

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 30th June, 2014

G.S.R. 425 (E).—In exercise of the powers conferred by sub-sections (1) and (2) of section 469 and section 148 of the Companies Act, 2013 (18 of 2013) and in supersession of Companies (Cost Accounting Records) Rules, 2011; Companies (Cost Audit Report) Rules, 2011; Cost Accounting Records (Telecommunication Industry) Rules, 2011; Cost Accounting Records (Petroleum Industry) Rules, 2011; Cost Accounting Records (Electricity Industry) Rules, 2011; Cost Accounting Records (Sugar Industry) Rules, 2011; Cost Accounting Records (Fertilizer Industry) Rules, 2011 and Cost Accounting Records (Pharmaceutical Industry) Rules, 2011, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely:—

- 1. Short title and commencement.**- (1) These rules may be called the Companies (cost records and audit) Rules, 2014.
(2) They shall come into force on the date of publication in the Official Gazette.
- 2. Definitions:** In these rules, unless the context otherwise requires -
- (a) “Act” means the Companies Act, 2013 (18 of 2013);
- (b) “Cost Accountant in practice” means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959), who holds a valid certificate of practice under sub-section (1) of section 6 of that Act and who is deemed to be in practice under sub-section (2) of section 2 thereof, and includes a firm or limited liability partnership of cost accountants;
- (c) “cost auditor” means a Cost Accountant in practice, as defined in clause (b), who is appointed by the Board;
- (d) “cost audit report” means the report duly audited and signed by the cost auditor including attachment, annexure, qualifications or observations etc. to cost audit report;
- (e) “cost records” means books of account relating to utilisation of materials, labour and other items of cost as applicable to the production of goods or provision of services as provided in section 148 of the Act and these rules;
- (f) “form” means a form annexed to these rules;
- (g) “institute” means the Institute of Cost Accountants of India constituted under the Cost and Works Accountants Act, 1959 (23 of 1959);
- (h) all other words and expressions used in these rules but not defined, and defined in the Act or in the Companies (Specification of Definition Details) Rules, 2014 shall have the same meanings as assigned to them in the Act or in the said rules.

3. Application of cost records.—For the purpose of sub-section (1) of section 148 of the Act, the following class of companies, including Foreign Companies defined in sub-section (42) of section 2 of the Act, shall be required to include cost records in their books of account, namely:—

(A) Companies engaged in the production of following goods in strategic sectors, such as:

(a) (i) machinery and mechanical appliances used in defence, space and atomic energy sectors excluding any ancillary item or items;

Explanation: - For the purposes of this sub-clause, any company which is engaged in any item or items supplied exclusively for use under this clause, shall be deemed to be covered under these rules.

(ii) turbo jets and turbo propellers;

(iii) arms and ammunitions;

(iv) propellant powders; prepared explosives, (other than propellant powders); safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators;

- (v) radar apparatus, radio navigational aid apparatus and radio remote control apparatus;
- (vi) tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons and parts of such vehicles, that are funded (investment made in the company) to the extent of ninety per cent. or more by the Government or Government Agencies;
- (b) provisions of clause (A) shall be applicable, if the net worth of the company is rupees five hundred crore or more or the turnover is rupees five hundred crore or more.
- (B) companies engaged in an industry regulated by a Sectoral Regulator or a Ministry or Department of Central Government:
- (a) (i) Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports under section 111 of the Major Port Trusts Act, 1963(38 of 1963);
- (ii) Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel rendered by airports and regulated by the Airports Economic Regulatory Authority under the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008);
- (iii) Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature (other than broadcasting services) and regulated by the Telecom Regulatory Authority of India under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997);
- (iv) Generation, transmission, distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003), other than for captive generation (as defined under the Electricity Rules 2005);
- (v) Steel;
- (vi) Roads and other infrastructure projects;
- (vii) Drugs and Pharmaceuticals;
- (viii) Fertilisers;
- (ix) Sugar and industrial alcohol;
- (x) Petroleum products regulated by the Petroleum and Natural Gas Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006(19 of 2006);
- (xi) Rubber and allied products being regulated by the Rubber Board.
- (b) For the purposes of clause (B), the thresholds limit shall be as under, -
- (i) in the case of a multi-product or a multi services company (i.e. a company producing more than one product or service), any product or a service for which the individual turnover (from such specific product or such specific service) is rupees fifty crore or more;
- (ii) in the case of a company, producing any one specific product or service, if the net worth of the company is rupees one hundred and fifty crore or more or the turnover is rupees twenty five crore or more.
- (c) in the case of companies engaged in an industry regulated by a sectoral regulator, the requirements of sectoral regulator regarding cost records shall be taken into account.
- (C) Companies operating in areas involving public interest such as:
- (a) (i) Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signalling equipment's of all kind;
- (ii) Mineral products including cement;
- (iii) Ores;
- (iv) Mineral fuels (other than Petroleum), mineral oils etc.;
- (v) Base metals;
- (vi) Inorganic chemicals, organic or inorganic compounds of precious metals, rare-earth metals of radioactive elements or isotopes, and Organic Chemicals;
- (vii) Jute and Jute Products;
- (viii) Edible Oil under Administrative Price Mechanism;
- (ix) Construction Industry;
- (x) Companies engaged in health services viz. functioning as or running hospitals, diagnostic centres, clinical centres or test laboratories;
- (xi) Companies engaged in education services, other than such similar services falling under philanthropy or as part of social spend which do not form part of any business.
- (b) For the purposes of clause (C), the thresholds limit shall be as under, -
- (i) in the case of a multi-product or a multi services company (i.e. a company producing more than one product or service), any product or a service for which the individual turnover (from such specific product or such specific service) is rupees fifty crore or more;
- (ii) in the case of a company producing any one specific product or service, if the net worth of the company is rupees one hundred and fifty crore or more or the turnover is rupees twenty five crore or more.

- (D) Companies (including foreign companies other than those having only liaison offices) engaged in the production, import and supply or trading of following medical devices, namely:-
- (a)
 - (i) Cardiac Stents;
 - (ii) Drug Eluting Stents;
 - (iii) Catheters;
 - (iv) Intra Ocular Lenses;
 - (v) Bone Cements;
 - (vi) Heart Valves;
 - (vii) Orthopaedic Implants;
 - (viii) Internal Prosthetic Replacements;
 - (ix) Scalp Vein Set;
 - (x) Deep Brain Stimulator;
 - (xi) Ventricular peripheral Shud;
 - (xii) Spinal Implants;
 - (xiii) Automatic Impalpable Cardiac Deflobillator;
 - (xiv) Pacemaker (temporary and permanent);
 - (xv) patent ductus arteriosus, atrial septal defect and ventricular septal defect closure device;
 - (xvi) Cardiac Re-synchronize Therapy ;
 - (xvii) Urethra Spinicture Devices;
 - (xviii) Sling male or female;
 - (xix) Prostate occlusion device; and
 - (xx) Urethral Stents.
 - (b) For the purposes of clause (D), the thresholds limit shall be as under, -
 - (i) in the case of a company engaged in multiple products, any product or device for which the individual turnover (from such specific product or device) is rupees ten crore or more, or one third of the turnover, whichever is less.
 - (ii) in the case of a company engaged in one specific product or device, if it has net worth of rupees one hundred and fifty crore or more or the turnover is rupees twenty five crores or more;

