

COST ACCOUNTING RECORDS (TEXTILES) RULES 1977

MINISTRY OF LAW JUSTICE AND COMPANY AFFAIRS NOTIFICATION
NEW DELHI THE 28TH JUNE 1977

COST ACCOUNTING RECORDS (TEXTILES) RULES 1977

G.S.R.417(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), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement - (1) These rules may be called the cost Accounting Records (Textiles)Rules,1977.
(2) They shall come into force on the 1st day of July,1977.
2. Application :-*[These rules shall apply to every company engaged in the production, processing or manufacturing of any art silk cloth, cloth, cotton yarn or cotton cloth , processed yarn and processed cloth , man-made fibre yarn or man made fibre cloth, silk yarn or silk cloth, wool ,woollen yarn or woollen cloth, yarn or other textiles products:]¹

{Provided that these rules shall not apply to such of the above said companies as falling under the category of small scale industrial undertakings.}²

Explanation : For purpose of this rule the expression "small scale industrial undertaking "means a company

- (a) {{the aggregate value of the machinery and plant 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 ;and}}³
- (b) [the aggregate value of the realization made by the company from the sale of supply of all its products during the preceding financial year does not exceed ten crore rupees.]⁴

3. [**Definitions.**-In these rules, unless the context otherwise requires-

- (a) "art silk cloth" means any fabric made wholly from art silk yarn or partly from silk, yarn and partly from any other yarn provided such fabric 'contains not less than 60 per cent of art silk yarn;
- (b)"cloth" has the same meaning as in sub-clause (4) of Clause 3 Textiles (Development and Regulation) Order, 1993;
- (c) "Cotton yarn or cotton cloth" has the same meaning as in sub-clause (6) of clause 3 of the Textiles (Development and Regulation) Order, 1993;

¹ Substituted by GSR 29(E) dated 19th January 1994.

² Inserted by GSR 40 dated 5th January,1983

³ Substituted by GSR No.446(E) dated 3rd August,1998.

⁴ Inserted by GSR No.322(E) dated 24th March,1993.

- (c) “man made yarn” and “man made fibre cloth” has the same meaning as in sub-clause(10) of clause 3 of the Textiles (Development and Regulation) Order, 1993;
- (d) “other textile products” has the same meaning as in sub-clause(14) of clause 3 of the Textiles (Development and Regulation) Order, 1993;
- (e) “ processed yarn and process of cloth” means and yarn and / or cloth as defined in sub-clause (b) and (j) of this rule which has undergone one or more of the process such as bleaching, dyeing, printing, mercerizing, finishing and the like.
- (f) This also includes the cloth processed by “processor” as defined in sub-clause(19) of clause 3 of the Textiles (Development and Regulation) Order, 1993;
- (g) “silk yarn and silk cloth” has the same meaning as in sub-clause(21) of clause 3 of the Textiles (Development and Regulation) Order, 1993;
- (h) “wool” ” has the same meaning as in sub-clause(24) of clause 3 of the Textiles (Development and Regulation) Order, 1993;
- (i) “yarn” ” has the same meaning as in sub-clause(26) of clause 3 of the Textiles (Development and Regulation) Order, 1993;
- (j) “yarn” ” has the same meaning as in sub-clause(27) of clause 3 of the Textiles (Development and Regulation) Order, 1993;]^{5A}

4. Maintenance of records:- (1) Every company to which these rules apply shall, each of its financial year commencing on or after the 1st day of July,1977{till the 31st day of March 2001 or the close of the relevant financial year in 2001}⁵ keep proper books of accounts containing inter alia, the particulars specified in Schedule I and II annexed to these rules relating to utilization of material, labour and other items of cost in so far as these are applicable to the cotton textiles manufactured by it;

(2) The books of account referred to in sub-rule (1) shall be kept on a regular basis so as to make it possible to calculate the cost of production and cost of sale of the cotton textiles at regular intervals, say quarterly, during the financial year, (hereinafter referred to as the relevant period) as well as for the financial year as a whole, from the particulars entered therein and every such books of account and the proformae specified in Schedule II shall be completed within ninety days from the end of the financial year of the company to which they relate".

["(2A) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the 1st day of April, 2001 keep proper books of account containing, inter-alia, the particulars specified in Schedule III annexed to these rules and Proformae A, B, C, D-1, D-2, D-3 and E mentioned in the said Schedule relating to the utilization of materials, labour and other items of cost in so far as they are related to the manufacturing, processing or production of textiles products:

Provided that if the said company is manufacturing any other product(s)or is engaged in other activities in addition to manufacture of textiles product, the

⁵ Inserted by GSR693(E) dated 31st August,2000.

^{5A} Foot Note: Substituted by GSR 29(E) dated 19th January, 1994

particulars relating to utilization of materials, labour and other items of cost in so far as they are related to manufacture of such other products or activities shall not be included in the cost of textiles products referred to in sub-rule (2) of this rule.

(2B) The books of account referred to in sub-rule (2A), shall be kept on a regular basis in such manner so as to make it possible to calculate the cost of production and cost of sales of each type of textiles products manufactured or produced for every financial year from the particulars entered therein. Every such books of account and the proformae specified in the said Schedule III, shall be completed not later than ninety days from the close of the financial year of the company to which they relate.

(2C) The statistical and other records shall be maintained in accordance with the provisions of Schedule III, which shall be such as to enable the company to exercise, as far as possible, control over various operations and costs with a view to achieve optimum economies in cost. These records shall also provide the necessary data required by the Cost Auditor to suitably report on all the points referred to in the Cost Audit (Report) Rules, 1996, as amended from time to time”]⁶

(3) It shall be the duty of every person referred to in sub-section (6) and sub-section (7) 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 [(1) (2),(2A),(2B) and (2C)]⁷ in the same manner as he is liable to maintain financial accounts under sub-section (1) of section 209 of the said Act.

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

SCHEDULE I⁸

(See rule 3)

1. Materials:

- (a) Raw materials: (i) Cotton and man-made fibres. -Proper records shall be maintained showing all the receipts, issues and balances, both in quantities and cost, of cotton, man-made fibres and filament yarn from man made fibres used in the manufacture of cotton textiles. Where cotton or man-made fibres or filament yarn made from man-made fibres, is obtained from different sources including imports, records shall be maintained

⁶ ibid

⁷ Inserted by GSR 693(E) dated 31st August,200

⁸ Applicable upto 31st day of March,2001 or close of the relevant financial year in 2001 vide GSR 693(E) dated 31st August,2000.

separately for imported and indigenous supplies, variety-wise in such a manner as to enable the company to determine the quantity and cost of receipts, (including all direct charges upto mills) issues, and balance of materials. The names and specifications used for different varieties of cotton/man-made fibre/filament yarn from man-made fibre shall conform to the nomenclature and specifications as prescribed by the Textiles Commissioner.

The records shall indicate the actual quantity and value of each variety of cotton or other raw materials mentioned above, used in each mixing prepared for manufacturing different counts of yarns.

(ii) Waste - (1) Soft Waste:- Proper records shall be maintained to show the quantity and realisable value of usable soft waste collected from each mixing in each cost center of the Spinning Department, quantities re-used in each mixing, used in the waste plant, if there be any, sold out with the sales realisation thereof and the balance lying in stock.

Proper records shall be maintained to show the quantity and realisable value of other soft wastes such as droppings, sweepings, etc., collected from different cost centres of the spinning department, re-used in the waste plant, if any, sold out with sales realisation thereof and the balance lying in stock. The quantity of this waste collected at regular intervals, say quarterly, during the relevant period shall be reconciled with such waste for which due credit is afforded to the respective production/on technical basis/past performance/trial run during the said period.

(2) Hard waste, Proper records shall be maintained to show the quantity and realisable value of hard waste collected, type wise, such as superfine, fine, medium, coarse etc separately from spinning department and pre-weaving department reused in the waste plant if any sold out with the sales realisation thereof and the balance lying in stock. The quantity of this waste collected at regular intervals, say quarterly, during the relevant period shall be reconciled with such waste for which due credit is afforded to the respective production on technical basis/past performance/trial run during the said period.

Any waste cotton purchased for use in the manufacture of yarn shall also be recorded properly regarding receipts, issues and balances both in quantity and value

(iii) Yarn.-In case the company is purchasing yarn from outside sources for use in the manufacture of cloth, proper records shall be maintained showing all the receipts, issues and balances, both in quantity and value. This record shall be kept count-wise, separately for carded and combed varieties.

(iv) In case the company purchases cloth in grey stage for processing, proper records shall be maintained showing the quantity and cost of such purchases, issues to processing, and balance in stock, fabric-wise. Where the company receives cloth in grey stage for processing only, proper records shall be maintained showing the quantity of such receipts, issues to processing and balance in stock,

The records of these raw materials shall be maintained in such a way as may enable the company to fill up the particulars in Annexure IV, V, VA or VI as the case may be, specified in this Schedule vis-à-vis cotton/man-made fibre/waste and in Proformae 'E' and 'L' of Schedule II for yarn and cloth respectively or in any form as near thereto as practicable.

(b) Sizing materials.-Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost, of each items of sizing materials such as starch, maize, tallow, gum, etc. used in the different types of sizing solution used for sizing the warp yarn. The cost shall include all direct charges up to the mills wherever specifically incurred. In case the issues are made as per "recipes" prepared in advance, a periodic reconciliation between the actual material consumption and that as per "recipes" shall be made both in quantity and value. Separate records shall be maintained in such details as may enable the company to work out the cost of sizing materials required per kilogram of warp yarn sized. These records are to be maintained in such a way as may enable the company to fill up the sizing material cost in Proforma 'E' specified in Schedule II or in a form as near thereto as practicable.

(c) Dyes and chemicals.-Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost. of each item of dyes and chemicals used for dyeing and printing the various yarn and or cloth manufactured and processed. The cost shall include all direct charges up to the mills or processing house, wherever specifically incurred .The issues shall be properly identified with the cost centres, departments and ultimately with each sort of cloth processed as far as practicable . In case the company resorts to the recording of consumption of these materials as per "recipe" in respect of each fabric , a reconciliation between the actual consumption and "recipe consumption" shall be made periodically and necessary adjustment for variations are to be indicated in the cost records. Separate records shall be maintained in such details as may enable the company to work out the material cost of dyeing or printing each type of cloth processed so that such cost can be filled up sin Proforma 'L' specified in Schedule II.

(d) Process materials/chemicals: De-sizing, souring scouring, bleaching, finishing, mercerizing and other materials:- Proper records shall be maintained to show the receipts, issues and balances both in 'quantities and cost of each item of ' process materials/chemicals, such as de-sizing chemicals, bleaching chemicals, finishing chemicals, mercerizing chemicals, tabulizing chemicals etc used in the processing of cloth . The cost shall include all direct charges up to the mills or processing house wherever specifically incurred . The issues shall be properly identified with the cost centres, departments and products manufactured . Separate records shall be maintained in such details as may enable the company to work out process material /chemical cost in each of the processing costs centres / departments and to fill in relevant details in Proformae 'G', 'H', 'I' and 'J' specified in Schedule II.

Where any of the dyes and chemicals and processing chemicals are produced by the company, separate records showing the cost of manufacture of such material indicating the break-up of raw materials consumed for the production and conversion cost shall be maintained in such details as may enable the company to determine the actual cost of such materials produced.

- (e) Recoveries of process materials and chemicals:- Proper records shall be maintained indicating the quantity of materials or chemicals recovered from different processes. In the case of certain materials or chemicals thus recovered which cannot be re-used in the process due to lower concentration and are sold, the realizations from such sales shall be recorded and adjusted against the cost of consumption of the respective materials or chemicals, if practicable, or otherwise adjusted against the processes concerned on a reasonable basis. In case further processing is necessary to make these materials or chemicals useable or saleable, as the case may be, adequate records of cost involved for such further processing shall be maintained. If such further processing is done by any outside agency, records to show the quantity sent for processing, quantity processed and the cost involved thereon shall be maintained in detail.
- (f) Consumable stores, small tools, machinery and spares.- (i) Proper records shall be maintained to show the receipts, issues and balances both in quantities and cost of each item of consumable stores, small tools machinery spares, bobbins, pirns, shuttles, rollers, etc. The cost shown shall include all direct charges upto, the mills or processing house wherever specifically incurred.
- (ii) In the case of consumable stores and small tools, the cost of which are insignificant the company may, if it so desires, maintain such records for the main group of such items.
- (iii) The cost of issues of consumable stores, small tools and machinery spares, shall be charged to the-relevant heads of account such as production, repairs to plant and machinery and repairs to buildings. Materials consumed on capital works such as additions to buildings. plant and machinery and other assets shall be shown under the relevant capital heads.
- (iv) Proper records shall be maintained to show the quantity and cost of items which are not forming part of the machinery and replaced as and when necessary, such as bobbins of all sizes, pirns, winding cones ,cheeses, reels, sliver drums, rollers in frames, shuttles, etc., lying in the shop floor at the end of the relevant year in order to enable the company to arrive at the actual consumption of such items during the relevant year. The method followed for charging the cost of the above items and adjusting the income, if any, derived from the disposal of any of the above items discarded, in the cost of the products manufactured shall be indicated in the cost record.
- (v) Sales realisation of old and discarded stores materials, scrap, etc. shall be identified wherever possible with respective cost centres and credit given accordingly otherwise it shall be deducted from the common mill overheads.
- (g) Wastages, spoilages, rejections, losses, etc. of materials.- (i) Proper records shall be maintained showing the quantity and cost of wastages, spoilages, rejection and losses of raw materials. dyes and chemicals, process materials, consumable stores, small tools and machinery spares, whether in transit, storage, manufacture or for any other reason. 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 products shall be indicated in the cost records.

(ii) In the case of cotton and man-made fibre, records of wastage, spoilage, and losses shall be maintained in such a way as may enable the company to fill up the particulars, for working out the waste multipliers for each mixing at periodic intervals, in Annexure VII specified in this Schedule or in any form as near thereto as practicable.

(iii) Necessary records shall be maintained showing the quantity and realisable value of hard waste derived in different departments, re-used, sold out and balance in stock. Sufficient records to show the hard and soft waste used both in quantity and value in the waste recovery plant for yarn of lower counts to be used in the manufacture of waste blankets shall be maintained. The method followed for adjusting the above wastage as well as the income derived from the sale of such waste in determining the cost of product shall be indicated in the cost records. The records shall be maintained in such a way as may enable the company to fill in the particulars in Annexure VIII(A) of this Schedule.

(iv) Necessary records shall be maintained showing the quantity and cost of wastage in cloth produced, due to spoilage, etc. in various departments and sold out as waste. The method followed for adjusting the above wastage as well as any income derived from the sale of such waste, in determining the cost of the product shall be indicated in the cost records.

(v) Separate records shall be maintained for fents, rags, chindies, etc. arising out of finished fabrics, group-wise. Such grouping shall be as per the one adopted by central excise authorities. Such records shall enable the company in determining the incidence on this account in the cost of fabric and also to fill in such details in proforma E-1 and L-1 specified in Schedule II. The quantity of fents, rags, etc. formed in the case of each fabric may be determined on technical basis if actuals are not available. In such cases reconciliation of such waste accounted for in the production on technical basis and that actually formed, group-wise, shall be made at regular intervals, say quarterly, within, the relevant period.

II. Salaries and Wages:

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

- (i) overtime wages earned;
- (ii) piece-rate wages earned;
- (iii) incentive wages earned, either individually or collectively as production bonus or under any other scheme based on output;
- (iv) earnings of casual labour engaged on casual work under classified headings.

(b) Idle time shall be separately recorded under classified headings indicating the reasons therefor. This data shall be maintained, as far as possible cost centre-wise, otherwise for principal costs like ring frame, looms, bleaching, dyeing, printing, warehousing, etc. The method followed

for accounting of idle time payments in determining the cost of the products shall be disclosed in the cost records.

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

III. Service department expenses:

Detailed records shall be maintained to indicate expenses incurred for each service cost centre or department. These expenses shall be apportioned to other service and production departments on an equitable basis and applied consistently.

IV. Utilities:

(1) Water: Where water is treated or purified, proper records showing the quantity and cost of water treated and consumed in different cost centres or departments for the manufacture of processed fabrics, etc., shall be maintained in such detail as may enable the company to furnish the necessary particulars in Annexure I to this Schedule. The cost of treated water allocated to the departments concerned shall be on a reasonable basis and applied consistently.

(2) Steam.-Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed in various cost centres or departments for the manufacture of cotton textiles products shall be maintained in such detail as may enable the company to furnish the necessary particulars in Annexure II to this Schedule. The cost of steam consumed by the cotton textiles products and other products or other units of the company, if any, 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 textiles unit, the cost of steam so supplied shall be charged to the textiles unit on a reasonable basis and applied consistently.

(3) Power:- Adequate records shall be maintained for the quantity and cost of power purchased. If any expenses are incurred for distribution of the power thus purchased, proper records to show such expenses shall be maintained.

Where power is generated by the company itself adequate records shall be maintained to show the cost of power generated and consumed by the different cost centres, departments, etc. of the textiles unit of the company, in such detail as may enable the company to furnish the necessary particulars in Annexure III to this Schedule.

Where power is generated and supplied by any other unit of the company to the spinning/weaving/processing departments of the textiles unit, adequate records shall be maintained to assess the quantity and cost of power so supplied. The rate charged by the supplying unit shall be on a reasonable basis. Necessary records shall be maintained to show the

consumption of power by various cost centres or departments. The cost of power allocated to products shall, be on a reasonable basis and applied consistently.

(4)Humidification: -Proper records shall be maintained to enable determination of the cost of humidification and its distribution to different costs and departments.

V. Workshop/repairs and maintenance

(1) Proper records showing the expenditure incurred by the workshop under different heads and on repairs and maintenance by the various cost centres and departments shall be maintained. The records shall also indicate the basis of charging the workshop expenses to different cost centres, departments and units. Wherever maintenance work is done by direct workers of any production cost centre, the wages and salaries of such men shall be treated as other direct expenses of the respective cost centre.

Expenditure on major repair works, from which benefit is likely to accrue for more than one financial year shall be shown separately in the cost records indicating the method of accounting in determining the cost of various product manufactured during the relevant period.

Expenditure incurred on works of capital nature shall be capitalized. The cost of such jobs shall include the expenditure on materials, labour and due share of the overheads. The jobs carried out by the workshop attached to the spinning, weaving or processing departments, for other units of the company and vice-versa shall be charged on a reasonable basis and applied consistently.

(2) Design studio.--Proper records showing the expenditure incurred by the design studio if any, shall be maintained. The records shall also indicate the basis of charging the studio expenses to the different cost centres and departments in the printing section.

(3) Screen making, photo engraving, pentagraph, chromium plating and rotary screen making: Proper records showing the expenditure incurred by these departments shall be maintained. The records shall also indicate the basis of charging the expenses of these departments to the respective cost centres of the, printing department and ultimately to the products. The basis so adopted shall be reasonable and applied consistently.

VI. Depreciation:

(a)Proper records shall be maintained showing the cost and other particulars of fixed assets in respect of which depreciation is to be provided. These records shall inter alia indicate the cost of each item of assets including installation charges, if any, the date of its acquisition, the date of its installation and rate of depreciation. In respect of those assets, the original cost of acquisition of which cannot be ascertained without an unreasonable expenditure or delay, the valuation shown in the books on the first day of the financial year beginning on or after commencement of these rules shall be taken as the opening balance.

(b) The basis on which depreciation is calculated. and allocated. to the various cost centres and departments and to the products shall be clearly indicated in the records. Depreciation chargeable to the different cost centres and departments shall not be less than the amount of depreciation

chargeable in accordance with the provisions of sub-section (2) of section 205 of the Companies Act, 1956 (I of 1956), and shall relate to plant, machinery and other fixed assets. in such cost centres and departments. In the case of assets or group of assets on which depreciation is written off at the rate of 100 percent in the relevant year, such depreciation shall be spread over the number of years during which benefit is derived from such assets or group of such assets. In case the amount of depreciation charged in the cost accounts in any financial year is higher than the amount of depreciation chargeable under the aforesaid provisions of the. Companies Act, the amount so charged in excess shall be indicated clearly in the cost records. The cumulative depreciation charged in the cost record ,against any individual item of asset shall not, however, exceed the original cost of the respective asset.

The cost of items like copper-rollers used for printing fabrics, stainless steel frames used for dyeing .yarn and the like, put into use during the relevant year shall be treated as "deferred expenses", and spread over the effective life of such items.

VII. Overheads:

Proper records shall be maintained showing the various items of expenses comprising the overheads. These expenses shall be analyzed, classified and grouped into mills or processing house (works), administration and selling and distribution overheads. The methods followed for allocation of the above Categories of overheads to the Cost centres, departments and absorption by the products shall be indicated in the cost records.

Where the company is engaged in the manufacture of any other products in addition to cotton textiles, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the, company to the cotton, textiles activity, other activities and capital works. In case any expense included in the above categories of overheads can be identified with a particular activity or product, such expense shall be segregated and charged to the relevant activity or product in the first instance and thereafter the remaining common expenses under the above categories of overheads shall be allocated on a reasonable and equitable basis and applied consistently.

The details of administrative, selling and distribution overheads and the amounts applicable to yarn. cloth and processed cloth shall be maintained in such a manner as to enable the company to fill up the particulars. in the cost of production and cost of sale statements of each count of yarn/type of cloth and processed cloth (fabric-wise) in Proformae 'B' and 'C'. 'E' and 'F', 'L' and 'M' specified in Schedule II respectively,

VIII. Expenses on export:

Proper records showing the expenses incurred on the export item of cotton textiles, if any, shall be separately maintained so that the cost of export sales can be correctly determined for each type of the product exported.

The expenses incurred on exports as well as any export incentives, such as cash subsidy, drawback duty and benefit derived out of the import entitlement license issued, etc., if any, shall be reflected separately in the Cost of sales statements relating to export sales.

IX. Packing.

Proper records shall be maintained showing the quantity and cost of various packing materials such as Hessian cloth, polythene paper, paper boards, packing boxes, mild steel wires, hoops and buckles used for different types of packing of yarn, cloth and Processed cloth separately. In the absence of actual consumption of such materials for each type of packing, apportionment of material cost shall be made on the basis of quantity requirement as per standard specifications. In such cases, reconciliation of major material cost as per standards and that as per actuals shall be made periodically, say quarterly. Records shall also be maintained showing the other expenses incurred in respect of packing. Where expenses are of a general nature and cannot be identified directly with the types of packing, apportionment of such expenses to the different types of packing shall be on an equitable basis and the basis of such apportionment shall be clearly indicated in the cost records and applied consistently. The records shall be kept in such a manner as to enable the company to fill up the Particulars in Proforma 'K' specified in Schedule II.

Separate records for expenses incurred on special packing made for exports of yarn/cloth in Grey stage processed cloth shall be maintained and exhibited in the relevant cost of sales statements for exports.

X. Research and Development expenses:

Proper records showing the details of expenses, if any, incurred by the company for research and development according to the nature of such research, namely, development of products, existing and new, processes of manufacture, existing and new, design and development of new plant facilities, market research for new products, etc. shall be maintained separately. The method of charging these expenses to the cost of products during any year shall be indicated in the cost records. Wherever the utility of such research extends over more than one financial year such expenses shall be treated as "deferred expenses" and charged to the cost of the products on some equitable basis which is to be followed consistently.

XI Yarn/cloth in grey stage for self-consumption:

Proper records shall be maintained showing the quantity and cost of each item of yarn and cloth transferred to another department/unit of the company for self-consumption. The rates at which such transfers are effected shall be at cost.

XII. Work-in-progress and finished goods stock:

Adequate records shall be maintained showing the cost of work-in-progress in each productive cost centers of the spinning, weaving and processing departments of the company. Proper records showing the opening stock, production, issues for further processing/sales and closing stock of all the finished products like yarn of various counts either carded or combed, cloth of various

constructions and processed and finished cloth of various constructions, designs, etc., shall be maintained.

The method followed for determining the cost of work-in-progress and finished goods stocks shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. The method adopted shall be followed consistently.

XIII. Cost statements:

- (a) Separate cost statements showing conversion cost for each operation/process under spinning, weaving and processing shall be maintained in order to enable the company to fill in Proformae 'A', 'D', 'G', 'H', 'I' and 'J' specified in Schedule II or in forms as near thereto as practicable.
- (b) Cost statements shall be maintained in respect of different counts of yarn produced, carded or combed separately in Proforma B specified in Schedule II. The cost of sales statements in respect of different counts of yarn sold, if any, shall be maintained in Proforma 'C' specified in Schedule II showing the actual cost of sales and the sales realisation thereof.
- (c) Cost statements showing the cost of production shall be maintained in respect of different sorts of cloth in grey stage, manufactured by the company in Proforma 'E' specified in Schedule II. Cost statements shall be maintained in respect of each sort of cloth, construction-wise in the said proforma. In case of sales of cloth in grey stage, the cost of sales statement showing the actual cost of sales of such cloth sold, construction-wise, shall be maintained in Proforma 'F' specified in Scheduled II.
- (d) Cost statements showing the cost of production in respect of all sorts of processed and finished cloth shall be maintained in proforma 'L' specified in Schedule II. Cost statement shall be maintained in respect of each sort of cloth construction-wise in the said proforma. The cost of sales statements in respect of different sorts of processed cloth sold shall be maintained showing the actual cost of sales and sales realisation thereof in proforma 'M' specified in Schedule II.
- (e) In case it is not possible to make such data for all sorts the cost of production and cost of sales of cloth in grey stage and processed cloth in Proformae 'E', 'F', 'L' and 'M' respectively shall be maintained in respect of sorts which are predominantly produced and which forms 8 per cent or more of the monthly production and represent all categories of cloth like sarees, dhoties, voils, etc. produced by the mill. This data, on an overall basis, shall cover not less than 75 per cent of the total production/sales during the period. The same data regarding the rest of the sorts of cloth produced or sold shall be given in total in the above said proformae. Overall reconciliation of production cost, cost of sales and sales realisation shall be made with financial accounts for the relevant period. Adequate records shall be maintained to enable the company to fill in the actual average sales realisation, per unit for each sort covered in Proformae 'F' and 'M'. However, the mill / company shall keep adequate records showing the quantity of production and sale of each sort in detail.

In the case of controlled cloth, however, the cost data required shall be given for each sort in the said proformae.

(f) Export of yarn/cloth/ in grey stage/processed cloth shall be exhibited separately in the relevant cost statements and the same shall be excluded from the cost statements meant for sale in the internal market. Value of export incentives, if any, shall be shown in the respective cost of sales statements.

