

MINISTRY OF CORPORATE AFFAIRS

Notification

New Delhi, dated the 3rd June, 2011

G.S.R.....(E) - In exercise of the powers conferred by clause (b) of 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), and in supersession of the Cost Accounting Records Rules in so far as they relate to the Cost Accounting Records Rules published vide (i) G.S.R. 311 dated 2nd March, 1967, (ii) G.S.R. 1260 dated 10th August, 1967, (iii) G.S.R. 1447 dated 16th September, 1967, (iv) G.S.R. 1448 dated 18th September, 1967, (v) G.S.R. 1467 dated 20th September, 1967, (vi) G.S.R. 1503 dated 27th September, 1967, (vii) G.S.R. 2298 dated 15th September, 1969, (viii) G.S.R. 2574 dated 24th October, 1969, (ix) G.S.R. 334 dated 25th February, 1972, (x) G.S.R. 1529 dated 27th November, 1972, (xi) G.S.R. 590(E) dated 29th December, 1975, (xii) G.S.R. 601(E) dated 31st December, 1975, (xiii) G.S.R. 606 dated 20th April, 1976, (xiv) G.S.R. 605 dated 22nd April, 1976, (xv) G.S.R. 126(E) dated 24th March, 1977, (xvi) G.S.R. 157(E) dated 1st April, 1977, (xvii) G.S.R. 417(E) dated 28th June, 1977, (xviii) G.S.R. 45(E) dated 31st January, 1979, (xix) G.S.R. 506(E) dated 10th May, 1984, (xx) G.S.R. 688 dated 25th June, 1984, (xxi) G.S.R. 767 dated 7th July, 1984, (xxii) G.S.R. 664 dated 1st July, 1985, (xxiii) G.S.R. 574 dated 31st July, 1990, (xxiv) G.S.R. 258(E) dated 3rd March, 1993, (xxv) G.S.R. 677(E) dated 29th October, 1993, (xxvi) G.S.R. 678(E) dated 29th October, 1993, (xxvii) G.S.R. 186(E) dated 12th April, 1996, (xxviii) G.S.R. 202(E) dated 6th May, 1996, (xxix) G.S.R. 271(E) dated 9th July, 1996, (xxx) G.S.R. 537(E) dated 11th September, 1997, (xxxi) G.S.R. 536(E) dated 11th September, 1997, (xxxii) G.S.R. 704(E) dated 28th September, 2001, (xxxiii) G.S.R. 276(E) dated 24th April, 2001, (xxxiv) G.S.R. 277(E) dated 24th April, 2001, (xxxv) G.S.R. 685(E) dated 8th October, 2002, and (xxxvi) G.S.R. 562(E) dated 2nd September, 2004, 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 Accounting Records) Rules, 2011.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. **Definitions and Interpretations.** - In these rules, unless otherwise so provided,---
 - (a) "Act" means the Companies Act, 1956 (1 of 1956);
 - (b) "Compliance Report" means compliance report duly authenticated and signed by a cost accountant in the prescribed form of compliance report;
 - (c) "Cost Accountant" for the purpose of these rules 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) and who is either a permanent employee of the company or holds a valid certificate of practice under sub-section (1) of section 6 and who is deemed to be in practice under sub-section (2) of section 2 of that Act and includes a firm of cost accountants;

- (d) “Cost Accounting Standards” means the standards of cost accounting, issued by the Institute;
- (e) “Cost Records” means books of account relating to utilisation of materials, labour and other items of cost as applicable to the production, processing, manufacturing or mining activities of the company;
- (f) “Form-A” means the form prescribed in these rules for filing compliance report and other documents with the Central Government in the electronic mode;
- (g) “Form-B” means the form of the compliance report and includes Annexure to the compliance report;
- (h) “Generally Accepted Cost Accounting Principles” means the principles of cost accounting issued by the Institute;
- (i) “Institute” means the Institute of Cost and Works Accountants of India constituted under the Cost and Works Accountants Act, 1959 (23 of 1959);
- (j) “Manufacturing Activity” includes any act, process or method employed in relation to -
 - (i) transformation of raw materials, components, sub-assemblies, or parts into semi-finished or finished products; or
 - (ii) making, altering, repairing, fabricating, generating, composing, ornamenting, furnishing, finishing, packing, re-packing, oiling, washing, cleaning, breaking-up, demolishing, or otherwise treating or adapting any product with a view to its use, sale, transport, delivery or disposal; or
 - (iii) constructing, reconstructing, reconditioning, servicing, refitting, repairing, finishing or breaking up of any products.
- (k) “Mining Activity” includes any act, process or method employed in relation to the extraction of ores, minerals, oils, gases or other geological materials from the earth’s crust, including sea bed or river bed.
- (l) “Processing Activity” includes any act, process, procedure, function, operation, technique, treatment or method employed in relation to-
 - (i) altering the condition or properties of inputs for their use, consumption, sale, transport, delivery or disposal; or
 - (ii) accessioning, arranging, describing, or storing products; or

