

New Delhi, the 10th May 1984

COST ACCOUNTING RECORDS (STEEL TUBES AND PIPES) RULES, 1984

G.S.R. 506(E) -In exercise of the powers conferred by sub-section (1) of section 642 read with clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956) hereinafter referred to as the said Act, the Central Government hereby makes the following rules, namely:

1. Short title and commencement. –

- (1) These rules may be called the Cost Accounting Records (Steel Tubes and Pipes) Rules, 1984.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. **[Application.** - These rules shall apply to every company engaged in the production, processing or manufacture of Steel Tubes and Pipes (including Stainless Steel) both black and galvanized and in various sizes, shapes and qualities excepting those companies falling under the category of 'Small Scale Industrial Units'.]¹

[Explanation For the purpose of this rule, the expression “small scale industrial undertaking” means a company [(a) the aggregate value of the machinery and plant installed wherein does not exceed The limit as specified for a small scale industries (Development and regulation) Act.1951 (65 of 1951), as on the last date of the preceding financial year]². And

(b) The aggregate value of the realization made by the company from the sale or supply of all its products during the proceeding financial year dose not exceed ten crore rupees.”]³

3. Maintenance of Records. –

(1) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the commencement of these rules, keep proper books of accounts containing, inter-alia, the particulars specified in Schedule I and Schedule II annexed to these Rules or in a Form as near thereto as practicable, relating to utilization of materials labour and other items of cost in so far as these are applicable to Steel Tubes and Pipes referred to in Rule 2.

Provided that if the said company is manufacturing any other product(s) or is engaged in other activities in addition to item referred to in Rule 2, the particulars relating to utilization of material, labour and other items of cost in so far as they are applicable to such other products *or* activities, shall. not be included in the cost of the items referred to in Rule 2.

(2) The books of accounts referred to in sub-rule (1) shall be kept *on* a regular basis in such a way as to make it possible to calculate the cost of production and cost of sale *of* steel tubes *or* pipes of any quality, shape and */ or* size referred to in Rule 2 at regular intervals, say quarterly, during the financial year (hereinafter referred to as the relevant period), as well as for the financial year as a whole, from the particulars entered therein and every such book of account and the proformae specified in Schedule II shall be completed not later than ninety days from the end of the financial year of the company to which they relate.

(3) It shall be the duty of every person referred to in sub-section (6) and sub-section (7) of section 209 of the said Act to take all reasonable steps to secure compliance by the company with the provisions of sub-rules (1) and (2) in the same manner as he is liable to maintain accounts required under sub-section (1) of section 209 of the said Act.

(4) Statistical and other records shall also be maintained in compliance with the provisions of Schedule I and II which shall be such as to enable the company to exercise as far as possible, control over the various operations and costs with a view to achieve optimum economies in costs and provide the necessary data required by the cost auditor to suitably report *on* all the points referred to in the Cost Audit (Report) Rules, 1968, as amended from time to time. Such records shall be reconciled with the returns submitted to the Excise Department, DGTD and other authorities from time to time.

¹ Substituted by GSR 565 dated 22nd July 1989

² Substituted by GSR 449(E) dated 3rd August 1998

³ Inserted by GSR 325(E) dated 24th March 1993

4. Penalty. - If a company contravenes the provisions of Rule 3, the company and every officer thereof, who is in default including the persons referred to in sub-rule (3) of Rule 3, shall, subject to the provisions of section 209 of the said Act, be punishable with fine, which may extend to five hundred rupees and where the contravention is a continuing one, with a further fine which may extend to fifty rupees for every day after the first day during which such contravention continues.

SCHEDULE I
(See Rule 3)

1. Material

1.1 Direct Materials: Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of steel required for the production, processing or manufacturing of products referred to in Rule 2. These records for direct material shall contain such details as to enable the company to determine the quantity, cost of receipts (including all direct charges up to the works), issues and balances of materials separately for imported and indigenous supplies. In case of imported materials including those canalised through government agencies, details of FOB price, freight and insurance charges (CIF Value), customs duty, port charges, inland freight charges paid shall be recorded separately. The basis on which the said quantities and costs of issues and consumption have been calculated shall be indicated in the cost records.

1.2 Process Materials. - Proper records shall be maintained to show the receipts, issues and balances, both in quantities and costs of each item of process materials. The costs of such process materials shall include all direct charges up to works. The issues and consumption shall be properly identified with the Departments, Cost centers and products manufactured.

1.3 Recoveries of Process Chemicals. - Proper records shall be maintained indicating the quantity and value of process materials recovered in the different processes. In the case of process materials thus recovered which cannot be re-used in the process and are sold or disposed of without further processing, the realization from such sales shall be recorded and adjusted against the process concerned on a reasonable basis. In case further processing is necessary to make these materials usable or saleable, as the case may be, adequate records of cost involved for such further processing shall be maintained.

1.4 Consumable Stores, Small tools, machinery spares etc. -

1.4.1 Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, small tools and machinery spares, dies, etc. The cost shown shall include all direct charges up to the works.

1.4.2 In the case of consumable stores, small tools and machinery spares the costs of which are insignificant, the company may, if it so desires, maintain such records for the main groups of such items.

1.4.3 the cost of consumption of consumable stores, small tools, and machinery spares, dies etc. shall be charged to the relevant cost centers on the basis of actual issues. Materials consumed on capital works such as additions to buildings, plant and machinery and other fixed assets shall be shown under relevant capital heads.

1.5 Wastages, Spoilages, Rejections, Losses, etc. of Materials.-

1.5.1 Proper records shall be maintained showing the quantity and value of wastages, spoilages, rejections and losses of materials in manufacture, consumable stores, small tools and machinery Spares, dies etc. whether in transit, storage, manufacture or at any other stage. The reasons for wastages, spoilages, rejection and losses and method followed for the adjustment of the above losses shall be indicated in the cost records.

1.5.2 Proper records shall be maintained showing the quantity of different kinds of scrap generated.

1.5.3 if any scrap is recycled, proper records in regard to quantity and reprocessing charges shall be maintained.

1.5.4 Records for the realization derived from the disposal of scrap rejected and waste material and the value of rejected materials reused in process, shall be maintained separately and the method adopted for adjusting the aforesaid recoveries in the cost of production shall be indicated in the cost records.

2. Wages and Salaries. -

2.1 Proper records shall be maintained to show the attendance and earnings of all employees in each cost centre and the work on which they are employed. The records shall also indicate separately for each cost centre:-

- (i) Piece rate wages earned;

- (ii) Incentive wages earned either individually or collectively as production bonus or under any other scheme based on output;
- (iii) Overtime wages earned;
- (iv) Earnings of casual labour.

2.2 Idle time shall be separately recorded under classified headings indicating the reasons there for. The method followed for accounting of the idle time payments in determining the cost of the product shall be disclosed in the cost records.

2.3 Any wages and salaries allocable to capital works such as additions to plant and machinery building, or other fixed assets shall be accounted for under the relevant capital heads.

3. Service department expenses.

3.1 Detailed records shall be maintained to indicate expenses incurred for each service department/cost centre, like water supply, laboratory, welfare, transport, testing etc. These expenses shall be apportioned to other services and production departments on an equitable basis and applied consistently.

3.2 Water. - Proper records showing the quantity and cost of water treated and consumed in different cost centers or departments shall be maintained in such detail as may enable the company to furnish the necessary particulars in Annexure I to this Schedule. The cost of treated water allocated / apportioned to the Departments concerned shall be on a reasonable basis and applied consistently.

3.3 Steam. - Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed in different cost centers or departments shall be maintained in such detail as may enable the company to furnish the necessary particulars Annexure II to this Schedule. The cost of steam consumed for the production of pipes in different cost centers and departments and other units of the company shall be calculated on a reasonable basis and applied consistently. Where steam is raised and supplied by any other unit of the company to the plant the cost of steam so supplied shall be charged to the departments and cost centers producing tubes and pipes on a reasonable basis and applied consistently.

3.4 Power. -

3.4.1 adequate records shall be maintained for the quantity and cost of power purchased. Where the company itself generates power, adequate records shall be maintained to show the cost of power generated. Necessary records shall also be maintained to show total power consumed for the production of tubes and pipes in different cost centers and departments etc. These records shall be maintained in such detail as may enable the company to furnish the necessary particulars in Annexure III to this schedule or in a form as near thereto as practicable.

3.4.2 where power is generated and supplied by any other unit of the company to the manufacture of the products under reference, adequate records shall be maintained to assess the quantity and cost of power so supplied. The rate charged by that unit shall be on a reasonable basis and applied consistently. The cost of power allocated to production of tubes and pipes shall be on a reasonable basis and applied consistently.

4. Workshop/Repair & Maintenance. -

4.1 Proper records showing the expenditure incurred by the work shop in repairs and maintenance jobs shall be maintained. The records shall also indicate the basis of charging these expenses to different cost centers and departments.

