

**COST ACCOUNTING RECORDS (MOTOR VEHICLES)
RULES, 1997**

Notification

New Delhi, the 11th September, 1997

G.S.R. 537 (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), and **in super session of the notification of Government of India, Ministry of Industrial Development, Internal Trade and Company Affairs (Department of Company Affairs) bearing G.S.R. 1465 dated 17th May 1969**, except as respects things done or omitted to be done before such super session, the Central Government hereby made the following rules namely:

1. Short title and commencement

- (1) These rules may be called the Cost Accounting Records (Motor Vehicles) Rules 1997.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Application-

They shall apply to every company engaged in the manufacture of [motor vehicles, whether passenger or commercial] ¹ including the manufacture of the of the following vehicles, namely:

- (a) All types of passenger cars, jeeps and station wagons:
- (b) All types of commercial vehicles, delivery and pick-up vans:
- (c) Motor-cycles, scooters, scooterettes and Mopeds:
- (d) Three-wheeler vehicles:
- [(e) Any type of tractor]²
- [(f) Heavy earth moving equipments]³

Provided that these rules shall not apply to company:

[(a) The aggregate value of the machinery and plant installed wherein does not exceed the limit as specified *for* a small scale industrial undertaking under the Industries (Development and Regulation) Act, 1951 (65 of 1951), as on the last date of the preceding financial year.]⁴

(b) The aggregate value of the turnover made by company from the sale or supply of all its products during the preceding financial year does not exceed Rupees ten crore.

¹ Inserted by G.S.R.328 (E) dated 3rd June 1998

² Added by G.S.R.328 (E) dated 3rd June 1998

³ Added by G.S.R.280 (E) dated 24th April 2001

⁴ Inserted by G.S.R.465 (E) dated 3rd August 1998

3. Maintenance of records:-

(a) Every company to which these rules apply shall, at regular intervals as well each of its financial year commencing on or after the commencement of these rules, keep proper books of account containing, inter alia, the particulars specified in Schedule I and II including proformas A, B, C and D annexed to these rules relating to the utilization of materials, labour and other products of cost in so far as they are applicable to Motor Vehicles 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 products referred to in rule 2, the particulars relating to utilization of materials, 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 products referred to in rule -2.

[Provided further that every company manufacturing any type of tractor shall keep proper books of account under these rules in respect of each of its financial year commencing on or after the 1st April 1999.]⁵

(b) The books of account referred to in sub-rule (a) shall be kept on a regular basis in such a manner as to name possible to calculate the cost of production and cost of sales of all types of Motor Vehicles referred to in rule 2 at regular intervals as well as for the financial year as a whole, from the particulars entered therein and every such books of account and the proformae specified in Schedules annexed to these rules shall be completed not later than ninety days from the closing of the financial year of the company to which they relate.

(c) It shall be the duty of every person referred to in sub-section (6) and a person having been charged by the person maintained in sub-section (6) of section 209 of the Companies Act, 1956 (1 of 1956) to take all reasonable steps to secure compliance by the company with the provisions of sub-rules (a) and (b) of this rule in the same manner as the person is liable to maintain accounts required under sub-section (1) of section 209 of the said Act.

(d) Statistical and other records shall be maintained in a accordance with the provisions of the Schedules annexed to these rules, 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 achieving optimum economies in cost and provide the necessary data required by the Cost Auditor to suitable report on all the points referred to in Cost Audit (Reports) Rules, 1996.

4. Penalty-If a company contravenes the provisions of rule 3, the company and every person thereof who is in default referred to in sub-rule (c) of rule 3 shall subject to the provisions of section 209 of the Companies Act, 1956 (1 of 1956) be punishable with fine which may extend to rupees five hundred and where the contravention is a continuing one with a further fine which may extend to rupees fifty for every day after the first day during which period such contravention continues,

⁵ Inserted by G.S.R.328 (E) dated 3rd June 1998

SCHEDULE-I

(see rule 3)

1. Materials

I (1) Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of each item of direct materials (including bought out components, C.K.D. etc.) required and actually used in the production processing or manufacture of different type of products referred to in rule 2, in any form or any type. These records for direct materials shall contain such details as to enable the company to determine the quantity and the cost of receipt (including all direct charges up to the work in respect of all major direct materials), for imported and indigenous supplies of Motor Vehicles produced. In case of imported materials including those canalized through government agencies, details of cost, freight, insurance charges (CIF value) custom duty, port charges, inland freight and handling and clearance charges paid shall be recorded separately. The basis on which the said quantities and costs of issue and consumption have been calculated shall be indicated in the cost records and followed consistently.

