

GOVERNMENT OF INDIA
Department of Company Affairs
New Delhi
Dated 25th February 1972

Notification

GSR: - 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 (ALUMINIUM) RULES 1972,
2. They shall come into force on the 1st day of April 1972.

2. [Application: - They shall apply to every company engaged in the production, processing or manufacturing of any of the following products, namely: -

1. Alumina
2. Aluminium
3. Aluminium ingots in any form or alloy
4. Aluminium rolled products including foil
5. Aluminium extruded products
6. Properzirod or Aluminum wire rod
7. Any other Aluminium products or its alloy.¹

excepting those companies falling under the category of small-scale industrial undertakings.

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

(a) [The aggregate value of the machinery and plant installed where in dose not exceed the limit as specified for a small scale industrial undertaking under the industries (Development and Regulation Act 1951 (65 of 1951), as on the last date of the presenting financial year]² 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.]³

3. Mainantence of Records: -

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

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

¹ Substituted by GSR 703 dated 28th September, 2001

² Replaced by G.S.R.425 (E) dated 3rd August 1998.

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

⁴ Substituted by GSR 703 dated 28th September, 2001

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

[(2A) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the 1st day of April, 2002, keep proper books of account relating to utilization of materials, labour and other items of cost in so far as they are related to the production or processing or manufacturing of products under reference. The books of account, so maintained, shall contain, inter alia, the particulars specified in schedule III annexed to these rules and proformae A, B, C, D, E, F and G mentioned in the said Schedule:

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

(2B) The Books of account referred to in sub – rule (2A) shall be kept on a regular bases in such a manner as to make it possible to calculate the cost of production and cost of sales of each type of Aluminium products manufactured or produced for every financial year from the particulars their in. Every such books of account and the Proformae specified in the said schedule III shall be completed not later than ninety days from the close of the financial year of the company to which it relates.

(2C) The statistical and other records shall be maintained in accordance with the provisions of schedule III, which shall be such as to enable the company to exercise, as far as possible, control over the various operations and costs with a view to achieve optimum economies in cost. These records shall also provide the necessary data required by the Cost Auditor to suitably report on all the points referred to in the Cost Audit (Report) Rules, 1996, as amended from time to time]⁵

(3) It shall be the duty of every person referred to in sub- section (6) and subsection (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), (2A),(2B) and (2C) of this rule in the same manner as he is liable to maintain financial accounts required under sub-section (1) of section 209 of the Companies Act 1956.

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 contravention continues.

⁵ Substituted by GSR 703 dated 28th September, 2001

SCHEDULE I
(See Rule 3)

1. Production Materials

- (a) Adequate records shall be maintained showing all receipts, issues and balances both in quantities and cost of each item of material required for producing, processing or manufacturing any of the items referred to in Rule 2. The basis on which the said quantities and values have been calculated shall be clearly indicated in the cost records, or if so desired by the company, in a separate manual of procedure, if any, maintained by the company or in footnotes or explanatory notes to the cost statements for the relevant period. The values shown in the records shall include all direct charges up to the works.

Adequate records showing the consumption of each items of material 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 periodically and in any case at least once at the end of the relevant period, 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.

- (b) Where any materials such as bauxite are raised from mines owned or leased by the company or by its wholly owned subsidiary, separate records showing the cost of raising such materials shall be maintained in such details as may enable the company to fill up the particulars in Proforma 'A' of Schedule II or in any form as near thereto as practicable. Where materials such as pre – baked carbon electrodes, soderberg paste, pot lining mix, are produced or manufactured by the company, separate records showing the cost of such materials shall be maintained in such details as may enable the company to fill up the particulars in Proforma 'B' of Schedule II or in any form as near thereto as practicable.
- (c) Any wastage of materials, whether in transit, shortage, or for any other reason, shall be recorded separately indicating the stages at which such losses occur. The method of dealing with such losses in the calculation of costs shall be indicated in the cost records.

II. Consumable Stores, Small Tools, Machinery, Spares etc.

- (a) Adequate records shall be maintained to show the receipts, issues and balances both in quantities and values of each item of consumable stores, small tools, machinery spares, such as starch, soda ash, lime, filter, cloth, grinding media, lubricants, rolling oil and items of spare parts and small tools required for the manufacture of any of the items referred to in Rule 2. The values shown shall include all direct charges up to works wherever specifically incurred. In the case of consumable stores small tools and machinery spares, the values of which are not significant, the company may, if it so desires, maintain such records for the main group of such items.
- (b) The value of consumable stores, small tools and machinery spares consumed shall be charged to the relevant heads of accounts such as manufacture, repairs to plant and machinery, repairs to building, maintenance of township, maintenance of vehicles, etc. The value of such items charged to manufacture shall further be allocated to different departments or manufacturing units or cost centers on reasonable basis. Similarly, items issued for capital works, such as additions to plant and machinery shall be shown under relevant capital heads.
- (c) Any wastage, whether in storage, transit or for other reasons shall be shown separately. The method of dealing with such losses in costs shall also be indicated in the cost records.

III. Power and Fuel

- a. Adequate records shall be maintained in order to ascertain the cost of power and fuel. These records shall show separately wastage in storage, transit or for other reasons wherever occurring. The value of power and fuel consumed shall be calculated on a reasonable basis and applied consistently.
- b. Where power is purchased, the records shall show separately the cost of power purchased, fixed charges and duties, if any, payable by the consumer. Where power is generated by the company

itself or by its wholly owned subsidiary, separate records shall be maintained to show in detail the different items making up the cost of power generated and distributed.

- c. The records shall be so maintained as to enable the assessment of consumption of power by the different departments of manufacturing units or cost centers. The allocation of power bills or generated costs as the case may be, shall be on the basis of actual consumption, if separate meters are installed, or on the basis of technical estimates or connected loads if meters are not installed. In the case of contractual obligations on account of "maximum demand" clause which is applicable irrespective of actual power consumed, if the amount payable as per actual consumption falls below the contractual minimum payable, the difference between the contractual minimum and the actual amount payable shall be treated as "period" power / 'fixed' cost and treated accordingly. The entire power consumed in the pot room shall be treated as 'direct' power. Cost of power consumed in and chargeable to non – operating departments, if significant, shall be shown separately.
- d. The cost of fuel oil consumed in Alumina plant, sodberg paste plant, pre – baked carbon electrode plant, pot lining mix plant and re – melting furnace shall be treated as 'direct' fuel in the respective plants.

IV. Steam

Adequate records shall be maintained to ascertain the cost of steam generated. These records shall also indicate wastage in transit or storage or for other reasons wherever occurring. The value of steam consumed in the different departments or manufacturing units, or cost centers shall be calculated on a reasonable basis and applied consistently. The quantity and value of coal consumed in the boilers and data regarding the efficiency of the boilers shall also be maintained.

V. Wages and Salaries

- (a) Proper and systematic records shall be maintained to show the attendance of workers and other operational staff indicating the departments or the work on which they are employed. Where payments to workers are made on piece rate basis, the records relating thereto shall be maintained so as to enable the assessment of wages payable to such workers. Proper records shall also be maintained in respect of all payments made for over – time work and to casual labour. Where any incentive payments are made, whether in the shape of production bonus or other forms of incentive based on output achieved by the workers individually or collectively, proper records shall also be maintained for the assessment of such payments.
- (b) The records shall further show the wages and salaries relating to various manufacturing departments or units or cost centers being the amounts payable and allocated to the different departments or units or cost centers. Idle time of workers shall be recorded separately, indicating the reasons for such idle time and the method of its treatment in calculating the cost of products. any wages and salaries being expenditure on additions to plant, machinery or other fixed assets shall be allocated to the relevant capital heads in the accounts
- (c) If the wages and salaries are allocated to the departments or units or cost centers on any basis other than actual, the reconciliation of such wages with actual and the treatment of variation, if any, in determining the cost of items referred in the Rule 2 shall be indicated in the cost records.

VI. Service Department Expenses:

Direct expenses of service departments shall be apportioned to the production departments on the basis of service rendered. If the company so desires, the expenses of service departments, other than generation of steam and power, applicable to products may be shown separately in the relevant Proforma in Schedule II or may be included in the works overhead.

VII. Workshop repairs and maintenance, shop and die shop expenses

Adequate records showing the expenditure incurred in the workshop/ repairs and maintenance shop and die shop shall be maintained. The records shall further indicate the basis of charging the expenditure incurred in these shops to the different departments or manufacturing units or cost centers. Cost of works of capital nature or from which benefit is likely to accrue for more than one financial year shall be shown separately in the cost records, indicating the method of its treatment in determining the cost of items referred to in Rule 2.

VIII. Relining of Pots

Adequate records shall be maintained showing the expenditure incurred in the relining or patching up of pots. The records shall indicate the cost of pot lining mix, pot lining cake, side and bottom lining blocks, collector bars, insulating bricks, wages sundry supplies and outside services, if any. The records shall also indicate the number of pots relined during the relevant period. The basis of charging such expenses to the cost of Aluminium shall be clearly indicated in the cost records. The details of cost incurred for initial pot lining and starting at the time of commissioning a new smelter or a new set of pots shall be maintained. The cost incurred for re – starting of pots shall also be maintained separately. The treatment of such expenses in costs shall be clearly indicated in the cost records.

IX. Depreciation

- (a) Adequate records shall be maintained showing the values and other particulars of fixed assets in respect of which depreciation is to be provided. These records shall inter alia indicate the cost of each item of asset, the date of its acquisition and the rate of depreciation. In respect of those assets, the original cost of acquisition of which cannot be ascertained without an unreasonable expenditure or delay, the valuation shown in the books on the first day of the financial year beginning on or after the commencement of the rules shall be taken as the opening balance.
- (b) Depreciation chargeable to the different departments, manufacturing units or cost centers shall not be less than the amount of depreciation which may be worked out in accordance with the provisions of sub – section (2) of Section 205 of the Companies Act 1956 (1 of 1956) and shall relate to plant, machinery and other assets utilized in such department or units or cost centers. However, the cumulative depreciation charged against individual assets over a period of years shall not exceed the original cost of the respective assets. The method once adopted shall be applied consistently.

X Royalty

Adequate records shall be maintained showing the royalty paid and payment made to foreign collaborators in terms of agreements entered into with them. The basis of calculating the amount of royalty / technical aid fees for the relevant period shall be indicated in the cost records. The amount applicable to items referred to in rule 2 shall be shown separately in each of the relevant proforma in Schedule II. In the case of bauxite, the amount of royalty and dead rent shall be shown separately indicating the corresponding raising.

XI. Overhead Expenses

- (a) Adequate records showing the amounts comprising the overhead expenses and the details of apportionment of overhead expenses to the various departments or manufacturing units or cost centers shall be maintained after collecting the details of all such expenses from the financial accounts. Overhead relating to works, administration, selling and distribution shall be shown separately. In respect of capital jobs, appropriate share of overhead expenses shall be allocated to the capital head works overhead shall include among other items, indirect wages and salaries relating to works, indirect materials consumed and staff and labour welfare expenses. The method of apportioning overhead expenses to the various departments or manufacturing units or cost centers shall be clearly indicated in the cost records and applied consistently. Where the overhead expenses are recovered through the output from the various departments or manufacturing units or cost centers otherwise than at actual, the method of reconciling such expenses with the actual for the relevant period, the variations, if any, and its treatment in determining cost of the items referred to in rule 2 shall be indicated in the cost records.
- (b) Share of selling and distribution expenses, applicable to the items referred to in rule 2 shall be shown separately in the cost records. Selling and distribution expenses shall be apportioned on a reasonable basis and the share applicable to each item shall be shown in the relevant proforma in

schedule II. The basis of apportionment shall be indicated in the cost records and applied consistently.

XII. Packing

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

XIII. Product Development Charges

Adequate records showing the details of expenses incurred for the development of existing products or new products shall be maintained separately. The method of charging such expenses in cost shall be indicated in the relevant cost records.

XIV. Scrap loss and Melting Loss

Adequate records showing the quantity of materials scrapped on account of sales return, deterioration due to storage and handling or for any other reasons shall be maintained. The basis of ascertaining the loss on account of such materials and the method of treating the same in determining the cost of products shall be indicated in the cost records and applied consistently. Adequate records shall also be maintained showing the melting loss in the re - melting furnace. Adjustment for realization from dross shall also be indicated in the cost records.

XV. Cost Statements

Statement showing the cost of Alumina, Aluminium, Aluminium ingots in different forms including billets and alloys, sheets, circles and other rolled products, extrusions and properzi rods shall be compiled in Proformae 'C', 'D', 'E', 'F', 'G' and 'H' respectively of Schedule II or in any form as near thereto as practicable. If the proforma referred to above are compiled on any basis other than actual, the method of reconciling the figures given in the Profoma with the actual shall be indicated in the cost records. In respect of rolled products and extrusions, records showing the quantity produced, net material cost, total conversion cost, furnace hours / machine hours utilized, packing cost and selling and distribution expenses per tone shall also be maintained for each cost class or group of products. The total cost of all the classes or groups of rolled products and extrusions shall be reconciled with the total cost given in Proformae 'F' and 'G' respectively of Schedule II. The classification or grouping of products shall be made in accordance with the gauge, weight per unit length, shape or any other scientific basis, so that the cost of individual items forming the class or group are more or less identical.

XVI. Work – in – Progress and Finished Goods Stock

The value of work – in – progress at the different plants and finished goods stock of each item at the end of the relevant period shall be calculated to represent the cost of materials, appropriate labour, overhead expenses and depreciation. Records showing the value of work – in – progress and quantities and values of finished items shall be maintained by the company in such details as to enable them to fill up the particulars in Proforma I of Schedule II.

XVII. Reconciliation of Cost and Financial Accounts

The cost records shall be periodically reconciled with the financial books of accounts so as to ensure accuracy. Variations, if any, 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.

XVIII. Stock Verification Records

Records of physical stock verification shall be maintained in respect of all materials including consumable stores, small tools and machinery, spares, Alumina, Aluminium, metal in process and other finished goods stock, either individually or by cost classes or groups. Any losses / surplus arising out of such verification and losses in transit shall also be indicated separately stating the method of its treatment in cost.

XIX. Statistical statements and other Records

Statistical statement and other records shall be maintained in such details as to enable the company to comply with the requirements of this Schedule I 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 as amended from time to time. data relating to production and operational efficiency of individual departments, pot life, major repairs and maintenance shall also be maintained.

(See Rule – 3)

Proforma ‘A’

Name and address of the company:

Statement showing the cost of bauxite raised and transported to Alumna Plant

During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Quantity Raised		
2.	Quantity Rejected, if any		
3.	Net Quantity Raised		
4.	Quantity Transported to Alumna Plant		
5.	Quantity of over – burden removed		

Particulars	Total Cost	Cost per Tonne	
		Current Period (Rs.)	Previous period (Rs.)
<ol style="list-style-type: none"> 1. Direct Wages 2. Salaries 3. Consumable Stores, Small Tools and Machinery Spares 4. Power and Fuel 5. Repairs and Maintenance 6. Depreciation 7. a. Royalty b. Dead Rent 8. Depletion, if any 9. Works Overhead 10. Administrative overhead 			
Cost of Raising			
<ol style="list-style-type: none"> 11. Transport Charges up to Railhead 12. Freight Paid or Transport Charges incurred 13. Handling charges 			
<ol style="list-style-type: none"> 14. Adjustment for difference in the value of opening and closing stock 15. Cost of bauxite consumed (Vide Proforma ‘C’) 			

Notes: 1. Cost per Tonne to be arrived at by adopting the appropriate divisors.

2. Quantity of rejected bauxite sold and the amounts realized for it shall be indicated separately and shown as deduction from the cost of raising.

Proforma 'B'

Name and address of the company:

Statement showing the cost of pre – baked carbon electrode / soderberg paste / pot lining

Mix manufactured

During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
	Production Wight per block of carbon electrode		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Cost Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
1. Materials					
a. Calcined Petroleum coke					
b. Metallurgical coke					
c. Soft Pitch					
d. Anthracite coal					
e. Coke over tar					
f. Scrap electrodes					
g. Others					
Total Materials					
2. Direct Wages					
3. Salaries					
4. Power					
5. Consumable Stores, small tools and machinery spares					
6. Repairs and Maintenance					
7. Fuel Oil					
8. Depreciation					
9. Works Overhead					
10. Total Cost					
11. