

## **Cost Audit (Report) Rules, 1996**

**\* This Rules have been amended vide the Cost Audit Report Rules 2001, dated 27.12.2001, notification**

**No.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 sub-section (1) of section 642, of the Companies Act, 1956 (1 of 1956), and in supersession of the Cost Audit (Report) Rules, 1968, except as respect things done or omitted to be done, before such supersession, 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, 1996.
- (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 appointed under sub-section (1) of section 233B of the Act ;
- (c) "Form" means the Form of Cost Audit Report specified in the Schedule ; and includes Annexure to the Cost Audit Report and Proforma specified in the Schedule.
- (d) "Product under reference" means the product to which the rules made under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956) apply;
- (e) "Schedule" means Schedule annexed to these rules ;
- (f) All other words and expressions used in these rules but not defined, and defined in the Act and rules made under section 209 of the Act shall have the same meanings respectively 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 (1) of section 233B of the Act.

### **4. Form of Report-**

- (1) Every Cost Auditor who conducts an audit of the cost accounting records of the company shall submit a report in triplicate to the Central Government in the Form (including Annexures and proforma) in accordance with the procedure specified in the Schedule annexed to these rules 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 receipt of the communication addressed to him calling for such clarifications.

### **5. Time limit for submission of report -**

The Cost Auditor shall send his report referred in sub-rule (1) of rule 4 to the Central Government and to the concerned company within one hundred and eighty days from the end of the company's financial year to which the Cost Audit Report relates.

**6. Cost auditor to be furnished with the cost accounting records, etc.**

- (1) 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 thereof, including the persons referred in sub-section (6) of section 209 of the Act, shall make available to the Cost Auditor within ninety days from the end of the financial year of the company such cost accounting records, cost statements, other books and papers that 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 sent his report within the time limit specified in rule 5.
- (2) If the cost accounting records, cost statements, other books and papers are not made available by the company within the time limit specified in sub-rule (1), the Cost Auditor shall intimate the fact of not having made available to him such records, statements, books and papers to the Central Government within ten days after expiry of time limit of ninety days specified in sub-rule (1).

**7. Penalties -**

- (1) If default is made by any Cost Auditor in complying with the provisions of rule 4 or rule 5, he shall be punishable with fine which may extend to five hundred rupees.
- (2) If a company contravenes the provisions of rule 6, the company and every officer of the company including the persons referred to in sub-section (6) of section 209 of the Act, who is in default, shall, subject to the provisions of section 233B of the 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 period such contravention continues.

**8. Saving-**

Saving of action taken or that may be taken for contravention of the Cost Audit (Report) Rules, 1968- It is hereby clarified that the supersession the Cost Audit (Report) Rules, 1968, as amended from time to time, shall not in any way affect-

- (i) any right, obligation or liability acquired, accrued or incurred there under ;
- (ii) any penalty, forfeiture or punishment incurred in respect of any contravention committed there under ;
- (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.

**SCHEDULE**

[See 2(e) and rule 4]

**Form of Cost Audit Report**

[See rule 2(c) and rule 4]

I/We ..... having been appointed as Cost Auditor(s), under section 233-B of the Companies Act, 1956, (1 of 1956) of ..... (mention name of the company) having its registered office at ..... (mention registered office address of the company) (hereinafter referred to as the company), have examined the books of accounts prescribed under clause (d) of sub-section (1) of section 209 of the said Act, and other relevant records for the year ended ..... (mention the financial year) relating to ..... (mention name of the product) maintained by the company and report, subject to my/our comments under the heading 'Auditor's Observations and Conclusions' contained in the Annexure to this report, that-

- (a) I/We have/have not obtained all the information and explanations which to the best of my/our knowledge and belief were necessary for the purpose of this audit ;
- (b) proper cost accounting records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 have/have not been kept by the company ;
- (c) proper returns adequate for the purpose of my/our Cost Audit have/have not been received from branches not visited by me/us ;
- (d) the said books and records give/do not give the information required by the Companies Act, 1956 (1 of 1956) in the manner so required ;
- (e) in my/our opinion, the company's cost accounting records have/have not been properly kept so as to give a true and fair view of the cost of production processing, manufacturing or mining activities, as the case may be, and marketing of the product under reference ; and
- (f) the cost statements in respect of product under reference as specified in the Annexures/Proformae of Schedules I and II of the Cost Accounting Records (..... ) Rules duly audited by me/us are/are not kept in the company.

The matters contained in the Annexure and Proforma to this report form part of this report, which is also subject to my/our observations made therein.

Dated this..... date of.....2000.....at.....(Mention name of place of signing this report).

Cost auditor (s)

**Note:**

- (1) Delete inapplicable words.
- (2) Specify the title of Cost Accounting Records Rules made under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 which are applicable to the product of the company.

**ANNEXURE TO THE COST AUDIT REPORT**

[See rule 2(c) and 4]

**1. General**

- (1) Name and address of the registered office of the company whose accounts are audited.
- (2) Name and address of the Cost Auditor.

- (3) Reference number and date of Government Order under which the audit is conducted.
- (4) Reference number and date of the Government letter approving the appointment of the Cost Auditor.
- (5) The company's financial year for which the Audit Report is rendered.
- (6) Location of factory/factories.
- (7) Date of first commencement of commercial production of the product under reference. (If more than one factory under the same company produces the product under reference, particulars in respect of each may be given).
- (8) If the company is engaged in other activities besides the manufacture of the product under reference, give a brief note on the nature of such other activities.
- (9) A copy of the Annual Report, along with the audited Profit and Loss Account and Balance Sheet in respect of the company's financial year for which the report is rendered, shall be enclosed with the Cost Audit Report.

## **2. Cost Accounting System**

- (1) Briefly describe the cost accounting system existing in the company and comment on the same, keeping in view the requirements of the Cost Accounting Records Rules applicable to the class of companies manufacturing the product under reference and also its adequacy or otherwise to determine correctly the cost of production of the product. The description of the system shall cover, inter alia, the procedure for accounting of materials, labour, depreciation, overheads and their allocation apportionment and absorption to products, treatment of by-products, joint products, scrap etc. Specify persistent deficiencies in the system pointed out in earlier reports but not rectified.
- (2) Give specific comments on the inventory valuation system followed for raw materials, for work-in progress and for finished products in respect of the product under reference.
- (3) Briefly specify the changes, if any made in the costing system, method of overhead allocation, apportionment, etc. during the current financial year as compared to the previous financial year.

## **3. Financial Position**

Indicate separately the particulars of amounts in respect of each items (1)(a), (2), (3)(a) and 4(a) mentioned below, duly reconciled with the financial accounts of the company and in respect of each item 1(b), 3(b), 4(b), 5 and 6 mentioned below duly reconciled with cost accounts of the company.

