

## **Cost Accounting Records (Engineering Industries) Rules, 1984**

### **MINISTRY OF LAW, JUSTICE & COMPANY AFFAIRS (Department of Company Affairs) New Delhi, the 25<sup>th</sup> June 1984**

G.S.R. 688 : - In exercise of the powers conferred by sub-section (1) of section 642, read with clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely: -

#### **1. Short title and commencement –**

- (1) These rules may be called the Cost Accounting Records (Engineering Industries) Rules, 1984.
- (2) They shall come into force on the date of their publication in the official Gazette.

#### **2. Application**

[These Rules shall apply to every company engaged in the production, processing or manufacture of the classes of engineering goods as specified in the Appendix to the Cost Accounting Records (Engineering Industries) Rules, 1984 and those added thereto by the Central Government from time to time by notification in the Official Gazette excepting those companies falling under the category “Small Scale Industrial Units”, ]<sup>1</sup>

**Explanation** - For the purpose of this rule, the expression “small scale industrial undertaking” means a company -

- (a) [The aggregate value of the machinery and plant installed wherein does not exceed the limit as specified for a small scale industries (Development and regulation) Act.1951 (65 of 1951), as on the last date of the preceding financial year and]<sup>2</sup> and
- (b) [The aggregate value of the realization made by the company from the sale or supply of all its products during the preceding financial year does not exceed ten crore rupees.]<sup>3</sup>

#### **3. Maintenance of Records: -**

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

Provided that if the said company is manufacturing any other product or is engaged in any other activity in addition to the manufacture of those mentioned in Rule 2, the particulars relating to the utilization of material, labour and other items of cost in so far as they are applicable to such other product or activity shall not be included in the cost of production of the items mentioned in Rule 2.

(2) The books of account referred to in sub-rule (1) shall be kept on a regular basis so as to make it possible to calculate the cost of production and cost of sale of all types of Engineering items referred to in Rule 2 manufactured by the company during a financial year (hereinafter referred to as the relevant period) from the particulars entered therein and every such books of accounts and the proforma specified in Schedule II shall be completed within ninety days from the end of the financial year of the company to which they relate.

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<sup>1</sup> Amended by GSR 566(E) dated 22<sup>nd</sup> July 1988

<sup>2</sup> Inserted by GSR 326(E) dated 24<sup>th</sup> March 1993

<sup>3</sup> Substituted by GSR 450(E) dated 3<sup>rd</sup> August 1998

(3) It shall be the duty of every person referred to in sub-section (6) and sub-section (7) of section 209 of the Companies Act 1956 (1 of 1956) to take all reasonable steps to secure compliance by the company with the provisions of sub-rule (1) and (2) in the same manner as he is liable to maintain financial accounts under sub-section (1) of section 209 of the said Act.

**4. Penalty:** - If a company contravenes the provisions of rule 3, the company and every officer thereof, who is in default, including the persons referred to in sub-rule (3) of rule 3 shall be punishable with fine which may extend to five hundred rupees and where the contravention is a continuing one, with a further fine which may extend to fifty rupees for every day after the first day during which such contravention continues.

## **APPENDIX (See rule 2)**

List of engineering goods for which the Rules shall apply:

1. Power driven pumps.
2. Internal combustion engines.
3. Diesel Engines.
- [4. All type of automobile parts and accessories
5. Power Transformers
6. Electric Generator
7. Machine Tools]<sup>4</sup>

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

### **1.1 Bought out Materials:-**

1.1.1 Adequate records shall be maintained showing all receipts, issues and balances both in quantities and values of each item of raw materials and components required for the manufacture of items referred to in rule 2. The cost of raw materials and components brought out should include all expenses up to the works. Where raw materials and components are imported, details of cost of such imports shall be maintained separately indicating the FOB price, freight, insurance, custom duty, port charges and inland freight.

1.1.2 The basis of valuation of raw materials and components shall be clearly indicated in the cost records or if so desired by the company in a separate manual of procedure, if any, maintained by the company by way of footnotes or explanatory notes to the cost statements for the relevant period. Such basis of valuation should conform to general costing principles and applied consistently.

1.1.3 Adequate records showing the consumption of materials for production shall be maintained. If the quantity and value of materials consumed are determined on any basis other than actual, the method adopted shall be mentioned in the cost records. The overall reconciliation of such values of materials with the actual shall be made, at least once in a year, explaining the reasons for variations. The treatment of such variations in determining the cost of items referred to in rule 2 shall be indicated in the cost records.