4.2 Expenditure on major repair works from which benefit is likely to accrue for more than one financial year shall be shown separately in the cost records indicating the method of allocating to the cost of tubes and pipes manufactured during the relevant period.

4.3 Expenditure incurred on works of a capital nature shall be capitalized. The cost of such jobs shall include the expenditure on material, labour and due share of the overheads.

4.4 The jobs carried out by workshops of other units and for other units of the company shall be charged on a reasonable, basis and applied consistently.

5. Depreciation. -

5.1 Proper records shall be maintained showing the cost and other particulars of fixed assets in respect of which depreciation is to be provided. These records shall inter alia, indicate the cost of each item of asset including installation charges, if any, the date of installation and rate of depreciation and location of each asset. In respect of those assets, the cost of which cannot be ascertained without any unreasonable expenditure or delay, the valuation shown in the books on the first day of the financial year beginning on or after the commencement of these rules shall be taken as the cost. Such a valuation shall exclude revaluation of any asset that had been done prior to the aforesaid date.

5.2 The basis on which depreciation is calculated and allocated/apportioned to the various cost centers and departments and absorbed on the products shall be clearly indicated in the records. Depreciation chargeable to the different cost centers and departments shall not be less than the amount of depreciation chargeable in accordance with the provisions of sub-section (2) of Section 205 of the said Act, and shall relate to plant, machinery and other fixed assets utilized in such cost centers and departments. In the case of assets and group of assets on which depreciation is written off at the rate of 100 per cent in the relevant year otherwise than as provided for in the Income Tax Act 1961 (43 of 1961) and the rules made there under such depreciation shall be spread over the number of years during which benefit is derived from such assets or group of such assets. In case the amount of depreciation charged in the cost records in any financial year is higher than the amount of depreciation chargeable under the aforesaid provisions of the Company Act, the amount so charged in excess shall be indicated clearly in the cost records. The cumulative depreciation charged in the cost records against any individual item of asset shall not, however, exceed the original cost of the respective asset.

6. Royalty/Technical know-how fee. - Adequate records shall be maintained showing the royalty or other recurring or non-recurring payments made to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each party. The basis of charging such amounts including onetime payments, to the products shall be indicated in the cost records.

7. Other Overheads. -

7.1 Proper records shall be maintained showing the various items of expenses comprising the overheads. These expenses shall be analyzed, classified and grouped into works, administration and selling and distribution overheads. In case any expenses included in the above categories of overheads can be identified with a particular activity or products, such expenses shall be segregated and charged to relevant activity or product at the first instance and thereafter the remaining common expenses under the above categories of overheads shall be apportioned on reasonable and equitable basis and applied consistently. The method followed for allocation/ absorption of the above categories of overheads to the departments/cost centers/products shall be indicated in the cost records.

7.2 Where the company is engaged in the manufacture of any other products in addition to the products referred to in Rule 2, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to the steel tubes and pipes activities, other activities and capital works. The basis followed for apportionment/absorption of overheads to the cost centers and products shall be indicated in the cost records.

8. Conversion Cost- Proper records shall be maintained for splitting up of conversion costs (the cost of manufacture less direct material cost) into fixed and variable costs for filling the relevant proforma under schedule II.

9. Interest- Proper records shall be maintained showing interest charges. The amount of interest shall be allocated to steel tubes and pipes and other activities on a reasonable and equitable basis, which is to be followed consistently. The basis of such allocation shall be spelt out clearly in the steel tubes and pipes cost Basis for further apportionment of the share of interest for steel tubes and pipes of different sizes, grades and qualities thereof shall also be reasonable and equitable and the same shall be followed consistently.

10. Expenses/Incentives on Export. - Proper records showing the expenses incurred on the export of steel tubes and pipes, if any, shall be separately maintained, so that the cost of export sales can be determined correctly. The

expenses incurred on exports as well as any export incentive earned shall be reflected in the cost statement relating to export sales. Export incentive shall be treated as other income and reflected in the cost records as such.

11. Steel Tubes & Pipes transferred for captive consumption. - Proper records shall be maintained showing the quantity and cost of steel tubes and pipes transferred to other departments / units of the company for self-consumption. Such transfer shall ordinarily be affected at cost to be disclosed in the cost records. If, however, the transfer of steel tubes and pipes is made for captive consumption at a valuation other than cost, the notional profit or loss arising out of such transfer shall also be disclosed in the cost records.

12. Work-in-progress and finished goods stock. - The method followed for determining the cost of work-in-progress and finished goods stock shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. The method adopted shall be followed consistently. Records showing the value of work-in-progress and the quantities and value of finished goods shall be maintained in proforma 'E' of Schedule II.