(g) The transfer of finished product which forms the raw materials for subsequent products shall be made at the cost of production of such finished products.

XIV. Production records:

Quantitative records of all finished and packed production. issues for further processing, department-wise, issues for sales and balance in stock both packed and in pre-packed condition of (1) different counts and types of yarn (both grey and processed); (2) all sorts of cloth in grey stage (3) all sorts of processed and finished cloth produced shall be maintained by the company. In the process department., the production of different machines, count group-wise and variety-wise only need be kept. The cost of all finished and packed production may be kept in detail. Details of the, quantity of cotton blankets produced, if any, from waste cotton shall also be kept in the cost records. Adequate records to show the production of yarn/ cloth in grey stage processed cloth in various stages of production in the respective intermediary productive departments shall also be maintained.

XV. Reconciliation of cost and financial accounts:

The cost records shall be reconciled preferably periodically with the financial books of accounts so as to ensure accuracy .Variation if any, shall be clearly indicated and explained.The period for which such reconciliation is effected shall not exceed the period of the financial year of the company. The reconciliation shall be done in such a manner that the profitability, of the products under reference can be correctly adjudged and reconciled with the overall profits of the company.

A statement showing the total expenses incurred and income received by the Company under different heads of accounts and the share applicable to cotton textiles activity of the company shall be made in Proforma 'N' specified in Schedule II giving, therein the basis' of allocation of the total expenses and income duly reconciled with the financial accounts for the period.

XVI. Adjustment of cost variances:

Where the company maintains cost records on any basis other than actuals, such as Standard costing ,estimated cost etc., the records shall indicate the procedures followed by the company working out the cost of products under such system. The method followed for adjusting the cost variances for determining the actual cost of the products shall be clearly indicated in the cost records. The cost variances shall be shown against the relevant heads in the respective proformae of Schedule II. The reasons for the variances shall be detailed in the cost records.

XVII. Records of physical verification:

Records of physical verification shall be maintained in respect of all items held in stock such as cotton, synthetic fiber, yarn, etc., dyes and chemicals, processing materials, machinery spares, fuels, finished goods, copper cylinders, printing screens, yarn dyeing spools, etc. and fixed assets. Reasons for shortages/surpluses arising out of such verification and the method followed for adjusting the same in the cost of the products shall be indicated in the records.

XVIII. Inter-company transactions:

In respect of supplies made or services rendered by the company, to its holding company or subsidiary or a company in the same management as defined in section 370(IB) of the Companies Act, 1956, or a company in which a director of the company is also a director in such companies and vice 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 (yarn/cloth in grey stage processed cloth etc.) process materials, chemicals, dyes and rejected goods including scrap, etc.
- (b) utilisation of plant facilities.
- (c) supply of utilities.
- (d) administrative, technical, managerial and any other consultancy services.

These records shall also indicate the basis followed for arriving at the rates charged between them so as to enable determination of the reasonableness of the rates charged or paid for such services.

XIX. Statistical records:

Particulars of contracts entered into for purchase of cotton and sale of finished goods shall be maintained in detail indicating separately the percentage of commission, carrying cost, etc. Data regarding available and actually utilised spindle shifts/loom shifts/machine shifts in the spinning, weaving and processing departments respectively, as well as related data in sub-production centres of such departments shall be maintained. The reasons for stoppages and under utilisation under classified headings shall also be recorded. Records showing yield of yarn estimated and actually obtained from each type of mixing of Cotton used for yarn production, production of yarn per spindle shift for each type of mixing for each type of frame used, production of different Machines count group-wise and variety-wise in the processing departments speed and efficiency of all the spindles/ looms other machines wherever necessary for calculation of cloth cost in each production cost centres, etc. shall also be kept. Records detailing the method of control exercised by the company in respect of efficiency in each productive department like spinning weaving, processing, etc., losses, rejections, wastages in process shall also be maintained.

Such records, as will enable the company to identify, as far as possible, capital employed separately for yarn/cloth in grey stage/processed cloth, shall be kept. Fresh investments on fixed assets that have not contributed to the production during the relevant period shall also be indicated in the records.

Detailed records showing the quantity and sale proceeds realised, for every variety of yarn/cloth in grey stage processed cloth sold during the relevant period. shall be maintained, as to enable the company to determine the actual sales realisation per unit of the product sold.

Statistical and other records maintained in compliance with the provisions of this Schedule and Schedule II shall be such as to enable the company to exercise, as far as Possible, control over the various operations and costs with a view to achieve optimum economies in costs and to provide the necessary data required by the cost auditor to suitably report on all the points referred to in the Cost Audit (Report) Rules, 1968.

The data maintained in the cost records shall be reconciled with the various returns submitted to the Textiles Commissioner and Central excise authorities, under the various control orders and notifications issued from time to time in respect of cotton yarn and processed cloth.

ANNEXURE I

Name of the Company-----
 Name and address of Mills / Processing House-----
 Statement showing the cost of water treated/consumed during the year ending-----
 Quantity of water treated -----

Sl.no.	Particulars	Qty. consumed (Units)	Rate/ Unit	Amount treated	Cost per Kilo litre of water
		Rs.	Rs.		Rs.
(1)	(2)	(3)	(4)	(5)	(6)

- 1. Water royalty
- 2. Chemicals
 - (a)
 - (b)
 - (C)
- 3. Stores
- 4. Power
- 5. Salaries and wages
- 6. Repairs and Maintenance
- 7. Mill overheads
- 8. Depreciation

Total

9. Less credits, if any

10. Net Total -----

Consumption for	No. of units	Amount
(1) Boiler House (Steam)		Rs.
(2) Power		
(3) Other Service Departments		
(4) Sizing		
(5) Singeing & de-sizing		
(6) Bleaching		
(7) Dyeing		
(8) Printing		
(9) Sing		
(10) Mercerising		
(11) Others		

(12)

Notes.-(1.) If treated water is supplied to any other outside party , necessary Credits for recoveries made shall be given against item 9.

(2) Where water meters are not installed consumption of treated water shall be assessed on a reasonable basis and applied consistently.

(3) Bonus to employees, other than incentive bonus, provision for statutory gratuity and interest charges shall be shown in cost sheets for final products like yarn/ grey cloth/processed cloth in proforma 'C', 'F' and 'M' respectively only.

ANNEXURE-II

Name of the Company-----

Name and address of the Mill/Processing House-----

Statement showing the cost of steam raised, consumed during the year ending -----

No. of Boilers installed and capacity----- - No. Tonnes

No. of Boilers used on an average and quantity of steam raised-----No. Tonnes

Particulars	Qty. (Units)	Rate Unit	Amount	Cost per tonne of steam raised
		Rs.	Rs.	Rs.
(1)	(2)	(3)	(4)"	(5)

1. Water

2. Fuels

(a) Coal

(b) Fuel Oil

(c) Electricity

(d) Other fuel, if any (to be specified)

3. Other direct expenses (such as Boiler Inspection fees, etc.)

4. Consumable Stores

5. Salaries and Wages

6. Repairs and Maintenance

7. Mills overheads

8. Depreciation

Total -----
 9. Less :
 (a) Cost of live steam used by Power House for generating electricity
 (b) Other units of the company (Net)
 10. Cost of live steam

Consumed in	Units Kg.	Rs.	Amount
(1) Humidification of spinning and weaving Sections			
(2) Bleaching			
(3) Dyeing.			
(4) Mercerizing			
(5) Calendaring			
(6).....			

- NOTES.-(I)** If steam is supplied to any other outside party, necessary credit for recoveries shall be given against item No. 9 (b).
- (2) Where Meters are not installed, consumption of steam shall be assessed on a reasonable basis and applied consistently.
- (3) Bonus to employees other than incentive/productive bonus provision for statutory gratuity and interest charges shall be shown in cost sheet for final products like yarn/ grey cloth / processed cloth in proforma 'C','F' and 'M' respectively.
- (4) Where water is treated by the company and then used cost of water shown against item **I** should be as per Annexure 1.
-

ANNEXURE-III

Name of the Company-----

Name and address of mill / Processing House-----

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

Number of units generated Kwh

Number of units purchased Kwh

Consumption in power house including other losses Kwh

Net units consumed by other Deptts.

Particulars	Qty. consumed	Rate per unit Rs.	Amount Rs.	Cost per unit of power generated/ purchased Rs.
(1)	(2)		(4)	(5)

- A.1.(a) Steam (As per Annexure II/Purchased)
- (b) Other materials if any (to be specified)
- 2. Consumable Stores
- 3. Other Direct charges (such as electricity duty etc).
- 4. Salaries and wages
- 5. Repairs and maintenance
- 6. Overheads
- 7. Depreciation
- Total
- S. Less credits: for supply to other units
of the company
- 9. Net cost of power generated.

- B.1 Purchased power
- Total of A + B
- Cost per unit

Consumed in	No. of units	Amount
(1) Blow room	Kwh.	Rs.
(2) Carding		
(3) Combing		
(4) Drawing		
(5) Inter/Roving		

- (6)Frames
- (7) Winding
- (8)Warping and sizing
- (9) Weaving
- (10)Singeing
- (11)Shearing
- (12) Dyeing
- (13) Bleaching
- (14)Printing
- (15) Calendaring
- (16) Mercerizing
- (17) Steam generation
- (18) Water treatment
- (19) Waste plant
- (20)
- (21)
- Total

- - - - -

 1. Cost per unit generated shall be worked out with reference to the net unit of power available for use after deducting consumption in the power house/own generator and other losses.

- (z) The power generated by own generators also should be treated as power generated. Fuel oil consumption for such generation should be shown against item 1 (b).
- (3) Where Meters are not installed consumption of power by the different cost centers, departments shall be assessed on a reasonable basis-and applied consistently
- (4) Bonus to employees other than incentive bonus, provision for statutory gratuity and interest charges on borrowings including debentures shall be shown in cost sheets for final products like yarn/grey cloth/processed cloth in proforma, 'C' 'F' &'M respectively only.
- 5) Realisation, if any, by sale of Power to outside parties etc. shall be shown separately against item 8.

ANNEXURE IV

Name of the Company-----

Name and address of the Mill

Statement showing the quantity and value of total cotton /Man-made Fibre issued for the manufacture of carded or combed yarn manufactured, composition Mix-wise and corresponding production for the year ending (Refer Annexure'V' ' V-A' and 'VI')

S.No	Particulars	Mixing A			Mixing B			Mixing C/D/etc.			Total		
		Qty in Kg	Rate Per Kg	Amo unt Rs	Qty in Kg	Rate Per k Rs	Amo unt Rs	Qty In kg	Rate Per k Rs	Amo unt Rs	Qty In kg	Rate Rs	Amo unt Rs

**1. I. Composition of mixing Cotton/
Man-made Fibre**

- (a)
- (b)
- (c)
- (d)

II .Purchased Cotton Waste

- (a)
- (b)

III. (A) Own Waste (used in same mixing)

- (a)
- (b)

**(B) Own Waste of Higher mixing,
if any**

- (a)
- (b)

IV. Total

2. Distribution

- (a) Issued for combed yarn
- (b) Issued for carded yarn

Total

**3. Description of counts of yarn produced
From different mixing.**

A. Warp yarn

- (1)Carded
- (2) Combed

B. Weft yarn

- (1) Carded
- (2) Combed if any.

Total

Notes:- (1) In case own waste is used without routing the same through the waste godown it should be shown separately.

2) The rates adopted for own waste should be reasonable and basis shall be consistent.

3) The names of mixings given are illustrative only.

4) Nomenclature of variety of cotton used should be as adopted by the Textiles Commissioner.

5) In case the company is having its own ginning units, the cost of ginning and pressing with the respective sale realisation on cotton seeds shall be separately kept with full details.

6) Where yarn produced is measured in hanks, the quantity both in hanks and kg. shall be indicated in the proforma . If the same is measured in Kg quantity in hanks need not be given.

- (b) Add : (a) Combed slivers received
(b) Slivers received directly from carding.
- (c) Total : Combed
Carded
- (d) Combed slivers drawn
- (e) Carded slivers drawn
- (f) Waste collected : Saleable
Usable
- (g) Closing stock of combed slivers
- (h) Closing stock of carded slivers.

V. Inters:

- (a) Opening stock in Inters:
 - (a) Combed slivers
 - (b) Carded slivers
- (b) Receipts from Draw frames:
 - (a) Combed
 - (b) Carded
- (c) Total (a) Combed
(b) Carded
- (d) Transferred to Roving
 - (a) Combed
 - (b) Carded
- (e) Transferred to Ring frames
 - (a) Combed
 - (b) Carded
- (f) Waste Collected: Saleable
Useable
- (g) Closing stock in inter
 - (a) Combed
 - (b) Carded

VI .Roving:

- (a) Opening stock in roving
 - (a) Combed
 - (b) Carded
- (b) Receipts of combed yarn from Inter/Slubber etc.
- (c) Receipt of carded yarn from Inter/ Slubber
- (d) Total : Combed
Carded
- (e) Closing stock : Combed
Carded
- (f) Waste collected : Saleable
Usable
- (g) Production transferred to ring frames
 - (a) Combed
 - (b) Carded

- (h) Production transferred to ring frames
 - Combed
 - Carded

VII. Ring frames:

- (a) Opening stock
 - (a) Combed
 - (b) Carded
- (b) Receipts
 - (a) Combed
 - (b) Carded
- (c) Total
 - (a) Combed
 - (b) Carded
- (d) Waste collected: Saleable
Usable
- (e) Closing stock : (a) Combed
(b) Carded
- (f) Production of finished yarn
 - (a) Combed
 - (b) Carded

2. Total waste 'A' (from carded yarn produced)

- (a) Total cotton issued as per Annexure IV
- (b) Less Total yarn spun " " "
- (c) Balance
- (d) Adjustment of opening & closing (+)(-)
Cotton /Man-made fibre in process
- (e) Total waste
- (f) 'e' as % on 'b'.