### **1.2 Manufactured Components.**

1.2.1 In the case of components and semi-finished items like castings and forgings manufactured by the company adequate records shall be maintained showing the cost of materials, labour and overhead expenses in such detail as may enable the company to fill up the necessary particulars in Annexure II of this Schedule or in any form as near thereto as practicable. The cost of casting shall also be worked out in Annexure III to Schedule I or in any form as near thereto as practicable.

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<sup>4</sup> Inserted by GSR 279(E) dated 24<sup>th</sup> April 2001

1.2.2 Adequate physical controls shall be ensured of shop-manufactured components and the data showing the number of components produced shall be maintained. Physical verification of the work in progress, including shop-manufactured components lying on the shop floor, shall be carried out at least once in a year. A reconciliation of the quantity produced, including adjustment for opening and closing stock with the quantity required for production and transfer to spare parts shall also be maintained.

### **1.3 Consumable stores, small tools, machinery spares:**

Adequate quantitative records shall be maintained showing all receipts, issues and balances of various consumables stores, small tools and machinery spares. The values of the above items (which should include all expenses up to the works) shall be kept individually or in the form of control accounts as the company may decide. The consumption of consumable stores, small tools and machinery spares shall be allocated to the different production and services departments on the basis of actual issues.

**1.4 Jig and dies:** In respect of jigs and dies, the life of which is more than a year and value of which is more than Rs.25, 000 each, quantitative records shall be maintained showing the receipts and values at actual in the case of bought out items including all expenses up to the works and actual cost in the case of manufactured items. The method of charging cost of jigs and dies to the cost of production shall be indicated in the cost records and applied consistently.

**1.5 Wastage, spoilage, rejection, losses etc. of materials:** Adequate records shall be maintained to assess wastage, scrap, spoilage, rejection and loss of materials including line spoilages in the manufacture of items referred to in rule 2 in order to enable the company to exercise effective control over the consumption of materials. The method of dealing with such wastages, scrap, spoilages, rejections and losses in the calculation of costs shall be indicated, in the cost records. The method of accounting of the realized/realizable value of such spoilage, rejection and scrap shall also be indicated in the cost records. Any abnormal wastages/spoilages etc. shall be indicated distinctly and separately.

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

2.1 Proper records shall be maintained to show the attendance and earnings of all employees of the cost centers or departments and the work on which they are employed.

The records shall also indicate separately:

- (i) Overtime wages earned;
- (ii) Piece rate wages earned (wherever applicable);
- (iii) Incentive wages earned, either individually or collectively as production bonus or under any other scheme based on output;
- (iv) Earning of casual labour engaged on casual work under classified headings.

2.2 Idle time shall be separately recorded under classified heading indicating the reasons therefore. The data shall be maintained as far as possible, cost centre-wise. The method adopted for accounting of idle time payments in determining the cost of products shall be disclosed in the cost records.

2.3 Any wages and salaries allocable to capital works such as addition or heavy repair works to plant and machinery, buildings or other fixed assets shall be accounted for under the relevant capital heads.

2.4 If the wages and salaries are charged to production on any basis other than actuals, the reconciliation of such wages with actual and the treatment of variances shall be made and disclosed in the cost records in any suitable manner.

## **3. Service Department Expenses:**

Detailed records shall be maintained to indicate expenses incurred for each service cost center or department. These expenses shall be apportioned to other service and production departments on an equitable basis and applied consistently.

#### **4. Utilities:**

**4.1 Power:** Adequate records shall be maintained for the quantity of power purchased and/or generated by the company. Records shall also be maintained to show the cost of power (purchased and generated) consumed by the different cost centres in such detail as may enable the company to furnish the particulars in Annexure I of this Schedule.

Where power is generated and supplied by any other unit of the company, adequate records shall be maintained to assess the quantity and cost of power so supplied. The rates charged by the supplying units shall be on a reasonable basis.

**4.2 Other utilities:** Similar records shall be maintained in respect of other utilities viz. Water, Steam and Compressed air etc.

#### **5. DEPRECIATION:**

5(1) Proper records shall be maintained showing the cost and other particulars of fixed assets in respect of which depreciation has to be provided for. These records shall inter alia indicate the cost of each item of asset including installation charges, if any, the date of its acquisition and the date of installation and rate of depreciation. In respect of those assets, the original cost of acquisition of which cannot be ascertained without any unreasonable expenditure, the valuation shown in the books on the first day of the financial year beginning on or after the commencement of these rules shall apply.

