

F. No. 52/26/CAB-2010  
Ministry of Corporate Affairs  
**Cost Audit Branch**

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B-1 Wing, 2<sup>nd</sup> Floor,  
Paryavaran Bhawan,  
CGO Complex, Lodhi Road,  
New Delhi-110 003

Dated the 2<sup>nd</sup> May, 2011

**ORDER**

In exercise of the powers conferred by sub-section (1) of section 233B of the Companies Act, 1956 (1 of 1956), the Central Government, being of the opinion that it is necessary to do so, hereby directs that all companies to which any of the following rules apply, and wherein, the aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores of rupees; or wherein the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds twenty crores of rupees; or wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India, shall get its cost accounting records, in respect of each of its financial year commencing on or after the 1<sup>st</sup> day of April, 2011, audited by a cost auditor who shall be, either a cost accountant or a firm of cost accountants, holding valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959 (23 of 1959).

- (a) *Cost Accounting Records (Bulk Drugs) Rules, 1974*
- (b) *Cost Accounting Records (Formulations) Rules, 1988*
- (c) *Cost Accounting Records (Fertilizers) Rules, 1993*
- (d) *Cost Accounting Records (Sugar) Rules, 1997*
- (e) *Cost Accounting Records (Industrial Alcohol) Rules, 1997*
- (f) *Cost Accounting Records (Electricity Industry) Rules, 2001*
- (g) *Cost Accounting Records (Petroleum Industry) Rules, 2002*
- (h) *Cost Accounting Records (Telecommunications) Rules, 2002*

2. Every company to which these orders apply shall follow the revised procedure for appointment of cost auditor as laid down vide Ministry of

Corporate Affairs' General Circular No. 15/2011 [52/5/CAB-2011] dated 11<sup>th</sup> April 2011.

3. The audit shall be conducted in such manner as will enable the cost auditor to prepare the report in accordance with the Cost Audit (Report) Rules, 2001 as amended from time to time. The report of the cost auditor shall be forwarded to the Central Government in the prescribed format within the time stipulated under the said Rules.

4. These orders do not apply to a company which is a body corporate governed by any special Act.

5. All companies covered by these orders and wherein cost audit orders have been issued so far in respect of products/activities covered by the above mentioned rules shall continue to comply with the said orders until these orders become applicable on them.

6. If a company contravenes any provisions of these orders, the company and every officer thereof who is in default, including the persons referred to in sub-section (6) of section 209 of the Companies Act, 1956, shall be punishable as provided under sub-section (2) of section 642 read with sub-section (11) of section 233B of the Companies Act, 1956 (1 of 1956).

(B.B.Goyal)  
Adviser (Cost)

Copy to:

1. E-Governance Cell, Ministry of Corporate Affairs, Shastri Bhavan, New Delhi with a request to upload this order on the MCA's website.
2. The President, Institute of Cost and Works Accountants of India, 12, Sudder Street, Kolkata – 700016 with a request to bring this order to the general information of all Members in practice and of the corporate sector.