B. From combed yarn production

- (e) Total cotton issued as per Annexure IV
- (f) Less Total yarn spun " " "
- (g) Balance
- (h) Adjustment of opening & closing (+)(-)
Cotton /Man-made fibre in process
- (e) Total waste
- (f) 'e' as % on 'b'.

(3) Break up waste collected

- (a) Visible
 - (1) Saleable
 - (2) Usable
 - (3) Total Visible
 - (b) Invisible
 - (c) Total wastage
 - (d) 'B' as % on 'c'
-

Notes:

- (1) Waste collected to be shown against item 3 should include only wastes collected upto including spinning stage.
- (2) The cost centres shown are illustrative only.
- (3) On the basis of quantity of waste formed (collected & lost) in each Cost Centre waste percentages for that Cost Centre on the net input of each Cost Centre shall be calculated and shown in the respective columns. From these percentages the waste multiplier for each mix shall be calculated and shown in Annexure VII.
- (4) Data regarding saleable and usable waste shown under item 3 shall be collected in such a manner as will enable to fill in the detail in Annexure VI.

ANNEXURE V (A)

Name of the Company _____

Name and address of the Mill _____

Statement showing the input, wastages and output in the spinning department for yarn Production for the year ending _____

(Refer to Annexure VII & Proforma 'B').

S. No.	Particulars	Mixing A		Mixing B		Mixing C		Mixing D		Mixing E		Mixing etc	
		%	Kgs	%	Kgs	%	Kgs	%	Kgs	%	Kgs	%	Kgs
1	2	3	4	5	6	7	8	9	10	11	12	13	14

- I. (a) Opening work.-in-progress(in all forms)
- (b) Add total cotton issued as Per Annexure IV
- (c) Total
- (d) Consumption
- (e) Closing work-in-progress in all forms

2. Waste :

- (a) Reusable waste collected from
 - (i) Blow room
 - (2) Carding
 - (3) Combing
 - (4) Draw frames
 - (5) Roving
 - (6) Ring frames

- (b) Other wastes collected from -
 - (i) Blow room
 - (2) Carding
 - (3) Combing
 - (4) Draw frames
 - (5) Roving
 - (6) Ring Frames
- (c) Invisible waste
 - (i) Blow room
 - (2).....
 - (3).....
- (d) Total waste
- (e) Production

- (1) Carded
- (2) Combed
- (3) Total

(f) Total consumption 2(d) & 2 (e)(3)=I(d)

NOTES -(I) Reusable waste collected shall be shown against 2(a) on actual basis mixing wise. In case of other wastes including invisible waste, if actual waste formed mixing wise is not available the data may be given on Technical basis / Trial run/past performance. In such cases reconciliation of total of such waste collected and accounted for periodically shall be shown in the cost records.

(2) The Cost centres shown are illustrative only .

(3) On the basis of quantity of waste formed (collected and lost) in for each cost centre waste percentage for each cost centre on the net input shall be shown in the respective column. From these percentages, the waste multiplier for each mixing shall be calculated and shown in Annexure VII.

(4) Data regarding waste collected shall be in such a manner as will enable to fill in the details in Annexure VI.

ANNEXURE VI

Name of the Company _____

Name & address of the Mill _____

Statement showing the net Mix-wise cost for the year ending _____

(Refer Proforma 'B')

S .No	Particulars	Mixing A		Mixing B		Mixing C		Mixing D.etc		Total	
		Kg	Am oun t	Kg	Am oun t	Kg	Am oun t	Kg	Am oun t	Kg	Am oun t
			RS		RS		RS		Rs		Rs.
1	2	3	4	5	6	7	8	9	10	11	12

1. Total cost of cotton /synthetic fibre as per Annexure IV-Item i.(IV)

2. Cost per Kg. of the Mix (Gross)

3. Less credit for waste collected as per Annexure V(V-A).

(A) Waste usable in same Mixing

(a)

(b)

(c)

(B) Waste usable in lower Mixing

(a)

(b)

(C)

(C) Other wastes (Soft)

(a)

(b)

(c)

(D) Other wastes.(Hard)

(a)

(b)

(c)

Total of A, .B, C and D.

4, Adjustment for cost variance

5. Net cost of cotton/ synthetic fibre consumed

6. Net cost per Kg. of the Mixing.

NOTES.-(I) The classification of waste shall be according to the usual practice of the company based on sales realisation

- (2) The values adopted for waste shall be reasonable and the basis for adopting such values shall be followed consistently.
 - (3) The names of Mixing given are only illustrative.
 - (4) In case the company is following standard costing the, variation between the actual and standard cost of, cotton (net) consumed for each Mix is to be adjusted and such adjustment shown separately under Item 4 in this Annexure to arrive at the actual net cost per kg. of the Mixing.
 - (5) Waste collected shall be accounted for, mixing wise on actual basis as far as practicable. Otherwise the usable soft waste at least shall be counted for mixing wise on actual basis and other wastes on technical/past performance / trial run basis.
 - (6) All usable waste shall be collected and accounted for on actual basis except when such waste is in the production of the same lot of the same mixing.
-

ANNEXURE VII

Name of the Company-----

Name and address of the Mill -----

Statement showing waste multipliers for each cost centre Mixing wise for the year ending
-----in Spinning Department Refer to Annexure IX)

Sl. No.	Department	Mixing 'A'			Mixing 'B'		
		% on loss	Kg.	Waste multiplier	% on loss	Kg.	Waste multiplier
1	2	3	4	5	6	7	8

1. Blow room

2. Carding

3. Combing

4. Draw frames

5. Inters

6. Roving

7. Ring frames

8. -----

Mixing 'C'		Mixing 'D'			Mixing		Mixing	
%on loss	Kg.	Waste multiplier	% on loss	Kg.	Waste multiplier	% on loss	Kg.	Waste multiplier
9	10	11	12	13	14	15	16	17

NOTES.-I. In case in any mixing a portion goes through combing and both Inter or Roving or through only one such operation waste multiplier shall be worked out separate for the same.

2. % on loss shall be as per annexure V or V(a).
3. Cost centres given above are illustrative only.
4. In the case of companies considering waste on any other basis than actuals adjustment for overall usage variance shall be shown separately and considered while calculating the waste multiplier of each cost centre for each mixing.

ANNEXURE VIII

Name of the Company-

Name & address of the Mill

Statement showing the production in Kg. per Machine shift/spindle shift for each Mixing and the, respective conversion cost per Kg. for the year ending (Refer Annexure IV).

Sl. Departments		Mixing 'A'			Mixing 'B'	
		Conversion cost per machine shift/spindle shift as per Proforma	Production in Kgs. per machine shift/spindle shift	Conversion cost/Kg. Rs. Cur- rent year	Conversion cost per machine shift/spindle shift as per Proforma 'A'	Production in Kgs. per machine shift/spindle shift
1	2	3	4	5	6	7

1. Mixing and blowing						
2. Carding						
3. Combing						
4. Drawing						
5. Slubing						
6. Inter						
7. Roving						
8. Ring Frames						
9. Total						

Mixing 'C'				Mixing 'D/E/F'		

Conversion cost/Kg. Rs.		Conversion cost per machine shift/spindle shift as per Proforma	Production in Kgs. per machine shift	Conversion cost/Kg. Rs.		Conversion cost per machine shift/spindle shift as per Proforma 'A'	Production in Kgs. per machine shift
Cur- rent year	Pre- vious year			Cur- rent year	Pre- vious year		
8		9	10	11		12	13

Mixing 'D/E/F'

Conversion cost/Kg. Rs.	
Cur- rent	Pre- vious
14	14a

NOTES

- Names of Mixing departments are illustrative only.
- Piece rate wages wherever paid shall be shown separately under 'Conversion Cost per Kg.' and the total conversion cost per Kg. shall be taken while filling up Annexure IX.
- Adequate records shall be maintained to show the production of yarn at various stages per machine shift/spindle shift for each count in respect of Warp yarn (carded & combed) weft yarn, separately.

ANNEXURE VIII (A)

Name of 'the Company' _____

Name and address of the Mill _____

Statement showing hard waste collected in weaving preparatory and Weaving Departments for the year ending -----(Refer Proforma 'E')

Sl No.	Particulars	Winding	Reeling	Pirn Winding	Doub-ling	Warp-ing	Draw-ing	Weaving	Total	%to be applied in production
		Kg	Kg	Kg	Kg	Kg	Kg	Kg	Kg	
1	2	3	4	5	6	7	8	9	10	11

1. Course
2. Medium
3. Fine
4. Superfine
5. Others (to be specified)
6. Total.
7. Input

NOTES:.

(1) Appropriate waste percentages shall be adopted while working out the requirement of yarn and its cost in Proforma 'E'.

(2) Appropriate waste percentage shall be applied while working out the cost of reeling /winding in Proforma 'C'.

(3) In case of companies adopting technical basis for accounting the hard waste in production of each type of product reconciliation of such waste account for production and that actually collected type wise shall be made periodically and shown in cost records.

(4) Departments given are illustrative only.

cost per Kg as per Annex. VIII	er as per Annexure VII	per Kg to be applied	cost per Kg as per Annex. VIII	er as per Annexure VII	/kg to be applied	per kg as per Ann.VII I	er as per Annexure VII	/kg to be applied
19	20	21	22	23	24	25	26	27

Total conversion cost per kg to be applied		Previous year total conversion cost per kg applied	
Combed yarn	Carded yarn	Combed yarn	Carded yarn
28	29	30	31

Notes:-

(1) Cost centres mentioned are illustrative only.

(2) Conversion cost per kg shown in columns 4,7,10,etc against different Cost centres in the annexure shall be as per annexure VIII.

(3) Waste multipliers shown in column 5,8,11 etc against different Cost Centres in the annexure shall be as per annexure VII.

(4) The conversion cost per Kg in respect of each count /mixing shall be worked out separately if a portion of the production of the same count/mixing is not passing through all operations.

[SCHEDULE II]⁹
(See rule 3)

PROPORMA 'A'

Name of the Company _____

Name & address of the Mill _____

Statement showing Cost Centre-wise conversion cost up to and including spinning for the year ending _____

S.No.	Particulars	Mixing & Blow-ing	Card-Ing	Comb Ing	Draw -ing	Slubb -ing	Inter	Rov ing	Ring Fram es	..	Total
1	2	3	4	5	6	7	8	9	10	11	12

- A. 1. Machine shifts/Spindle shifts,
(converted 8 Hrs. shifts)
(i) Available
(2) Worked
2. Production in Kgs.
3. Average production in Kg./
Machine shifts/Spindle shifts
- B. Expenses
1. Direct wages & Salaries Rs.
(a) Time rate wages
(b) Salaries
2. Utilities
(a) Water
(b) Steam
(c) Power
(d) Others (to be specified)
3. Consumable Stores
4. Bobbins, Pirns etc.
5. Repairs & Maintenance
6. Other direct expenses, if any.
(to be specified)
- 7- Mill Overheads
8. Depreciation
9. Share of Administrative Over-
heads
10. Research & Development

⁹ Applicable till the 31st day of March, 2001 or the close of the relevant financial year in 2001 vide GSR 693(E) dated 31st August, 2000.

11. Adjustment for conversion cost included in opening and closing W.I.P., if any.
12. Adjustment for cost variances
13. Total
14. Cost per Machine shift/Spindle shift
- 15 Cost per Machine shift for previous year
16. Piece rate wages paid

Notes.-(1) While computing Machine shift/Spindle shift cost in each cost centre, piece rate wages, wherever paid, shall be excluded. Piece rates on the basis of actuals shall be taken into account while working out the conversion cost to be applied in Annexure IX.

(2) Bonus to employees other than incentive bonus, provisions for statutory gratuity and interest charges shall be shown in Proforma C/F/M wherever applicable.

(3) Cost centres given are illustrative only.

(4) Item No. 12 is applicable to companies maintaining cost records on standard costing.

.....

PROFORMA 'B'

Name of the company _____

Name and address of the Mill _____

Statement showing the cost of production of yarn count-wise for the year ending

S. No	Mixing	No. of Hanks	Count	Carded Or Combed	Net cost Per kg of Mixing as per Annex VI	Waste Multiplier as Per Annex. VII	Cost per Kg of Mixing Used (6 x7)
1	2	3	4	5	6	7	8

Conversion Cost per kg As per Annx. IX	Total cost of Production per kg of yarn spun (8+9)	Qty of yarn spun(Kg)as per Annex IV	Total cost of yarn spun	Cost per kg of mixing for previous year	Total cost per kg for previous year
9	10	11	12	13	14

A. Warp Yarn

1.

2.

3.

4.

B. Warp Yarn blended

1.

2.

3.

4.

C. Yarn from Man made fibre

1.

2.

3.

4.

D. Weft Yarn

1.

2.

3.

4.

Note. If the quantity of yarn produced is measured in Kg. data in column 3 need not be given.

