

# REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Corporate Governance

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. Good governance practices stem from the dynamic culture and positive mindset of the organization. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons.

Your Company believes, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our Corporate Structure, business, operations and disclosures practices have been strictly aligned to our Corporate Governance Philosophy.

## 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 fifteen.

As on March 31, 2021, 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 Ministry of Petroleum & Natural Gas, Government of India.

### b) Number of Board Meetings

The Board of Directors met 5 times during the financial year 2020-21. The details of the Board Meetings are as under:

S.No	Date of Meeting	Place	Board Strength	No. of Directors Present
1	June 19, 2020	New Delhi	6	6
2	August 6, 2020	New Delhi	6	6
3	November 4, 2020	New Delhi	6	6
4	January 20, 2021	New Delhi	6	6
5	January 25, 2021	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 2020-21 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 25.09.2020	Other Directorships	Other Committee Memberships	Other Committee Chairmanships
A) Part time Directors –From Holding Company, EIL					
I) Present Directors					
Shri Rakesh Kumar Sabharwal, Chairman*	-	-	1	-	-
Shri Sunil Bhatia	5	Yes	2		

Shri Amitabh Budhiraja	5	Yes	0	-	-
Shri Avneesh Sawhney**	3	Yes	0	-	-
II) Past Directors					
Shri R. Mahajan***	2	-	-	-	-
Shri J.C. Nakra****	5	Yes			
B) Non-Official Part-time Independent Director					
I ) Present Directors					
Shri O. P. Mishra	5	Yes	1	-	-
Smt. Anita Gurjar	5	Yes	-	-	-

## Remarks:

- \* Shri Rakesh Kumar Sabharwal was inducted as Part-time Chairman w.e.f. 01.02.2021.
- \*\* Shri Avneesh Sawhney was inducted as Part-time Director w.e.f. 01.09.2020.
- \*\*\* Shri R. Mahajan was superannuated from the services of EIL and ceased to be Part-time Director w.e.f. 01.09.2020.
- \*\*\*\* Shri J.C. Nakra was superannuated from the services of EIL and ceased to be Part-time Chairman w.e.f. 01.02.2021.
- ## None of the 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.

## 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 and approved by the Chairman. 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. Action Taken Reports are put up to the Board periodically.

- 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 [www.ceil.co.in](http://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, 2021.

Place: Mumbai  
Date : 31.03.2021

(G. Suresh)  
Chief Executive Officer

- f) Separate Meetings of Independent Directors

A separate Meeting of the Independent Directors was held on 20.01.2021 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. 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 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 is annexed to the notice calling the Annual General Meeting.

## 3. Audit Committee

As on March 31, 2021, the Audit Committee comprises of Shri O.P. Mishra, Non-official Independent Director as Chairman, Smt. Anita Gurjar (Non-official Independent Director) and Shri Sunil Bhatia (Part-time Director) as members.

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 2020-21 and the attendance of the Members is given below:

S.No.	Date of Meeting	Name	Chairman/Member	Attendance
1	19.06.2020	Shri O.P.Mishra Smt. Anita Gurjar Shri Sunil Bhatia	Chairman Member Member	Present Present Present
2	06.08.2020	Shri O.P.Mishra Smt. Anita Gurjar Shri Sunil Bhatia	Chairman Member Member	Present Present Present
3	04.11.2020	Shri O.P.Mishra Smt. Anita Gurjar Shri Sunil Bhatia	Chairman Member Member	Present Present Present
4	20.01.2021	Shri O.P.Mishra Smt. Anita Gurjar Shri Sunil Bhatia	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 26<sup>th</sup> November, 2008 regarding pay revision of CPSE executives. As on March 31, 2021, the Remuneration Committee comprises of Shri O.P.Mishra, Non-official Independent Director as Chairman, Smt. Anita Gurjar and Shri Avneesh Sawhney as Members. The Remuneration Committee was reconstituted during the year due to the following:

- Shri R.Mahajan ceased to be member w.e.f. 01.09.2020.
- Shri Avneesh Sawhney was inducted as member w.e.f. 01.09.2020.