5(2) The basis on which depreciation is calculated and allocated to the various cost centers and departments shall be clearly indicated in the cost records. However, depreciation chargeable to the different cost centers and departments shall be not less than the amount of depreciation chargeable in accordance with the provision of sub-section (2) of section 205 of the companies Act, 1956 and shall relate to plant, machinery and other fixed assets in such cost centers and departments. In the case of assets or group of assets on which depreciation is written off at the rate of 100 per cent otherwise than as provided in the Income Tax Act, 1961 (43 of 1961) and rules made there under in the relevant year, such depreciation shall be spread over the number of years during which the benefit is derived from such assets or groups of such assets. In case the amount of depreciation charged in the cost accounts in any financial year is higher than the amount of depreciation chargeable under the aforesaid provisions of the Companies Act, the amount so charged in excess shall be indicated clearly in the cost records. The cumulative depreciation of asset charged in the cost records, against any individual items of asset shall not, however, exceed the original cost of the respective asset.

#### **6. WORKSHOP/REPAIRS AND MAINTENANCE/ TOOL ROOMS:**

6(1) Proper records showing the expenditure incurred by the workshop under different heads and on repairs and maintenance by the various cost centres and departments shall be maintained. The records shall be also indicating the basis of charging the workshop/Tool room expenses to different cost centers/departments and units. Where maintenance work is done by direct workers of any production cost centers, the wages and salaries of such men shall be treated as direct expenses of the respective cost center.

6(2) Expenditure on major repair work from which benefit is likely to accrue for more than one financial year shall be shown separately in the cost records indicating the method of accounting in determining the cost with reference to the period for which the benefit of such expenditure is likely to last.

6(3) Expenditure incurred on workshop and tool room of jobs on a capital nature shall be capitalized. The cost of such jobs shall include the expenditure on material, labour and due share of the overheads.

#### **7 OVERHEADS:**

7(1) Proper records shall be maintained showing the various items of expenses comprising the other overheads. These expenses shall be analyzed, classified and grouped according to functions, viz, works, administration and selling and distribution. The method followed for allocation of the above categories of overheads to cost centres and departments that for absorption by the products shall be indicated in the cost records.

7(2) Where the company is manufacturing any product other than those referred to in Rule 2, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company, to the products referred to in Rule 2 other activities and capital works. Where certain overheads can be identified with a particular activity or product, such expenses shall be segregated and charged to the activity or product in the first instance and thereafter the remaining common expenses under the above categories of overheads shall be apportioned on a reasonable and equitable basis and applied consistently.

7(3) The details of administrative and selling and distribution overheads shall be maintained in such manner as to enable the company to fill up the necessary particulars in proforma in Schedule II respectively.

**8. ROYALTY / TECHNICAL KNOW-HOW FEE:**

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

**9. RESEARCH AND DEVELOPMENT EXPENSES:**

Expenses incurred in connection with the Research and Development shall be shown separately in the cost records. The methods of charging such expenses to the cost of the products referred to in Rule 2 shall be reasonable and applied consistently.

**10. PACKING:**

Wherever the product referred to in rule 2 is dispatched in a packed condition adequate records shall be maintained to calculate the packing cost of the product.

**11. INTEREST:**

Proper records shall be maintained showing interest charges. The amount of interest shall be allocated/apportioned to the products covered by Appendix and other activities on a reasonable and equitable basis, which shall be followed consistently. The basis of such allocation shall be spelt out clearly in the cost statements. Basis of further apportionment of the share of interest among the various types of such products shall also be reasonable and the same shall be followed consistently.

**12. EXPENSES ON EXPORTS:**

Proper records showing the expenses on the export sales of the products covered by Appendix if any shall be separately maintained, so that the cost of export sales can be determined correctly. The expenses incurred on exports as well as any export incentives earned shall be reflected in the cost statement relating to export sales. Export incentives shall be treated as other income and reflected in the cost records.

**13. COST STATEMENT:**

Particulars of costs shall be compiled in the Proforma (A to D) specified in Schedule II or in any form as near thereto as practicable. Where the product under consideration is progressively being indigenes the cost of production of the products shall be worked out separately for each stage of major deletion till such time as the manufacture has reached a deletion of 90 per cent.

