

**Cost Accounting Records (Fertilizers) Rules, 1993**  
(Published in the Gazette of India (Extra-ordinary)  
Part II – Section 3- Sub. Section (I) dated 5<sup>th</sup> March 1993)  
**MINISTRY OF LAW, JUSTICE & COMPANY AFFAIRS**  
(Department of Company Affairs)

**NOTIFICATION**

G.S.R. 261(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 (Fertilizers) Rules, 1993.
- (2) They shall come into force on the date of their publication in the official Gazette.

**2. Application**

These Rules shall apply to every company engaged in the production, processing or manufacture of fertilizers whether nitrogenous, phosphates and/or complex (organic, inorganic and / or mixed) and includes all types of fertilizers as defined in clause (h) of Section 2 of the fertilizer (control) order, 1985, made under Section 3 of the Essential Commodities Act, 1955 (10 of 1955) and as amended from time to time, excepting those companies falling under the category of “Small Scale Industrial Undertakings.”

**Explanation:** For the purpose of this rule, the expression “Small Scale Industrial Undertaking” means a company –

[ (a) the aggregate value of the machinery and plant installed wherein does not exceed The limit as specified for a small scale industries (Development and regulation ) Act.1951 (65 of 1951), as on the last date of the preceding financial year]<sup>1</sup>. And

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

**3. Maintenance of Records: -**

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

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

(2) The books of account referred to in sub-rule (1) shall be kept on a regular basis in such a manner as to make it possible to calculate the cost of production and cost of sale of all types of Fertilizers referred to in rule 2 for every quarter of 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 annexed to these rules shall be completed not later than ninety days from the closing of the financial year of the company to which they relate.

---

<sup>1</sup>Inserted by GSR 458(E), dated 3<sup>rd</sup> August, 1998

(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-rule (1) and (2) of this rule in the same manner as he is liable to maintain accounts under sub-section (1) of section 209 of the said Act.

(4) Statistical and other records shall be maintained in accordance with the provisions of Schedules annexed to these rules which shall be such as to enable the company to exercise as far as possible, control over the various operations and costs with a view to achieve optimum economics in cost and provide necessary data required by the Cost Auditor to suitably report on all the points referred to in Cost Audit (Report) Rules, 1968, as amended from time to time. Such records shall be reconciled with the returns submitted to the Excise Department and other Government authorities from time to time.

#### **4. Penalty:-**

If a company contravenes the provisions of rule 3, the company and every officer thereof, who is in default, including the persons referred to in sub-rule (3) of rule 3 shall, subject to the provisions of section 209 of the Companies Act 1956 (1 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 period such contravention continues.

## **SCHEDULE I**

(See rule 3)

### **1.Materials: -**

1(1) Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of each item of direct materials required and actually used in the production, processing or manufacture of items referred to in rule 2, in any form or any type. These records for direct materials shall contain such details as to enable the company to determine the quantity, cost of receipts (including all direct charges up to the works in respect of all major direct materials), issues and balances of each item of direct materials issues & balances of each item of direct materials, separately for imported and indigenous supplies. In case of imported material including those canalized through government agencies, details of Free-on-Board price, freight, insurance charges, custom duty, port charges, inland freight and handling and clearance charges paid shall be recorded separately. The basis on which the said quantities and costs of issue and consumption have been calculated shall be indicated in the cost records and followed consistently. Any concession or subsidy in rates of any input or intermediate, which are used in manufacture of fertilizers referred to in rule 2, shall be accounted and adjusted in the cost records.

1(2) Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of each item of process material, chemical and catalyst, tower packing, services and molecular and other items. If the life of the catalyst is more than one financial year, necessary adjustment should be made. If the life of the catalyst is not known, consumption may be assessed on technical basis. The cost of such process materials/chemicals and catalyst shall include all direct charges up to works. The issues and consumption shall be properly identified with the departments, cost centres and products manufactured.

1(2)(1) In case, where the process materials/chemicals/intermediates required in the production of items referred to in rule 2 are manufactured by the company, separate records showing the cost of manufacture of each such item indicating the break up of raw materials consumed for the production and conversion cost shall be maintained in Proforma 'A' to schedule II annexed to these rules or in any other Proforma as near there to as may enable the company to determine the cost of such process materials/chemicals/intermediates produced.

1(2)(2) In case, any process chemicals, intermediates or joint products is covered under any Cost Accounting (Records) Rules prescribed under the Companies Act 1956, (1 of 1956) is manufactured by the company, proper cost records shall also be maintained as per the rules so as to arrive at the cost of such items.

1(3) If the quantity and value of materials consumed are determined on any basis other than actuals, the method adopted shall be mentioned in the cost records and followed consistently. The overall reconciliation of such quantities and value of materials with the actuals shall be made least quarterly during the financial year explaining the reasons for variations. The treatment of such variations in determining the cost of the items referred to in rule 2 shall be indicated in the cost records.

1(4) Proper records shall be maintained indicating the quantity and cost of chemicals and by-product recovered in different processes having significant value say five percent of above of the cost of input of materials. In the case of bye-products recovered, which cannot be re-used in the process and are sold or disposed off without further processing, the realization from such sales shall be recorded & adjusted against the process concerned on a reasonable basis and shall be shown in the records distinctly. In case, further processing is necessary to make these bye-products usable or saleable, as the case may be, adequate records of cost involved for such further processing shall be maintained, and net realization adjusted against the process concerned.

1(5)(1) Proper records shall be maintained to show the receipts, issues and balances both in quantities and cost of each item of consumable stores, small tools and machinery spares. The cost shall include all direct charges up to works.

1(5)(2) In case of consumables stores and small tools and the cost of which are insignificant, the company may, if it so desires, maintain such records for the main group of such items.

1(5)(3) The cost of issues and consumption of consumable stores, small tools, and machinery spares shall be charged to the relevant cost centres on the basis of actual issues.

1(6) Proper records shall be maintained showing the quantity and value of wastages, spoilages, rejections and losses of raw materials, process materials, consumable stores, small tools, and machinery spares, whether in transit, storage, manufacture or at any other stage. The method followed for adjusting the above losses, as well as income derived from the disposal of rejected and waste materials including spoilages if any, in determining the cost of product shall be indicated in the cost records. Any abnormal

wastages or spoilages etc. shall be indicated distinctly and separately along with reasons thereof.

1(7) Where Modified Value Added Tax (Modvat) or any other benefits under Central Excise and Salt Act, 1944 (1 of 1944) are available on any item of material, breakup details of such items should be furnished along with the proforma relating to cost of sales of the Schedule II annexed to these rules and also show in cost of production or cost sheet of cost of sales.

## **2.SALARIES AND WAGES:**

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

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

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

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

2(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.

2(5) If the wages and salaries are charged to production on any basis other than actuals, the method adopted shall be indicated in the cost records. The reconciliation of such wages and salaries with actuals shall be made at least quarterly during the financial year explaining the reasons for variations. The treatment of such variations in determining the cost of items referred to in rule 2 shall be indicated in the cost records.

## **3. Service Department Expenses**

Detailed records shall be maintained to indicate expenses incurred in respect of each service department of cost center like laboratory, welfare, transport etc. These expenses shall be apportioned to other services and production department on an equitable basis and applied consistently. Where these services are utilized for other products of the company also, the basis of apportionment to the various types/grades of fertilizers referred to in rule 2 and to other products shall be equitable and clearly indicated in the records and applied consistently.

## **4. Utilities**

4(1) **Water:-** Proper records showing the quantity and cost of treated/cooling/dematerialized water produced and consumed for the manufacture of fertilizers in different cost centres or departments shall be maintained in such details as may enable the company to furnish the necessary particulars in Annexure I to this Schedule. Similar records shall be maintained for effluent treatment. The cost of treated water apportioned to the departments concerned shall be on a reasonable basis and applied consistently.

### **4(2) Steam: -**

4(2)(I) Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed in the production of fertilizer (s) as referred to in rule 2 in different cost centres or departments shall be maintained in such details as may enable the company to furnish the necessary particulars in Annexure-II to this Schedule. The cost of steam consumed by the fertilizers plant and other units of the company shall be calculated on a reasonable basis and applied consistently. Where steam is raised and supplied by any other unit of the company to the fertilizers plant, the cost of steam so supplied shall be charged for fertilizers plant on a reasonable basis and applied consistently. Proper records shall be maintained for the quantity of the ex-thermic heat (waste heat) generated by Sulphuric Acid and other identical reaction plants and supplied to boiler house and any other service plants and credit should be given to the product (s). The credit shall be on a reasonable basis and applied consistently.

4(2)(2) Wherever steam is produced and used by process plants at different (pressure), at a

quantitative records for production and consumption of steam in different plant shall be maintained at actual pressure but the same shall be converted into an equated quantity in terms of one pressure (Low Pressure/Medium Pressure/High Pressure) for the purpose of computation of steam cost and also its allocation to different user departments. Equated pressure (ata) shall be suitably indicated in the cost sheet for steam.

4(2)(3) In case steam is generated in waste heat boiler of the Captive Power Plant, proper records of value of heat so used shall be maintained so that its cost is debited to the steam cost and appropriate credit given to the cost of generated power. Where it is not possible to exactly quantify this heat, this should be done on reasonable technical estimates or other methods like heat per unit of steam consumed in package boiler (main boiler) etc.

#### **4(3) Power-**

4(3)(1) Proper records shall be maintained for the quantity and cost of power purchased. Where power is generated by the company itself, adequate records shall be maintained to show the cost of power generated and consumed for the production of fertilizers in different cost centres and departments etc. These records shall be maintained in such details as may enable the company to furnish the necessary particulars in Annexure-III of this Schedule.

4(4)(2) Where power is generated and supplied by any other unit of the company to the fertilizer plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power allocated to production of fertilizers referred to in rule 2 shall be on a reasonable basis and applied consistently.

#### **4(4) Utilities other than water, steam, and power.**

4(4)(1) Proper records shall be maintained in respect of any other utilities other than water, steam and power produced or purchased by the company to enable the company to furnish the particulars in Annexure I, II or III to this Schedule whichever is appropriate.

4(4)(2) If an utility is purchased, proper records showing the delivered cost upto the work including all direct charges shall be maintained for the quantity and value of each utility purchased.

4(4)(3) Where any other utility is produced and supplied by the other unit to the company, adequate records shall be maintained to assess the cost and quantity of the utility so supplied.

4(4)(4) The cost of utility, if any, supplied to any other unit(s) of the company, shall be calculated on a reasonable basis and applied consistently.

4(4)(5) The cost of any other utility allocated/apportioned to the cost centres and further to the individual products shall be on a reasonable basis and applied consistently.

### **(5) WORKSHOP/REPAIRS AND MAINTENANCE/ TOOLS ROOMS**

5(1) Proper records showing the expenditure incurred by the workshop under different heads and on repairs and maintenance by the various cost centres and departments shall be maintained. The records shall also indicate the basis of charging the workshop/tool room expenses to different cost centers/departments and units, Where maintenance work is done by direct workers of any production cost centers, the wages and salaries of such workers shall be treated as direct expenses of the respective cost center. If the services are utilized for other products also, the manner of charging a share to fertilizer (s) referred to in rule 2 shall be equitable, clearly indicated in records and applied consistently.