I(2) In case, where the major assemblies/sub-assemblies like Engine, Transmission Frame, Body, Batteries etc. required in the production of items referred to in rule 2 are manufactured by the company, separate records showing the cost of manufacture of each such item indicating the break up of raw materials consumed for the production and conversion cost shall be maintained.

I(3) In case any raw material/process chemicals covered under any Cost Accounting (Records) Rules prescribed under the Companies Act 1956, (1 of 1956) is manufactured by the company, proper cost accounting records shall also be maintained as per the relevant rules so as to arrive at the cost of such items.

I(4) If the quantity and value of materials consumed are determined on the basis of standard costing, the method adopted shall be mentioned in the cost records and followed consistently. The overall reallocation of such quantities and value of materials with the actuals shall be made regularly during the financial year explaining the reasons for variations. The treatment of such variations in determining the cost of the items referred to in rule 2 shall be indicated in the cost records.

I(5) Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, process material, chemical, small tools and machinery spares. The cost shall include all direct charges up to works.

I(6) In the case of consumable stores and small components or tools the cost of which are insignificant, the company may, if it so desires, maintain such records for the group of such items.

I(7) the cost of consumption of consumable stores, small tools, and machinery spares shall be charged to the relevant cost centres on the basis of actual issues.

I(8) Proper records shall be maintained showing the quantity and value of wastages, spoilage, rejections and losses of raw materials, process materials consumable stores, small tools and machinery spares, whether in transit, storage, manufacture or at any other stage. The method followed for adjusting the above losses as well as the income derived from the disposal of rejected and waste materials including spoilages if any, in determining the cost of product be indicated in the cost records Any abnormal wastages or spoilages etc. shall be indicated distinctly and separately along with reasons thereof.

I (9) Where MODVAT is availed on any item of material, cost thereof shall be shown at net of MODVAT.

2. Salaries and Wages:

2 (1) Proper records shall be maintained to show the attendance and earnings of all employees of the cost centres/departments and the work on which they are employed. The records shall also indicate the following separately

for each cost centre/department:

- (a) Piece rate. Wages earned (wherever applicable);
- (b) Incentive wages earned either individually or collectively as production bonus or under any other scheme based on output
- (c) Overtime Wages earned;
- (d) Earnings of casual labour.

2 (2) the records shall be maintained in such a manner so as to enable the company to furnish necessary particulars under this head in the various Proformae of the Schedule II annexed to these rules. Where the employees work in such a manner that it's not possible to identify them with any cost centre/department, the labour charges shall be apportioned to the cost centres on equitable basis and applied consistently.

2 (3) Idle time shall be separately recorded under classified headings indicating the reasons therefore. The method followed for accounting of idle time payments in determining the cost of product shall be disclosed in the cost records.

2 (4) Any wages and salaries allocable, to capital works such as addition to plant and machinery, buildings, or other fixed assets shall be accounted for under the relevant capital heads.

3. Service Department Expenses:

Detailed records shall be maintained to indicate expenses incurred in respect of each service department or cost centre like laboratory, welfare, transport etc. These expenses shall be apportioned to other services and production departments on equitable basis and applied consistently. Where these services are utilized for other product(s) of the company, the basis of apportionment to the Motor Vehicle referred to in rule 2 and to the other product(s) shall be equitable and clearly indicated in the records and applied consistently.

4. Utilities:

4 (1) Water-Proper records showing the quantity and cost of treated/cooling water produced and consumed for the manufacture of Motor Vehicles in different cost centres/departments shall be maintained. Similar records shall be maintained for effluent treatment also, if any.

4 (2) Steam-Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed in the production of Motor Vehicles as referred to in rule 2 in different cost centres/departments shall be maintained. The cost of steam consumed by the Motor Vehicles, plant 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 Motor Vehicles plant, the cost of steam so supplied shall be charged to Motor Vehicles plant on a reasonable basis and applied consistently.

4 (3) Power-Proper records shall be maintained for the quantity and cost of power purchased. Where power is generated by the company itself, adequate records shall be maintained to show the cost of power generated and consumed for the production of Motor Vehicles in different cost centres/departments etc. Where power is generated and supplied by any other unit of the company to the Motor Vehicles Plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power allocated to production of Motor Vehicles referred to in rule 2 shall be on a reasonable basis and applied consistently.