PROFORMA B-I

Name of the Company

Name and address of the Mill

State showing the stock account of yarn for the year ending -----(Refer Performa 'C')

Sr. No	Name of Mixing	Count	Opening Stock		Production		Total	
			Qty. Kg.	Value Rs.	Qty. kg.	Value Rs.	Qty. kg.	Value Rs.
1	2	3	4	5	6	7	8	9

Issued to further processing		Issued for sales		Closing Stock	
Qty. Kg.	Value Rs.	Qty. kg.	Value Rs.	Qty. Kg.	Value Rs.
10	11	12	13	14	15

As per Performa 'B'

PROFORMA 'C'

Name of the Company -----

Name & address of the Mill -----

State showing cost of yarn sold during the year ending -----

Sl. No.	Count	Hank Nos.	Qty. of Yarn sold (kg.)	Cost of production of yarn sold	Cost of reeling/winding	Cost of packing	Total cost of packed yarn	Share of administrative expenses	Sales and distribution expenses
1	2	3	4	5	6	7	8	9	10

Bonus	Interest	Gratuity	Cost of Sales		Sales Realisation		Margin Per Kg	Previous Year	
			Total (8 to 13)	Per kg (14-4)	Total	Per Kg		Cost of Sales Per Kg	Sales Realisation Per Kg.
11	12	13	14	15	16	17	18	19	20

(To be filled in by companies selling yarn)

Notes : - (I) Quantity and cost of production of yarn in column 4 & 5 of this Performa shall be as per Performa B-I.

(2) Cost of reeling/winding shown in column 6 of this Performa shall be as per the rate in Performa 'D'.

(3) Cost of packing shown in column 7 of this Performa shall be as per the rate in Proforma 'K'.

(4) In case yarn is bleached, dyed or processed in any other way conversion cost incurred on each such process together with the cost of chemicals and dyes used shall be taken into account while working out the cost of sales of each processed yarn. In such cases the Proforma may be suitably amended.

5. Necessary adjustment in the cost of yarn, for wastage in reeling/winding etc. if any, shall be provided.

(6) Adjustment for variances in the selling and distribution and other expenses included in this Proforma shall be made and such adjustments shown separately in respect of companies maintaining cost records on standard costing.

(7) Increase in weight, if any, due to Moisture in the case of sale yarn is to be shown clearly in the cost records.

(8) If quantity of yarn sold is measured in Kg. data in column 3 need not be given.

PROFORMA 'D'

Name of the company _____

Name and address of the Mill _____

Statement showing cost centre-wise conversion cost from winding to weaving for the year ending _____

S. No.	Particulars	Winding		Reeling	Doubling	Warping	Sizing	Drawing
		Con e	Che ese					
1	2	3	4	5	6	7	8	9

Looms			Total	Total for Previous Year
Automatic	Ordinary	Spl.Loom Like Terry.		
10	11	12	13	14

AI. Spindle shift/Machine shift/Loom shift
(converted 8 hrs. shifts) Available
Worked

2. Production in Kgs./Metres.
3. Average production per Spindle shift/Machine shift/Loom shift

B. Expenses

1. Direct Wages and Salaries Rs.
 - (a) Time rate wages
 - (b) Salaries
2. Utilities
 - (a) Water
 - (b) Steam
 - (c) Others (to be specified)

3. Consumable Stores
4. Sizing Materials
5. Bobbins, Pirns, Shuttles, etc.
6. Repairs & Maintenance
7. Other Direct expenses ,if any
(to be specified)
8. Mills overhead
9. Depreciation
10. Share of administrative Overhead
11. Research & Development
12. Adjustment for conversion cost
Included in opening & closing W.I.P.,if any
13. Adjustment for cost variances.
14. Total
15. Cost per Spindle shift/Machine shift/Loom shift
16. Cost per Spindle (previous year)
17. Cost per kg/Metre
18. Cost per kg/Metre (Previous year)
19. Total piece rate wages paid during the year.

Notes:-

- (1) In the case of Drawing-in cost centre the unit of production shall be the number of ends drawn (in 000s).
- (2) Adequate records shall be maintained, showing the sizing material consumed for each type of sizing, absorbed by the warp yarns and loss in material, Rate per Kg. of sizing materials absorbed, the percentage of sizing material in Warp yarn for each type of sizing so that cost of sizing materials per Kg. of Warp. Yarn sized can be worked out. While arriving at the conversion cost per Machine shift of the sizing department the cost of sizing materials shall be excluded. While working out the cost of Grey cloth in Proforma 'E' this element shall be treated separately.
- (3) More departmentalisation, shall be made in respect of various groups of looms, if possible, according to width, utility etc., to have further refinement in working out the cost.
- (4) The names of the Costs centres given are illustrative only
- (5) Item No. 13 is applicable to companies maintaining cost records on standard costing,
- (6) Piece rate wages shall be shown against item 19.

PROFORMA E

Name of the Company _____

Name & address of the Mill _____

Statement showing sort -wise cost of production of grey cloth manufactured during the year ending _____

1. Sort No.	7. Reed and Reed space	15. Loom shed efficiency %
2. Description	8. Pick	16. Production/Loom shift
3. Quantity produced in	9. Selvedge	17. Loom shifts taken for the
(a) Metres	10. Tape Length	Production
(b) Kgs		
(c) .No. of pieces of Length-Metre	11. Tape length allowance %	18. Controlled /non-controlled / for export
4. Width of the cloth	12. No. of ends of warp yarn	19. Piece rate for weaving
5. Warp	13. Type of looms and R.P.M	20. No. of ends drawn.
6. Weft	14. Loom width	

S No.	Particulars	Unit	Quantity	Rate Rs	Amount Rs	Cost per Piece/ Metre	Cost per unit of Production previous Year ,if any. Rs
1	2	3	4	5	6	7	8

1. Cost of yarn
 - (a) Warp
 - (b) Weft
 - (c) Selvedge
2. Winding Cost
 - (a) Warp
 - (b) weft
3. Warping cost
4. Sizing cost
 - (a) Material
 - (b) Other expenses

Issued for further Processing		Issued for sales (including consignment A/c)		Issued for		Closing stock		Goods on consignment A/c returned.	
Qty in Mtrs	Value Rs	Qty in Mtrs	Value Rs	Qty in Mtrs	Value Rs	Qty in Mtrs	Value Rs	Qty in Mtrs	Value Rs
13	14	15	16	17	18	19	20	21	22

Notes

- (1) All sorts which are considered in Proforma 'E' shall be accounted for item wise in this proforma . The rest of the sorts shall be given in total.
- (2) Fents, rags and chindis shall be accounted for as per details given in para 1(g)(v) of Schedule I.
- (3) Realisable value for fents, rags, chindis (Cloth) shall be reasonable and the same shall be deducted while arriving at the cost of good production.

PROFORMA F

Name of the Company-----

Name & address of the Mill/ Process House-----

Statement showing the cost of Sales of cloth sold in grey stage and Sales realisation during the year ending-----

S. No.	Sort No.	Controlled /non Controlled	Qty issued for sales in Mtrs	Cost of Production of qty issued for sales	Share of Admn Expenses	Selling and distribution Expenses	Bonus	Interest	Gratuity
				Rs.	Rs	Rs	Rs	Rs	Rs
1	2	3	4	5	6	7	8	9	10

As per Proforma E I

Packin g expenses (as per Prof.K	Total Cost of sales for qty Issued for sales	Total cost of sales of qty actually sold	Cost of sales per Metre	Sales Realisation		Margin		Previous Year	
				Total	Per Meter	Total	Per Meter	Cost of sales Per Meter	Sales realisation per Meter
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
11	12	13	14	15	16	17	18	19	20

(To be filled in by companies selling cloth at grey stage)

Notes:

1. Adjustment for variances in the selling and distribution and other expenses included in this proforma shall be made and such adjustment shown separately in respect of companies maintaining cost records on standard costing.
2. In case commission is paid the same shall be shown separately under selling and distribution expenses.
3. Cloth sent on consignment account which bear expenses connected with sales during the particular year, as shown in this proforma , if returned, shall not bear similar charges of subsequent year when such stock is sent again for sales.

PROFORMA G

Name of the company-----

Name and address of the mill /Processing unit-----

Statement showing Cost centre-wise Conversion cost in
Bleaching Section for the year ending-----
(Refer Proforma L)

S. No	Particulars	J.Box Bleaching			Open width Bleaching		
		Kgs	Metres	Machine shift/Hrs	Kgs	Metres	Machine Shift/Hrs.
1	2	3	4	5	6	7	8

Kiers Bleaching			Mercerising			Others to be specified			Total
Kgs	Metres	Machine Shift/Hours	Kgs	Metres	Machine Shift/hrs	Kgs	Metres	Machine shift/hours	
9	10	11	12	13	14	15	16	17	18

- A.
1. Cloth Processed in metres
 2. Cloth processed in kgs.
 3. No. of machine shifts/hours available
 4. No of machine shifts /hours worked(in terms of 8 hours)
-

B. Expenses (Rupees)

1. Process chemicals
 - (a) De-sizing
 - (b) Souring
 - (c) Scouring
 - (d) Bleaching
 - (e) Wetting agents, etc.
 - (f) Others (to be specified)
 - (g) Chemicals for Mercerising.

Total
2. Direct Wages & Salaries
3. Utilities
 - (a) Water

- (b) Steam
- (c) Power
- (d) Singeing
- (e) Chemical Mixing
- (f) Rope Washing
- (g) Lye cooling plant
- (h) Caustic recovery plant
- (i) Others (to be specified)
- Total
- 4. Consumable stores
- 5. Repairs & Maintenance
- 6. Other direct expenses if any.
- 7. Mill/Process house overheads
- 8. Depreciation
- 9. Share of Administrative Overheads
- 10. Research & Development
- 11. Adjustment for cost variances
- 12. Adjustment for conversion cost including opening and closing W.I.P
- 13. Total
- C.1 Cost per Kg /Metre/Machine shift/hour
- 2. Cost per Kg/Metre/Machine shift/hour(Previous year)

Notes:

1. Expenses chargeable according to weight of the cloth and length of the cloth and time taken for the process in each cost centre shall be filled in columns 3,4,5, 6 etc respectively and the rate for respective unit of production worked out. The rates separately worked out per Kg/per metre, per Machine shift/hour shall be applied while working out the cost of processed cloth in Proforma L.
2. The names of Cost centres and type of bleaching given in the Proforma are illustrative only.
3. In case separate department is doing yarn bleaching, adequate records shall be kept to work out bleaching cost of such yarn .
4. For special type of bleaching, adequate records shall be kept for the quantity and the cost of special chemicals used.
5. Item No.11 is applicable to companies maintaining cost records on standard costing.

PROFORMA H

Name of the company-----

Name and address of the Mills/Processing Unit-----

Statement showing the Cost Centre-wise Production cost in the Dyeing Section for the Year ending -----(Refer Proforma L).

S.No.	Particulars	Y A R N			
		Beam Dyeing		Cheese Yarn Dyeing	
		Kg	Machine Shift/ hours	Kgs	Machine Shift/ Hours
1	2	3	4	5	6

C L O T H									Total
Jig Batching & Jig Dyeing			Beam Dyeing			Others			
Kg	Metres	Machine Shift/ Hours	Kg	Metres	Machine Shift/ Hours	Kg	Metres	Machine Shift/ Hours	
7	8	9	10	11	12	13	14	15	16

- A.
1. Cloth Processed(dyed) in Metres
 2. Cloth processed(dyed) in Kgs.
 3. Yarn dyed in Kgs
 4. No. of machine shifts/hours Available
 5. No. of Machine Shifts/Hrs worked (in terms of 8 hrs)

- B. Other Expenses
1. Process Materials Rs.
 2. Direct wages & salaries Rs
 3. Utilities
 - a) Water Rs
 - b) Steam Rs
 - c) Power Rs
 - d) Pigment Padding Rs
 - e) Naphtholating Rs
 - f) Developing Rs
 - g) Fast Colouring Rs
 - h) Soaping Rs
 - i) Mangling Rs
 - j) Drying ranges etc. Rs

Total Rs

4. Consumable Stores
5. Repairs & Maintenance
6. Other direct expenses (if any)
7. Mill/Process House overheads
8. Depreciation
9. Share of Administrative Overheads
10. Research & Development
11. Adjustment for cost variances
12. Adjustment for conversion cost included opening and closing W.I.P
13. Total

- C..1 Cost per Kg /Metre/Machine shift/hour
2. Cost per Kg/Metre/Machine shift/hour (Previous year)

Notes

1. Expenses chargeable according to the weight of the cloth/ length of the cloth and time taken for the process in each centre shall be filled in columns 3,4,5, 6, 7,8,9 etc respectively and the rate for respective unit of production worked out. The rates separately worked out per Kg, per Metre, per machine shift/hour shall be applied while working out the cost of processed cloth in Proforma L and processed yarn in Proforma B.
 2. The names of Cost centres and type of dyeing given in the Proforma are illustrative only.
 3. In case dyeing of yarn is done in separate department by spinning mills, similar Proforma shall be prepared for such section/types of dyeing.
 4. Cost of Dyes & special chemicals used shall be treated as separate element of cost in the cost of processed cloth.
 5. Item No.11 is applicable to companies maintaining cost records on standard costing.
-

- g)Roller engraving Rs
- h)Screen making Rs
- i)Design Department Rs
- j)Chemical mixing Rs
- k)Others (to be specified) Rs
- Total

- 4.Consumable Stores Rs
- 5.Repairs &Maintenance
- 6.Other direct expenses(if any)
- 7.Mill/Process House overheads
- 8. Cost of Rollers
- 9.Depreciation
- 10.Share of Administrative Overheads
- 11.Research & Development
- 12.Adjustment for cost variances
- 13.Adjustment for conversion cost included in opening and closing W.I.P
- 14.Total

- C..1 Cost per Metre/Sq. Metres/ Kg/Machine shift/hour printed
- 2. Cost per Metre/Sq. Metres /Kg/Machine shift/hour printed (Previous year)

Notes:

- 1.Expenses chargeable according to length of the cloth, area of the cloth printed, weight of the cloth and time taken for the process in each department shall be filled in columns 3,4,5, 6 , etc respectively and the rate for respective unit of production worked out. The rates separately worked out per Metre, Sq. Metre, printed Kg machine shift/hour shall be applied while working out the cost of processed cloth in Proforma L .
- 2.The names of Cost centres and type of printing given in the Proforma are illustrative only.
- 3. Cost of printing dyes and chemicals shall be treated as separate element of cost in the cost of processed cloth.
- 4.Item No.12 is applicable to companies maintaining cost records on standard costing.