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

5(3) Expenditure incurred on works of a capital nature shall be capitalized. The cost of such jobs shall include the expenditure on material, labour and due share of the overheads.

5(4) The jobs carried out by workshops of fertilizers units and for other units of the company shall be charged on a reasonable basis and applied consistently.

### **(6) DEPRECIATION**

6(1) Proper records shall be maintained showing the cost and other particulars of fixed assets in respect of which depreciation is to be provided for. These records shall, inter alia, indicate the cost of each item of asset including installation charges, if any the date of its acquisition, the date of installation, rate of depreciation and the location of each asset. In respect of those assets, the original cost of acquisition of which cannot be ascertained without any unreasonable expenditure or delay, the valuation shown in the books on the first day of the financial year beginning on or after the commencement of these rules shall be taken as cost. Such evaluation shall exclude revaluation of any asset that had been done prior to the

aforesaid date.

6(2) the basis on which depreciation is calculated and allocated/ apportioned to the various cost centers and departments and absorbed on the products shall be clearly indicated in the cost records. Depreciation chargeable to the different cost centers and departments shall be not less than the amount of depreciation chargeable in accordance with the provision of sub-section (2) of section 205 of the companies Act, 1956 (1 of 1956) and shall relate to plant, machinery and other fixed assets utilized in such cost centers and departments. However, the cost of lesser value items of plant and machinery shall be allowed to be completely written off in the year of acquisition up to the limit specified in the Income tax Act, 1961 (43 of 1961). Similarly, hundred percent depreciation shall be charged on assets specified in Schedule XIV to the Companies Act, 1956 (1 of 1956). In case, the amount of depreciation charged the cost accounts in any financial year is higher than the amount of depreciation chargeable under the aforesaid provision of the Companies Act, (1 of 1956), the amount so charged in excess shall be indicated clearly in the cost records. The cost records shall also show the effect of the said excess on the per unit cost of products referred to in rule 2. The cumulative depreciation of asset charged in the cost records, against any individual items of asset, shall not, however, exceed the original cost of the respective asset.

#### **(7) ROYALTY / TECHNICAL KNOW HOW FEE**

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

#### **(8) OTHER OVERHEADS**

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

8(2) Where the company is manufacturing any product(s) other than Shaving Systems referred to in rule 2, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to the Shaving Systems and other activities including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or products, such expenses shall be segregated and charged to the relevant activity or product in the first instance and there after the common expenses under the above categories of overheads shall be apportioned on a reasonable and equitable basis and applied consistently. Overheads chargeable to capital works shall be indicated separately in the cost records. Basis of apportionment or absorption of overheads to the cost centers and products shall be indicated in the cost records.

8(3) The details of works, administration and selling and distribution overheads shall be maintained in such manner as to enable the company to fill up the necessary particulars in Annexure I to III of this schedule and Proformae A to F of schedule I and II annexed to these rules.

#### **(9) CONVERSION COST**

9(1) Proper records shall be maintained for splitting up of conversion cost (the cost of manufacture less direct material cost) into fixed and variable costs for filling the relevant Annexure and proforme in Schedules I and II annexed to these rules.

9(2) when more than one manufacture process is carried out in a particular machine or series of machines, adequate records about the usage of such machine(s) for different products, shall be kept. The cost of using such machines shall be charged to the different products on an equitable basis e.g. equipment occupancy hours. Where composite machine hour rates are applied for absorption of wages, overheads and equipment usage, proper records relating to the utilization of labour and multi-purpose machines for different processes connected with the manufacture of different products shall be kept to enable determination of total machine hours and the amount chargeable to the respective shaving systems referred to in rule 2. The variance between the actual and the amounts charged at pre-determined rates shall be adjusted for arriving at the actual cost of production at the end of the financial year.

## **(10) RESEARCH AND DEVELOPMENT EXPENSES**

10(1) Proper records showing the details of expenses, if any, incurred by the company for the research and development work on the products covered under these rules according to the nature viz, development of products, existing and new; 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.

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

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

## **(11) INTEREST**

Proper records shall be maintained showing interest charges separately on term loan and cash credit/overdraft (working capital). The amount of interest shall be allocated/apportioned to the products covered by these rules and other activities on a reasonable and equitable basis, which shall be followed consistently. The basis of such apportionment shall be spelt out clearly in the cost statements. Basis of further charging of the share of the interest to the various types of such products shall also be reasonable and the same shall be followed consistently.

## **(12) EXPENSES / INCENTIVES ON EXPORTS**

Proper records showing the expenses incurred on the export sales of the products covered by rule 2, if any, shall be separately maintained, so that the cost of export sales can be determined correctly. The expenses incurred on exports as well as, any export incentives earned shall be reflected in the cost statement relating to export sales. Export incentives shall be treated as other income and reflected in the cost records. Separate cost statement as per proforma "C" and "D" in Schedule II annexed to these rules (suitably modified) shall be prepared for products exported giving details of export expenses incurred/ incentive earned. In case, duty free imports are made, the cost statement should reflect this fact. The company should maintain separate priced stock ledgers for the duty free import items and their consumption. If the duty imports have been made after actual production, the statements should reflect this fact.

## **(13) BYE-PRODUCTS**

Proper records shall be maintained for all major items of bye-product produced showing the receipt, issues and balance both in quantity and value. The basis adopted for valuation of bye-product for giving credit to respective process shall be equitable and consistent and should be indicated in the cost records. Records showing the expenses incurred on further processing, if any, as well as actual sales realization of bye-product (s) shall be maintained.

