

COST ACCOUNTING RECORDS (VANASPATI) RULES, 1972
DEPARTMENT OF COMPANY AFFAIRS
GOVERNMENT OF INDIA
NOTIFICATION

New Delhi, the 27th November 1972

Cost Accounting Records (Vanaspati) Rules, 1972

G.S.R. 1529 :-In exercise of the powers conferred by sub-section (1)Of Section 642 read with clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely :

1. Short Title and Commencement. –

1. These rules may be called the cost Accounting Records (Vanaspati) Rules, 1972.
2. They shall come into force on the 1st day of January 1973.

¹[2. Application. -

These rules shall apply to every company, except the Small Scale Industrial Undertaking, engaged in production, processing and manufacturing of refined vegetable oils and vegetable oil products as also Industrial Hard Oil.

Explanation

1. For the purpose of this rule, the expression Small Scale Industrial Undertaking means a company [(a) The aggregate value of the machinery and plant installed wherein does not exceed the limit as specified for a small scale industrial undertaking under the Industries (Development and Regulation) Act, 1951 (65 of 1951), as on the last date of the preceding financial year.]² [(b) The aggregate value of the turnover made by the company from the sale or supply of all its products during the preceding financial year does not exceed Rupees ten crores.]³
2. The expression “refined vegetable oil” means any edible vegetable oil which is obtained by expelling or solvent extraction, deacidified with alkali or with physical refining or both or by miscella refining using permitted food grade solvent, bleached with absorbent earth and/ or activated carbon and deodorized with steam.
Provided that where vegetable oil is produced, processed or manufactured by the undertaking, the cost of production thereof would also be disclosed
3. The expression “vegetable oil product” means any vegetable oil subjected to a process of hydrogenation in any form or mixture thereof with any other substance for edible purposes:
Provided that terms extracted oil, solvent extracted oil, refined oil, vanaspati, margarine and bakery shortening should conform to the respective quality standards as laid down by the Prevention of Food Adulteration Act 1954/ The Solvent-Extracted Oil, De-oiled Meal and Edible Flour (Control), Order, 1967 and The Vegetable Oil Products (Control) Order, 1947]

3. Maintenance of Records. –

(1) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the commencement of these rules [till the 31st day of March, 2002 or the close of the relevant financial year in 2002]⁴, keep proper books of account containing *inter alia* the particulars specified in Schedules I and II annexed to these rules relating to the utilization of materials, labour and other items of cost so far as they are applicable to the items referred to in rule 2:

¹ Substituted by GSR 287 (E) dated 29th May 1992

² Substituted by GSR 436 (E) dated 3rd August 1998

³ Substituted by GSR 310 (E) dated 24th March 1993

⁴ Inserted by GSR 705 (E) dated 28th September 2001

Provided that if the said company is manufacturing any other products in addition to, those referred to in rule 2, the particulars relating to the utilization of materials, labour and other items of cost in so far as they are applicable to such other products shall not be included in the cost of the items referred to in rule 2.

(2) The books of account referred to in sub-rule (1) shall be kept in such a way as to make it possible to calculate the cost of production and cost of sale of each of the items referred to in rule 2 during a financial year (hereinafter referred to as the relevant period) from the particulars entered therein.

[(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 the utilization of materials, labour and other items of cost in so far as they are related to the production or processing or manufacturing of items referred to in Rule 2. The books of accounts, 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 items referred to in Rule 2.

(2B) The books of accounts 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 product under reference produced, processed or manufactured for every financial year from the particulars entered therein. Every such books of account and the Proformae specified in the said Schedule III shall be completed not later than ninety days from the close of the financial year of the company to which 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 time⁵;

(3) It shall be the duty of every person referred to in sub-section (6) and sub-section (7) of Section 209 of the Companies Act, 1956 (1 of 1956) to take all reasonable steps to secure compliance by the company with [the provisions of sub-rules (1), (2), (2A), (2B) and (2C)]⁶ in the same manner as they are liable to maintain financial accounts required under sub-section (1) of Section 209 of the said Act.

4. Penalty. - If a company contravenes the provisions of rule 3, the company and every officer thereof who is in default, including the persons referred to in sub-rule (3) of rule 3, [shall subject to the provisions of section 209 of the Companies Act, 1956 (1 of 1956) be punishable]⁷ 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 during which such contravention continues.

SCHEDULE I

(See Rule 3)

I. Production Materials

(a) Adequate records shall be maintained showing all receipts, issues and balances both in quantities and cost of each item of, materials required and actuals used for producing, processing or manufacturing any of the items referred to in rule 2. The basis on which the said quantities and costs have been calculated shall be clearly indicated in the cost records, or if so desired by the company, in a separate manual of procedure, if any, maintained by the company or in footnotes or explanatory notes, to the cost statements for the relevant period.

^{5, 6} Inserted by GSR 705 (E) dated 28th September 2001

⁷ Substituted by GSR 780 dated 3rd June 1977

The costs shown in the records shall include all direct charges up to the works. Records indicating the daily receipt and issue of groundnut oil, cottonseed oil, Soyabean oil, sesame oil and other edible oils shall be maintained separately. Details relating to the rate at which non-transferable specific delivery contracts have been entered into, for purchase of different oils indicating the rebates for F.F.A., colour and compensation for non-delivery shall also be maintained showing the receipts against each contract for oil supply.