.

PROFORMA 'J'

Name of the Company-----

Name and address of the Mill/Processing House-----

Statement showing Department wise cost in the finishing section for the year ending -----
(Refer Proforma 'L')

S. No.	Particulars	Stentering	Belt stretching	Damping	Calendering	Sanforising	Tabelising
1	2	3	4	5	6	7	8

Resin Finishing	Others				Total
9	10	11	12	13	14

-
- A. 1. Finished cloth in Metres
2. Machine shifts/Hours Available
3. Machine shifts/Hours worked
- B. Chemicals for special finishing Rs.
- C. Other Expenses
1. Process Materials Rs.
2. Direct wages & salaries Rs
3. Utilities
- a) Water Rs
- b) Steam Rs
- c) Power Rs
- d) Others (to be specified) Rs
- Total
4. Consumable Stores Rs
5. Repairs & Maintenance
6. Other direct expenses (if any)
7. Mill/Process House overheads
8. Depreciation
9. Royalty, if any.
10. Share of Administrative Overheads
11. Research & Development

- 12. Adjustment for cost variances
- 13. Adjustment for conversion cost including opening and closing W.I.P
- 14. Total

- D.
 - 1. Finishing cost per Metre
 - 2. Finishing Cost (Previous)

Notes:

- (1) The names of the cost centres /processes given in the Proforma are illustrative only.
- (2) Cost of special chemicals used shall be treated as separate element of cost in the cost of processed cloth.
- (3) Item No. 12 is applicable to companies maintaining cost records on standard costing.
- (4) Expenses relating to length of the cloth, time taken for the process in each department shall be segregated separately and the rate for the respective unit of production worked out and applied while working out the finishing cost of processing cloth.

PROFORMA 'K'

Name of the company-----

Name & address of the Mill/Processing House-----

Statement showing the cost of different types of packing made during the year ending -----

S. No.	Particulars	Total	Yarn Packing				
			Full Bale	3/4 Bale	1/2 Bale	1/4 Bale	Full Package
1	2	3	4	5	6	7	8

Cloth Packing						Export
3/4 Package	1/2 Package	1/4 Package	Rollers	Bales	Others	Packing
9	10	11	12	13	14	15

A. Quantity Packed

B. Packing Material Cost Rs

- (1) Hussein "
- (2) Cheese "
- (3) Card Board "
- (4) Polythene "
- (5) Others "
- Total "

C. Expenses

1. Wages and Salaries

- (a) Folding/Reeling "
- (b) Inspection "
- (c) Stamping "
- (d) Cutting "
- (e) Hemming & Carding "
- (f) Baling & Bundling "

Total

2. Consumable Stores Rs

3. Repairs & Maintenance

4. Power

5. Depreciation

6. Mill Overheads

7. Share of Administrative Overheads

8. Total (A+B+C)

- 9. *Adjustment for variance
 - (1) Material
 - (2) Expenses

D. Cost per pack

*Applicable to companies maintaining cost records on standard costing or any other basis than actual.

Notes: (1) Packing types and department mentioned are only illustrative. Cost shall be worked for all types of packings made during the year as per specification of the Textiles Commissioner from time to time.

(2)In the case of export packing (wherever special packing is required),the cost shall be worked out type-wise separately.

PROFORMA 'L'

Name of the company-----

Name & address of the Mill/Processing House-----

Statement showing the cost of different type of packing made during the
Year ending -----

1. Sort No.	6. Quantity in Kgs produced
2. Trade Name	7. Area printed in Sq. Metres (in case of printed Cloth)
3. Description	
4. Quantity of Grey cloth issued	8. Machine shifts/Hours taken (on 8 Hrs basis) for each processing
5. Quantity in Metres produced	9. Type of bleaching dyeing, printing, finishing etc adopted.

S. No	Particulars	Unit	Qty	Rate	Amount	Cost Per Metre	Cost Per Metre (Previous Year)
				Rs	Rs	Rs	Rs
1	2	3	4	5	6	7	8

1. Cost of cloth in grey stage issued
(as per proforma E - I)
2. Special bleaching chemicals
3. Dyes and chemicals
4. Printing, dyes & Chemicals
5. Special finishing chemicals
6. Conversion cost:
 - (a) Bleaching Metre
 - (b) " Kgs
 - (c) " Hrs
 - Total (a to c)

 - (d) Dyeing Metre
 - (e) " Kgs
 - (f) " Hrs
 - Total (d to f)

 - (g) Printing Metre
 - (h) " Sq. Metre
 - (i) " Kg
 - (j) " hours

Total (g to j)

(k) Finishing (Stentering) Metre

(l) " (Resin finishing) "

(m) " (Calendering) "

(n) " (Sanforising) "

(o)Others (to be specified)

Total (k to o)

7.Adjustment for opening & closing W I P(if any)

8 Total

Notes:

(1)The processes mentioned in the Proforma are illustrative only

(2) This proforma shall be prepared for each sort of cloth processed ,quantities processed for outsiders and other mills of the same company shall be indicated separately.

(3)The cost of materials for items 2,3,4,5, in the Proforma shall be taken as per respective 'recipe' in case actuals are not available but accurate record showing reconciliation of actual materials used item-wise and that charged as per the 'recipe 'shall be maintained.

PROFORMA L-1

Name of the company-----

Name and Address of the Mill /Processing House-----

Statement showing sort-wise stock account of processed cloth manufactured during the year ending-----

S.No.	Sort No.	Production as per Proforma 'L'		Fents,rags,chindis		Net Good Production	
		Qty	Value Rs	Qty	Realisable Value Rs	Qty	Value Rs
1	2	3	4	5	6	7	8

Opening Balance				Total cloth prepacked	
Prepacked		Packed		Qty	Value (Rs)
Qty	Value (Rs)	Qty	Value (Rs)		

9	10	11	12	13 (7+9)	14 (8+10)
---	----	----	----	----------	-----------

Cloth packed during the year				Total packed cloth	
Qty	Value Rs	Packing charges Rs	Total value Rs	Qty	Value Rs
15	16	17	18(16+17)	19(11+15)	20(12+18)

Packed cloth issued for sale				Closing stock				Goods on consignment returned	
Issued		Actually sold		Packed		Prepacked			
Qty	Value Rs	Qty	Value Rs	Qty	Value Rs	Qty	Value Rs	Qty	Value Rs
21	22	23	24	25(19-21)	26(20-22)	27(13-15)	28(14-16)	29	30

Notes:

- (1) All sorts which are considered in proforma 'M' shall be accounted for item wise in this Proforma or in forms as near thereto as practicable. The rest of the others shall be given in total.
 - (2) Fents, rags, chindis etc shall be accounted for as per details given in para 1(g)(v) of Schedule I.
 - (3) Realisable value shown in column 6 shall be reasonable and the same shall be deducted while arriving at the cost of good production.
 - (4) Packing charges shall be as per Proforma 'K'.
-

PROFORMA 'M'

Name of the Company-----

Name & Address of the Mill/Processing House-----

Statement showing the cost of sale of processed cloth sold and sales realisation during the year ending -----

S.No.	Controlled / Non-Controlled	Sort No.	Packed cloth issued for sale (as per Proforma L-I)		Share of Admn. Expenses	Selling & Distribution expenses.	Bonus	Interest	Gratuity
			Qty	Value Rs					
1	2	3	4	5	6	7	8	9	10

Total Cost of Sales	Qty Actually sold	Cost of sales of qty Actually sold	Cost of sales/ Metre	Sales Realisation		Margin		Previous Year	
				Total	Per Metre	Total	Per Metre	Cost of sales per Metre	Sales Realisation per Metre
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
11	12	13	14	15	16	17	18	19	20

Notes:

- (1) Adjustment for variances in the selling and distribution and other expenses included in this Proforma, shall be made and such adjustment shown separately in respect of companies maintaining cost records on standard costing.
- (2) In case commission is paid the same shall be shown separately under selling and distribution expenses.
- (3) Cloth sent on consignment account which bear expenses connected with sales during the particular year, as shown in this Proforma if returned, shall not bear similar charges of subsequent year, when such stock is sent again for sales.
- (4) If the company is having more than one Mill producing and selling processed cloth, and having common selling Department this Proforma may be prepared for all Mills

together. But adequate records shall be maintained to show the details of cloth sold on account of each mill both in quantity and value.

PROFORMA 'N'

Name of the Company _____

Name and address of the Mill/Processing House _____

Statement showing the total expenses and income of the Company and the share applicable to Textiles activity and other activities for the year ending-----

S.No.	Particulars	Total actual expense	Share applicable to	
			Textiles Activity	Other Activities
		Rs	Rs	Rs
1	2	3	4	5

1. Raw Materials consumed
2. Process materials/chemicals consumed
3. Packing materials consumed
- Total material
4. Direct salaries & wages
5. Utilities
6. Stores & spares
7. Repairs and Maintenance
8. Other allocated expenses -
9. Mill overheads
10. Administrative overheads
 - (i) Mills
 - (ii) Head Office
11. Depreciation
 - Total
12. Adjustment for difference between opening and closing balance of work-in-progress
13. Credits for recoveries
 - Cotton waste sold
 - Cloth waste sold
 - Others
14. Packing cost
15. Stock adjustments for difference between opening and closing stock
 - Total
16. Selling & distribution expenses
 - Total
17. Annual bonus to employees other than incentive bonus
18. Interest charges
19. Provision for statutory gratuity
20. Other expenses not included in cost (Items to be specified)

21. Other income not considered in cost (Item to be specified)

22. Total excluding excise duty

23. Deduct export benefits, if any.

24. Net

25. Net Sales realisation (excluding excise duty)

26. Margin.

Note: All items of income and expenditure in this Proforma shall be reconciled with the financial accounts for the relevant period.

[

{"SCHEDULE III"}¹⁰
[See rule 4(2A)]

1. MATERIALS:

(1) The proper records shall be maintained showing all receipts, issues and balances both in quantities and cost of cotton, man-made fibres and filament yarn made from man-made fibre, waste cotton, yarn, cloth in grey stage etc. These records shall contain such details so as to enable the company to determine the quantity and cost of receipt (including all direct charges up to the works in respect of major raw materials, issues and balances in quantity as well as value of each item of all such raw materials. The basis on which said quantities and cost of issue and consumption have been calculated, shall be indicated in the cost records and followed consistently. In the case of imported raw materials, proper records shall be maintained showing FOB value, overseas freight, insurance, customs duty and inland freight charges. If both indigenous and imported materials are consumed, the records showing details of percentage mix of the same, have to be maintained for each item. In the case of imported raw material, proper records shall be maintained showing license-wise allowed quantities, actual quantities imported, actual quantities consumed, quantities in stock and quantities yet to be imported out of total licensed quantities.

(2) The proper records shall be maintained separately showing the receipts, issues and balances both in quantities and cost of each item of dyes, sizing materials and processing chemicals used in the manufacture of textiles. The cost shall include all direct charges up to works. The issues, consumption shall be properly identified with the departments, cost-centres and products manufactured.

(3) The proper records shall be maintained to show the quantity and realizable value of usable soft waste collected from each mixing in each cost centre of spinning department and also of hard waste collected, type-wise, blend-wise, and cost centre-wise separately from spinning department and pre-weaving department, quantities reused in the waste plant, if any, sold out with sales realization thereof and the balance lying in stock. The quantity of these wastes collected at regular intervals shall be reconciled with such wastes for which due credit is accorded to the respective production on technical basis or past performance or trial run during the said period. In the case of certain by-products recovered, which cannot be reused in the process and are sold or disposed of without further processing, the realisation from such sales shall be recorded and adjusted against the process concerned on a reasonable and equitable basis and applied consistently. In case further processing is necessary to make the by-products usable or saleable, as the case may be, adequate records of the cost involved for such further processing shall be maintained. If such processing is done by any outside agency, records to show the quantity sent for processing, quantity received after processing and the cost incurred thereon shall be maintained in detail. The net realisation, if any, shall be adjusted against

¹⁰ Applicable for each of financial year commencing on or after the 1st day April,2001 vide GSR No.693(E) dated 31st August,2000.

the major process relating to such by-product. The basis adopted for determining cost of the by-products shall be equitable and consistent. Records indicating the actual sales realisation of by-products shall also be maintained.