## **(14) JOINT PRODUCTS**

Where more than one product which is of equal economic importance arises from processes, the cost up to the point of separation of products shall be apportioned to joint product on reasonable and equitable basis and shall be applies consistently. The basis on which such joint costs are apportioned to different products arising from the processes shall be indicated in the cost records. The cost of products shall be shown in Proforma B of schedule II annexed to these rule.

## **(15) CAPTIVE CONSUMPTION**

Proper records shall be maintained in Proforma "C" of Schedule II annexed to these rules showing the quantity and cost of items referred to under rule 2 transferred to other department(s) / unit(s) of the company for captive consumption. Such transfers shall be affected at cost and shall be disclosed in the cost records. If however, the transfer of items/ product under rule 2 is made for captive consumption at a valuation other than cost notional profit or loss arising out of such transfer shall also be disclosed in the records.

#### **(16) PACKING (PRIMARY AND SECONDARY)**

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

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

#### **(17) EXPENSES OF CAPITAL NATURE**

Material consumed, wages and other expenditure including appropriate share of overheads incurred in respect of works of capital nature, carried out departmentally, such as additions to plants and machinery and other assets, shall be capitalized under relevant heads.

#### **(18) WORK IN PROGRESS AND FINISHED GOODS STOCK**

The method followed for determining the cost of work in progress and finished goods of Shaving Systems referred to in rule 2, shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. The appropriate share of conversion cost up to the stage of completion shall be taken into account while computing the cost of work in progress. The method adopted for determining the cost of work in progress and finished goods shall be followed consistently. Records showing the cost of works in progress and the quantities and the cost of finished goods shall be maintained in such details as to enable the company to fill up the particulars in Proforma D of Schedule II annexed to these rules.

#### **(19) COST STATEMENTS**

19(1) The product emerging from a process and which forms the Raw Material for a subsequent process shall be valued at the cost of production upto the previous stage and shown in proforma B of schedule 2 annexed to these rules. Separate cost statements shall be maintained for each product which is produced by further processing the output of previous process in the said Proforma B or in any form as near thereto as practicable.

19(2) Separate cost of sales statement in respect of different type/ grades of fertilizers/ intermediate produced and sold, if any, shall be maintained in Proforma "C" of schedule II annexed to these rules. Similarly cost statement as per Proforma "E" & "I" shall be maintained for each product produced and sold.

19(3) If the company is operating more than one plant/ factory separate cost statement as specified above shall be maintained in respect of each plant/factory.

19(4) Export of products referred to under rule 2 shall be exhibited separately in respective cost statement and the same shall be excluded from the cost statements meant for sale in the domestic market.

#### **(20) PRODUCTION RECORDS**

Quantitative records of all finished product grade wise and packed production, issues for sales and/or captive consumption and balances of different grades of fertilizers & intermediates produced by the company shall be maintained. The cost of all finished and packed production shall be kept in detail for each type of product or in the form of control accounts provided the value of the balances according to such control accounts are reconciled periodically at least once in year with the value of the quantities shown in

the quantitative account maintained for each grade of products referred to in rule 2.

## **(21) RECONCILIATION OF COST AND FINANCIAL ACCOUNTS**

21(1) Cost records shall be reconciled with the financial books of account for the financial year as to ensure accuracy. Variations if any, shall be clearly indicated and explained. The reconciliation shall be done in such a manner that profit of the product under reference can be correctly arrived at and reconciled with the overall profit of the company.

21(2) A statement showing the total expenses incurred and income received by the company under different heads of accounts and the share applicable to the products under rule 2 shall be maintained in Proforma F and G of schedule II annexed to these rules and reconciled with the financial accounts for the period.

## **(22) 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 product under such system. The method followed for adjusting the cost variances in determining the actual cost of the product shall be indicated clearly in the cost records. The cost variances shall be shown against the relevant heads in the respective Proforma in schedule II annexed to these rules analyzed into material, labour, overheads and broken up into quantity, price, capacity utilization and shall be made at least quarterly during the financial year. The reason for the variances shall be duly explained in the cost records.

## **(23) RECORDS OF PHYSICAL VERIFICATIONS**

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

## **[(24) INTER-COMPANY TRANSACTIONS**

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

- (a) Purchase and sale of raw materials, finished products, process materials, chemicals and rejected goods including scraps, etc;
- (b) Utilization of plant facilities and technical know-how;
- (c) Supply of utilities and any other services;
- (d) Administrative, technical, managerial or any other consultancy services; (e) purchase and sale of capital goods including plant and machinery;
- (f) Any other payment related to production, processing or manufacturing of product under reference.

These records shall also indicate the basis followed for arriving at the rates charged or paid for such products or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to product under reference.

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

- (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;

- (d) Key management personnel and relatives of such personnel; and
- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

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

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

**Explanation:** -For the purpose of these Rules,

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

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

(c) **"Control" means**

- (i) Ownership, directly or indirectly, of more than one-half of the voting power of an enterprise; or
- (ii) Control of the composition of the Board of Directors in the case of a company or of the Composition of the corresponding governing body in case of any other enterprise; or
- (iii) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

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

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

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

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

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

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

(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."<sup>2</sup>

---

<sup>2</sup> Inserted by G.S.R.738 (E) dated 28<sup>th</sup> September, 2001

25(1) Data regarding available machine hours/direct labour hours in different production departments and actually utilized shall also be maintained and shortfall suitably analyzed. Suitable records for computation of idle time of machines shall be maintained. A statement showing reasons for loss of production due to various reasons shall be prepared in Proforma H of Schedule II annexed to these rules or in any form as near thereto as practicable.