Adequate records showing the consumption of each item of materials, indicating separately the quantities and costs of different oils issued for production and balance in stock shall be maintained. If the quantity and cost of material consumed are determined on any basis other than actuals, the method adopted shall be mentioned in cost records. The overall reconciliation of such costs of materials with the actuals shall be made periodically and in case at the end of the relevant period, explaining the reasons for variances. The treatment of such variances in determining the cost of items referred to in rule 2 shall be indicated in the cost records. The quantity and value of sludge collected from tanks indicating the oil content and the credit afforded therefore to consumption of oils along with the basis of arriving at the value shall also be indicated in the cost records.

(b) Where raw company or by its Where of oil from seeds the company to fill any form as near the Cost of oil produced be maintained separate to the manufacture where material the produced or major cost of manufacture consumed for their such details as may be in a scientific manner

(c) Adequate records shall also be maintained to show the receipts, issues and balances, both in qty and costs of process chemicals such as caustic soda, filter cloth, activated and citric acid.

(d) Any wastage of materials, whether in transit, storage at which such losses occur. The method of dealing with such losses in the calculation of costs shall be indicated in the cost records.

II Consumable Stores, Small Tolls, Machinery Spares etc.

(a) Adequate records shall be maintained to show the receipts, issues and balances, both in qty and costs, of each item of consumable stores, soda ash and lubricating and items of spare parts and small tools required for the manufacture of items of referred to in rule 2. The cost shown shall include all direct charges up to works wherever specifically incurred. In the case of consumable stores, small tools and machinery spares, the costs of which are not significant, the company may, if it so desires, maintain such records for the main group of such items.

(b) The cost of consumable stores, small tools and machinery spares consumed shall be charged to the relevant heads of account such as manufacture, repairs to plant and machinery, repairs to buildings, maintenance of township, maintenance of vehicles, etc. The cost of such items charged to manufacture shall further be allocated to different departments of manufacturing units or cost centres on a reasonable basis. Similarly, items issued for capital works, such as additions to plant and machinery, shall be shown under relevant capital heads.

(c) Any wastage, whether in storage, transit or for other reasons shall be shown separately. The method of dealing with such losses in costs shall also be indicated in the cost records.

III. Power and Fuel

(a) Adequate records shall be maintained in order to ascertain the cost of power and fuel. These records shall show separately wastage in storage, transit or for other reasons wherever occurring. The cost of power and fuel consumed shall be calculated on a reasonable basis and applied consistently.

(b) Where power is purchased, the records shall show separately the cost of power purchased fixed charges and duties, if any, payable by the consumer. Where the company itself generates power or by its wholly owned subsidiary, separate records shall be maintained to show in detail the different items making up the cost of power generated and distributed, -indicating clearly the allocation of cost between power and process steam which shall be equitable.

(c) The records shall be so maintained as to enable the assessment of consumption of power by the different departments or manufacturing units or cost centres. The allocation of power bills or generated costs, as the case may be, shall be 'On the basis of actual consumption, if separate meters are installed, or on the basis of chemical estimates if the manners are not installed. In the case of contractual obligations on account of

"maximum demand" clause which is applicable, irrespective of actual power consumed, if the amount payable as per actual consumption falls below the contractual minimum, the difference between the contractual minimum and the actual amount payable shall be treated as period power/fixed cost and treated accordingly. Cost of power consumed in and chargeable to non-operating departments, if significant, shall be shown separately

IV. Steam

Adequate records shall be maintained to ascertain the cost of steam consumed in the difference process. The cost of steam consumed in the difference department or manufacturer unit or cost centres shall be calculated on a reasonable basic and applied consistently.

Records for the steam consumed in the deodorizer shall be maintained. The quantity and cost of coal consumed in the boilers and data regarding the efficiency of the boilers shall also be maintained.

V. Hydrogen

Adequate records shall be maintained to determine correctly the cost of hydrogen produced either specifically for production of Vanaspati or derived as a by-product from any other plant/plants of the company. The cost of hydrogen consumed for production of Vanaspati shall be on actual basis when produced specifically, and on reasonable basis when derived as a by-product from another plant. The value of oxygen, if any, derived as a by-product and sold or utilizes by the company shall be credited to the manufacture of hydrogen, on a reasonable and consistent basis and shall be indicated in the cost records.

VI. Nickel Catalyst

Proper records shall be maintained showing quantity and cost of purchases, issues and consumption of fresh Nickel catalyst and spent catalyst separately. If facility for own production of fresh catalyst or activating of spent catalyst exists, separate records showing the cost of production of such catalyst should be maintained. Realization made in respect of unserviceable Nickel catalyst from time to time, indicating the quantity and value at which it is sold, or consumed by other departments of the company and the manner in which credit therefore has been afforded in the cost of production of Vanaspati shall also be indicated in the cost records.

VII. Bleaching Clay/Fullers Earth

Adequate records shall be maintained to ascertain the cost of active earth purchased or produced. These records shall indicate the cost of raw materials like Bentonite and Hydrochloric Acid used in production of active earth as well as the consumption of steam and fuel oil. The records shall indicate the total cost per kilogram of active earth produced by the company. Realization made by sale of spent earth or value of consumption by the other departments of the company indicating the quantity and value at which it is sold or consumed and the manner in which credit therefore has been afforded to the cost of production of Vanaspati shall also be indicated in the cost records.