4. Applicability for cost audit.-

- (1) Every company engaged in a strategic industry and covered under sub-clause (b) of clause (A) of rule 3 shall be required to get its cost records audited in accordance with these rules.
- (2) In the case of a multi-product or a multi services company specified in sub-clause (b) of clause (B) and sub-clause (b) of clause (C) of rule 3, the requirement for cost audit shall apply to a product or a service for which the individual turnover (from such specific product or such specific service) is rupees one hundred crore or more;
- (3) In the case of a company producing any one specific product or service specified in sub-clause (b) of clause (B) and sub-clause (b) of clause (C) of rule 3, the requirement for cost audit shall apply if the net worth of the company is rupees five hundred crore or more or the turnover from such product or such service is rupees one hundred crore or more.
- (4) In the case of a company engaged in medical products or devices referred to in sub-clause (b) of clause (D) of rule 3, -
 - (i) which has multiple products or devices (i.e. a company producing, importing and supplying or trading in more than one medical device or product), the requirement for cost audit shall apply to a medical device or product for which the individual turnover (from such specific medical device or product) is rupees ten crore or more, or one third of the turnover, whichever is less;
 - (ii) which has only one product or device (i.e. a company producing, importing and supplying or trading one medical device or product), the requirement for cost audit shall apply if the net worth of the company is rupees one hundred fifty crores or more or the turnover is rupees twenty five crores or more.

5. Maintenance of records.- (1) Every company under these rules including all units and branches thereof, shall, in respect of each of its financial year commencing on or after the 1st day of April, 2014, maintain cost records in **form CRA-1**.

- (2) The cost records referred to in sub-rule (1) shall be maintained on regular basis in such manner as to facilitate calculation of per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly or quarterly or half-yearly or annual basis.
- (3) The cost records shall be maintained in such manner so as to enable the company to exercise, as far as possible, control over the various operations and costs to achieve optimum economies in utilisation of resources and these records shall also provide necessary data which is required to be furnished under these rules.

6. Cost audit.- (1) The category of companies specified in rule 3 and the thresholds limits laid down in rule 4, shall within one hundred and eighty days of the commencement of every financial year, appoint a cost auditor.

- (2) Every company referred to in sub-rule (1) shall inform the cost auditor concerned of his or its appointment as such and file a notice of such appointment with the Central Government within a period of thirty days of the Board meeting in which such appointment is made or within a period of one hundred and eighty days of the commencement of the financial year, whichever is earlier, through electronic mode, in **form CRA-2**, along with the fee as specified in Companies (Registration Offices and Fees) Rules, 2014.

(3) Every cost auditor appointed as such shall continue in such capacity till the expiry of one hundred and eighty days from the closure of the financial year or till he submits the cost audit report, for the financial year for which he has been appointed.

(4) Every cost auditor, who conducts an audit of the cost records of a company, shall submit the cost audit report along with his or its reservations or qualifications or observations or suggestions, if any, in **form CRA-3**.

(5) Every cost auditor shall forward his report to the Board of Directors of the company within a period of one hundred and eighty days from the closure of the financial year to which the report relates and the Board of Directors shall consider and examine such report particularly any reservation or qualification contained therein.

(6) Every company covered under these rules shall, within a period of thirty days from the date of receipt of a copy of the cost audit report, furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein, in **form CRA-4** along with fees specified in the Companies (Registration Offices and Fees) Rules, 2014.

(7) The provisions of sub-section (12) of section 143 of the Act and the relevant rules made thereunder shall apply *mutatis mutandis* to a cost auditor during performance of his functions under section 148 of the Act and these rules.

7. Rules not to apply in certain cases.- The requirement for cost audit under these rules shall not be applicable to a company which is covered under rule 3, and,

- (i) whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue or
- (ii) which is operating from a special economic zone.

[F. No. 1/40/2013/CL.-V]

AMARDEEP SINGH BHATIA, Jt. Secy.

Annexure

Form – CRA-1

[Pursuant to Rule 5(1) of the Companies (Cost Records and Audit) Rules, 2014]

Form in which Cost Records shall be maintained

PARTICULARS RELATING TO THE ITEMS OF COSTS TO BE INCLUDED IN THE BOOKS OF ACCOUNTS:

1. INPUT MATERIAL(S)/SERVICE(S):

(1) Proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost of each item of raw material/input services (including all direct charges up to the works) required for the production of goods or rendering of services under reference. The basis, on which quantities, cost of issue and consumption are calculated, shall be indicated in the cost records and followed consistently. In the case of imported raw materials/input services, proper records shall be maintained showing quantity of imported material/service, Free On Board value, overseas freight, insurance, customs duty and inland freight charges along with license-wise quantities allowed, actual quantities imported, actual quantities consumed, quantities in stock and quantities yet to be imported out of total licensed quantities. If both indigenous and imported materials/services are consumed, the records showing details of percentage mix of the same have to be maintained for each item.

(2) Proper records shall be maintained separately showing the receipts, issues and balances both in quantities and cost of each item of intermediate material/service, process material, additives, bought out components, sub-assemblies, accessories, semi-finished goods, consumable stores, spares, other indirect materials/services etc. used in the production of the goods/rendering of services under reference. The cost shall include all direct charges up to works/services delivered. In case of additives, bought out components/bought out services, sub-assemblies, accessories, semi-finished goods, consumable stores, spares and other indirect materials/services, proper records shall be maintained for the value and quantity issued/rendered in a financial year suitably adjusted for consumption. If the life of any input material/service is more than one financial year, necessary adjustment should be made. If the life of any input material/service is not known, consumption may be assessed on technical basis.

(3) Where the company produces these raw materials/input services, intermediates or process materials, separate records showing the cost of production/cost of service of such items, shall be maintained. The basis on which quantities and cost of issues and consumption of such materials/services produced or processed by the company are calculated, shall be indicated in the cost records and followed consistently.

(4) The issues, consumption of all raw materials/input services, intermediates, process materials, additives, manufactured, bought out components/ bought out services, sub-assemblies, accessories, semi-finished goods,

consumable stores, spares and other indirect materials/services shall be identified with the process wise production of goods/rendering of services.

(5) Proper records shall be maintained indicating the quantity as well as value of recoveries at different stages/processes having significant value in relation to cost of material/service. In case the recoveries are not reused in the process and are sold/rendered or disposed of without further processing/rendering, the realisation from such sales shall be recorded and adjusted against the process concerned. In case further processing/augmentation is necessary to make the recoveries usable or saleable, as the case may be, proper records of the cost involved for such further processing/augmentation shall be maintained. If such processing/augmentation is done by any outside agency, proper records to show the quantity sent for processing/augmentation, quantity received back after processing/augmentation and cost incurred thereon shall be maintained. The net realization, if any, shall be adjusted against the major process relating to such recoveries. The cost of recoveries shall be determined on equitable and reasonable basis and applied consistently. The records indicating the actual sales realization of recoveries shall also be maintained.

(6) Proper records shall be maintained to show the receipts, issues and balances, both in quantities and cost of each item of consumable stores, other process materials/services not covered above, small tools and machinery spares, indirect materials/services etc. The cost shall include all direct charges up to works/services delivered.

