

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Certification Engineers International Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Qualified Opinion

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 2023, the Statement of Profit and Loss (including other comprehensive income), statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion section of our report* the aforesaid Ind AS Standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are



Other Offices:

Gurgaon | Noida | Pune | Mumbai | Bangalore | Chandigarh | Bhopal | Lucknow | Guwahati | Indore | Ludhiana
|, Nagpur | Jabalpur | Surat | Jamshedpur | Ramgarh (Jhd) | Bhagalpur | | Amravati | Kolkata | Tripura |
Ahmedabad | Shamli-UP | Jaipur | Kathua(J&K) | LehLadhak | Gwalior | Vapi -Gujrat | Kanpur |

relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

- 1) During the FY 22-23, the Company has issued credit notes to its customers to the tune of Rs 15.49 Lakhs (PY 27.51 Lakhs) pertaining originally to the Service Tax Regime (i.e. on or before 30/06/2017) and Rs 26.07 lakhs (PY 143 Lakhs) pertaining to GST Regime (i.e. after 30/06/2017) in contravention of provisions of the CGST Act 2017. The company has also issued fresh invoices against these credit notes under consideration, in violation of provisions of the CGST Act, 2017. We have observed these instances only upto May 2022.
- 2) The Company has not restated its financial statements in respect of material prior period errors of NIL (PY 64.12 Lakhs) as per Para 42 of Ind AS-8 namely, "Accounting Policies, Changes in Accounting Estimate and Errors". It has resulted into understatement of profit for the year and overstatement of opening balance of retained earnings forming part of reserve & surplus under Other Equity by the amount of NIL (PY 64.12 Lakhs).

Emphasis of Matters

We draw attention to the following matters:

- a) Note -40 to the accompanying standalone Ind AS financial statements regarding ad-hoc provision made by the company on account of Performance Related Pay (PRP) for the year 2022-23 amounting to 49.77 lakhs (Previous Year 25.53 lakhs) and provision for cafeteria allowance of Rs 96.95 Lakhs (Previous Year 68.36 Lakhs) in accordance with the approval of Board of Directors for increase of the allowance from 30% to 35% retrospectively. As informed, the proposal for increase in cafeteria allowance is under consideration with the concerned Ministry.

Our Opinion is not modified in respect of the above matters.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and Chairman's statement but does not include the financial statements and our



auditor's report thereon. Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information included in the Annual Report, if we conclude that there is a material misstatement therein; we are required to communicate the matter with those charged with governance.

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, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Standalone Financial Statements.

Our objectives are to obtain reasonable assurance about whether the **Standalone Ind AS Financial Statements** as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As Part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of the internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements representing the underlying transactions and events in a manner that achieves fair representation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure - "A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended except as mentioned in basis of Qualified Opinion Paragraph of our report.
- (e) In terms of notification No. GSR 463 (E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub section 2 of Section 164 of the Act, are not applicable to the Company, being a Government Company.
- (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"**.

(B) 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 financial statements.
- (ii) The Company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate



Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has dividend declared or paid during the year in compliance with section 123 of the Companies Act 2013.

(vi) Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

(C) With respect to the matter to be included in the Auditors Report under 197(16) of the Act:

In our opinion and according to the information and explanations given to us, Government Companies vide MCA’s notification published in Gazette Dt. 5th June 2015, are exempted from the applicability of provisions of section 197 read with Schedule V to the Companies Act regarding managerial remuneration.

3. With respect to the report pursuant to directions issued by the Comptroller and Auditor General of India u/s 143(5) of Companies Act, 2013 for the year ended



31st March 2023 on accounts audited by us, refer to our separate Report in Annexure "C".

Place: New Delhi
Date: 23.05.2023



For GOYAL PARUL & Co
Chartered Accountants
Firm's Reg. No. : 016750N

(Sanchit Agrawal)
Partner

M. No.: 435163
UDIN: 23435163BGTTZP3949

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF
STANDALONE IND AS FINANCIAL STATEMENTS**

Annexure referred to in Paragraph 1 under our 'Report on Other Legal Regulatory Requirements section in the Independent Auditor Report of even date on the standalone Ind AS Financial Statements of Certification Engineers Certification Limited for the year ended 31st March 2023, we report that:-

- (i) In respect of the Company's property, plant and equipment and intangible assets:
- (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanation given to us, property, plant and equipment have been physically verified by the management at reasonable intervals, having regard to the size of the Company and nature of its assets and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under.
- (ii) (a) According to the information and explanation given to us and the records examined by us, physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancy of 10% or more in aggregate for each class of inventory was noticed on physical verification of stocks by the management as compared to book records.
- (b) The Company has not been sanctioned working capital limits in excess of Rs 5 crore, in aggregate, at any points of the time during the year, from



banks or financial institution on the basis of security of current assets, so this point is not applicable.

- (iii) In our opinion and according to the information and explanation given to us, during the year the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties. So, the sub clauses (a) to (f) are not applicable on the company.
- (iv) In our opinion and according to the information and explanation given to us and based on the audit procedures conducted by us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to loans and advances granted, guarantees and securities provided and investments made by the Company during the year.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of the directive issued by the RBI provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the relevant rules framed there under. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, service tax and other material statutory dues, as applicable with the appropriate authorities. According to the information and explanation given to us, there were no undisputed amounts payable in respect of above statutory dues outstanding on 31March 2023 for a period of more than 6 months from the date they became payable except:



S. No.	Nature of Statute	Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
1	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	2.24	April 22- August 22	15 th of Next month	Not Paid	As informed, the amount is pending due to aadhar updation of employee.

(b) According to the information and explanations given to us, there are no dues of provident fund, Employees State Insurance, Income Tax, Goods and Service Tax (GST), Cess that have not been deposited on account of any dispute, except the following:-

S. No.	Nature of Statute	Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
1	Finance Act, 1994	Service Tax	1130.41*	April 2004 to March 2013	CESTAT
2	Income Tax Act, 1961	Income Tax Rectification u/s 154	63.24	AY 2016-17	Jurisdictional Assessing Officer
3	Income Tax Act, 1961	Income Tax Rectification u/s 154	124.37	AY 2015-16	Jurisdictional Assessing Officer

*inclusive of interest and penalty

(viii) According to the information and explanations given to us, there are no such transactions which are not recorded in the books of accounts have been surrendered or disclosed as income during the year in the tax assessments under the Income tax Act, 1961.



- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon.
- (b) In our opinion and according to the information and explanations given to us, the Company has not availed any loans, thus reporting under sub-clauses (b), (c) (d),(e) and (f) are not applicable.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year.
- (xi) (a) In our opinion and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company has been noticed or reported during the year and hence reporting under clause 3 (xi)(a) and (b) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has not received any whistle blower complaints upto the date of this report and hence reporting under clause 3(xi)(c) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, clause 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, all the major transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable Accounting Standards.



- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of internal auditors of first Half Year have only been considered during the course of audit.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)(a) 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.
- (b) In our opinion and according to the information and explanation given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) In our opinion and according to the information and explanations given to us, The Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly reporting under clause 3(xvi)(c) of the order is not applicable.
- (d) In our opinion and according to the information and explanations given to us, there are no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state



that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act are in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

Place: Delhi
Date: 23.05.2023



For **GOYAL PARUL & Co**
Chartered Accountants
Firm's Reg. no. : 016750N

(Sanchit Agrawal)
Partner

Membership No.: 435163
UDIN: 23435163BGTTZP3949

Annexure B

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CERTIFICATION ENGINEERS INTERNATIONAL LIMITED.

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 March 31, 2023 in conjunction with our audit of the 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. 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 judgement, 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 qualified 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 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.

Qualified Opinion:

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March 2023:



1. *The Company needs to strengthen their internal financial control system with regard to the control activities in compliance of payment mechanism in banking transactions as such we have found one isolated instance wherein an amount of **Rs 130 Lakhs** was inadvertently transferred to an incorrect bank account by the company. As informed to us, the amount has been recovered till signing of this audit report.*
2. *The procedure for identification, recording and reconciliation of payments received from customers' needs improvement. Management informed that the process is being reviewed and shall be revised accordingly. This may have led to overstatement of Current Tax Liability (due to unaccounted Income Tax TDS), Trade Receivables and Provision for doubtful debts in the financial statements. However, our opinion on financial statements is not modified in respect to this deficiency of internal financial control.*
3. *The internal controls needs further strengthening in respect of implementation of risk management and systems to ensure continued implementation of Company's risk management policy and strategy and documentation thereof, critical review and refresh process on an ongoing basis. To avoid any manual intervention in the preparation and reporting of financials in future, an updated accounting package needs to be implemented. However, management informed to us that the available integrated information technology software is being further updated to meet the requirements of the company.*

In our opinion, to the best of our information and according to the explanations given to us, *except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria*, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, 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 GOYAL PARUL & Co
Chartered Accountants
Firm's Reg. No. : 016750N

Place: New Delhi
Date:23.05.2023



A handwritten signature in blue ink, appearing to read "Sanchit Agrawal".

(Sanchit Agrawal)

Partner

M.No .: 435163

UDIN: 23435163BGTTZP3949

Compliance Certificate

We have conducted the audit of accounts maintained at Head Office of Certification Engineers International Limited for the year ended 31st March 2023 in accordance with the directions/sub directions issued by C & AG 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.

Place: Delhi

Date: 23.05.2023



For **GOYAL PARUL & Co**
Chartered Accountants
Firm's Reg. no. : 016750N

A handwritten signature in blue ink, appearing to read "Sanchit Agrawal".

(Sanchit Agrawal)

Partner

Membership No.: 435163
UDIN: 23435163BGTTZP3949

ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CERTIFICATION ENGINEERS INTERNATIONAL LIMITED.

