 2017	New Delhi	7	5

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 2016-2017 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 22.08.2016	Other Directorships	Other Committee Memberships**	Other Committee Chairmanships**
A) Part time Directors- From Holding Company, EIL					
I) Present Directors					
Shri Sanjay Gupta, Chairman	6	Yes	3	-	-
Shri S. K. Handa	4	Yes	-	-	-
Shri L. K. Vijn	6	Yes	-	-	-
Shri R. Mahajan	6	Yes	-	-	-
Shri R. K. Garg*-1	4	-	1	-	-
II) Past Directors					
Shri Sudershan Gupta*-2	3	Yes	-	-	-
B) Non-official Part-time Independent Directors					
I) Present Directors					
Dr. (Prof.) Mukesh Khare	4	-	2	1	-
Shri Umesh Chandra Pandey	7	Yes	2	-	1

Remarks:

- *-1 Shri R. K. Garg, Executive Director (F&A) of Engineers India Limited was appointed as Additional (Part-time) Director w.e.f. 01.10.2016.
- *-2 Shri Sudershan Gupta, Part-time Director ceased to be Director of the Company w.e.f. 1.10.2016 due to his retirement from Engineers India Limited, the holding Company, on attaining the age of superannuation on 30.09.2016.
- ** 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 setup 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, 2017.

Place: New Delhi
Date: May 19, 2017

(S.D. Kherdekar)
Chief Executive Officer

f) Separate Meetings of Independent Directors

A separate Meeting of the Independent Directors was held on 20.03.2017 as per the Guidelines issued by DPE on Role & Responsibilities of Non-Official Directors (Independent Directors) of CPSEs and in compliance to the other statutory provisions in this regard. All the Independent Directors attended the separate Meeting. This Meeting assessed the quality, quantity and timeliness of flow of information necessary for the Board to effectively and reasonably perform their duties.

g) 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. 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.

h) Re-appointment of Directors

The brief resume of the Director seeking re-appointment together with the nature of his expertise in specific functional areas, names of companies in which he hold directorships and the memberships/chairmanships of Committees of the Board alongwith his 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 Directors (out of which 2 are Non-official Part-time Independent) viz. Shri Umesh Chandra Pandey as the Chairman, Dr. (Prof.) Mukesh Khare and Shri R. K Garg as members. The Audit Committee was reconstituted during the year due to the following:

- Shri Sudershan Gupta ceased to be member w.e.f. 1.10.2016.
- Shri R. K. Garg was inducted as member w.e.f. 1.10.2016.

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 2016-17 and the attendance of the Members is given below:

Sl. No.	Date of Meeting	Name	Chairman/Member	Attendance
1.	19.05.2016	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri Sudershan Gupta	Chairman Member Member	Present Present Present
2.	10.08.2016	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri Sudershan Gupta	Chairman Member Member	Present Present Present
3.	04.11.2016	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri R. K. Garg	Chairman Member Member	Present Present Present
4.	02.03.2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri R. K. Garg	Chairman Member Member	Present Present Present
5.	31.03.2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri R. K. Garg	Chairman Member Member	Present Present Present

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, the Remuneration Committee comprises of four Directors (out of which 2 are Non-official Part-time Independent) viz. Dr. (Prof.) Mukesh Khare as Chairman, Shri Umesh Chandra Pandey, Shri L. K. Vijh and Shri R. K. Garg as members. The Remuneration Committee was reconstituted during the year due to the following:

- Shri Sudershan Gupta ceased to be member w.e.f. 1.10.2016.

- Shri R. K. Garg was inducted as member w.e.f. 1.10.2016.

The details of meetings held during the financial year 2016-17 and the attendance of the Members is given below:-

Sl. No.	Date of Meeting	Name	Chairman/Member	Attendance
1.	19.05.2016	Dr. (Prof.) Mukesh Khare Shri Umesh Chandra Pandey Shri Sudershan Gupta Shri L. K. Vijh	Chairman Member Member Member	Present Present Present Present
2.	31.03.2017	Dr. (Prof.) Mukesh Khare Shri Umesh Chandra Pandey Shri L. K. Vijh Shri R. K. Garg	Chairman Member Member Member	Present Present Present Present

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 Non-official Part-time 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 Part-time Independent Directors during the financial year 2016-17 are given below:-

Name of Non-official Part-time Independent Director	Sitting Fees*		Total
	Board Meeting	Committee Meeting	
Shri Umesh Chandra Pandey	70000	100000	170000
Dr. (Prof.) Mukesh Khare	40000	90000	130000

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

6. CSR and SD Committee of the Board

The CSR and SD Committee of the Board has been constituted to deliberate and decide on the matters as per defined Scope of the committee. Presently, the CSR and SD Committee comprises of four Directors (out of which 2 are Non-official Part-time Independent) viz. Shri Umesh Chandra Pandey as Chairman, Dr. (Prof.) Mukesh Khare, Shri R. Mahajan and Shri S.K. Handa as members. The details of meetings held during the financial year 2016-17 and the attendance of the Members is given below.

Sl. No.	Date of Meeting	Name	Chairman/Member	Attendance
1.	19.12.2016	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S. K. Handa Shri R. Mahajan	Chairman Member Member Member	Present Present Present Present
2.	13.01.2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S. K. Handa Shri R. Mahajan	Chairman Member Member Member	Present Not Present Not Present Present
3.	31.03.2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S. K. Handa Shri R. Mahajan	Chairman Member Member Member	Present Present Not Present Present

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
19 th	2013-2014	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	12.08.2014	11.00 a.m.
20 th	2014-2015	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	20.08.2015	3.30 p.m.
21 st	2015-2016	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	22.08.2016	3.00 p.m.

ii) Details of Special Resolutions passed at last three AGMs

AGM	Details of Special Resolutions Passed
19 th	Nil
20 th	Nil
21 st	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 2016-17.

11. Disclosures

- (i) Details of transactions between the Company and its holding company, associates, key managerial personnel during the financial year 2016-2017 are given in Note 35 of the Notes to Accounts for the year ended 31st March, 2017. 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.
- (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 2016-17 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 23.74% of the total expenses in the Financial year 2016-17 as against 23.85% during the Financial year 2015-16. The decrease in the administrative and office expenses are mainly due to better cost management.
- (viii) None of the Directors of the company are inter-se related as on 31st March, 2017.
- (ix) None of the Non-official Part-time Independent Directors holds any equity shares in the Company as on 31st March, 2017.

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) Annual General Meeting**

Day and Date	Monday, 28 nd August, 2017.
Time	3.00 P.M.
Venue	E.I. Bhawan, 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 ₹ 350/- per share (on the face value of ₹ 100/-each) for the Financial Year ended 31st March, 2017 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 Luthra & Luthra
Chartered Accountants
A16/9, Vasant Vihar
New Delhi – 110 057
Tel. : 011- 26151853, Fax:011-26145222
Email:delhi@llca.net

Place: New Delhi
Date: May 19, 2017

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 2017.
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.

SD Kherdekar
Chief Executive Officer

GD Goswami
AGM (F&A)

Place: New Delhi
Date: May 19, 2017

Independent Auditors Report on Compliance with Corporate Governance requirements under Guidelines Issued by Ministry of Heavy Industries and Public Enterprises

To,
The Members of
Certification Engineers International Limited

1. This certificate is issued in accordance with the terms of our engagement letter with the company.
2. This report contains details of compliance of conditions of corporate governance by Certification Engineers International Ltd. ('the Company') for the year ended 31st March, 2017 as stipulated in guidelines vide O.M No. 18(8)/2005-GM dated 14.05.2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, Government of India.

Management's Responsibility for Compliance with the conditions of Corporate Governance

3. The compliance with the terms and conditions for corporate governance contained in the aforesaid guidelines of the Ministry of Heavy Industries and Public Enterprises, DPE, Government of India is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance mentioned in the aforesaid guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the aforesaid guidelines issued by the Ministry of Heavy Industries and Public Enterprises, it is our responsibility to provide a reasonable assurance as to whether the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid guidelines for the year ended 31st March, 2017.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, subject to clause (a) to (b) mentioned below we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned guidelines vide O.M No. 18(8)/2005-GM dated 14.05.2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, Government of India:
 - a) Composition of Board w.r.t number of independent directors was not proper.
 - b) Company's Audit Committee has not reviewed the functioning of whistle blower mechanism during the financial year.
9. We 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.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of guidelines vide O.M No. 18(8)/2005-GM dated 14.05.2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, Government of India, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For LUTHRA & LUTHRA

CHARTERED ACCOUNTANTS
FRN: 002081N

NILESH MEHTA
PARTNER
M.No: 093847

Place: New Delhi
Dated: May 19, 2017

Management's Reply to Auditors' Report on Corporate Governance (2016-17)

AUDITORS' COMMENTS	MANAGEMENT'S REPLY
(a) Composition of the Board of Directors was not proper during the financial year.	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.
(b) Company's Audit Committee has not reviewed the functioning of whistle blower mechanism during the financial year.	No complaint under whistle blower mechanism had been reported to Audit Committee; therefore, the need to review the whistle blower mechanism has not arisen during the financial year.

Independent Auditor's Report

TO,
THE MEMBERS OF
CERTIFICATION ENGINEERS INTERNATIONAL LIMITED

Report on Standalone Financial Statements

We have audited the accompanying standalone Ind AS Financial Statements of Certification Engineers International Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flow, the Statement of Changes in Equity for the year ended and a summary of the significant accounting policies and other explanatory information for the year then ended (hereinafter referred to as standalone Ind AS financial statements).

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. The Comptroller & Auditor General of India has issued directions u/s 143(5) of the Companies Act 2013 indicating areas to be examined by the auditor, the compliance of which is given in Annexure A-1.
3. As required by Section 143 (3) of the Act, we report that:



- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in equity dealt with by this report are in agreement with the books of accounts
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Requirement relating to declaration from directors under section 164 (2) is not applicable to the company in terms of exemption vide notification no. 1/2/2014-CL –V dt. 05th June 2015.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 36.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 14(i) to the standalone Ind AS financial statements

FOR LUTHRA & LUTHRA
(Chartered Accountants)
FRN :002081N

CA Nilesh Mehta
Partner
M.No. : 093847

Place: New Delhi
Date: May 19, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

- i)
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company's fixed assets have been physically verified at reasonable intervals and no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the lease deed in respect of leasehold building is held in the name of the Company.
- ii)
- The Company being a service company does not have any inventory of raw material or finished goods, the work in progress is on account of "continuing service projects" for which bills have not been raised. Inventory consists of stock of office stationery. Physical verification of inventory of stationery has been conducted at reasonable intervals by the management.
 - Procedures for physical verification of inventory (of stationery) followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business. There are no inadequacies in such procedures that should be reported.
 - Company is maintaining proper records of inventory stationery & stores. No material discrepancies were noticed on physical verification
 - The Company has not granted any loans to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
 - The Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act 2013 and Rules framed thereunder.
 - According to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii)
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is generally regular in deposition of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues except for some delays in deposition of professional tax. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise. No undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us and on the examination of records of the company, there are no dues of Provident Fund, ESI, sales tax, duty of customs, excise, value added tax, cess and any other statutory dues which have not been deposited with the appropriate authorities on account of any dispute except for Service tax, income tax and property tax. The details for the same are hereunder:

Name of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where dispute is pending
Service Tax, as per Finance Act, 1994	Show Cause Notice cum Demand of service Tax	486.57	April 2004 to March 2013	CESTAT
Income Tax Act, 1961	Penalty order	1.22	April 2010 to March 2011	Commissioner of Income Tax (Appeals)

- viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

FOR LUTHRA & LUTHRA
(Chartered Accountants)
FRN :002081N

CA Nilesh Mehta
Partner
M.No. : 093847

Place : New Delhi
Date : May 19, 2017

Supplementary-Directions to the Statutory Auditors

S. No.	Directions	Reply
1	Whether the company has clear title/ lease deeds for freehold and leasehold property respectively. If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	The company has leasehold building in its possession for which lease deed is available in company's name.
2	Whether there are any cases of waiver/ write off of debts/loans/ interest etc., if yes, the reasons there for and the amount involved.	As per record and information provided to us no amount has been written off / waived off of debtors / loans/interest during the year. Further an amount of Rs. 64.57 lacs have been provided during the year.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	This Clause is not applicable to the company as no inventory is held with third parties and no assets recd as gift.