(7) The cost of consumable stores, small tools and machinery spares shall be charged to the relevant cost center/service centre or department or production process of goods or rendering of services on the basis of actual issues. In the case of consumable stores and small tools, indirect services, the cost of which are insignificant (less than 5% of the cost of material consumed), the company may, if it so desires, maintain such records for the group of such consumable stores, tools and indirect services.

(8) Proper records shall be maintained showing the quantity and value of wastage, spoilage, rejections and losses of raw materials/input services, intermediates, process materials/services, 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/services including spoilage, if any, in determining the cost of good(s)/service(s), shall be indicated in the cost records. Any abnormal wastage or spoilage or rejection or losses shall be indicated distinctly and separately along with reasons thereof.

(9) Proper records shall also be maintained to indicate the value of raw materials/input services, intermediates and process materials/services, finished and semi-finished goods/services, consumable stores, small tools and machinery spares, additives, manufactured, bought out components/bought out services, sub-assemblies, accessories, semi-finished goods/services, consumable stores, spares and other indirect materials/services which have not moved/utilized for more than twelve months.

(10) Where any credit under Central Value Added Tax (CENVAT) under the Central Excise Act, 1944 (1 of 1944) or Finance Act in case of service tax, any other benefits of the nature of CENVAT/Service Tax credit, are available on any item of material/service, the cost of such material/service shall be shown after adjusting such credit or benefits.

(11) If any of the input materials/services is processed through an outside party, proper records shall be maintained for the quantity sent for processing, quantity received after processing, balance quantity of material/service, losses and wastage of material/service during processing, by-products recovered, if any, and the cost involved in processing/rendering of service.

2. SALARIES AND WAGES:

(1) Proper records shall be maintained to show the attendance and earnings of all employees assigned to 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 or contractual labour;
- (e) bonus or gratuity, statutory as well as other;
- (f) contribution to superannuating scheme;
- (g) cost of employees stock option;

- (h) leave travel concession;
- (i) paid holidays;
- (j) leave with pay;
- (k) Training, workshop, seminar expenses;
- (l) Medical/health, safety, education expenses;
- (m) any other statutory provision for labour welfare;
- (n) any other free or subsidized facility.

(2) The records shall be maintained in such a manner as to enable the company to book these expenses cost centre wise or department wise with reference to goods/services under reference and to furnish necessary particulars. Where the employees work in such a manner that it is not possible to identify them with any specific cost centre/service centre or department, the employees cost shall be apportioned to the cost centre/service centres or departments on equitable and reasonable basis and applied consistently.

(3) The idle labour cost shall be separately recorded under classified headings indicating the reasons therefor. The method followed for accounting of idle time payments 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. The method followed for accounting of such payments in determining the cost of the goods/services under reference shall be on equitable and reasonable basis and applied consistently. The said method shall be disclosed in the cost records also.

(5) The cost of normal retirement benefits payable to employees shall be recorded separately and charged to cost. The method followed for accounting of such costs in determining the cost of the goods/services under reference shall be on equitable and reasonable basis and applied consistently and disclosed separately. Termination benefits which are payable in addition to the normal retirement benefits, such as benefits under voluntary retirement Scheme, expenses treated as abnormal and not forming part of salaries and wages and cost of production of goods/rendering of services.

3. UTILITIES:

(1) Proper records shall be maintained showing the quantity and cost of each major utility such as power, water, steam, effluent treatment, etc. produced and consumed by the different cost centres in such detail as to have particulars for each utility separately.

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

(3) Where a utility is produced and supplied by any other unit of the company or any related party, proper records shall be maintained to assess cost and the quantity of the utility so procured.

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

(5) The cost of utility allocated/apportioned to the cost centers and further to the individual goods/services shall be on equitable and reasonable basis and applied consistently.

(6) Where any utility is one of the major inputs to the raw material used in production or manufacture of any of the goods/services under reference, such direct utility shall be included in the cost of such raw material/input service and shown accordingly.

(7) Proper records indicating any subsidy, grant/incentive, credits, recoveries, abnormal costs, penalties or damages paid etc. in respect of utilities shall be maintained.

(8) The records shall also indicate the measures taken on conservation of energy and its corresponding impact on per unit cost of goods/services.

4. SERVICE DEPARTMENT EXPENSES:

Proper records shall be maintained to indicate expenses incurred in respect of each service cost centre like engineering, work shop, designing, laboratory, safety, transport, computer cell, welfare etc. These expenses shall be apportioned to other services and production departments on equitable and reasonable basis and applied consistently. Where these services are utilized for other goods/services of the company also, the basis of apportionment of such expenses to goods/services under reference and to the other goods/services shall be on equitable and reasonable basis and applied consistently. The said basis shall be disclosed in the cost records also. Proper records shall be maintained to indicate cost of purchase, production, distribution, marketing and price of services with reference to sales to outside

parties. Proper records shall also be maintained regarding cost of services received from/rendered to related parties and cost of service cost centre incurred in foreign exchange besides proper maintenance of records in respect of any subsidy, grants, incentives, credits/recoveries, any abnormal cost, penalty and damages.

5. REPAIRS AND MAINTENANCE:

(1) Proper records showing the expenditure incurred by the workshop, tool room and on repairs and maintenance in the various cost centres or departments shall be maintained under different heads. The records shall also indicate the basis of charging such expenses to different cost centres or departments. Records in respect of repairs and maintenance cost of jobs done in-house and outsourced, cost of major overhauls, repair and maintenance paid/payable to the related party, incurred in foreign exchange and any subsidy, grant, incentive, credits/recoveries, penalty and damages and any abnormal portion of this item of cost shall be maintained. The manner of charging a share of the cost of workshop, tool room and repairs and maintenance expenses 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 and 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 shown separately and absorbed in the cost over the period for which such benefits are expected to accrue on equitable and reasonable basis and applied consistently. Method of accounting along with the basis of allocation of such costs shall also be clearly indicated in cost records.

6. FIXED ASSETS, DEPRECIATION AND LEASE CHARGES:

(1) Proper and adequate records shall be maintained for assets used for production of goods/rendering of services under reference in respect of which depreciation has to be provided for. These records shall, *inter alia*, indicate grouping of assets under each good/service, the cost of acquisition of each item of asset including installation charges, date of acquisition and rate of depreciation.

(2) Those records which enable to identify and/or allocate gross fixed assets, accumulated depreciation up to the year and net fixed assets under the heads; land and building, plant and machinery, furniture and fixtures etc. employed for goods/services under reference shall be maintained. The basis of apportionment of common assets to the goods/services under reference shall be on equitable and reasonable basis and applied consistently. In case of revaluation of assets, the same shall be indicated separately and depreciation on revaluation shall also be indicated separately.

(3) The basis on which depreciation is calculated and allocated or apportioned to various cost centre/service centres or departments and absorbed on all goods/services 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 Companies Act, 2013, 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 per unit cost of each good/service. 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.

(4) Proper records shall be maintained giving details of assets taken or given on lease. The break-up of lease rental in terms of financial charges, depreciation etc. paid or received shall be maintained separately. The details shall be maintained separately for assets taken from or given to related party.