4 (4) Utilities other than Water Steam and Power: Proper records shall also be maintained in respect of any of other utilities other than water, steam and power produced or purchased by the company.

5. Workshop/Repairs and Maintenance/ Tool Rooms:

5 (1) Proper records showing the expenditure incurred by the workshop under different heads and on repairs and maintenance by the various cost centres/ departments shall be maintained. The records shall also indicate the basis of charging the workshop/tools room expenses to different cost centres/ departments. Where direct workers of any production cost centre, the wages and salaries of such workers do maintenance work shall be treated as direct expenses of the respective cost centre.

If the services are utilized for other products also, the manner of charging a Share to Motor Vehicles, referred to in rule 2 shall be equitable and clearly indicated in records and applied consistently.

5 (2) Expenditure on major repair works from which benefits is likely to accrue for more than one financial year, shall be shown separately in the cost records indicating the method of accounting in determining the cost with reference to the period for which the benefit of such expenditure is likely to last.

5 (3) the jobs carried out by workshops of Motor Vehicles unit for other units of the company shall be charged on a reasonable basis and applied consistently.

6. Depreciation:

The basis on which depreciation is calculated and allocated/apportioned to the various cost centres/departments and absorbed on the products shall be clearly indicated in the cost records. Depreciation chargeable to the different cost centres/ departments shall be not less than the amount of depreciation chargeable in accordance with provisions of sub-section (2) of Section 205 of the Companies Act, 1956 (1 of 1956) and shall relate to plant, machinery and other fixed assets utilized in such cost centres/departments. In case the amount of depreciation charged in the cost accounts in a financial year is higher than the amount of depreciation chargeable under the aforesaid provisions of the Companies Act, 1956), the amount so charged in excess shall be indicated clearly in the cost records. The cost records shall also show the effect of the said excess on the per unit cost of Motor Vehicles referred to in rule 2. 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.

7. Royalty/Technical Know-How Fee:

Adequate records shall be maintained showing the royalty or other recurring or non-recurring payments if any, made to collaborators or technology suppliers in terms of agreements, entered into with them. Such records shall be kept separately in respect of each such supplier. The basis of charging such amounts including one-time payments to the products shall be indicated in the cost records.

8. Other Overheads:

8 (1) Proper records shall be maintained showing the various items of expenses comprising the other overheads. These expenses shall be analyzed, classified and grouped according to functions, viz. works, administration and selling and distribution.

8 (2) Where the company is manufacturing any product(s) other than Motor Vehicles 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 Motor Vehicles and other activities including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or product, such expenses shall be segregated and charged to the relevant activity or product in the first instance and thereafter the common expenses under the above categories of overheads shall be apportioned on reasonable and equitable basis and applied consistently. Overheads chargeable to capital works shall be indicated separately in the cost records. Basis of apportionment or absorption of overheads to the cost centres and products shall be indicated in the cost records.

8 (3) The details of work, administration and selling and distribution overheads shall be maintained in such a manner as to enable the company to fill up the necessary particulars in proforma of Schedule-II annexed to these rules.

9. Conversion Cost:

When more than one manufacturing process is carried out in a particular machine(s) or series of machines, adequate records about the usage of such machine(s) for different product shall be kept. The cost of using such machine(s) shall be charged to the different products on an equitable basis e.g. equipment usage hours. Where composite machine hour rates are applied for absorption of wages, overheads and equipment usage, proper records relating to the utilization of labour and multi-purpose machines for different processes connected with the manufacture of different products shall be kept to enable determination of total machine hours and the amounts chargeable to the respective Motor Vehicles referred to in rule 2. The variance between the actuals and the amount charged at predetermined rates shall be adjusted for arriving at the actual cost of production at the end of the financial year.

10. Research and Development Expenses:

10 (1) Proper records showing the details of expenses, if any, incurred by the company for the research and developments work on the products covered under these rules according to the nature viz. development of products, existing and new; processes of manufacture, existing and new, design and development of new plant facilities and market research for the existing and new products etc. shall be maintained separately.

