

**Section 233B of the Companies Act, 1956 – Audit of Cost accounts in certain cases – order under section 233B(1)**

**ORDER (F.No. 52/26/CAB-2010), Dated 24.01.2012**

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 the Companies (Cost Accounting Records) Rules, 2011 apply, and which are engaged in the production, processing, manufacturing or mining of the following products/activities, including intermediate products and articles or allied products thereof, and wherein the aggregate value of the turnover made by the company from sale or supply of all its products/activities during the immediately preceding financial year exceeds hundred 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, 2012, 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).

<i>S no.</i>	<i>Name of the Industry</i>	<i>Relevant Chapter Heading of the Central Excise Tariff Act, 1985</i>
1.	Jute, cotton, silk, woolen or blended fibers/textiles	Chapters 50 to 63
2.	Edible oil seeds and Oils (incl. vanaspati)	Chapters 12 and 15
3.	Packaged food products	Chapters 2 to 25 (except Chapters 5, 6, 14, 23 and 24)
4.	Organic & Inorganic Chemicals	Chapters 28, 29, 32, 38 and 39
5.	Coal & Lignite	Chapter 27
6.	Mining & Metallurgy of ferrous & non-ferrous metals	Chapters 26 and 74 to 83 (except Chapters 76 and 77)
7.	Tractors & other motor vehicles (incl. automotive components)	Chapters 84, 85 and 87
8.	Plantation Products	Chapters 8, 9, 21 and 40
9.	Engineering machinery (incl. electrical & electronic products)	Chapters 84 and 85

**Notes:**

(a) Intermediate or final products and articles or allied products of above industries if included under any other Chapter of the Central Excise Tariff Act, 1985 not mentioned above shall also be covered under these orders.

(b) Items falling under above Chapter references exclude those products that have been already covered *vide* cost audit orders dated 2nd May 2011 and 30th June 2011.

(c) Products falling under above Chapter references are to be considered against the respective industry as applicable.

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 dated 11th 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 Companies (Cost Audit Report) Rules, 2011 published *vide* G.S.R. 430(E) dated 3rd June 2011. 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. In view of issue of industry specific cost audit orders, all company specific cost audit orders issued to the individual companies prior to 31st March, 2011 directing them to get their cost records audited for the products/activities specified in such orders stand withdrawn with effect from the financial year commencing on or after the 1st day of April, 2012.

5. All companies who were earlier issued company specific orders prior to 31st March, 2011 but are later covered either by this industry specific order and/or by earlier similar orders dated 2nd May 2011 or 30th June 2011 [subject to their meeting with the qualifying criteria mentioned therein] shall now comply with the industry specific orders, as applicable, replacing the earlier company specific order.

6. All companies wherein this industry specific cost audit order and the similar orders issued on 2nd May 2011 and 30th June 2011 are not applicable but their products/activities were covered under the company specific cost audit orders issued prior to 31st March 2011 shall comply with the said company specific orders before their withdrawal becomes effective *i.e.* for all financial years prior to the financial year commencing on or after the 1st day of April, 2012.

7. 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).

8. These orders are subject to clarifications issued *vide* Ministry of Corporate Affairs' General Circular Nos. 67/2011 and 68/2011, both dated November 30, 2011.