- (iii) developing, fixing, and washing exposed photographic or cinematographic film or paper to produce either a negative image or a positive image; or
 - (iv) printing, publishing, finishing, perforation, trimming, cutting, or packaging; or
 - (v) pumping oil, gas, water, sewage or any other product; or
 - (vi) transforming or transmitting, distributing power or electricity; or
 - (vii) harboring, berthing, docking, elevating, lading, stripping, stuffing, towing, handling, or warehousing products; or
 - (viii) preserving or storing any product in cold storage; or
 - (ix) constructing, reconstructing, reconditioning, repairing, servicing, refitting, finishing or demolishing of buildings or structures; or
 - (x) farming, feeding, rearing, treating, nursing, caring, and stocking of living organisms; or
 - (xi) telecasting, broadcasting, telecommunicating voice, text, picture, information, data or knowledge through any mode or medium; or
 - (xii) obtaining, compiling, recording, maintaining, transmitting, holding or using the information or data or knowledge; or
 - (xiii) executing instructions in memory to perform some transformation and/or computation on the data in the computer's memory.
- (m) "Product" means any tangible or intangible good, material, substance, article, idea, know-how, method, information, object, service, etc. that is the result of human, mechanical, industrial, chemical, or natural act, process, procedure, function, operation, technique, or treatment and is intended for use, consumption, sale, transport, store, delivery or disposal.
- (n) "Product Group" in relation to tangible products means a group of homogenous and alike products, produced from same raw materials and by using similar or same production process, having similar physical or chemical characteristics and common unit of measurement, and having same or similar usage or application; and in relation to intangible products means a group of homogenous and alike products or services, produced by using similar or same process or inputs, having similar characteristics and common unit of measurement, and having same or similar usage or application.
- (o) "Production Activity" includes any act, process, or method employed in relation to -
- (i) transformation of tangible inputs (raw materials, semi-finished goods, or sub-assemblies) and intangible inputs (ideas, information, know how) into goods or services; or

- (ii) manufacturing or processing or mining or growing a product for use, consumption, sale, transport, delivery or disposal; or
 - (iii) creation of value or wealth by producing goods or services.
- (p) "Turnover" means gross turnover made by the company from the sale or supply of all products or services during the financial year. It includes any turnover from job work or loan license operations but does not include any non-operational income;
- (q) All other words and expressions used in these rules but not defined, and defined in the Act and rules made under clause (d) of sub-section (1) of section 209 of the Act shall have the same meanings as assigned to them in the Act or rules, as the case may be.

3. **Application-** (1) These rules shall apply to every company, including a foreign company as defined under section 591 of the Act, which is engaged in the production, processing, manufacturing, or mining activities and wherein, the aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores of rupees; or wherein the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds twenty crores of rupees; or wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India.

Provided that these rules shall not apply to a company which is a body corporate governed by any special Act;

Provided further that these rules shall not apply to the activities or products covered in any of the following rules,-

- (a) *Cost Accounting Records (Bulk Drugs) Rules, 1974*
- (b) *Cost Accounting Records (Formulations) Rules, 1988*
- (c) *Cost Accounting Records (Fertilizers) Rules, 1993*
- (d) *Cost Accounting Records (Sugar) Rules, 1997*
- (e) *Cost Accounting Records (Industrial Alcohol) Rules, 1997*
- (f) *Cost Accounting Records (Electricity Industry) Rules, 2001*
- (g) *Cost Accounting Records (Petroleum Industry) Rules, 2002*
- (h) *Cost Accounting Records (Telecommunications) Rules, 2002*

4. **Maintenance of records-** (1) Every company to which these rules apply, including all units and branches thereof shall, in respect of each of its financial year commencing on or after the 1st day of April, 2011, keep cost records.
- (2) The cost records referred to in sub-rule (1) shall be kept on regular basis in such manner so as to make it possible to calculate 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/quarterly/half-yearly/annual basis.