25(2) adequate records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for each type of product or group of products as listed under rule 2, and other activities. Fresh investments on fixed assets that have not contributed to the production during the relevant period shall be indicated in the cost records. The records shall, in addition show assets added as replacement and that added for increasing the existing capacity.

**(26) POLLUTION CONTROL**

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

**SCHEDULE I**  
**(Sec Rule 3)**  
**ANNEXURE – I**

**Name of the Company**

**Name and Address of the factory**

**Statement showing the cost of treated/cooling dematerialized water/effluent treatment during the year ending**

		Unit	Current year	Previous year
	1. Installed capacity			
	2. Production			
	3. Purchases			
	4. Total produced and purchased			
	5. Consumption			
	6. Transit losses			
	7. Production at 2 as percentage of installed capacity mentioned at 1 above			
	8. Transit losses at 6 as a percentage of production at 2 above			

  

S. No.	Particulars	Qty	Rate per unit Rs.	Amount Rs.	Cost per unit Current Year Rs.	Previous Year Rs.
<hr/>						
A. 1.	Raw materials					
	a.					
	b.					
	c.					
2.	Utilities					
	a. Water					
	b. Steam					
	c. Power (purchased/own)					
	d. Other					
<b>Total</b>						
B.	Conversion cost					
	1. Consumable store/chemicals & catalysts					
	2. Salaries & Wages					
	3. Repairs and Maintenances					
	4. Factory overhead					
	5. Administration overhead					
	6. Depreciation					
	7. Total overhead (fixed/variable)					
C.	Credit, if any					
D.	<b>Net total</b>					
E.	Net transferred/sold					
	a. Demineralised water plant					
	b. Steam generation plant					
	c. Captive power plant					
	d. Intermediate plant					
	e. End product plant					
	f. For non plant use					
	g. Other					
<b>TOTAL</b>	<b>(as per item D above)</b>					

**Notes:** 1. Separate cost sheet is to be prepared for each utility as well as effluent treatment.

2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges on borrowing including debentures shall be shown in proforma C, E, F & I only.

**SCHEDULE I**  
**(Sec Rule 3)**  
**ANNEXURE – II**

**Name of the Company**

**Name and Address of the Factory**

**Statement showing the cost of steams raised/consumed during the year ending**

		Current Year	Previous Year		
1. Installed capacity 2. Production <ul style="list-style-type: none"> <li>a. High pressure steams</li> <li>b. Medium pressure steam</li> <li>c. Low pressure steam</li> <li>d. Transit steam</li> <li>e. Total</li> </ul> 3. Production at 2 as a percentage of installed capacity mentioned at 1 above *Indicate the steam pressure					
S. No.	Particulars	Qty	Rate per unit	Amount	Cost per tonne of steam raised
					Current Yr    Previous Yr
			Rs _____	Rs _____	Rs _____    Rs _____
1	2	3	4	5	6                      7
A. 1. Water 2. Fuels <ul style="list-style-type: none"> <li>a. Coal</li> <li>b. Fuel oil</li> <li>c. Electricity</li> <li>d. Other</li> </ul> 3. Qty of waste heat from plant, if any <b>Total (1 to 3)</b> B. CONVERSION COST <ul style="list-style-type: none"> <li>1. Consumable stores/chemicals &amp; catalysts</li> <li>2. Salaries &amp; wages</li> <li>3. Factory overhead</li> <li>4. Administration overhead</li> <li>5. Depreciation</li> <li>6. Total conversion cost</li> <li>7. Fixed/Variable Conversion cost</li> </ul> C. Credit, if any D. Net qty and cost of live steam E. Consumed in <ul style="list-style-type: none"> <li>1. Processing departments               <ul style="list-style-type: none"> <li>a.</li> <li>b.</li> <li>c.</li> </ul> </li> <li>2. Services               <ul style="list-style-type: none"> <li>a.</li> <li>b.</li> </ul> </li> <li>3. Other, if any</li> </ul>					

**Notes:**

1. If any steam is supplied to any other outside party, necessary credit for recoveries shall be given against item C.

2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment or the same during the period and interest charges on borrowing including debentures shall be shown in Proforma C, E, F, G & I only.
3. The rate at which waste heat is evaluated vide item A3 of this annexure should be indicated giving details of cost center from which transferred.
4. Basis adopted for valuation of Steam at different pressure be also indicated in the records.

**SCHEDULE I**  
**(Sec Rule 3)**  
**ANNEXURE – III**

**Name of the Company**  
**Name and Address of the Factory**  
**Statement showing the cost of power generated, purchased, and consumed during the year ending**

		Current Year			Previous Year	
<ol style="list-style-type: none"> <li>1. Installed capacity (MW)</li> <li>2. No. of units generated (KWH)</li> <li>3. Capacity utilization (Percentage)</li> <li>4.1 Consumption in power house (KWH)</li> <li>4.2 Other losses (KWH)</li> <li>5. No. of units purchased (KWH)</li> <li>6. Net unit available for consumption (KWH)</li> <li>7. Percentage of losses to total power generated and purchased</li> </ol>						
S. No.	Particulars	Qty	Rate per unit Rs.	Amount Rs.	Cost per unit	
					Current year Rs.	Previous year Rs.
1	2	3	4	5	6	7
<p>A. 1. a. Fuel oil</p> <p style="padding-left: 20px;">b. Other materials</p> <p style="padding-left: 20px;">c. Other direct charges</p> <p>B. Conversion Cost</p> <ol style="list-style-type: none"> <li>1. Consumable Stores/chemicals and catalyst</li> <li>2. Salaries &amp; wages</li> <li>3. Repairs &amp; Maintenances</li> <li>4. Factory overhead</li> <li>5. Administrative overhead</li> <li>6. Depreciation</li> <li>7. Total conversion cost (1 to 6)</li> <li style="padding-left: 20px;">7.1 Fixed conversion cost</li> <li style="padding-left: 20px;">7.2 Variable conversion cost</li> </ol> <p>C. Credit, if any</p> <p>D. Net cost power generated (A+B-C)</p> <p>E. Power purchased</p> <p>F. Total (D+F)</p> <p>G. Average cost per unit</p> <p>H. Consumed in</p>						
S. No.	Particulars	Qty	Amount			
1						
2						
3						
4 etc.						
Total as per F.						