13. Research and Development Expenses. -

13.1 Proper records showing the details of expenses, if any, incurred by the company for the research and development work on steel tubes and pipes according to the nature viz-development of products, existing and new; processes of manufacture existing and new; design and development of new plant facilities; market research for the existing and new products etc. shall be maintained separately.

13.2 The method of sharing these expenses to the cost of the products during any year shall be indicated in the cost records. Where the utility of such work extend over more than one financial year, such expenses shall be treated as deferred expenses and charged to cost of production of tubes and pipes and other products on a reasonable basis and applied consistently.

14. Cost statements. -

14.1 Separate cost statements showing the conversion cost for each operation like raw material preparation, slitting, conversion of H. R. Coils to C. R. coils, cold rolling, tube making, annealing, galvanizing, scarfing reducing, drawing, straightening, cutting and finishing, etc., shall be maintained to enable the company to fill in proforma A to C.

14.2 The cost of sales statements in respect of different sizes, shapes and quality of steel tubes and pipes sold, if any, shall be maintained in Proforma 'F'.

14.3 In case it is not possible to compile such data for all types of steel tubes and pipes, the cost of production and cost of sales shall be maintained in proforma D and F respectively, in respect of steel tubes and pipes which are predominantly produced. This data on an overall basis shall cover not less than 80% of total value of production (quantity multiplied by average sale price) provided that no item constituting not less than 5 percent of the value of production is excluded. The same data regarding the rest of the categories of steel tubes and pipes produced shall be given in total in the above said proforma for the purpose of reconciliation of the total expenses and income as per proforma G. However, the company shall keep adequate records showing the cost of sales and sales realization for each category in detail.

14.4 Export of tubes and/or pipes shall be exhibited separately in the relevant cost statements and the same shall be excluded from the cost statements meant for sale in the internal market/so Value of export incentives, if any, shall be shown in the respective cost of sales statements.

15. Reconciliation of cost and financial accounts. -

15.1 The cost records shall be reconciled periodically with the financial books of account so as to ensure accuracy, say, quarterly, as well as for the financial year as a whole. The reconciliation shall be done in such a manner that the profitability of the product under reference can be correctly adjudged and profit /loss of the product reconciled with the overall profits / losses of the company.

15.2 A statement showing the total expenses incurred and the income received by the company and the share applicable to steel tubes and pipes activity shall be maintained in proforma G of Schedule II duly reconciled with the financial accounts.

16. Adjustment of Cost Variances. - Where the company maintains cost records on any basis other than actual, such as

standard costing, the record shall indicate the procedure followed by the company in working out the cost of the products under such procedures. The method followed for adjusting the cost variances in determining the actual cost of the product shall be indicated clearly in the cost records. The cost variances shall be shown against the relevant heads in the respective proforma of Schedule II. The reasons for variances shall be indicated in the cost records.

17. Production Records. - Quantitative records of all finished products, issued for sale and/or captive consumption and balance of different grades of steel tubes and pipes produced by the company shall be maintained. The cost of all finished production may be kept in detail or in the form of control accounts for each type of product, provided the value of the balances according to such control accounts are reconciled periodically at least once in a year with the value of the quantities shown in the quantitative accounts of each grade of tubes and pipes.

18. Records of physical verification shall be maintained in respect of all items held in stock such as raw materials, chemicals, machinery spares, fuels, and finished goods. And fixed assets. Reasons for the shortages / surpluses arising out of such verification and the method followed for adjusting the same in the cost of the products shall be indicated in the records.

19. Inter-company transactions. -

(1) In respect of related party transactions or supplies made or services rendered by a company to its holding company or subsidiary or a company termed "related party relationship" as defined below and vice-a-versa, records shall be maintained showing contracts entered into, agreements or understanding reached in respect of:

- (a) Purchase and sale of raw materials, finished products, process materials, chemicals and rejected goods including scraps, etc;
- (b) Utilization of plant facilities and technical know-how;
- (c) Supply of utilities and any other services;
- (d) Administrative, technical, managerial or any other consultancy services;
- (e) purchase and sale of capital goods including plant and machinery;
- (f) Any other payment related to production, processing or manufacturing of product under reference. These records shall also indicate the basis followed for arriving at the rates charged or paid for such products or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to product under reference.