- (3) The cost records shall be maintained in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute; to the extent these are found to be relevant and applicable. The variations, if any, shall be clearly indicated and explained.
 - (4) 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 with a view to achieve optimum economies in utilization of resources. These records shall also provide necessary data which is required to be furnished under these rules.
 - (5) All such cost records and cost statements, maintained under these rules shall be reconciled with the audited financial statements for the financial year specifically indicating expenses or incomes not considered in the cost records or statements so as to ensure accuracy and to reconcile the profit of all product groups with the overall profit of the company. The variations, if any, shall be clearly indicated and explained.
 - (6) All such cost records, cost statements and reconciliation statements, maintained under these rules, relating to a period of not less than eight financial years immediately preceding a financial year or where the company had been in existence for a period less than eight years, in respect of all the preceding years shall be kept in good order.
 - (7) It shall be the duty of every person, referred to in sub-section (6) and (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 these rules in the same manner as he is liable to maintain accounts required under sub-section (1) of section 209 of the said Act.
5. **Form of the Compliance Report** - Every company to which these rules apply shall submit a compliance report, in respect of each of its financial year commencing on or after the 1st day of April, 2011, duly certified by a cost accountant, along with the Annexure to the Central Government, in the prescribed form.
 6. **Time limit for submission of Compliance Report** – Every company shall submit the compliance report referred to in rule 5 to the Central Government within one hundred and eighty days from the close of the company’s financial year to which the compliance report relates.
 7. **Authentication of Annexure to the Compliance Report** – The Annexure prescribed with the compliance report, as certified by the cost accountant, shall be approved by the Board of Directors before submitting the same to the Central Government by the company.
 8. **Penalties** – (1) If default is made by the cost accountant in complying with the provisions of these rules, he shall be punishable with fine, which may extend to five thousand rupees.

(2) If a company contravenes any provisions of these rules, the company and every officer thereof who is in default, including the persons referred to in sub-section (6) of section 209 of the Act, shall be punishable as provided under sub-section (2) of section 642 read with sub-sections (5) and (7) of section 209 of Companies Act, 1956 (1 of 1956).

9. **Savings-** The supersession of the Cost Accounting Records Rules, shall not in any way affect-

- a) any right, obligation or liabilities acquired, accrued or incurred thereunder;
- b) any penalty, forfeiture or punishment incurred in respect of any contravention committed thereunder; and
- c) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, and; any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if those rules had not been superseded.

[F. No. 52/10/CAB-2010]

B.B.GOYAL
ADVISER (COST)

FORM-A	Form for filing Compliance Report and other documents with the Central Government
[Pursuant to section 209(1)(d), 600(3)(b) of the Companies Act, 1956 and rule 2 of The Companies (Cost Accounting Records) Rules, 2011]	

PART I - 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 covered by the compliance report

From (DD/MM/YYYY)

To (DD/MM/YYYY)

(b) *Date of Board of directors' meeting in which annexure to the compliance report was approved (DD/MM/YYYY)

4. Details of the cost accountant

(a) *Category of the cost accountant Individual Cost accountant's firm

(b) In case of individual, whether the cost accountant is in permanent employment of the company or in practice In Employment In Practice

(c) *Name of the cost accountant or the cost accountant's firm who has certified the cost records of the company

(d) *Income tax permanent account number of the cost accountant or the cost accountant's firm

(e) *Membership number of cost accountant or cost accountant's firm's registration number

(f) Address of the cost accountant or cost accountant's firm

(i) Line I

Line II

(ii) City

(iii) State

(iv) Country

(v) Pin Code

(g) *E-mail ID of the cost accountant or cost accountant's firm

5. *Quantitative Information

Sno.	Name of the Product / Service Group	Unit	Annual Production (Qty.)	Net Sales	
				(Qty.)	(Value in Rupees)
A	Produced / Manufactured Product Groups				
	1.				
	2.				
	3. etc.				
B	Services Groups				
	1.				
	2.				
	3. etc.				
C	Trading Activities (Product Group-wise)				
	1.				
	2.				
	3. etc.				
D	Other Income				
Total Income as per Financial Accounts					
PART-II					