Annexure referred to in Paragraph "3" under our 'Report on Other Legal Regulatory Requirements' section of our report of even date to the members of Certification Engineers International Limited on the Standalone Ind AS Financial Statements for the year ended 31st March 2023

Report on Directions issued by the Comptroller and Auditor General of India Under Section 143(5) of the Companies Act, 2013 in respect of Accounts of CERTIFICATION ENGINEERS INTERNATIONAL LIMITED audited by us for the year ended 31st March 2023.

S No.	Directions	Reply
I	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT System. All the transactions are stored on parent company's server to keep the data safe and secure. As no accounting transaction is outside IT System, there is no financial implication in that regard.
II	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial	As per information and explanations given to us and based on our examination of records no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the Company.



	impact may be stated. Whether such cases are properly accounted for ? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company)	
III	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	As per the information and explanations given to us and based on our examination of records no funds have been received for specific schemes from central/ state agencies.

Place: Delhi
Date: 23.05.2023



For **GOYAL PARUL & Co**
Chartered Accountants
Firm's Reg. No. : 016750N

(Sanchit Agrawal)
Partner

Membership No.: 435163
UDIN: 23435163BGTTZP3949

Annexure to Report on Corporate Governance

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, 2023 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 31st March 2023.
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 Relevant Services Engagements.

Qualified Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, subject to qualifications mentioned below we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned 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 except with:

- a) As per sub clause 3.1.1 of clause 3 of Chapter-3 of Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 , issued vide O.M. No. 18(8) /2005-GM dated 14.05.2010 of Ministry of Heavy Industries and Public Enterprises, DPE, Govt. of India, (DPE Guidelines) there should be optimum combination of Functional, Non Functional Directors in the Board of the Company. In this regard, Sub clause 3.1.1 of clause 3 of Chapter-3 of Guidelines of above Guidelines is reproduced as under :

Clause 3.1.1 of DPE Guidelines

“The Board of Directors of the company shall have an optimum combination of Functional, Nominee and Independent Directors.”

As there was no functional Director exists in the Board of the Company during the FY 2021.-22, hence there emerges out the non-compliance of the above provision of DPE Guidelines.

- b) As per sub clause of 3.1.4 of clause 3 of Chapter-3 of above Guidelines, in case of a CPSE not listed on Stock Exchange, at least one-third of the Board Members should be Independent Directors. With reference to above, sub clause 3.1.4 of clause 3 of Chapter-3 of above Guidelines states as under :

Clause 3.1.4 of DPE Guidelines:

“In case of a CPSE listed on the Stock Exchanges and whose Board of Directors is headed by an Executive Chairman, the number of Independent Directors shall be at least 50% of Board Members; and in case of all other CPSEs (i.e. listed on Stock Exchange but without an Executive Chairman, or not listed CPSEs), at least one-third of the Board Members should be Independent Directors.”

There was only one independent director, Ms. Anita Singh in the Company during the period from 01.04.2022 to 20.10.2022. The Company has failed to fill up the requisite position of Independent Directors despite follow up with the Ministry concerned and as such it remained non-complied with respect to default period as mentioned herein-above.



- c) The Audit Committee of the Company was not constituted as per provisions of DPE Guidelines. With reference to constitution of Audit Committee, Clause 4.1 of Chapter-4 of above Guidelines, states as under:

Clause 4.1 of DPE Guidelines

A qualified and independent Audit Committee shall be set up, giving the terms of reference.

4.1.1 The Audit Committee shall have minimum three Directors as members. Two-thirds of the members of audit committee shall be Independent Directors.

4.1.2 The Chairman of the Audit Committee shall be an Independent Director.

4.1.3 All members of Audit Committee shall have knowledge of financial matters of Company, and at least one member shall have good knowledge of accounting and related financial management expertise.

There was only one independent director, Ms. Anita Singh in the Company during the period from 01.04.2022 to 20.10.2022. The Company remained non-complied with respect to the default period mentioned in question.

- d) The meetings of the Audit Committee were not held as per DPE Guidelines. Only Three Meetings of Audit meetings were held in first two quarters of FY 22-23. In this regard, Clause of 4.4 of clause 4 of DPE Guidelines, provides as under:

Clause 4.4 of DPE Guidelines

"4.4: The Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but a minimum of two independent members must be present."

- e) The company has not constituted a Remuneration Committee in absence of any Independent Director which is in contravention to clause 5.1 of the DPE Guidelines which state as under:

"Each CPSE shall constitute a Remuneration Committee comprising of at least three Directors, all of whom should be part-time Directors (i.e Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director."



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 person to whom this certificate is shown or into hands it may come without our prior consent in writing.

Place: Delhi

Date: 23.05.2023



For **GOYAL PARUL & Co**
Chartered Accountants
Firm's Reg. No. : 016750N

A handwritten signature in blue ink that reads "Sanchit".

(Sanchit Agrawal)
Partner

Membership No.: 435163
UDIN: 23435163BGTTZP3949

Certification Engineers International Limited

Balance Sheet As At 31 March 2023

(₹ In Lakhs)

PARTICULARS	Note No.	AS AT 31 March 2023	AS AT 31 March 2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	17.83	25.42
Right of Use Assets	4 A	201.02	231.66
Other Intangible Assets	5	0.91	1.74
Financial Assets			
Other Financial Assets	6 A	3.13	20.15
Deferred Tax Assets (Net)	7	321.00	264.09
Non-Current Tax Assets (Net)	8	144.34	250.73
Other Non-Current Assets	9 A	1.91	1.15
Total Non-Current Assets		690.15	794.94
Current Assets			
Inventories	10	6.02	5.85
Financial Assets			
Trade Receivables	11	1,662.21	1,527.64
Cash and Cash Equivalents	12	323.64	315.91
Other Bank Balances	13	6,537.17	5,951.54
Other Financial Assets	6 B	1,093.17	1,017.05
Other Current Assets	9 B	67.86	74.34
Total Current Assets		9,690.07	8,892.33
Total Assets		10,380.22	9,687.27
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	900.00	900.00
Other Equity (Refer Statement of Changes in Equity and Note 15)		7,244.13	7,030.16
Total Equity		8,144.13	7,930.16
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	4 A	7.38	24.45
Other Financial Liabilities	16 A	0.16	0.15
Long-Term Provisions	18 A	807.83	761.06
Other Non-Current Liabilities	17 A	-	0.02
Total Non-Current Liabilities		815.37	785.68
Current Liabilities			
Financial Liabilities			
Lease Liabilities	4 A	24.32	34.57
Trade Payables	19		
Total outstanding dues of Micro Enterprises and small enterprises		1.72	59.62
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		568.49	195.55
Other Financial Liabilities	16 B	292.05	227.39
Other Current Liabilities	17 B	372.28	302.35
Short-Term Provisions	18 B	136.11	110.74
Current Tax Liabilities (Net)	20	25.76	41.21
Total Current Liabilities		1,420.72	971.43
Total Equity and Liabilities		10,380.22	9,687.27

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

1 to 55

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

For Goyal Parul & Co.
Chartered Accountants
Firm Regn. No. 016750N



Sanjit
CA SANCHIT AGRAWAL
Partner
Membership No. 435163
UDIN: 23435163B6TT2P3949

Jays
(J. TOTLANI)
Company Secretary
PAN : BGIPK9258H

Nagini
(P. NAGINI)
Chief Financial Officer
PAN : AF CPP1627F

Ranjiv
(RAJIV RANJAN)
Chief Executive Officer
PAN : AAPPR049J

Sanjay
(SANJAY JINDAL)
Director
DIN : 09223617

Shukla
(VARTIKA SHUKLA)
Chairman
DIN : 08777885

For and on behalf of Certification Engineers International Limited

Place : New Delhi
Date : May 23, 2023

Certification Engineers International Limited

Statement Of Profit And Loss For The Year Ended 31 March 2023

PARTICULARS	Note No.	(₹ In Lakhs)	
		31 March 2023	31 March 2022
REVENUE			
Income From Services	21	4,784.90	4,624.50
Other Income	22	383.41	366.14
Total Income		5,168.31	4,990.64
EXPENSES			
Manpower Services	23	838.09	836.70
Employee Benefits Expenses	24	1,840.77	2,031.65
Finance Costs	25	6.00	10.54
Depreciation and Amortisation Expenses	26	-48.27	-43.79
Other Expenses			
Facilities Costs	27 A	254.43	206.21
Corporate Costs	27 B	71.16	60.22
Other Costs	27 C	788.06	676.37
Total Expenses		3,846.77	3,865.48
Profit Before Tax		1,321.54	1,125.16
Tax Expense			
Current Tax	28	396.18	322.22
Earlier years tax adjustments (net)		-	7.47
Deferred Tax		(56.91)	(15.81)
Profit For The Year		982.27	811.28
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Re-measurement gains (losses) on defined benefit plans		7.61	19.52
Income tax relating to items that will not be reclassified to profit and loss		(1.91)	(4.91)
Total Comprehensive Income For The Year		987.96	825.89
Earnings Per Equity Share (Face Value ₹ 100 Per Share)			
Basic (₹)	29	109.14	90.14
Diluted (₹)		109.14	90.14

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

1 to 55

This is the statement of profit and loss referred to in our report of even date.