VIII. By-products: Soap Stock, Soap and Glycerin

Adequate records shall be maintained shown the qty of soap stock derived and the basic of pricing adopted therefore to give credit to Vanaspati records showing the qty and cost of soap manufactured out of the stock any glycerin derived there from shall also be maintained.

IX. Wages and Salaries

(a) Proper and systematic records shall be maintained with respect to the attendance of workers and other operational staff, indicating the department or the work on which they were employed. Where payment to workers is made on piece rate basis, the records thereof shall be so maintained as to enable assessment of wages payable to such workers. Proper records shall also be maintained in respect of all payments made for overtime work and to casual labour. Where any incentive payments are made, whether in the shape of production bonus or other form of incentive based on output achieved by the workers individually or collectively, proper records shall also be maintained for the assessment of such payments

(b) The records shall further show the wages and salaries relating to various manufacturing departments or units or cost centers being the amounts payable and allocated to the different departments or units or cost centers. Idle time of workers shall be recorded separately, indicating the reasons for such idle time and the method of its treatment in calculating the cost of products. Any wages and salaries being expenditure on additions to plant, machinery or other fixed assets shall be allocated to the relevant capital heads in the accounts.

(c) If the wages and salaries are allocated to the departments or units or cost centers on any basis other than actuals, the reconciling of such wages with actuals and the treatment of variations, if any, in determining the cost of items referred to in Rule 2 shall be indicated in the cost records

X. Service Department Expenses

Direct expenses of service department shall be apportioned to the production department and the basis of service rendered.

XI. Workshop/Repairs and Maintenance shop Expenses

Adequate records showing the expenditure incurred in the workshop repairs and maintenance shop shall be maintained. The records shall further indicate the basis of charging the expenditure incurred in these shops to the different department or manufacturer units or cost centres. Cost of work of a capital nature or 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 its treatment in determining the cost of items referred to in Rule 2.

XII. Depreciation

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

(b) The basis on which depreciation is calculated and allocated to the various departments and products shall be clearly indicated in records. Depreciation chargeable to the different departments, manufacturing unit or cost centers shall be not less than the amount of depreciation which may be worked out in accordance with provisions of sub-section (2) of Section 205 of the Companies Act, 1956 (1 of 1956) and shall relate to plant, machinery and other fixed assets utilized in such departments manufacturing unit or cost centers. However the cumulative depreciation charged against any individual item of asset over a period shall not exceed the original cost of the respective assets. The method once adopted shall be applied consistently.

XIII. Overhead Expenses

(a) Adequate records showing the amount comprising the overhead expenses and the details of apportionment of overhead expenses to the various departments or manufacturing unit or cost centres shall be maintained after collection the details of all such exp from the financial account. Overheads relating to works, administration, selling and distribution shall be shown separately. In respect of capital jobs, appropriate share of overhead expenses shall be allocated to the capital head. Works overhead shall include among other items, indirect material consumed and the relevant share of staff and labour welfare expenses. The detailed breakup of items, constituting Head office or common unit expenses and their allocation shall be maintained indicating the basis on which they are allocated to different activities and products of the company to enable determination of an equitable charge to various units and others. The amount allocated to various units shall be reasonable and appropriate. The method of apportioning overhead expenses to the various departments or manufacturing units or cost centers shall be clearly indicated in the cost records and applied consistently. Where the overhead expenses are recovered through the output from the various departments or manufacturing units or cost centers otherwise than at actuals, the method of reconciling such expenses with the actuals for the relevant period, the variances, if any and their treatment in determining the cost of items referred to in rule 2 shall be indicated in the cost records.

(b) Details of selling and distribution exp and the share there of application to the items referred to in rule 2 and as between different sizes of packing shall be maintained in such a manner so as to enable the relevant particulars to be furnished in Proforma D of schedule II. Selling and distribution exp shall be apportioned on a reasonable basis and the share applicable to each item shall be shown in the relevant proforma in schedule II. The basis of apportionment shall be indicated in the cost records and applied consistently.

Records showing the expenses incurrent on export of Vanaspati, if any, shall be separately maintained, so that the cost of sales, "within India" and for export (including export expenses) can be correctly determined.

XIV. Packing

Adequate records shall be maintained showing the cost of packing materials and direct wages and other expense incurred in respect of different items packed. Where such exp are not capable of being charges directly against individual items, the basic of apportioning the exp shall be clearly indicated in the cost records and applied consistently.

The records shall be kept in such a manner that the packing cost in respect of difference type and size of packs are available separately. Where packing containers are manufactured by the company, separate records showing the cost of manufactured or production such containers shall be maintained in such details as may enable the company to fill up the particulars in Proforma C of schedule II. The cost of tins manufactured by the company and those purchased from outside parties shall be maintained separately, indicating the basis on which these are charged to packing expenses.

XV. Research and Development Expenses

Adequate records showing the details of expenses incurred by the company for the development of existing product or new product, if any shall be maintained separately. The method of charging such expenses to cost of the production shall be indicated in the relevant cost records. Such expense shall be charged to Vanaspati only to the extent they are incurred for that product and are attributable thereto.

