

The Companies Act, 2013

Chapter-X Audit and Auditors

Section 148: Central Government to specify audit of items of cost in respect of certain companies.

*148. (1) Notwithstanding anything contained in this Chapter, the Central Government may, by order, in respect of such class of companies engaged in the production of such goods or providing such services [as may be prescribed](#), direct that particulars relating to the utilisation of material or labour or to other items of cost [as may be prescribed](#) shall also be included in the books of account kept by that class of companies:

Provided that the Central Government shall, before issuing such order in respect of any class of companies regulated under a special Act, consult the regulatory body constituted or established under such special Act.

(2) If the Central Government is of the opinion, that it is necessary to do so, it may, by order, direct that the audit of cost records of class of companies, which are covered under sub-section (1) and which have a net worth of such amount [as may be prescribed](#) or a turnover of such amount [as may be prescribed](#), shall be conducted in the manner specified in the order.

(3) The audit under sub-section (2) shall be conducted by a ¹[cost accountant] who shall be appointed by the Board on such remuneration as may be determined by the members in such manner [as may be prescribed](#):

Provided that no person appointed under [section 139](#) as an auditor of the company shall be appointed for conducting the audit of cost records:

Provided further that the auditor conducting the cost audit shall comply with the cost auditing standards.

Explanation.—For the purposes of this sub-section, the expression “cost auditing standards” mean such standards as are issued by the ²[Institute of Cost Accountants of India], constituted under the Cost and Works Accountants Act, 1959, with the approval of the Central Government.

(4) An audit conducted under this section shall be in addition to the audit conducted under [section 143](#).

(5) The qualifications, disqualifications, rights, duties and obligations applicable to auditors under this Chapter shall, so far as may be applicable, apply to a cost auditor appointed under this section and it shall be the duty of the company to give all assistance and facilities to the cost auditor appointed under this section for auditing the cost records of the company:

Provided that the report on the audit of cost records shall be submitted by the ¹[cost accountant] to the Board of Directors of the company.

(6) A company shall within thirty days from the date of receipt of a copy of the cost audit report prepared in pursuance of a direction under sub-section (2) furnish the Central Government with

such report along with full information and explanation on every reservation or qualification contained therein.

(7) If, after considering the cost audit report referred to under this section and the information and explanation furnished by the company under sub-section (6), the Central Government is of the opinion that any further information or explanation is necessary, it may call for such further information and explanation and the company shall furnish the same within such time as may be specified by that Government.

(8) If any default is made in complying with the provisions of this section,—

(a) the company and every officer of the company who is in default shall be punishable in the manner as provided in sub-section (1) of [section 147](#);

(b) the cost auditor of the company who is in default shall be punishable in the manner as provided in sub-sections (2) to (4) of [section 147](#).

Reference

*[Effective from](#) 01.04.2014.

1. Substituted by the [Companies \(Amendment\) Act, 2017](#), w.e.f. 09.02.2018[S.O. 630(E) dated 09.02.2018], for the words “*Cost Accountant in practice*”.

2. Substituted by the [Companies \(Amendment\) Act, 2017](#), w.e.f. 09.02.2018[S.O. 630(E) dated 09.02.2018], for the words “*Institute of Cost and Works Accountants of India*”.

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