(2) The transactions by the following "related party relationships" shall be covered under sub-rule (1):

- (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, of are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of Which the reporting enterprise is an associate or a joint venture;
- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) Key management personnel and relatives of such personnel; and
- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

However, the following shall not be deemed as "related party relationships":

- (a) Two companies simply because they have a Director in common, notwithstanding paragraph (d) or (e) above (Unless the Director is able to affect the policies of both companies in their mutual dealings);
- (b) A single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a Significant volume of business merely by virtue of the resulting economic dependence; and
- (c) The parties listed below, in the course of their normal dealings with an enterprise by virtue only of those Dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision Making process);
 - (i) Providers of finance;
 - (ii) Trade unions;
 - (iii) Public utilities;

(iv) Government departments and government agencies including government sponsored bodies.

Explanation: -For the purpose of these Rules,

(a) "**Related party relationship**" mean parties who are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions;

(b) "**Related party transaction**" means a transfer of resources or obligations between related parties, whether or not a price is charged;

(c) "**Control**" means

(i) Ownership, directly or indirectly, of more than one-half of the voting power of an enterprise; or

(ii) Control of the composition of the Board of Directors in the case of a company or of the Composition of the Corresponding governing body in case of any other enterprise; or

(iii) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or Operating policies of the enterprise.

(d) "**Significant influence**" means participation in the financial or operating policy decisions of an enterprise, But not control of those policies;

(e) "**Associate,**" means an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party;

(f) "**Joint venture**" means a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control;

(g) "**Joint Control**" means the contractually agreed sharing of power to govern the financial and operating policies of an economic activity So as to obtain benefits from it;

(h) "**Key management personnel**" mean those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise;

(i) "**Relative**"-in relation to an individual, means the spouse, son, daughter, brother, sister, father and mother who may connected by blood relationship;. I

(j) "**Holding company**" means a holding company within the meaning of Section 4 of the Companies Act, 1956 (1 Of 1956);

(k) "**Subsidiary**" means a subsidiary company within the meaning of Section 4 of the Companies Act, 1956 (1 of 1956);

(l) "**Fellow subsidiary**" means a company is said to be a fellow subsidiary of another company if both are Subsidiaries of the same holding company;

(m) "**State-controlled enterprise**" means an enterprise which is under the control of the central Government or a State Government."]⁴

20. Statistical Records:

20.1 Statistical data such as available plant hours, actual plant hours worked with reasons for stoppages, under classified headings, yield percentage of steel tubes and pipes to the input of steel and consumption of steam and other utilities per tonne of tubes and pipes shall be kept.

20.2 Such records as will enable the company to identify the capital employed for the tubes and pipes activity shall also be maintained. The records shall also show fresh investment on fixed assets that have not contributed to the production during the relevant period. The records shall in addition show assets added as replacement and for increasing the existing capacity.

⁴ Inserted by GSR 732(E) dated 28th September 2001

**SCHEDULE I
ANNEXURE I**

Name of the Company _____

Name and address of the factory _____

Statement showing the cost of water treated (cold softening/hot softening/High/Low) and consumed during the year ending _____

SI. No.	Particulars	Quantity (Units)	Rate (Rs.)	Amount (Rs.)
1	2	3	4	5

1. Water royalty
2. Chemicals
3. Stores and spares
4. Power
5. Salaries & Wages
6. Repairs & Maintenance
7. Overheads
8. Depreciation

Total

9. Less: Credits if any

10. Net Total

	Quantity (Units)	Rate (Rs.)	Amount (Rs.)
Consumed for:			
1. Steam			
2. Power generation			
3. Other service Deptts.			
4. Manufacturing Deptts.			
5. Other, if any			
Total (vide 10 above)			

Notes: -

1. If treated water is supplied to any outside party necessary credits for recoveries made shall be given against item 9.
2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma F & G only.

**SCHEDULE I
ANNEXURE II**

Name of the Company _____
 Name and address of the factory _____
 Statement showing the cost of steam raised/consumed during the year ending _____

		Current Year (Units)	Previous Year (Units)
Quantity of steam raised			
Sl. No.	Particulars	Quantity (Units)	Rate (Rs.)
5	6	7	8
1	2	3	4
5	6	7	8

1. Water (as per Annexure I)
2. Fuels (a) Coal
 - (b) Fuel Oil
 - (c) Electricity
 - (d) Others (to be specified)
- 3 Consumable stores
- 4 Salaries and wages
- 5 Repairs and maintenance
- 6 Overheads
- 7 Depreciation
- 8 Total
- 9 Less: Credits, if any
- 10 Net quantity and cost of live steam

Consumed for:	Units	Rate (Rs.)	Amount
1. Manufacturing Deptt. (To be specified)			
2. Other service Deptt. (To be specified)			
3. Others, if any (to be specified)			
Total vide 10 above			

Notes: -

1. If steam is supplied to any other outside party necessary credit for recoveries shall be given against item 9.
2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges on borrowings including debentures shall be shown in Proformae F & G only.