- (1) Capital employed-

Define capital employed as average of fixed assets at net book values (excluding intangible assets, value of revalued fixed assets, investment outside the business, capital works in progress, miscellaneous expenditure and losses) and current assets minus current liabilities existing at the beginning and close of the financial year.

- (a) for the company as a whole ; and
- (b) for the product under reference.

- (2) Net Worth-

Define net-worth as share capital plus reserves and surplus (excluding revaluation reserve) less accumulated losses and intangible assets. If there is any change in the

composition of the net worth during the current financial year of reporting, special mention may be made with the reasons there for.

(3) Profit-

Define profit as the profit after providing for depreciation and all other expenses except interest on borrowings including debentures but before providing for taxes on income :-

(a) for the company as a whole ; and

(b) for the product under reference.

**Note :-**

The profit arrived at for the company and the product shall not include interest received on investments outside the business, capital gains, and any other income which is neither normal nor of recurring nature. The profit so arrived shall be the normal profit earned during the current financial period of the company.

(4) Net sales-

Define net sales as sales excluding sales returns, excise duties, sales tax, octroi and other local taxes :-

(a) for the company as a whole ; and

(b) for the product under reference.

(5) Operating profit-

Define operating profit as the excess of the operating revenue over the operating expenses for the product under reference.

(6) Value addition-

Define value addition as the difference between the net output value (net sales) and cost of bought out materials and services for the product under reference.

(7) Ratios-

Indicate ratios expressed in terms of value in rupees and as percentage separately in respect of following, namely :-

(a) For the company is a whole ;

(i) profit arrived at item 3(3)(a) to capital employed as per item 3(1)(a) ;

(ii) profit arrived at item 3(3)(a) to net sales as per item 3(4)(a) ;

(iii) current assets to current liabilities ;

(iv) net worth arrived at item 3(2) to capital employed as per item 3(1)(a) ;

(v) net worth arrived at item 3(2) to long term borrowings and liabilities.

(b) For the product under reference :

(i) profit arrived at item 3(3)(b) to capital employed as per item 3(1)(b) ;

(ii) profit arrived at item 3(3)(b) to net sales as per item 3(4)(b) ;

(iii) operating profit arrived at item 3(5) to

(a) capital employed as per item 3(1)(b) ;

(b) net sales as per item 3(4)(b) ; and

(c) value addition as per item 3(6) ;

(iv) value addition arrived at item 3(6) as a percentage of net sales as per item 3(4)(b) ;

- (v) Working capital requirement in terms of number of months of cost of sales excluding depreciation.

#### **4. Production**

The following information is to be given for each type of product under reference and for each factory, namely :-

- (1) Licensed/registered capacity (give reference to licence/registration number, etc.)
- (2) Installed capacity.
- (3) Production capacity enhanced by leasing and all details of added capacities and other utilisations.
- (4) Actual Production.
- (5) Percentage of production to installed capacity.

##### **Notes-**

- (i) It should be clarified whether the installed capacity is on single shift or multiple shift basis..
- (ii) In order to have a meaningful comparison of production and installed capacity wherever necessary, these should also be expressed in appropriate units e.g. standard hours or equipment/plant/vessel occupancy hours, crushing hours, spindle/loom shifts etc. If there is any shortfall in production of the product under reference as compared to the installed capacity, brief comments should be furnished as to the reasons for the shortfall bringing out clearly the extent to which they are controllable both in short term as well as long term

#### **5. Process of manufacture**

A brief note regarding the process of manufacture along with a flow chart of the product under reference shall be given.

#### **6. Raw materials.**

- (1) Show the cost of major raw materials (raw materials constituting eighty per cent and more of the total raw material cost) consumed both in terms of quantity and value. Where the cost of transport, etc. of raw material is significant, specify the same separately. In the case of imported raw materials, FOB value, ocean freight, insurance, customs duty and inland freight charges may be indicated. If both indigenous and imported materials are consumed, the percentage mix of the same may be indicated for each item
- (2) (a) Quantity of consumption of major raw materials (raw materials constituting eighty per cent and more of the total raw material cost) per unit of production ;  
(b) Standard requirement/theoretical norm per unit of production in terms of quantity ;  
(c) Explanation for variations, if any, in the quantity of consumption of major raw materials (raw materials constituting eighty per cent and above of the total raw material cost) per unit of production as compared to standard consumption/theoretical requirement, and also of the consumption of the preceding two years ;  
(d) Indicate the value of raw materials and components, finished and semi-finished which have not moved for over twelve months and above and indicate their proportion to the value of stock at the end of the year.

## **7. Power and fuel**

- (1) Give details of quantity, rate per unit and total cost in respect of each major form of power and fuel used in production e.g. coal, furnace oil, electricity (separately for purchased and generated) and other utilities separately.
- (2) Compare the actual physical consumption per unit of production of the product under reference with standards/budgeted if any and with the preceding two years consumption and give comment on the differences, if any, noticed.
- (3) Give impact on the unit cost of production of the product under reference due to measures taken for the conservation of energy.

## **8. Wages and salaries**

- (1) Give total wages and salaries paid for all categories of employees, separately in respect of the following ; namely :-
  - (a) direct labour cost on production ;
  - (b) indirect employee costs on production ;
  - (c) employee costs on administration ;
  - (d) employee costs on selling and distribution ;
  - (e) other employee costs, if any (specifying purpose) ;
  - (f) total employee costs [Total of items (a) to (e) above].
- (2) Total mandays of direct labour available and actually worked for the year.
- (3) Average number of workers employed for the year.
- (4) Direct labour cost per unit of output of the product under reference (if more than one type of product, give information in respect of each).
- (5) Brief explanation for variation in item 8(4) above, if any, as compared to the previous two years.
- (6) Comments on the incentive schemes, if any, with particular reference to its contribution towards increasing productivity and its effect on cost of production.

## **9. Repairs and maintenance**

- (1) Furnish the expenditure per unit of output of the product under reference separately for the current financial year and for the preceding two financial years for the following namely :-
  - (a) stores and spares ;
  - (b) labour charges ;
  - (c) outside contract repair charges.
- (2) Indicate the amount and also the proportion of closing inventory of stores and spare parts representing items which have not moved for over twenty-four months.

## **10. Depreciation**

- (1) State the method of depreciation adopted by the company. If the company has not provided in full for the depreciation worked out in accordance with the provisions of sub-section 2 of section 205 of the Companies Act, 1956, the extent of amount included or excluded in the cost statement shall be indicated.
- (2) State the basis of apportionment of depreciation on common assets to the different

departments/cost centres and final absorption in the product (s) under reference.