XVI. Cost Statements

Statement showing separately the cost of refined vegetable oil, margarine, industrial hard oil, Vanaspati shall be compiled in Proforma B and D of schedule II or in any form as near thereto as practicable. If the cost in Proforma B and D referred to above are being compiled on any basic other than actuals, the method of reconciling the figures given in the said Proforma B and D with the actuals shall be indicated in the cost records. Packing and selling and distribution expenses in respect of each size of packing shall also be maintained separately.

XVII. Work-in-progress and Finished Goods Stock

The cost of work-in-progress at the difference plants and finished goods stock of each item at the relevant period shall normally be calculated to represent the cost of materials, appropriate labour, overhead exp and depreciation. The basis of arriving at the cost of work in progress and finished goods 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 elements referred to shall be related to the items referred to in the proforma of Schedule II. The method adopted shall be followed consistently. Records shall be maintained by the company in such details as to enable it to fill up the particulars in Proforma E of Schedule II.

XVIII. Reconciliation of Cost and Financial Account

The cost of records shall be periodically reconciled with the financial books of account so as to ensure accuracy. Variations, if any, shall be clearly indicated and explained. The period for which such reconciliation are effected shall not exceed the period of the financial year of the company. The reconciliation shall be done in such a manner that the profitability of the product under reference can be correctly adjudged by the cost auditor and

reconciled with the overall profits of the company from all its activities.

XIX. Records for Stock Verification

Records of physical stock verification shall be maintained in respect of all materials including different oils, tins, polythene containers, consumable stores, small tools and machinery spare and other finished goods stock. Records of consumption and production shall also be reconciled with the excise returns. Any losses/ surpluses arising out of such verification or losses in storage or in transit shall also be indicated separately stating the method of their treatment in cost.

XX. Statistical Statement and Other Records

Statistical Statement and Other Records shall be maintained in such details so as to enable the company to comply with the requirements of this schedule and schedule II and to enable the cost auditor to report to the company law board on all the points referred to in the Cost Audit Rules, 1968, as amended from time to time. Data relating to production and operational effluent of individual department, oil losses in refining, bleaching and deodorization and major repairs and maintained shall also be maintained.

SCHEDULE II
(Sec Rule 3)
PROFORMA A

Name and Address of the Company
Statement showing the cost of Oil extracted during the year

	Current Year (Tonnes)	Previous Year
1. Name of seed		
2. Qty of seed crushed		
3. Qty of Oil produced		
4. Qty of Cakes produced		
5. Oil losses		

Particulars	Qty	Rate Rs.	Total Rs.	Cost per tonne of oil	
				Current Year Rs.	Previous Year Rs.
1	2	3	4	5	6
1. Seeds crushed					
2. Storage tank foots					
3. Filter press foots					
4. Less crushing losses (Quantity only)					
Oil produced					
5. Purchasing & Weighing Charges					
6. Direct wages					
7. Steams					
8. Stores					
9. Power					
10. Depreciation					
11. Insurances (Factory)					
12. Inter-departmental services					
13. Other works overhead					
14. Administration overhead					
15. Less realizable value of meal and cakes					
16. Adjustment for difference in value of stocks of Filter press foots Storage tank foots					
17. Adjustment for difference in value of opening and closing work-in-progress, if any					
18. Net cost of Oil produced					
19. Adjustment for Opening stock of oil Less: closing stocks of oil Difference:					
20. Cost of Oil consumption (Vide Proforma B)					

Notes:

1. Separate cost statements shall be maintained in respect each oil produced.
2. Separate cost sheet on the above lines shall be prepared in respect of oil produced from "solvent extraction plant", if any.
3. The basis on which the realizable value is determined for cakes and meals shall be clearly indicated.
4. Abnormal losses, if any, both in quantity and cost in a separate statement
5. The standard input/ output ratio and reasons for variances from standards shall be indicated.
6. The apportionment of common selling and distribution expenses to the product in the case of multi product units shall be equitable vide para XIII of schedule I.

PROFORMA B

Name and Address of the Company

Statement showing the cost of naked Vanaspati/Refined Oil/Industrial Hard oil Margarine during the year

	Current Year	Previous Year			
No. Of days worked (for the manufacture of the product concerned)					
Production Tonnes					
Particulars	Qty Consumed Units	Rate per unit Rs.	Total cost Rs.	Cost per tonne Current year Rs.	Previous year Rs.
1	2	3	4	5	6

1. Materials:

(i) Oils:

- (a) Ground nut oil produced/ purchased
- (b) Soyabean oil
- (c) Cotton oil
- (d) Sesame oil
- (e) Safflower oil

Total oil

Less: Process loss, quantity only

- (a) Ground nut oil
- (b) Soyabean oil
- (c) Cotton oil
- (d) Sesame oil
- (e) Safflower oil

Total

Net Oil input

Less: Credit for by-product (Realizable Value)

- (a) Soap stock
- (b) Acid, trap oil, oil from sludge of storage tanks
- (c) Press cake

Total

Net oil cost:

(ii) Hydrogen (By weight)