10 (2) The method of charging these expenses to the cost of the products shall be indicated in the cost records. Where the utility of such research and development work extends over more than one financial year, such expenses shall be treated as deferred expenses and charged to cost of production of Motor Vehicles referred to in rule 2 and to other products, if any, on a reasonable basis and applied consistently.

10 (3) Expenses incurred by the Research and Development department for providing technical know-how to outsiders shall be recorded separately and excluded from the cost of Motor Vehicles referred to in rule 2. The amount recovered for providing technical know-how to outsiders shall also be indicated separately.

11. Interest:

The amount of interest shall be allocated/apportioned to the products covered by these rules and other activities on a reasonable and equitable basis, which shall be followed consistently. The basis of such apportionment shall be spelled out clearly in the cost apportionment shall be spelled out clearly in the cost statements. Basis of further charging of the share of the interest to the various types of such products shall also be reasonable and the same shall be followed consistently.

12. Expenses/Incentives on Exports:

Proper records showing the expenses incurred on the export sales of the products covered by rule 2, in any shall be separately maintained, so that the cost of export sales can be determined correctly. Separate cost statement shall be prepared for products exported giving details of export expenses incurred/incentive earned. In case, duty free imports are made, the cost statements should reflect this fact. If the duty free imports have been made after the actual production, the statements should reflect this fact also.

13. Scrap and Wastage:

Proper records shall be maintained for all major items of scrap and wastage including steel and coil etc. The records for the scrap and wastage shall be maintained for all the cost centres separately so as to arrive cost centre wise scrap generation. The basis adopted for valuation of scrap for giving credit to the respective processes shall be equitable and consistent and should be indicated in cost records.

14. Joint Products:

Where more than one product, which is of equal economic importance, arises from processes, the cost up to the point of separation of products shall be apportioned to joint products on reasonable and equitable basis and shall be applied consistently. The basis on which such joint costs are apportioned to different products arising from the process/processes shall be indicated in the cost records.

15. Captive Consumption:

Proper records shall be maintained showing the quantity and cost of items referred to under rule 2 transferred to other departments(s) of the company for captive consumption. Such transfers shall be effected cost and shall be disclosed in the cost records.

16. Packing:

16. (1) Proper records shall be maintained showing the quantity and cost of various packing materials and other expenses incurred for packing the furnished products, if any for the marketing of Motor Vehicles referred to under rule 2. Where such expenses are incurred in come for other products including those stated under rule 2, the basis of apportioning the expenses between the relevant products shall be clearly indicated in the cost records and applied consistently. If the company manufactures such packing materials, proper records showing the cost of production of such items shall be maintained.

16 (2) Detailed records of the expenses incurred on export packing, if any, shall also be kept separately and exhibited in the relevant cost statements for exports.

17. Work in Progress and Finished Goods Stock.

The method followed for determining the cost of work in progress and finished goods of Motor Vehicles referred to in rule 2, shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. The appropriate share of conversion cost up to the stage of completion shall be taken into account while computing the cost of work in progress. The method adopted for determining the cost of work in progress and finished goods shall be followed consistently.

18. Cost Statements:

18 (1) Separate cost of sales statement in respect of different type of Motor Vehicles produced and sold, if any, shall be maintained.

18 (2) if the company is operating more than one factory, separate cost statements as specified above shall be maintained in respect of each factory.

19. Production Records:

Quantitative records of all finished/packed production, issues for sales and balances of different types of products referred to in rule 2 produced by the company shall be maintained. The cost of all finished/packed production shall be kept in detail for each type of product or in the form of control accounts 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 account maintained for each type of products referred to in rule 2.

20. Reconciliation of Cost and Financial Accounts:

20 (1) Cost records shall be reconciled with the financial year as to ensure accuracy. Variations, if any, shall be clearly indicated and explained. The reconciliation shall be done in such a manner that profit of the product under reference can

be correctly arrived at and reconciled with the over all profit of the company.

20 (2) A statement showing the total expenses incurred and income received by the company under different heads of accounts and the share applicable to the products under rule 2 shall be maintained and reconciled with the financial accounts for the period.

21. Adjustment of Cost Variances:

Where the company maintains cost records on any basis other than actuals such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of product under such system. 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 annexed to these rules and analyzed into material, labour, overheads and broken up into quantity, price, capacity utilization etc. and shall be made regularly during the financial year. The reason for the variance shall be duly explained in the cost records.