FOR LUTHRA & LUTHRA
(Chartered Accountants)

FRN :002081N

Place: New Delhi
Date: May 19, 2017

CA Nilesh Mehta
Partner
M.No. : 093847

ANNEXURE-B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Certification Engineers International Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting.

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR LUTHRA & LUTHRA
(Chartered Accountants)
FRN :002081N

CA Nilesh Mehta
Partner
M.No. : 093847

Place : New Delhi
Date : May 19, 2017

Compliance Certificate

We have conducted the audit of accounts of M/s Certification Engineers International Ltd, for the year ending 31st March 2017 in accordance with the directions/ sub directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions / sub-directions issued to us.

FOR LUTHRA & LUTHRA
(Chartered Accountants)
FRN :002081N

CA Nilesh Mehta
Partner
M.No. : 093847

Place: New Delhi
Date: May 19, 2017

Balance Sheet

AS AT 31ST MARCH, 2017

(₹ IN LAKHS)

PARTICULARS	NOTE NO.	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016	AS AT 1 ST APRIL 2015
ASSETS				
Non-current Assets				
Property, plant and equipment	4	221.79	229.39	243.62
Other intangibles assets	5	0.14	0.89	1.66
Financial assets				
Loans	6A	13.29	87.78	54.94
Other financial assets	7A	44.32	32.55	41.69
Deferred tax assets (net)	8	160.39	146.31	126.29
Non-current tax assets (net)	9	312.67	322.17	283.88
Other non-current assets	10A	3.57	7.75	12.49
Total non-current Assets		756.17	826.84	764.57
Current Assets				
Inventories	11	3.48	4.66	2.87
Financial assets				
Investments	12	257.04	159.11	53.20
Loans	6B	263.44	184.25	144.30
Trade receivables	13	1,723.95	1,558.07	1,401.90
Cash and cash equivalents	14	139.80	54.73	62.88
Other bank balances	15	4,592.33	4,495.83	4,328.54
Other financial assets	7B	340.57	509.74	362.51
Other current assets	10B	68.70	62.12	22.18
Total current Assets		7,389.31	7,028.51	6,378.38
Total assets		8,145.48	7,855.35	7,142.96
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	100.00	100.00	100.00
Other equity	17	7,006.04	6,571.43	6,143.30
Total equity and Liabilities		7,106.04	6,671.43	6,243.30
Non-current liabilities				
Financial liabilities				
Other financial liabilities	18A	13.34	12.62	0.01
Other non-current liabilities	19A	0.04	1.31	-
Long-term provisions	20A	408.33	391.21	294.18
Total non-current liabilities		421.71	405.14	294.19
Current liabilities				
Financial liabilities				
Trade payables	21	199.92	292.56	136.85
Other financial liabilities	18B	86.10	77.08	86.00

Other current liabilities	19B	200.06	240.16	171.40
Short-term provisions	20B	35.39	57.27	42.07
Current tax liabilities (net)	22	96.26	111.71	169.15
Total current liabilities		<u>617.73</u>	<u>778.78</u>	<u>605.47</u>
Total equity and liabilities		<u>8,145.48</u>	<u>7,855.35</u>	<u>7,142.96</u>

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.

1 to 46

This is the balance sheet referred to in our report of even date

For and on behalf of Certification Engineers International Limited

For LUTHRA & LUTHRA
Chartered Accountants
Firm Regn. No. 002081N

(S D KHERDEKAR)
Chief Executive Officer
PAN: ADQPK1440B

(RAMA KANT GARG)
Director
DIN: 02071295

(SANJAY GUPTA)
Chairman
DIN: 05281731

(NILESH MEHTA)
Partner
Membership No.093847
FRN No.002081N

Place: New Delhi
Date: May 19, 2017



Statement of Profit & Loss

FOR THE YEAR ENDED 31ST MARCH 2017

(₹ IN LAKHS)

PARTICULARS	NOTE NO.	31 ST MARCH 2017	31 ST MARCH 2016
Revenue			
Income from services	23	3,818.26	3,756.34
Other income	24	377.35	409.95
Total revenue		4,195.61	4,166.29
Expenses			
Manpower service	25	888.43	961.09
Employee benefits expense	26	929.25	943.89
Finance costs	27	1.25	0.12
Depreciation and amortisation expense	28	19.55	20.07
Other expenses			
Facilities	29A	155.97	152.02
Corporate costs	29B	37.59	37.39
Other costs	29C	593.22	559.51
Total expenses		2,625.26	2,674.09
Profit before tax		1,570.35	1,492.20
Tax expense			
Current tax (including earlier years)	30	571.81	527.51
Deferred tax credit		(22.40)	(14.70)
Profit for the year		1,020.94	979.39
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurement gains (losses) on defined benefit plans		23.64	(14.76)
Income tax relating to items that will not be reclassified to profit and loss		(8.18)	5.11
Total comprehensive income for the year		1,036.40	969.74
Earnings per equity share (face value ₹100 per share)	31		
Basic (₹)		1,020.94	979.39
Diluted (₹)		1,020.94	979.39

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.
This is the statement of profit and loss referred to in our report of even date.

1 to 46

For and on behalf of Certification Engineers International Limited

For LUTHRA & LUTHRA
Chartered Accountants
Firm Regn. No. 002081N

(S D KHERDEKAR)
Chief Executive Officer
PAN: ADQPK1440B

(RAMA KANT GARG)
Director
DIN: 02071295

(SANJAY GUPTA)
Chairman
DIN: 05281731

(NILESH MEHTA)
Partner
Membership No.093847
FRN No.002081N

Place: New Delhi
Date: May 19, 2017

Statement of changes in equity as at 31 March 2017

A Equity share capital* (₹ in lakhs)							
Particulars	Opening balance as at 1 April 2015	Issue of equity share capital during the year	Redemption of equity share capital during the year	Balance as at 31 March 2016	Issue of equity share capital during the year	Redemption of equity share capital during the year	Balance as at 31 March 2017
Equity share capital	100.00	-	-	100.00	-	-	100.00
B Other equity* (₹ in lakhs)							
Description	Reserves and surplus			Other comprehensive income		Total	
	General reserve	Retained earnings	CSR activity reserve	Remeasurement of defined benefit plans			
Balance as at 1 April 2015	5,816.33	283.47	43.50	-		6,143.30	
Profit for the year	-	979.39	-	-		979.39	
Other comprehensive income	-	-	-	(9.65)		(9.65)	
Dividend (including tax impact)	-	(541.61)	-	-		(541.61)	
Transfer from retained earnings	-	(22.88)	22.88	-		-	
Transfer to retained earnings	-	28.12	(28.12)	-		-	
Balance as at 31 March 2016	5,816.33	726.49	38.26	(9.65)		6,571.43	
Profit for the year	-	1,020.94	-	-		1,020.94	
Other comprehensive income	-	-	-	15.46		15.46	
Dividend (including tax impact)	-	(601.79)	-	-		(601.79)	
Transfer from statement of profit and loss	-	-	-	-		-	
Transfer from retained earnings	-	(24.74)	24.74	-		-	
Transfer to retained earnings	-	26.66	(26.66)	-		-	
Balance as at 31 March 2017	5,816.33	1,147.56	36.34	5.81		7,006.04	
*Refer note 16 for details							
*Refer note 17 for details							

For and on behalf of Certification Engineers International Limited

For LUTHRA & LUTHRA
Chartered Accountants
Firm Regn. No. 002081N

(S D KHERDEKAR)
Chief Executive Officer
PAN: ADQPK1440B

(RAMA KANT GARG)
Director
DIN: 02071295

(SANJAY GUPTA)
Chairman
DIN: 05281731

(NILESH MEHTA)
Partner
Membership No.093847
FRN No.002081N

Place: New Delhi
Date: May 19, 2017

Cash Flow Statement

FOR THE YEAR ENDED ON 31ST MARCH, 2017

(₹ IN LAKHS)

PARTICULARS	Year ended on 31.03.2017	Year ended on 31.03.2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,570.35	1,492.20
Adjustments for:		
Depreciation and amortisation expense	19.55	20.07
Provision for employee benefits	18.88	97.48
Provision for doubtful receivables	64.57	(55.96)
Interest income and amortised income on security deposit liability	(362.40)	(385.91)
Interest expense	1.25	0.12
Dividend income	(14.09)	(11.94)
Capital gain on sale of mutual funds	(0.86)	-
Operating profit before working capital changes	1,297.25	1,156.06
Movement in working capital		
Increase in trade receivables	(229.97)	(100.21)
Decrease/(increase) in inventories	1.18	(1.79)
Decrease/(increase) in other current and non-current assets	(2.40)	(35.19)
Increase in loans	(4.70)	(72.67)
Decrease/(increase) in other current financial assets	169.15	(147.39)
(Decrease)/increase in other current and non-current liabilities	(39.47)	69.97
(Decrease)/increase in other current financial and non-financial liabilities	(82.90)	159.42
Cash flow from operating activities post working capital changes	1,108.14	1,028.20
Income tax paid (net)	(579.99)	(623.25)
Net cash flow from operating activities (A)	528.15	404.95
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(11.20)	(5.06)
Movement in current investments (net)	(97.06)	(106.05)
Investment in bank deposits	(108.27)	(172.71)
Interest received	362.40	400.50
Dividend received	14.09	11.94
Net cash flows used in investing activities (B)	159.96	128.62
C CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid (including tax)	(601.79)	(541.61)
Interest paid	(1.25)	(0.12)

Cash Flow Statement (Contd.)