For Goyal Parul & Co.
Chartered Accountants
Firm Regn. No. 016750N


CA SANCHIT AGRAWAL
Partner
Membership No. 435163
UDIN : 23435163 BGTTTP3949




(J. TOTLANI)
Company Secretary
PAN : BGIPK9258H


(P. NAGINI)
Chief Financial Officer
PAN : AFCPP1627F


(RAJIV RANJAN)
Chief Executive Officer
PAN : AAPPR0496J


(SANJAY JINDAL)
Director
DIN : 09223617


(VARTIKA SHUKLA)
Chairman
DIN : 08777885

For and on behalf of Certification Engineers International Limited

Place : New Delhi
Date : May 23, 2023

Certification Engineers International Limited

Statement Of Changes In Equity As At 31st March'2023

A Equity Share Capital*

(₹ In Lakhs)

Particulars	Opening Balance As At 1 April 2022	Changes in Equity share capital due to prior period errors	Restated Balance at the beginning of the reporting period	Changes in Equity Share Capital During The Year	Balance as at 31st March 2023
Equity Share Capital	900.00	-	900	-	900

Particulars	Opening Balance As At 1 April 2021	Changes in Equity share capital due to prior period errors	Restated Balance at the beginning of the reporting period	Changes in Equity Share Capital During The Year	Balance as at 31st March 2022
Equity Share Capital	900.00	-	900	-	900

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 (Net of Taxes)	
Balance as at 31 March 2021	6,484.64	620.69	73.52	(11.58)	7,167.27
errors					
Restated balance as at 31st March 2021					
Profit for the year	-	811.28	-	-	811.28
Other comprehensive income	-	-	-	14.61	14.61
Dividend	-	(963.00)	-	-	(963.00)
Transfer from retained earnings	197.69	(225.83)	28.14	-	(0.00)
Transfer to retained earnings	-	84.56	(84.56)	-	-
Balance as at 31 March 2022	6,682.33	327.70	17.10	3.03	7,030.16
errors					
Restated balance as at 31st March 2022					
Profit for the year	-	982.27	-	-	982.27
Other comprehensive income	-	-	-	5.70	5.70
Dividend	-	(774.00)	-	-	(774.00)
Transfer from retained earnings	93.70	(120.53)	26.83	-	-
Transfer to retained earnings	-	14.34	(14.34)	-	-
Balance as at 31 March 2023	6,776.03	429.78	29.59	8.73	7,244.13

*Refer note 14 for details

**Refer note 15 for details

For Goyal Parul & Co.
Chartered Accountants
Firm Regn. No. 016750N



(Signature)

CA SANCHIT AGRAWAL

Partner

Membership No. 435163

UDIN : 23435163BGTT2P3949

Place : New Delhi

Date : May 23, 2023

For and on behalf of Certification Engineers International Limited

(Signature)

(J. TOTLANI)

Company Secretary
PAN : BGIPK9258H

(Signature)

(P. NAGINI)

Chief Financial Officer
PAN : AFCPP1627F

(Signature)

(RAJIV RANJAN)

Chief Executive Officer
PAN : AAPP0496J

(Signature)

(SANJAY JINDAL)

Director
DIN : 09223617

(Signature)

(VARTIKA SHUKLA)

Chairman
DIN : 08777885

Certification Engineers International Limited

Cash Flow Statement For The Year Ended 31 March 2023

PARTICULARS	31 March 2023	(₹ In Lakhs) 31 March 2022
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	1,321.54	1,125.16
Adjustments for:		
Depreciation and Amortisation Expenses	48.27	43.79
Provision For Employee Benefits	83.66	176.77
Allowance for expected credit losses - trade receivables and advances (net)	210.51	(114.40)
Provision for corporate social responsibility	(25.24)	25.32
Interest Income and Amortised Income On Security Deposit	(345.54)	(366.06)
Deferred Income	(1.12)	
Interest Expense	-	6.47
Operating Profit Before Working Capital Changes	1,292.07	897.05
Movement In Working Capital		
Decrease/(Increase) In Trade Receivables	(337.63)	238.33
Decrease/(Increase) In Inventories	(0.17)	0.65
Decrease/(Increase) In Other Current and Non-Current Assets	6.76	(6.03)
Decrease/(Increase) In Other Current Financial Assets	(66.67)	(42.85)
(Decrease)/Increase In Other Current and Non-Current Liabilities	69.91	(87.56)
(Decrease)/Increase In Other Current Financial and Non-Financial Liabilities	379.71	36.86
Cash Flow From Operating Activities Post Working Capital Changes	1,343.97	1,036.45
Income Tax Paid (Net)	(307.15)	(460.86)
Net Cash Flow From Operating Activities (A)	1,036.82	575.59
CASH FLOWS FROM INVESTING ACTIVITIES		
B ACTIVITIES		
Purchase Of Property, Plants, Equipments and Intangible Assets (Net)	(0.27)	(8.05)
Fixed Deposit placed with banks having original maturity of more than three months	(6,832.20)	(6,286.00)
Fixed Deposit with banks matured having original maturity of more than three months	6,246.21	6,483.86
Interest Received	370.60	418.69
Net Cash Flows Used In Investing Activities (B)	(215.66)	608.50
CASH FLOWS FROM FINANCING ACTIVITIES		
C ACTIVITIES		
Dividend Paid	(774.00)	(963.00)
Interest Paid	-	-
Payment of Lease Liabilities	(39.44)	(27.28)
Net Cash Used In Financing Activities (C)	(813.44)	(990.28)
Increase In Cash And Cash Equivalents (A+B+C)	7.73	193.72
Cash And Cash Equivalents At The Beginning Of The Year	315.91	122.18
Cash And Cash Equivalents At The End Of The Year	323.64	315.91

This is the cash flow statement as referred to in our report of even date.

For Goyal Parul & Co.
Chartered Accountants
Firm Regn. No. 016750N



(Signature)
CA SANCHIT AGRAWAL
Partner
Membership No. 435163
UDIN : 23435163BGTZP3949

(Signature)
(J. TOTLANI)
Company Secretary
PAN : BGIPK9258H

(Signature)
(P. NAGINI)
Chief Financial Officer
PAN : AFCPP1627F

(Signature)
(RAJIV RANJAN)
Chief Executive Officer
PAN : AAPP0496J

(Signature)
(SANJAY JINDAL)
Director
DIN : 09223617

(Signature)
(VARTIKA SHUKLA)
Chairman
DIN : 08777885

For and on behalf of Certification Engineers International Limited

Place : New Delhi
Date : May 23, 2023

Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

1. NATURE OF PRINCIPAL ACTIVITIES

Certification Engineers International Limited and (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 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 company has uniformly applied the accounting policies during the period presented.

The financial statements for the year ended 31st March 2023 were authorized and approved for issue by the Board of Directors on 23rd May'2023.

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. The accounts are prepared on historical cost concept based on accrual method of accounting as a going concern.

B. REVENUE RECOGNITION

REVENUE RECOGNITION

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those services. The services performed by the company fall into the criteria of the transfer of control over a period of time and as such company satisfy the performance obligation and revenue over a period of time.

Revenue is measured based on the transaction price, which is the consideration, adjusted for variable considerations, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Arrangements with customers are either on a cost plus/ rate basis jobs, lump sum contracts and percentage fee contracts.

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 lump-sum contracts, as proportion of actual direct costs of the work performed to latest estimated total direct cost of the work performed i.e. percentage completion method.
- 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

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.



Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

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 recognized 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.



Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

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.



Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

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 'IndAS 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-recognized 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 amortized 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 –



Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

- 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 lump sum 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 disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable. 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

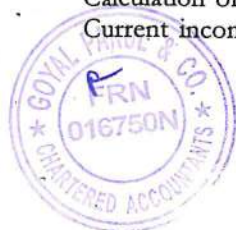
Cost includes the cost of purchase (discounted to their present values, if the time value of money is material) and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on "First In, First Out" basis

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



Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

(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 unrestricted 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 unrestricted 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 Half Pay Leave) 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) less the fair value of plan assets.

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).

Short-term employee benefits

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



Certification Engineers International Limited
Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

Defined contribution plans

Contributions with respect to provident fund & National Pension System (NPS), defined contribution plans, are deposited to Regional Provident Fund Commissioner & Stock Holding Corporation India Ltd (POP). The Company's contributions to these plans are 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. LEASES

Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonable certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made, at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term or useful life of the underlying asset except for perpetual lease. Right of use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

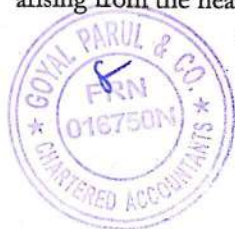
Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows

Company as a lessor

Operating lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets leased out under operating leases are capitalized.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub lease separately. The sublease is classified as a finance lease or operating lease by reference to the right of use asset arising from the head lease.



Certification Engineers International Limited

Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

Rental income is recognized on straight line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

O. RECENT ACCOUNTING PRONOUNCEMENT

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The company does not expect any significant impact of the amendment on its financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The company does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transaction that give rise to equal and offsetting temporary difference. The effective date of adoption of this amendment is annual period beginning on or after April 1, 2023. The company is evaluating the impact, if any, in its financial statements.

P. 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.

Q. 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 - For Lump-sum Contracts the Company recognises revenue using the percentage completion method. Use of the percentage completion method requires the company to estimate the cost incurred relative to total expected cost to the satisfaction of performance obligation. This requires estimates to be made of the outcomes of long-term 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



Certification Engineers International Limited

Significant accounting policies and Notes to Accounts for the year ended 31st March 2023

damages and price reduction for delay to the extent they are probable and they are capable of being reliably measured. Cost and time incurred have been used to measure progress towards completion as there is a direct relationship between input and satisfaction of performance obligation.