**Note-**

The depreciation, if any, provided on the amount of revalued assets shall not form part of cost of production

**11. Overheads**

- (1) Give separately the total amounts of the following overheads both for the company and factory and the product under reference, namely :-
  - (a) factory overheads ;
  - (b) administration overheads ;
  - (c) selling overheads ;
  - (d) distribution overheads ;
- (2) Indicate the basis followed for allocation and apportionment of the common overheads including head office expenses to the product, capital works and other activities of the company.
- (3) Indicate the basis adopted for absorption of overheads to the cost centres and products.
- (4) Indicate reasons for any significant variations in the overheads incurred in respect of item 11(1) as compared with the previous two financial years.

**12. Sales:-**

- (1) Indicate the sales in quantities and net sales realisation of the product under reference showing the average sales realisation per unit. (If more than one type of product is sold, information to be given in respect of each).
- (2) If product under reference is exported, give details of quantity exported, net realisation per unit, countries to which exported and also indicate the profit/loss incurred in exports.
- (3) Where the product (such as sugar, drugs etc.) is sold at different prices in accordance with government policy, sales realisation of each product at different prices shall be shown separately alongwith quantity and value. Also indicate profit or loss per unit of production separately.
- (4) Indicate whether net sales realisation includes cost of packing, freight and delivery charges, recoverable from the customers or not.

**13. Abnormal non-recurring costs**

If there were any abnormal features affecting production during the year e.g. strikes, lock outs, major break downs in the plant, substantial power, cuts, serious accidents, etc. they shall, wherever practicable, be briefly mentioned indicating their effect on the unit cost of production.

**14. Auditor's observations and conclusions**

- A. (1) The Cost Auditor shall report on-
- (a) matters which appear to him to be clearly wrong in principle or apparently unjustifiable ;
  - (b) cases where the company's funds have been used in a negligent or inefficient manner ;
  - (c) factors which could have been controlled but have not been done resulting in

increase in the cost of production ;

(d) contracts or agreements, if any, between the company and other parties relating to selling, purchasing, etc. by bringing out any peculiar features, undue benefits ;

(e) the adequacy or otherwise of budgetary control system, if any, in vogue in the company.

(2) The Cost Auditor shall suggest measures for improvements in performance, if any, in respect of the following, namely :-

(a) rectification of general imbalance in production facilities ;

(b) fuller utilisation of installed capacity ;

(c) concentration on areas offering scope for ;

(i) cost reduction ;

(ii) increased productivity ;

(iii) key limiting factors causing production bottlenecks ;

(d) improved inventory policies.

(3) The Cost Auditor may give his other observations and conclusions, if any, relevant to the cost audit.

(4) The report, suggestions, observations and conclusions given by the Cost Auditor under this paragraph shall be based on verified data, reference to which shall be made here and shall, wherever practicable, be included after the company has been afforded an opportunity to comment on them.

B. (1) If as a result of the examination of the books of account, the Cost Auditor desires to give a qualified report, he shall indicate the extent to which he has to qualify the report and the reasons there for.

(2) A statement showing the reconciliation of the profit or loss as indicated in paragraph 3(3)(a) with the profit or loss relating to the product under reference as arrived at on the basis of the cost statements annexed to the report and also the net sales realisation as indicated in item 12(1) shall be appended by the Cost Auditor.

(3) Cost Auditor shall give figures for the year under audit and for the two preceding years in respect of paragraphs 3, 4, 6, 7, 8, 9, 11 and 12

(4) If the company has more than one factory producing the product under reference, Cost Auditor shall give separately details indicated in the Annexure for each factory.

(5) If different varieties/types of products under reference are manufactured by the company, Cost Auditor shall give details of cost in respect of each variety, type of such product in the Annexure and Proforma.

(6) The matters contained in the Annexure and Proforma shall be duly authenticated by the Cost Auditor.

(7) The Cost Auditor shall ensure that the report along with Annexures and Proforma is to be neatly stitched and bound in a file and sent by registered post or otherwise delivered in person to the Central Government through messenger and acknowledgment obtained.

(8) All cost statements and other statements in respect of intermediate and finished

products as prescribed in Schedules I and II of the relevant cost accounting records rules made under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956), duly audited and signed by the Cost Auditor, shall be filed with the company in respect of which the audit has been ordered by the Central Government under sub-section (1) of section 233B of the Companies Act, 1956 (1 of 1956).

- (9) A summary of all statements mentioned in item (8) above indicating the unit cost of production, cost of sales, sales realisation and margin shall also be furnished to the Central Government by the Cost Auditor in the proforma mentioned under column (3), of the Table given below, against the product under reference mentioned under column (2) of the said Table :-

**Table**

Serial No	Product under reference	Form of relevant Proforma to the Cost Audit Report
(1)	(2)	(3)
1.	Aluminium	'A'
2.	Jute	'B'
3.	Paper	'C'
4.	Rayon	'D'
5.	Polyester	'E'
6.	Nylon	'F'
7.	Textile	'G'
8.	Steel Tubes and Pipes	'H'
9.	Bearings	'I'
10.	Formulations	'J'
11.	All other products not specified against serial numbers (1) to (10).	'K'

## **PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and (4)]

### **PROFORMA A**

Applicable to products covered under Cost Accounting Records (Aluminium) Rules, 1972 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of ALUMINIUM products for the financial year ended ..... (mention the financial year).

Name of the company.....

Name and address of the factory.....

Sl.No	Production from Alumina	Current financial year ( C.F.Y.)( Metric tonne )			Previous year (PY) (Metric tonne)	
	Particulars	Quantity	Rate	Total	Cost per tonne	
		(Unit)	per unit	Value	Current	Previous
(1)	(2)	(3)	(4)	(5)	(6)	(7)

**A. Materials :**

1. Alumina
  - (a) Own manufactured
  - (b) Purchased
2. Solderberg paste
3. Prebacked electrode
4. Aluminium casing
5. Aluminium foil, if any
6. Cryolite
7. Fluerspar
8. Aluminium fluoride
9. Soda ash
10. Others (specify)
11. Relining mix
12. Consumable stores
13. Total (1 to 12)

**B. Conversion Cost :**

14. Utilities (specify)
15. Wages and Salaries
  - (a) Wages
  - (b) Salaries
16. Repairs and maintenance
17. Research and development expenses
18. Quality control
19. Royalty/Technical aid fees

20. Depreciation
21. Factory overheads
22. Administration overheads
23. Total conversion cost (14 to 22)
  - (a) Fixed cost
  - (b) Variable cost
24. Total (13 plus 23)
25. Adjustment for the difference in the value of opening and closing work in progress.
26. Total cost of hot metal Cost of production, cost of sales and margin of aluminium ingots, sheets, extrusions, properzi rods etc :

	Current financial year (Metric tonne)				Previous year (Metric tonne)			
	Ingots	Rolled products	Extrusions	Properzirods	Ingots	Rolled products	Extrusions	Properzirods