2. Chemicals:

- (a) Bleaching earth
- (b) Salt
- (c) Activated Carbon
- (d) Caustic soda
- (e) Nickel Formate
- (f) Nickel catalyst
- (g) Filter cloth (Meters)
- (h) Sulphuric acid
- (i) Citric/ Tartaric Acid
- (j) Others

Total Chemicals

3. Vitamins

4. Steam

- (a) In neutralizer and other process
- (b) Deodorizer

5. Water

6. Power

7. Direct Wages
8. Consumable stores, small tools and machinery spares
9. Repairs & Maintenances
10. Depreciation
11. Insurances (Factory)
12. Other works overhead
13. Administration overhead
14. Adjustment for difference in value of opening and closing work-in-progress

**Cost of production of naked liquid vanaspati
/refined Oil/ Industrial Hard Oil/ Margarine**

Notes:

1. Separate cost statements shall be maintained in respect of vanaspati /refined Oil/ Industrial Hard Oil/ Margarine produced by the company.
2. Excise duty to be excluded
3. The basis for arriving at the process loss for each type of oil shall be clearly indicated and compared with the standards.
4. The standard input/ output ratio and variations from standards shall be indicated.
5. Abnormal losses, if any, both in quantity and cost , shall be shown in a separate statement indicating the reasons therefore.
6. The apportionment of common selling and distribution expenses to the product in the case of multi product units shall be equitable vide para XIII of schedule I.

PROFORMA C

Name and Address of the Company
Statement showing the cost of tins manufactured during the year

Production	Size	Current Year		Previous Year	
Particulars	Qty	Rate	Total cost	Cost per tin	
		Rs.	Rs.	Current year Rs.	Previous year Rs.
1	2	3	4	5	6
1. Materials:	Tonne				
Tin plate	Tonne				
Less: Realization value of tin plate scrap					
Less: Realization value of ticklies					
Tin excluding GI Wire Hanger	Tonne				
Add: G.I. Wire Hanger					
Tins with Hanger					
2. Chemicals:					
Solder stock					
Zinc					
Hydrochloric acid	Unit				
3. Power	Tonne				
4. Coal	No.				
5. Soldering Iron	Kg.				
6. Hill Bamboo					
7. Misl. Stores					
8. Direct Wages					
9. Depreciation					
10. Other works overhead					
11. Administration overhead					
12. Adjustment for difference in value of opening and closing work-in-progress					
13. Total cost					
14. Add: Opening stock					
15. Less: Closing stock					
16. Difference					
17. Cost of tins consumed					

Notes:

1. Separate cost statements shall be maintained in respect of each size container.
2. Excise duty on containers, if any, may be indicated separately
3. The apportionment of common overhead expenses to the product in the case of multi product units shall be equitable vide para XIII of schedule I.

PROFORMA D

Name and Address of the Company

Statement showing cost of packed Vanaspati/refined oil/industrial hard oil/Margarine produced during the year

			Current Year	Previous Year	
Qty packed	No of weight in tonnes/kg				
Size of container					
Particulars	Qty	Rate per unit	Total Cost	Cost per tonne	
		Rs.	Rs.	Current year	Previous year
				Rs.	Rs.
1	2	3	4	5	6
<ol style="list-style-type: none"> 1. Cost of naked liquids/ Vanaspati/ Refined oil/ Industrial hard Oil/ Margarine as per Proforma B 2. Packing cost (Total packing cost) <ol style="list-style-type: none"> (a) Containers Own manufacture/ Purchased (b) Direct Wages (c) Depreciation (d) Other Overheads <p style="margin-left: 20px;">Total cost of Packing</p> 3. Cooling cost (Total cooling cost) <ol style="list-style-type: none"> (a) Freon/ ammonia (b) Power (c) Wages and Salaries (d) Depreciation <p style="margin-left: 20px;">Total cost of Cooling</p> 4. Total cost of packed Vanaspati/ Refined Oil/ Industrial Hard Oil/ Margarine 5. Add: Opening stock 6. Total 7. Less: Closing stock 8. Net ex-works cost of Packed product sold during the year 9. Selling and distribution exp <ol style="list-style-type: none"> (a) Salaries and wages (b) Publicity (c) Depot Expenses (d) Freight (e) Handling Charges (f) Commission (g) Discounts (h) Expenses on exports, if any (i) Others <p style="margin-left: 20px;">Total Selling & Distribution expenses</p> 10. Total cost of including selling distribution exp Add: 11. Interest charges 12. Bonus to employees other than production incentives 13. Other exp not included in cost (Details to be listed) 14. Total expenses including Interest and other Charges and <ol style="list-style-type: none"> (a) Excluding Excise duty (b) Excluding Excise duty and export expenses 					

15. Average sales realization
(Excluding Excise duty and export expenses)

Notes:

1. Separate cost statements shall be maintained in respect of each type of product and size of pack used.
2. If cooling is done prior to packing and if it is found convenient cooling cost shall be displayed at the end of Proforma B as item 15 separately.
3. The apportionment of common selling and distribution expenses to the product in the case of multi product units shall be equitable vide para XII of schedule I.

