

F. No. 52/13/CAB-2011
Government of India
Ministry of Corporate Affairs
Cost Audit Branch

B-1 Wing, 2nd Floor,
Paryavaran Bhavan,
CGO Complex,
New Delhi-110003

Dated the 4th June, 2012

To,
The President,
Institute of Cost Accountants of India,
12, Sudder Street,
Kolkata - 700 016

Subject: Cost Accounting Records and Cost Audit - general clarifications.

Sir,

Ministry of Corporate Affairs has so far issued following circulars in connection with the cost accounting records, cost audit, appointment of cost auditors etc:

1. General Circular No. 15/2011 dated 11th April, 2011
2. Master Circular No. 2/2011 dated 11th November, 2011
3. General Circular No. 67/2011 dated 30th November, 2011
4. General Circular No. 68/2011 dated 30th November, 2011
5. General Circular No. 8/2012 dated 10th May, 2012
6. General Circular No. 11/2012 dated 25th May, 2012

It is hereby clarified that all these circulars [including the present circular] are applicable in respect of all the Cost Accounting Records Rules notified in 2011 and the industry specific Cost Audit Orders issued so far; to the extent these are relevant and applicable.

2. Ministry of Corporate Affairs vide no. 52/26/CAB-2010 dated 2nd May, 2011 had directed that every company 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 crore 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 crore 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 1st 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

3. In supersession of the aforesaid Rules, following industry specific Cost Accounting Records Rules were notified:

1. Cost Accounting Records (Telecommunication Industry) Rules 2011 notified vide GSR 869(E) dated December 7, 2011.
2. Cost Accounting Records (Petroleum Industry) Rules 2011 notified vide GSR 870(E) dated December 7, 2011.
3. Cost Accounting Records (Electricity Industry) Rules 2011 notified vide GSR 871(E) dated December 7, 2011.
4. Cost Accounting Records (Sugar Industry) Rules 2011 notified vide GSR 872(E) dated December 7, 2011.
5. Cost Accounting Records (Fertilizer Industry) Rules 2011 notified vide GSR 873(E) dated December 7, 2011.
6. Cost Accounting Records (Pharmaceutical Industry) Rules 2011 notified vide GSR 874(E) dated December 7, 2011.

4. In view of above, it is hereby clarified that the Cost Audit Order No. 52/26/CAB-2010 dated 2nd May, 2011 shall be applicable as under:

- a) For all companies wherein their products/activities are already covered under any of the erstwhile industry specific Cost Accounting Records Rules, as mentioned in para 2 above [before their supersession] and meeting with the threshold limits mentioned in the said Cost Audit Orders - in respect of each financial year commencing on or after the 1st day of April, 2011 i.e. from the financial year 2011-12 onwards.

b) For all companies wherein their products/activities are for the first time covered under any of the revised industry specific Cost Accounting Records Rules, as mentioned in para 3 above and meeting with the threshold limits mentioned in the said Cost Audit Orders - in respect of each financial year commencing on or after the 7th December, 2011 i.e. from the financial year 2012-13 [incl. calendar year 2012] onwards.

5. It is further clarified that in case of companies engaged in production, processing, manufacturing or mining of multiple products/activities, if any of their products/activities are not covered under the industry specific Cost Accounting Records Rules, but are covered under the Companies (Cost Accounting Records) Rules, 2011 notified vide GSR 429(E) dated June 3, 2011 and wherein such products/activities are not covered under cost audit vide cost audit orders dated June 30, 2011 and January 24, 2012; such companies shall be required to file compliance report with the Central Government in accordance with the clarifications given vide para (a) of the MCA's General Circular No. 68/2011 dated 30th November, 2011.

6. The Institute is requested to circulate this General Circular for the information of all concerned.

(B.B.Goyal)
Adviser (Cost)
Tel: 011-24366005

Copy to:

1. E-Governance Cell, Ministry of Corporate Affairs, Shastri Bhavan, New Delhi with a request to upload this circular on the MCA's website.
2. All Regional Directors / Registrars of Companies
3. PS to CAM / PS to MOS
4. PS to Secretary / Special Secretary
5. PS to Joint Secretary (A) / Joint Secretary (R) / Joint Secretary (M)
6. PS to DII (RC) / DII (UCN)
7. PS to Economic Adviser