

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 (CEIL) 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.

As on March 31, 2018, CEIL is having 6 Directors on its Board comprising of 4(four) Part-time Directors including Chairman and 2 (two) Non-official Part-time Independent Directors nominated by Holding Company, Engineers India Limited (EIL).

b) Number of Board Meetings

The Board of Directors met 8 times during the financial year 2017-18. The details of the Board Meetings are as under:

Sl. No.	Date of Meeting	Place	Board Strength	No. of Directors Present
1	April 25, 2017	New Delhi	7	5
2	May 19, 2017	New Delhi	7	7
3	August 8, 2017	New Delhi	6	6
4	November 4, 2017	New Delhi	6	5
5	November 20, 2017	New Delhi	6	6
6	January 19, 2018	Mumbai	6	5
7	January 29, 2018	New Delhi	6	5
8	March 26, 2018	New Delhi	6	6

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 2017-2018 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 Membership/Chairmanship		
	Board Meetings	Last AGM held on 28.08.2017	Other Directorships	Other Committee Memberships##	Other Committee Chairmanships##
A) Part-time Directors – From Holding Company, EIL					
I) Present Directors					
Shri Jagdish Chandra Nakra, Chairman*	1	No	2	—	—
Shri S.K. Handa	6	Yes	—	—	—
Shri L.K. Vijh	7	Yes	1	1	—

Shri R. Mahajan	7	Yes	—	—	—
II) Past Directors					
Shri Sanjay Gupta**	3	No	3	—	—
Shri Ajay Narayan Deshpande***	4	Yes	2	—	—
Shri R.K. Garg****	2	N. A.	1	1	—
B) Non-Official Part-time Independent Director					
I) Present Directors					
Dr. (Prof.) Mukesh Khare	7	Yes	2	1	—
Shri Umesh Chandra Pandey	8	Yes	2	—	1

Remarks:

- * Shri Jagdish Chander Nakra, CMD, EIL was appointed as Part-time Chairman of the Company w.e.f.12.02.2018 (A.N.)
- ** Shri Sanjay Gupta ceased to be Part-time Chairman of the Company w.e.f.1.11.2017 due to his retirement from EIL, the holding Company on attaining the age of superannuation on 31.10.2017.
- *** Shri Ajay Narayan Deshpande, Director (Technical) and Addl. Charge-CMD, EIL was appointed as Part-time Chairman w.e.f 1.11.2017 and ceased to be Part-time Chairman w.e.f 1.02.2018 due to his retirement from EIL, the holding Company on attaining the age of superannuation on 31.01.2018.
- **** Shri R.K. Garg ceased to be Part-time Director w.e.f. 1.07.2017.
- ## 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 meeting 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 Agenda Notes along with necessary 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 clarifications as and when required.

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

The Board of Directors have 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 www.ceil.co.in

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, 2018.

Place: New Delhi
Date : 23.05.2018

(S.D. Kherdekar)
Chief Executive Officer

f) Separate Meetings of Independent Directors

A separate Meeting of the Independent Directors was held on 19.01.2018 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) Appointment / Reappointment of Directors

The brief resumes of the Director(s) seeking appointment/re-appointment together with the nature of their expertise in specific functional areas, names of companies in which they hold directorships and the memberships/chairmanships of Committees of the Board alongwith their shareholding in the Company etc. pursuant to the statutory requirements are annexed to the notice calling the 23rd Annual General Meeting.

3. Audit Committee

As on March 31, 2018, 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 S.K. Handa as member. The Audit Committee was reconstituted during the year due to the following:

Shri R.K. Garg ceased to be member w.e.f. 01.07.2017

Shri S.K. Handa was inducted as member w.e.f. 01.07.2017

The terms of reference/scope, role and powers etc. of the Audit Committee are in accordance with DPE Guidelines on Corporate Government for CPSEs. The details of meetings held during the financial year 2017-18 and the attendance of the Members is given below:

S. No.	Date of Meeting	Name	Chairman/Member	Attendance
1	19/05/2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri R.K. Garg	Chairman Member Member	Present Present Present
2	08/08/2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S. K. Handa	Chairman Member Member	Present Present Present
3	04/11/2017	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S.K. Handa	Chairman Member Member	Present Present -----
4	29/01/2018	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S.K. Handa	Chairman Member Member	Present ----- Present
5	26/03/2018	Shri Umesh Chandra Pandey Dr. (Prof.) Mukesh Khare Shri S.K. Handa	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. As on March 31, 2018, 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.Mahajan as members. The Remuneration Committee was reconstituted during the year due to the following:

Shri R.K.Garg ceased to be member w.e.f. 01.07.2017.

Shri R. Mahajan was inducted as member w.e.f. 01.07.2017.