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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Note - 4
Property, Plant And Equipment

Particulars	(₹ In Lakhs)						Total
	Vehicles	Office Equipments	Air Conditioner	Computer Hardware	Furniture And Fixtures	Library Books	
Gross carrying amount							
Balance as at 31 March 2021	3.24	8.55	7.62	59.40	26.97	0.46	106.24
Additions	-	2.12	1.10	2.63	0.99	-	6.85
Disposals/assets written off	-	-	-	-	-	-	-
Balance as at 31 March 2022	3.24	10.68	8.72	62.03	27.96	0.46	113.09
Additions	-	0.27	-	-	-	-	0.27
Disposals/assets written off	-	-	-	-	-	-	-
Balance as at 31 March 2023	3.24	10.94	8.72	62.03	27.96	0.46	113.36
Accumulated Depreciation							
Balance as at 31 March 2021	3.03	6.27	5.87	39.00	19.29	0.46	73.92
Charge For The Year	-	0.88	0.16	11.14	1.57	-	13.75
Adjustments For Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2022	3.03	7.15	6.03	50.14	20.86	0.46	87.67
Charge For The Year	-	0.96	0.31	5.71	0.88	-	7.86
Adjustments For Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2023	3.03	8.11	6.34	55.85	21.74	0.46	95.53
Net Book Value as at 31 March 2022	0.21	3.53	2.69	11.89	7.10	0.00	25.42
Net Book Value as at 31 March 2023	0.21	2.83	2.38	6.18	6.23	0.00	17.83

Contractual obligations

Refer to note 35(ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment.



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

Note - 4 A

Right of Use Assets

Leases :- Company as a lessee

The Company's lease assets primarily consist of leases of office premises/residential premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases.

Particulars	Leasehold Property		Computer Hardware	Total
	Office*	Site Transit Accomodations		
Balance as at 31 March 2021	178.84	34.17	-	213.01
Additions	-	44.70	3.22	47.92
Depreciation	(3.87)	(25.12)	(0.28)	29.27
Balance as at 31 March 2022	174.97	53.75	2.94	231.66
Additions	-	8.94	-	8.94
Depreciation	(3.87)	(34.63)	(1.07)	(39.58)
Balance as at 31 March 2023	171.10	28.06	1.87	201.02

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

*Acquired from CIDCO Limited on 60 years lease basis.

The following is the break-up of current and non-current lease liabilities:

Particulars	₹ In Lakhs	
	31 March 2023	31 March 2022
Current lease liabilities	24.32	34.57
Non-Current lease liabilities	7.38	24.45
Total	31.69	59.02

The following is the movement in lease liabilities:

Particulars	₹ In Lakhs	
	31 March 2023	31 March 2022
Balance at the beginning	59.02	34.48
Additions	8.94	47.92
Finance cost accrued during the year	3.17	3.90
Payment of lease liabilities	39.44	27.28
Balance at the end	31.69	59.02

The detail regarding the contractual maturities of lease liabilities on undiscounted basis is as follows:

Particulars	₹ In Lakhs	
	31 March 2023	31 March 2022
Less than one year	25.09	37.58
One year to two years	5.77	18.28
More than two years	1.99	7.60
Total	32.85	63.46

The Company does not face a significantly liquidity risk with regard to its lease liabilities as the current assets (including cash and bank balances) are sufficient to meet the obligations related to lease liabilities as and when they fall due.

During the year Company recognised as operating expenses of ₹ 11.13 Lakhs (previous year ₹77.21 Lakhs) towards short term leases for certain office, and residential premises.

The following is the discount rate considered in ROU asset calculation :-

Particulars	Discount rate	
	2022-23	2021-22
Quarter 1	7.05%	7.05%
Quarter 2	7.45%	7.05%
Quarter 3	7.45%	7.05%
Quarter 4	8.40%	7.05%



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

Note - 5

Other Intangible Assets

(₹ In Lakhs)

Particulars	Computer Software	Total
Gross carrying amount		
Balance as at 31 March 2021	5.38	5.38
Additions	1.20	1.20
Disposals/Assets Written Off	-	-
Balance as at 31 March 2022	6.58	6.58
Additions	-	-
Disposals/Assets Written Off	-	-
Balance as at 31 March 2023	6.58	6.58
Accumulated amortisation		
Balance as at 31 March 2021	4.07	4.07
Amortisation Charge For The Year	0.77	0.77
Adjustments For Disposals	-	-
Balance as at 31 March 2022	4.84	4.84
Amortisation Charge For The Year	0.83	0.83
Adjustments For Disposals	-	-
Balance as at 31 March 2023	5.67	5.67
Net Book Value as at 31 March 2022	1.74	1.74
Net Book Value as at 31 March 2023	0.91	0.91



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

(₹ In Lakhs)

31 March 2023 31 March 2022

Note - 6

A Other Financial Assets - Non-Current
Security Deposit

3.13 20.15

3.13 20.15

*Includes bank deposits held under lien against bank guarantees of ₹ 0.00 Lakhs (previous year 31 March 2022 : ₹ 0.00 Lakhs)

B Other Financial Assets - Current

Unsecured, Considered Good Unless Otherwise Stated

Security Deposit 342.36 389.89
Unbilled Income 750.81 627.16

1,093.17 1,017.05

Note - 7

Deferred Tax Assets (Net)

Deferred Tax Assets Arising On:

Employee Benefits:

Provision for leave encashment 210.89 209.93
Provision for long service awards 6.63 6.34
Provision for doubtful receivables and advances 125.28 77.15
Provision for Foreseeable Losses 5.37 -

Others:

Amortised cost financial instruments (5.25) 0.35

Deferred Tax Liabilities Arising On:

Depreciation (18.03) (26.45)
Provision for gratuity (3.89) (3.23)

321.00 264.09

Movement In Deferred Tax Assets And Liabilities

(₹ In Lakhs)

Particulars	31-Mar-21	Recognised In Other Comprehensive Income	Recognised In Statement Of Profit And Loss	31-Mar-22	Recognised In Other Comprehensive Income	Recognised In Statement Of Profit And Loss	31-Mar-23
Assets							
Employee Benefits	174.01	(4.91)	47.17	216.27		1.25	217.52
Trade Receivables & Advances	105.94	-	(28.79)	77.15	-	48.13	125.28
Others	0.03	-	0.32	0.35	-	(5.60)	5.25
Provision for Foreseeable Losses	-	-	-	-	-	5.37	5.37
Liabilities							
Depreciation	(26.24)	-	(0.21)	(26.45)		8.42	(18.03)
Employee Benefits	(0.55)	-	(2.68)	(3.23)	-	(0.66)	(3.89)
	253.19	(4.91)	15.81	264.09	-	56.91	321.00

Note - 8

Non-Current Tax Assets (Net)

Advance Income Tax (net of provision for taxation amounting to ₹ 2128.50 Lakhs) (previous year 31 March 2022 : ₹ 1924.28 Lakhs) (Refer note 50) 144.34 250.73

Advance Fringe Benefit Tax 11.83 11.83

Less: Allowance for expected credit losses (11.83) (11.83)

144.34 250.73

Note - 9

A Other Non-Current Assets

Unsecured, Considered Good Unless Otherwise Stated

Prepaid Expenses 1.91 1.15

1.91 1.15

B Other Current Assets

Unsecured, Considered Good Unless Otherwise Stated

Balance With Government Authorities 13.73 34.98

Prepaid Expense 8.58 8.81

Advances to employees 21.41 20.93

Advances to Vendors /Others 31.59 9.62

Unsecured, Considered Doubtful

Balance With Government Authorities (7.45)

Less: Allowance for expected credit losses

67.86 74.34



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

Note - 10

Inventories (Lower Of Cost Or Net Realizable Value)

Stores, Spares And Chemicals In Hand

	(₹ In Lakhs)	
	31 March 2023	31 March 2022
	6.02	5.85
	<u>6.02</u>	<u>5.85</u>

Note - 11

Trade Receivables

Trade Receivable (Unsecured)

Considered Good

Considered Doubtful (Credit Impaired)

Less: Allowance for expected credit losses

	1,662.21	1,527.64
	497.77	294.71
	<u>2,159.98</u>	<u>1,822.35</u>
	(497.77)	(294.71)
	<u>1,662.21</u>	<u>1,527.64</u>

Trade Receivables ageing schedule for the year ended as on March 31,2023 and March 31,2022 :-
31 March 2023

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of Payment					Total
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Undisputed Trade Receivables - considered good	1,255.81	160.73	187.62	58.06	-	1,662.21
ii) Undisputed Trade Receivables - credit impaired	62.93	29.86	77.68	34.84	292.47	497.77
iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
iv) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total	1,318.74	190.59	265.29	92.89	292.47	2,159.98
Less : Allowance for expected credit losses						(497.77)
Total						1,662.21

31 March 2022

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of Payment					Total
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Undisputed Trade Receivables - considered good	1,116.26	191.27	61.82	158.29	-	1,527.64
ii) Undisputed Trade Receivables - credit impaired	23.16	12.25	24.29	17.67	217.34	294.71
iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
iv) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total	1,139.42	203.52	86.11	175.96	217.34	1,822.35
Less : Allowance for expected credit losses						(294.71)
Total						1,527.64

Note - 12

Cash And Cash Equivalents

Balances With Banks In Current Account

Bank Deposits having maturity of less than three months

Cash On Hand

	98.64	275.91
	225.00	40.00
	-	-
	<u>323.64</u>	<u>315.91</u>

Note - 13

Other Bank Balances

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

Unspent CSR Account - Ongoing projects

	6,521.09	5,934.42
	16.08	17.12
	<u>6,537.17</u>	<u>5,951.54</u>

*Includes ₹ Nil (previous year 31 March 2022 : ₹ 0.00 Lakhs) held under lien against bank guarantees.