**SCHEDULE I
ANNEXURE III**

Name of the Company _____

Name & address of the factory _____

Statement showing the cost of power generated/purchased and consumed during the year ending _____

Current year

Previous Year

Number of units generated kWh

Number of Units purchased kWh

Self consumption in power house and other losses kWh

Net Units consumed by other Deptts.

Sl. No.	Particulars	Quantity	Rate per unit	Amount	Cost per unit of Power generated Purchased	
					This Year (Rs.)	Previous Year (Rs.)
1	2	3	4	5	6	7

A1. (a) Fuel Oil

(b) Other materials (to be specified)

2. Consumable stores

3. Other direct charges (such as Electricity Duty etc.)

4. Salaries & Wages

5. Repairs & Maintenance

6. Overheads

7. Depreciation

Total:

8. Less:

(i) Credit for supply to other units of the Co.

(ii) Other parties

9. Net cost of power generated

B.1. Purchased power

Total of A & B

Cost per Unit (Average)

Consumed in	No. of Units	Amount
1. Slitting		
2. Rolling		
3. Annealing		
4. Draw Bench		
5. Straightening		
6. Cutting & packing etc.		
7. Service Deptts. (to be specified)		
8. Others (to be specified)		
Total		

Notes:

- (a) Cost per unit generated shall be worked out with reference to the unit of power available for use after deducting consumption in the Power House lawn generator and other losses.
- (b) (i) Where meters are not installed consumption of power by the different cost centres/ deptts. shall be assessed on a reasonable basis and applied consistently.
(ii) Consumption centers given above are illustrative only.
- (c) Bonus to employees other than incentive bonus, statutory gratuity including provisions and interests charges on borrowings including debentures shall be shown in the cost sheets for final products in proformae F & G only.
- (d) Realization if any by sale of power to outside parties, etc., shall be shown separately against item No. A.B.

SCHEDULE II
(See rule 3)

PROFORMA-A

Name of the Company

Name of the factory

Statement showing conversion costs in various cost centers for the year ending _____

Sl. No.	Particulars	Raw Material Preparation (1) Strips (2) Billets	Conversion of HR Coil/strip to CR Coil/Strip	Billet piercing (Seamless)	Elongator (Seamless)	Pipe/Tube forming	Welding	Cold Drawing	sizing	Finish- ing	Galva- nising	Screw- ing Coupl- ing	Test- ing
1	2	3	4	5	6	7	8	9	10	11	12	13	14

1. Hours available:
2. Hours worked:
3. Input in MTS:
4. Output in MTS:
5. Hours/MT
 1. Process materials
 2. Direct wages & Salaries
 3. Power and fuel
 4. Other utilities
 5. Consumable stores
 6. Repair and maintenance
 7. Depreciation
 8. Other works overheads .
 - (9) (a) Research & Dev. Expenses
 - (b) Royalty/Technical Fee
 10. Share of Admn. Over Heads
 11. (a) Adjustment if any for opening and closing work in progress
 - (b) Adjustment for cost Variances
- 12. Total**
Less Recoveries, if any
13. Net
14. Cost per Hour
 - (i) This year:
 - Fixed
 - Variable
 - (ii) Previous year:
 - Fixed
 - Variable
15. Cost of Conversion/MT
 - (i) This year:
 - Fixed
 - Variable
 - (ii) Previous year:
 - Fixed
 - Variable

Notes:-

1. Cost centers given are illustrative only.
2. Bonus to employees other than incentive bonus statutory gratuity including provision and interest charges on borrowings including debentures shall be shown in Proformae F & G only when applicable.
3. Where the company is following standard costing adjustment of cost variances shall be indicated under 11 (b).
4. Detailed break up of fixed cost and variable cost shall be maintained cost centralize.

**SCHEDULE II
PROFORMA-B**

Name of the Company _____

Name of the factory _____

Statement showing allocation of conversion costs to various finished products for the year ending _____

Sl. No.	Finished Products By different Sizes/types/ Shares etc.	Raw Material Preparation		Conversion of Hot rolled strips/ coil into cold rolled		Billet Piercing		Elogator	Pipe forming		Welding		
		Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	HRS. Tonnage	conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.													
2.													
3.													
4.													
5.													
6.													
7. etc. etc. etc.													

