

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

B-1 Wing, 2nd Floor,
Paryavaran Bhavan,
CGO Complex, Lodi Road,
New Delhi-110 003

Dated the 6th November, 2012

ORDER

Consequent upon notification of the Product or Activity Group classification published vide S.O. 1747(E) dated 7th August, 2012 and in supersession of the earlier Orders issued vide even number dated 2nd May 2011, 3rd May 2011, 30th June 2011 and 24th January 2012, the Central Government hereby makes the following Order.

2. 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 following Rules apply,

- (a) Cost Accounting Records (Telecommunication Industry) Rules 2011;
- (b) Cost Accounting Records (Petroleum Industry) Rules 2011;
- (c) Cost Accounting Records (Electricity Industry) Rules; 2011;
- (d) Cost Accounting Records (Sugar Industry) Rules; 2011;
- (e) Cost Accounting Records (Fertilizer Industry) Rules 2011;
- (f) Cost Accounting Records (Pharmaceutical Industry) Rules 2011;

and which are engaged in the production, processing, manufacturing or mining of the products/activities included in the said Rules or covered in the following product or activity groups [Table-I] and wherein the aggregate value of the net worth of the company 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 January, 2013, 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).

Table-I

<u>Sno.</u>	<u>Product or Activity Group Code</u>	<u>Name of the Product or Activity Group</u>	<u>Central Excise Tariff Act (CETA) Chapter Headings covered in the Product or Activity Group</u>
1	1020	Sugar and Sugar Products	1701 to 1702
2	1021	Molasses	1703
3	1027	Ethyl Alcohol and other Spirits	2207
4	2004	Petroleum Oils - Crude	2709
5	2005	Petroleum Oils - Refined	2710
6	2006	Petroleum Gases and other Gaseous Hydrocarbons	2711
7	2007	Other Petroleum Products	2712 to 2715
8	2008	Electrical Energy	2716
9	2012	Bulk Drugs	2901 to 2942
10	2015	Pharmaceutical Products	3001 to 3006
11	2016	Animal or Vegetable Fertilizers	3101
12	2017	Mineral or Chemical Fertilizers - Nitrogenous	3102
13	2018	Mineral or Chemical Fertilizers - Phosphatic	3103
14	2019	Mineral or Chemical Fertilizers - Potassic	3104
15	2020	Mineral or Chemical Fertilizers - Others	3105
16	5101	Basic telephone services - wired and WLL	Not Applicable
17	5102	Cellular mobile telephone services - wireless and WLL	Not Applicable
18	5103	Internet and broadband services	Not Applicable

<u>Sno.</u>	<u>Product or Activity Group Code</u>	<u>Name of the Product or Activity Group</u>	<u>Central Excise Tariff Act (CETA) Chapter Headings covered in the Product or Activity Group</u>
19	5104	National long distance services	Not Applicable
20	5105	International long distance services	Not Applicable
21	5106	Public mobile radio trunk services	Not Applicable
22	5107	Global mobile personal communication services	Not Applicable
23	5108	Passive telecom infrastructure and tower facilities	Not Applicable
24	5109	Cable landing stations	Not Applicable
25	5121	Broadcasting and related services	Not Applicable
26	5141	Other communication services not elsewhere specified	Not Applicable
27	5406	Transmission or distribution of electricity	Not Applicable

3. 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 products/activities included in the following product or activity groups [Table-II], and wherein the aggregate value of the turnover made by the company from sale or supply of all its products or 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 January, 2013, 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).