22. Statistical Records:

22 (1) Data regarding available machine hours/direct labour hours in different production department and actually utilized shall also be maintained and shortfall suitably analyzed. Suitable records for computation of idle time machines shall be maintained.

22 (2) Adequate records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for each type of product or group of products as listed under rule 2 and other activities, Fresh investments on fixed assets that have not contributed to the production during the relevant period, shall be indicated in the cost record. The records shall, in addition show assets added as replacement and that added for increasing existing capacity.

23. Pollution Control:

Expenditure incurred by the company on various measures to protect the environment like effluent treatment, control and pollution of air, waste etc. should be properly recorded.

[24. Inter-Company Transfer:

(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 be connected by blood relationship;
- (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."]²

² Inserted by G.S.R.718 (E) dated 28th September 2001

SCHEDULE II
PROFORMA 'A'
(See Rule 3)

Name of Company.....

Name and Address of the Factory.....

Statement showing the conversion cost for various operation cost centers for Motor Vehicles
and their apportionment for the year ended.....

Sl. No	Particulars	Production/ Service centers															
		Machine Shop		Foundry		Electroplating Shop		Paint Shop		Heat Treatment		Assembly		Others		Total	
1	2	3		4		5		6		7		8		9		10	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
		Hrs	Rs	Hrs	Rs	Hrs	Rs	Hrs	Rs	Hrs	Rs	Hrs	Rs	Hrs	Rs	Hrs	Rs
A	Conversion Cost																
	1. Wages & Salaries																
	2. Consumables stores/ Operating supplies																
	3. Utilities																
	(a) Water																
	(b) Steam																
	(c) Power																
	(d) Others (to be specified)																
	4. Other direct expenses (to be specified)																
	5. Repairs & Maintenance																
	6. Depreciation																
	7. Works Overheads																
	8. Adjustment for Opening/ closing WIP																
B	1. Machine Hours/ Direct labour hours																
	(a) Available																
	(b) Worked																
	2. Cost per Machine/ Direct labour hour worked																
	3. Cost per Machine/ Direct labour hour worked (Previous year)																
C	Apportionment of conversion cost to respective type to Motor Vehicles/ Components																
	1.																
	2.																
	3.																
	4.																
	5.																
	6. etc.																
	Total																

Notes:

- 1 A= Actual direct labour/ Machine hours utilised as per actual recording, appropriate basis of apportionment
B= Conversion Cost in Rs.
- 2 Cost centers are illustrative only.
- 3 Bonus to employees over than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and Interest charges on borrowing including debentures shall be exhibited in Proforma C and D only.
- 4 Actual direct labour /machine hours utilised for each type of Motor Vehicle should be recorded batchwise.
- 5 Where special machines, such as high speed, automatic etc. are used for a particular process of manufacture, separate cost centers shall be opened for each such machine or group of such machines.
- 6 The amount of Royalty Paid/ payable on production should be shown against item A4.

SCHEDULE II
PROFORMA 'B'
(See Rule 3)

Name of Company.....
Name and Address of the Factory.....
Statement showing the Cost of Production of Motor Vehicles
for the year ended.....

	Current Year	Previous Year
1 Name of Motor Vehicle		
2 Type		
3 Diesel driven/ Petrol driven		
4 Installed capacity		
5 Total production		
6 Capacity utilization (Percentage)		

Sl. No.	Particulars	Unit (qty)	Rate (Rs.)	Amount (Rs.)	Cost/ Unit	
					Current Year	Previous Year
A	Direct Material Costs (Each major item to be specified)					
	(a) Imported bought out components					
	(1)					
	(2)					
	(3) etc.					
	(b) Indigenous purchased					
	(1)					
	(2)					
	(3) etc.					
	(c) Own manufacture					
	(1)					
	(2)					
	(3) etc.					
	(d) Less: waste/ rejects					
	Total Direct Material (a+b+c+d)					
B	Conversion Cost					
	(1) Machine shop					
	(2) Electroplating shop					
	(3) Vehicle assembly					
	(4) Paint shop					
	(5) Royalty, if any					
	(6) Etc. to be specified					
	Total conversion cost					
C	Other Expenses					
	(1) Inspection					
	(2) Quality Control					
	(3) Testing					
	(4) R&D					
	(5) Storage					
	(6) Other works overhead					
	(7) Administrative overhead					
	(8) Others to be specified					
	Total other expenses					
D	1 Total Cost					
	2 Adjustment for opening & closing work in progress					
	3 Adjustment for cost variances					
	(a) Raw material					
	(b) Conversion charges					
	(c) Total					
	4 Total Cost of Production transferred to:					