(4) Where any dyes, sizing materials and processing chemicals are produced by the company separate records showing the quantity and cost of such materials produced shall be maintained. The cost of manufacture of such materials shall be charged at cost, on the basis of actual issues, to the production or process or manufacturing of the product concerned under sub-rule (2).

(5) The proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, other chemicals not covered by sub-rule (2), tools and machinery spares. The cost shall include all direct charges upto works.

(6) The proper records shall be maintained indicating the quantity of chemicals or materials recovered from different process and sales realization. Appropriate credit should be given to the respective cost centre or department of such sales realization.

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

(8) The cost of consumption of consumable stores, small tools and machinery spares shall be charged to the relevant cost centre or department on the basis of actual issues.

(9) The proper records shall be maintained showing the quantity and value of wastage other than that mentioned in sub-rule 2A, spoilage, rejections and losses of raw materials, process materials, consumable stores 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 spoilage, if any, in determining the cost of product, shall be indicated in the cost records. Any abnormal wastage or spoilage or rejection shall be indicated distinctly and separately along with reasons thereof. The records shall also be maintained to indicate the value of raw materials and components, finished and semi-finished, which have not moved for more than twelve months.

(10) Where any credit under Modified Value Added Tax (MODVAT) or any other benefit of the nature of MODVAT credit under the Central Excise Act, 1944 (1 of 1944), are available on any item of material, the cost of such material should be shown after adjusting such credit or benefits.

(11) If any of the materials purchased is processed by an outside party proper records shall be maintained for the quantity sent for processing, quantity received after processing, by-products received, if any, and the cost involved in processing.

2. SALARIES AND WAGES:

(1) The proper records shall be maintained to show the attendance and earnings of all employees of the cost centres or departments and the work on which they are employed. The records shall also indicate the following separately for each cost centre or department:

- (a) piece rate wages (wherever applicable);
- (b) incentive wages ,either individually or collectively as production bonus or under any other scheme based on output;
- (c) overtime wages;
- (d) earnings of casual labour;
- (e) bonus or gratuity;
- (f) contribution to superannuation scheme; and
- (g) any other earning.

(2) The records shall be maintained in such a manner as to enable the company to furnish necessary particulars under this head in Proformae A, B, C ,D-1, D-2, D-3 and E of Schedule III annexed to these rules. The records may be maintained to book these expenses cost centre-wise or department-wise under mixing and blow room, carding, combing, drawing, slubbing, inter, roving, ring frames, winding, reeling, doubling, warping, sizing, loom, bleaching, dyeing, printing, finishing, packing etc. with reference to activities relating to the production of Textiles. Where the employees work in such a manner that it is not possible to identify them with any cost centre or department, the labour charges shall be apportioned to the cost centres or departments on equitable and reasonable basis and applied consistently.

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

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

3. SERVICE DEPARTMENT EXPENSES:

The 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 and reasonable basis and applied consistently. Where these services are utilised for other products of the company also, the basis of apportionment of such expenses to any type of

textiles products and to the other products shall be equitable and reasonable and applied consistently.

4. UTILITIES:

(1) Water:- The proper records showing the quantity and cost of treated or cooling water produced and consumed, if any, for the manufacture of any type of textiles products in different cost centres or departments shall be maintained. The cost of treated water shall be apportioned to the cost centres or departments concerned on an equitable and reasonable basis and applied consistently.

(2) Steam: Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed for the manufacture of the textiles products shall be maintained. The cost of steam consumed shall be apportioned to the textiles plant and other units of the company on an equitable and reasonable basis and applied consistently. Where steam is raised and supplied by any other unit of the company to the Textiles plant, the cost of steam so supplied shall be charged to the Textiles Plant on actual cost basis.

(3) Power:-The proper records shall be maintained for the units and cost of power consumed for the production of textiles products in different cost centres or departments. Where power is generated by the company itself, adequate records, showing all elements of cost shall be maintained to show the cost of power generated and consumed for the production of the textiles products in different cost centres or departments. The records shall also indicate installed capacity, number of units generated, losses and consumption in each cost centre or department separately. Where power is generated and supplied by any other unit of the company to the Textiles plant adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power allocated to the production or manufacture of Textiles products shall be on an equitable and reasonable basis and applied consistently. The records should state clearly the measures taken on conservation of energy and its corresponding impact on unit cost of production.

(4) Humidification: The proper records shall be maintained to enable the determination of the cost of humidification and its distribution to different cost centres or departments

(5) Other Utilities:- The proper records showing quantity and cost shall be maintained in respect of any other utilities produced or purchased by the company for the production or manufacture of textiles products.

(6) The cost statement for each utility shall be maintained in Proforma A.

5. WORKSHOP OR REPAIRS AND MAINTENANCE OR TOOL ROOM:

(1) The proper records showing the expenditure incurred by the workshop or tool room under different heads and on repairs and maintenance in the various cost centres or departments shall be maintained. The records shall also indicate the basis of charging the workshop or tool room expenses to different cost centres or departments. Where maintenance work is done by direct workers of any production cost centre or department, the wages and salaries of such workers shall be treated as direct expenses of the respective cost centre or department. If the services are utilised for other products also, the manner of charging a share to such products shall be equitable and reasonable and clearly indicated in records and applied consistently. In addition to the above, records should indicate the amount and also the proportion of closing inventory of stores and spare parts representing items which have not moved for over 24 months.

(2) The expenditure on major repair works from which benefit is likely to accrue for more than one financial year shall be allocated over the period expected to benefit on an equitable and reasonable basis and applied consistently. Such cost shall be shown separately and the method of accounting and the basis of the allocation of such costs shall also be clearly indicated in the cost records.

6. DEPRECIATION:

The basis on which depreciation is calculated and allocated or apportioned to the various cost centres or departments and absorbed on all products shall be clearly indicated in the cost records. If depreciation charged or chargeable to the cost centres or departments is in excess or lower than the depreciation calculated by applying the rates of depreciation prescribed under the provisions of sub-section (2) of Section 205 of the Companies Act, 1956 (1 of 1956), such amount of excess or lower depreciation shall be indicated clearly in the cost records. The cost records shall also show the effect of such excess or lower depreciation as the case may be, on the cost per unit of textiles product. 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. OTHER OVERHEADS:

(1) The proper records shall be maintained for the product under reference showing the various items of expenses comprising the other overheads. These expenses shall be analysed, classified and grouped according to functions, namely, works, administration, selling and distribution.

(2) Where the company is manufacturing products other than the textiles product the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to such products and textiles products, including capital works. Where certain expenses forming part of overheads can

be identified with a particular activity or a product, such expenses shall be first segregated and charged to the relevant activity or product and thereafter the residuary expenses under the above categories of overheads shall be apportioned on a reasonable and equitable basis and applied consistently. The overheads chargeable to capital works shall be indicated separately in the cost records. The basis of apportionment or absorption of overheads to the cost centres or departments and products shall be indicated in the cost records. The records shall be maintained in such a manner as to indicate the details of works, administration, selling and distribution overheads.

8. ROYALTY OR TECHNICAL KNOW-HOW FEE:

The adequate records shall be maintained showing the royalty and/or technical know-how fee including other recurring or non-recurring payments of similar nature, if any, made for the product under reference to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each such collaborator or supplier. The basis of charging such amount, including lump sum payment, to the products shall be indicated in the cost records.

9. RESEARCH AND DEVELOPMENT EXPENSES:

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

(2) The method of charging these expenses to the cost of textiles products and all other 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 the cost of production of the textiles products and all other products if any, on an equitable and reasonable basis and applied consistently.

(3) The 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 textiles products. The amount recovered for providing technical know-how to outsiders shall also be indicated separately and excluded from the income arising from the sale of textiles products.

10. QUALITY CONTROL:

The adequate records shall be maintained to indicate the expenses incurred in respect of quality control department or cost centre for product under reference. Where these services are also utilised for other products of the company, the basis of apportionment to

textiles products and to other products shall be equitable and reasonable and clearly indicated in the records and applied consistently.

11. INTEREST:

The proper records shall be maintained for interest charges paid. The amount of interest shall be allocated or apportioned to the product covered by these rules and other activities on a reasonable and equitable basis and followed consistently. The basis of further charging of the share of the interest to the various types of such products shall also be reasonable and equitable and the same shall be followed consistently. The basis of such allocation or apportionment shall be spelt out clearly in the cost records or statements.

12. EXPENSES OR INCENTIVES ON EXPORTS:

The proper records showing the expenses incurred on the export sales, if any, of the textiles products shall be separately maintained so that the cost of export sales can be determined correctly. Separate cost statement shall be prepared for textiles products exported giving details of export expenses incurred or incentive earned. In case, duty free import are made, the cost statements should reflect this fact. If the duty free imports have been made after actual production, the statement should reflect this fact also.

13. PACKING EXPENSES:

(1) The proper records shall be maintained showing the quantity and cost of various packing materials and other expenses incurred on packing for marketing of the textiles products. Where such expenses are incurred in common for other products also, the basis of apportioning the expenses between the relevant products shall be equitable and reasonable and applied consistently.

(2) The 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.

14. WORK IN PROGRESS AND FINISHED STOCK:

The method followed for determining the cost of work in progress and finished stock of the textiles products shall be indicated in the cost records so as to reveal the cost element that have been taken into account in such computation. The appropriate share of conversion cost upto 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.

15. COST STATEMENTS:

- (1) The cost statement showing details of installed capacity, production, wastage, issues and sales of the current financial year and previous year shall be prepared for each process adopted in manufacture or production of textiles products in Proformae A,B,C,D-1,D-2, D-3 and E.
- (2) The product emerging from a process, which forms raw material for a subsequent process, shall be valued at the cost of production up to the previous stage.
- (3) If the company is operating more than one plant or factory, separate cost statements as specified above shall be prepared in respect of each plant or factory.
- (4) The cost statements shall be prepared count-wise or denier-wise or sort-wise for items whose production is substantial and which constitute eighty five percent or more of the total value of production and for the remaining items whose production is relatively negligible and where all such items put together constitute nearly fifteen percent of the total value of production, combined cost statements shall be prepared for groups of counts or deniers or sorts.

16. PRODUCTION RECORDS:

Quantitative records of all finished goods, whether packed or unpacked, issues for sales and balances of different types of the product under reference produced by the company shall be maintained.

17. RECONCILIATION OF COST AND FINANCIAL ACCOUNTS:

- (1) The cost statements shall be reconciled with the financial statements for the financial year specifically indicating the expenses or incomes not considered in the cost records or statements so as to ensure accuracy and adjudge the profit of the product under reference with the overall profit of the company. Variations, if any, shall be clearly indicated and explained.
- (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 shall be prepared and reconciled with the financial statement.

18. ADJUSTMENT OF COST VARIANCES:

Where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the 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

separate heads and analysed into material, labour, overheads and further segregated into quantity, price and efficiency variances. The reasons for the variances shall be duly explained in the cost records or statements.

19. STATISTICAL RECORDS:

(1) The records regarding available machine hours or direct labour hours in different production departments and actually utilised shall be maintained for production of textiles and shortfall suitably analysed. Suitable records for computation of idle time of machines shall also be maintained and analysed.

(2) The adequate records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for the production or manufacture of textiles products and other products and other activities. Fresh investments on fixed assets that have not contributed to the production of textiles during the relevant period shall be indicated in the cost records. The records shall, in addition, show assets added as replacement and those added for increasing existing capacity.

(3) Whenever WTO provisions are attracted, proper records shall be maintained to identify the competitiveness of the product in the domestic as well as global market and the expenses, if any, incurred to combat the competition arising out of WTO provisions. Adequate statistical records shall also be maintained to identify the market share of the product manufactured and the likely impact thereon on account of competitive goods imported into the country. These records shall indicate, inter alia, the total volume of imports, names of importers, countries of origin and contain such empirical evidence as to show whether such imports can be construed as dumping and affecting the market share of the product. Proper records shall also be maintained, containing such details as may be necessary to show that the export price of the product is not such as to be construed as dumping in the importing country, by applying the provisions of WTO regarding anti dumping measures under Article VI of GATT 94.

20. CAPTIVE CONSUMPTION:

If textiles product is used for captive consumption proper records shall be maintained showing the quantity and cost of each item of textiles product transferred to other departments or units of the company for self consumption. The rates at which such transfers are effected shall be at cost only.

21. POLLUTION CONTROL:

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

22. HUMAN RESOURCES DEVELOPMENT:

Expenditure incurred by the company on the human resources development activity shall be recorded.

[23 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; I

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

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

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

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

*Inserted vide GSR NO . 723(E) dated 28th September,2001

PROFORMA A

Name of the company

Name and address of the factory

Statement showing the cost of Utility like Power, Steam, Water, etc., produced and consumed during the year/period

A Quantitative Information :

Serial Number	Particulars	Current Year (unit)	Previous Year (unit)
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilisation		
4.	Quantity re-circulated		
5.	Quantity purchased		
6.	Consumption including other losses		
7.	Net units consumed		

B Cost Information:

Serial Number	Particulars	Quantity	Rate (Rupees) per unit	Amount (Rupees) (in lacs)	Cost unit per (Rupees)	
					Current Year	Previous Year
A 1.	Materials(specify) (a) (b) (c)					
2.	Utilities(specify) (a) (b) (c)					
3.	Consumable stores					
4.	Salaries and wages					
5.	Repairs and maintenance					
6.	Other overheads					
7.	Depreciation					

8.	Total					
9.	Less:Credit,if any					
10.	Net total					
C.	Apportioned to					
	1.					
	2.					
	3.					
	4.					

Note 1.-Seperate cost sheet is to be prepared for each utility.

