

**Note :Cost Accounting Records (Infant Milk Foods) Rules,1974 and Cost Accounting Records (Milk food) Rules,1986 were merged vide notification no. G.S.R. No. 704(E) dated 28.9.2001**

**(DEPARTMENT OF COMPANY AFFAIRS) NEW DELHI,  
THE 25TH SEPTEMBER, 1986  
COST ACCOUNTING RECORDS (MILK FOOD) RULES 1986.**

G.S.R. 866.-In exercise of the powers conferred by sub-section (1) of section 642 read with clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956), (hereinafter referred to as the Act), the Central Government hereby makes the following rules, namely :

1. Short title and commencement.-
  - (a) These rules may be called the Cost Accounting Records (Milk Food) Rules, 1986.
  - (b) They shall come into force on the date of their publication in the official Gazette.
2. [Application – (1) These rules shall apply to every company engaged in the production, processing or manufacture of Infant Milk Food or Milk Food as malted milk food, energy food or food drink under any brand name excepting those companies falling under the category of “Small Scale Industrial Units”<sup>1</sup>.

**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 where in 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 presenting financial year]<sup>2</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.]<sup>3</sup>
- (3)[ For the purposes of these rules.

(a) “Infant Milk Food” includes all types of milk food intended for the routine, complementary or supplementary food of infants and children up to the age of five years and other types of modified milk foods for infants which are intended for the feeding of infants and children during the treatment of gastro-intestinal disorders;

(b) “Milk Food” means any food produced by mixing whole milk, partly skimmed milk or milk powder with ground barely malt or any other malted cereal grain, wheat flour or any other cereal flour or malt extract, with or without addition of flavouring agents and spices, edible common salt, sodium or potassium bicarbonate minerals and vitamins, cocoa powder, sugar or sweetening agents or other edible materials]<sup>4</sup>

<sup>1</sup>Substituted by G.S.R. No. 661(E) dated 8<sup>th</sup> October,2004

<sup>2</sup> Replaced by G.S.R.425 (E) dated 3<sup>rd</sup> August1998.

<sup>3</sup> Inserted by G.S.R.298 (E) dated 24<sup>th</sup> March 1993.

<sup>4</sup>Substituted by G.S.R. No. 661(E) dated 8<sup>th</sup> October,2004

3. Maintenance of Records.-(1) Every company to which these rules apply shall, (in respect of each of its) from the first financial year commencing (on/or) after the commencement of these rules [till the 31<sup>st</sup> day of March, 2002 or the close of the relevant financial year in 2002]<sup>5</sup>, keep (proper) books of account containing, (inter-alia) the particulars specified in Schedule I and Schedule II annexed to these rules or in a form as near thereto as practicable, relating to the utilisation of materials, labour and other items of cost in so far as these are .applicable to, milk food referred' to in rule 2.

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

[(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, 2002, keep proper books of account relating to utilization of materials, labour and other items of cost insofar as they are related to the production or manufacture or processing of Milk foods. The books of account, so maintained shall contain, inter alia, the particulars specified in Schedule III annexed to these rules and Proformae A, B, C, and D mentioned in the said Schedule:

Provided that if the said company is manufacturing any other product(s) or is engaged in other activities in addition to manufacture of product under reference, the particulars relating to utilization of materials, labour and other items of cost in so far as they are related to the manufacture of such other products or activities shall not be included in the determination of cost of Milk food referred to in rule 2.

(2B) The books of account referred to in sub-rule (2A) 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 sales of each type of Milk food referred to in rule 2, produced, processed or manufactured for every financial year from the particulars entered therein. Every such books of account and the Proforma 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 it relate.

(2C) The statistical and other records shall be maintained in accordance with the provisions of the Schedule III which shall be such as to enable the company to exercise, as far as possible, control over the various operations and costs with a view to achieve optimum economies in 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]<sup>6</sup>

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<sup>5</sup> Inserted by G.S.R. No. 704(E) dated 28.9.2001

<sup>6</sup> Inserted by G.S.R. No. 704(E) dated 28.9.2001

(3) The books of account referred to in sub-rule (1) shall be maintained in such a manner as to make it possible to calculate the cost of production and cost of sale of the milk food for every quarter of the financial year (hereinafter referred to as the relevant period) as well as for the entire financial year from the particulars entered therein and every such book of account and the proforma specified in Schedule II shall be completed not later than ninety days from the closing of the financial year of the company to which they relate.

(4) 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), (3), (2A), (28) and (2C)] in the same manner as he is liable to maintain accounts under sub-section (1) of section 209 of the Act.

(5) Statistical and other records shall also be maintained in compliance with the provisions of Schedules I and II which shall be such as to enable the company to exercise as far as possible, control over the various operations and costs with a view to achieving optimum economies in costs and provide the 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, Director General of Technical Development and other authorities from time to time.

4. Penalty.-If a company contravenes the provisions of rule 3, the company and every officer who is in default including the persons referred to in sub rule (4) 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 such contravention continues.

## **SCHEDULE I** **(See Rule 3)**

### **1. Material:**

1(1). Direct Materials.-1(1)(1). Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of cocoa beans barley, barley malt, wheat malt, pepsin, barley milk powder, diary butter, sugar required in the manufacture of different types of milk food, The cost of such materials shall be kept gradewise and shall include all direct charges incurred upto the works. Such records shall be maintained separately for purchases both from indigenous and foreign sources including materials canalised through Government agencies. In case of imported materials, details of EO.B. price, freight and insurance charges (CIF value) custom duty, port charges, inland freight charges paid shall be recorded separately. The basis on which the said quantities and cost of issues and consumption of all material have been calculated shall be indicated in the cost records;

1(1)(2). Proper records shall be maintained for determining the cost of collection of cocoa beans, and processing into dry beans. The cost of dry beans delivered at the factory shall include the costs of processing of wet beans and other incidental charges incurred thereon

and transportation expenses from the processing sites to the factory.

1(1) (3). Proper records shall be maintained showing the quantity and cost of wet milk procured at the different collection centres. Details showing the premiums paid for higher Fat Solid Non-Fat content in milk and deductions made for lower fat 'SNF' content shall also be kept. The cost records for wet milk shall contain such details as to enable the company to determine the quantity and cost of receipts (including all direct charges incurred upto the works), issues and balances. The data shall be maintained in such a manner as to enable the company to furnish the necessary particulars in proforma 'A' of Schedule II.

1(1) (4). The rate charged for wet milk consumed for the manufacture of milk foods skimmed milk powder and for any other products shall be based on actual fat SNF content of the relevant quantity of milk consumed for the manufacture of such products.

1(1) (5). Where the company operates its own transport for the transportation of wet milk, long books shall be maintained to- furnish the necessary particulars as contained in Annexure VI to this Schedule or in a form as near thereto, as practicable.

1(2). Process Materials.-1(2)(1). Proper records shall be maintained to show the receipts, issues and balances both in quantities and cost of each item of process material such as Sodium Bicarbonate, Ethylene Vanillate, sugar, protein and other chemicals. The costs shall include. all direct charges incurred upto works. The issues shall be properly identified with the Departments, cost centres and products.

1(3). Recoveries of process materials.-1(3)(1). Proper records shall be maintained indicating the quantity and value of process materials recovered in different processes such as cocoa butter. In the case of process materials, thus recovered, which cannot be reused in the process and are sold or used as raw material for production of other items such as chocolates in the case of cocoa butter, the realisation from such sales or the value adopted for transfer such as sale or purchase price shall be recorded and adjusted against the process concerned.

1(4). Consumable stores, small tools, machinery spares etc.-1(4)(1). Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, small tools and machinery spares. The cost shall include all direct charges upto works.

1(4)(2). In the case of consumable stores and small tools, the costs of which are insignificant, the company may, if it so desires, maintain such records for the main group of such items.

1(4)(3). Proper records shall be maintained for valuation of trays made of mild steel or other material which are used and consumed for collecting material mix before it is cooked in vacuum and converted into milk food.

1(4) (4). The costs of consumption of consumable stores, small tools, and machinery spares shall be charged to the relevant heads of accounts such as production, repairs to plant and machinery, repairs to buildings etc. Materials consumed on capital works such as additions to buildings, plant and machinery and other assets shall be shown under

relevant capital heads.