	1. Captive consumption (a) Specify product (b) 2. Transfer for Sales (a) Specify product (b)					
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Notes:

1. This proforma shall be prepared for each type and size of Motor Vehicle.
2. Separate statement shall be prepared as above for export production
3. Bonus to employees over than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and Interest charges on borrowing including debentures shall be exhibited in Proforma C and D only.
4. Item no 'D 3' is applicable for companies following standard costing system.
5. The basis on which realisable value is determined for any product shall be clearly indicated in the cost records.
6. Abnormal losses, if any, shall be indicated both in quantity and value in separate statement.
7. Cost centers are illustrative only.

SCHEDULE II
PROFORMA 'C'
(See Rule 3)

Name of Company.....
Name and Address of the Factory.....
Statement showing the Cost of Sales of Motor Vehicles
for the year ended.....

		Current Year	Previous Year
1	Name of Motor Vehicle		
2	Type of Motor Vehicle		
3	Opening Stock (qty)		
4	Quantity Produced		
5	Quantity Sold		
6	Closing Stock		

Sl. No.	Particulars	Unit (qty)	Rate (Rs.)	Amount (Rs.)	Cost/ Unit	
					Current Year	Previous Year
A	Cost of production transferred from Proforma-B					
B	Packing Materials, if any, major items to be soecified					
C	Packing Cost Charges (major cost centers to be soecified)					
D	Other Expenses (1) Inspection (2) Quality Control (3) Other works overhead (4) Administrative (5) Others (to be specified)					
E	1. Cost of packed product 2. Less/add Adjustment for cost variance 3. Total cost of complete product 4. Less Quantity tranfered for samples/ trials 5. Add: opening stock 6. Less: closing stock 7. Cost of good sold (a) Domestic (b) Exports (c) Total					
F	Selling & distribution expenses (for quantity sold only) 1. Salary & wages 2. Publicity 3. Depot Expenses 4. Freight 5. Handling Charges 6. Discount/ Commission 7. Others (to be specified) 8. Total selling & distribution expenses					
G	Interest Charges					
H	Bonus (other than incentive bonus)					
I	(a) Minimum statutory bonus (b) Other than Minimum statutory bonus					
J	Provision for statutory bonus					
K	Other expenses not included in cost (items to be specified)					

L	Total expenses including interest & other charges (excluding excise duty)					
M	Less other incomes not considered in cost (items to be specified)					
N	Total sales realisation excluding excise duty for quantity sold					
O	Margin					

Notes:

1. This proforma shall be prepared for each type and size of Motor Vehicle, which is manufactured/ sold by the company.
2. Separate statement shall be prepared as above for export sales.
3. Bonus to employees over than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and Interest charges on borrowing including debentures shall be exhibited in Proforma C and D only.
4. Item no 'E 3' is applicable for companies following standard costing
5. Cost centers are illustrative only.

SCHEDULE II
PROFORMA 'D'
(See Rule 3)

Name of Company.....
Name and Address of the Factory.....
Statement showing the conversion cost for sales, sales realisation and margin for all
Motor Vehicles manufactured and sold during the year ending.....

Sl. No.	Motor vehicles/ components	Quantity issued for Sales		Selling & distribution Expenses	Interest	Bonus		Gratu ity	Other exp net of other incomes	Total cost of sales	Sales realis ation	Margin		Previous Year		
		3	4			5	6					7	8	9	10	11
		Qty	Value			Mini mum statut ory	Other than Mini mum statut ory					Tot al	Per uni t	Cost of sales/ unit	Sales realisati on/ Unit	Margin per unit
		Unit	Rs	Rs.	Rs	Rs.	Rs	Rs.	Rs	Rs.	Rs	Rs	Rs	Rs	Rs	Rs
1.																
2.																
3.																
4.																

[F No. 52/4/CAB-96]
RD Joshi,
Joint Secretary

Footnote: The principal rules were published vide GSR No. 537(E), dated the 11th September, 1997 and subsequently amended vide:

1. GSR 328(E), dated 3rd June, 1998
2. GSR 465(E), dated 3rd August, 1998
3. GSR 280(E), dated 24th April, 2001
4. GSR 718(E), dated 28th September, 2001