Table-II

<u>Sno.</u>	<u>Product or Activity Group Code</u>	<u>Name of the Product or Activity Group</u>	<u>Central Excise Tariff Act (CETA) Chapter Headings covered in the Product or Activity Group</u>
1	1002	Meat and Meat Products	0201 to 0210; 0410; 1601 to 1603
2	1003	Marine Products	0301 to 0307; 1604 to 1605
3	1004	Milk and Milk Products	0401 to 0406
4	1005	Poultry and Related Products	0407 to 0408
5	1006	Bee Products	0409
6	1010	Vegetables	0701 to 0714
7	1011	Fruits and Nuts	0801 to 0814
8	1012	Coffee and Coffee Products (incl. 210111)	0901
9	1013	Tea and Tea Products (incl. 210120)	0902
10	1014	Spices - processed or unprocessed	0903 to 0910
11	1015	Cereals, Flour and Product of Cereals	1001 to 1008; 1101 to 1109
12	1016	Oil Seeds and Products of Oil Seeds	1201 to 1208
13	1017	Other Seeds and Plants	1209 to 1214
14	1018	Vegetable Saps or Products	1301 to 1302; 1401; 1404
15	1019	Animal or Vegetable Fats and Oils	1501 to 1518; 1520 to 1522
16	1022	Sugar Confectionery or Chocolates	1704; 1806
17	1023	Cocoa Products	1801 to 1805
18	1024	Prepared Food Products	1901 to 1905; 2001 to 2009; 2101 to 2106; 2501
19	1025	Mineral Water and Aerated Drinks	2201 to 2202
20	1026	Alcoholic Beverages	2203 to 2206; 2208

<u>Sno.</u>	<u>Product or Activity Group Code</u>	<u>Name of the Product or Activity Group</u>	<u>Central Excise Tariff Act (CETA) Chapter Headings covered in the Product or Activity Group</u>
21	1028	Vinegar	2209
22	1029	Food Residues or Prepared Animal Feed	2301 to 2309
23	1030	Unmanufactured and Manufactured Tobacco	2401; 2403
24	1031	Tobacco Products	2402
25	2001	Mineral Products	2502 to 2522; 2524 to 2526; 2528 to 2530; 2601 to 2621
26	2002	Cement	2523
27	2003	Mineral Fuels (other than Petroleum)	2701 to 2708
28	2009	Chemical Elements	2801 to 2805
29	2010	Inorganic Chemicals and their Derivatives	2806 to 2837; 2839 to 2850; 2852 to 2853
30	2011	Organic Chemicals and their Derivatives (excluding Bulk Drugs)	2901 to 2942
31	2013	Albuminoidal Substances, Starches, Glues and Enzymes	3501 to 3507
32	2014	Miscellaneous Chemical Products	3801 to 3807; 3809 to 3825
33	2021	Tanning Substances	3201 to 3202
34	2022	Colours, Dyes and Pigments	3203 to 3207; 3212
35	2023	Paints and Varnishes	3208 to 3211
36	2024	Inks and Colours	3213; 3215
37	2025	Plasters and Fillers	3214
38	2026	Essential Oils	3301 to 3302
39	2027	Personal Care Products	3303 to 3307; 8212; 9615 to 9616
40	2028	Soaps, Detergents and Cleaning Agents	3401 to 3402

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41	2029	Lubricating Preparations	3403
42	2030	Waxes and Wax Products	3404 to 3407
43	2031	Explosives	3601 to 3603
44	2032	Fireworks, Matches and Combustible Materials	3604 to 3606
45	2033	Photographic and Cinematographic Goods	3701 to 3707
46	2034	Insecticides	3808
47	2035	Chemicals - Plastics and Polymers	3901 to 3915
48	2036	Articles of Plastics and Polymers	3916 to 3926
49	2037	Rubber and Rubber Products	4001 to 4010; 4014 to 4017
50	2038	Rubber Tyres and Tubes	4011 to 4013
51	3001	Raw Hides, Skins and Leather	4101 to 4107; 4112 to 4115
52	3002	Leather Products	4201 to 4203; 4205 to 4206
53	3004	Wood and Wood Products	4401 to 4421
54	3007	Pulp of Wood and other substances	4701 to 4707
55	3008	Newsprint	4801
56	3009	Paper and Paperboard	4802 to 4813
57	3010	Articles of Paper and Paperboard	4814; 4816 to 4823
58	3012	Silk	5001 to 5003
59	3013	Silk Yarn	5004 to 5006
60	3014	Silk Fabrics	5007
61	3015	Wool	5101 to 5105
62	3016	Wool Yarn	5106 to 5110
63	3017	Wool Fabrics	5111 to 5113
64	3018	Cotton	5201 to 5203