1(5). Wastages, spoilages, rejections, losses etc. of materials.-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 the income derived from the disposal of rejected and waste materials including spoilage, if any, in determining the cost of the product shall be indicated in the cost records.

## **2. Salaries and Wages**

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

- (a) Overtime wages earned;
- (b) Piece-rate wages earned;
- (c) incentive wages earned. either individually or collectively as production bonus or under any other scheme based on output;
- (d) earning of 'casual labour.

2(2). Records shall be maintained in such a manner as to enable the company to furnish necessary particulars under this head in the various Annexure and Proformae. 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 therefor. The method followed for accounting of idle time payments in determining the cost of the product 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.

## **3. Service Department Expenses**

3(1). Detailed records shall be maintained to indicate expenses incurred, for each service department or cost centre. These expenses shall be apportioned' to other service and production department on an equitable basis and applied consistently. Where these services are utilised for other products of the company, the basis of apportionment to milk food and other products shall be equitable, clearly indicated in the cost records and applied consistently.

3(2). Water.-Proper records showing the quantity and cost of water treated and consumed for the manufacture of milk food 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. The cost of' treated water apportioned to the departments concerned shall be on a reasonable basis and applied consistently.

3(3)1. Steam.-Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed in the production of milk food 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 milk food 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 milk food plant, the cost of steam so supplied shall be charged to the milk food activity on a reasonable basis and applied consistently.

3(4). Power.-3(4)(i). 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 milk food in different cost centres, departments etc. These records shall be maintained in each detail as may enable the company to furnish the necessary particulars in Annexure III to this Schedule.

3 (4)(2). Where power is generated and supplied by any other unit of the company to the milk food plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The rate charged by that unit, shall be on a reasonable basis and applied consistently. The cost of power allocated to production of milk food shall be on a reasonable basis and applied consistently.

3(5). Effluent Treatment.-Proper records shall be maintained to indicate the cost of running the effluent treatment plant. Records shall be so maintained as to enable the company to furnish necessary particulars in Annexure IV of this Schedule. Apportionment of this expense between milk food and other products of the company shall be equitable, clearly indicated in the records and applied consistently.

3(6). Air-conditioning.-Proper records shall be maintained to assess the cost of running the air-conditioning plant and where air-conditioning facilities are used in other cost centres besides milk food, apportionment of air-conditioning expenses between milk food and other products shall be equitable, clearly indicated in the records and applied consistently. The records of all expenses of air-conditioning shall be maintained as to enable the company to furnish necessary particulars in Annexure V of this Schedule.

3(7). Research & Development/Quality control expenses. Proper records showing details of expenses, if any, incurred by the company for research and development work on milk food according to the nature, namely development of products, existing and new; processes of manufacture, existing and new; design and development of new plant facilities, and market research for the existing and new products shall be maintained separately. Where the utility of such work extends over more than one financial year, such expenses shall be treated as deferred expenses and charged to cost of production of milk food and other products on a reasonable basis and applied consistently. Where milk food products are subject to periodic quality check in quality control or applied departments, necessary records shall be maintained to enable the company to determine the share of expenses chargeable to milk food activity / product.

#### **4. Workshop/Repair and Maintenance**

4(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 indicate the basis of charging the workshop expenses to different cost centres and departments. If the services are utilised for other products also, the manner of charging a share to milk food shall be equitable clearly indicated in records and applied consistently.

4(2). Expenditure on major repair work 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.

4(3). Expenditure incurred on works of a capital nature shall be capitalised. The cost of such jobs shall include the expenditure on material, labour and due share of the overheads.

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

#### **5. Depreciation**

5(1). Proper records shall be maintained showing the cost and other particulars of fixed assets in respect of which depreciation is to be provided. These records shall, inter alia, indicate the cost of each item of asset including installation charges, if any, the date of installation and rate of depreciation. In respect of those assets, the original cost of which cannot be ascertained without any unreasonable expenditure or delay, the valuation shown in the books on the first day of the financial year beginning on or after the commencement of these rules shall be taken as the book value. Such a valuation shall exclude revaluation of any assets that had been done prior to the aforesaid date.

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

## **6. Royalty/Technical know-how fee**

6(1). 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 party. The basis of charging such amounts including one time payments, to the products shall be indicated in the cost records.

## **7. Packing**

7(1). Proper records shall be maintained showing the quantity and cost of various packing materials such as glass jars, tins, refill cartons, corrugated paper sheets and boxes and for wages and other expenses incurred in packing of different sizes of packs adopted for marketing of milk food. If such packing materials are manufactured by the company, proper records showing the cost of production of such items shall be maintained.

7(2). Where packing expenses are incurred commonly for milk food and other products, the basis of apportionment of such expenses shall be equitable and clearly indicated in the cost records and applied consistently.

7(3). Separate records of special expenses incurred on export packing in respect of milk food shall be maintained and exhibited in the relevant cost of sales statement for exports, as shown in Schedule II of the rules.

## **8. Other Overheads**

8(1). Proper records shall be maintained showing the various items of expenses comprising overheads. These expenses shall be analysed, classified and grouped into work administration, distribution and selling overheads. Where the company is engaged in the manufacture of other products in addition to milk food, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to milk food activity and other activities. In case any expense included in the above categories of overheads can be identified with a particular activity or product such expenses shall be segregated and charged to the relevant activity or product at the first instance and thereafter the common expenses under the above categories of overheads shall be apportioned on an equitable basis and applied consistently. Overheads chargeable to capital works shall be indicated separately in the cost records. The records shall be so maintained that it shall be possible for the company to furnish the necessary details in the various annexures and proforma.

## **9. Conversion Cost**

Proper records shall be maintained for splitting up of conversion costs (the cost of manufacture less direct material cost) into fixed and variable cost for filling the relevant proforma in Schedule II.

## **10. interest'**

Proper records shall be maintained showing Interest charges. The amount of interest shall be allocated to milk food and other activities on a reasonable and equitable basis which

shall be followed consistently. The basis of such allocation shall be spelt out clearly in the milk food cost statements. Basis for further apportionment of the share of interest for milk food to different sizes, grades and qualities thereof shall also be reasonable, and equitable and the same shall be followed consistently.

### **11. Expenses on Export**

Proper records showing the expenses incurred on the export of milk food, if any, shall be separately maintained so that the cost of export sales can be determined correctly. The expenses incurred on exports as well as any export incentive earned shall be reflected in the cost statement relating to export sales. The details shall be kept in such a manner that it shall be possible for the company to fill up the relevant cost data as per proforma 'K' of Schedule II.

### **12. Malted Milk Food transferred for captive consumption**

Proper records shall be maintained showing the quantity and cost of milk food transferred to other departments / units of the company for self-consumption. Such transfer shall ordinarily be effected at cost to be disclosed in the cost records. If, however the transfer of milk food is made for captive consumption at a valuation other than *cost*, the notional profit or loss arising out of such transfer shall also be disclosed in the cost records.

### **13. Work-in-Process and finished goods stock**

The method followed for determining the cost *of* work in process and finished goods stock shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. The cost of work-in-process shall, as far as possible, include, in addition to direct material, due share of conversion cost. The method adopted shall be followed consistently.

### **14. Cost Statements**

Separate cost statements shall be maintained in respect of each brand of milk food produced and for each type of pack as glass bottle; refill carton, tins etc. showing the actual cost of production and cost of sales in proforma 'F', 'G' and 'J' of Schedule II respectively.

For milk food exported, cost-cum-sales realisation statement shall be exhibited separately in Proforma 'K' of Schedule II and the same shall be excluded from the cost statements meant for sale in the internal market.

14(2). Transfer *of* finished product which forms the input for manufacture of subsequent product shall be made at the cost of production of such finished product.

### **15. Reconciliation of cost and financial accounts**

15(1). The cost records shall be reconciled periodically with the financial books of account so as to ensure accuracy on a quarterly as well as annual basis. The reconciliation shall be done in such a manner that the profitability of the product under reference can be correctly adjudged and profit Or loss of the product reconciled with the

over a 11 profits or losses of the company.