Cold drawing		Sizing		Finishing		Galvanizing		Screwing		Testing		Others (Specify)		Total
Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	Hrs. Tonnage	Conver- sion Cost Rs.	
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
1.														
2.														
3.														
4.														
5.														
6.														
7. etc. etc. etc.														

Notes: -

1. Cost centers are illustrative only.
2. Cost of conversion in each cost centre may be allocated / apportioned to finished production on the basis of quantity in MTs. Hours worked or any of the appropriate basis as the case may be and transferred to Proforma-C.
3. Total conversion costs shall agree with Proforma-A.
4. Conversion cost shall be bifurcated into fixed and variable elements.

**SCHEDULE II
PROFORMA-C**

Name of the Company _____

Name of the factory _____

Statement showing cost of steel pipes/tubes manufactured during the year ending _____

I. Type of Steel Pipe/Tube (Please specify complete details viz. size, shape, black or galvanized, screwed/coupled, etc.)

II. Production (Units)

(i) M.T.

Current Year

Previous Year

(ii) Meters.

Sl. No.	Particulars	Unit	Qty.	Current Year		Previous Year	
				Rate	Cost	Cost per unit	
				Rs.	Rs.	This Year Rs.	Previous Year Rs.
1	2	3	4	5	6	7	8

III.A. Direct material Cost

(i) Steel Strip/Skelp

(ii) Others (Specify)

(iii) Less credit for scrap

(iv) Net material cost

III.B. Conversion Costs

- | | |
|--------------------------------|----------|
| 1. Raw material preparation | Variable |
| | Fixed |
| 2. Coil conversion | Variable |
| | Fixed |
| 3. Billet Piercing | Variable |
| | Fixed |
| 4. Elongator | Variable |
| | Fixed |
| 5. Pipe/Tube forming | Variable |
| | Fixed |
| 6. Welding | Variable |
| | Fixed |
| 7. Cold drawing | Variable |
| | Fixed |
| 8. Sizing | Variable |
| | Fixed |
| 9. Finishing | Variable |
| | Fixed |
| 10. Galvanizing | Variable |
| | Fixed |
| 11. Screwing and / or coupling | Variable |
| | Fixed |
| 12. Testing: | Variable |
| | Fixed |
| 13. Others(Specify) | Variable |
| | Fixed |
| 14. Total Conversion cost | Variable |
| | Fixed |

III. C. 1. Total (A+B)

2. Adjustments for opening closing

3. Adjustment for cost variance.

4. Total cost of production

(i) Material

(ii) Conversion cost

Notes: -

1. Separate Cost Statements shall be maintained in respect of Different types/sizes / quality /shape etc. of pipes /tubes.
2. Complete details of scraps/wastages and basis of determining their value shall be maintained.
3. Bonus to employees other than incentive bonus, statutory gratuity incluCting provisions and interest charges on borrowings including debentures shall be included in Proforma! F & G only.
4. Delete items not applicable.
5. Cost centers given are illustrative only.
6. Where the company is following standard Costing adjustment of Cost Variances shall be indicated at III C (3) above.

**SCHEDULE II
PROFORMA-D**

Name of the Company _____

Name of the factory _____

Statement showing cost of production of various types/shapes, quality of Steel Pipes/Tubes for the year ending ___

SI. No.	Type/Size/Shape	Qty. produced MT	Total Raw material input MT	Cost of Raw material input Rs.	Credit for Scraps Rs.	Net Cost of raw materials Rs.	Nature of conver- sion cost
1	2	3	4	5	6	7	8
1.							Fixed
							Variable
							Total
2							Fixed
							Variable
							Total

CONVERSION COST

Preparation (i) Strips (ii) Bill etc. Rs.	Coil Conver- sion Rs.	Billet Piercing Rs.	Elongation Rs.	Pipe/Tube forming Rs.	Welding Rs.	Cold drawing Rs.	Sizing Rs.	Finishing Rs.
9	10	11	12	13	14	15	16	17
1.								
2.								

Galvanizing Rs.	Screwing and Coupling Rs.	Testing Rs.	Others Specify Rs.	Total Conversion Cost (9 to 21) Rs.	Adjustment for opening & closing Work in progress Rs.	Total cost of pro- duction (7 plus 22 plus 23) Rs.
18	19	20	21	22	23	24
1.						
2.						
3.						
4.						

Unit cost per M.T this year			Unit cost per M.T previous year			Remarks
A	B	C	A	B	C	A:- Material
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	B:- Conversion Cost
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	C:- Total
1.						
2.						