The details of meeting held during the financial year 2017-18 and the attendance of the Members is given below:

S. No.	Date of Meeting	Name	Chairman/Member	Attendance
1	26/03/2018	Dr. (Prof.) Mukesh Khare Shri Umesh Chandra Pandey Shri L.K.Vijh Shri R.Mahajan	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 Director's 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. Further, the Board of Directors in their 105th Meeting held on 20th November, 2017 has reviewed and keeping in view the inflation and the prevailing sitting fees in other CPSE's, increased the sitting fees for Non-official Independent Directors on the Board from ₹ 10,000/- to ₹ 15,000/- for attending each meeting of the Board of Directors and Committee(s) thereof. The details of payments towards sitting fees to Non-official Part-time Independent Directors during the Financial Year 2017-18 are given below:-

Name of Non-official Part-time Independent Director	Sitting Fees		Total
Shri Umesh Chandra Pandey	100000	120000	220000
Dr. (Prof.) Mukesh Khare	85000	105000	190000

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. As on March 31, 2018, 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 2017-18 and the attendance of the Members is given below:

Sl. No.	Date of Meeting	Name	Chairman/Member	Attendance
1	19/01/2018	Shri Umesh Chandra Pandey	Chairman	Present
		Dr. (Prof.) Mukesh Khare	Member	Present
		Shri S.K. Handa	Member	-----
		Shri R. Mahajan	Member	Present
2	26/03/2018	Shri Umesh Chandra Pandey	Chairman	Present
		Dr. (Prof.) Mukesh Khare	Member	Present
		Shri S.K. Handa	Member	Present
		Shri R. Mahajan	Member	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.

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
20 th	2014-15	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	20.08.2015	3.30 p.m.
21 st	2015-16	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	22.08.2016	3.00 p.m.
22 nd	2016-17	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	28.08.2017	3.00 p.m.

ii) Details of Special resolutions passed at last three AGMs

AGM	Details of Special Resolutions Passed
20 th	Nil
21 st	Nil
22 nd	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 2017-18.

11 Disclosures

- Details of transactions between the company and its holding Company, associates, key managerial personnel during the financial year 2017-18 are given in Note 35 of the Notes to Accounts for the year ended 31st March, 2018. These transactions do not have any potential conflict with the interests of the Company at large.
- There have been no instances of non-compliance by the Company and no penalties/strictures imposed on the Company by any statutory authority in any matters related to any Guidelines issued by Government during the last three years.
- 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.
- During the last three years, no Presidential Directives were received by the Company.
- No Expenditures were debited in the Books of Accounts during the Financial Year 2017-18 which are not for the purposes of the Business.
- No expenses had been incurred which are personal in nature and incurred for the Board of Directors and the top Management.
- The administrative and office expenses are 20.85% of the total expenses in the Financial Year 2017-18 as against 23.74% during the Financial Year 2016-17. The decrease in the administrative and office expenses are mainly due to higher level of activity, partially negated by higher provision for doubtful debts.
- None of the Directors of the Company are inter-se related as on 31st March, 2018.
- None of the Non-official Part-time Independent Directors hold any equity shares of the Company as on 31st March, 2018.

12 Means of Communication

The quarterly/yearly Financial results are displayed on the website viz. www.ceil.co.in 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 other 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://www.ceil.co.in>. 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 & Date	Tuesday & 28.08.2018
Time	3.00 p.m.
Venue	El Bhawan, 1, Bhikaiji Cama Place, New Delhi - 110 066

(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, 2018 subject to approval of Shareholders in the forthcoming Annual General Meeting. This was in addition to the Interim Dividend of ₹350/- 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://www.ceil.co.in>

(v) Auditors

M/s V K Verma & Co.

Chartered Accountants

C-37 Connaught Place, New Delhi - 110 001.

Tel. : 011-23415811

Fax : 011-23417925

Email : vkverma@vkvermaco.com

Website : www.vkvermaco.com

Place : New Delhi

Date : May 23, 2018

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, S.D. Kherdekar, Chief Executive Officer and G.D. Goswami, Asstt. 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, 2018.
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 23, 2018

Independent Auditor's 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, 2018 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.

Auditor's 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 2018.
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 the below mentioned clause, 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:

Composition of Board w.r.t number of Full-time Functional Directors does not exist.

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 V K VERMA & CO.

Chartered Accountants

Firm Reg. No. 000386N

CA VIVEK KUMAR

Partner

Membership No.503826

Place: New Delhi

Dated: 23.05.2018

Management's Reply to Auditor's Report on Corporate Governance (2017-18)

AUDITOR'S COMMENT	MANAGEMENT'S REPLY
Composition of Board w.r.t. number of Full-time Functional Directors does not exist.	Being a wholly owned subsidiary of Engineers India Limited (EIL) and given the nature and scale of operations and in line with Articles of Association of the Company, requirement of full time Functional Director was not envisaged at the time of formation of the Company and the present scenario is status quo.