FOR THE YEAR ENDED ON 31ST MARCH, 2017

PARTICULARS	Year ended on 31.03.2017	Year ended on 31.03.2016
Net cash used in financing activities (C)	<u>(603.04)</u>	<u>(541.73)</u>
Increase in cash and cash equivalents (A+B+C)	85.07	(8.15)
Cash and cash equivalents at the beginning of the year	54.73	62.88
Cash and cash equivalents at the end of the year	<u>139.80</u>	<u>54.73</u>
This is the cash flow statement as referred to in our report of even date.		
For and on behalf of Certification Engineers International Limited		
For LUTHRA & LUTHRA Chartered Accountants Firm Regn. No. 002081N	(S D KHERDEKAR) Chief Executive Officer PAN: ADQPK1440B	(RAMA KANT GARG) Director DIN: 02071295
(NILESH MEHTA) Partner Membership No.093847 FRN No.002081N	(SANJAY GUPTA) Chairman DIN: 05281731	
Place: New Delhi Date: May 19, 2017		

Significant Accounting Policies and Notes to Accounts for the Year Ended March 31, 2017

1. NATURE OF PRINCIPAL ACTIVITIES

Certification Engineers International Limited (referred to as “CEIL” or “the Company”) is a Government of India Enterprise a wholly owned subsidiary Company of Engineers India Limited. The Company undertakes certification, recertification, third party inspection, safety audits for offshore and onshore oil and gas facilities and other quality sensitive sectors of the industry. The Company is domiciled in India and has its registered office situated at 1 Bhikaji Cama Place, New Delhi 110066.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 ('Ind AS') issued by Ministry of Corporate Affairs ('MCA'). The Group has uniformly applied the accounting policies during the period presented.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first one the Company has prepared in accordance with Ind AS. For the purpose of comparatives, financial statements for the year ended 31 March 2016 are also prepared under Ind AS.

The financial statements for the year ended 31 March 2017 were authorized and approved for issue by the Board of Directors on 19 May 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONCEPTS

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS. The accounts are prepared on historical cost concept based on accrual method of accounting as a going concern.

B. REVENUE RECOGNITION

REVENUE RECOGNITION

Revenue from services rendered is accounted for at fair value of consideration received or receivable, excluding taxes and rebates. In most cases, the consideration is in the form of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable and is determined by discounting all expected receipts using an imputed rate of interest.

Revenue from services is accounted as follows:

- In the case of cost plus/rate basis jobs, on the basis of amount billable under the contracts
- In the case of lumpsum contracts, as proportion of actual direct costs of the work performed to latest estimated total directcost of the work performed
- In case of contracts providing for a percentage fees on equipment/material value/project cost, on the basis of physical progress as certified up to the closing date of accounting year

Any expected loss shall be recognised as an expense immediately.

Other claims including interest on outstanding are accounted for when there is probability of ultimate collection.

WORK-IN-PROGRESS

a) Cost of jobs are carried forward as Work-in-Progress for which:

- i. The terms of remuneration receivable by the company have not been settled and/or scope of work has not been clearly defined and therefore, it is not possible in the absence of settled terms to determine whether there is a profit/(loss) on such jobs. However, in cases where minimum undisputed terms have been agreed to by the clients, income has been accounted for on the basis of such undisputed terms though the final terms are still to be settled.
- ii. The terms have been agreed to at lump sum basis but the physical progress is less than 25% of the job.

b) Work-in-Progress is valued at direct cost

C. INTANGIBLE ASSETS**Recognition**

Intangible assets (softwares) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent measurement (amortisation)

The cost of capitalized software is amortized over a period of three years from the date of its acquisition.

D. PROPERTY, PLANT AND EQUIPMENT**Recognition**

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. The cost of any software purchased initially along with the computer hardware is being capitalized along with the cost of the hardware. Any subsequent acquisition/up-gradation of software is being capitalized as an intangible asset.

Whenever any new office space is acquired and partitions/fixtures and fittings are provided to make it suitable for use, the expenditure on the same is capitalized and depreciation is charged.

Whenever significant parts of the property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent measurement (depreciation)

Depreciation on property, plant and equipment is charged on straight line method either on the basis of rates arrived at with reference to the useful life of the assets evaluated by the Committee consisting of Technical experts and approved by the Management or rates arrived at based on useful life prescribed under Part C of Schedule II of the Companies Act, 2013, whichever is higher.

Premium paid on leasehold property where lease agreements have been executed for specified period are written off over the period of lease proportionately.

100% depreciation is provided on library books in the year of purchase.

Property, plant and equipment individually costing less than INR 5,000 are fully depreciated in the year of acquisition.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss when the asset is derecognised.

E. FOREIGN CURRENCY*Functional and presentation currency*

The financial statements are presented in INR, which is also the functional currency of the Company.

*Foreign currency transactions and balances**Initial recognition*

Foreign currency transactions are accounted for at average monthly rates based on market rates for preceding month.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

F. IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of cash generating assets are reviewed for impairment whenever an event or changes in circumstances indicate that carrying amount of such assets may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of assets. If it is found that some of the impairment losses already recognized needs to be reversed the same are recognized in the statement of Profit & Loss Account in the year of reversal.

G. FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

i. **Debt instruments at amortised cost** – A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Mutual funds** – All mutual funds in scope of ‘Ind AS 109 Financial Instruments’ (‘Ind AS 109’) are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. This category generally applies to long-term payables and deposits.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

H. IMPAIRMENT OF FINANCIAL ASSETS

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

As a practical expedient the Company has adopted 'simplified approach' using the provision matrix method for recognition of expected loss on trade receivables. The provision matrix is based on historical default rates observed over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. Further receivables are segmented for this analysis where the credit risk characteristics of the receivable are similar.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

I. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The provision for estimated liabilities on account of guarantees and warranties etc. in respect of lumpsum services and turnkey contracts awarded to the Company are being made on the basis of management's assessment of risk and consequential probable liabilities on each such jobs.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are disclosed by way of note unless the possibility of outflow is remote. Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

J. INVENTORIES

Inventories in respect of stores, spares and chemicals etc. are valued at lower of cost and net realizable value

Cost includes the cost of purchase (discounted to their present values, if the time value of money is material) and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on "First In, First Out" basis

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale

K. INCOME TAXES

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

L. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits i.e. balances held with banks in current accounts for unrestrictive use. Cash equivalents are short term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Company considers unrestrictive time deposits with banks having an original maturity of three months or less as cash equivalent.

M. POST-EMPLOYMENT BENEFITS AND SHORT-TERM EMPLOYEE BENEFITS

Defined benefit plans

Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. Defined benefit plans include gratuity, post-retirement medical benefit and other retirement benefit plans.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term benefits

The liabilities for leave (earned and sick) and are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. The liability is recognised in the statement of financial position basis the present value of expected future payments to be made in respect of services provided by employees upto the end of reporting period (using the projected unit credit method) on the basis of actuarial valuation.

Liability in respect of long-service awards is recognised in the statement of financial position basis the present value of expected future payments to be made in respect of services provided by employees upto the end of reporting period (using the projected unit credit method) on the basis of actuarial valuation.

Short-term employee benefits

Short term benefits comprise of employee costs such as salaries, bonus etc. are accrued in the year in which the associated service are rendered by employees.

Defined contribution plans

Contributions with respect to provident fund, a defined contribution plan, are deposited to Regional Provident Fund Commissioner. The Company's contribution to provident fund is recognised as expense in Statement of Profit and Loss.

Other benefits

Voluntary retirement expenses are charged to statement of profit and loss in the year of its incurrence.

N. RECENT ACCOUNTING PRONOUNCEMENT

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

O. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

P. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

Significant management judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Revenue – The Company recognises revenue using the stage of completion method. This requires estimates to be made of the outcomes of long-term construction and service contracts, which require assessments and judgements to be made on changes in work scopes, balance efforts, cost and time to complete the contract including probability of levy for liquidated damages and price reduction for delay to the extent they are probable and they are capable of being reliably measured.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Provisions – At each balance sheet date, based on the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However the actual future outcome may be different from this judgement

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Notes to the Financial Statements

FOR THE YEAR ENDED ON 31ST MARCH, 2017

Note - 4

Property, plant and equipment

(₹ in lakhs)

Particulars	Vehicles	Office Equipments	Leasehold Property*	Air Conditioner	Computer hardware	Furniture and fixtures	Library books	Total
Gross carrying amount (deemed cost)								
At 1 April 2015	3.24	3.73	202.08	6.98	9.30	18.29	-	243.62
Additions	-	1.52	-	-	0.34	2.85	0.04	4.75
Disposals/assets written off	-	(0.27)	-	-	(1.01)	-	-	(1.28)
Balance as at 31 March 2016	3.24	4.98	202.08	6.98	8.63	21.14	0.04	247.09
Additions	-	0.62	-	-	8.61	1.82	0.15	11.20
Disposals/assets written off	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	3.24	5.60	202.08	6.98	17.24	22.96	0.19	258.29
Accumulated depreciation								
At 1 April 2015								
Charge for the year	0.65	3.22	3.87	2.02	3.81	5.36	0.04	18.97
Adjustments for disposals	-	(0.26)	-	-	(1.01)	-	-	(1.27)
Balance as at 31 March 2016	0.65	2.96	3.87	2.02	2.80	5.36	0.04	17.70
Charge for the year	0.65	0.61	3.89	2.01	5.93	5.56	0.15	18.80
Adjustments for disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	1.30	3.57	7.76	4.03	8.73	10.92	0.19	36.50
Net book value as at 1 April 2015	3.24	3.73	202.08	6.98	9.30	18.29	-	243.62
Net book value as at 31 March 2016	2.59	2.02	198.21	4.96	5.83	15.78	-	229.39
Net book value as at 31 March 2017	1.94	2.03	194.32	2.95	8.51	12.04	-	221.79

*Acquired from CIDCO Limited on 60 years lease basis

(i) Contractual obligations

Refer to note 36(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Deemed cost value of property plant and equipment

(₹ in lakhs)

Particulars	Vehicles	Office Equipments	Leasehold Property*	Air Conditioner	Computer hardware	Furniture and fixtures	Library books	Total
Gross carrying amount								
At 1 April 2015	5.41	17.41	231.78	21.85	71.94	60.23	2.42	411.04
Accumulated depreciation								
At 1 April 2015	2.17	13.68	29.70	14.87	62.64	41.94	2.42	167.42
Net book value (deemed cost) as at 1 April 2015	3.24	3.73	202.08	6.98	9.30	18.29	-	243.62

Notes to the Financial Statements (Cont.)