15(2). A statement showing the total expenses incurred and the income received by the company and the share applicable to milk food activity shall be maintained in Proforma 'M' and 'N' of Schedule II.

## **16. Adjustment of Cost variances**

Where the company maintains cost records on any basis other than actuals, such as standard *costing*, the record shall indicate the method followed by the company *in* working out the cost of the products under such method. The method followed for adjusting the cost variances *in* determining the actual cost of the product shall be indicated clearly in the cost records. The cost variances shall be shown against the relevant heads *in* the respective proforma of Schedule II. The reasons for variances shall be indicated in the cost records.

## **17. Records of physical verification**

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

## **18. Inter-company transactions**

18(1). In respect of *supplies* made or services rendered by the company to its holding company or a subsidiary or company under the same management as defined in section 370(1B) of the Act or a company in which Director of the company is also a Director in such *companies* and vice-versa, records shall be maintained *showing* contracts entered into, agreements or understandings reached, in respect of:

- (a) purchase and sale of raw materials and process materials and fixed assets;
- (b) utilisation of plant facilities;
- (c) supply of utilities; and
- (d) administrative, technical, managerial and any other consultancy services.

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

## **19. Statistical records**

19(1). Statistical data such as available plant hours, actual plant hours with reasons for

stoppages, under classified headings, yield percentage of cocoa powder, malt, extract, milk food to the input of raw material and other material and consumption of steam and other utilities per tonne of cocoa powder malt extract and milk food and other products shall be kept.

19(2). Adequate records shall be maintained to enable the company to identify the capital employed (net fixed assets and working capital) separately for each brand of milk food and other activities. Fresh investment of fixed assets that have not contributed to production during the relevant period shall be indicated in the records. The records shall in addition show assets added as replacement and that added for increasing the existing capacity.

SCHEDULE I  
(See Rule 3)

**Annexure-I**

Name of the Company:

Name & Address of the Factory:

Statement showing the cost of water treated (cold softening/Hot-softening/High/Low) and consumed during the year ended.....

Installed Capacity

Quantity of water treated

Capacity Utilisation

Sl. No.	Particulars	Quantity (units)	Rate Rs.	Amount Rs.	Cost per kilolitre of Water treated (Cold Softened/Hot softened)	
					Previous	Current
					Year Rs.	Year Rs.
1	2	3	4	5	6	7
	1. Water royalty					
	2. Chemicals					
	3. Stores and spares					
	4. Power					
	5. Salaries and Wages					
	6. Repairs and Maintenance					
	7. Other Overheads					
	8. Depreciation					
	9. Total					
	10. Less: Credit, if any					
	11. Net Total					
	Consumed for			No.of units		Amount
	1. Steam					
	2. Power generation					
	3. Other service deptts.					
	4. Manufacturing Deptts. (to be specified)					
	5. Other, if any					

6. Total

.....  
 ...  
 (vide 10 above)

- Notes: 1. If treated water is supplied to any outside party necessary credits for recoveries made shall be given against item 10.  
 2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE I  
 (See Rule 3)

**Annexure-II**

Name of the Company:

Name & Address of the Factory:

Statement showing the cost of steam raised/consumed during the year ended.....

Installed Capacity

Quantity of steam raised

Capacity Utilisation

Sl. No.	Particulars	Current year (Units)			Previous year (Units)	
		Quantity (units)	Rate Rs.	Amount Rs.	Cost per tonne of Steam raised	
					Current	
Previous					Year Rs.	Year Rs.
1	2	3	4	5	6	7

1. Water (as per Annexure I)
2. Fuel:
  - (a) Coal
  - (b) Fuel Oil
  - (c) Electricity
  - (d) Others (to be specified)
3. Consumable stores
4. Salaries and wages
5. Repairs and maintenance
6. Other overheads
7. Depreciation

\_\_\_\_\_

\_\_\_\_\_

8. Total

\_\_\_\_\_

9. Less Credits, if any

\_\_\_\_\_

\_\_\_\_\_

10. Net quantity and cost of live steam

\_\_\_\_\_

Consumed for	No. of units	Amount
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1. Power Generation

2. Manufacturing Deptt.  
(to be specified)

3. Other service Deptt.  
(to be specified)

4. Others, if any  
(to be specified)

5. Total vide 10 above

\_\_\_\_\_

\_\_\_\_\_

Notes: 1. Steam is supplied to any other outside party necessary credit for recoveries shall be given against item 9.

2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J & K only.

SCHEDULE I  
(See Rule 3)

**Annexure-III**

Name of the Company:

Name & Address of the Factory:

Statement showing the cost of power generated/purchased and consumed during the year ended.....

	Unit	Current year	Previous year
Installed power generation	KWH		
Number of units generated	KWH		
Capacity utilisation	%		
Number of units generated	KWH		
Number of units purchased	KWH		

Total

Self consumption in power house and

Other losses KWH

Net units consumed

Percentage of loss to total power  
Generated and purchased

Sl. No.	Particulars	Quantity (units)	Rate per Rs.	Amount Rs.	Cost per unit of power gene- rated/purchased	
					This Year Rs.	Rs.
1	2	3	4	5	6	

- A. 1.(a) Fuel Oil/Steam  
 (b) Other materials  
 (to be specified)  
 2. Consumable stores  
 3. Other direct charges  
 (such as Electricity Duty etc.)  
 4. Salaries and Wages  
 5. Repairs and Maintenance  
 6. Other overheads  
 7. Depreciation

8. Total

9. Less: (i) Credit for supply to other units of the Co.  
 (ii) Other Parties

10. Net cost of power generated

B. 1. Purchase power

C. Total of A & B

D. Cost per unit (average)

E. Consumed in No. of units Amount

	(KWH)	Rs.
1. Cocoa Powder	_____	_____
2. Malted Barley/Wheat		
3. Malt Extract		
4. Milk food (to be specified)		
5. Other products (to be specified)		
6. Service Deptts. ( -do- )		
_____		
7. Total	_____	
_____		

**Notes:-**

A. 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.

B. (i) Where meters are not installed consumption of power by the different cost centres/ deptts. shall be assessed on a reasonable basis and applied consistently.

(ii) Consumption centres given at 'E' above are illustrative only.

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

D. Realisation if any by sale of power to outside parties, etc. shall be shown separately against item No.9.

SCHEDULE I  
(See Rule 3)

**Annexure-IV**

Name of the Company:  
Name & Address of the Factory:  
Statement showing the cost of Effluent Treatment  
during the year ended.....

Sl. No.	Particulars	Quantity	Rate (Rs.)	Amount (Rs.)
1.	Chemicals (to be specified)			
2.	Water			
3.	Power			
4.	Stores and Spares			
5.	Salaries and Wages			
6.	Repair and Maintenance			
7.	Other Overheads			
8.	Depreciation			
_____				
9.	Total			
_____				
10.	Less: Credits, if any.			
_____				
11.	Net Total			
_____				

Apportionment	Amount
1. Milk Food	
2. Other products	
3. Others	
_____	
Total (vide '11' above)	
_____	

Notes: Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

I  
(See Rule 3)

**Annexure-V**

Name of the Company:  
Name & Address of the Factory:  
Statement showing the cost of Air Conditioning  
during the year ended.....

- a. Installed Capacity
- b. Average operating load
- c. No. of hours of operation during the year

Particulars	Quantity	Rate	Amount
1. Salaries and Wages			
2. Power and other services			
(a) Power			
(b) Water			
3. Consumable Stores			
4. Repairs and Maintenance			
5. Other Overheads			
6. Depreciation			
7. Total Cost			

Apportionment	Amount
1. Milk Food	
2. Other Products	
3. Other units	
4. Total (vide '7' above)	

- Notes:
- 1. Apportionment of Air conditioning cost to different departments and cost centres shall be done on equitable manner and applied consistently.
  - 2. Bonus to employees other than incentive bonus, provision for statutory gratuity or

actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE I  
(See Rule 3)

**Annexure-VI**

Name of the Company:

Name & Address of the Factory:

Statement showing the operating cost of milk tankers/vehicles for the year ended.....