7. OVERHEADS:

(1) Proper records shall be maintained for various items of indirect expenses comprising overheads pertaining to goods/services under reference. These expenses shall be analyzed, classified and grouped according to functions, namely, works, administration, selling and distribution, Head Office expenses.

(2) Proper records shall be maintained in respect of overheads incurred in foreign exchange, any subsidy, grant, incentive, credits/recoveries, unabsorbed overheads and any abnormal portion and also relating to resources received from or supplied to any related party.

(3) Where the company is also manufacturing goods/rendering services other than the goods/services 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 other goods/services and the goods/services under reference, including capital works. Where certain expenses forming part of overheads can be identified with particular goods/services, such expenses shall be first segregated and charged to the relevant goods/services in the first instance and thereafter the residual expenses under the above categories of overheads shall be apportioned on equitable and reasonable basis and applied consistently. The overheads chargeable to capital works shall be indicated separately in the cost records. The basis of apportionment or absorption of overheads to the cost centres or departments and the goods/services 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, H.O. expenses etc.

8. ROYALTY AND TECHNICAL KNOW-HOW FEE:

Adequate records shall be maintained showing royalty and/or technical know-how fee including other recurring or non-recurring payments of similar nature, if any, made for the goods/services 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 agreement or arrangement. The basis of charging such amount, including lump sum payment and its treatment shall be indicated in the cost records.

9. RESEARCH AND DEVELOPMENT EXPENSES:

(1) Proper records showing the details of expenses, if any, incurred by the company for research and development work on the goods/services covered under these rules, according to the nature of development of goods/services - existing and new, design and development of new facilities and market research for the existing and new goods/services, shall be maintained separately. The records shall also indicate the payments made to outside parties for the research and development work. The basis of charging such amount, including lump sum payment and its treatment shall be indicated in the cost records.

(2) The basis of charging these expenses to the cost of production of goods/services under reference and to other goods/services shall be indicated in the cost records. Where the utility of research and development work extends to over more than one financial year, such expenses shall be charged to the cost of goods/services under reference and to all other goods/services on equitable and reasonable basis and applied consistently indicating the criteria on the basis of which it has been decided to extend the utility period of these expenses to more than one financial year.

(3) Proper records shall be maintained in respect of such expenses incurred in foreign exchange and any subsidy, grant, incentive, credits/recoveries, penalty or damages paid and any abnormal portion and also for resources received from or supplied to any related party.

(4) 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 goods/services 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 goods/services under reference.

10. QUALITY CONTROL:

Adequate records shall be maintained to indicate the expenses incurred in respect of quality control department or cost centre/service centre for goods/services under reference. Where these services are also utilized for other goods/services of the company, the basis of apportionment to goods/services under reference and to other goods/services shall be on equitable and reasonable basis and applied consistently. Proper records shall be maintained in respect of such expenses relating to resources received from or supplied to the related party, incurred in foreign exchange and any subsidy, grant, incentive, credits/recoveries, unabsorbed overheads and any abnormal portion etc.

11. WORK-IN-PROGRESS AND FINISHED STOCK:

The method followed for determining the cost of work-in-progress and finished stock of the goods and for services under delivery or in-process shall be appropriate and 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 and finished stock. The method adopted for determining the cost of work-in-progress and finished goods shall be followed consistently.

12. CAPTIVE CONSUMPTION:

If the goods/services under reference are used for captive consumption, proper records shall be maintained showing the quantity and cost of each such goods/services transferred to other departments or cost centres or units of the company for self-consumption and sold to outside parties separately.

13. BY-PRODUCTS:

Proper Records shall be maintained for each item of by-product, if any, produced showing the receipt, issues and balances, both in quantity and value. The basis adopted for valuation of by-product for giving credit to the respective process shall be equitable and consistent and should be indicated in cost records. Records showing the expenses incurred on further processing, if any, as well as actual sales realization of by-product shall be maintained. The proper records shall be maintained in respect of credits/recoveries from the disposal of by-products.

14. JOINT PRODUCTS/SERVICES:

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

15. PACKING EXPENSES:

Proper records shall be maintained separately for domestic and export packing showing the quantity and cost of various packing materials and other expenses incurred on primary and/or secondary packing indicating the basis of valuation. Where such expenses are incurred in common for other goods also, the basis of apportioning the expenses between the relevant goods shall be on equitable and reasonable basis and applied consistently. Proper records shall be maintained in respect of packing materials received from or supplied to the related party, costs incurred in foreign exchange and any subsidy, grant, incentive, credits/recoveries, unabsorbed overheads, penalty and damages, any abnormal portion etc.

16. INTEREST AND OTHER BORROWING COSTS:

- (1) Proper records shall be maintained for money borrowed for each project and/or working capital and interest charged thereon. The amount of net interest and other borrowing costs shall be allocated or apportioned to the goods/services under reference and other goods/services on equitable and reasonable basis and applied consistently. The basis of further charging of the share of interest to the various types of such goods/services 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.
- (2) Net interest and other borrowing costs incurred for project under execution shall be capitalized for the period up to the date the project is commissioned.
- (3) Proper records shall be maintained in respect of such expenses paid/payable to the related party, incurred in foreign exchange and any subsidy, grant, incentive and any amount of similar nature received/receivable, payment of penal interest or fine/damages paid.
- (4) Proper records shall be maintained in respect of such expenses incurred relating to prior periods and taken to reconciliation directly.

17. EXPENSES OR INCENTIVES ON EXPORTS:

- (1) Proper records showing the expenses incurred on the export sales, if any, of the goods/services under reference shall be separately maintained so that the cost of export sales can be determined correctly. Separate cost statements shall be prepared for goods/services exported giving details of export expenses incurred or incentive earned.
- (2) Proper records shall be maintained giving the details of export commitments licensewise and the fulfillment of these commitments giving the reasons for non-compliance, if any. 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.

18. POLLUTION CONTROL :

- (1) 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. Records relating to basis of distribution of pollution control expenses, such costs of jobs done in-house and outsourced separately, pollution control costs paid/payable to related parties, incurred in foreign exchange and any subsidy, grant, incentive, credits/recoveries, any abnormal portion of such costs, penalty and damages paid and any amount received/receivable from pollution control agency.

19. PRODUCTION RECORDS :

Quantitative records of all finished goods (packed or unpacked)/services rendered showing production, issues for sales and balances of different type of the goods/services under reference, shall be maintained. The quantitative details of production of goods/services rendered shall be maintained separately for self-produced, third party on job work, loan license basis etc.

20. SALES RECORDS:

Separate details of sales shall be maintained for domestic sales at control price, domestic sales at market price, export sales under advance license, export sales under other obligations, export sales at market price, and sales to related party/inter unit transfer. In case of services details of domestic delivery/sales at control price, domestic delivery/sales at market price, export delivery/sales under advance license, export delivery/sales under other obligations, export delivery/sales at market price, and delivery/sales to related party/inter unit transfer. Such details shall be maintained separately for each plant/unit wise or service centre wise for total as well as per unit sales realization.

21. ANY OTHER ITEM OF COST:

Proper records shall be maintained for any other item of cost being indispensable and considered necessary for inclusion in cost records for calculating cost of production of goods/rendering of services, cost of sales, margin in total and per unit of the goods/services under reference.