*Includes interest accrued on bank deposits ₹ 209.88 lakhs (previous year 31 March 2022 : ₹ 209.20 lakhs)



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Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

(₹ In Lakhs)

Note - 14

Equity Share Capital

Authorised Share Capital

1,200,000 (previous year 31 March 2022 : 1200,000) equity shares of par value of ₹ 100 each

Issued Share Capital

900,000 (previous year 31 March 2022 : 900,000) equity shares of par value of ₹ 100 each

Subscribed And Paid Up*

900,000 (previous year 31 March 2022 : 900,000) equity shares of par value of ₹ 100 each

	31 March 2023	31 March 2022
	Amount	Amount
Authorised Share Capital	1,200.00	1,200.00
Issued Share Capital	900.00	900.00
Subscribed And Paid Up*	900.00	900.00

*All shares are held by Holding Company- Engineers India Ltd. and its Nominees

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity Shares

Shares Outstanding At The Beginning Of The Year

Add : Bonus Shares Issued During The Year

Shares Outstanding At The End Of The Year

	Number	Number
Shares Outstanding At The Beginning Of The Year	9,00,000	9,00,000
Add : Bonus Shares Issued During The Year	-	-
Shares Outstanding At The End Of The Year	9,00,000	9,00,000

b) Details Of Shareholders Holding More Than 5% Equity Shares In The Company

Name Of Shareholders

Engineers India Limited

Shareholding (%)

	Number	Number
Engineers India Limited	9,00,000	9,00,000
Shareholding (%)	100%	100%

c) Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows :-

Promoter name	As At 31 March 2023		As At 31 March 2022		
	No. of shares	% of total shares	No. of shares	% of total shares	% Change during the year
Engineers India Limited	9,00,000	100%	9,00,000	100%	-

Disclosure of shareholding of promoters as at March 31, 2022 is as follows :-

Promoter name	As At 31 March 2022		As At 31 March 2021		
	No. of shares	% of total shares	No. of shares	% of total shares	% Change during the year
Engineers India Limited	9,00,000	100%	9,00,000	100%	-

Note - 15

Other Equity

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 upto F.Y 2013-14 & provision of Companies Act, 2013 and rules made thereunder from F.Y 2014-15 onwards.

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 - 16

Other Financial Liabilities - Non-Current

A Security Deposits And Retentions

	0.16	0.15
	0.16	0.15

B Other Financial Liabilities - Current

Security Deposits And Retentions

Accrued Employee Benefits

Security Deposits And Retentions	70.58	61.40
Accrued Employee Benefits	221.47	165.99
	292.05	227.39



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

(₹ In Lakhs)

31 March 2023 31 March 2022

Note - 17

A Other Non-Current Liabilities

Deferred Income

-	0.02
-	0.02

B Other Current Liabilities

Advances Received From Clients
Deferred Income
Unearned Income Billed To Clients
Service Tax /GST Payable
Withholding For Income Taxes
Withholding For Employees Including Employers
Contribution
Other Liabilities

145.22	98.00
0.58	0.96
11.97	26.72
80.79	45.68
43.96	49.67
34.40	27.86
55.36	53.46
372.28	302.35

Note - 18

A Long-Term Provisions

Employees' Post Retirement/Long-Term Benefits

807.83	761.06
807.83	761.06

B Short-Term Provisions

Employees' Post Retirement/Long-Term Benefits
Provision for corporate social responsibility
Provision for Expected Losses

114.70	85.42
0.08	25.32
21.33	-
136.11	110.74

Note - 19

Trade Payables

Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 43)
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises

1.72	59.62
568.49	195.55
570.21	255.17

Trade Payables ageing schedule for the year ended as on March 31,2023 and March 31,2022 :-
31 March 2023

(₹ In Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) MSME	1.72	-	-	-	-	1.72
ii) Others	528.36	33.07	2.59	0.52	3.96	568.49
iii) Disputed Dues- MSME	-	-	-	-	-	-
iv) Disputed Dues- Others	-	-	-	-	-	-
Grand Total	530.08	33.07	2.59	0.52	3.96	570.21

31 March 2022

(₹ In Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) MSME	59.62	-	-	-	-	59.62
ii) Others	187.55	1.06	0.05	2.40	4.49	195.55
iii) Disputed Dues- MSME	-	-	-	-	-	-
iv) Disputed Dues- Others	-	-	-	-	-	-
Grand Total	247.17	1.06	0.05	2.40	4.49	255.17

Note - 20

Current Tax Liabilities (Net)

Provision for taxation (net of advance tax amounting to ₹ 372.33 Lakhs (previous year 31 March 2022 : ₹ 281.02 Lakhs)

25.76	41.21
25.76	41.21



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Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

	(₹ In Lakhs)	
	31 March 2023	31 March 2022
Note - 21		
Revenue From Operations*		
Income From Services	4,784.90	4,632.32
	<u>4,784.90</u>	<u>4,632.32</u>
Increase/(Decrease) In Work-In-Progress		
Closing Work-In-Progress	-	-
Less : Opening Work-In-Progress	-	7.82
	<u>-</u>	<u>(7.82)</u>
	<u>4,784.90</u>	<u>4,624.50</u>
*Excludes Goods and Services Tax (GST)		
Note - 22		
Other Income		
Interest Income		
Bank Deposits	344.42	353.80
Income-Tax Refunds	9.60	-
Financial Assets carried at amortised cost	26.86	9.60
Others - Misc	1.41	0.08
Amortization of Deferred Income	1.12	2.66
	<u>383.41</u>	<u>366.14</u>
Note - 23		
Manpower Services		
Manpower Services	838.09	836.70
	<u>838.09</u>	<u>836.70</u>
Note - 24		
Employee Benefits Expenses		
Salaries And Allowances	1,627.94	1,824.03
Contribution towards employees pension and provident fund and administration charges thereon	116.71	119.06
Contribution towards National Pension System (NPS) and administration charges thereon	80.57	74.80
Staff Welfare	9.71	4.06
Contribution to Gratuity Fund (Net of contribution received from others)**	5.84	9.70
	<u>1,840.77</u>	<u>2,031.65</u>
**Includes Term Insurance Premium paid to LIC of India.		
Note - 25		
Finance Cost		
Interest on shortfall in payment of Income Tax	-	4.07
Unwinding of Discount on Security Deposits	2.83	2.57
Interest on Lease Liabilities	3.17	3.90
	<u>6.00</u>	<u>10.54</u>
Note - 26.		
Depreciation And Amortisation Expenses		
Depreciation On Property, Plant And Equipment	7.86	13.75
Depreciation On Right of use assets	39.58	29.27
Amortisation Of Intangible Assets	0.83	0.77
	<u>48.27</u>	<u>43.79</u>



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

(₹ In Lakhs)

	31 March 2023	31 March 2022
Note - 27		
Other Expenses		
A Facilities Cost		
Rent - Residential Accommodation (Net of Recovery of ₹ 1.73 lakhs (previous year: ₹ 2.02 lakhs)	21.53	22.95
Rent-Office, Guesthouse and Transit Flats	29.04	63.34
Electricity And Water	66.35	31.81
Repairs and Maintenance - Building	52.22	2.56
Other Repairs And Maintenance	79.62	76.74
Hire Charges - Office Equipment	1.27	2.06
Insurance	4.40	6.75
	254.43	206.21
B Corporate Cost		
Bank Charges	1.45	1.05
Sitting Fees To Independent Directors	1.20	1.65
Advertisement for tender and recruitment	4.68	2.90
Entertainment	6.74	6.11
Remuneration To Auditors:		
For Audit	3.90	3.90
For Tax Audit	0.60	0.60
Certification	0.17	0.11
Out of Pocket (₹ 1.90 lacs (P.Y. 0.00) belongs to previous auditors	2.10	-
Filing Fee	0.32	0.04
Foreign Exchange Difference (Net)	0.01	0.97
Legal And Professional Charges	13.98	11.15
Licences And Taxes	36.03	31.74
	71.16	60.22
C Other Cost		
Travel And Conveyance	503.57	617.27
Printing, Stationery And General Office Supplies	9.76	7.17
Newspapers And Periodicals	0.13	-
Postage And Telecommunications	20.08	18.78
Courier, Transportation And Handling	1.87	1.95
Allowance for expected credit losses - trade receivables and advances (net)	210.51	(114.40)
Provision for Expected Losses	21.33	-
Amounts Written Off	-	38.95
Corporate Social Responsibility Expenditure (Refer note 48)	14.34	84.56
Miscellaneous Expenses	3.78	18.01
Training Expenses	2.69	4.08
	788.06	676.37



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

(₹ In Lakhs)

Note - 28

Income Tax

Tax Expense Comprises Of:

	31 March 2023	31 March 2022
Current Income Tax	396.18	322.22
Earlier years tax adjustments (net)	-	7.47
Deferred Tax	(56.91)	(15.81)
Income Tax Expense Reported In The Statement Of Profit Or Loss	339.27	313.88

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 25.168% and the reported tax expense in profit or loss are as follows:

Statement Of Profit And Loss

Accounting Profit Before Tax	1,321.54	1,125.16
Accounting Profit Before Income Tax	1,321.54	1,125.16
At India's Statutory Income Tax Rate of 25.168 % (31 March 2022 : 25.168%)	332.60	283.18
Adjustments In Respect Of Current Income Tax		
Tax Impact Of Expenses Which Will Never Be Allowed	3.61	23.20
Earlier Years tax adjustments (net)	-	7.47
Others	3.06	0.03
	339.27	313.88

The provision for current income-tax has been worked out taking into consideration the provisions of Income Computation and Disclosure Standards notified by Central Board of Direct Taxes vide Notification No. 87/2016 dated September 29, 2016.

Note - 29

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.

	31 March 2023	31 March 2022
Profit Attributable To Equity Shareholders	982.27	811.28
Weighted Average Number Of Equity Shares	9,00,000	9,00,000
Nominal Value Per Share (Rs.)	100.00	100.00
Earnings Per Equity Share		
Basic (In Rupees)	109.14	90.14
Diluted (In Rupees)	109.14	90.14



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Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

Note - 30

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.