PROFORMA E

Name and Address of the Company

I Statement showing the value of work-in-progress at the end of the year

Particulars	Rs.
1. Opening work-in-progress	
2. Add: Exp relating to production of Vanaspati and Other Products referred to in rule 2 (including items referred to in proforma A and C of schedule II) incurred during the year	
Total	
3. Less: Cost of production of the items referred to in rule 2 (including items referred to in proforma A and C)	
4. Closing work-in-progress as on	

II Statement showing the finished stock of Oils, Vanaspati, Refined Oil, Bleaching Earth, Nickel Catalyst and Other products as on

Type of products	Opening Stock As on		Production during the year		Sold/ consumed during Year		Physical stock Adjustment if any		Closing stock as on	
	Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
1	2	3	4	5	6	7	8	9	10	11
1. Oils:										
(a) Groundnut oil										
(b) Soyabean oil										
(c) Cotton oil										
(d) Sesame oil										
(e) Safflower oil										
2. Vanaspati										
3. Refined oil										
4. Industrial hard oil										
5. Margarine										
6. Bleaching Earth										
7. Nickel Catalyst										
8. Tin Containers										
9. Other, If any										

Note: To be shown separately in respect of each size of pack for items 2, 3, 4, 5 and 8

⁸[SCHEDULE III
[See rule 3(2A)]]

1. MATERIALS:

(1) The proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost (including all direct charges upto the works in respect of major raw material), of each item of raw material such as palm oil, groundnut oil, cotton seed oil, soyabean oil, sesame oil and other edible oil required and actually used for producing, processing or manufacturing the products under reference. 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. Where raw material such as groundnut oil is produced by the company or by the wholly owned subsidiary or by the companies under the same management, separate records showing the loss of oil from seeds crushed shall be maintained in details so as to enable the company to fill up the details in Proforma B of schedule III or in any form as near there to as practicable. Records for the loss of the oil produced from the crusher and "solvent extraction plant" if any shall be maintained separately. The basis on which such oil is priced for transfer to the manufacture of product under reference may be clearly indicated. Details relating to rate at which non-transferable specific delivery contracts have been entered into for purchase of different oils indicating the rebates for F.F.A., colour & compensation for non-delivery shall be maintained showing the receipts against each contract for oil supply. 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 Nickel catalysts/Bleaching earth and additives used in the manufacture of product under reference. The cost shall include all direct charges upto works. The issues, consumption shall be properly identified with the departments, cost-centres and products manufactured. The above records shall be maintained for spent catalyst separately. If the company produces fresh catalyst/active earth or activates spent catalyst etc., separate records showing the cost of production of each catalyst should be maintained. Realisation made in respect of unserviceable Nickel catalyst or spent earth from time to time indicating the quantity and value at which it is sold, or consumed by other department of the company and the manner in which credit therefor has been accorded in the cost of production of product under reference shall also be indicated in the cost records.

(3) Where these process chemicals such as caustic soda, activated carbon & citric acid are produced 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 process material and chemicals produced. The basis on which the quantities and costs of issues and consumption of such chemicals produced by the company are calculated shall be indicated in the cost records and followed consistently.

(4) The issues, consumption of production materials shall be identified with the batch of production, departments, and cost centre.

(5) The proper records shall be maintained indicating the quantity as well as value of by-products like, fatty acids/ soap stocks/ soap/ glycerine, recovered in the different processes having significant value in relation to the cost of materials. In the case of certain by-products recovered, which cannot be reused in the process and are sold or disposed of without further processing, the realisation from such sales shall be recorded and adjusted against the process concerned. The quantity and value of sludge collected from tanks indicating the oil content and the credit afforded therefor to consumption of oil alongwith the basis of arriving at the value shall also be indicated in the records. In case further processing of any by-product is necessary, to make the by-products usable or saleable, as the case may be, adequate

⁸ Inserted by GSR 705 (E) dated 28th September 2001

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 relating 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 by-products shall also be maintained.

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

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

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

(9) 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.

(10) 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.

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

(12) 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 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 department-wise. 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 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 any type of product under reference 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 product under reference in different cost centres or departments shall be maintained. The cost of treated or cooling water, consumed by the plant producing the product under reference 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 product under reference shall be maintained. The cost of steam consumed by the units producing the product under reference 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 plant producing the product under reference, the cost of steam so supplied shall be charged to the said 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 product under reference 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 product under reference in different cost centres or departments. Records shall also indicate installed capacity, number of units generated losses and consumption in each cost centres or departments separately. Where power is generated and supplied by any other unit of the company to the plant-producing product under reference, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power consumed by the units producing the products under reference and by 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) Hydrogen: - The proper records shall be maintained as per the Cost Accounting Record (Industrial Gases) Rules, 1996 as amended from time to time, showing the cost of hydrogen produced or manufactured either specifically for the production of product under reference or derived as by-product from another plant/plants of the company. The cost of hydrogen consumed for the production of product under reference shall be on actual basis when produced specifically and on reasonable basis

when deemed as a by-product from another plant/ plants of the company. The value of oxygen, if any, derived as a by-product and sold or utilized by the company, shall be credited to the manufacture of hydrogen on reasonable & consistent basis and shall be indicated in the cost records. If the company purchases the hydrogen, proper records showing quantity purchased & consumed cost centre-wise or department-wise shall be maintained. These records shall show the cost of hydrogen delivered upto works including all direct charges.