22. ADJUSTMENT OF COST VARIANCES:

Where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the goods/services under such system. The cost variances shall be shown against separate heads and analyzed 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 goods/services shall be indicated clearly in the cost records. The reasons for the variances shall be duly explained in the cost records and statements.

23. COST STATEMENTS:

- (1) Cost statements (quarterly and annually) showing quantitative information in respect of each good/service under reference shall be prepared showing details of available capacity, actual production, production as per excise records, capacity utilization (in-house), stock purchased for trading, stock and other adjustments, quantity available for sale, wastage and actual sale etc. during current financial year and previous year.
- (2) Such statements shall also include details in respect of all major items of costs constituting cost of production of goods/services, cost of sales of goods/services and margin in total as well as per unit of the goods/services. The goods/services emerging from a process, which forms raw material or an input material/service for a subsequent process, shall be valued at the cost of production/cost of service up to the previous stage.
- (3) Cost Statements (quarterly and annually) in respect of reconciliation of indirect taxes showing details of total clearances of goods/services, assessable value, duties/taxes paid, CENVAT/VAT/Service Tax credit utilized, duties/taxes recovered and interest/penalty paid.
- (4) If the company is operating more than one plant, factory or service centre, separate cost statements as specified above shall be prepared in respect of each plant, factory or service centre.
- (5) Any other statement/information considered necessary for suitable presentation of Costs and Profitability of goods/services produced by the Company shall also be prepared.

24. 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 adjust the profit of the goods/services 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 goods/services and the goods/services under reference shall be prepared and reconciled with the financial statement.

25. STATISTICAL RECORDS:

(1) The records regarding available machine hours or direct labour hours in different production departments and actually utilized shall be maintained for production of goods/rendering of services under reference and shortfall suitably analyzed. Suitable records for computation of idle time of machines and/or labour shall also be maintained and analyzed.

(2) Proper records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for the production of goods/rendering of services under reference and other goods/services to the extent such elements are separately identifiable. Non-identifiable items shall be allocated on a suitable and reasonable basis to different goods/services. Fresh investments on fixed assets for production of goods/rendering of services under reference that have not contributed to the production of goods/rendering of services during the relevant period/year shall be indicated in the cost records. The records shall, in addition, show assets added as replacement and those added for increasing existing capacity.

26. RECORDS OF PHYSICAL VERIFICATION:

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

27. RELATED PARTY TRANSACTIONS:

(1) In respect of related party transactions or supplies made or services rendered by a company to a company termed "related party relationship" 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 good(s), rendering of service(s), process materials and rejected goods including scraps, etc;
- (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; and
- (f) any other payment related to the production of goods/rendering of services under reference.

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

FORM CRA-2

Form of intimation of appointment of cost auditor
by the company to Central Government

[Pursuant to rule 6(2)]

Note - All fields marked in * are to be mandatorily filled.

1.(a) *Corporate identity number (CIN) or foreign company registration number (FCRN) of the company

(b) Global location number (GLN) of company

2.(a) Name of the company

(b) Address of the registered office or of the principal place of business in India of the company

(c) *e-mail ID of the company

(d) *Phone

3. * Good/s or service/s to which cost audit relates

4 . Details of the cost auditor appointed

(a) Name of proprietorship, partnership firm or LLP appointed as cost auditor as per Board's resolution

(b) (i) *Address Line I

Line II

(ii) *City

(iii) *State

(iv) Country

(v) *Pin code

(c) *Details of the member representing the above firm

(i) Name

(iii) Membership number

(d) *e-mail ID of the firm or member

(3)

5. Financial year to be covered under cost audit

(a) *From(DD/MM/YYYY)

(b) *To(DD/MM/YYYY)

6. *Date of meeting of Board of Directors appointing the cost auditor (DD/MM/YYYY)

7. (a) *Is there any change in the cost auditor Yes No

(b) If yes, name and address of previous auditor

(c) Reasons for change of the auditor

(d) Whether the previous cost auditor has been informed of the change Yes No

Attachments

*Copy of the Board resolution of the company

*Optional attachment(s) - if any

List of attachments

Verification

To the best of my knowledge and belief, the information given and its attachments is correct and complete

I have been authorised by the Board of Directors' resolution number dated
(DD/MM/YYYY) to sign and submit this intimation.

I am authorised to sign and submit this intimation.

To be digitally signed by

Any Key Managerial personnel or an officer of the company duly authorized by the Board in this behalf (in case of Indian company) or authorised representative (In case of a foreign company)

*Designation

*Director identification number of the Director or Managing Director or Manager or authorised representative;

Form CRA-3**[Pursuant to rule 6(4) of the Companies (cost records and audit) Rules, 2014]****FORM OF THE COST AUDIT REPORT**

I/We,..... having been appointed as Cost Auditor(s) under Section 148(3) of the Companies Act, 2013 (18 of 2013) of(*mention name of the company*) having its registered office at (*mention registered office address of the company*) (hereinafter referred to as the company), have audited the Cost Records maintained under section 148 of the said Act, in compliance with the cost auditing standards, in respect of the.....(*mention name (s) of good(s)/service(s) for the period/year..... (mention the financial year)*) maintained by the company and report, in addition to my/our observations and suggestions in para 2.

- (i) I/We have/have not obtained all the information and explanations, which to the best of my/our knowledge and belief were necessary for the purpose of this audit.
 - (ii) In my/our opinion, proper cost records, as per section 148 of the Companies Act, 2013, have/have not been maintained by the company in respect of good(s)/service(s) under reference.
 - (iii) In my/our opinion, proper returns adequate for the purpose of the Cost Audit have/have not been received from the branches not visited by me/us.
 - (iv) In my/our opinion and to the best of my/our information, the said books and records give/do not give the information required by the Companies Act, 2013, in the manner so required.
 - (v) In my/our opinion, company has/does not have adequate system of internal audit of cost records which to my/our opinion is commensurate to its nature and size of its business.
 - (vi) In my/our opinion, information, statements in the annexure to this cost audit report gives/does not give a true and fair view of the cost of production of good(s)/rendering of service(s), cost of sales, margin and other information relating to good(s)/service(s) under reference.
- 2 Observations and suggestions, if any, of the Cost Auditor, relevant to the cost audit.

Dated: this ____ day of _____ 20__
at _____ (mention name of place of signing this report)

SIGNATURE AND
SEAL OF THE COST
AUDITOR (S)
MEMBERSHIP
NUMBER (S)

NOTES:

- (1) Delete words not applicable.
- (2) If as a result of the examination of the books of account, the Cost Auditor desires to point out any material deficiency or give a qualified report, he/she shall indicate the same against the relevant para (i) to
(vi) in the prescribed form of the Cost Audit Report giving details of discrepancies he/she has come across.
- (3) The report, suggestions, observations and conclusions given by the Cost Auditor under this paragraph shall be based on verified data, reference to which shall be made here and shall,

wherever practicable, be included after the company has been afforded an opportunity to comment on them.