(i) No. of tankers

(ii) Total No. of Kilometers covered for transporting wet milk

(iii) Total weight of wet milk transported

(iv) Total tonne kilometres

Sl. No.	Particulars	Quantity (units)	Rate per unit		Amount	Cost per Kilometer
1	2	3	4	5	6	7
	Previous				Current	
					Year	Year
					Rs.	Rs.
1.	Material					
	(a) Fuel (to be specified)					
	(b) Other (to be specified)					
2.	Salaries and Wages					
3.	Rents, rates and taxes					
4.	Repairs and Maintenance					
5.	Other overheads					
6.	Depreciation					
7.	Total					
8.	Less: Recoveries for service rendered to Outsiders, if any					
9.	Net cost					

Notes:

1. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.
2. Where own vehicles are used to transport products besides wet milk, annexure as given above with suitable modifications shall be maintained so that cost of operation of such vehicles and their apportionment to different products would be exhibited in the records.

SCHEDULE II  
(See Rule 3)

**Proforma A**

Name of the Company:

Name of the Factory:

Statement showing the cost of wet milk used in the manufacture of milk food during the year ended.....

Sl. No.	Particulars	Unit	Current Year (Kgs.)	Previous Year (Kgs.)
a.	Number of Collection Centres			
b.	Quantity of milk despatched from collection centres			
c.	Loss in transit			
d.	Net quantity received			
e.	Milk delivered directly at the factory			
f.	Other losses, if any			
g.	Total quantity of wet milk received at the factory			
h.	Sale to canteen employees etc. if any			
i.	Other utilisation			
j.	Average fat content of wet milk received at the factory			
k.	Average solid non-fat content of wet milk received at the factory			

Sl. No.	Particulars	Quantity (units)	Rate per unit Rs.	Total Cost Rs.	Cost per Kg.
				Current	
				Year	Year
				Rs.	Rs.
1	2	3	4	5	6
7					
1.	a. Wet milk collected at collection/ chilling centres including direct delivery at factory				
	b. Less:				
	(i) Loss in transit (quantity only)				
	(ii) Other loses to be specified (Qty. only)				
	c. Wet milk received at the factory				
2.	Wages of milk collection/chilling staff at centres				
3.	Expenses at chilling centres				
4.	Commission, if any				
5.	Depreciation				
6.	Transportation Cost (Annexure VI)				
7.	Hire charges paid for transportation of milk				
8.	Delivered cost of milk at the factory				

9. Less Recoveries for sale of milk to canteen, employees etc.

10. Net Total

11. Stock Adjustment:

Add: Opening Stock

Less: Closing Stock

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Total

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12. Quantity and cost of wet milk utilised for:

a. Manufacture of milk food

b. Manufacture of other products

Total

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Notes:

1. The records shall indicate the premiums paid for milk with higher fat SNF content and deductions made for lower at SNF content or for other reasons.
2. Abnormal losses of milk, if any, shall be indicated both in quantity and cost in a separate statement.
3. If part of the milk is sold to outside parties, details of the quantity, price and value thereof shall be shown in the records. The sales realisation shall be shown against item 9.
4. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE II  
(See Rule 3)

**Proforma B**

Name of the Company:

Name & Address of the Factory:

Statement showing the cost of dry cocoa beans processed during the year ended.....

	Current Year	Previous Year
a. No. of raw cocoa bean collection centres:		
b. No. of cocoa bean processing centres:		
c. Total quantity of raw cocoa bean collected:	Kgs.	Kgs.
d. Total quantity of dry cocoa bean processed:		
e. Recovery (%)		

Sl. No. of beans	Particulars	Quantity (units)	Rate per unit Rs.	Rs.	Total Cost	Cost per Processed
					Current Year	Previous Year
					Rs.	Rs.
1	2	3	4	5	6	7
1.	Cost of raw cocoa beans at collection centres					
2.	Salaries of collection centre staff					
3.	Travelling expenses					
4.	Transportation charges, if any, upto processing centre					
5.	Other direct expenses					
6.	Total cost of delivered raw cocoa beans at process centre					
7.	Salaries and Wages of processing centre					
8.	Consumable stores					
9.	Power					
10.	Fuel					
11.	Repairs and Maintenance					
12.	Depreciation					
13.	Overhead					
14.	Total Cost					
15.	Add opening stock					
16.	Less closing stock					
17.	Cost of dry cocoa beans transported					
18.	Transportation charges					
19.	Cost of dry beans delivered at factory					

- 20. Add opening stock at factory
- 21. Less closing stock

22. Cost of cocoa beans consumed

Notes:

- 1. Where own transport as jeep, lorries are used adequate records of cost of operation shall be maintained at per Annexure VI.
- 2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE II  
(See Rule 3)

**Proforma C**

Name of the Company:

Name of the Factory:

Statement showing the cost of dry Cocoa Powder produced during the year ended.....

				Current year M.T.	Previous year M.T.	
	Input: Cocoa Bean					
	Output: Cocoa Powder					
	Cocoa Butter					
	Loss (%)					
Sl. No.	Particulars	Quantity	Rate	Total Cost	Cost per	
				Current		
	Previous			Year Rs.	Year Rs.	
1	2	3	4	5	6	7

- 1. Raw Material
  - (i) Cocoa Beans
  - (ii) Others

- 2. Process Materials
- 3. Wages and Salaries
- 4. Consumable Stores
- 5. Power
- 6. Fuel
- 7. Steam
- 8. Repairs and Maintenance
- 9. Depreciation
- 10. Factory Overhead

11. Total Conversion Cost				
(2) to (10)				
(a) Fixed				
(b) Variable				
12.	Adjustment		for	work-in-process
<hr/>				
13. Total (1+11+12)				
14. Adjustment for cost variance				
<hr/>				
15. Total				
16. Less Credit for-				
a. Cocoa Shell				
b. Cocoa Butter				
17. Net cost of production				
18. Add Opening stock				
19. Less Closing stock				
20. Cost of cocoa powder consumed				

Notes:

1. Valuation of cocoa butter shall be done on suitable basis as bean/butter ratio or sale value if sold and applied consistently.
2. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.
3. Item 14 is applicable for companies following standard costing.

SCHEDULE II  
(See Rule 3)

**Proforma D**

Name of the Company:

Name of the Factory:

Statement showing the cost of production of Malted Product/Malt Extract produced during the year ended.....

	Current year	Previous year			
	M.T.	M.T.			
.....*Input					
.....*Output					
Recovery(%)					
.....*Product to be specified					
<hr/>					
Sl. MT No.	Particulars	Quantity	Rate	Total Cost	Cost per
				Current	
	Previous			Year	Year



---

Notes:

1. Proforma shall be prepared for all types of malted product/malt extract separately.
2. Where own vehicles are used for transportation of malted product/malt extract details of cost of operations of such vehicles shall be maintained as per Annexure VI suitably modified and the actual cost shall be exhibited against 'transportation cost'.
3. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.
4. Item "11" is applicable to companies following standard costing.

SCHEDULE II  
(See Rule 3)

**Proforma E**

Name of the Company:

Name of the Factory:

Statement showing the cost of production of flour malt mix/Intermediate milk food produced during the year ended.....

	Current year M.T.	Previous year M.T.
Input		
Output		
Recovery (%)		

Sl. MT No.	Particulars	Quantity	Rate	Total Cost	Cost per	
					Current	Year
	Previous		Rs.	Rs.	Year	Rs.
					Year	Rs.
Rs.						
1	2	3	4	5	6	7

1. Material
  - (a) Wheat Flour
  - (b) Malted Barley
  - (c) Wheat Malt
  - (d) Flour malt mix
  - (e) Milk:
    - Fat
    - S.N.F.
  - (f) Sodium Bicarbonate
  - (g) Potassium Bicarbonate
  - (h) Salt
  - (i) Others (to be specified)

Total

2. Process material/chemicals

**Conversion Cost**

3. Wages and Salaries

- 4. Utilities
    - (a) Water
    - (b) Steam
    - (c) Power
    - (d) Effluent treatment
  - 5. Consumable stores
  - 6. Repair and Maintenance
  - 7. Depreciation
  - 8. Factory Overhead
- 
- 9. Total conversion cost (3 to8)
    - (a) Fixed
- 
- (b) Variable
- 10. Adjustment for opening and closing work-in-process
  - 11. Adjustment for cost variance
- 
- 12. Total
  - 13. Less credit for sale of husk etc.
  - 14. Net Cost
  - 15. Stock Adjustment
    - (a) Add Opening Stock
    - (b) Less Closing Stock
  - 16. Cost of flour malt mix/  
intermediate milk food
- 

Specification*	Qty.	Cost
1.		
2.		
3.		
Total (vide "16" above)		

Notes:

- 1. This proforma shall be prepared for four malt mix/intermediate milk food separately.
- 2. \*The brand name of milk food to which transfer is made for subsequent processing shall be shown under "specification" with quantity and cost of intermediate milk food transferred.
- 3. Item "11" is applicable to companies following standard costing.
- 4. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE II  
(See Rule 3)

**Proforma F**

Name of the Company:

Name of the Factory:

Statement showing the cost of production of Milk Food (Brand Name) produced during the year ending.....