Attachments:

- 1 Compliance report as per The Companies (Cost Accounting Records) Rules, 2011
- 2 Optional attachments(s) – if any

Attach
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 directors' resolution number dated (DD/MM/YYYY) to sign 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 Signatures

*Designation

*Director identification number of the director or Managing Director; or Income-tax PAN of the manager or of authorised representative; or Membership number, if applicable or income-tax PAN of the secretary (secretary of a company who is not a member of ICSI may quote his/her income-tax PAN)

Director of the company

Digital Signatures

Director identification number of the director

Modify

Check Form

Pre-scrutiny

Submit

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

FORM-B
FORM OF COMPLIANCE REPORT

[See rule 2, and rule 5]

I/We being in permanent employment of the company / in practice, and having been appointed as cost accountant under Rule 5 of the Companies (Cost Accounting Records) Rules, 2011 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 examined the books of account prescribed under clause (d) of sub-section (1) of section 209 of the said Act, and other relevant records for the period/year (*mention the financial year*) and certify as under:

- 1 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 compliance report.
- 2 In my/our opinion, proper cost records, as per Companies (Cost Accounting Records) Rules, 2011 prescribed under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, have/have not been maintained by the company so as to give a true and fair view of the cost of production/operation, cost of sales and margin of all the products/activities of the company.
- 3 Detailed unit-wise and product/activity-wise cost statements and schedules thereto in respect of the product groups/activities are/are not kept in the company.
- 4 In my/our opinion, the said books and records give/do not give the information required by the Companies Act, 1956 in the manner so required.
- 5 In my/our opinion, the said books and records are/are not in conformity with the generally accepted cost accounting principles and cost accounting standards issued by The Institute of Cost and Works Accountants of India, to the extent these are found to be relevant and applicable.

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

SIGNATURE & SEAL OF THE COST ACCOUNTANT (S)
MEMBERSHIP NUMBER (S)

NOTES:

- (i) Delete words not applicable.
- (ii) If as a result of the examination of the books of account, the cost accountant desires to point out any material deficiency or give a qualified report, he shall indicate the same against the relevant para.
- (iii) Briefly give your observations and suggestions, if any, relevant to the maintenance of cost accounting records by the company.
- (iv) Cost accountant may use separate sheet(s) for (ii) and (iii) above, if required.

ANNEXURE TO THE COMPLIANCE REPORT

[See rule 2 and rule 5]

1. GENERAL:

- a) Name of the company:
- b) Registered office address:
- c) Financial year to which the Compliance Report relates.

2. QUANTITATIVE INFORMATION:

Sno.	Name of the Product / Service Group	Unit	Annual Production (Qty.)	Net Sales	
				(Qty.)	(Value in Rupees)
A	Produced / Manufactured Product Groups				
	1.				
	2.				
	3. etc.				
B	Services Groups				
	1.				
	2.				
	3. etc.				
C	Trading Activities (Product Group-wise)				
	1.				
	2.				
	3. etc.				
D	Other Income				
Total Income as per Financial Accounts					

3. RECONCILIATION STATEMENT:

Net Margin (Profit/Loss) as per Cost Accounts	(In Rupees)
A. From Produced / Manufactured Product Groups	
B. From Services Groups	
C. From Trading Activities	
Total as per Cost Accounts	
Add: Incomes not considered in Cost Accounts (if any)	
Less: Expenses not considered in Cost Accounts (if any)	
Add/Less: Difference in Stock Valuation	
Profit/(Loss) as per Financial Accounts	

NOTES:

- (i) For produced/manufactured product groups, use the nomenclature as used in the Central Excise Act/Rules, as applicable.
- (ii) For services groups, use the nomenclature as used in the Finance Act/Central Service Tax Rules, as applicable.

SIGNATURE
NAME
COST ACCOUNTANT (S)
MEMBERSHIP NUMBER (S)
SEAL
DATE