Input

Scrap

Output

Recovery

Production

Packed

Sold

Cost per metric tonne in Rupees

		Ingots			Rolled products			Extrusions			Properzirods	
		C. Y.	F. Y.	P. Y.	C. Y.	F. Y.	P. Y.	C. Y.	F. Y.	P. Y.	C. Y.	F. Y.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			

C-I Material cost :

1. Material (specify like hot/cold metal, alloying material/ingots/billets etc).
2. Less scrap
3. Net cost of material
4. Consumable stores
5. Total (I.3 plus I.4)

C-II Conversion Cost :

6. Utilities (specify)
7. Direct wages and salaries
- (a)
- (b) Salaries

Wages

8. Repairs and maintenance
9. Research and development
10. Quality control
11. Depreciation
12. Factory overheads
13. Administration overheads

14. Total conversion cost (II.6 to II.13)

- (a) Fixed cost
- (b) Variable cost

15. Total (I.5 plus II.14)

16. Adjustment for the difference in the value of opening and closing work in progress.

C-III. Total cost of production (II.15 plus II.16)

17. (a) Packing cost
- (b) Materials

(b) Others

18. Adjustment for the difference in the value of opening and closing stock of packed finished goods

19. Selling and Distribution expenses (specify)

20. Total cost of sales

- (a) For unpacked quantity
- (b) For packed quantity

21. Interest charges

22. Annual bonus to employees

- (a) Minimum statutory bonus

(b) Other than minimum statutory bonus

23. Statutory gratuity including provision  
24. Other expenses not included in cost (specify).  
25. Less other income not considered in cost (specify)  
26. Total expenses excluding excise duty for quantity sold

(a) For unpacked quantity sold  
(b) For packed quantity sold

27. Total net sales realisation excluding Excise Duty.

(a) For unpacked quantity sold

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
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(b) For packed quantity sold

(c) Total (a+b)

28. Margin

(a) For unpacked quantity

(b) For packed quantity

(c) Total (a+b)

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**Note :-**

1. C.F.Y. Abbreviation refers to current financial year and P.Y. refers to previous year.
2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

**PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and 4]

**PROFORMA B**

Applicable to products covered under Cost Accounting Records (jute goods) Rules, 1975 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of JUTE GOODS products for the financial year ended ..... (Mention the

financial year)

Name of the Company.....

Name and address of the Jute Factory.....

Current financial year			Previous year		
(Tonnes)	(Metres)	No. of bags	(Tonnes)	(Metres)	No. of bags

A-I Production

A-II Quantity packed Quantity actually sold  
Quantity used for self-consumption

A-III No. of metres per roll  
No. of bags per roll  
No. of metres per tonne  
No. of bags (rolls/bundles/tonnes).

**B. Yarn requirements:**

Sl.No.	Item	Count of yarn	Bag production	%wastage in Bag production	Weaving Production	% wastage from winding to weaving	Requirement of yarn
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

1. Warp
2. Weft
3. Warp/Dyed
4. Selvedge
5. Hamming
6. Sewing
7. Total
8. Oil % of yarn
9. Starch % of warp yarn

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**C. Cost of Production:**

Sl.No.	Particulars	Quantity	Rate (Rs)	Amount (Rs)	Cost per Metric Tonne/Unit	
					Current Financial Year (Rs.)	Previous Year (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

1. Batch cost as per Proforma 'F' of the Cost Accounting Records (Jute Goods) Rules, 1975
  - (a) Warp
  - (b) Weft
  - (c) Others
  - (d) Total
2. Conversion cost of yarn production as per Proforma 'G' of the Cost Accounting Records (Jute Goods) Rules, 1975
  - (a) Warp
  - (b) Weft
  - (c) Others
  - (d) Total
3. Conversion cost of fabric production as per Proforma 'H' of the Cost Accounting Records (Jute Goods) Rules, 1975
4. Total [1(d) plus 2(d) plus (3)]
5. Adjustment for work-in-progress
 

(a)	Jute	cost
(b)	Conversion	cost
(c) Total		
6. Conversion cost of bag production as per Proforma 'J' of the Cost Accounting Records (Jute Goods) Rules, 1975.
7. Total cost [(4) plus 5(c) plus (6)]
8. Adjustment for work-in-progress
 

(a)	Jute	cost
(b)	Conversion	cost
(c) Total		
9. Total [7 plus 8(c)]
10. Adjustment for opening and closing stock.
11. Total cost of production of finished fabric, bags/others (9 plus 10).

#### **D. Cost of sales**

12. Cost of packing as per Proforma J, of the Cost Accounting Records (Jute Goods) Rules,

1975.

13. Total 11 plus 12
14. Adjustments for packed goods only.
15. Selling and Distribution expenses for quantity actually sold as per Proforma 'K' of the Cost Accounting (Jute Goods) Rules, 1975.
16. Total cost of sales (2 plus 3 plus 4).
17. Interest
18. Annual bonus to employees
  - (a) Minimum statutory bonus
  
  - (b) Other than minimum statutory bonus.
19. Statutory gratuity including provision.
20. Other expenses not included in cost (specify).
21. Less other income not considered in cost.

E. 22. Total expenses excluding excise duty for quantity sold within the country including self-consumption.

F. 23. Total net sales realisation excluding excise duty for quantity sold within the country

- (a) Self-consumption
- (b) Sales to others.

G. 24. Margin.

Note :- Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
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## **PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and 4]

### **PROFORMA C**

Applicable to products covered under Cost Accounting Records (Paper) Rules, 1975 made under section 209(1)(d) of the Companies Act, 1956

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of PAPER products for the financial year ended ..... (mention the financial year)

Name of the Company.....

Name and address of the Factory.....

		Rs. per Metric tonne		Rs. Per Metric tonne		Rs. per Metric tonne		Etc.
		Current financial year	Previous Year	Current financial year	Previous Year	Current financial year	Previous Year	

Type of paper

GSM Range

Quantity produced (Metric tonne)

Quantity sold (Metric tonne)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-----	-----	-----	-----	-----	-----	-----	-----	-----

**A. Material Cost**

1. Pulp

(a) Own manufactured

(b) Purchased

2. Sizing and loading material

3. Cooling and surface sizing material

4. Dyes and other chemicals

5. Other (specify)

6. Total material cost (1 to 5)

**B. Conversion cost**

7. Utilities

(a) Power

(b) Steam

(c) Water

(d) Compressed air

(e) Fuel gases

(f) Effluent treatment

(g) Others

8. Total cost of utilities [7(a) to 7(g)]

9. Wages and salaries

(a) Wages

(b) Salaries

10. Repairs and maintenance

11. Research and development expenses

12. Quality Control

13. Royalty

14. Depreciation

15. Factory overheads

16. Super calendering charges

17. Cutting, reeling and finishing charges

18. Administration overhead

19. Total conversion cost (B.7 to B.18)

(a) Variable cost

(b) Fixed cost

20. Total (6 plus 19).

21. Adjustment for the difference in the value of opening and closing work-in-progress.

22. Adjustment for cost variances, if any.

23. Total (20 plus 21 plus 22)

24. Less credit for recoveries (specify).

25. Less normal loss, if any.

**C. Cost of production**

(23 minus 24 minus 25)

26. Less captive/self consumption, if any.

27. Adjustment for the difference in the value of opening and closing stock of finished goods.

28. Net cost of unpacked finished papers.

**D. Cost of Sales**

29. Packing cost

(a) Materials

(b) Others

30. Adjustment for the difference in value of opening and closing stock of packed finished goods.

31. Selling and Distribution overhead

(a) Salaries and wages

(b) Freight and Transport charges.