(5) 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 on product under reference on equitable and reasonable basis and applied consistently.

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

(7) 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 centers or departments shall be maintained. The records shall also indicate the basis of charging the workshop, or repair and maintenance or tool room expenses to different cost center or department. Where maintenance work is done by direct workers of any production cost center or department, the wages and salaries of such workers shall be treated as direct expenses of the respective cost center 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 expense, to such products shall be on equitable and reasonable basis and applied consistently.

(2) In addition to the above, records should 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 an 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:

The Depreciation shall be allocated/ apportioned to various cost centers 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 centers 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 product under reference. 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 product under reference, 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 product under reference, 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 the 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 products 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 product under reference 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 product under reference 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 product under reference. 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 product under reference.

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 product under reference 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 under reference and other activities on 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 under reference 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, on the product under reference shall be separately maintained so that the cost of export sales can be determined correctly. Separate cost statement shall be prepared for each product under reference 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 product under reference. If such expenses are incurred in common for product under reference and other products, these expenses shall be apportioned to relevant products on equitable and reasonable basis and applied consistently. Where the company manufactures packing containers, separate records showing the cost of manufacturing or producing such containers shall be maintained in details. The cost of tins manufactured by the company and those purchased from outside parties shall be maintained separately indicating the basis on which they are charged to packing expenses.

(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 each item referred to in Rule 2 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 product under reference 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, issue 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 or 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 variations, if any, shall be clearly indicated and explained.

(2) A statement showing the total expenses incurred and income received by the company under different heads of accounts and the share applicable to other products and the products under reference shall be prepared and reconciled with the financial statement.

18. ADJUSTMENT OF COST VARIANCES:

Where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the product under reference, 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 product under reference 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 product under reference, that have not contributed to the production during the 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 & Fixture etc. employed for the production of product under reference, along with 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 and shall be followed consistently.

(3) Records of physical stock verification shall be maintained in respect of all materials including different oils, tins, polythene containers, consumable stores, small tools and machinery spares and other finished goods stock. Records of consumption and production shall also be reconciled with the excise returns. Any losses/ surpluses arising out of such verification or losses in storage or in transit shall also be indicated separately stating the method of their treatment in cost.

(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 product under reference is used for captive consumption, proper records shall be maintained showing the quantity and cost of each item of product transferred to other departments or units of the company for self-consumption. The rates at which the transfers are affected shall be at cost only.

21. POLLUTION CONTROL:

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

22. HUMAN RESOURCES DEVELOPMENT:

Expenditure incurred by the company on the human resources development activity shall be recorded 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, chemicals and rejected goods including scraps, etc;
 - (b) Utilization of plant facilities and technical know-how;
 - (c) Supply of utilities and any other services;
 - (d) Administrative, technical, managerial or any other consultancy services; (e) purchase and sale of capital goods including plant and machinery;
 - (f) Any other payment related to production, processing or manufacturing of product under reference. These records shall also indicate the basis followed for arriving at the rates charged or paid for such products or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to product under reference.
- (2) The transactions by the following "related party relationships" shall be covered under sub-rule (1):
 - (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
 - (b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
 - (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
 - (d) Key management personnel and relatives of such personnel; and
 - (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

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

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

- (iii) Public utilities;
- (iv) Government departments and government agencies including government sponsored bodies.

Explanation: -For the purpose of these Rules,

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

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

(c) "**Control**" means

(i) Ownership, directly or indirectly, of more than one-half of the voting power of an enterprise; or

(ii) Control of the composition of the Board of Directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise; or

(iii) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

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

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

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

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

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

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

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

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

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

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

PROFORMA 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 per (Rupees)	
					Current Year	Previous Year
A 1.	Materials(specify) (a) (b) (c)					
2.	Utilities(specify) (a) (b) (c)					
3.	Consumable stores					
4.	Salaries and wages					
5.	Repairs and maintenance					
6.	Other overheads					
7.	Depreciation					
8.	Total					
9.	Less:Credit, if any					
10.	Net Total					
B.	Apportioned to 1. 2. 3. 4.					

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 the factory

Statement showing the summary cost ofoil extracted during the year/period.....

		Current Year (Metric Tonnes)	Previous Year (Metric Tonnes)
1	Name of seed		
2	Quantity of Seed crushed		
3	Quantity of oil produced		
4	Quantity of cakes produced		
5	Oil losses		

B Cost Information:

Serial Number	Particulars	Quantity	Rate (Rupees)	Amount (Rupees) in lacs)	Per Metric Tonnes(Rupees)	
					Current Year	Previous Year
1.	Seeds crushed					
2.	Storage Tank foots					
3.	Filter Press foots					
4.	Less Crushing losses(Quantity only)					
5.	Oil produced					
6.	Purchasing & weighing charges					
7.	Direct Wages and Salaries					
8.	Utilities (a)Power (b)Steam (c)Water (d)Air-conditioning (e)Hydrogen (f)Effluent treatment plant (g)others (h)Total (a to g)					
9.	Consumable Stores and spares					
10.	Depreciation					
11.	Repairs and maintenance					
12.	Royalty					
13.	Research and development					
14.	Quality control					
15.	Other Factory overheads					
16.	Administrative overhead (a)Salaries and wages (b)Others (Please					

	specify) (c)Total (a+b)					
17.	Total(1 to 16)					
18.	Less: Credits (from wastage and by-Products)					
19.	Stock adjustment (Work in Progress)					
20.	Cost of Production					
21.	Stock adjustment (finished products)					
22.	Net cost of Production of oil consumed					
23.	Apportioned to: 1. 2. 3. 4.					