Note - 31

Financial instruments

(i) Financial instruments by category

(₹ In Lakhs)

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised	FVTPL	Amortised
Financial assets				
Trade receivables	-	1,662.21	-	1,527.64
Other financial assets	-	1,096.31	-	1,037.20
Cash and cash equivalents	-	323.64	-	315.91
Other bank balances	-	6,537.17	-	5,951.54
Security deposits	-	-	-	-
Total financial assets	-	9,619.33	-	8,832.29
Financial liabilities				
Trade payables	-	570.21	-	255.17
Security deposits and retentions	-	70.74	-	61.55
Other financial liabilities	-	221.47	-	165.99
Lease Liabilities	-	31.69	-	59.02
Total financial liabilities	-	894.11	-	541.73

(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



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

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 2023	31 March 2022
A: Low credit risk	Cash and cash equivalents, other bank balances and other financial assets	9,121.56	8,537.58
B: Moderate credit risk	Trade receivable	205.30	77.37
C: High credit risk	Trade receivables	292.47	217.34

ii) Concentration of trade receivables

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

(₹ In Lakhs)

Particulars	31 March 2023	31 March 2022
Hydrocarbon	734.06	779.00
Infrastructure	957.78	759.70
Railways	298.30	170.40
Others	169.84	113.25
Total	2,159.98	1,822.35

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 2023

(₹ In Lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	323.64	-	323.64
Other bank balances	6,537.17	-	6,537.17
Other financial assets	1,096.31	-	1,096.31

31 March 2022

(₹ In Lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	315.91	-	315.91
Other bank balances	5,951.54	-	5,951.54
Other financial assets	1,037.20	-	1,037.20



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

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

31 March 2023

(₹ In Lakhs)

Particulars	0 - 90 Days	90 - 180 Days	180 - 270 Days	270 - 360 Days	360 - 450 Days	450 - 540 Days
Gross carrying value	997.07	321.67	87.75	102.84	73.84	50.48
Expected credit loss (provision)	57.92	5.01	9.41	20.45	12.42	11.53
Carrying amount (net of impairment)	939.15	316.66	78.35	82.38	61.42	38.96

Particulars	540 - 630	630 - 720 Days	720 - 1095	>1095 days
Gross carrying value	101.87	39.10	92.89	292.47
Expected credit loss (provision)	29.20	24.53	34.84	292.47
Carrying amount (net of impairment)	72.67	14.57	58.06	-

31 March 2022

(₹ In Lakhs)

Particulars	0 - 90 Days	90 - 180 Days	180 - 270	270 - 360	360 - 450	450 - 540 Days
Gross carrying value	1,046.40	93.02	162.33	41.19	29.78	23.63
Expected credit loss (provision)	19.93	3.23	1.57	10.68	10.43	9.88
Carrying amount (net of impairment)	1,026.47	89.79	160.76	30.51	19.35	13.75

Particulars	540 - 630	630 - 720 Days	720 - 1095	>1095 days
Gross carrying value	31.27	1.43	175.96	217.34
Expected credit loss (provision)	3.37	0.61	17.67	217.34
Carrying amount (net of impairment)	27.90	0.82	158.29	-

Reconciliation of loss provision – lifetime expected credit losses

(₹ In Lakhs)

Reconciliation of loss allowance	Trade receivables
Loss allowance on 31 March 2021	409.11
Impairment loss recognised/reversed during the year	(114.40)
Loss allowance on 31 March 2022	294.71
Impairment loss recognised/reversed during the year	203.06
Loss allowance on 31 March 2023	497.77

(B) Liquidity risk

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 2023	Less than 1 year	1 - 2 years	2 - 3 years	Total
Non-derivatives				
Trade payable	530.08	-	-	530.08
Security deposits and retentions	70.58	0.16	-	70.74
Other financial liabilities	221.47	-	-	221.47
Lease Liabilities	24.32	5.42	1.96	31.69
Total	846.45	5.58	1.96	853.98

(₹ In Lakhs)

31 March 2022	Less than 1	1 - 2 years	2 - 3 years	Total
Non-derivatives				
Trade payable	255.17	-	-	255.17
Security deposits and retentions	61.40	0.15	-	61.55
Other financial liabilities	165.99	-	-	165.99
Lease Liabilities	34.57	24.45	-	59.02
Total	517.13	24.60	-	541.73

(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.



Certification Engineers International Limited

Notes To The Financial Statements For The Year Ended 31 March 2023

Foreign currency risk exposure:

(₹ In Lakhs)

Particulars	31 March 2023			31 March 2022		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	-	-	-	-	1.14	-

Sensitivity

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

Particulars	31 March 2023			31 March 2022		
	USD	EURO	GBP	USD	EURO	GBP
Currency sensitivity						
Currency increase by 1%	-	-	-	-	0.01	-
Currency decrease by 1%	-	-	-	-	(0.01)	-



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Certification Engineers International Limited
Notes To The Financial Statements For The Year Ended 31 March 2023

Note - 32

RATIOS :-

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022 :-

Particulars	Numerator	Denominator	31st March 2023	31st March 2022	Variance
Current Ratio (In times)	Current assets	Current liabilities	6.82	9.15	-25.5%
Debt – Equity Ratio (In times)	Total Debt (represents lease liabilities)	Shareholder's Equity	0.00	0.01	-66.1%
Debt Service Coverage Ratio (In times)	Earnings available for debt service	Debt Service	32.70	14.67	122.9%
Return on Equity (ROE) (In %)	Net Profit for the year	Average Shareholder's Equity	12.22%	10.14%	20.5%
Trade receivables turnover ratio (In times)	Revenue from operations	Average Trade Receivable	3.00	2.91	3.1%
Trade payables turnover ratio (In times)	Manpower services and other expenses	Average Trade Payables	4.73	7.41	-36.2%
Net capital turnover ratio (In times)	Revenue from operations	Working Capital	0.58	0.58	-0.9%
Net profit ratio (In %)	Net Profit for the year	Revenue from operations	20.53%	17.54%	17.0%
Return on capital employed (ROCE) (In %)	Earning before interest and taxes	Capital Employed = Net worth + Lease liabilities + Deferred tax liabilities	16.24%	14.22%	14.2%
Return on Investment(ROI) (In %)	Income generated from investments	Time weighted average investments	5.59%	5.74%	-2.7%

Reasons for Variance of 25% or above:

Current Ratio

Debt – Equity Ratio

Debt Service Coverage Ratio

Trade payables turnover ratio

Increase in provisions for expenses and provision for Income Tax

Payment of Lease Liability

Payment of Lease Liability

Increase in provision for expenses which is payable in next financial year



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

Note – 33

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

	31 March 2023	(₹ In Lakhs) 31 March 2022
Equity share capital	900.00	900.00
Other equity	7244.13	7030.16
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 2023 and 31 March 2022.

Note – 34

Related Party

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

Serial Number	Name of the Related Party	Nature of Relationship	
1	Engineers India Limited ('EIL')	Holding company	
2	Directors/Key Management Personnel (31 March 2023)		
	Smt. Vartika Shukla	Chairman	Chairman and Managing Director in Engineers India Limited
	Shri Sanjay Jindal	Director	Director (Finance) in Engineers India Limited
	Shri V. John Paul	Director	Executive Director in Engineers India Limited
	Smt. Jayati Ghosh	Director (w.e.f. 05.01.2023)	Executive Director in Engineers India Limited
	Smt. Anita Gurjar	Non-official Independent Director (till 20.10.2022)	-
	Shri Rajiv Ranjan	Chief Executive Officer (w.e.f. 15.03.2023)	General Manager in Engineers India Limited
	Smt. P. Nagini	Chief Financial Officer (w.e.f. 27.01.2023)	DGM in Engineers India Limited
	Shri G Suresh	Chief Executive Officer (till 14.03.2023)	Chief General Manager in Engineers India Limited
	Shri Basant Kumar Das	Chief Financial Officer (till 26.01.2023)	-
	Ms. Jaya Totlani	Company Secretary	-



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

3	Directors/Key Management Personnel (31 March 2022)		
	Smt. Vartika Shukla	Chairman (w.e.f. 01.09.2021)	Chairman and Managing Director in Engineers India Limited
	Shri Rakesh Kumar Sabharwal	Chairman (till 31.08.2021)	-
	Shri Om Prakash Mishra	Non-official Independent Director (till 23.07.2021)	-
	Smt. Anita Gurjar	Non-official Independent Director	-
	Shri Sunil Bhatia	Director (till 30.06.2021)	Director (Finance) in Engineers India Limited till 30.06.2021.
	Shri Amitabh Budhiraja	Director (till 30.09.2021)	Executive Director in Engineers India Limited till 30.09.2021.
	Shri Avneesh Sawhney	Director (till 30.09.2021)	Executive Director in Engineers India Limited till 30.09.2021.
	Shri Sanjay Jindal	Director (w.e.f. 30.06.2021)	Executive Director (F&A) in Engineers India Limited
	Shri V. John Paul	Director (w.e.f. 28.10.2021)	Executive Director in Engineers India Limited
	Shri G Suresh	Chief Executive Officer	Chief General Manager in Engineers India Limited
	Shri Basant Kumar Das	Chief Financial Officer	-
	Ms. Jaya Totlani	Company Secretary	-

(b) Related Party Transactions

During the year ended 31 March 2023, the Company had following transactions and outstanding balances with related parties:

(₹ In Lakhs)				
Particulars	Relationship	Year	Amount	(Payable)/Receivable
Professional and technical services and facilities (Shown under Manpower Services head in Profit & Loss account)	Holding Company	31 March 2023	216.11	(193.33)
		31 March 2022	241.73	(110.70)
Execution of contract for Services (Shown under Income from Operations head in Profit & Loss account)	Holding Company	31 March 2023	16.32	20.54
		31 March 2022	226.13	71.58*
Dividend (interim and final)	Holding Company	31 March 2023	774.00	-
		31 March 2022	963.00	-

*includes security deposit of ₹ 9.34 Lakhs and ₹ 39.39 Lakhs as at 31.03.2023 and 31.03.2022 respectively.