(c) Commission to selling agents.

(d) Advertisement

(e) Others

32. Total cost of sales including selling and distribution expenses.

33. Interest charges

34. Annual bonus to employees

(a) Minimum statutory bonus.

(b) Other than minimum statutory bonus.

35. Statutory gratuity including provision.

36. Other expenses not included in cost (specify).

37. Less other income not considered in cost (specify).

**E.** 38. Total expenses excluding excise duty for quantity sold.

**F.** 39 Total net sales realisation excluding excise duty.

**G.** 40. Margin.

Note :-

1. The cost of pulp manufactured under item A.1(a) should be as per the cost worked out under Proforma C, C-1 and D of the Cost Accounting Records (Paper) Rules, 1975 notified in the Official Gazette vide GSR No. 601(E) dated 31st December, 1975.
2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of product exported.

**PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and (4)]

**PROFORMA D**

Applicable to products covered under Cost Accounting Records (Rayon) Rules, 1977 made under section 209(1)(d) of the Companies Act, 1956

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of RAYON products for the financial year ended ..... (mention the financial year)

Name of the Company.....

Name and address of the Factory.....

	Viscose Staple/Fibre	Acetate Fibre	Tops	Viscose Filament yarn	Acetate yarn	Type yarn/cord/Fibre
1. Type of product						
2. Description						
3 Quality						
4 Denier						
5 Quantity Produced (Metric tonne) Current financial year Previous year						
6. Quality sold (Metric tonne)						

Current financial year						
Previous year						

	Cost per Kilogram (Rs.)		Cost per Kilogram (Rs.)		Cost per Kilogram (Rs.)		Cost per Kilogram (Rs.)		Cost per Kilogram (Rs.)		Cost per Kilogram (Rs.)	
	C.F.Y	P.Y										
1	3	4	5	6	7	8	9	10	11	12	13	14
2												

**A. Material cost :**

1. Rayon pulp

- (a) Own manufactured
- (b) Purchased

2. Cotton linters

3. Acetone

4. Cellulose acetate

5. Viscose staple fibre

6. Tyre cell pulp

7. Other including process chemicals, if any

8. Total material cost

9. Less credits if any

10. Total net material cost 1 to 9

**B. Conversion cost upto tops :**

11. Utilities

- (a) Power
- (b) Steam
- (c) Water

- (d) Compressed air
- (e) Fuel gases
- (f) Effluent treatment
- (g) Others

12. Total cost of utilities [11(a) to 11(g)]

13. Wages and Salaries

- (a) Wages
- (b) Salaries

14. Repairs and maintenance

15. Research and development expenses

16. Quality control

17. Depreciation

18. Factory overheads

19. Administration overhead

20. Total conversion cost (12 to 19)

- (a) Variable cost
- (b) Fixed cost

21. Total (10 plus 20)

22. Adjustment for the difference in the value of opening and closing work-in-progress.

23. Adjustment for cost variances, if any

24. Total (21 plus 22 plus 23)

25. Less credit for wastages/by products (specify the items).

26. Normal loss if any (quantity only)

**C. Cost of production. (24 minus 25 minus 26)**

27. Less captive consumption, if any 28. Adjustment for the difference in the value of opening and closing stock of finished goods

29. Net cost of production of unpacked finished product

**D. 30. Winding charges**

31. Slashing expenses

32. Secondary coning expenses

33. Cord making expenses

34. Fabric making expenses

35. Adjustment for the difference in the value of opening and closing work in progress

36. Adjustment for the difference in the value of opening and closing stock of finished goods

37. Total cost of quantity transferred for packing

**E. Cost of sales :**

38. Packing cost (for packed quantity only)

(a) Materials

(b) Others

39. Adjustment for the difference in the value of opening and closing stock of packed finished goods

40. Selling and distribution expenses.

(a) Salaries and wages

(b) Freight and transport charges

(c) Commission to selling agents

(d) Advertisement

(e) Others

41. Total cost of sale including selling and distribution expenses

42. Interest charges

43. Annual bonus to employees

(a) Minimum statutory bonus

(b) Other than minimum statutory bonus

44. Statutory gratuity including provision

45. Other expenses not included in cost (specify)

46. Less other income not considered in cost (specify)

**F. 47. Total expenses excluding excise duty for quantity sold**

**G. 48. Total net sales realisation excluding excise duty**

**H. 49. Margin, (G 48 minus F 47)**

Note :-

1. C.F.Y. abbreviation refers to current financial year ; P.Y. refers to previous year.

2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of product exported.

**PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and (4)]

**PROFORMA E**

Applicable to products covered under Cost Accounting Records (Polyester) Rules, 1977 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of polyester products for the financial year ended ..... (mention the financial year)

Name of the company.....

Name and address of the Factory.....

	Polyester filament yarn		Polyester fibre		Polyester tops	
	Current financial year (C.F.Y.)	Previous year (P.Y.)	Current financial year (C.F.Y.)	Previous year (P.Y.)	Current financial year (C.F.Y.)	Previous year (P.Y.)
1. Type of product						
2. Quality						
3. Denier						

4. Quantity produced  
(Metric tonne)

5. Quantity sold  
(Metric tonne)

6. Wastage percentage

S.No	Particulars	Cost per Kilogram (Rs.)											
		C.F.Y	P.Y										
1	2	3	4	5	6	7	8	9	10	11	12	13	14

### A. Material cost

1. Polyester chips

- (a) Own manufactured
- (b) Purchased

2. Process materials/Chemicals (specify).

3. Others (specify)

4. Total material cost

5. Less credits, if any

6. Total net material cost. (1 to 5).

### B. Conversion cost :

7. Utilities :

- (a) Power
- (b) Steam
- (c) Water
- (d) Compressed air
- (e) Fuel gases

- (f) Effluent treatment
- (g) Nitrogen
- (h) Air conditioning
- (i) Thetmex
- (j) Others