FOR THE YEAR ENDED ON 31ST MARCH, 2017

Note - 5

Intangible assets

(₹ in lakhs)

Particulars	Computer software	Total
Gross carrying amount		
At 1 April 2015	1.66	1.66
Additions	0.33	0.33
Disposals/assets written off	-	-
Balance as at 31 March 2016	1.99	1.99
Additions	-	-
Disposals/assets written off	-	-
Balance as at 31 March 2017	1.99	1.99
Accumulated amortisation		
At 1 April 2015	-	-
Amortisation charge for the year	1.10	1.10
Adjustments for disposals	-	-
Balance as at 31 March 2016	1.10	1.10
Charge for the year	0.75	0.75
Adjustments for disposals	-	-
Balance as at 31 March 2017	1.85	1.85
Net book value as at 1 April 2015	1.66	1.66
Net book value as at 31 March 2016	0.89	0.89
Net book value as at 31 March 2017	0.14	0.14

(i) Deemed cost value of intangible assets

Particulars	Computer software	Total
Gross carrying amount		
At 1 April 2015	18.82	18.82
Accumulated depreciation		
At 1 April 2015	17.16	17.16
Net book value (deemed cost) as at 1 April 2015	1.66	1.66

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2017

(₹ in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Note - 6			
A Loans - non-current			
Unsecured, considered good unless otherwise stated	13.29	87.78	54.94
Security deposit	<u>13.29</u>	<u>87.78</u>	<u>54.94</u>
B Loans - current			
Unsecured, considered good unless otherwise stated	9.18	18.71	7.62
Loans to employees	-	7.12	-
Loans to others	254.27	158.42	136.68
Security deposit	<u>263.44</u>	<u>184.25</u>	<u>144.30</u>
Note - 7			
A Other financial asset - non-current	44.32	32.55	41.69
Term deposits with maturity exceeding one year*	<u>44.32</u>	<u>32.55</u>	<u>41.69</u>
<p>* Includes bank deposits held under lien against bank guarantees of ₹ 40.66 Lakhs (previous year 31 March 2016: ₹ 30.98 lakhs and previous year 1 April 2015: ₹ 35.94 lakhs)</p> <p>The above also includes interest accrued on bank deposits of ₹ 3.66 Lakhs (previous year 31 March 2016: ₹ 1.57 lakhs and previous year 1 April 2015 : ₹ 5.75 lakhs)</p>			
B Other financial assets - current			
Unbilled income	339.87	507.48	360.80
Work in progress*	0.70	2.26	1.71
	<u>340.57</u>	<u>509.74</u>	<u>362.51</u>
*As taken, valued and certified by Management			
Note - 8			
Deferred tax assets (net)			
Deferred tax assets arising on:			
Employee benefits:			
Provision for leave encashment	112.82	145.22	115.18
Provision for long service awards	6.56	5.40	4.98
Provision for compensatory off - offshore/leave	2.49	8.34	3.94
Provision for gratuity	34.19	4.60	-
Provision for employee related expenses allowed on payment basis	0.92	0.40	0.40
Provision for doubtful receivables	33.65	11.34	30.71
Others:			
Amortised cost financial instruments	0.88	1.26	1.11
Deferred tax liabilities arising on:			
Depreciation	(31.11)	(30.24)	(30.03)
	<u>160.39</u>	<u>146.31</u>	<u>126.29</u>

Movement in deferred tax assets and liabilities

(₹ in lakhs)

Particulars	1 April 2015	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2016	Recognised in other comprehensive income	Recognised in statement of profit and loss	31 March 2017
Assets							
Employee benefits	124.50	5.11	34.35	163.96	(8.18)	1.19	156.97
Trade receivables	30.71	-	(19.58)	11.34	-	22.31	33.65
Others	1.11	-	0.14	1.26	-	(0.23)	0.88
Liabilities							
Depreciation	(30.03)	-	(0.21)	(30.24)	-	(0.87)	(31.11)
	126.29	5.11	14.70	146.31	(8.18)	22.40	160.39

Particulars	31 March 2017	31 March 2016	1 April 2015
Note - 9			
Non-current tax assets (net)			
Advance income tax (net of provision for taxation amounting to ₹ 1,326.08 (previous year 31 March 2016: ₹ 787.36 lakhs and previous year 1 April 2015 : ₹ 2,069.11 lakhs)	300.84	310.34	272.04
Advance fringe benefit tax	11.83	11.83	11.83
	<u>312.67</u>	<u>322.17</u>	<u>283.88</u>
A Note - 10			
Other non-current assets			
Prepaid expenses	3.57	7.75	12.49
	<u>3.57</u>	<u>7.75</u>	<u>12.49</u>
B Other current assets			
Balance with government authorities	52.83	48.77	11.10
Prepaid expense	15.87	13.35	11.08
	<u>68.70</u>	<u>62.12</u>	<u>22.18</u>
Note - 11			
Inventories (lower of cost or net realizable value)			
Stores, spares and chemicals in hand	3.48	4.66	2.87
	<u>3.48</u>	<u>4.66</u>	<u>2.87</u>
Note - 12			
Investments			
UTI Treasury Advantage Fund (face value ₹ 1000 per unit)*	257.04	159.12	53.20
	<u>257.04</u>	<u>159.12</u>	<u>53.20</u>

* At 31 March 2017 25,609.07 units (previous year :31 March 2016: 15,874.725 units and previous year :1 April 2015: 5,307.325 units)

Note - 13

Trade receivables (unsecured)

Trade receivable	1,723.95	1,558.07	1,401.90
Considered good	97.33	32.76	88.72
Considered doubtful	1,821.28	1,590.83	1,490.62
Less: Provision for doubtful receivables	(97.33)	(32.76)	(88.72)
	1,723.95	1,558.07	1,401.90

Note - 14

Cash and cash equivalents

Balances with banks in current account	139.76	54.58	62.84
Cash on hand	0.03	0.15	0.05
	139.80	54.73	62.88

(i) Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.12	0.18	0.30
Add: Permitted receipts	-	0.20	0.20
Less: Permitted payments	-	0.22	0.22
Less: Amount deposited in banks	0.12	-	0.12
Closing cash in hand as on 30 December 2016	-	0.16	0.16

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November, 2016

Note - 15

Other bank balances

Balances with banks in deposits account having maturity of more than three months but are due for maturity within twelve months*

4,592.33	4,495.83	4,328.54
4,592.33	4,495.83	4,328.54

*Includes ₹ 154.28 Lakhs (previous year 31 March 2016: ₹ 188.70 Lakhs and previous year 1 April 2015: ₹ 232.67 Lakhs) held under lien against bank guarantees.

*Includes interest accrued on bank deposits ₹ 208.79 lakhs (previous year 31 March 2016: ₹ 243.49 lakhs and previous year 1 April 2015: ₹ 253.87 lakhs)

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(₹ in lakhs)

Particulars	31 March 2017 Amount	31 March 2016 Amount	1 April 2015 Amount
Note - 16			
Share capital			
Authorised share capital			
200,000 (previous year 31 March 2016 and 1 April 2015: 200,000) equity shares of par value of ₹ 100 each	200.00	200.00	200.00
	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>
Issued share capital			
100,000 (previous year 31 March 2016 and 1 April 2015: 100,000) equity shares of par value of ₹ 100 each	100.00	100.00	100.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
Subscribed and paid up*			
100,000 (previous year 31 March 2016 and 1 April 2015: 100,000) equity shares of par value of ₹ 100 each	100.00	100.00	100.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
a) *All shares are held by Holding Company- Engineers India Ltd. and its Nominees			
Reconciliation of shares outstanding at the beginning and at the end of the year			
Equity shares	Amount	Amount	Amount
Shares outstanding at the beginning of the year	10,000,000	10,000,000	10,000,000
Add : shares issued during the year			
Shares outstanding at the end of the year	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
b) Details of shareholders holding more than 5% equity shares in the Company			
Name of shareholders	Number	Number	Number
Engineers India Limited	10,000,000	10,000,000	10,000,000
Shareholding	100%	100%	100%

Note - 17**Reserves and surplus**

Nature and purpose of other reserves

CSR activity reserve

The Company is required to create the CSR activity reserve for the allocation of expenses in respect of CSR activities. CSR Activity Reserve represents unspent amount, out of amounts set aside of profit earned in the past years for meeting social obligations as per Department of Public Enterprise guidelines for Corporate Social Responsibility and provisions of Companies Act, 2013 and rules made thereunder.

General reserve

The Company is required to create a general reserve out of the profits when the Company declares dividend to shareholders.

Other comprehensive income

Other comprehensive income represents balance arising on account of re-measurement of defined benefit plans.

Note - 18

Other financial liabilities - non-current

	13.34	12.62	0.01
A Security deposits and retentions	<u>13.34</u>	<u>12.62</u>	<u>0.01</u>

B Other financial liabilities - current

Security deposits and retentions	28.39	13.00	15.63
Accrued employee benefits	57.71	64.08	70.38
	<u>86.10</u>	<u>77.08</u>	<u>86.00</u>

Note - 19

A Other non-current liabilities

Deferred income	0.04	1.31	-
	<u>0.04</u>	<u>1.31</u>	<u>-</u>

B Other current liabilities

Advances received from clients	14.26	34.46	27.08
Deferred income	1.29	1.26	
Unearned income billed to clients	93.51	131.84	118.21
Service tax payable	-	-	2.92
Withholding for income taxes	16.63	19.42	11.56
Withholding for employees including employers contribution	11.22	-	-
Other liabilities	63.16	53.16	11.63
	<u>200.06</u>	<u>240.16</u>	<u>171.40</u>

Note - 20

A Long-term provisions

Employees' post retirement/long-term benefits	408.33	391.21	294.17
	<u>408.33</u>	<u>391.21</u>	<u>294.17</u>

B Short-term provisions

Employees' post retirement/long-term benefits	35.39	57.27	42.07
	<u>35.39</u>	<u>57.27</u>	<u>42.07</u>

Note - 21

Trade payables

Trade and other payables (refer note 41)	199.93	292.56	136.85
	<u>199.93</u>	<u>292.56</u>	<u>136.85</u>

Note - 22

Current tax liabilities (net)

Provision for taxation (net of advance tax amounting to ₹ 457.56 lakhs (previous year 31 March 2016: ₹ 425.20 lakhs and previous year 1 April 2015 : ₹ 294.56 lakhs)	96.26	111.71	169.15
	<u>96.26</u>	<u>111.71</u>	<u>169.15</u>

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(₹ in lakhs)

	31 March 2017	31 March 2016
Note - 23		
Revenue from operations		
Income from services	3,819.81	3,755.79
	<u>3,819.81</u>	<u>3,755.79</u>
Increase/(decrease) in work-in-progress		
Closing work-in-progress	0.70	2.26
Less : opening work-in-progress	2.26	1.71
	(1.56)	0.55
	<u>3,818.26</u>	<u>3,756.34</u>
Note - 24		
Other income		
Interest income		
Bank deposits	345.01	379.83
Income-tax refunds	-	6.08
Amortization of deferred income	17.39	10.68
Capital gain on sale of mutual fund units	0.86	-
Dividend from current investments	14.09	11.94
Foreign exchange difference (net)*	-	1.33
Income from sale of assets	-	0.01
Miscellaneous income	-	0.08
	<u>377.35</u>	<u>409.95</u>
Note - 25		
Manpower service		
Manpower service	888.43	961.09
	<u>888.43</u>	<u>961.09</u>
Note - 26		
Employee benefits expense		
Salaries and allowances	746.05	865.78
Contribution towards employees pension and provident fund and administration charges thereon	66.84	63.79
Staff welfare	7.22	4.84
Contribution to gratuity fund (net of contribution received from others)	109.14	9.48
	<u>929.25</u>	<u>943.89</u>
Note - 27		
Finance cost	1.25	0.12
Interest expenses	<u>1.25</u>	<u>0.12</u>