The details of meeting held during the financial year 2020-21 and the attendance of the Members is given below:

Sl. No.	Date of Meeting	Name	Chairman/ Member	Attendance
1.	19.06.2020	Shri O.P.Mishra Smt. Anita Gurjar Shri R.Mahajan	Chairman Member Member	Present Present Present
2.	20.01.2021	Shri O.P.Mishra Smt. Anita Gurjar Shri Avneesh Sawhney	Chairman Member Member	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 within the 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 ₹ 15,000/- per meeting of the Board or its Committee thereof attended by them. The details of payments towards sitting fees to Non-official Independent Directors during the Financial Year 2020-21 are given below:-

Name of Non-official Independent Director	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Shri O.P. Mishra	75000	135000	210000
Smt. Anita Gurjar	75000	135000	210000

#### 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, 2021, the CSR and SD Committee comprises of Smt. Anita Gurjar, Non-official Independent Director as Chairperson, Shri O. P. Mishra and Shri Sunil Bhatia as Members.

The details of meetings held during the financial year 2020-21 and the attendance of the Members is given below:

Sl. No.	Date of Meeting	Name	Chairman/Member	Attendance
1.	19.06.2020	Smt. Anita Gurjar Shri O.P.Mishra Shri Sunil Bhatia	Chairperson Member Member	Present Present Present
2.	06.08.2020	Smt. Anita Gurjar Shri O.P.Mishra Shri Sunil Bhatia	Chairperson Member Member	Present Present Present
3.	20.01.2021	Smt. Anita Gurjar Shri O.P.Mishra Shri Sunil Bhatia	Chairperson Member Member	Present 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 CFO 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 for CPSEs 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
23 <sup>rd</sup>	2017-18	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	28.08.2018	3.00 p.m.
24 <sup>th</sup>	2018-19	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	29.08.2019	4.00 p.m.
25 <sup>th</sup>	2019-20	EIB, 1, Bhikaiji Cama Place, New Delhi-110066.	25.09.2020	10.00 a.m.

### ii) Details of Special resolutions passed at last three AGMs

AGM	Details of Special Resolutions Passed
23 <sup>rd</sup>	Nil
24 <sup>th</sup>	Nil
25 <sup>th</sup>	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) Extra-ordinary General Meeting (EGM)

During the year 2020-21, an Extra-ordinary General Meeting of the Members was held on 29.01.2021 regarding the following matter:

Alteration of object clause of Memorandum of Association of the Company.

## 11. Disclosures

- Details of transactions between the company and its holding Company, associates, key managerial personnel during the financial year 2020-21 are given in Note 35 of the Notes to Accounts for the year ended 31st March, 2021. 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 in place a Vigil Mechanism/Whistle Blower Policy and no personnel have been denied access to the Audit Committee. The details of the same have also been posted on the website of the Company.
- The Company has complied with all mandatory requirements of DPE Guidelines on Corporate Governance for CPSEs except the Composition of Board of Directors with respect to Full time functional Directors. (from 01.04.2020 to 31.03.2021).
- During the last three years, no Presidential Directive has been received by the Company.
- No Expenditures were debited in the Books of Accounts during the Financial Year 2020-21 which are not for the purposes of the Business.
- No expenses had been incurred which are personnel in nature and incurred for the Board of Directors and the top Management.
- The administrative and office expenses are 16.00% of the total expenses in the Financial Year 2020-21 as against 19.02% during the Financial Year 2019-20.
- None of the Directors of the Company are inter-se related as on 31<sup>st</sup> March, 2021.
- None of the Non-official Part-time Independent Directors hold any equity shares of the Company as on 31<sup>st</sup> March, 2021.

## 12. Means of Communication

The quarterly/yearly Financial results are displayed on the website viz. [www.ceil.co.in](http://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 financial 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 [www.ceil.co.in](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 Vigil Mechanism/Whistle blower policy is placed on the website of the Company i.e. [www.ceil.co.in](http://www.ceil.co.in).

#### 16. General Information

##### i) Annual General Meeting

Day and Date	Friday and 17.09.2021
Time	3.00 p.m.
Venue	EIB, 1, Bhikaji Cama Place, New Delhi-110066.

##### ii) Financial Year

1<sup>st</sup> Day of April to 31<sup>st</sup> Day of March every year.

##### iii) Dividend

The Board of Directors of the Company have recommended payment of Final Dividend of ` 47/- (9,00,000 equity shares of ` 100/- per share) for the Financial Year ended 31<sup>st</sup> March, 2021 subject to approval of Shareholders in the ensuing Annual General Meeting. This was in addition to the Interim Dividend of ` 53/- (9,00,000 equity shares @ ` 100/- each) paid in January, 2021.

##### 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: [www.ceil.co.in](http://www.ceil.co.in)

##### v) Auditors

M/s V K Verma & Co.  
Chartered Accounts  
C-37, Connaught Place,  
New Delhi-110001.