8. Total cost of utilities [7(a) to 7(j)]

9. Wages and Salaries

- (a) Wages
- (b) Salaries

10. Bobbins

11. Paper cones

12. Cops

13. Repairs and maintenance

14. Research and development expenses

15. Quality control

16. Depreciation

17. Factory overheads

18. Administration overhead

19. Total conversion cost (8 to 18)

- (a) Variable cost
- (b) Fixed cost

20. Total (6 plus 19)

21. Adjustment for the difference in the value of opening and closing work-in-progress.

22. Adjustment for cost variances, if any.

23. Total (20 plus 21 plus 22).

24. Less credit for wastages/by products (specify the items)

25. Less normal loss if any (quantity only)

**C. Cost of production (23 minus 24 minus 25)**

26. Less captive consumption if any

27. Adjustment for the difference in the value of opening and closing stock of finished goods

28. Net cost of production of unpacked finished goods

**D. Cost of sales :**

29. Packing cost (for packed quantity only).

(a) Materials

(b) Others

30. Adjustment for the difference in the value of opening and closing stock of packed finished goods.

31. Selling and distribution expenses.

(a) Salaries and wages

(b) Freight and transport charges

(c) Commission to selling agents

(d) Advertisement

(e) Others.

32. Total cost of sales including selling and distribution expenses

33. Interest charges

34. Annual bonus to employees

(a) Minimum statutory bonus

(b) Other than minimum statutory bonus

35. Statutory gratuity including provision

36. Other expenses not included in cost (specify)

37. Less other income not considered in cost (specify)

**E. 38. Total expenses excluding excise duty for quantity sold**

**F. 39. Total net sales realisation excluding excise duty**

**G. 40. Margin**

Note :-

1. C.F.Y. abbreviation refers to current financial year ; P.Y. refers to previous year.

2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

**PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and (4)]

**PROFORMA F**

Applicable to products covered under Cost Accounting Records (Nylon) Rules, 1977 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of NYLON products for the financial year ended ..... (mention the financial year)

Name of the company.....

Name and address of the Factory.....

	Nylon yarn		Nylon tyre yarn		Nylon tyre cord	
	Current financial year (C.F.Y.)	Previous year (P.Y.)	Current financial year (C.F.Y.)	Previous year (P.Y.)	Current financial year (C.F.Y.)	Previous year (P.Y.)
1. Type of product						
2. Quality						
3. Denier						
4. Quantity produced (Metric tonne)						
5. Quantity sold (Metric tonne)						
6. Wastage percentage						

S.No	Particulars	Cost per Kilogram (Rs.)											
		C.F.Y	P.Y										
1	2	3	4	5	6	7	8	9	10	11	12	13	14

### A. Material cost

#### 1. Polyester chips

- (a) Own manufactured
- (b) Purchased

#### 2. Process materials/Chemicals (specify).

#### 3. Others (specify)

#### 4. Total material cost

#### 5. Less credits, if any

#### 6. Total net material cost. (1 to 5).

### B. Conversion cost :

#### 7. Utilities :

- (a) Power
- (b) Steam
- (c) Water
- (d) Compressed air
- (e) Fuel gases
- (f) Effluent treatment
- (g) Nitrogen
- (h) Air conditioning
- (i) Thetmex
- (j) Others

#### 8. Total cost of utilities [7(a) to 7(j)]

9. Wages and Salaries

(a) Wages

(b) Salaries

10. Bobbins

11. Papercones

12. Cops

13. Repairs and maintenance

14. Research and development expenses

15. Quality control

16. Depreciation

17. Factory overheads

18. Administration overhead

19. Total conversion cost (8 to 18)

(a) Variable cost

(b) Fixed cost

20. Total (6 plus 19)

21. Adjustment for the difference in the value of opening and closing work-in-progress

22. Adjustment for cost variances, if any.

23. Total (20 plus 21 plus 22)

24. Less credit for wastages/by products (specify the items).

25. Less normal loss if any (quantity only).

**C. Cost of production (23 minus 24 minus 25).**

26. Adjustment for the difference in the value of opening and closing stock of finished goods.

27. Net cost of production.

**D. Cost of sales**

28. Winding charges

29. Less credit for winding wastages, if any.

30. Adjustment for the difference in value of opening and closing stock of goods including winding charges.

32. Packing cost (for packed quantity only).

(a) Materials

(b) Others

33. Adjustment for the difference in the value of opening and closing stock of packed finished goods.

34. Selling and distribution expenses

(a) Salaries and wages

(b) Freight and transport charges

(c) Commission to selling agents

(d) Advertisement

(e) Others

35. Total cost of sales including selling and distribution expenses.

36. Interest charges

37. Annual bonus to employees

(a) Minimum statutory bonus

(b) Other than minimum Statutory bonus.

38. Statutory gratuity including provision

39. Other expenses not included in cost (specify)

40. Less other income not considered in cost (specify)

**E. 41. Total expenses excluding excise duty for quantity sold**

**F. 42. Total net sales realisation excluding excise duty**

**G. 43. Margin**

Note :-

1. C.F.Y. abbreviation refers to current financial year ; P.Y. refers to previous year.
2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

**PROFORMA TO THE AUDIT REPORT**

[See rule 2(c) and (4)]

**PROFORMA G-I**

Applicable to products covered under Cost Accounting Records (Textiles) Rules, 1977 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of, cost of sales, sales realisation and margin in respect of YARN sold for the financial year ended ..... (mention the financial year)

Name of the company.....

Name and address of the Factory.....

Sl.No.	Count	Hank No.	Quantity of yarn sold (Kg)	Cost of production of yarn sold (Rs)	Cost of reeling/winding (Rs)	Cost of packing (Rs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Cost of pack ed yarn (Rs)	Share of administra tion over head (Rs)	Selling & Distribution expences (Rs)	Bonus		Interest (Rs)	Gratuity (Rs)
			Minimum (Rs)	Other than Minimum(Rs)		

(8)	(9)	(10)	(11)	(12)	(13)	(14)

Other expenses (Rs.)	Cost of sales		Sales realisation		Margin		Previous year	
	Total to 15 (Rs.)	Per Kg. 16/4 (Rs.)	Total (Rs.)	Per Kg. (Rs.)	Total (Rs.)	Per Kg. (Rs.)	Cost of Sales per kg (Rs.)	Sales realisation per kg. (Rs.)
(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)

Note :-

1. Quantity and cost of production of yarn in columns 4 and 5 of this proforma shall be as per details contained in proforma "B" and "B1" of the Cost Accounting (Textiles) Rules, 1977 notified in the Official Gazette vide GSR 417(E) dated 28th June, 1977.

2. Cost of reeling/winding and packing shown in columns 6 and 7 shall be as per the rates arrived at in proforma D and K respectively of the Cost Accounting Records (Textiles) Rules, 1977 notified in the Official Gazette vide GSR 417(E) dated 28th June, 1977.