Note - 28

Depreciation

Depreciation on property, plant and equipment	18.80	18.97
Amortisation of intangible assets	0.75	1.10
	19.55	20.07

Note - 29

Other expenses

A Facilities Cost

Rent - residential accommodation (net of recovery of ₹ 4.87 lakhs (previous year: ₹ 4.65 lakhs))	48.95	42.80
Rental expense	15.39	10.36
Rent - office	30.72	32.72
Electricity and water	22.94	22.39
Repairs to building	3.31	2.30
Other repairs and maintenance	27.52	32.10
Hire charges - office equipment	3.75	3.83
Insurance	3.37	5.52
	155.97	152.02

B Corporate Cost

Bank charges	3.94	2.60
Sitting fees to independent directors	3.00	0.40
Publicity	4.16	7.30
Entertainment	10.09	10.58
Remuneration to Auditors:		
For Audit	2.50	2.00
For Tax Audit	0.50	0.40
Certification	0.10	0.21
Out of Pocket	2.31	2.89
Filing fee	0.69	0.07
Legal and professional charges	7.32	4.94
Licences and taxes	2.98	6.00
	37.59	37.39

C Other Cost

Travel and conveyance	444.89	513.15
Printing, stationery and general office supplies	11.07	10.73
Newspapers and periodicals	0.12	0.15
Postage and telecommunications	20.25	15.72
Courier, transportation and handling	3.11	3.85
Provision for doubtful receivables	64.57	(55.96)
Amounts written off	5.95	33.94
Foreign exchange difference (net)	1.26	
Corporate social responsibility expenditure	26.66	28.12
Miscellaneous expenses	9.22	7.95
Training expenses	6.11	1.87
	593.22	559.51

Corporate social responsibility expenses

"The requisite disclosure relating to CSR expenditure in terms on Guidance Note on Corporate Social Responsibility (CSR) issued by Institute of Chartered Accountants of India:

(a) Gross amount required to be spent by the Company during financial year ended 2016-17 - ₹ 24.74 lakhs (previous year: ₹ 22.88 lakhs)

(b) Amount spent during the financial year ended 31 March 2017 and 31 March 2016 on:"

Particulars		In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 March 2017	-	-	-
	31 March 2016	-	-	-
On purposes other than (i) above	31 March 2017	26.66	-	26.66
	31 March 2016	28.12	-	28.12

Note - 30**Income tax**

Tax expense comprises of:

Current income tax (including earlier years impact)	571.81	527.51
Deferred tax	(22.40)	(14.70)
Income tax expense reported in the statement of profit or loss	<u>549.41</u>	<u>512.81</u>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in profit or loss are as follows:

Statement of profit and loss

Accounting profit before tax	1,570.35	1,492.20
Accounting profit before income tax	1,570.35	1,492.20
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	543.47	516.42

Adjustments in respect of current income tax

Tax impact of exempted income	(4.88)	(4.13)
Tax impact of expenses which will never be allowed	9.60	9.92
Earlier years tax impact	1.81	(9.41)
Others	(0.59)	-
	<u>549.41</u>	<u>512.81</u>

Note - 31**Earnings per share (EPS)**

Earnings per share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Profit attributable to equity shareholders	1,020.94	979.39
Weighted average number of equity shares	100,000	100,000
Nominal value per share	<u>100</u>	<u>100</u>

Earnings per equity share

Basic	1,020.94	979.39
Diluted	<u>1,020.94</u>	<u>979.39</u>

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Note - 32

(i) Financial asset - fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

(ii) Financial assets measured at fair value – recurring fair value measurements

31 March 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	257.04	-	-	257.04
Total financial assets	257.04	-	-	257.04

Financial assets measured at fair value – recurring fair value measurements

31 March 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	159.12	-	-	159.12
Total financial assets	159.12	-	-	159.12

Financial assets measured at fair value – recurring fair value measurements

1 April 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	53.20	-	-	53.20
Total financial assets	53.20	-	-	53.20

iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include - the use of net asset value for mutual funds on the basis of the statement received from investee party.

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Note - 33**Financial instruments****(i) Financial instruments by category**

Particulars	31 March 2017		31 March 2016		1 April 2015	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Investments - mutual funds	257.04	-	159.12	-	53.20	-
Trade receivables	-	1,723.95	-	1,558.07	-	1,401.90
Loans	-	9.18	-	25.83	-	7.62
Other financial assets	-	340.57	-	509.74	-	362.51
Cash and cash equivalents	-	139.80	-	54.73	-	62.88
Other bank balances	-	4,636.65	-	4,528.38	-	4,370.23
Security deposits	-	267.55	-	246.20	-	191.63
Total financial assets	257.04	7,117.70	159.12	6,922.95	53.20	6,396.77
Financial liabilities						
Trade payables	-	199.93	-	292.56	-	136.85
Security deposits and retentions	-	99.44	-	89.71	-	86.01
Total financial liabilities	-	299.37	-	382.27	-	222.86

(ii) Financial instruments measured at amortised cost

For amortised cost instruments, carrying value represents the best estimate of fair value except for long-term financial assets.

(iii) Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

(A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management*i) Credit risk rating*

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances and other financial assets	12 month expected credit loss and Life time expected credit loss
Moderate credit risk	Trade receivables	Life time expected credit loss
High credit risk	Trade receivables	Life time expected credit loss or fully provided for

In respect of trade receivables, the company recognises a provision for lifetime expected credit loss.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss

(₹ in lakhs)

Credit rating	Particulars	31 March 2017	31 March 2016	1 April 2015
A: Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	7,374.73	7,082.06	6,449.96
B: Moderate credit risk	Trade receivable	29.00	16.19	35.33
C: High credit risk	Trade receivables	68.33	16.57	53.40

ii) *Concentration of trade receivables*

The Company's exposure to credit risk for trade receivables is as follows -

(₹ in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Hydrocarbon	937.90	774.59	685.56
Infrastructure	735.02	678.50	678.83
Railways	65.59	53.97	100.91
Others	82.77	83.77	25.32
Total	1,821.28	1,590.83	1,490.62

b) Credit risk exposure

(i) Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets –

31 March 2017

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	139.80		139.80
Other bank balances	4,636.65		4,636.65
Loans	9.18		9.18
Other financial assets	608.12		608.12

31 March 2016

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	54.73	-	54.73
Other bank balances	4,528.38	-	4,528.38
Loans	25.83	-	25.83
Other financial assets	755.94	-	755.94

1 April 2015

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	62.88	-	62.88
Other bank balances	4,370.23	-	4,370.23
Loans	7.62	-	7.62
Other financial assets	554.14	-	554.14

(ii) Expected credit loss for trade receivables under simplified approach

31 March 2017

(₹ in lakhs)

Particulars	0 - 90 Days	90 - 180 Days	180 - 270 Days	270 - 360 Days	360 - 450 Days	450 - 540 Days
Gross carrying value	860.65	246.63	113.71	196.26	151.27	47.90
Expected credit loss (provision)	4.50	3.58	1.37	11.23	-	-
Carrying amount (net of impairment)	856.15	243.05	112.34	185.04	151.27	47.90

Particulars	540 - 630 Days	630 - 720 Days	720 - 1095 Days	>1095 days
Gross carrying value	14.79	69.20	68.48	68.33
Expected credit loss (provision)	-	2.91	5.42	68.33
Carrying amount (net of impairment)	14.79	66.29	63.07	-

31 March 2016

(₹ in lakhs)

Particulars	0 - 90 Days	90 - 180 Days	180 - 270 Days	270 - 360 Days	360 - 450 Days	450 - 540 Days
Gross carrying value	764.88	194.24	102.09	349.89	3.70	25.79
Expected credit loss (provision)	6.06	-	-	0.37	0.71	0.11
Carrying amount (net of impairment)	758.81	194.24	102.09	349.52	2.99	25.68

Particulars	540 - 630 Days	630 - 720 Days	720 - 1095 Days	>1095 days
Gross carrying value	31.26	19.55	82.86	16.57
Expected credit loss (provision)	0.74	-	8.19	16.57
Carrying amount (net of impairment)	30.52	19.55	74.67	-

1 April 2015

(₹ in lakhs)

Particulars	0 - 90 Days	90 - 180 Days	180 - 270 Days	270 - 360 Days	360 - 450 Days	450 - 540 Days
Gross carrying value	829.25	222.95	39.37	180.83	81.15	26.77
Expected credit loss (provision)	17.10	2.29	0.79	2.89	2.14	0.70
Carrying amount (net of impairment)	812.15	220.66	38.58	177.95	79.01	26.06

Particulars	540 - 630 Days	630 - 720 Days	720 - 1095 Days	>1095 days
Gross carrying value	13.10	27.94	15.86	53.40
Expected credit loss (provision)	0.25	2.13	7.05	53.40
Carrying amount (net of impairment)	12.86	25.81	8.81	-

Reconciliation of loss provision – lifetime expected credit losses

(₹ in lakhs)

Reconciliation of loss allowance
Trade receivables

Loss allowance as on 1 April 2015	88.72
Impairment loss recognised/reversed during the year	(55.96)
Loss allowance on 31 March 2016	32.76
Impairment loss recognised/reversed during the year	64.57
Loss allowance on 31 March 2017	97.33

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in lakhs)

31 March 2017	Less than 1 year	1 - 2 years	2 - 3 years	Total
Non-derivatives				
Trade payable	199.93	-	-	199.93
Security deposits and retentions	28.39	1.39	11.95	41.73
Other financial liabilities	57.71	-	-	57.71
Total	286.03	1.39	11.95	299.37

31 March 2016	Less than 1 year	1 - 2 years	2 - 3 years	Total
Non-derivatives				
Trade payable	292.56	-	-	292.56
Security deposits and retentions	13.00	1.52	11.10	25.62
Other financial liabilities	64.08	-	-	64.08
Total	369.64	1.52	11.10	382.26

1 April 2015	Less than 1 year	1 - 2 years	2 - 3 years	Total
Non-derivatives				
Trade payable	136.85	-	-	136.85
Security deposits and retentions	15.51	-	-	15.51
Other financial liabilities	70.38	-	-	70.38
Total	222.74	-	-	222.74

(C) Market risk**(i) Foreign exchange risk**

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The Company does not hedge its foreign exchange receivables/payables.

Foreign currency risk exposure:**(₹ in lakhs)**

Particulars	31 March 2017		31 March 2016	
	USD	EURO	USD	EURO
Trade receivables	3.23	12.09	9.49	9.37

Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	31 March 2017		31 March 2016	
	USD	EURO	USD	EURO
Currency sensitivity				
Currency increase by 1%	0.03	0.12	0.09	0.09
Currency decrease by 1%	(0.03)	(0.12)	(0.09)	(0.09)

(ii) Price risk

The Company's exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments in mutual funds, the Company diversifies its portfolio of assets.