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

(c) Director's remuneration:

Sitting fees paid to Non-official Independent Directors for 31 March 2023 is ₹ 1.20 Lakhs (Previous year 31 March 2022 : ₹ 1.65 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". The details of the same is as under :-

(₹ in Lakhs)

Particulars	31 March 2023	31 March 2022
Remuneration	82.91	71.89

(e) Transactions and balances pertaining to KMP's (Other than CEO)

(₹ in Lakhs)

Particulars	31 March 2023	31 March 2022
Transaction during the year		
Remuneration	39.36	36.57
Rent Paid for residential accommodation	0.00	0.00
Balance as at year end		
Outstanding loans, interest and other receivables	0.00	0.00

Defined Benefit obligation for Key Managerial Personnel (Other than CEO) :-
(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave encashment (Unfunded)		Long service awards (Unfunded)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Total Defined Benefit Obligation	13.94	10.05	22.92	25.80	0.59	0.71

Note – 35

Contingent Liabilities and Commitments

i) Contingent Liabilities:

- a) Income Tax assessments have been completed up to the assessment year 2020-2021. Tax liability, if any, in respect of pending assessment for subsequent assessment years up to assessment year 2020-21 cannot be ascertained. Due taxes on self-assessment basis have been paid.
- b) The Company has filed an application for rectification (u/s 154) of processing mistakes amounting to ₹ 63.24 Lakhs (inclusive of interest) (Previous Year ₹ 63.24 Lakhs (inclusive of interest) in intimation u/s 143(1) for the assessment year 2016-17.



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

- c) The Company has filed an application for rectification (u/s 154) of processing mistakes amounting to ₹ 124.37 Lakhs (inclusive of interest) (Previous Year ₹ 124.37) as wrongly shown in computation sheet attached with the Assessment Order u/s 147 r.w.s 144 read with section 144B dated 30.03.2023 for the assessment year 2015-16 .
- d) The company has received a demand of Rs. 7.17 lakh (previous for Rs. 0.00) in intimation u/s 143(1) for assessment year 2021-22 from Income Tax department. The company is disagreeing with demand and is in process of filing reply against the demand order.
- e) The Company has filed an appeal against a demand of service tax of ₹ 1333.88 Lakhs (inclusive of interest and penalty) (Previous Year ₹1130.41 Lakhs (inclusive of interest and penalty)) 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), Mumbai. Pre-deposit of Rs 19.20 Lakhs had been deposited by the company on 13.04.2016.

ii) Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided in accounts ₹ 0.00 (Previous Year - ₹ 0.00).

Estimated Amount of Corporate Social Responsibility commitments is ₹. 13.61 lakhs (previous year ₹ 25.32 lakhs)

Note – 36

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 2023	31 March 2022
Contributory Provident Fund and Employees' Pension Scheme, 1995	116.71	119.06
Contributory National Pension System (NPS)	80.57	74.80

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, 2023 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
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Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

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 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Present value of obligations as at the end of year	462.75	440.12	891.55	834.13	26.32	25.18
Fair value of plan assets as at the end of the year	478.22	452.95	--	--	--	--
Amount Not Recognised due to asset limit	--	--	--	--	--	--
Funded status	(15.46)	(12.83)	(891.55)	(834.13)	(26.32)	(25.18)
Net (asset)/liability recognized in balance sheet	(15.46)	(12.83)	(891.55)	(834.13)	(25.18)	(25.18)

b) Expenses recognized in statement of profit and loss (₹ In Lakhs)						
	Gratuity (Funded)		Leave encashment (Unfunded)*		Long service awards (Unfunded)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Current service cost	7.14	10.20	126.80	108.58	2.15	2.10
Past service cost	--	--	--	--	--	--
Interest on net benefit asset/liability	(1.30)	(0.50)	58.02	45.19	1.60	1.66
Re-measurements gains/losses	--	--	(53.70)	147.41	1.95	(1.51)
Expenses recognized in statement of profit and loss	5.84	9.70	131.12	301.18	5.70	2.25

* Amount debited to Profit & Loss is inclusive benefits availed.

c) Expenses recognized in Other comprehensive income (₹ In Lakhs)						
	Gratuity (Funded)		Leave encashment (Unfunded)		Long service awards (Unfunded)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Actuarial (gains)/loss	--	--	--	--	--	--
Change in financial assumption	(11.01)	(20.09)	--	--	--	--
Change in demographic assumption	(0)	(6.28)	--	--	--	--
Experience adjustments	-0.87	5.27	--	--	--	--
Actual return on plan assets	4.28	1.58	--	--	--	--
Adjustments to recognise the effect of asset ceiling	--	--	--	--	--	--
Expenses recognized in other comprehensive income	(13.74)	(19.52)	--	--	--	--



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

d) Reconciliation of opening and closing balances of defined benefit obligation							(₹ In Lakhs)
	Gratuity (Funded)		Leave encashment (Unfunded)		Long service awards (Unfunded)		
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Present value of obligations as at beginning of year	440.12	427.43	834.13	665.47	25.18	25.93	
Interest cost	31.72	29.50	58.02	45.19	2.15	2.10	
Current service cost	7.14	10.20	126.80	108.58	1.60	1.66	
Past service cost	--	--	--	--	--	--	
Actuarial (gain)/loss on obligations	(11.01)	(21.11)	-53.70	147.41	1.95	(1.51)	
Benefit paid	(4.35)	(5.90)	(73.69)	(132.52)	(4.55)	(3.00)	
Present value of obligations as at end of year	462.75	440.12	891.55	834.13	26.32	25.18	

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 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Fair value of plan assets as on beginning of year	452.95	429.62	--	--	--	--	
Interest on plan assets	33.02	30.00	--	--	--	--	
Re-measurements due to actual return on plan assets less interest on plan assets	(4.28)	(1.58)	--	--	--	--	
Contributions	0.87	0.81	--	--	--	--	
Benefits paid	(4.35)	(5.90)	--	--	--	--	
Fair value of plan assets at the end of year	478.22	452.95	--	--	--	--	

f) Actuarial Assumptions						
	Gratuity (Funded)		Leave encashment (Unfunded)		Long service awards (Unfunded)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Discount rate	7.50 %	7.30%	7.50 %	7.30%	7.50 %	7.30%
Expected rate of future salary increase	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Retirement age	60 years	60 years	60 years	60 years	60 years	60 years



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

- 4) Mortality rates inclusive of provision for disability -100% of IALM (2012 –14)
5) Rates of leaving service at specimen ages are as shown below:-

Age (Years)	Rates (p.a.)
21 – 30	0%
31 – 40	1.24%
41 – 50	0.42%
51 – 59	0%

- 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 (Half Pay Leave) (Unfunded)		Long Service Awards (Unfunded)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Weighted average of the defined benefit obligation	11.89 Years	12.87 Years	8.10 Years	8.40 Years	6.44 Years	6.85 Years	4.55 Years	4.09 Years
Duration of defined benefit obligation								
Duration (years)								
1	11.60	11.30	54.66	50.14	31.39	28.63	8.52	6.65
2	5.32	4.76	50.87	46.06	30.54	27.79	0.82	3.13
3	5.64	4.96	51.43	46.49	30.26	27.53	3.03	0.77
4	5.92	5.27	51.97	47.02	29.99	27.29	1.00	2.78
5	25.55	5.57	53.37	47.55	37.36	27.05	5.90	0.94
6	43.59	25.01	76.36	48.89	29.45	33.69	2.90	5.58
7	6.79	41.73	50.74	72.27	26.75	26.69	0.48	2.66
8	118.50	6.42	106.55	45.95	33.96	24.08	2.40	0.45
9	81.31	115.85	85.86	101.79	29.74	30.13	0.90	2.19
Above 10	950.69	1029.92	700.02	687.06	190.75	209.46	10.49	10.64

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

	Gratuity (funded)		Leave Encashment (Unfunded)		Long Service Awards (Unfunded)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Fund managed by insurer	100%	100%	--	--	--	--

i) Sensitivity Analysis Gratuity (Funded) (₹ In Lakhs)

Particulars	Discount rate		Salary escalation rate	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Impact of increase in 50 bps on defined benefit obligation	-5.73%	-6.18%	0.69%	0.79%
Impact of decrease in 50 bps on defined benefit obligation	6.18%	6.70%	-0.67%	-0.81%



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

Leave Encashment (Earned Leave) (Unfunded)

Particulars	Discount rate		Salary escalation rate	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Impact of increase in 50 bps on defined benefit obligation	-3.93%	-4.07%	4.15%	4.25%
Impact of decrease in 50 bps on defined benefit obligation	4.18%	4.34%	-3.89%	-4.02%

Leave Encashment (Half Pay Leave) (Unfunded)

Particulars	Discount rate		Salary escalation rate	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Impact of increase in 50 bps on defined benefit obligation	-3.13%	-3.33%	3.24%	3.45%
Impact of decrease in 50 bps on defined benefit obligation	3.31%	3.52%	-3.11%	-3.30%

Long Service Awards (Unfunded)

Particulars	Discount rate		Salary escalation rate	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Impact of increase in 50 bps on defined benefit obligation	-2.22%	-1.98%	-2.40%	-2.14%
Impact of decrease in 50 bps on defined benefit obligation	2.31%	2.07%	1.62%	1.51%

Note – 37

Proposed Dividend (₹ In Lakhs)

Proposed dividend on equity shares	31 March 2023	31 March 2022
Proposed Final dividend for 31 March 2023 (₹ 43.00 per share) (previous year 31 March 2022: ₹26.00 per share)	387.00	234.00
Total	387.00	234.00

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as liability.