**14. WORK-IN-PROGRESS AND FINISHED GOODS STOCK:**

The value of Work-in-progress and finished goods stock of products referred to in rule 2 at the end of the period for which costs are made up shall be calculated to represent besides the cost of material and labour, the relevant overhead expenses also.

## **15. RECONCILIATION WITH FINANCIAL ACCOUNTS:**

15.1 The cost records shall be reconciled periodically with the financial books of accounts so as to ensure accuracy. All variations shall be clearly indicated and explained. The period for which such reconciliation is effected shall not exceed the period of the financial year of the company.

15.2 where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the product under such procedure. The method followed in adjusting the cost variances shall be indicated clearly with the reasons thereof.

## **16. STOCK VERIFICATION RECORDS:**

Records of physical stock verification shall be maintained in respect of all items held in stock such as raw materials, manufactured components, bought out components and stores. The method of dealing with discrepancies arising out of such verification shall also be indicated in the relevant records.

## **17. INTER-COMPANY TRANSACTIONS:**

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

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

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

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

- (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) Key management personnel and relatives of such personnel; and
- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

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

- (a) Two companies simply because they have a Director in common, notwithstanding paragraph (d) or (e) above (Unless the Director is able to affect the policies of both companies in their mutual dealings);
- (b) A single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and

(c) The parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision making process);

- (i) Providers of finance;
- (ii) Trade unions;
- (iii) Public utilities;
- (iv) Government departments and government agencies including government sponsored bodies.

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

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

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

(c) **"Control" means**

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

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

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

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

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

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

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

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

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

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

(m) **"State-controlled enterprise"** means an enterprise which is under the control of the central Government or a State Government."<sup>4</sup>

## 18. STATISTICAL STATEMENTS AND OTHER RECORDS:

Statistical statements and other records shall be maintained in such a manner as to enable the company to comply with the requirements of this Schedule and Schedule II and to enable the cost auditor to report to the Company Law Board on all the points referred to in the Cost Audit(Report) Rules, 1968. Statistical data maintained shall be reconciled with the data furnished to the Directorate General of Technical Development and the Central Excise and other Governmental authorities from time to time.

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<sup>4</sup> Inserted by G.S.R.731 (E) dated 28<sup>th</sup> September 2001

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

Name of the company.....

Name and address of the Factory.....

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

**Current Year      Previous Year**

No. of units generated KWH  
 No. of units purchased KWH  
 Consumption in Power House including other losses KWH  
 Net units consumed KWH  
 Percentage of loss to total power generated and purchased

Particulars	Quantity (Units)	Rate (Rs.)	Amount (Rs.)	Cost per Unit (Rs.)	
				Current yr	Previous yr
1	2	3	4	5	6

1. (a) Fuel oil
- (b) Other materials  
(if any to be specified)
2. Consumable stores
3. Other Direct Charges  
(Such as electricity duty etc.)
4. Salaries and Wages
5. Repairs and maintenance
6. Overheads
7. Depreciation
- 8. Total (1 to 7)**
9. Less: Credits, if any
10. Net cost of power generated
11. Power purchased
- 12. Total (10 and 11)**

\_\_\_\_\_

Average cost per Unit.....

**Consumed in**

\_\_\_\_\_

Name of Shop	Qty.	Amount
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\_\_\_\_\_

- (a)  
 (b)  
 (c)  
 etc..
- \_\_\_\_\_



**Notes:**

- (1) Cost per unit shall be worked out with reference to the net units of power available for use after deducting consumption in the powerhouse and other losses.
- (2) Bonus to employees other than incentive bonus, provision for statutory gratuity or actual amount paid on this account during the period and interest charges shall be shown in Proformae B and D and not in any other proforma.
- (3) Realization, if any, by sale of power to outside parties etc. shall be shown separately against item 9.

**ANNEXURE II**  
**SCHEDULE I**  
**(See Rule 3)**

Name of the company.....  
Name and address of the Factory.....  
Statement showing the actual cost of component/sub-assemblies manufactured.

**Nomenclature and Description of component/ sub-assembly**

Particulars	Total	Cost per unit	
		This year	Previous year
1	2	3	4
	Rs.	Rs.	Rs.