	No. of Batches	Batch Quantity	Current year M.T.	Previous year M.T.
Input				
Output				
Loss(%)				

Sl. No.	Particulars	Quantity (M.T.)	Rate Rs.	Total Cost Rs.	Cost per	
					Current Year	Previous Year
					Rs.	Rs.
	Previous				Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
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					Rs.	Rs.
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					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.
					Year	Year
					Rs.	Rs.



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Notes:

1. This statement shall be prepared for each and every type of milk food produced and sold separately.
2. Where freight charges are incurred for returning empty container/drum for reuse it shall be shown separately under "freight charges".
3. Item K 13 is applicable to companies following standard costing. Item 17 to 19 are applicable to companies who transport milk food in bulk to distant packing stations.
4. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE II  
(See Rule 3)

**Proforma G**

Name of the Company:

Name of the Factory:

Statement showing the cost of Milk Food (Brand Name) packed during the year ended.....

---

Current year    Previous year

Size of Packing (in Gms.)

Quantity delivered for packing (MT)

Quantity packed:

In MT

No. of packs

Filling loss

---

Sl. Pack No.	Particulars	Quantity	Rate	Total Cost	Cost per	
					Current	Year
	Previous	(M.T.)	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7

1. Cost of milk food (brand name) to be packed as per Proforma-F

2. Packing Material:

- (i) Bottle
- (ii) Cap/Cover
- (iii) Label
- (iv) Printed tin
- (v) Printed carton
- (vi) Corrugated box
- (vii) Chip Board
- (viii) Other (to be specified)

---

Total (2)

---

3. Wages and Salaries

4. Utilities

- (a) Power
- (b) Air-conditioning
- 5. Consumable Stores
- 6. Repair and Maintenance
- 7. Depreciation
- 8. Factory Overhead
- 9. Administrative Overhead

---

10. Total packing Conversion Cost  
 (3 to 9)  
 (a) Fixed  
 (b) Variable

11. \_\_\_\_\_ Adjustment for cost variance

---

12. Total (1+2+10+11)

---

13. Stock Adjustment (Packed)  
 (a) Add Opening Stock  
 (b) Less Closing Stock

---

14. Total cost of packed milk food (brand name ) transported

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Notes:

1. This statement shall be prepared for each type and size of packing (bottle, tin, carton etc. and 200 gms, 500 gms, 1 Kg. Etc.) for sales in respect of each type of milk food separately.
2. Separate statement shall be prepared as above for export packings.
3. Where expenses are incurred for all products including milk food, due share allocable to milk food shall be exhibited.
4. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.
5. Item "11" is applicable for companies following standard costing.

SCHEDULE II  
(See Rule 3)

**Proforma H**

Name of the Company:

Name of the Factory:

Statement showing details of price realised on sale of milk food packwise during the year ended.....

					Per Pack				
								Price realised by company	
Sl. No.	Type of malted milk food (Brand Name)	Size of pack (gms)	Price payable by consumers excl. local taxes Rs.	Excise Duty Rs.	Whole Saler's discount Rs.	Retailer's discount Rs.	Others Rs.	Total Rs.	Rs.
1.									
2.									
3.									
4.									

Notes:

1. Data shall be given for each size and type of pack of milk food brand-wise sold separately.
2. The price per pack at which sales realisations are computed shown in Profit & Loss Account under "Sales" shall be taken in Proforma J, item 16 and Proforma K, item 13.

SCHEDULE II  
(See Rule 3)

**Proforma J**

Name of the Company:

Name of the Factory:

Statement showing cost of sales and sales realisation of milk food (Brand Name) for the year ended.....

Current year    Previous year

Size of Packing (in Gms.)

Quantity sold

In M.T.

No. of packs

Sl. No.	Particulars	Quantity	Total Cost	
			Previous	Current
				Year
				Rs.
				Year
				Rs.
1	2	3	4	5
6				

1. Total Cost as per Proforma G
2. Distribution Expenses
  - (i) Wages and Salaries
  - (ii) Power
  - (iii) Insurance
  - (iv) Rent
  - (v) Freight Charges
  - (vi) Other distribution overheads

Total

3. Stock Adjustment (Depot)
  - (a) Add Opening Stock
  - (b) Less Closing Stock

4. Total Cost (1+2+3)

5. Freight charges to wholesale point

6. Cost of milk food delivered and sold (4+5)

7. Selling Overhead
  - (i) Salaries
  - (ii) Rent, rates and taxes
  - (iii) Travelling
  - (iv) Vehicle running expenses
  - (v) Insurance
  - (vi) Advertisement
    - (a) Television
    - (b) Radio
    - (c) Posters
    - (d) Others
  - (vii) Commission and discount
  - (viii) Other Selling Overheads

---

Total

---

8. Share of Administration overhead

---

9. Total Cost (6+7+8)

---

10. Interest charges

11. Annual Bonus to employees

12. Other expenses not included in cost  
(item to be specified)

---

13. Total

---

14. Less other income not considered in  
cost (item to be specified)

15. Total expenses excluding excise duty  
for quantity sold within the country

16.                                      Sales                                      Realisation                                      excluding                                      Excise                                      duty

---

17. Margin

Notes:

1. This statement shall be prepared for each type and size of pack of milk food sold within the country under different brand names.
2. Where goods are first transported to own godown and thereon to wholesale outlets, to the extent freight expenses are incurred from depots to wholesale outlets they shall be shown separately under item '5'.
3. Where own transportation vehicles are used the total expenses of operations shall be exhibited under freight charges in item 2(b) and 5.
4. If goods other than milk food are transported simultaneously, due share applicable to milk food products shall be shown here.
5. Where expenses are incurred for all products including milk food due share

applicable to milk food shall be exhibited.

6. Adjustment for variance in selling, 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. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE II  
(See Rule 3)

**Proforma K**

Name of the Company:

Name of the Factory:

Statement showing cost of sales and sales realisation for milk food (Brand Name) exported during the year ended.....

Current year    Previous year

Size of Packing (in Gms.)

Quantity Exported

In M.T.

No. of packs

Sl. Pack No.	Particulars	Quantity	Total Cost		
			Current		
			Previous	Year	Year
			Rs.	Rs.	Rs.
1	2	3	4	5	6

1. Total cost as per Proforma G
2. Distribution Expenses
3. Selling Overhead
4. Share of Administration Overhead
5. Freight Charges
6. Export Expenses
7. Interest Charges
8. Annual Bonus to employees
9. Other expenses not included in Cost  
(items to be specified)

10. Total

11. Less other income not considered in cost  
(items to be specified)
12. Total F.O.B. cost of milk food (brand name)  
exported excluding excise duty
13. Export Realisation
  - (i) C.I.F. Value
  - (ii) Less
    - (a) Sea/Air Freight

- (b) Insurance
- (c) Commission

Total \_\_\_\_\_

- (iii) F.O.B. Value \_\_\_\_\_
- (iv) Add
  - (a) Cash Incentive
  - (b) Duty drawback
  - (c) Other incentive

(v) Total realisation excluding Excise Duty \_\_\_\_\_

#### 14. Margin

---

##### Notes:

1. This statement shall be prepared for each type and size of milk food exported under different brand names.
2. Details under 'distribution expenses and selling overhead' as per Proforma J to the extent applicable shall be shown here.
3. Adjustment for variance in selling and marketing expenses 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.
4. Bonus to employees other than incentive bonus, provision for statutory gratuity or actual payment of the same during the period and interest charges on borrowings including debentures shall be shown in Proforma J and K only.