ANNEXURE TO THE COST AUDIT REPORT

1. GENERAL INFORMATION:

1. CIN or GLN of the company:
2. Name of the company:
3. Registered office address:
4. Corporate office address:
5. E-mail address of the company:
6. Company's financial year to which the Cost Audit Report relates:
7. Name, address, membership number and e-mail of the Cost Auditor(s):
8. SRN Number and date of Filing of Form of intimation of appointment of cost auditor with the Central Government:
9. Date of first commencement of commercial production/delivery of service of good(s)/service(s) under reference.
10. Date of Board of Directors' meeting wherein the Annexure to the cost audit report was approved:
11. No. of Audit Committee meetings held by the company, and attended by the Cost Auditor during the year.
12. If there is any foreign technical collaboration for the good(s)/service(s) under reference, the following details shall be given:
 - (a) name and address of the foreign collaborators;
 - (b) main terms of agreement ;
 - (c) amount of royalty, lump sum payment, technical aid fee payable and the basis of calculating the same;
 - (d) whether the technical collaborator has contributed to the share capital. If so, the paid up share capital so held.

2. COST ACCOUNTING POLICY:

(1) Briefly describe the cost accounting policy adopted by the Company and its adequacy or otherwise to determine correctly the cost of production/operation, cost of sales, sales realization and margin of the good(s)/service(s) under reference separately for each good(s)/service(s). The policy should cover, inter alia, the following areas:

- a) Identification of cost centres/cost objects and cost drivers.
- b) Accounting for material cost including packing materials, stores and spares etc., employee cost, utilities and other relevant cost components.
- c) Accounting, allocation and absorption of overheads.
- d) Accounting for Depreciation/Amortization.
- e) Accounting for by-products/joint-products or services, scraps, wastage etc.
- f) Basis for Inventory Valuation.
- g) Methodology for valuation of Inter-Unit/Inter Company and Related Party transactions.
- h) Treatment of abnormal and non-recurring costs including classification of other non-cost items.
- i) Other relevant cost accounting policy adopted by the Company.

(2) Briefly specify the changes, if any, made in the cost accounting policy for the good(s)/service(s) under audit during the current financial year as compared to the previous financial year.

(3) Observations of the Cost Auditor regarding adequacy or otherwise of the Budgetary Control System, if any, followed by the company.

3. PROCESS OF MANUFACTURE OF GOOD(S)/DELIVERY OF SERVICE(S):

A brief note regarding the process of manufacture of good(s)/delivery of service(s) along with flow chart covering manufacture of good(s)/provision of service(s), utility and production/service department engaged in the manufacturing of the good(s)/delivery of service(s).

4. GOOD(S)/SERVICE(S) DETAILS (FOR THE COMPANY AS A WHOLE):

S. No.	Name of each Good(s)/Service(s)	Net Sales (net of taxes, duties etc.)	Covered under Cost Audit (Yes/No)
A	Production of Goods		
	1.		
	2.		
	3. etc.		
	Sub-Total (A)		
B	Services		
	1.		
	2.		
	3. etc.		
	Sub-Total (B)		
C.	Trading Activities		
	1.		
	2.		
	3. etc.		
	Sub-Total (C)		
D.	Other Income		
	Total Income as per Audited Annual Report (A+B+C+D)		

5. QUANTITATIVE INFORMATION FOR EACH GOOD(S)/SERVICE(S) SEPARATELY:

Name of the Good(s)/Service(s)	From _____ to _____		
Financial Year	Unit	Current Year	Previous Year
Particulars			
1. Available Capacity			
(a) Installed Capacity			
(b) Capacity enhanced during the year, if any			
(c) Capacity available through leasing arrangements, if any			
(d) Capacity available through loan license/third party			
(e) Total available capacity			
2. Actual Production/Services rendered			
(a) Self Manufactured/rendered			
(b) Produced under leasing arrangements/outsourced			
(c) Produced on loan license/by third parties on job work/outsourcing agency			
(d) Total Production/Services rendered			
3. Production/services rendered as per excise records/service tax records			
4. Capacity utilization (in-house)			
5. Stock purchased for trading/Services hired			
(a) Domestic purchase/hiring of services			
(b) Imports			
(c) Total Purchases/Services hired			
6. Stock and other adjustments			
(a) Change in stock of Finished Goods/Value of outgoing services			
(b) Self/Captive Consumption/internal services (incl. samples etc.)			
(c) Other quantitative adjustments, if any (wastage etc.)			
(d) Total adjustments			

7. Total Available Quantity/Service rendered [2(d)+5(c) – 6(d)]			
8. Actual Sales			
(a) Domestic Sales (Goods/Services)			
(b) Domestic Sales (Trading)			
(c) Export Sale (Goods/Services)			
(d) Export Sale (Trading)			
(e) Total Quantity Sold/Services rendered			

Notes:

1. It should be mentioned whether the installed capacity is on single shift or multiple shift basis.
2. In order to have a meaningful comparison of production and installed capacity, wherever necessary these details should be expressed in appropriate units.

6. Details of the major input materials/service used for good(s) manufactured/service(s) rendered under reference.

Particulars	Unit	Current Year			Previous Year		
		Quantity	Rate	Amount	Quantity	Rate	Amount
1. Indigenous: (specify)							
(a)							
(b)							
(c) etc.							
2. Self-manufactured: (specify)							
(a)							
(b)							
(c) etc.							
3. Imported: (specify)							
(a)							
(b)							
(c) etc.							
4. Total							

Note: Details should be furnished in respect of major input material(s)/service(s) each constituting at least 5% of the total raw material cost.

6(A) STANDARD/ ACTUAL CONSUMPTION OF INPUT MATERIAL(S)/SERVICE(S) PER UNIT

Particulars (Specify)	Unit	Standard		Actuals	
		Current Year	Previous Year	Current Year	Previous Year
1.					
2.					
3. etc.					

Note: Details should be furnished in respect of major input material(s)/service(s) each constituting at least 5% of the total raw material/input service cost.

6(B) BREAK-UP OF COST OF INPUT MATERIAL(S)/SERVICE(S) IMPORTED DURING THE YEAR:

Particulars	Current Year	Previous Year
(A) Goods		
1. F.O.B. Price (in foreign currency/INR)		
2. Insurance & freight/Travelling expenses, if any		
3. Customs duty, if any		
4. Clearing charges, if any		
5. Inland freight, if any		
6. Other expenses		
7. Total		
(B) Service(s)		
1. --- (please specify)		
2. ---		

10. NET FIXED ASSETS AND DEPRECIATION: (For the Company as a whole)

Particulars	Current Year	Previous Year
1. Net Fixed Assets		
2. Amount of depreciation provided in the financial records		
3. Method of providing depreciation		
4. Amount of depreciation absorbed in the cost records		
5. Shortfall / Excess, if any		

Note: The impact of re-valuation of assets, if any, shall not be included.

11. NET BLOCK, DEPRECIATION AND LEASE RENT: [For good(s)/service(s) covered]

Particulars	Net Fixed Assets at the end of the year (a)	Depreciation for the year (b)	Lease Rent paid, if any (c)	Total (b+c)	Apportionment to Goods/Services				Basis of Apportionment
					A	B	C	D..etc.	
Name of major cost centers for good(s) /service(s): (specify)									
(a)									
(b).. etc.									
Total									

Note : Excluding Net block of assets given on lease, if any.