- Note 1.- Separate proforma shall be prepared for each type of oil produced.
- Note 2.- Separate cost sheet on the above lines shall be prepared in respect of oil produced from "solvent extraction plant", if any.
- Note 3.- The basis on which the realisable value is determined for cakes and meals shall be clearly indicated.
- Note 4.- Abnormal losses, if any, shall be indicated both in quantity and cost in a separate statement.
- Note 5.- The standard input/output ratio and reasons for variances from the standard shall be indicated.
- Note 6.- The apportionment of common overhead expenses (as detailed in Para 7) to the product in the case of multiproduct units shall be equitable .
- Note 7.- If any of the oil extracted 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 respective product.
- Note 8.- The administration overheads shall be included only to the extent they contribute to putting the inventories the their present location and condition.

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 item of product under reference produced/manufactured and sold during the year/period.....

A Quantitative Information:

Serial Number	Particulars	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.	Opening stock (fin.goods)		
8.	Closing stock(fin.goods)		

B Cost Information:

Serial Number	Particulars	Quantity	Rate (Rs)	Amount (Rupees) (in lacs)	Quantity per metric tonne		Cost per Metric tonne (Rupees)	
					Current Year	Previous Year	Current Year	Previous Year
1.	Material cost(item wise covering 80% of value) (a) (i)Imported (ii)Indigenous (iii)Recovered (iv)Own produced (b) (i)Imported (ii)Indigenous (iii)Recovered (iv)Own produced (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)Others(specify)							
3.	Direct Wages and Salaries							
4.	Utilities (a)Power (b)Steam (c)Water (d)Air-conditioning (e)Hydrogen							

	(f)Effluent treatment plant (g)Others (h)Total (a to g)							
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.	Less: Credits (from wastages and by-Products)							
15.	Stock adjustment (work in progress)							
16.	Cost of Production							
17.	Net cost of Production of unpacked finished goods							
18.	Less: captive consumption(product-wise details of finished output be given)							
19.	Packing Cost (a) Containers (Details be given for own manufacture /purchased) (b) Other materials (c) Others expenses (details to be given)							
20.	Cooling Cost: (a) Freon/Ammonia (b) Others (details to be given)							
21.	Stock adjustment (finished products)							
22.	Less: Captive Consumption in packed condition (Details be given)							
23.	Net ex-works cost of packed products							
24.	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)							
25.	Cost of Sales							
26.	Interest							
27.	Other expenses/incomes not included in costs(details to be given)							
28.	Total cost (excluding excise duty)							
29.	Total sales realization excluding excise duty Add: Export benefits and incentives, if any							
30.	Margin(29-28)							

Note

- 1.- Separate proforma shall be prepared in respect of each type of product under reference.
- 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 produced and exported.
- 3.- Separate proforma shall be prepared in this format in respect of inter- company transfers referred to in para 23 of the Schedule III.
- 4.- The quantitative basis of apportionment of common overheads should be enclosed separately.
- 5 - The administrative 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 the product under reference and other activities for the year ending.....

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

Serial Number	Particulars	Total actual expenses As per Audited Annual Accounts	Share applicable to product under reference	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 12)				
14.	Less: Credits (from wastages and by-Products)				
15.	Stock adjustment (work in progress)				
16.	Cost of Production				
17.	Net cost of Production of unpacked finished goods				
18.	Less: captive consumption				
19.	Packing Cost (d) Materials (e) Others				
20.	Cooling Cost (a)Freon/Ammonia (b)Others (details to be given)				
21.	Stock Adjustment (Finished product)				
22.	Less: captive consumption in packed condition				
23.	Net ex-works cost of packed				

	products				
24.	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)				
25.	Cost of Sales				
26.	Interest				
27.	Other expenses/incomes not included in costs(details to be given)				
28.	Total cost (excluding excise duty)				
29.	Total sales realization excluding excise duty Add: Export benefits and incentives, if any				
30.	Margin(29-28)				

Note.-

1. All items of income and expenditure in this Proforma shall be reconciled with the financial accounts for the relevant period.”
2. Bonus in excess of statutory minimum, bad debts and provisions, Donations and Charities. Loss/Gain on sale of assets, brokerage and commission, expenses not recognized by Income Tax Authorities (salary, perquisites, advertisements, entertainment etc.) adjustments relating to previous years etc. to be excluded from costs.”
3. The quantitative basis of apportionment of common overheads should be enclosed separately.]

Footnote - The principal notification was published vide G.S.R. number 1529, dated the 27-11-1972, and subsequently amended by

1. GSR 780, dated 3-6-1977
2. GSR 27,dated 5-1-1983
3. GSR 550, dated 22-7-1989
4. GSR 287, dated 29-5-1992
5. GSR 310(E), dated 24-3-1993
6. GSR 436(E), dated 3-8-1998
7. GSR 705(E), dated 28-09-2001