SCHEDULE II  
(See Rule 3)

**Proforma L**

Name of the Company:

Statement showing cost of sales and sales realisation and margin realisation on all types and packs of milk food sold during the year ended.....

SL.	Milk food (Brand name and pack size)	As per Proforma J & K			
		Quantity sold (packs)	Total Cost Rs.	Sales Realisation Rs.	Margin Rs.
(1)	(2)	(3)	(4)	(5)	(6)
1					
2					
3					
4					
<b>Total</b>					

Notes:

1. The data shall be given for each type of milk food sold packwise for home sales and export sales.
2. The margin as shown in column (6) shall be reconciled with the margin as shown in Proforma N for milk food.

SCHEDULE II  
(See Rule 3)

**Proforma M**

Name of the Company:

Statement showing the allocation of total expenses incurred and income received by the company between milk food and other activities during the year ended.....

Sl. No.	Particulars	Total as per financial Accounts	Direct Expenses allocated to Production	
			Milk Food	
Others				
1.		2	3	4
A.	Expenditure			
	1. Raw Material consumed			
	2. Packing Material consumed			
	3. Salaries, Wages and Bonus			
	4. Company's contribution to provident and other funds			
	5. Welfare			
	6. Stores and spare parts			
	7. Power and fuel			
	8. Repairs –Building			
	-Plant & Machinery			
	-Others			
	9. Other Expenses			
	10. Rent			
	11. Rates and taxes			
	12. Insurance			
	13. Travelling			
	14. Advertising			
	15. Handling, packing, carriage and freight			
	16. Commission, Service charges			
	17. Other expenses (to be specified)			
	18. Depreciation			
	19. Opening Stock			
	20. Opening Stock			
	(a) Work-in-Process			
	(b) Finished goods			
	21. Less Closing Stock			
	(a) Work-in-Process			
	(b) Finished Goods			
	22. Total:			

B. INCOME

- 1. Sales
- 2. Other Income

Total: \_\_\_\_\_

\_\_\_\_\_

C. MARGIN

Direct Expenses allocated to packing

Utilities

Milk	Food	Others	Power	Water	Steam	Effluent	Air
Quality					Treatment	Conditioning	control
5		6	7	8	9	10	11
12							

A. EXPENDITURE  
B. INCOME  
C. MARGIN

Factory Overhead  
other than

Administration  
Overhead

Distribution  
expenses

Selling Overhead  
incentive bonus

Bonus  
17

13	14	15	16	17
----	----	----	----	----

A. EXPENDITURE  
B. INCOME  
C. MARGIN

Gratuity provision/paid  
process

Finished stock

Interest charges

Other expenses

Work-in-

Adjustment

Adjustment

18		19	20	21	22
----	--	----	----	----	----

A. EXPENDITURE  
B. INCOME  
C. MARGIN

Notes:

- 1. Items detailed under "Particulars" are illustrative only and not exhaustive. While by

and large expenses heads may conform to as mentioned therein, wherever expenses are classified under other heads, they may be adopted.

2. Details of utilities mentioned in Columns (7) to (12) are illustratives only.
3. In case financial accounts have not been audited, figures in Col. (2) may be given on the basis of provisional financial accounts.

SCHEDULE II  
(See Rule 3)

**Proforma N**

Sl. No. activities	Particulars	Total actual Expenses/Income  Rs.	Share applicable to milk  Rs.	Other  Rs.
1.	Raw Material consumed			
2.	Packing Material consumed			
3.	Direct Salaries and Wages			
4.	Utilities			
	(a) Power			
	(b) Water			
	(c) Steam			
	(d) Effluent treatment			
	(e) Air Conditioning			
	(f) Quality Control			
5.	Stores and Spares			
6.	Repairs and Maintenance			
7.	Depreciation			
8.	Factory Overhead			
9.	Administration Overhead			
10.	Adjustment for difference between opening & closing work-in-process			
11.	Less Credit for recoveries			
12.	Stock adjustment for difference between Opening and closing stock unpacked			
13.	Packing cost			
14.	Distribution cost			
15.	Stock adjustment for difference between opening and closing packed stock			
16.	Total			
17.	Selling expenses			
18.	Total			
19.	Annual bonus to employees other than incentive bonus			
20.	Interest charges			
21.	Provision for Statutory Gratuity			
22.	Other expenses not included in cost (items to be specified)			
23.	Other incomes not considered in cost (items to be specified)			

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24. Total excluding Excise duty

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25. Net Sales Realisation (excluding Excise duty)

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26. Margin as per financial accounts

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Notes:

1. Figures in Column (3) shall be the same as those shown in Column (2) item A, item B and item C of Proforma M.

**SCHEDULE III<sup>7</sup>**  
**[See rule3(2A)]**

**1. MATERIALS:**

(1) The proper records shall be maintained showing separately all receipts, issues and balances both in quantity' and cost of each item of raw material (including all direct charges upto the works in respect of major raw material) required for the production of Milk Food. These records shall contain such details so as to enable the company to determine the quantity and cost of receipt (including all direct charges upto the works in respect of major raw material), issues and balances in quantity as well as value of each item of all such raw materials. The basis on which said quantities and costs 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 process material or chemicals such as catalysts and additives used in the manufacture of .the product under reference. The cost shall include all direct charges upto works. Proper records shall be maintained for determining the cost of collection of cocoa beans, and processing into dry beans. The cost of dry beans delivered at the factory shall include the costs of processing of wet beans and other incidental charges incurred thereon and transportation expenses from the processing sites to the factory.

(3) Where basic raw materials or ingredients are produced or farm products raised by the company, separate records showing the cost of production of each such material indicating the break up of material consumed shall be maintained to determine the cost of material produced. The basis on which the quantities and costs of issues and consumption of such, materials produced by the company are calculated shall be indicated in the, cost records and followed consistently.

(4) The issues, consumption shall be properly identified with the departments, cost-centres and products manufactured.

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<sup>7</sup> Inserted by G.S.R. No. 704(E) dated 28.9.2001

(5) Proper records shall be maintained showing the quantity and cost of wet milk procured at the different collection centres. Details showing the premiums paid for higher Fat Solid/ Non-fat content in the milk and deductions made for lower fat solid non-fat (SNF) content shall also be kept. The cost records for wet milk shall contain such details as to enable the company to determine the quantity and cost of receipts (including all direct charges incurred upto the works), issues and balances. The rate charged for wet milk consumed for the manufacture of product under reference shall be based on the actual fat SNF content of the relevant quantity of milk consumed for the manufacture of such products. Where the company operates its own transport for the transportation of wet milk, log' books shall be maintained to furnish the necessary particulars as required.

(6) The proper records shall be maintained indicating the quantity as well as value of by-products recovered in different processes having significant value in relation to cost of materials. In the case of certain by-products like ghee, husk etc. 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. 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, proper records to show the quantity sent for processing, quantity received back after processing and the cost incurred thereon shall be maintained in detail. The net realisation, if any shall be adjusted against the major process relatable to such by-product. The cost of by-products shall be determined on equitable and reasonable basis and applied consistently. The records indicating the actual sales realisation of byproducts shall also be maintained.

(7) 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.

(8) 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.

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

(10) The proper records shall be maintained showing the quantity and value of wastage, 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.

(11) 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.

(12) Where any credit under Central Value Added Tax. (CENVAT) or any other benefits of the nature of CENVAT 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.

(13) 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! contractual labour;
- (e) bonus or gratuity, statutory as well as others;
- (f) contribution to superannuation scheme;
- (g) any other earning of the similar nature.

(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 and D of Schedule III annexed to these rules. The records may be maintained to book these expenses cost centrewise or departmentwise with reference to activities related to production of Milk food. 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 of accounting followed for accounting of idle time payments 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. Similarly payments in the nature of deferred revenue expenditure shall be separately recorded under separate classified headings indicating the reasons therefor. The method followed for accounting of such payments in determining the cost of the

product shall be on equitable and reasonable basis and applied consistently. The said method shall be disclosed in the cost records also.