12. OVERHEADS:

For Company as a whole

Particulars	For the Company as a whole			Share of good(s) produced/ service(s) rendered (in case of more than one good(s) /service(s) additional columns may be added.						Basis of apportionment of the good(s)/ service(s) under reference
				Current Year			Previous Year			
	Quantity	Rate	Amount	Quantity	Rate	Amount	Quantity	Rate	Amount	
Factory Overheads (specify) a. b...etc.										
Administration Overheads (specify) a. b...etc.										
Selling Overheads (specify) a. b...etc.										
Distribution Overheads (specify) a. b...etc.										

Note : The break-up under each head should be furnished in respect of major items constituting at-least 90% of the overhead cost under each head.

13. RESEARCH AND DEVELOPMENT EXPENSES:

Particulars	Current Year (For the Company as a whole)	Share of the Goods/Services covered			Basis of apportionment
		A	B	C..etc.	
1. Process development and improvement					
2. Existing product/service /service development					
3. New product/service /service development					
4. Others, if any					
5. Total amount					
6. Amount capitalized/ deferred during the year					
7. Net amount (5-6)					
8. Deferred amount of earlier years, if any					
9. Total amount provided in the cost records (7+8)					
10. Amount paid to related parties					

14. ROYALTY AND TECHNICAL KNOW HOW CHARGES:

Particulars	For Company as a whole	Share of the Goods/Services covered			Basis of apportionment
		Current Year	A	B	
1. Royalty on production/ Sales/provision of services					
2. Lump sum payment of royalty, if any					
3. Technical know-how charges					
4. Others, if any					
5. Total amount					
6. Amount capitalized/ deferred during the year					
7. Net amount (5-6)					
8. Deferred amount of earlier years, if any					
9. Amount provided in the financial accounts (7+8)					
10. Amount absorbed in the cost records					
11. Shortfall/ Excess, if any					
12. Amount paid to related parties					

Note : The details should be furnished in respect of each agreement separately.

15. ABNORMAL/NON-RECURRING COST

Particulars (Specify)	Current Year	Previous Year
1.		
2.		
3...etc		
.....		
Total		

16. NON-MOVING STOCK (good-wise/service-wise details of non-moving stock may be provided):

Particulars	Current Year	Previous Year
(A) Goods/Service (Specify)		
1.		
2.		
3...etc.		
(B) Goods/Service (Specify)		
1.		
2.		
3...etc.		
(C) Goods/Service (Specify)		
1.		
2.		
3...etc.		

17^u**WRITTEN OFF STOCK /FORFEITED SERVICES (good-wise/service-wise details may be provided):**

Particulars	Current Year	Previous Year
(A) Goods/Service (Specify)		
1.		
2.		
3...etc.		
(B) Goods/Service (Specify)		
1.		
2.		
3...etc.		
(C) Goods/Service (Specify)		
1.		
2.		
3...etc.		

18. INVENTORY VALUATION (at the end of the year):

Particulars	Basis of valuation	Current Year			Previous year		
		Quantity	Rate	Amount	Quantity	Rate	Amount
1. Input material:							
(i) Purchased							
- Indigenous							
- Imported							
(ii) Self manufactured							
2. Chemicals, additives and consumables							
3. Stores and spares							
4. Packing materials							
5. Tools and implements and Jigs, Dies and Fixtures.							
6. Work-in-progress:							
(i) material cost							
(ii) conversion cost (details to be given)							
7. Finished goods:							
(i) unpacked							
(ii) packed							
8. Scrap/wastage							
9. Others, if any							
10. Total value of inventory as per cost accounts							
11. Total value as per financial accounts							
12. Reasons for major differences, if any							

Notes :

- (1) In respect of item at Sr. Nos. 1 and 6 details be furnished in respect of each major input material constituting at least 5% of the total material cost.
- (2) Give in brief the method of inventory valuation system indicating the elements of cost included therein and the extent thereof.
- (3) Capital work-in-progress to be shown separately.

19. Sales/Revenue of the good(s)/service(s) covered:

Particulars	Current Year			Previous Year		
	Quantity	Rate	Amount (Rs.)	Quantity	Rate	Amount (Rs.)
1. Purchased Goods/Outsourced services : (specify) (a) (b)						
2. Loan License Basis: (specify) (a) (b)						
3. Own Manufactured/self-rendered: specify (a) (b)						
4. Total Sales/Revenue						

Note: (i) Separate details shall be furnished for indigenous sales and export sales.

20. Margin per Unit of Output/service rendered:

Particulars	Current Year			Previous Year		
	Sales/Revenue (Rs.)	Cost of Sales (Rs.)	Margin (Rs.)	Sales/Revenue (Rs.)	Cost of Sales (Rs.)	Margin (Rs.)
1. Purchased Goods/Outsourced services: Specify						
2. Loan License Basis/third party services (Specify)						
3. Own Manufactured/Self-rendered: (Specify)						

Note: (i) Above details shall be furnished for good(s)/service(s) covered.

(ii) Separate details shall be furnished for margin on indigenous sales and export sales. Whereas the good(s)/service(s) (such as sugar, bulk drugs, formulations etc.) is sold at different prices in accordance with government policy, sales realization and margin on such good(s)/service(s) at different prices shall be shown along with quantity and value.

21. Related Party Transaction:

Sl. NO.	Name & Address of the Related Party	Good(s)/service(s)	Quantity	Transfer Price	Nature of Transaction (sale, purchase etc.)	Amount	Normal Price	Basis adopted to determine the Normal Price

Note: 1. Details should be furnished for each sale/purchase separately.

22. Central Excise/Service Tax Reconciliation for the Good(s)/service(s) under reference

S. No.	Particulars	Good(s)/Service(s)		
		A	B	C
A.	Quantitative Details:			
1	Opening Stock			
2	Add: Production/services			
3	Less: Closing Stock			
4	Total Sales/Clearances			

S. No.	Particulars	Assessable Value (Rs.)	Rate of Duty	Amount of Duty (Rs.)
B.	Details of Clearances:			
1	Total Clearances			
2	Less: Duty Free Clearances			
3	Excisable/Service taxable Clearances			
4	Penalty/Fine/Interest payable, if any			
5	Total Duty Payable (total 3 & 4)			

S. No.	Particulars	Inputs	Capital Goods	Total
C.	Summary of CENVAT Credit			
1	Opening Balance			
2	Add: Availed during the year			
3	Add: Refunds received during the year			
4	Less: Closing Balance as per Excise/Service Tax Records			
5	Total CENVAT Credit utilized during the year (1+2+3+4)			
6	Closing Balance as per Annual Accounts			

7	Difference between 4-6			
8	(State amount and reasons for difference)			

S. No.	Particulars	Amount (Rs.)
D.	Reconciliation of Duty Paid	
1	Excise Duty Payable as per 'B'	
2	Total Excise Duty paid through: (a) CENVAT Account- (Input goods/services) (b) CENVAT Account- (Capital Goods) (c) P.L.A. Total (a+b+c)	
3	Difference between (1-2)	
4	(State amount and reasons for difference)	
5	Excise Duty as per RT – 12	
6	Difference between (2-5)	
7	Amount and reasons for difference	
E.	Reconciliation of Duty Paid & Recovered:	
1	Excise Duty paid as per P and L A/c	
2	Excise Duty recovered as per P and L A/c	
3	Difference between duty paid and recovered	
4	Amount and reasons for difference	
F.	Reconciliation of Turnover	
1	Turnover as per excise/ST records	
2	Turnover as per Annual Accounts (Net off Duties & Taxes)	
3	Difference between (1-2)	
4	Amount and reasons for difference	