Note – 38

CSR activity reserve amounting to ₹16.00 Lakhs for 31 March 2023 (Previous year 31 March 2022: ₹17.10 Lakhs. 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 – 39

There is no impairment of cash generating assets during the year in terms of Ind AS36 “Impairment of Assets”.

Note – 40

Liability in respect of ‘Performance Related Pay’, amounting to ₹49.77 Lakhs (previous year 31 March 2022: ₹25.53 Lakhs) for the employees for the year ended on 31 March 2023 has been estimated and provided based on scheme formulated in accordance with DPE guidelines, based upon certain ranking parameters.

The cafeteria allowance of ₹96.95 lakhs (Previous year ₹68.36 lakhs) has been made for the employees for the year ended on 31 Mar 2023 in accordance with approval of board for increase in cafeteria allowance from 30% -35% .



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

Note – 41

Guarantees issued by banks and outstanding as on 31 March 2023 ₹ 656.49 , inclusive of Expired BG of ₹ 2.70 Lakhs, (previous years 31 March 2022 586.33 Lakhs , inclusive of Expired BG of ₹ 9.19 Lakhs).

Note – 42

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 entered into Memorandum of Understandings with Engineers India Limited for providing Technical services to EIL at actual cost plus margin.

Note – 43

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act 2006 to the extent information available with the company is given below:

		(₹ In Lakhs)	
S. No.	Particulars	31 March 2023	31 March 2022
I	Amount due and payable at the year end		
	- Principal	1.72	59.62
	- Interest on above Principal	-	-
ii	The amount of interest paid along with the amounts of the payment after the due date-	-	-
Iii	The amount of interest due and payable for principals already paid	-	-
Iv	The amount of interest accrued and remaining unpaid at the year end	-	-
V	The amount of interest which is due and payable which is carried forward from last year	-	-

Note – 44

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 “Operating Segments” is not applicable.

Note – 45

The details of revenue are as below:

		(₹ In Lakhs)	
Particulars	31 March 2023	31 March 2022	
Revenue from Operations	4784.90	4624.50	
Other Income	383.41	366.14	
Total Revenue	5168.31	4990.64	

Note – 46

Trade receivables and Contract Balances

The following table provides information about Trade receivable, Contract assets and Contract Liabilities from Contract with Customers:



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

Particulars	₹ In Lakhs)	
	31 March 2023	31 March 2022
Trade Receivables (Note No. 11) – Net of Allowance for expected credit losses	1662.21	1527.64
Contract Assets (Unbilled Revenue) (Note No. 6 B)	750.81	627.16
Contract Liabilities (Unearned Revenue) (Note No. 17 B)	11.97	26.72
Contract Liabilities (Advance from Customers) (Note No. 17.B)	145.22	98.00

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Trade receivable and unbilled revenue are presented net of impairment in the Balance Sheet.

Revenues in excess of Invoicing is recorded as unbilled revenue (contract assets) and is classified as a financial asset. Revenue recognition for Lump sum contracts is based on percentage of completion method based on cost progress. Invoicing to the clients is based on milestones as defined in the contract. Revenue from Cost plus and rate plus jobs are recognized when the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Invoicing in excess of earnings are classified as Income received in advance (contract liabilities) and is classified as other current liabilities.

During the year ended March 31, 2023, ₹ 396.40 Lakhs of unbilled revenue as of April 1, 2022 (Previous year Rs. ₹ 600.51 Lakhs) has been reclassified to Trade receivables upon billing to customers.

During the year ended March 31, 2023, the company recognized revenue of ₹26.72 Lakhs arising from opening unearned revenue as of April 1, 2022 (Previous year ₹ 124.69 Lakhs)

During the year ended March 31, 2023, the company recognised revenue of ₹ 0.00 Lakhs (Previous year ₹ 7.82 Lakhs) from obligations satisfied in previous periods.

Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Performance obligation estimates are subject to change and are affected by several factors, including termination, changes in the scope of work, adjustment for revenue that has not materialized, and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2023 is ₹ 5662.02 Lakhs (Previous year ₹ 5606.35 Lakhs). Out of this, the Company expects to recognize revenue of around 75% (Previous year 35%) within the next one year and the remaining thereafter.

Note – 47

The balances of trade receivables, loans and advances, customer's advances, retention money, security deposits receivable/payable and trade payables are subject to confirmation and reconciliation.

Tax deducted at source by our clients & banks for the financial year 2022-23 is subject to reconciliation with Form 26AS.

Note – 48

Corporate social responsibility expenses

The requisite disclosure relating to CSR expenditure in terms on amended Schedule III of the Companies Act and Guidance Note on Corporate Social Responsibility (CSR) issued by the Institute of Chartered Accountants of India:



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

(a) Disclosure with regard to CSR activities:

Particulars	(₹ in lakhs)	
	31 March 2023	31 March 2022
Amount required to be spent by the Company during financial year	26.83	28.14
Amount of Expenditure incurred	14.34	84.56
Shortfall at the end of the year	12.49	-
Total of previous years shortfall	17.12	73.54
Total Shortfall	29.61	17.12
Amount available for Set Off	-	-
Total of Excess amount spent at the end of year including previous year	-	-
Surplus arising out of CSR Project	-	-
Reason for Shortfall	Pertains to ongoing projects	Pertains to ongoing projects
Details of related party transactions	Not Applicable	Not Applicable
Provision made with respect to a liability incurred	0.00	25.32

Also Refer Note No 15 & 18B.

*Movement of Provision

Particulars	(₹ in lakhs)	
	31 March 2023	31 March 2022
Opening balance	25.32	-
Additional provision during the year	26.49	25.32
Provision used during the year	11.63	-
Closing balance	40.18	25.32

(b) Amount spent during the financial year ended 31 March 2023 and 31 March 2022 on:

Particulars	(₹ in lakhs)		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	31 March 2023	0.00	0.00
	31 March 2022	2.82	25.32
(ii) On purposes other than (i) above	31 March 2023	14.34	14.34
	31 March 2022	56.42	56.42

(c) Nature of CSR activities:

Nature of CSR activities (Thrust Area-wise)	(₹ in lakhs)	
	31 March 2023	31 March 2022
Promoting Education	-	-
Health care & nutrition	9.99	37.80
Skill Development / Vocational Training	-	28.14
Disaster Management	-	-
Benefit of armed forces veterans, war widows etc.	-	-
Prime Minister National Relief Fund	4.35	8.72
Others	-	9.90
Total	14.34	84.56



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

Note – 49

Expected Losses:

For each contract, at reporting date, total contract cost and total contract revenue are estimated. In respect of contracts, where it is probable that total estimated contract cost will exceed the estimated total contract revenue, the expected loss is recognised as an expense in the statement of Profit and Loss.

Note – 50

Income Tax Refundable details are as follows: -

Assessment Year	(₹ in lakhs)	
	31 March 2023	31 March 2022
2002-03	9.82	9.82
2007-08	11.85	11.85
2008-09	7.00	7.00
2011-12	20.99	20.99
2012-13	2.88	2.88
2014-15	48.61	48.61
2016-17	4.14	4.14
2018-19	38.68	38.68
2019-20	-	-
2020-21	-	106.39
2021-22	0.37	0.37
2022-23	-	-
	144.34	250.73

Note – 51

- The company has not traded or invested in Crypto Currency or Virtual Currency during the financial year 2022-23.
- The company has not been declared wilful defaulter by any bank or financial institution.
- The non-fund-based facilities from banks are unsecured. The company is availing non fund-based facilities from a bank and furnishing required documents as and when required by the banker, more particularly at the time of renewal exercise i.e. on yearly basis.
- There are no pending charges which is yet to be registered with Registrar of Companies (ROC) as on 31 March 2023 with respect to the Non fund-based facilities availed by CEIL.

Note – 52

The additional regulatory information with respect to transaction with strike-off companies are as under: Our company has not entered into any transaction with a struck-off company in MCA records. However, the company has recoverable balance of ₹ 327.00 (Previous Year ₹ 327.00).

Note – 53

Compensation of ₹15.00 Lacs has been paid in financial year by the company in accordance with approval at 126th Board Meeting of Board of Directors to Survivors of Late Mr Arjun T (Outsourced Employee of CEIL), who was found deceased while on service to CEIL on Barge P-305 which sank due to Cyclone Tauktae. The said compensation has been shown in profit & loss account under "Miscellaneous Expenses" (Note No 27C) of financial year 2021-22.



Certification Engineers International Limited
Notes to the financial statements for the year ended 31 March 2023

Note – 54

The previous year figures have been audited by a firm other than M/S Goyal Parul & Co. Chartered Accountants.

Note – 55

Previous year's figures have been regrouped /reclassified to make them comparable to the figures of the current year.

For Goyal Parul & Co.
Chartered Accountants
Firm Regn. No. 016750N



CA Sanchit Agrawal
Partner

Membership No. 435163

For and on behalf of Certification Engineers International Limited



(J. TOTLANI)

Company Secretary


PAN: BGIPK9258H



(P. Nagini)

Chief Financial Officer

PAN: AFCPP1627F



(Rajiv Ranjan)

Chief Executive Officer

PAN: AAPPR0496J



(SANJAY JINDAL)

Director

DIN: 09223617



(VARTIKA SHUKLA)

Chairman

DIN: 08777885

Place: New Delhi
Date: May 23, 2023