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65	3019	Sewing Thread	5204; 5401
66	3020	Cotton Yarn	5205 to 5207
67	3021	Cotton Fabrics	5208 to 5212
68	3022	Other Textile Yarns or Fibers	5301 to 5303; 5305 to 5308
69	3023	Other Textile Fabrics	5309 to 5311
70	3024	Synthetic Yarns or Fibers	5402 to 5406; 5501 to 5511; 5601 to 5609
71	3025	Synthetic Fabrics	5407 to 5408; 5512 to 5516
72	3026	Carpets and textile floor coverings	5701 to 5705
73	3027	Other Textile Fabrics or Products	5801 to 5811; 5901 to 5911; 6301; 6305 to 6310
74	3028	Knitted or Crocheted Fabrics	6001 to 6006
75	3029	Apparel and Clothing	6101 to 6117; 6201 to 6217
76	3030	Furnishings	6302 to 6304
77	3031	Footwear and Parts thereof	6401 to 6406
78	3032	Headgear and Parts thereof	6501 to 6502; 6504 to 6507
79	3036	Articles of Stones, Plaster, Cement, Asbestos and Mica	6801 to 6815
80	3037	Ceramic Products	6901 to 6914
81	3038	Glass and Glass Products	7001 to 7011; 7013 to 7020
82	3039	Pearls, Diamonds, Stones and Jewellery Articles	7101 to 7118
83	4001	Primary Ferrous Materials	7201 to 7205
84	4002	Iron and Non-Alloy Steel	7206 to 7217
85	4003	Stainless Steel	7218 to 7223
86	4004	Other Alloy or Non-Alloy Steel	7224 to 7229
87	4005	Steel Products	7301 to 7326
88	4006	Copper and Copper Products	7401 to 7413; 7415; 7418 to

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			7419
89	4007	Nickel and Nickel Products	7501 to 7508
90	4008	Aluminium and Aluminium Products	7601 to 7616
91	4009	Lead and Lead Products	7801 to 7802; 7804; 7806
92	4010	Zinc and Zinc Products	7901 to 7905; 7907
93	4011	Tin and Tin Products	8001 to 8003; 8007
94	4012	Other Base Metals and their Products	8101 to 8113; 8301 to 8311
95	4013	Hand Tools	8201 to 8211; 8213 to 8215
96	4014	Nuclear Reactors and Accessories	8401
97	4015	Boilers and Accessories	8402 to 8404
98	4016	Engines or Motors and parts thereof	8405 to 8412
99	4017	Machinery and Mechanical appliances	8413 to 8484; 8486 to 8487
100	4018	Electric Motors, Generators, Transformers and Parts thereof	8501 to 8505
101	4019	Batteries and Accumulators	8506 to 8507
102	4020	Electrical and Electronic Equipments or Appliances	8508 to 8519; 8521 to 8523; 8525 to 8548
103	4021	Railway Rolling Stock	8601 to 8606
104	4022	Parts of Railway Rolling Stock	8607
105	4023	Railway Track Fixtures and Fittings	8608
106	4024	Containers	8609
107	4025	Commercial Vehicles (3 or more wheels)	8701; 8704 to 8707; 8709; 8716
108	4026	Passenger Vehicles (4 or	8702 to 8703

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		more wheels)	
109	4027	Parts and Accessories of Vehicles	8708; 8714
110	4029	Passenger Vehicles (2 and 3 Wheelers) - Motorised	8711; 8713
111	4030	Passenger Vehicles (2 or 3 Wheelers) - Non Motorised	8712; 8713; 8715
112	4031	Non-powered Aircraft and parts thereof	8801; 8803
113	4032	Aircraft, Spacecraft and parts thereof	8802 to 8803; 8805
114	4033	Parachutes and Rotochutes	8804
115	4034	Ships and Boats	8901 to 8904
116	4035	Floating Structures	8905 to 8908
117	4036	Optical Equipments and parts thereof	9001 to 9005; 9012 to 9013; 9033
118	4037	Photographic or Cinematographic Equipment and parts thereof	9006 to 9008; 9010 to 9011; 9033
119	4038	Measuring Instruments and parts thereof	9014 to 9017; 9023 to 9033
120	4039	Surgical or Medical Instrument and parts thereof	9018 to 9022; 9033
121	4040	Clocks or Watches and Parts thereof	9101 to 9114
122	4041	Musical Instruments and Parts thereof	9201 to 9202; 9205 to 9209
123	4043	Medical or Vehicular or other Furniture and Mattress and parts thereof	9401 to 9404
124	4044	Lights and Fittings	9405
125	4045	Prefabricated Buildings	9406

