

## Industry Specific Cost Audit

Central Government in exercise of the powers conferred by section 642(1) read with section 209 (1)(d) of the Companies Act,1956 prescribes Cost Accounting Records rules for the maintenance of Cost Records for 44 industries/products. This is applicable to the companies pertaining to any class of companies engaged in the production, processing manufacturing or mining activities except the small scale industries having their total turnover less than rupees ten crores.

Government issue Cost Audit order from time to time to companies out of the 44 industries., On 2<sup>nd</sup> & 3<sup>rd</sup> May 2011 Ministry of Corporate Affairs, Govt of India has come up with notification through which fourteen industries have been brought under the purview of Cost Audit (Industry specific Cost Audit orders issued in place of practice of issuing company specific Cost Audit order)

The Fourteen Industries have been covered under Cost Audit w.e.f Financial year commencing on or after 01.04.2011

**The main features of the Orders are as under:**

**Category -1:**

In case of following industries:

- o Bulk Drugs
- o Formulations
- o Fertilizers
- o Sugar
- o Industrial Alcohol
- o Electricity Industry
- o Petroleum Industry
- o Telecommunications

Cost Audit is applicable to the following companies:

- (i) Companies having **Net Worth** exceeding Rupees **Five Crores or**
- (ii) Companies having **Turnover** exceeding Rupees **Twenty Crores or**

(iii) Companies whose **equity or debt securities** are listed or in the process of listing on any stock exchange in or outside India.

**Category -2**

In case of following industries: (last year i.e. 31.03.2011)

- o Cement
- o Tyres & Tubes
- o Steel Plants
- o Steel Tubes and Pipes
- o Paper
- o Insecticides

Cost Audit is applicable to the following companies:

- (i) Companies having **Turnover** exceeding Rupees **One Hundred Crores or**
- (ii) Companies whose **equity or debt securities** are listed or in the process of listing on any stock exchange in or outside India

For appointment of Cost Auditor the company shall e-file its application with central Government on [www.mca.gov.in](http://www.mca.gov.in) in portal in the prescribed form 23C with in ninety days from the date of commenced of each financial year.

For any further clarification please feel free to contact

Rajesh Goyal

Cost Accountants

(M) 09818049777

(L) 011-46528480, 41720743 (D) 41720434

Email :- [rajesh.goyal@samadhan.co.in](mailto:rajesh.goyal@samadhan.co.in), [goyal\\_icwa@yahoo.co.in](mailto:goyal_icwa@yahoo.co.in)