Note 2.-If any of the utilities that are manufactured by the company is sold to outside parties, proper credit should be given in the cost of production of the respective utility.

PROFORMA B

Name of the company

Name and address of the mill

Statement showing the cost of raw material (mix-wise) for the year ending.....

Sl.No	Particulars	Mixing A			Mixing B etc..		
		Quantity in Kilogram	Rate per Kilogram (Rupees)	Amount (Rupees)	Quantity in Kilogram	Rate per Kilogram (Rupees)	Amount (Rupees)
1.	Composition of mixing cotton/ man-made fibre (variety wise) a) b) c)						
2.	Purchased cotton waste (variety wise) a) b) c)						
3.	A)Own waste (used						

	in same mixing) variety wise a) b)						
	B) Own waste (of other/ Higher mixing) a) b)						
4.	Total (1 to 3)						
5.	Less credit for waste Collected A. Waste usable in the same mixing a) b) B. Waste usable in the lower mixing a) b) C. Other waste (soft) a) b) D. Other waste (hard) a) b) Total(A+B+C+D)						
6.	Adjustment for stock in work-in- progress						
7.	Net cost of cotton/man- made fibres consumed						
8.	Total yarn production in kilogram						
9.	Net cost per kilogram						

- Note 1. The rates adopted for own waste should be reasonable and the basis shall be consistent.
- Note 2. The names of mixings given are illustrative only.
- Note 3. Where yarn produced is measured in hanks, the quantity both in hanks and kilogram shall be indicated in the proforma. If the same is measured in kilogram, quantity in hanks need not be given.

PROFORMA C

Name of the company

Name and address of the mill

Statement showing input, wastage, output, waste multiplier in each processing centre, mix-wise for the year ending.....

Sl.No	Particulars	Mixing		Mixing	
		Percentage	Kilogram	Percentage	Kilogram
1.	Blow Room a)Opening stock b)Receipts c)Transfer from previous process d)Closing stock e)Consumption (a+b+c-d) f)Waste i)Salable ii)Re-usable iii)Invisible iv)Total(itoiii) g)Transfer to other/subsequent process (e-f)				
2.	Carding (similar particulars as in Serial number 1 above)				
3.	Combing (similar particulars as in serial number 1 above)				
4.	Drawing (similar particulars as in serial number 1 above)				
5.	Inters (similar particulars as in serial				

	number 1 above)				
6.	Roving (similar particulars as in serial number 1 above)				
7.	Ring frames (similar particulars as in serial number 1 above)				
8.	Any other Processing centres (similar particulars as in serial number 1 above)				

Note 1.- The values adopted for waste shall be reasonable and the basis for adopting such values shall be followed consistently.

Note 2.- The names of mixing given are only illustrative.

Note 3.- Waste collected shall be accounted for mixing-wise on actual basis as far as practicable. Otherwise the usable soft waste at least shall be accounted for mixing-wise on actual basis and other wastes on technical or past performance or trial run basis.

Note 4.- All usable waste shall be collected and accounted for on actual basis except when such waste is in the production of the same lot of the same mixing.

PROFORMA D-1

Name of the company

Name and address of the mill

Statement showing summary cost of sales, sales realization and margin in respect of each type of yarn sold for the year ending.....

A. Quantitative Information:

Serial Number	Particulars		
		Current Year	Previous Year

1.	Count and description of yarn		
2.	Quantity produced and packed (Kgs)		
3.	Quantity sold (Kgs)		
4.	Closing stock- Finished goods(Kgs)		
5.	Opening stock – Finished goods(Kgs)		

B. Cost Information:

Serial Number	Particulars	Quantity	Rate	Amount	Cost Per	Kilogram
			(Rupees)	(Rupees in lacs)	Current. Year (Rupees)	Previous. Year (Rupees)
1.	Material cost a)raw material b)process material c)purchased yarn Sub-total					
2.	Conversion Cost: a) mixing and blow room b) carding c) drawing d) inter e) ring frame f) winding g) others (specify) h) outside processing charges Sub-total					
3.	Work-in-progress stock adjustment Opening stock Closing stock					
4.	Less: Credit for Hard waste					
5.	Cost of Production(1to4)					
6.	Packing cost: a)material cost b)conversion cost					
7.	Finished goods – Stock adjustment					

	Opening stock Closing stock					
8.	Net cost of Production(5 to7)					
9.	Selling and distribution Expenses (a)salaries and wages (b)freight and transport charges (c)commission to selling agents (d)advertisement expenses (e)others (f)Total(a to e)					
10.	Cost of Sale					
11.	Interest					
12.	Annual Bonus to employees a) Minimum Statutory Bonus b) other than statutory bonus					
13.	Statutory Gratuity including provisions					
14.	Contribution to superannuation scheme					
15.	Total cost excluding excise duty(8 to 14)					
16.	Total sales realization excluding excise duty					
17.	Margin(16 – 15)					

- Note 1.- Cost centres mentioned against serial No.2 are only illustrative.
- Note 2.- Separate proforma shall be prepared for each type of description of Product.
- Note 3.- Separate proforma shall be prepared for the quantity sold within the country and the quantity exported. Expenses incurred on export and the incentive earned thereon shall be indicated in the proforma applicable for the quantity produced and exported.

Note 4.- Conversion cost shall include expenditure on direct wages, and salaries, utilities, consumable stores and spares, repairs and maintenance, depreciation, royalty, research and development, quality control, factory overheads, administrative overheads, etc.

PROFORMA D-2

Name of the company
Name and address of the mill

Statement showing summary cost of sales, sales realization and margin in respect of each type of grey cloth sold for the year ending.....

A. Quantitative Information:

Serial Number	Particulars	In Kilogram	
		Current Year	Previous Year
1.	Description and process of Grey Cloth with sort number		
2.	Quantity Produced and packed (metres)		
3.	Quantity sold (metres)		
4.	Closing stock- Finished goods (metres)		
5.	Opening stock – Finished goods (metres)		

B. Cost Information:

Serial Number	Particulars	Quantity	Rate	Amount	Cost Per Metre	
			(Rupees)	(Rupees in lacs)	Current Year (Rupees)	Previous Year (Rupees)
1.	Material cost a) cost of yarn b) spindle point excise duty c) purchased yarn					
2.	Conversion Cost: a) winding b) warping c) sizing (i) material					

	(ii) others d) Drawing e) Loom f) Grey checking g) Others (Specify) h) Outside processing charges Sub-total					
3.	Work in progress Stock adjustment Opening stock Closing stock					
4.	Less: Credit for Hard waste and fents, rags and chindis					
5.	Cost of Production(1to4)					
6.	Packing Cost: a)material cost b)conversion cost					
7.	Finished goods – Stock adjustment Opening stock Closing stock					
8.	Net cost of Production(5 to7)					
9.	Selling and distribution expenses (a)Salaries and wages (b)Freight and transport charges (c)Commission to selling agents (d)Advertisement expenses (e)Others (f)Total(a to e)					
10.	Cost of sales					
11.	Interest					
12.	Annual Bonus to employees a) minimum					

	statutory Bonus b) other than statutory bonus					
13.	Statutory gratuity including provisions					
14.	Contribution to superannuation scheme					
15.	Total cost excluding excise duty(8 to 14)					
16.	Total sales realization excluding excise duty					
17.	Margin(16 – 15)					

Notes:-

- Note 1. Cost centres mentioned against serial No. 2 are only illustrative
- Note 2. Separate proforma shall be prepared for each type of description of product.
- Note 3. Separate proforma shall be prepared for the quantity sold within the country and the quantity exported. Expenses incurred on export and the incentive earned thereon shall be indicated in the proforma applicable for the quantity produced and exported.
- Note 4. Conversion cost shall include expenditure on direct wages and salaries, utilities, consumable stores and spares, repairs and maintenance, depreciation, royalty, research development, quality control, factory overheads, and administrative overheads etc.

PROFORMA D-3

Name of the company
Name and address of the mill

Statement showing summary cost of sales, sales realization and margin in respect of each type of processed cloth sold for the year ending.....

A. Quantitative Information:

--	--	--

Serial Number	Particulars	Current Year	Previous Year
1.	Description and process of Cloth with sort number		
2.	Quantity produced and packed (metres)		
3.	Quantity sold (metres)		
4.	Closing stock- Finished goods (metres)		
5.	Opening stock – Finished goods (metres)		

B. Cost Information:

Serial Number	Particulars	Quantity	Rate	Amount	Cost Per Metre	
			(Rupees)	(Rupees in lacs)	Current Year (Rupees)	Previous Year (Rupees)
1.	Material cost a) cost of grey cloth manufactured b) purchased grey cloth c) process material i) bleaching ii) dyeing iii) printing iv) finishing v) others (specify)					
2.	Conversion Cost: i) bleaching ii) dyeing iii) printing iv) finishing v) others (specify) Sub-total Outside processing charges					
4.	Work in progress Stock adjustment Opening stock Closing stock					

5.	Less: Credit for fents, rags and chindis					
6.	Cost of production(1to5)					
7.	Packing Cost: a)material cost b)conversion cost					
8.	Finished goods – Stock adjustment Opening stock Closing stock					
9.	Net cost of production(5 to8)					
10.	Selling and distribution Expenses (a)salaries and wages (b)freight and transport charges (c)commission to selling agents (d)advertisement expenses (e)others (f)total(a to e)					
11.	Cost of sales					
12.	Interest					
13.	Annual bonus to employees c) minimum statutory bonus d) other than statutory bonus					
14.	Statutory Gratuity including provisions					
15.	Contribution to superannuation scheme					
16.	Total cost excluding excise duty(11 to 15)					
17.	Total sales realization excluding excise duty					
18.	Margin(17 – 16)					

Notes:-

Note 1. Cost centres mentioned against Serial No.2 are only illustrative.

Note 2. Separate proforma shall be prepared for each type of description of product.

Note 3. Separate proforma shall be prepared for the quantity sold within the country and the quantity exported. Expenses incurred on export and the incentive earned thereon shall be indicated in the proforma applicable for the quantity produced and exported.

Note 4. Conversion cost shall include expenditure on direct wages, and salaries, utilities, consumable stores and spares, repairs and maintenance, depreciation, royalty, research and development, quality control, factory overheads, administrative overheads etc.”

PROFORMA E

Name of the company
Name and address of the mill

Statement showing the total production and allocation of total actual expenses and income of the company between textiles products and other activities for the year ending.....

A. Production Data:

Serial Number	Particulars	Current Year	Previous Year	Current Year	Previous Year
1.	Licensed capacity				
2.	Installed capacity				
3.	Budgeted capacity				
4.	Actual utilisation/production during the year				
5.	Percentage of (4) to(2)				
6.	Percentage of (4) to(3)				

B. Allocation of total expenses and income for the year ending...

Serial Number	Particulars	Total actual expenses	Share applicable to other activities	Share applicable to textiles activity
1.	Raw-material consumed			
2.	Process materials/chemicals consumed			
3.	Packing materials			
4.	Salaries and wages			
5.	Utilities			
6.	Consumable stores and spares			
7.	Depreciation			
8.	Repairs and			

	Maintenance			
9.	Royalty			
10.	Research and Development			
11.	Quality control			
12.	Other factory overheads			
13.	Administrative Overhead (a) salaries and wages (b) others (please specify) (c) Total(a+b)			
14	Total(1 to 13)			
15.	Stock adjustment (Work - in - Progress)			
16.	Less: Credits (from wastages and by-Products)			
17.	Cost of production			
18.	Stock adjustment (finished products)			
19.	Net cost of Production of unpacked finished goods			
20.	Less: captive consumption			
21.	Packing cost (a) Materials (b) Others			
22.	Less: captive consumption in packed condition			
23.	Net cost of materials available for sales			
24.	Selling and distribution Expenses (a) salaries and wages (b) freight and transport charges (c) commission to selling agents (d) advertisement expenses			

	(e)others (f)Total(a to e)			
25.	Cost of Sales			
26.	Interest			
27.	Annual bonus to employees a) minimum statutory bonus b) other than statutory bonus			
28.	Contribution to superannuation scheme			
29.	Statutory Gratuity including provisions			
30.	Total cost excluding excise duty			
31.	Total sales realization Less: i)excise duty ii) export incentives			
32.	Margin(31 – 30)			

Note:- All items of income and expenditure in this Proforma shall be reconciled with the financial accounts for the relevant period.”

(A.Ramaswamy)
Joint Secretary
Fno.52/3/CAB-99

Foot note:The principal notification was published vide GSR number 417(E) dated 28th June,1977 and subsequently amended vide

1. GSR 1277 dated 10th September,1979
2. GSR 40 dated 5th January,1983
3. GSR 1206 dated 22nd November,1984
4. GSR 562 dated 22nd July 1989
5. GSR 322(E) dated 24th March,1993
6. GSR 29(E) dated 19th January,1994
7. GSR 344(E) dated 30th March,1994
8. GSR 446(E) dated 3rd August,1998.
9. GSR 693 (E) dated 31st August, 2000
10. GSR 728 (E) dated 28th September,2001