Sensitivity analysis

Profit or loss and equity is sensitive to higher/lower prices of instruments on the Company's profit for the periods -

(₹ in lakhs)

Particulars	31 March 2017	31 March 2016
Price sensitivity		
Price increase by (3 %)- FVTPL	6.74	4.39
Price decrease by (3 %)- FVTPL	(8.63)	(5.13)

Note – 34

Capital management

The Company's objectives when managing capital are:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amounts managed as capital by the Company are summarised as follows

(₹ in Lakhs)

	31 March 2017	31 March 2016	1 April 2015
Equity share capital	100.00	100.00	100.00
Other equity	7,006.04	6,571.43	6,143.30

Net debt to equity ratio

The Company has no outstanding debt as at the end of the respective years. Accordingly, the Company has nil capital gearing ratio as at 31 March 2017, 31 March 2016 and 1 April 2015.

Note – 35

Related party

(a) The names of related parties as identified in accordance with provisions of the Indian Accounting Standard – 24 "Related Party Disclosure":

SL. No.	Name of the Related Party	Nature of Relationship
1	Engineers India Limited ('EIL')	Holding company
2	Directors/Key Management Personnel (31 March 2017)	
	Mr. Sanjay Gupta	Chairman
	Dr. (Prof.) Mukesh Khare	Director
	Mr. Umesh Chandra Pandey	Director
	Mr. Sudershan Gupta	Director (upto 30 September 2016)
	Mr. S K Handa	Director
	Mr. L K Vijn	Director
	Mr. R Mahajan	Director
	Mr. R K Garg	Director (from 1 October 2016)
	Mr. S D Kherdekar	Chief Executive Officer

SL. No.	Name of the Related Party		Nature of Relationship
3	Directors/Key Management Personnel (31 March 2016)		
	Mr. Sanjay Gupta	Chairman (from 1 June 2015)	Chairman and Managing Director in Engineers India Limited
	Mr. A. K. Purwaha	Chairman (Upto 31 May 2015)	Chairman and Managing Director in Engineers India Limited
	Dr. (Prof.) Mukesh Khare	Director (From 15 January 2016)	Director (Government Nominee) in Engineers India Limited
	Mr. Umesh Chandra Pandey	Director (From 15 January 2016)	Director (Government Nominee) in Engineers India Limited
	Mr. Sudershan Gupta	Director	Executive Director in Engineers India Limited
	Mr. S K Handa	Director (From 29 June 2015)	Director in Engineers India Limited
	Mr. L K Vijn	Director (From 21 August 2015)	Executive Director in Engineers India Limited
	Mr. R Mahajan	Director (From 21 August 2015)	Executive Director in Engineers India Limited
	Dr. J P Gupta	Director (Upto 3 July 2015)	Director (Government Nominee) in Engineers India Limited
	Mr. S D Kherdekar	Chief Executive Officer	Executive Director in Engineers India Limited

- (b) Related party transactions
During the year ended 31 March 2017, the Company had following transactions and outstanding balances with related parties

Particulars	Relationship	Year	Amount	(Payable)/ Receivable
Professional and technical services and facilities	Holding Company	31 March 2017	177.70	(35.05)
		31 March 2016	310.39	(115.23)
		1 April 2015	273.06	(22.65)
Execution of contract for Services	Holding Company	31 March 2017	532.28	161.19*
		31 March 2016	490.94	158.82
		1 April 2015	405.79	137.23
Dividend (interim and final)	Holding Company	31 March 2017	500.00	-
		31 March 2016	450.00	-
		1 April 2015	400.00	-

*includes security deposit of ₹ 21.77 Lakhs

- (c) Director's remuneration:
Sitting fees paid to part time Directors for 31 March 2017 is ₹ 3.00 Lakhs (Previous year 31 March 2016: ₹ 0.40 Lakhs and 1 April 2015: ₹ 0.90 Lakhs)
- (d) Chief Executive Officer of the Company is on deputation from EIL and the salary for which is paid by Engineers India Limited. EIL raises monthly bills on the basis of man-hour cost as per agreement with the Company which are accounted for as professional charges, under the head "Manpower Services".

Note – 36

Contingent liabilities and commitments

i) Contingent liabilities:

- Income Tax assessments have been completed up to the assessment year 2014-2015. Tax liability, if any, in respect of pending assessment
- for subsequent assessment years up to assessment year 2016-17 cannot be ascertained. Due taxes on self-assessment basis have been paid.
 - The Company has filed an application for rectification (u/s 154) of short credit given for Tax Deducted at Source (TDS) and other processing mistakes amounting to ₹ 42.63 Lakhs for the assessment year 2011-12.
 - The Company has filed an application to keep the recovery proceedings for a penalty order of ₹ 1.22 Lakhs dated 30 March 2017 in abeyance, since an appeal (u/s 254) has been heard by CIT (Appeals) on 24 April 2017.
 - The Company has filed an application for rectification (u/s 154) of short credit given for Tax Deducted at Source (TDS) amounting to ₹ 3.05 Lakhs for the assessment year 2012-13.
 - The Company has filed an application for rectification (u/s 154) of short credit given for Tax Deducted at Source (TDS) amounting to ₹ 84.52 Lakhs for the assessment year 2013-14.
 - The Company has filed an application for rectification (u/s 154) of short credit given for Tax Deducted at Source (TDS) and other processing mistakes amounting to ₹ 48.60 Lakhs in intimation u/s 143(1) for the assessment year 2014-15.
 - The Company has filed an application for rectification (u/s 154) of processing mistakes amounting to ₹ 58.53 Lakhs in intimation u/s 143(1) for the assessment year 2016-17.
- The Company has filed an appeal against a demand of service tax of ₹ 486.57 Lakhs (inclusive of penalty of ₹ 230.62 Lakhs) and interest thereon by Commissioner of Service Tax issued on 20 January 2016 covering the period from April 2004 to March 2013 before Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

ii) Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided in accounts ₹ Nil.

Note – 37

Employee benefits

The disclosures required under Indian Accounting Standard (Ind AS 19) 'Employee Benefits' are given below:

Defined contribution plan

The amount recognized as an expense in defined contribution plan is as under:

		(₹ In Lakhs)	
Particulars		31 March 2017	31 March 2016
Contributory Provident Fund and Employees' Pension Scheme, 1995		66.84	63.79
Defined Benefit Plan			
Company is having the following Defined Benefit Plans:			
• Gratuity (funded)			
• Leave encashment (unfunded)			
• Long service awards (unfunded)			
In this regard, actuarial valuation as on 31 March, 2017 was carried out by actuary in respect of all three plans, and the details are as under:			
Risks associated with plan provisions			
Inherent risk	The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.		

Disclosures related to funded obligations

a) The amounts recognized in the balance sheet (₹ in Lakhs)									
	Gratuity (funded)			Leave encashment (unfunded)			Long service awards (unfunded)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Present value of obligations as at the end of year	270.09	173.10	136.54	325.98	419.59	332.79	18.94	15.60	14.40
Fair value of plan assets as at the end of the year	171.30	159.82	147.50	--	--	--	--	--	--
Funded status	(98.79)	(13.28)	10.96	(325.98)	(419.59)	(332.79)	(18.94)	(15.60)	(14.40)
Net (asset)/liability recognized in balance sheet	98.79	13.28	(10.96)	325.98	419.59	332.79	18.94	15.60	14.40

b) Expenses recognized in statement of profit and loss (₹ in Lakhs)						
	Gratuity (funded)		Leave encashment (unfunded)		Long service awards (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Current service cost	11.52	10.35	95.25	81.32	2.57	2.33
Past service cost	96.99	--	--	--	--	--
Interest on net benefit asset/liability	0.62	(0.87)	29.35	24.76	1.03	1.14
Re-measurements gains/losses	--	--	(106.12)	35.47	(1.33)	2.32
Expenses recognized in statement of profit and loss	109.14	9.47	18.44	141.57	2.28	5.79

c) Expenses recognized in Other comprehensive income (₹ in Lakhs)						
	Gratuity (funded)		Leave encashment (unfunded)		Long service awards (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Actuarial (gains)/loss	--	--	--	--	--	--
Change in financial assumption	(19.61)	10.21	--	--	--	--
Change in demographic assumption	--	5.01	--	--	--	--
Experience adjustments	(2.90)	0.04	--	--	--	--
Actual return on plan assets	(1.11)	(0.51)	--	--	--	--
Expenses recognized in other comprehensive income	(23.62)	14.76	--	--	--	--

d) Reconciliation of opening and closing balances of defined benefit obligation

(₹ in Lakhs)

	Gratuity (funded)			Leave encashment (unfunded)			Long service awards (unfunded)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Present value of obligations as at beginning of year	173.10	136.54	116.62	419.59	332.79	279.75	15.60	14.40	12.49
Interest cost	12.66	10.92	9.33	29.35	24.76	26.56	1.14	1.03	1.15
Current service cost	11.52	10.35	9.40	95.21	81.32	71.79	2.33	2.57	2.84
Past service cost	96.99	--	--	--	--	--	--	--	--
Actuarial (gain)/loss on obligations	(22.51)	15.28	1.20	(106.12)	35.48	(9.57)	2.32	(1.34)	(0.15)
Benefit paid	(1.66)	--	--	(112.06)	(54.77)	--	(2.45)	(1.07)	(1.93)
Present value of obligations as at end of year	270.09	173.10	136.54	325.98	419.59	332.79	18.94	15.60	14.40

e) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Lakhs)

	Gratuity (funded)			Leave encashment (unfunded)			Long service awards (unfunded)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets as on beginning of year	159.81	147.50	115.73	--	--	--	--	--	--
Interest on plan assets	12.03	11.80	12.17	--	--	--	--	--	--
Re-measurements due to actual return on plan assets less interest on plan assets	1.11	0.51	--	--	--	--	--	--	--
Contributions	--	--	19.60	--	--	--	--	--	--
Benefits paid	(1.66)	--	--	--	--	--	--	--	--
Fair value of plan assets at the end of year	171.30	159.82	147.50	--	--	--	--	--	--

f) Actuarial Assumptions

	Gratuity (funded)			Leave encashment (unfunded)			Long service awards (unfunded)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.50%	7.50%	8.00%	7.50%	7.50%	8.00%	7.50%	7.50%	8.00%
Expected rate of future salary increase	9.00%	10.00%	10.00%	9.00%	10.00%	10.00%	9.00%	10.00%	10.00%
Retirement age	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years	60 years

4) Mortality rates inclusive of provision for disability -100% of IALM (2006 –08)
5) Rates of leaving service at specimen ages are as shown below:-

Age (Years)	Rates (p.a.)
21 – 30	10%
31 – 40	5%
41 – 50	3%
51 – 59	2%

6) Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph 5 above).