(5) Only such retirement costs, which are likely to provide benefits in terms of savings in cost in future shall be treated as deferred revenue expenditure. This amount shall be treated as extraordinary item. Therefore these expenses shall not form part of salary and wages and shall be shown separately as an abnormal item of expense. Similarly excess of termination benefits for the past period payable over and above the provision made in this regard shall also be treated as abnormal item of expense. The expenses on account of any voluntary retirement scheme shall be excluded from valuation of inventories also for that period as these expenses do not result in putting the inventories to their present location and condition.

### **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 Milk food and to the other products shall be on equitable and reasonable basis 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 Milk food in different cost centres or departments shall be maintained. The cost of treated or cooling water, consumed by Milk Food plant and other units of the company shall be apportioned to respective units on 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 Milk food shall be maintained. The cost of steam consumed by the Milk food units and by other units of the company shall be apportioned on equitable and reasonable basis and applied consistently. Where steam is raised and supplied by any other unit of the company to the Milk food plant, the cost of steam so supplied shall be charged to the Milk food Plant on actual cost basis.

(3) Power: -Where power is purchased, proper records shall be maintained for the units' and cost of power consumed for the production of Milk food 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 Milk food in different cost centres or departments. 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 Milk food plant adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power

consumed by milk food units and other units of the company shall be apportioned on equitable and reasonable basis and applied consistently. The records shall state clearly the measures taken on conservation of energy and its corresponding impact on per unit cost of production.

(4) Air-Conditioning; - The proper records shall be prepared to enable determination of the cost of air-conditioning and its distribution cost centre-wise or department-wise. The cost of air conditioning shall be apportioned to Milk food on equitable and reasonable basis and applied consistently.

(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, processing or manufacture of Milk food.

(6) The Cost Statements for each utility shall be maintained separately in Proforma A.

#### **5. WORKSHOP OR REPAIRS AND MAINTENANCE OR TOOL ROOMS:**

(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, tool room or repair and maintenance 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 of the cost of workshop or repairs and maintenance or tool room expenses, to such products shall be on equitable and reasonable basis and applied consistently.

(2) In addition to the above, records shall indicate the amount and also the proportion of closing inventory of stores & spare parts representing items which have not moved for over twenty four months.

(3) 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 equitable and reasonable basis and applied consistently. Such costs shall be shown separately and method of accounting and the basis of the allocation of such costs shall also be clearly indicated in cost records.

#### **6. DEPRECIATION:**

Depreciation shall be allocated/apportioned to various cost centres or departments and absorbed on all products on equitable and reasonable basis and applied consistently which 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 per unit cost of

Milk food. 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 Milk food, 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 Milk food, 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 residual expenses under the above categories of overheads shall be apportioned on equitable and reasonable basis and applied consistently. 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/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 royalty amount, including lump sum payment, to the products, shall be at the point of incidence in accordance with royalty agreement and 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 products 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 Milk food and 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 Milk food and all other products if any, on equitable and reasonable basis and applied consistently. The following criteria which are only indicative and not exhaustive may be adopted in such cases:

(i) The product or process is clearly defined and the costs attributable to the product or process can be separately identified.

(ii) The technical feasibility of the product or process has been demonstrated.

(iii) The management of the enterprise has indicated its intention to produce and market, or use, the product or process.

(iv) There is a reasonable indication that current and future research and development costs to be incurred on the project together with expected production, selling and distribution costs are likely to be more than covered by related future revenues/benefits; and

(v) Adequate resources exist, or are reasonably expected to be available, to complete the project and market the product or process.

(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 Milk food. 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 Milk food.

#### **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 Milk food and to other products shall be on equitable and reasonable basis 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 an equitable and reasonable basis and applied consistently. The basis of further charging of the share of the interest to the various types of such products shall also be equitable and reasonable and applied 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 Milk food shall be separately maintained so that the cost of export sales can be determined correctly. Separate cost statement shall be prepared for Milk food exported giving details of export expenses incurred or incentive earned. In case, duty free imports are made, the cost statements should reflect this fact. If the duty free imports have been made after 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 Milk food. If

such expenses are incurred in common for Milk Foods and other products, these expenses shall be apportioned to relevant products on equitable and reasonable basis 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 Milk food shall be indicated in the cost records so as to reveal the cost element that have been taken into account in such computation. All conversion costs incurred in bringing the inventories to their present location and condition 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 and all elements of cost of the current financial year and previous year shall be prepared for each process adopted in manufacture or production of Milk food in Proformae A, B, C and D.
- (2) The product emerging from a process which forms raw material or an input 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.

#### **16. PRODUCTION RECORDS:**

Quantitative records of all finished goods, whether packed or unpacked showing production, issues for sales and balances of different type of the products 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 on incomes not considered in the cost records or statements so as to ensure accuracy and to adjudge the profit of the product under reference with the overall profit of the company. The variation, 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 other products and the products under reference shall be prepared and reconciled with the financial statement.

#### **18. ADJUSTMENT OF COST VARIABCES:**

Where the company maintains cost records on an 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 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 method followed for adjusting the cost variances in determining the actual cost of the product shall be indicated clearly in the cost records. 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 Milk food 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 product under reference and other products and other activities. Fresh investments of fixed assets for production of Milk Food that have not contributed to the production during 1he year shall be disclosed separately in the cost records. The records shall, in addition, show assets added as replacement and those added for increasing existing capacity. Also such records as will enable identification and/or allocate gross fixed assets, accumulated depreciation upto the year, net fixed assets under the heads; Land & Buildings, Plant & Machinery, Furniture & Fixtures etc. employed for the production of product under reference, alongwith the method and rate of depreciation shall be maintained. The basis of apportionment of common assets to the products(s)under reference shall also be indicated. In case of revaluation of assets, the same should be indicated separately. The basis of allocation of indirect assets to the respective product under reference should be reasonable, equitable arid shall be followed consistently. .

(3) Data such as percentage of fat and solid' non .fat contained in wet milk purchased and consumed shall be maintained. The overall fat and solid non fat contents of milk based raw materials consumed in production during the year shall be reconciled with the solid non fat and fat contents of the total output.

(4) 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 in to 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 Milk food is used for captive consumption, proper records shall be maintained showing the quantity and cost of each item of Milk food transferred to other departments or units of the company for self-consumption. The rates at which the 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.

**23. HUMAN RESOURCES DEVELOPMENT:**

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

**23. 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.
  - (b) utilisation 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 venturer 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 an person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned b 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 relationship":-

- (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 value only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its design-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 relationships**:- means 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 part has significant influence and which is neither a subsidiary nor a joint venture of that party;

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

- (g) **"Joint venture"** 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"** means 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, (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.

## FROFORMA A

Name of the company

Name and address of the factory

Statement showing the cost of Utility like Power, Steam, Water, Effluent treatment 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 in power house including other losses		
7.	Net quantity consumed		

### B Cost Information

Serial Number	Particulars	Quantity	Rate (Rupees) per unit	Amount (Rupees) (in lacs)	Cost unit	
					Current Year	Previous Year
A1.	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					

B.	Apportioned to					
	1.					
	2.					
	3.					

	4.					
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**Note 1.** Separate cost sheet is to be prepared for each utility as well as effluent treatment.

**Note 2.** If any of the utilities or services, which are manufactured by the company and transferred to any other unit of the company or is sold to outside parties, separate cost sheet shall be prepared in proforma-C in respect of such sale or transfer, which shall be effected at cost of sales of respective utility.

## PROFORMA B

Name of the company

Name and address of factory:

Statement showing the cost of wet milk/dry cocoa beans/cocoa powder, malted product/malt extract/flow malt mix/intermediate of Milk food etc. produced during the year ended \_\_\_\_\_.

