



**CONSTRUCTION
FEDERATION OF
INDIA**

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Mr. B B Goyal

Advisor (Cost) Cost Audit Branch
Ministry of Corporate Affairs,
B1 Wing, 2nd floor, Prayavaran Bhavan
CGO Complex , Lodhi Road,
New Delhi -110 003

**Subject: Application of Cost Accounting Record Rules 2011 to Civil Contractor
Reference: Para (a) (iii) of MCA 'General Circular 67/2011 dt. 30th November 2011'**

Sir,

The **Construction Federation of India (CFI)** is the representative body of leading engineering construction firms of the country. Our members are engaged in the civil construction activity either as a Contractor and or subcontractor for construction of structures like dams, power houses, roads, water pipe lines, nuclear reactors etc and also undertake project under BOT model through subsidiary companies. Many of their clients are Government or Semi government bodies and undertake jobs as per design given or approve by the client.

In context of the above referred circular issued by Ministry of Corporate Affairs, we would like to draw your kind attention to Clause a(iii) which reads as follows:

"Companies engaged in rendering job work operations or contracting/subcontracting activities, and are paid only the job work or conversion charges such as tailoring, baking, repairing, painting, printing, constructing, servicing"

From simple reading of the above para, it emerges that the circular intend to exempt from maintenance of cost accounting recording and filing of the Compliance Certificate by a contractor engaged in construction of structures as per the specific design given or approved by the customer. In almost all the cases, work is executed at the customers place or land belong to or acquired by the Contractee.

Hence, our members believe they covered under the para a(iii) of the above circular as contractors, even if they are using their own material in the execution of the contract, and are exempted from maintenance of cost records and submission of compliance certificate as per the MCA notification dated 3rd June, 2011.

We would also like to know whether:

- 1. These Rules are applicable to Joint ventures, specifically formed for executing the work given by contractee, which are un-incorporated entities (not companies registered under the Companies Act). However, the JVs are controlled by JV partners who are public limited companies.**
- 2. Whether these Rules are applicable to projects outside India being executed by the company/ JVs.**

We request your goodself to issue a clarification on the same.

Regards,

(Siddharth Singh)
Secretary General
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