23. Profit Reconciliation:

S. No.	Particulars	Current year	Previous year
1	Profit or Loss as per Cost accounting records		
2	Add: incomes not considered in cost accounts: Specify		
3	Less: expenses not considered in cost accounts: Specify		
4	Add: overvaluation of closing stock in financial accounts		
5	Add: under-valuation of opening stock in financial accounts		
6	Less: under-valuation of closing stock in financial accounts		
7	Less: overvaluation of opening stock in financial accounts		
8	Adjustments for others, if any (specify)		
9	Profit or Loss as per financial accounts		

24. Cost Statement: (for each good(s)/service(s) separately)

S. No.	Particulars	Quantity	Rate per Unit	Amount	Cost per Unit	
		Unit	(Rs.)	(Rs.)	Current Year (Rs.)	Previous Year (Rs.)
1	Material consumed: 1. Purchased: (a) Indigenous (specify) (b) Imported (specify) 2. Self-Manufactured/Rendered (specify)					
2	Process Chemicals (specify)					
3	Utilities: 1. Purchased: (a) Indigenous (specify) (b) Imported (specify) 2. Self-Manufactured (specify)					

4	Direct Wages and Salaries					
5	Consumable Stores & Spares					
6	Depreciation					
7	Outsourced Service Cost					
8	Intermediate Service Cost					
9	Lease Rent, if any					
10	Repairs and Maintenance: (a) Building (b) Plant & Machinery (c) Others, if any					
11	Other works overheads					
12	Total Works Overheads					
13	Overheads related to service cost					
14	Overheads related to outsourced service cost					
15	Royalty, if any					
16	Technical assistance/know-how fee					
17	Research and Development					
18	Quality Control					
19	Administrative overheads (relating to production/service activities) (a) Salaries and Wages (b) Others (specify) (c) Total (a+b)					
20	Total					
21	Adjustment for variances (where standard costing system is followed)					
22	Add: Opening Stock Less: Closing Stock (Work-in- progress)					
23	Less: Credits (from wastage and by-products/services)/recoveries, if any					
24	Packing cost Primary (a) Material (b) Others (c) Total					
25	Cost of Production/service					
26	Finished Goods purchased, if any					
27	Opening Stock Closing Stock (finished goods/services)					
28	Total					
29	Quantity and cost transferred for: (i) Captive consumption, if any (ii) Sales (iii) Others, if any					
30	Packing cost Secondary (a) Material (b) Others (c) Total					
31	Other expense: (a) Administrative overheads (others) (b) Others (specify)					
32	Selling & Distribution Expenses: (a) Salaries & Wages (b) Freight & Transport charges (c) Commission (d) Advertisement expenses (e) Royalty on sales, if any (f) Warranty expenses (g) Total (a to f)					

33	Interest & Finance Charges: (a) For manufacturing activity (b) Others (c) Total (a to b)					
34	Total Cost of Sales (excluding excise duty/service tax) of packed quantity sold					
35	Sales realization Less: Excise duty & others statutory levies					
36	Net Sales Realization					
37	Margin					
38	Add: export benefits and incentives, if any					
39	Total margin (including export benefits)					
40	Ex-factory price (excluding sales tax)					
41	Maximum retail price (excluding sales tax etc.)					
42	Maximum retail price, if any, prescribed by the Government/statutory body etc.					

Note:

1. Separate proforma shall be prepared for each type/variety/ description of good(s)/service(s) under reference.
2. Separate proforma shall be prepared for the quantity used for captive consumption, quantity sold within the country and the quantity exported. Expenses incurred on export and the incentive earned thereon shall be indicated in the proforma applicable for the quantity produced and exported.
3. Separate proforma shall be prepared for any related party/inter-unit transfer of intermediate/finished good(s)/service(s) under reference.
4. The proforma may be suitably modified to cover the special features, if any, of the good(s)/service(s) covered.
5. Indicate whether the prices of the good(s)/service(s) covered are ex-factory prices, F.O.R prices, door delivery prices or any other terms. In case of ex-factory prices, whether cost of dispatch packing materials, freight, insurance and delivery charges are recoverable from the customers separately.

Form No. CRA-4

Form for filling Cost Audit Report with the
Central Government

[Pursuant to Rule 6 (6) of the Companies (cost records and audit) rules, 2014]

PART 1—GENERAL INFORMATION**Note :** All fields marked in *are to be mandatorily filled.1* (a) Corporate identity number (CIN) or foreign
company registration number of the company

Pre-Fill

(b) Global location number (GLN) of company

2. (a) * Name of the company

(b) *Address of the registered office or of the
principal place of business in India of the company

(c) *E-mail address of the company

3. (a) *Financial year

From

(DD/MM/YYYY)

To

(DD/MM/YYYY)

(b) *Date of Board of Directors meeting in which
Annexure to the cost audit report was approved

(DD/MM/YYYY)

4 (a) *State number of good (s) /service (s) for which the Cost Audit Report is being submitted

(c) *Details of such good (s) /service (s) of the company (Number of rows depending on 4 (a) above)

Good (s)/servie (s) Covered

- 5 (a) *State number of goods (s)/service (s) not covered in the Cost Audit Report
 (d) (b) *Details of such good (s)/service (s) of the company (Number of rows depending on 5 (a) above)

Good (s)/servie (s)

6 Details of the cost auditor

- (a) *Category of the the cost auditor Individual Cost accountant's firm LLP
 (b) *Name of the cost auditor or the cost auditor's firm appointed as cost auditor of the company

(c) *Membership number of cost auditor or cost auditor's firm's registration number

(d) Address of the cost auditor or cost auditor's firm

- (i) Line I
 Line II
 (ii) City
 (iii) State
 (iv) Country
 (v) Pin Code

(f) *E-mail Id oft he cost auditor or cost auditors's firm

7 (a) *Whether the cost auditor's report has been qualified

Yes No

If yes, please state

(b) *Whether the cost auditor's report has any reservations

Yes No

If yes, please state

(c) *Whether the cost auditor's report has any adverse remarks

Yes No

If yes, please state

8 (a) *Whether the cost auditor's report contain any observation or suggestions

Yes No

(b) *If yes, cost auditor's observations/ suggestions

Yes No

PART-II

Attachments :

- 1 Cost audit report Attach
 2 Operational attachment (s) – if any Attach

List of attachments

Remove attachment

Verification :

To the best of my knowledge and belief, the information given in this form and its attachments is correct and complete.

I have been authorised by the Board of Director's resolution dated (DD/MM/YYYY)
 number

To sigh and submit this form.
 I am authorised to sign and submit this form.

To be digitally signed by :

Managing Director or Director or Manager or Secretary (in case of an Indian company)
or an authorised representative (in case of a foreign company)

Digital
Signature

*Designation

*Director identification number of the Director or Managing Director; or the manager
or of authorised representative; or Membership number, if applicable of the secretary

Director of the company

Digital
Signatures

Director identification number of the director

Modify

Check Form

Prescrutiny

Submit

This e-form has been taken on the file maintained by the Central Government through electronic mode and on the basis of
statement of correctness given by the filling company and the cost auditor