

Cost Audit Report Rules, 2001

Notification.- New Delhi, the 27th December, 2001 G.S.R. 924(E).-

In exercise of the powers conferred by sub-section (4) of Section 233B, read with sub-section (1) of Section 227 and clause (b) of Section 642, of the Companies Act, 1956 (1 of 1956), and in suppression of Cost Audit (Report) Rules, 1996, except as respect things done or omitted to be done, before such suppression, the Central Government hereby makes the following rules, namely.-

1. Short title and Commencement.- (1) These rules may be called the Cost Audit Report Rules, 2001

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.- In these rules, unless the context otherwise requires, -

(a). "Act" means the Companies Act, 1956 (1 of 1956);

(b). " Cost Auditor" means an auditor directed to conduct an audit under sub-section (1) of section 233B of the Act;

(c). "Form" means the Form of the Cost Audit Report and includes auditors observations and Suggestions, Annexure and Proforma to the Cost Audit Report;

(d). "Report" means Cost Audit Report duly audited and signed by the Cost Auditor in the prescribed form of the Cost Audit Report;

(e). " Product under reference" means the product or activity to which the report relates;

(f) All other words and expressions used in these rules but not defined, and defined in the Act and rules made under clause (d) of sub section (1) of section 209 of the Act shall have the same meanings as assigned to them in the Act or rules, as the case may be.

3. Application.- These rules shall apply to every company in respect of which an audit of the cost accounting records has been ordered by the Central Government under sub section (I) of section 233B of the Act. The cost audit report submitted on or after 1st October, 2002, irrespective of the

financial year of the company to which it relates, shall be in the form prescribed under these rules.

4. Form of the Report.- (1) Every Cost auditor, who conducts an audit of the cost accounting records of the company shall submit the report (a hard copy and a soft copy) along with auditors observations and suggestions, Annexure and Proforma to the Central Government in the prescribed form and at the same time forward a copy of the report to the company.

(2) Every Cost Auditor, who submits a report under sub rule (1), shall also give clarifications, if any required by the Central Government on the Cost Audit Report submitted by him within thirty days of the receipt of the communication addressed to him calling for such clarifications.

5. Time limit for submission of Report.- The Cost Auditor shall forward his report referred to in sub rule (1) of rule 4 to the Central Government and to the concerned company within one hundred and eighty days from the close of the company's financial year to which the report relates.

6. Cost Auditor to be furnished with the cost accounting records etc.-

Without prejudice to the powers and duties the Cost Auditor shall have under sub section (4) of section 233B of the Act the company and every officer of the company thereof, including the persons referred to in sub section (6) of section 209 of the Act shall make available to the Cost Auditor within one hundred and thirty five days from the close of the financial year of the company, such cost accounting records, cost statements, other books and documents, Annexure and Proforma to the Report duly completed, as would be required for conducting the cost audit and shall render necessary assistance to the Cost Auditor so as to enable him to complete the cost audit and submit his report within the time limit specified in rule 5.

7. Authentication of Annexure to the Cost Audit Report.- The Annexure and proforma prescribed with the cost audit report shall be approved by the Board of Directors before submitting the same to the Central Government by the Cost Auditor. The Annexure and proforma duly audited by the Cost Auditor, shall also be signed by the Company Secretary and at least one director on behalf of the company. In the absence of Company Secretary in the company, the same shall be signed by at least two directors.

8. Penalties.- (1) If default is made by the Cost Auditor in complying with the provisions of rule 4 or rule 5, he shall be punishable with fine, which may extend to five thousand rupees.

(2) If the company contravenes the provisions of rule 6 or rule 7, the company and every officer thereof who is in default, including the persons referred to in sub rule (6) of section 209 of the Act, shall, subject to the provisions of section 233B of the Act, be punishable with fine which may extend to five thousand rupees and where the contravention is a continuing one, with a further fine which may extend to five hundred rupees for every day after the first day during which such contravention continues.

9. Saving of action taken or that may be taken for contravention of Cost Audit (Report) Rules, 1996.- It is hereby clarified that the supersession of the Cost Audit (Report) Rules, 1996 shall not in any way affect

(i). any right, obligation or liability acquired, accrued or incurred thereunder;

(ii). any penalty, forfeiture or punishment incurred in respect of any contravention committed thereunder;

(iii). Any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, and; any such investigation, legal proceeding or remedy may be instituted continued or enforced and any such penalty, forfeiture or punishment may be imposed as if those rules had not been superseded.