Note: -

(1) Detailed record of variable cost/fixed cost, cost centre wise shall be maintained as per Proforma-Cand exhibited in this Proforma.

(2) Complete details in respect of each type/size/quality of pipes/tubes shall be furnished. In respect of others a consolidated figure may be given vide Para 14.3 of Schedule I.

**SCHEDULE II
PROFORMA-E**

Name of the Company
Name of the Factory

1. Statement showing the value of work-in-progress at the end of the year _____

- | | | |
|---|-----------|---------------|
| 1. Opening work-in-progress at the beginning of the year | this year | Previous year |
| 2. Add expenses relating to production of Steel pipes and tubes | Total: | |
| 3. Less cost of production of Steel pipes and tubes | | |
| 4. Closing work-in-progress <i>at the</i> end of the year. | | |

II. Statement showing opening stock, production, sales, transfers and closing stock of Steel pipes/Tubes for the year ending _____

Sl. No.	Pipe/Tubes produced (Of all types/sizes/shares)	Opening Stock		Production during the year		Total	
		Qty.	Value	Qty.	Value	Qty.	Value
1	2	3	4	5	6	7	8
1.							
2.							
Total							
Transferred for sale		Other transfers if any		Physical verification, adjustment, if any		closing stock at the end of the year	
Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
9	10	11	12	13	14	15	16

Notes: -

1. Complete details in regard to all major types/sizes/quality shape of the Pipes/tubes shall be exhibited in column 2.
2. In respect of others a consolidated figure may be given vide Para 14.3 of Schedule I.

**SCHEDULE II
PROFORMA-F**

Name of the Company _____

Name of the factory _____

Statement showing cost of sales, sales realization and margin for the year ending _____

Sl. No.	Type/size/shape of Pipe/tube (Seamless Welded)	Exworks cost of sales during the year (Proforma D)		Packing & depach cost Rs.	Selling & Dis-tribution Cost including Royalty Rs.	Total Rs.	Interest Rs.	Bonus (other than incentive) Rs.
		Qty.	Value Rs.					
1	2	3	4	5	6	7	8	9

1.

2.

3.

4.

TOTAL

Gratuity (includ- ing provision)	other items (net of Income)	Total cost of sales Rs.	Sales realiza- tion Rs.	Margin Rs.	Unit cost of sales		Unit sales realization	
					This year Rs.	prev. year Rs.	ThisYear Rs.	Prev. Year Rs.
10	11	12	13	14	15	16	17	18

1.

2.

3.

4.

5.

TOTAL

Notes :-

(1) All major items given in Proforma C & D may be given in respect of others a consolidated figure may be given vide Para 14.3 of Schedule.

(2) In case any product is also sold as Second/reject, it should be listed separately.

**SCHEDULE II
PROFORMA -G**

Name of the Company _____

Statement showing the total expenses and income of the company and the share applicable to Tubes/Pipes/Other Activities for the year ending _____

Sl. No.	Particulars	Total Expenses Income Rs.	Share applicable to Tubes/Pipes Rs.	Share applicable to other actives Rs.
1	2	3	4	5
	1. Raw materials consumed			
	2. Process materials/Chemicals consumed			
	3. Packing material consumed			
	Total material			
	4. Direct salaries & wages			
	5. Utilities			
	6. Stores & spares			
	7. Repairs & Maintenance			
	8. Other allocated expenses			
	9. Works overheads			
	10. Admn. Overheads			
	11. H.O. Expenses			
	12. Depreciation			
	Total			
	13. Adjustment for difference between opening & closing balance of. Work in Progress.			
	14. Credit for recoveries			
	Scrap:			
	Others:			
	15. Packing Cost (Other than packing material used)			
	16. Stock adjustment for difference between opening and closing stock			
	Total			
	17. Selling and Distribution expenses			
	Total			
	18. Annual Bonus to Employees other than incentive bonus			
	19. Interest charges			
	20. Statutory gratuity (including provisions)			
	21. Other expenses not included in cost (items to be specified)			
	22. Other income not included in cost (items to be specified)			
	23. Total excluding excise duty			
	24. Deduct export benefit, if any			
	25. Net			
	26. Net Sales realization (excluding excise duty).			
	27. Margin			

Note:- All items of Income & Expenditure in this Proforma shall be reconciled with the financial accounts for the relevant period.

Footnote

The principal rules were published vide GSR 506(E), dated 10th May 1984 and subsequently amended vide

1. GSR 565, dated 22nd July 1989
2. GSR 325(E), dated 24th March 1993
3. GSR 449, dated 3rd August 1998