1. (i) Raw Material  
(ii) Bought out semi-finished components
  2. Direct wages
  3. Depreciation
  4. Other works overhead including  
cost of jigs and dies, depreciation  
and research & development, if applicable
  5. Adjustment for cost variances  
(where standard costing system is adopted)
  6. Administration Overhead
- Total**

**ANNEXURE III  
SCHEDULE I  
(See Rule 3)**

**Name of the company**.....  
**Name and address of the Factory**.....  
**Statement showing the cost of casting made at foundry**

	This period	Last period
(a) Total Metal charged MT		
(b) Total Good Castings MT		
(c) % on (b) on (a)		
(d) Total number of operating days available		
(e) Total number of charges made		

  

Particulars	Total cost	Cost per tonne of good castings	
		This year	Previous year
	Rs.	Rs.	Rs.
1	2	3	4
A. Direct material			
Details of direct materials charged			
Less: Recovery (Credit) Net Cost			
B. Melting shop expenses			
C. Moulding shop			
Details of inputs/expenses			
D. Core making/baking shop			
Details of inputs/expenses			
E. Fottling, Cleaning & Grinding			
Details of inputs/expenses			
F. Smithy Shop			
Details of inputs/expenses			
G. General Administration/Establishment			
Total Foundry cost of casting			

**ALLOCATION/COST RECOVERY**

**Tonnes**

- (a) Opening inventory good castings/  
Saleable/Transferable
- (b) Add this period
- (c) (a+b) Total available for machining/  
Transfer/sale
- (d) Total issued (net)
- (e) Closing Inventory

Under each cost centre, cost will have to be exhibited by element of cost in as much of detail as practicable.





**PROFORMA-C**  
**SCHEDULE -II**  
(See Rule 3)

Name and Address of the company.....  
Name and address of the Factory.....

**I. Statement showing the value of work in progress at the end of the period**

Particulars.....	Rs.....
1. Opening work in progress as on.....	
2. Add: Expenses relating to the manufacture of..... (name of the product) during the year .....	
Total	

3. Less: Cost of completed.....(name of the product) and the components  
manufactured during the year .....
4. Closing work in progress

**II. Statement showing the stock of completed.....**  
(name of the product)

Opening stock as on.....		Manufactured during the year		Sold during year		Closing stock as on .....	
Quantity No.	Value Rs.	Quantity No.	Value Rs.	Quantity No.	Value Rs.	Quantity No.	Value Rs.

1.  
2.  
3.  
4.  
5.  
etc.

**PROFORMA-D**  
**SCHEDULE -II**  
(See Rule 3)

Name and Address of the company.....  
Allocation of total expenses and income for the year ending.....

Particulars	Total Actual Expenses  Rs.	Share applicable to	
		Product under Cost audit Rs.	Other activities Rs.
1	2	3	4
1. Materials consumed:			
(a) C.K.D. (imported)			
(b) Bought out components (imported)			
(c) Bought out components (indigenous)			
(d) Semi-finished components (imported)			
(e) Semi-finished components (indigenous)			
(f) Raw materials (imported)			
(g) Raw materials (indigenous)			
(h) Other materials,			
2. Process materials			
3. Packing materials			
4. Salaries and wages			
5. Utilities			
6. Stores and spares			
7. Repairs and maintenance			
8. Other works overheads			
9. Depreciation			
10. Research and development expenses			
11. Administration overheads			
<b>Total</b>			
12. Adjustment for difference between opening and closing work-in-progress			
<b>Total</b>			
13. Less: Credit recoveries			
14. Packing cost			
15. Stock adjustments for difference between opening and closing stock			
<b>Total</b>			
16. Selling and distribution Expenses			
17. After sales service			
18. Free service/warranty			
<b>Total</b>			

- 19. Annual bonus to employees and other than incentive bonus
  - 20. Provision for statutory gratuity
  - 21. Interest charges
  - 22. Other expense not included in cost  
(Items to be specified)
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- 23. Less: other income not considered in cost  
(Items to be specified)
  - 24. Total excluding excise duty
  - 25. Net sales realization excluding excise duty
  - 26. Margin
- 

All items of incomes and expenditure in this proforma shall be reconciled with the financial accounts of the relevant period

**Foot Note:** The principal rules were published vide GSR no. 688(E), dated the 25<sup>th</sup> June, 1984 and subsequently amended vide:

- 1. GSR 1205 dated 16<sup>th</sup> October, 1984
- 2. GSR 566 dated 22<sup>nd</sup> July 1989
- 3. GSR 326 (E) dated 24<sup>th</sup> March 1993
- 4. GSR 450(E), dated 3<sup>rd</sup> August, 1998
- 5. GSR 279 (E) dated 24<sup>th</sup> April, 1998
- 6. GSR 731(E), dated 28<sup>th</sup> September, 2001