3. In case yarn is bleached, dyed, processed in any way, conversion cost incurred on each such process together with the cost of chemicals and dyes used shall be taken into account while



		(Metre)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	than Minimum (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Interest (Rs.)	Gratuity (Rs.)	Other Expenses (Rs.)	Total cost of sales (4 to 11) (Rs.)	Quantity actually sold (Metre)	Cost of sales for actual quantity sold		
					Total (Rs.)	Value (Rs.)	Per metre (Rs.)
(9)	(10)	(11)	(12)	(13)	(14)	(15)	

Sales realisation		Margin		Previous year	
Total Value (Rs.)	Per metre (Rs.)	Total (Rs.)	Per metre (Rs.)	Cost of sales per metre (Rs.)	Sales realisation per metre (Rs.)
(16)	(17)	(18)	(19)	(20)	(21)

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Notes :-

1. The quantity and cost of packed cloth issued for sale and to be shown in columns 3 and 4 shall be as per the cost arrived at in Proforma 'L' and 'L-1' of the Cost Accounting Records (Textiles) Rules, 1977 notified in the Official Gazette vide GSR 417(E) dated 28th June, 1977.
2. In case cloth is sold in grey stage, the quantity and cost of packed cloth issued for sale and to be shown in columns 3 and 4 shall be as per the cost arrived at in Proforma 'E' and 'E-1' of the Cost Accounting Records (Textiles, Rules, 1977 notified in the Official Gazette vide GSR 417(E) dated 28th June, 1977.
3. Separate proforma containing the details specified in this porformma shall be prepared and appended in respect of products exported.

### PROFORMA TO THE COST AUDIT REPORT

[See rule 2(c) and (4)]

#### PROFORMA H

Applicable to products covered under Cost Accounting Record (Steel Tube and Pipes) Rules, 1984 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of, cost of sales, sales realisation and margin in respect of STEEL TUBES AND PIPES products for the financial year ended ..... . (mention the financial year)

Name of the company.....

Name and address of the Factory.....

	Quantity produced	Current financial year		Previous year	
Sl.		Metric tonne	Metres	Metric tonne	Metres

No.	Type/size Shape of pipe/Tube (Seamless welded)	Ex-Works Quantity in metric tonne	Cost of sale (Value) (Rs.)	Packing & despatching cost (Rs.)	Selling & Distribution cost (Rs.)	Total (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

.Interest (Rs.)	Bonus		Gratuity (Rs.)	Other items (net of income) (Rs.)	Total Cost of Sales	
	Minimum (Rs.)	Other than minimum (Rs.)			Total (Rs.)	Per metric tonne (Rs.)
(8)	(9)	(10)	(11)	(12)	(13)	(14)

Sales realisation		Margin per Metric tonne		Previous year	
Total (Rs.)	Per metric tonne (Rs.)	Current year (Rs.)	Previous Year (Rs.)	Cost of Sales (Rs.)	Sales realisation (metric tonne)( Rs.)
(15)	(16)	(17)	(18)	(19)	(20)

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Note :-

1. The quantity and ex-works cost of sales to be shown in columns 3 and 4 shall be as per the cost arrived at in Proforma 'C' and 'D' of Cost Accounting Records (Steel Tubes and Pipe) Rules, 1984 notified in the Official Gazette vide GSR 506 dated 10th May, 1984.
2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

### PROFORMA TO THE COST AUDIT REPORT

[See rule 2(c) and (4)]

#### PROFORMA I

Applicable to products covered under Cost Accounting Record (Bearings) Rules, 1985 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of, cost of sales, sales realisation and margin in respect of BEARINGS for the financial year ended..... (mention the financial year)

Name of the company.....

Name of and address of the Factory.....

Sl. No.	Quantity Produced	Current financial year			Previous year		
		Type	Sizes	Numbers	Types	Sizes	Numbers
	Type of Bearing	Size	Ex-work cost of sales		Packing & Despatching Cost (Rs.)	Selling & Distribution cost (Rs.)	Total (Rs.)
			Quantity in (No.)	Value (Rs.)			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Interest (Rs.)	Bonus		Gratuity (Rs.)	Other items (net of income) (Rs.)	Total Cost of Sales	
	Minimum (Rs.)	Other than minimum (Rs.)			Total (Rs.)	Per metric tonne (Rs.)
(9)	(10)	(12)	(13)	(14)	(15)	(16)

Sales realisation		Margin per Metric tonne		Previous year	
Total (Rs.)	Per metric tonne (Rs.)	This year (Rs.)	Previous Year (Rs.)	Cost of Sales (Rs.)	Sales realisation (metric tonne)(Rs.)
(17)	(18)	(19)	(20)	(21)	(22)

Note :-

1. The quantity and ex-works cost of sale to be shown in columns 4 and 5 shall be as per the cost arrived at in Proforma 'C', 'D' and 'E' of the Cost Accounting Records (Bearing) Rules, 1985

notified in the Official Gazette vide GSR 664 dated 1st July, 1985.

2. Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

## **PROFORMA TO THE COST AUDIT REPORT**

[see rule 2(c) and (4)]

### **PROFORMA J**

Applicable to products covered under Cost Accounting Records (Formulations) Rules, 1988 made under section 209(1)(d) of the Companies Act, 1956.

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of FORMULATIONS for the financial year ended..... (mention the financial year)

Name of the company.....

Name and address of the Factory.....

---

1. Name of the formulation

2. Type of formulation

(Plain/coated tablet, soft/hard/printed capsules with/without band, sterile/non-sterile liquid/powder/ointment/cream etc.)

3. Type of packing

(Aluminium/paper/cellophane/blister strips/vials/ampoule/bottle/tin/jar etc.)

4. Size of pack ..... (1 mg, 2 mg etc./10s, 20s, 100s, etc./1 ml, 2 ml etc.)

5. Batch size .....

6. No. of batches charged

(a) Fresh

(b) Recharged

7. No of batches produced .....

Unit	Standard	Actual	Loss	
			Normal qty.%	Abnormal qty.%

8. Production.....

(a) Current financial year

(b) Previous Year

9. Packed production

(a) Current financial year

(b) Previous Year

10. Quantity sold

Sl.No.	Particulars	Unit	Quantity per batch			Rate	Amount	Cost per unit	
			Theoretical	Overages if any	Total			Current financial (Rs)	Previous year (Rs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

A. 1. Raw material

(a) Imported (Specify major items)

(b) Indigenous-purchased (Specify major items)

(c) Own manufactured (Specify major items)

(d) Less waste/rejects

2. Total raw material cost

## **B. Primary packing materials**

1. Aluminium/PVC/Cellophane blister foil etc., for front side
2. Aluminium/PVC/Cellophane blister foil etc. for back side
3. Bottle/Container/Tube etc.
4. Ampoules/vials etc.
5. Caps/seals etc.
6. Leaflets
7. Cartons
8. Others to be specified
9. Less rejects/waste
10. Total (B.1 to B. 9)

## **C.I. Conversion Cost**

(The conversion cost shall be indicated cost centrewise as prescribed in the Cost Accounting Records (Formulations) Rules, 1988 separately in respect of tablets, capsules, syrups, injectables, ointment etc.)

## **II. Packing cost**

(The packing cost shall be indicated cost centrewise as prescribed in the Cost Accounting Records (Formulations) Rules, 1988 separately in respect of tablets, capsules, syrups, injectables, ointment etc.)

## **III. Other expenses**

1. Inspection
2. Quality control
3. Testing
4. Research and development
5. Storage

6. Others (specify)

7. Total (C.III.1 to C.III.6)

**IV. Total of Conversion Cost plus Packing Cost plus Other expenses. (C I to C III)**

(a) Variable

(b) Fixed

**E. Adjustment for the difference in value of opening and closing work in progress**

**F. Adjustment for cost variance, if any**

**G. Total cost of production**

**H. Secondary packing materials**

(1) Cartons

(2) Leaflets

(3) Dropper

(4) Boxes

(5) Gum Tapes

(6) Others (specify)

(7) Less rejects/wastes (specify)

(8) Total (H.1 to H.7)

**I. Secondary Packing Cost/Charges**

(1) Cartoning

(2) Boxing

(3) Others (specify)

(4) Total (I.1 to I.3)

**J. (1) Total cost of packed product (G plus H Plus I)**

(2) Less : Quantity transferred for clinical/samples/trials etc.

(3) Add : Opening packed stock

(4) Less : Closing packed stock

(5) Cost of goods sold

(a) Domestic sale

(b) Export

**K. Share of administration overhead**

**L.** (1) Distribution cost (specify)

(2) Sales promotion expenses (specify)

(3) Trade Commission (specify)

(4) Total (L.1 to L.3)

**M. Interest**

**N. Annual bonus to employees**

(a) Minimum statutory bonus

(b) other than minimum statutory bonus

**O. Gratuity**

**P. Other expenses not included in cost (specify)**

**Q. Less other income not considered in cost (specify)**

**R. Total expenses (excluding excise duty) for quantity sold.**

**S. Total net sales realisation (excluding excise duty).**

**T. Margin**

**U. Maximum retail price wherever applicable.**

**Note :-**

Separate proforma containing the details specified in this proforma shall be prepared and appended in respect of products exported.

**PROFORMA TO THE COST AUDIT REPORT**

[See rule 2(c) and 4]

**PROFORMA K**

Mention the title of the Cost of Accounting Records Rules which are applicable to the product under reference.

Statement showing the summary of cost of production, cost of sales, sales realisation and margin in respect of ..... (mention the name of the product) for the financial year ended ..... (mention the financial year)

Name of the Company.....

Name and address of the factory.....

	Unit	Current financial year	Previous year
	(2)	(3)	(4)

- 1. Installed capacity
- 2. Quantity produced
- 3. Capacity utilisation
- 4. Quantity sold
  - (a) Naked quantity
  - (b) Packed quantity
  - (c) Total sold
- 5. Quantity captively consumed

Sl.No.	Types of product	Type I Rs. per unit	Type II Rs. per unit	etc
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	Particulars	Current financial year	Previous year	Current financial year	Previous year	
(1)	(2)	(3)	(4)	(5)	(6)	(7)

### **A. Material cost**

1. Raw material :

(a) Purchased (specify major items)

(b) Own manufactured (specify major items)

2. Components :

(a) Purchased (specify major items)

(b) Own manufactured (specify major items)

3. Stores and Chemicals :

(a) Purchased (specify major items)

(b) Own manufactured (specify major items)

4. Others : (specify major items)

5. Total raw material cost (1 to 4)

### **B. Conversion cost**

6. Utilities :

(a) Power

(b) Steam

(c) Water

(d) Compressed air

(e) Fuel gases

(f) Effluent treatment

(g) Others

7. Total Cost of utilities [6(a) to 6(g)]

8. Direct wages and salaries

(a) Wages

(b) Salaries

9. Repairs and maintenance

10. Research and Development expenses

11. Quality Control

12. Royalty

13. Depreciation

14. Factory overheads

15. Administration overheads

16. Total conversion cost (7 to 15)

(a) Fixed cost

(b) Variable cost

17. Total (5 Plus 16).

18. Adjustment for the difference in the value of opening and closing work-in-progress

19. Adjustment for cost variances, if any.

20. Total (17 plus 18 plus 19)

21. Less credit for by products (specify the items)

**C** 22. Cost of production (20 minus 21)

23. Less captive consumption, if any.

24. Adjustment for the difference in the value of opening and closing stock of finished goods.

**D.** 25. Net cost of naked/bulk quantity (22 minus 23 plus 24)

26. Packing cost (for packed quantity only).

(a) Materials

(b) Others

27. Adjustment for the difference in the value of opening and closing stock of packed finished goods

28. Selling and Distribution expenses

(a) Salaries and wages

(b) Freight and Transport charges

(c) Commission to selling agents

(d) Advertisement

(e) Others

29. Total selling and distribution expenses. [Items 28(a) to (c)]

**E.** 30. Total cost of sales including selling and distribution expenses (25 plus 26 plus 27 plus 29)

(a) For naked quantity

(b) For packed quantity

31. Interest charges

32. Annual bonus to employees

(a) Minimum statutory bonus

(b) Other than minimum statutory bonus

33. Statutory gratuity including provision

34. Other expenses not included in cost (specify)

35. Less other income not considered in cost (specify)

**F.** 36. Total expenses excluding excise duty for quantity sold [30+31+32+33+34--35]

(a) For naked quantity sold

(b) For packed quantity sold

(c) Total [(a) Plus (b)]

**G. 37. Total sales realisation exlg. excise duty.**

(a) For naked quantity sold

(b) For packed quantity sold

(c) Total [(a) plus (b)]

**H. 38. Margin (37 minus 36]**

(a) For naked quantity sold

(b) For packed quantity sold

(c) Total [(a) plus (b)]

**I. 39. Maximum retail price wherever applicable.**

Notes-

1. Separate proforma shall be prepared for the quantity sold within the country and the quantity exported. The expenses incurred on exports and the incentives earned thereon shall be indicated in the proforma applicable for the quantity produced and exported.

2. In case, a joint product is sold with or without further processing, details in regard to quantities sold, cost of sales and average sales realisation etc., shall be indicated in a separate proforma by suitably modifying for the purpose.

3. The basis of apportionment of common selling and distribution expenses to the product in the case of multiproduct units shall be equitable and applied consistently.

4. The sales realisation for quantities sold at prices notified/fixed under any law by the Government/Statutory Authority and at prices fixed by the company shall be indicated separately.