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126	4046	Toys, games and sports Equipments	9503 to 9508
127	4047	Stationery Items	9608 to 9612
128	4048	Miscellaneous manufactured articles	9601 to 9607; 9613 to 9614; 9617 to 9618

Notes:

- (a) *The Product or Activity Groups referred to in Table-I & II above shall include all products/activities included in the corresponding CETA Chapter Headings mentioned therein irrespective of whether Central Excise Duty is levied or not.*
- (b) *In respect of those Product or Activity Groups mentioned in Table-I above corresponding to which no CETA Chapter Headings are applicable, the product/activity groups shall include all such activities that fall under the meaning of the respective product/activity group and are covered by the related Cost Accounting Records Rules mentioned in para 2 above.*
- (c) *In case of all such activities that are covered under the Cost Accounting Records Rules mentioned in para 2 above that are also covered under cost audit but for which no Product or Activity Group has been indicated in Table-I above, companies would use the appropriate Product or Activity Group code as given in the notification issued vide S.O. 1747(E) dated 7th August, 2012.*
- (d) *Any company engaged in the production, processing or manufacturing of such inorganic or organic chemicals or any other substances that are primarily meant for pharmaceutical applications/use and are covered under the Cost Accounting Records (Pharmaceutical Industry) Rules 2011 shall be subject to cost audit as per the terms mentioned in para 2 above, irrespective of whether these are covered in the Product or Activity Groups mentioned in Table-II above.*
- (e) *Any company engaged in the storage, transportation or distribution of crude oil or gases or biogas or any or all types of petroleum products, and is covered by the Cost Accounting Records (Petroleum Industry) Rules, 2011 shall be subject to cost audit as per the terms mentioned in para 2 above.*

- (f) Product Group No. 2008 – Electrical Energy mentioned in Table-I above would mean and be understood as generation of electrical energy or generation of electricity.*
- (g) Product Group No. 1026 – Alcoholic Beverages mentioned in Table-II above would mean and include all products/activities covered in the Chapter Headings 2203 to 2208 of the Customs Tariff Act, 1975 (51 of 1975), excluding products of CETA Chapter Heading 2207 to the extent these are covered in the Cost Accounting Records (Sugar Industry) Rules, 2011.*
- (h) In case of any Product or Activity Group where multiple units of measurement are in use for the products or activities covered therein, then the relevant Product or Activity Group shall be repeated against each unit of measurement separately.*
- (i) Wherever same CETA Chapter Headings have been shown against two or more Product or Activity Groups, the actual details shall be shown against the most appropriate Product or Activity Group.*

4. Every company to which these orders apply shall get its cost accounting records audited in respect of each of its financial year commencing on or after the 1st day of January 2013, irrespective of whether the same was covered or not, either under the company specific cost audit orders issued prior to 31st March 2011 or under the industry specific cost audit orders issued after 1st April 2011 till date.

5. All companies that were earlier covered under industry specific orders dated 2nd May 2011 or 30th June 2011 or 24th January 2012 [subject to their meeting with the qualifying criteria mentioned therein] shall continue to comply with the earlier orders upto the financial year commencing prior to the 1st day of January 2013 and in continuum, with these orders in respect of each of its financial year commencing on or after the 1st day of January 2013.

6. 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 [as amended vide General Circular No. 36/2012 dated 6th November 2012].

7. 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 read with the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011, both as amended. The report of the

cost auditor shall be forwarded to the Central Government, either by himself or by the lead cost auditor, in the prescribed XBRL format within the time stipulated under the Companies (Cost Audit Report) Rules, 2011.

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

9. These orders are subject to various clarifications issued by the Ministry of Corporate Affairs on the subject of cost audit; to the extent these are relevant and applicable. Any specific exemptions granted earlier to certain class of activities shall remain in force till further orders.

(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 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.