g) Maturity profile of defined benefit obligation

(₹ in Lakhs)

	Gratuity (funded)		Leave encashment (Earned leave) (unfunded)		Leave encashment (Sick leave) (unfunded)		Long service awards (unfunded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Weighted average of the defined benefit obligation	12.87 years	12.33 years	9.10 years	6.96 years	7.47 years	6.25 years	4.46 years	5.21 years
Duration of defined benefit obligation								
Duration (years)								
1	11.12	8.58	18.92	37.77	10.97	18.70	5.50	0.80
2	11.10	8.69	18.64	35.39	10.88	17.70	2.76	4.48
3	11.17	8.74	18.43	33.33	10.82	16.81	0.57	2.36
4	29.04	8.89	27.45	31.53	10.77	15.98	2.04	0.51
5	10.95	17.69	17.23	35.26	9.99	15.21	0.63	1.77
6	10.87	9.05	16.99	27.26	9.96	13.33	3.38	0.55
7	10.62	9.00	16.79	25.80	9.95	12.70	1.68	2.78
8	10.95	8.83	16.76	24.46	9.95	12.14	0.43	1.42
9	11.32	9.14	16.78	23.36	9.97	11.61	1.40	0.38
Above 10	741.40	444.66	352.81	275.65	109.31	99.68	9.40	9.12

h) Major Categories of Plan Assets (as percentage of total plan assets)

	Gratuity (funded)			Leave encashment (unfunded)			Long service awards (unfunded)		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Fund managed by insurer	100%	100%	100%	--	--	--	--	--	--

i) Sensitivity analysis Gratuity (funded)

(₹ in Lakhs)

Particulars	Discount rate		Salary escalation rate	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Impact of increase in 50 bps on defined benefit obligation	-6.16%	-5.90%	3.95%	1.47%
Impact of decrease in 50 bps on defined benefit obligation	6.73%	6.45%	-4.25%	-1.61%

Leave encashment (Earned Leave) (unfunded)

Particulars	Discount rate		Salary escalation rate	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Impact of increase in 50 bps on defined benefit obligation	-4.39%	-3.37%	4.63%	3.49%
Impact of decrease in 50 bps on defined benefit obligation	4.72%	3.59%	-4.35%	-3.31%

Leave encashment (Sick Leave) (Unfunded)

Particulars	Discount rate		Salary escalation rate	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Impact of increase in 50 bps on defined benefit obligation	-3.62%	-3.04%	3.78%	3.13%
Impact of decrease in 50 bps on defined benefit obligation	3.86%	3.22%	-3.59%	-2.99%

Long service awards (unfunded)

Particulars	Discount rate		Salary escalation rate	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Impact of increase in 50 bps on defined benefit obligation	-2.00%	-2.34%	-2.24%	-2.62%
Impact of decrease in 50 bps on defined benefit obligation	2.10%	2.46%	2.34%	2.74%

Note – 38

Proposed dividend

(₹ in Lakhs)

Proposed dividend on equity shares	31 March 2017	31 March 2016
Proposed Final dividend for 31 March 2017 (₹ 350 per share) (previous year 31 March 2016: ₹ 300 per share)	350.00	300.00
Dividend distribution tax on Proposed dividend	71.25	61.07
Total	421.25	361.07
Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as liability (including dividend distribution tax)		

Note – 39

CSR activity reserve amounting to ₹ 36.34 Lakhs for 31 March 2017 (Previous year 31 March 2016: ₹ 38.26 Lakhs and 1 April 2015: ₹ 43.50 Lakhs) represents unspent amount out of amounts set aside for meeting social obligations as per Department of Public Enterprise guidelines and the Companies Act 2013 for Corporate Social Responsibility

Note – 40

There is no impairment of cash generating assets during the year in terms of Ind AS 36 “Impairment of Assets” issued by the Institute of Chartered Accountants of India.

Note – 41

Liability in respect of ‘Performance Related Pay’, amounting to ₹ 49.33 Lakhs (previous year 31 March 2016: ₹ 38.81 Lakhs and for 1 April 2015: ₹ 47.97 Lakhs) for the employees for the year ended on 31 March 2017 has been estimated and provided based on scheme formulated in accordance with DPE guidelines, based upon certain ranking parameters.

Note – 42

Guarantees issued by banks and outstanding as on 31 March 2017 ₹ 467.73 Lakhs (previous years 31 March 2016 ₹ 313.64 Lakhs and 1 April 2015: ₹ 301.48 Lakhs).

Note – 43

The Company has a Memorandum of Understanding with Engineers India Limited (The Holding Company) for utilizing their facilities like providing manpower, office space and other facilities etc. The MOU provides level based fixed man hour/ man-day rates for EIL employees on cost plus overhead basis and fixed annual cost towards space, infrastructure and facilities etc.

The Company also has a Memorandum of Understanding with Engineers India Limited for providing manpower services to EIL at actual cost plus margin.

Note – 44

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the amount due to these enterprises are required to be disclosed. These enterprises are required to be registered under that Act. The Company has asked the vendors the status of MSME registration. In the absence of the relevant information from most of the vendors about their registration, the required information cannot be properly ascertained.

Based on information available with the Company, ₹ 73.93 Lakhs (previous year 31 March 2016: ₹ 55.35 Lakhs and for 1 April 2015: ₹ NIL) was outstanding payable to MSMEs at the end of the year. No amount of interest was payable for the year.

Note – 45

The Company operates in the nature of service towards Certification and Third Party Inspection jobs, which comes under single segment. Hence segment reporting requirements under Ind AS-108 issued by The Institute of Chartered Accountant of India are not applicable.

Note - 46

These are the Company's first financial statements prepared in accordance with Ind AS.

First time adoption of Ind AS

The accounting policies have been applied consistently in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, statement of profit and loss and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

1 Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value

B Ind AS mandatory exemptions

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Investment in financial instruments carried at fair value through profit and loss ('FVTPL').
- b) Impairment of financial assets based on expected credit loss model.
- c) Reconciliation of total equity (Balance sheet reconciliation) as at 31 March 2016 and 1 April 2015

Particulars	As at 31 March 2016			As at 1 April 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
Non-current assets						
Property, plant and equipment	229.39	-	229.39	243.62	-	243.62
Other intangibles assets	0.89	-	0.89	1.66	-	1.66
Financial assets						
Loans	126.98	(39.21)	87.78	78.08	(23.14)	54.94
Other financial assets	32.55	-	32.55	41.69	-	41.69
Deferred tax assets (net)	158.95	(12.64)	146.31	117.07	9.22	126.29
Non-current tax assets (net)	322.17	-	322.17	283.88	-	283.88
Other non-current assets	0.04	7.71	7.75	0.06	12.43	12.49
Total non current assets	870.98	(44.15)	826.84	766.06	(1.48)	764.58
Current assets						
Inventories	4.66	-	4.66	2.87	-	2.87
Financial assets			-		-	-
Investments	159.12	0.01	159.11	53.20	-	53.20
Loans	167.66	16.59	184.25	144.30	-	144.30
Trade receivables	1,517.90	40.26	1,558.06	1,425.32	(23.44)	1,401.90

Particulars	As at 31 March 2016			As at 1 April 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
Cash and cash equivalents	54.73	-	54.73	62.88	-	62.88
Other bank balances	4,495.83	-	4,495.83	4,328.54	-	4,328.54
Other financial assets	509.74	-	509.74	362.51	-	362.51
Other current assets	50.24	11.88	62.12	14.69	7.49	22.18
Current assets	6,959.88	68.73	7,028.50	6,394.32	(15.95)	6,378.38
Total assets	7,830.85	24.59	7,855.34	7,160.38	(17.43)	7,142.96

Particulars	As at 31 March 2016			As at 1 April 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
Equity and liabilities						
Equity						
Equity share capital	100.00	-	100.00	100.00	-	100.00
Other equity	6,186.09	385.34	6,571.43	5,859.83	283.47	6,143.30
Total equity	6,286.09	385.34	6,671.43	5,959.83	283.47	6,243.30
Non-current liabilities						
Financial liabilities						
Other financial liabilities	15.21	(2.59)	12.62	0.01	-	0.01
Other non-current liabilities	-	1.31	1.31	-	-	-
Long-term provisions	391.21	-	391.21	294.18	-	294.18
Total non current liabilities	406.42	(1.28)	405.15	294.19	-	294.19
Current liabilities						
Financial liabilities						
Trade payables	292.32	0.24	292.56	136.85	-	136.85
Other financial liabilities	77.08	-	77.08	86.00	-	86.00
Other current liabilities	238.89	1.35	240.16	171.40	-	171.40
Short-term provisions	418.34	(361.07)	57.27	342.97	(300.90)	42.07
Current tax liabilities (net)	111.71	-	111.71	169.15	-	169.15
Total current liabilities	1,138.34	(359.48)	778.77	906.36	(300.90)	605.47
Total equity and liabilities	7,830.85	24.58	7,855.35	7,160.38	(17.43)	7,142.96

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

D Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from operations	3,756.34	-	3,756.34
Other income	399.27	10.68	409.95
	<u>4,155.61</u>	<u>10.68</u>	<u>4,166.29</u>
Expenses			
Manpower service	961.09	-	961.09
Employee benefit expenses	958.65	(14.76)	943.89
Finance cost	-	0.12	0.12
Depreciation and amortisation expense	20.07	-	20.07
Other expenses			

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Facilities	141.66	10.36	152.02
Corporate costs	37.39	-	37.39
Other costs	623.09	(63.57)	559.51
Total expenses	<u>2,741.94</u>	<u>(67.86)</u>	<u>2,674.09</u>
Profit before tax	1,413.67	78.54	1,492.20
Current tax	527.51	-	527.51
Deferred tax	(41.88)	27.18	(14.70)
Profit for the year	<u>928.04</u>	<u>51.36</u>	<u>979.40</u>
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Re-measurement gains (losses) on defined benefit plans	-	(14.76)	(14.76)
Income tax relating to items that will not be reclassified to profit or loss	-	5.11	5.11
Total Comprehensive Income for the period	<u>928.04</u>	<u>41.70</u>	<u>969.74</u>

E Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Particulars	Notes to first time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		6,286.09	5,959.84
Adjustments:			
Amortised cost security deposit asset	Note – 1	(3.03)	(3.22)
Amortised cost security deposit liability	Note – 2	0.01	-
Provision for trade receivables using provision matrix approach	Note – 3	40.15	(23.43)
Dividend adjustment	Note – 4	361.06	300.89
Tax impact on above adjustments	Note – 5	(12.85)	9.22
Total adjustments		<u>385.34</u>	<u>283.46</u>
Total equity as per Ind AS		<u>6,671.43</u>	<u>6,243.30</u>

F Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	Notes to first time adoption	31 March 2016
Profit after tax as per previous GAAP		928.04
Adjustments:		
Amortised cost security deposit asset	Note – 1	0.19
Amortised cost security deposit liability	Note – 2	0.01
Provision for trade receivables using provision matrix approach	Note – 3	63.57
Tax impact on above adjustments	Note – 5	(22.07)
Total adjustments		<u>41.70</u>
Total comprehensive income for the year ended 31 March 2016		<u>969.74</u>

Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	404.69	(0.26)	404.95
Net cash flows used in investing activities	128.76	0.14	128.62
Net cash used in financing activities	(541.61)	0.12	(541.73)
Net increase/decrease in cash and cash equivalents	(8.15)	-	(8.15)
Cash and cash equivalents at the 1 April 2015	62.88	-	62.88
Cash and cash equivalents at the 31 March 2016	54.73	-	54.73

Note – 1**Amortised cost security deposit asset**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

Note – 2**Amortised cost security deposit liability**

Under the previous GAAP, interest free lease/other security deposits (that are receivable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred income.