**Notes:=**

1. Cost per unit shall be worked out with reference to net units of power for use after deducting consumption in the power house and other losses.
2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment or the same during the period and interest charges on borrowing including debentures shall be shown in Proforma C, E, F, G & I only.
3. Realization if any, by sale of power to outside parties etc. shall be shown separately.
4. In case meters are not installed, consumption of power by the different cost centers/ departments shall be assessed on a reasonable basis and applied consistently.
5. If rate of duty or cost of input is different according to end use, these should be loaded to the respective user department and suitably indicated in this statement.
6. If purchased power is used in a specific plant, its allocation should be shown accordingly.

**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA A**

Name of the Company

Name of the fertilizer unit

Statement showing the cost of production of process/chemical/intermediate as detailed below in the manufacture of fertilizer (Specify the name)

	Unit	Current Year	Previous Year
1. Name of the process material			
2. Licensed capacity			
3. Installed capacity			
4. a. Production			
b. Less self consumption			
c. Net production			
5. Capacity utilization			
6. Major input			
A			
B			
C			
7. Major output			
A			
B			
C			
8. Bye-product (Specify)			
9. Yield percentage			

S. No.	Particulars	Unit	Qty	Rate per Amount		Cost per unit				% variation from standard					
				Unit	Rs.	Current Yr		Previous Yr		C.Yr.	P.Yr.				
				Rs.	Rs.	Std	Act	Std	Act	C.Yr.	P.Yr.				
						qty	cost	qty	cost	qty	cost				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

**A. 1. Direct materials consumed**

    a. Feed

        i)

        ii)

        iii)

    b. Fuel

        i)

        ii)

        iii)

    c. Others

        i)

        ii)

        iii)

**Total (a to c)**

**2. Utilities**

    a. Process water

    b. Demineralised water

    c. Steam

    d. Power purchased

    e. Power generated

    f. Other (Specify)

- Total (a to f)**
3. Chemicals, consumable & catalyst  
Total
- B. Conversion cost
1. Salaries & wages
  2. Repair & Maintenances
  3. Insurances
  4. Factory overhead
  5. Administrative overhead
  6. Quality control
  7. Royalty
  8. Research
  9. Depreciation
  10. Total conversion cost
- B.1. Fixed conversion cost
- B.2. Variable conversion cost
- C. Adjustment:
1. For the difference in the value of opening & closing work-in-progress
  2. Cost variances
- Total (A+B+C)**
- D. Less:
1. Realizable value of by-product, if any
  2. Other credit, if any
- E. Cost of production
- F. Stock Adjustments
- Add: opening stock
- Less: Closing stock
- G. Cost of self-manufactured intervenient
- H. Net transferred to
1. Urea plant
  2. Weak nitric acid/concentrated nitric acid
  3. Calcium Ammonium Nitrate/ Ammonium Chloride/ Ammonium Sulphate
  4. Complex fertilizer plant (Each Grade)
  5. Sale for agriculture use as fertilizer
  6. Sale for industrial/non-agriculture use
  7. Others (specified)

---

Total:

---

**Notes:-**

1. Separate cost sheets shall be maintained in respect of each process material/ intermediate/ chemical like ammonia, sulphuric acid (100%), phosphoric acid (100%), nitric acid etc produced.
2. Yield percentage to be given separately for each main output with respect to main inputs.
3. Supplementary cost sheets should be attached showing the actual rates of the cost of inputs in case they are different for such quantity which has been used for non fertilizer/ non agriculture use.
4. The basis on which realizable value is determined for the bye-products shall be clearly indicated in the cost records.
5. Abnormal losses, if any, shall be indicated both in quantity and cost in separate statement.
6. Details of direct material used are to be disclosed under item A.1.
7. If part of the product is sold, details of quantity, prices and value thereof shall be shown in the records.
8. Reasons for variation between standard and actual shall be clearly recorded. Circumstances leading to revision of standard shall also be indicated in the form of a footnote.
9. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment or the same during the period and interest charges on borrowing including debentures shall be shown in Proforma C, E, F, G & I only
10. In case internally manufactured material is sold, profit on such sales shall be indicated taking into account the cost of sales and average sales realization of the product.
11. Loss or profit on sale of self manufactured ingredients/ intermediates should be shown separately.