### A Quantitative Information

Serial Number	Particulars	in Metric Tonnes	
		Current Year	Previous Year
1.	Installed capacity		
2.	Gross Inputs		
3.	Output		
4.	Yield %		
5.	Standard yield %		
6.	Quantity captively consumed		
7.	Opening stock		
8.	Closing stock		
9.	Total quantity of wet milk received		
10.	Average fat content of wet milk received		
11.	Average solid non-fat content of the wet milk receiveds		

### B Cost information

S. N.	Particulars	Quantity	Rate (Rs)	Amount (Rupees) (in lacs)	Quantity unit		Cost per unit (Rupees)	
					Current Year	Previous Year	Current Year	Previous Year
1.	Material cost (item wise covering 80% of value) <b>(a)</b> (i) Imported (ii) Indigenous (iii) Own manufactured							

	<p><b>(b)</b>  (i) Imported  (ii) Indigenous  (iii) Own produced  (iv) Own manufactured</p> <p><b>(c)</b> Other materials (specify)</p> <p><b>(d)</b> Total Raw Materials (a to c)</p> <p><b>(e)</b> Less: By-Products and Recoveries</p> <p><b>(f)</b> Net cost of raw-materials (d-e)</p>							
2.	Process Chemicals (a) Sodium Bicarbonate (b) Sugar (c) Others (specify)							
3.	Direct Wages and Salaries							
4.	Utilities (a) Power (b) Steam (c) Water (d) air-conditioning plant (e) brine (f) Chilled water (g) Effluent treatment							

	plant (h) Others (i) Total (a to h)							
5.	Consumable Stores and spares							
6.	Other expenses (to be specified)							
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) Other (Please specify) (c) Total (a+b)							
14.	Total (1 to 12)							
15.	Less: Credits (from wastages and by-Products)							
16.	Stock adjustment (work in progress)							
17.	Cost of Production							
18.	Stock adjustment							

	(finished products)							
19.	Net cost of Production							
20.	Apportioned to 1. 2. (specify)							

- Note**
1. Separate proforma shall be prepared in respect of each type of intermediate for the product under reference.
  2. Separate Proforma shall be prepared in format C in respect of inter-company transfers referred to in para 23 of the Schedule III.
  3. Reasons for variations between standards and actuals shall be clearly recorded. Circumstances leading to revision of standards, if any, shall also be indicated in the form of a footnote.
  4. If any of the intermediates produced or manufactured by the company is transferred to any other unit of the company or is sold to outside parties, separate cost sheet shall be prepared in Proforma-C in respect of such sale or transfer, which shall be effected at cost of sales of the respective product.
  5. The rate charged for wet milk consumed for manufacture of any Milk food shall be based on the actual fat contents of the relevant quantity of milk consumed for the said purpose.
  6. Other expenses shall specify and feature expenses such as expenses a chilling centres, transportation cost, hire charges paid for transportation etc.
  7. The administration overheads shall be included in the cost of production only to the extent they contribute in putting the goods produced to their present location and condition. The balance of administration overheads, if any, shall be included in the cost of goods sold the Proformae may be amended accordingly, if required.

## PROFORMA C

Name of the company

Name and address of the factory

Statement showing the summary cost of sales, sales realisation and margin in respect of each type of Milk food produced/manufactured and sold during the year/period.

### A Quantitative Information

Serial Number	Particulars	In Metric Tonnes	
		Current Year	Previous Year
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilization		
4.	Quantity sold (a) Domestic (b) Export		
5.	Quantity captively consumed		
6.	Waste percentage		
7.	Closing stock(fin. goods)		
8.	Closing stock(fin. goods)		

### B Cost Information

S. N.	Particulars	Quantity	Rate (Rupees)	Amount (Rupees) (in lacs)	Pre Tonne	Metric (Rupees)
					Current Year	Previous Year
1.	Material cost (item wise covering 80% of value) (a) (i) Imported (ii) Indigenous (iii) Own manufactured  (b) (i) Imported (ii) Indigenous (iii) Own manufactured  (c) Other materials					

	(specify)  (d) Total Raw-materials (a to c)  (e) Less: By-Products and Recoveries  (f) Net cost of raw- materials (d-e)					
2.	Process Chemicals (a) Catalysts (b) Additives					
3.	Direct Wages and Salaries					
4.	Utilities (a) Power (b) Steam (c) Water (d) air-conditioning (e) Effluent treatment plant (f) Others (g) Total (a to f)					
5.	Consumable Stores and spares					
6.	Depreciation					
7.	Repairs and maintenance					
8.	Royalty					
9.	Research and development					
10.	Quality control					
11.	Other Factory overheads					
12.	Administrative overhead (a) Salaries and wages (b) Others (Please specify) (c) Total (a+b)					
13.	Total (1 to 12)					
14.	Stock adjustment (Work in Progress)					

15.	Less: Credits (from wastages and by-Products)					
16.	Cost of Production					
17.	Stock adjustment (finished products)					
18.	Net cost of Production of unpacked finished goods					
19.	Less: captive consumption					
20.	Packing Cost (a) materials (b) others					
21.	Less: Captive Consumption in packed condition					
22.	Net cost of materials available in for sales					
23.	Selling and Distribution Expenses (a) Salaries and Wages (b) Freight and Transport Charges (c) Commission to selling agents (d) Advt. Expenses (e) Royalty (f) Others (g) Total (a to f)					
24.	Interest					
25.	Total cost excluding excise duty					
26.	Total sales realization excluding excise duty Add: Export benefits and incentives, if any					
27.	Margin (26-25)					

**Note 1.** Separate proforma shall be prepared for each type of description of product

**Note 2.** Separate proforma shall be prepared for the quantity sold with in 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 and exported.

**Note 3.** The administration overheads shall be included in the cost of production only to the extent they contribute in putting the goods produced to their present location and condition. The balance of administration overheads, if any, shall be included in the cost of goods sold. The Proformae may be amended accordingly, if required.

## PROFORMA D

Name of the company

Name and address of the factory

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

### Allocation of total expenses and income for the yea ending...

S . N.	Particulars	Total actual expenses As per Audited Annual Accounts	Share applicable Milk food activity	Share applicable to other activities	Basis of Allocation
1.	Raw-Material consumed				
2.	Process materials/Chemicals consumed				
3.	Salaries and wages				
4.	Utilities				
5.	Consumable stores and spares				
6.	Depreciation				
7.	Repairs and maintenance				
8.	Royalty				
9.	Research and Development				
10.	Quality control				
11.	Other Factory overheads				
12.	Administrative Overhead (a) Salaries and wages (b) Others (Please specify) (c) Total (a+b)				
13.	Total (1 to 13)				

14.	Less: Credits (from wastages and by Products)				
15.	Stock adjustment work in progress)				
16.	Cost of Production				
17.	Stock adjustment (finished products)				
18.	Net cost of Production of unpacked finished goods				
19.	Less: captive consumption				
20.	Packing Cost (c) Materials (d) Others				
21.	Less: captive consumption in packed condition				
22.	Net ex-works cost of packed products				
23.	Selling and distribution expenses (a) Salaries and Wages (b) Freight and Transport Charges (c) Commission to selling agents (d) Advertisement Expenses (e) Royalty (f) Others (g) Total (a to f)				
24.	Cost of Sales				
25.	Interest				
26.	Other expenses/incomes not included in costs (details to be given)				
27.	Total cost (excluding excise duty)				
28.	Total sales realization excluding excise duty Add: Export benefits and				

	incentives, if any				
29.	Margin (28-27)				

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

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Foot Note. (1) The principal Cost Accounting Records (Infant Milk food) rules, 1974 were published vide Notification No. G.S.R. 701(E), dated 27-12-1974, and subsequently amended by-

1. GSR 794, dated 3-6-1977
2. GSR 30, dated 5-1-1983
3. GSR 553, dated 22-7-1989
4. GSR 313(E), dated 25-3-1993
5. GSR 438(E), dated 3-8-1998.

(2) The principal Cost Accounting Records (Milk Food) rules, 1986 were published vide Notification No. G.S.R. 866 dated 25-9-1986, and subsequently amended by-

1. GSR 569, dated 22-7-1989
2. GSR 329(E) dated 24-3-1993
3. GSR 453(E) dated 3-8-1998.
4. G.S.R. No. 704(E) dated 28.9.2001
5. G.S.R. 661(E) dated 8-10-2004