Note – 3**Provision for trade receivables using provision matrix approach**

Under previous GAAP, provision for trade receivables is recognised on specific identification method based on management assessment of recoverability of trade receivables. As per Ind AS 109, the Company is required to apply expected credit loss model (provision matrix approach) for recognising the allowance for doubtful receivables.

Note – 4**Dividend adjustment**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability and appropriation. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend has been reversed with corresponding adjustment to retained earnings.

Note – 5**Tax impact on above adjustments**

Retained earnings has been adjusted consequent to the all Ind AS transition adjustments with corresponding impact to deferred tax.



Note – 6

Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in statement of profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

For and on behalf of Certification Engineers International Limited

For LUTHRA & LUTHRA
Chartered Accountants
Firm Regn. No. 002081N

(S D KHERDEKAR)
Chief Executive Officer
PAN: ADQPK1440B

(RAMA KANT GARG)
Director
DIN: 02071295

(SANJAY GUPTA)
Chairman
DIN: 05281731

(NILESH MEHTA)
Partner
Membership No.093847
FRN No.002081N

Place: New Delhi
Date: May 19, 2017

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF CERTIFICATION ENGINEERS
INTERNATIONAL LIMITED FOR THE YEAR ENDED 31 MARCH 2017.**

The preparation of financial statements of Certification Engineers International Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Certification Engineers International Limited for the year ended 31 March 2017 under section 143(6)(a) of the Act.

**For and on the behalf of the
Comptroller & Auditor General of India**



**(Neelesh Kumar Sah)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - II
New Delhi**

**Place: New Delhi
Date: 7.07.2017**



ATTENDANCE SLIP



An ISO 9001 : 2008, 17020 Company
Approved by PNGRB & BEE, IBR

CERTIFICATION ENGINEERS INTERNATIONAL LIMITED

Regd. Office: Engineers India Bhawan, 1, Bhikaiji Cama Place, New Delhi-110 066
Tel: 011-26762121, Fax: 011-26164868, 26186245 E-mail: ceil.del@eil.co.in
website: www.ceil.co.in, CIN: U74899DL1994GOI062371

Name of the Member/Proxy :
(In Block Letters)

Address of the Member/Proxy :

Folio No. :

DP Id* :

Client Id* :

No. of Shares held :

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 22nd Annual General Meeting of the Company held on Monday, 28th August 2017 at El Bhawan, 1, Bhikaiji Cama Place, New Delhi-110066.

.....
Member's / Proxy's Signature

1. Please fill and sign this attendance slip and hand it over at the Attendance Verification Counter at the venue of the Meeting.

2. No Gifts, gift coupons or cash in lieu of gifts shall be distributed to Members in the Annual General Meeting or afterwards.

*Applicable for shares held in electronic form.



AN ISO 9001:2008, 17020 Company

Approved by PNGRB & BEE, IIR

CERTIFICATION ENGINEERS INTERNATIONAL LIMITED

Regd. Office: Engineers India Bhawan, 1, Bhikaiji Cama Place, New Delhi-110 066

Tel: 011-26762121, Fax: 011-26164868, 26186245 E-mail: ceil.del@eil.co.in

website: www.ceil.co.in, CIN: U74899DL1994GOI062371

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):		E-mail ID:	
Registered Address:		Folio No./ *DP & Client Id:	

I/We, being the member(s) of shares of the above named Company, hereby appoint:

- (1) Name: Address:
E-mail Id: Signature:, or failing him/her;
- (2) Name: Address:
E-mail Id: Signature:, or failing him/her;
- (3) Name: Address:
E-mail Id: Signature:, or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Monday, 28th August 2017 at El Bhawan, 1, Bhikaiji Cama Place, New Delhi-110066 and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Resolutions	**For	**Against
	Ordinary Business:		
1.	To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2017 and the Reports of Directors and Auditors thereon.		
2.	To consider declaration of final dividend on equity shares.		
3.	To appoint a director in place of Shri R. Mahajan (DIN: 07262295), who retires by rotation and being eligible, offers himself for reappointment.		
4.	To fix remuneration of Auditors for the financial year 2017-18.		

Signed this..... day of..... 2017.

Signature of the Shareholder

Signature of first proxy holder

Signature of Second proxy holder

Signature of third proxy holder

Affix
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

Notes:

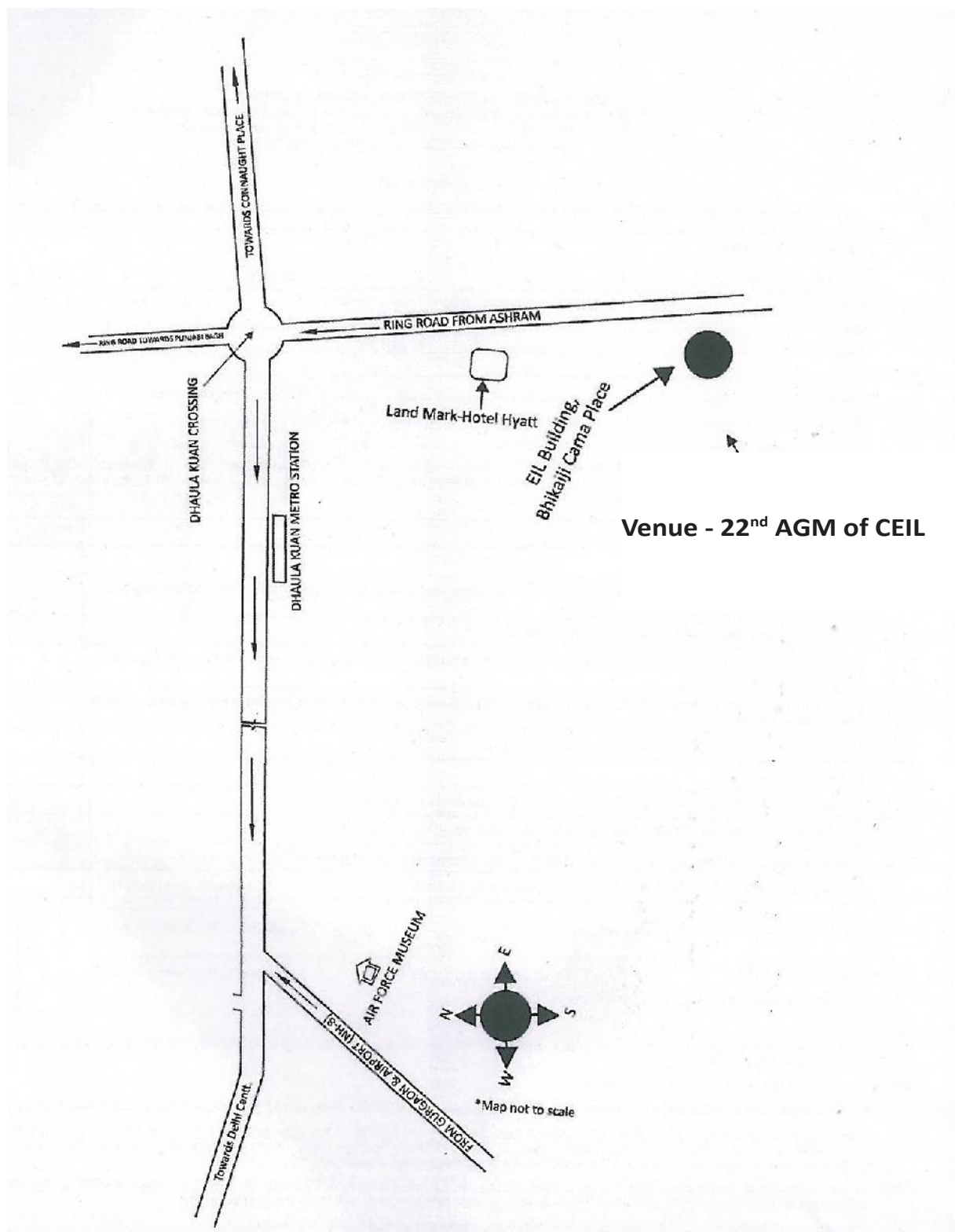
- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (2) A Proxy need not be a member of the Company.
- (3) For Resolutions, Statement pursuant to Section 102 of the Companies Act, 2013 and Notes, please refer to the Notice of 22nd Annual General Meeting.
- (4) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

** (5) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

(6) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(7) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

Route Map - Venue of 22nd AGM





CORPORATE INFORMATION

BANKERS

Bank of India

CBD Belapur Branch, Sector-11,
Navi Mumbai - 400614

Corporation Bank

Bhikaiji Cama Place Branch,
R.K. Puram, New Delhi - 110066

Indusind Bank Ltd.

Gr. Floor, Atlanta Building,
Nariman Point, Mumbai - 400021

Axis Bank

CBD Belapur Branch, Sector 11,
Navi Mumbai - 400614

State Bank of India

Konkan Bhavan Branch,
CIDCO Bhavan,
CBD Belapur, Navi Mumbai - 400614

AUDITORS

M/s Luthra & Luthra

Chartered Accountants
A16/9, Vasant Vihar
New Delhi – 110 057.

REGISTERED OFFICE

Engineers India Bhawan

1, Bhikaiji Cama Place, R.K. Puram,
New Delhi - 110066
Tel.: 011-26101265, 26762121
Fax : 011-26164868
Email : ceil.del@eil.co.in
CIN : U74899DL1994GOI062371
Website : www.ceil.co.in

HEAD OFFICE

Module No. D101-D106, First Floor,
International Technology Centre, Tower No. 7
CBD Belapur Railway Station Complex,
CBD Belapur, Navi Mumbai - 400614
Tel.: 022-67958700,25
Fax : 022-67958701 & 8702



An ISO 9001: 2008, 17020 Company
Approved by PNGRB & BEE, IBR
CIN : U74899DL1994GOI062371

CERTIFICATION ENGINEERS INTERNATIONAL LTD.

(A Govt. of India Undertaking, Subsidiary of EIL)

Head Office : Module No. D101-D106, First Floor, Tower No 7,
International Technology Centre, CBD Belapur Railway Station Complex,
CBD Belapur, Navi Mumbai – 400 614
Tel.: 91-22- 67958700 Fax: 91-22- 6795 8702
E-mail: marketing@ceil.co.in, ceilmby@vsnl.net