**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA B**

Name of the Company  
Name and Address of the Fertilizer Factory  
Statement showing the cost of production of  
(Specify the name of fertilizer) during the year ending

	Unit	Current Year	Previous Year
1. Licensed capacity			
2. Installed capacity			
3. Production			
4. Capacity utilization			
5. Major input			
6. Major output			
7. Yield percentage to major input			

S. No.	Particulars	Unit	Qty	Rate per Amount		Cost per unit				% variation from standard	
				Unit	Rs.	Current Yr		Previous Yr		C.Yr.	P.Yr.
				Rs.	Rs.	Std	Act	Std	Act	C.Yr.	P.Yr.
						qty	cost	qty	cost	qty	cost

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----

- A.1. Raw materials/intermediates
  - a.
  - b.
  - c.
- 2. Utility
  - a. Power
    - 1. Purchased
    - 2. Generated
  - b. Steam
  - c. Water
    - 1. Demineralized water
    - 2. Cooling
  - d. Fuels
  - e. Other
  - Total**
- 3. Chemicals, consumable & catalyst
  - Total
- B. Conversion Cost
  - 1. Salaries & Wages
  - 2. Repairs & Maintenances
  - 3. Insurance
  - 4. Factory overhead
  - 5. Administrative overhead
  - 6. Royalty
  - 7. Qty control
  - 8. Research & Development
  - 9. Depreciation
- B. Total conversion cost
  - B.1. Fixed conversion cost
  - B.2. Variable conversion cost

- C. Adjustment for:
1. Opening & Closing work-in-progress
  2. Cost variances
- Total (A+B+C)**
- D. Less:
- a. Realizable value of bye products
  - b. Other credit
- E. Cost of production
- 

**Notes:-**

1. Separate cost statements shall be maintained in respect of each type/ grade of product produced.
2. In case, a joint product is sold without further processing, details in regard to quantities sold, cost of sales and average sales realization etc shall be indicated in appropriate statement. If these are further processed separate cost statement as per this proforma or any other form as near thereto shall be prepared.
3. The basis on which cost is apportioned to joint-products shall be indicated in this proforma.
4. Basis of valuation of by-products for credit to the process/ product should be indicated
5. Reasons for variation between standard and actual shall be clearly recorded. Circumstances leading to revision of standard shall also be indicated in the form of a footnote.
6. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment or the same during the period and interest charges on borrowing including debentures shall be shown in Proforma C, E, F, G & I only
7. Modvat benefits, if any availed by the company should be indicated showing their impact on the cost of sales.
8. Separate cost sheet shall be maintained in respect of process material if it is manufactured by using different basic raw materials and/ or intermediates so as to determine the cost of such process material.

**SCHEDULE II**  
(Sec Rule 3)  
**PROFORMA C**

Name of the Company  
Name and Address of the Factory  
Statement showing the cost of sales  
Sold during the year

	Current year	Previous year
A. Qty used for captive consumption by the company		
B. Qty packed		
C. Qty sold		
1. Packed		
2. Naked/Bulk		
3. Total		

S. No.	Particulars	Unit	Qty	Rate per unit	Total cost	Cost per unit	
				Rs.	Rs.	Current year Rs.	Previous year Rs.
1	2	3	4	5	6	7	8

1. Cost of product vied Proforma B
2. Packing cost
  - a. Bags
  - b. Threads/spools
  - c. Salaries & wages
  - d. Repairs & Maintenances
  - e. Factory overhead
  - f. Administrative overhead
  - g. Depreciation

**Total packing cost (a to g)**
3. Stock Adjustment
  - Add: Opening stock
  - Less: Closing stock
4. Cost of packed qty transferred to sales
5. Cost of naked/Buld qty transferred to sales
6. Selling & distribution exp (For qty sold only)
  - a. Salaries & wages
  - b. Commission of selling agents
  - c. Freight and transport charges
  - d. Godown rent
  - e. Publicity
  - f. Other exp
  - g. Others
7. Total selling & distribution exp
  - 7.1 Fixed selling & distribution exp
  - 7.2 Variable selling & distribution exp
8. Interest charges
9. Other exp not include in cost
10. Less: Other income not considered in cost
11. Total exp excluding excise duty for qty sold within the country
12. Excise duty
- 13. Total sales realization**

- a. Including excise duty
  - b. Excluding excise duty
  - 14. Net realization for customer
    - a. Sales Price
    - b. Less Dealer's margin
    - c. Net
  - 15. Retention price as fixed by the Govt.  
(Specify the period for which relevant)
  - 16. Product subsidy from Govt.
  - 17. Freight/any other reimbursement
  - 18. Total realization (15+16+17)
  - 19. Margin (18-14)
- 

**Notes: -**

- 1. Separate cost statement shall be maintained in respect of each type and grade of fertilizer/chemical/bye-product sold.
- 2. Separate cost statements in this Proforma shall be maintained for fertilizers sold for non-agriculture purpose, which attract higher input price and non-confessional duties.
- 3. The basis of apportionment of common selling and distribution expenses to the product in case of multi product units shall be equitable and applied consistently.
- 4. Sales realization for quantities sold at prices notified/ fixed by Government and at prices fixed by the Company shall be indicated separately.
- 5. Separate cost statement under this proforma shall be maintained in respect of all items referred to under rule 2 if exported wherein expenses incurred on exports and incentive earned thereon, shall be shown clearly.



**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA E**

Name of the Company

Name and Address of the Factory

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

S. No.	Name of The Fertilizer	Qty issue for sale Qty	Value	Packing	selling and Distribution	Interest	Minimum Statutory	Bonus Other than minimum Statutory
--------	---------------------------	---------------------------	-------	---------	-----------------------------	----------	----------------------	--

1	2	3	4	5	6	7	8(a)	8(b)
---	---	---	---	---	---	---	------	------

1  
2  
3  
4  
etc.

Total

Gratuity	Oth. Exp. Net of oth. Income Rs.	Total cost Of sales Rs.	Sales Realization Rs.	Margin		Cost of Sales per unit Rs.	Previous Year	
				Total	Per unit		Sales	Margin
				Rs.	Rs.		Rs.	Rs.

9	10	11	12	13	14	15	16	17
---	----	----	----	----	----	----	----	----

1  
2  
3  
4  
etc.

Total

**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA F**

Statement showing the allocation of total exp incurred and income received by the company as per financial accounts between the products covered under these Rules and other activities during the year ended

S. No.	Particulars	Total as per Financial Accounts	Direct exp Allocated in		Utility		
			Products covered Under the rules	Other activities	Water	Steam	Power
1	2	3	4	5	6	7	8
<b>A. Expenditure</b>							
	1.	Direct materials consumed					
	2.	a. Process materials					
		b. Packing materials consumed					
	3.	Salaries, Wages & Bonus					
	4.	Co.'s Contribution to provided and other funds					
	5.	Welfare					
	6.	Stores & spares parts					
	7.	Power & Fuels					
	8.	Other Utilities					
	9.	Repairs:					
		Building					
		Plant & Machinery					
		Others					
	10.	Other expenses					
	11.	Rent					
	12.	Rates & Taxes					
	13.	Insurances					
	14.	Traveling					
	15.	Advertising exp					
	16.	Handing, packing carring and freight					
	17.	Commission and discount Royalties & Service charges					
	18.	Other (to be specified)					
	19.	Depreciation					
	20.	Interest					
	21.	Opening stock					
		a. Work-in-progress					
		b. Finished stock					
	22.	Less: Closing stock					
		a. Work-in-progress					
		b. Finished stock					
<hr/>							
Total:							
<hr/>							
	B. 1.	Sales					
	2.	Other income					
<hr/>							
Total							
<hr/>							
C. Margin							
<hr/>							

Compressed Air	Treated Water	Effluent Treatment	other to be specified	Factory overheads	Admin overheads	Packing	Selling & distribution overheads
9	10	11	12	13	14	15	16

Bonus other than Incentive bonus	Gratuity Provision paid	Interest charges	Other expenses	WIP Adjustment	Finished Goods Adjustments
17	18	19	20	21	22

**Notes: -**

1. Item details in column are illustrative and not exhaustive. While by and large expenses head may conform to items as mentioned in column (2). Wherever expenses are classified under other heads, these may be given on the basis of provisional financial accounts.
2. Details of utilities mentioned in column Nos. 6 to 11 are illustrative only.
3. in case financial accounts have not been audited, figures in column (3) may be given on the basis of provisional financial accounts.

**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA G**

Name of the Company

Statement showing the allocation of total exp/income of the company between products covered under Rule 2 and other activities during the year ending

S. No.	Particulars	Total exp	Share applicable To products covered Under rule 2	Share applicable to other activities
1	2	3	4	5
	1. Direct materials consumed			
	2. Process materials consumed			
	3. Consumable stores & spares			
	4. Direct salaries & wages			
	5. Utilities			
	a. Power			
	b. Fuel			
	c. Steam			
	d. Effluent treatment			
	e. Other			
	6. Repairs & Maintenances			
	7. Depreciation			
	8. Work overheads			
	9. Administration overhead			
	10. Adjustment for difference between opening & closing work-in-progress			
	11. Less credit for recoveries			
	12. Less self consumption, if any			
	13. Stock adjustment for different between opening & closing goods			
	<b>14. Total</b>			
	15. Packing exp			
	16. Interest charges			
	17. Selling and distribution exp			
	18. Annual bonus to employees other than incentive bonus			
	a. Minimum statutory			
	b. Other than minimum statutory			
	19. Statutory gratuity			
	20. Any other exp not including in cost			
	21. Less: Any other income no conceded			
	22. Total excluding benefit			
	23. Less: Export benefit, if any			
	24. Net sales realization			
	<b>25. Margin</b>			

**Notes: -**

1. Figures in column 3 shall be the same as those shown in column 3 item A, item B and item C of Proforma F.
2. All items of income and expenditures in the Proforma shall be reconciled with the financial account for the relevant period.

**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA H**

Name of the Company  
Name and Address of the Factory  
Statement showing reason for loss production during the year ending  
Name of the Section

Reason for loss of product ion	Production losses HRS Qty	Under utilization of Installed capacity	Remarks
1	2	3	4
1. Routing plant maintenance (indicate the nature of maintenance)			
2. Unforeseen break down of plant and machinery			
3. Shortage of raw materials			
4. Power failure			
5. Strike lock out etc.			
6. Any other reason			

\* Data in accordance with the above proforma shall be maintained separately for each production section and for utilities such as power house, boiler units etc.

**SCHEDULE II**  
**(Sec Rule 3)**  
**PROFORMA I**

Name of the Company  
Name and Address of the factory  
Statement showing summary of cost of production, cost of sales, sales realization margin obtained per unit for the year ended

S. No.	Particulars	Products (Specify)		
		1	2	3
1.	Materials			
	A			
	B			
	C			
2.	Less			
	a. Credit for bye product			
	b. Scrap/rejection			
3.	Conversion cost			
	a. Variable			
	b. Fixed			
	c. Total			
4.	Adjustment for opening & closing work-in-progress			
5.	Total cost of production			
6.	Adjustment for opening & closing stock of finished goods			
7.	Selling & distribution exp			
8.	Packing cost			
9.	Cost of sale			
10.	Other exp			
11.	Total cost			
	Current year			
	Previous year			
12.	Average sales realization			
	Current year			
	Previous year			
13.	Margin			
	Current year			
	Previous year			

[F No. 52/01CAB-2001]  
A. Ramaswami, Jt. Secy.

**Footnote:-**

The principal rules were published vide GSR 261(E) dated 23<sup>rd</sup> March 1993 and subsequently amended vide:-

1 GSR 458(E) dated 3<sup>rd</sup> August 1998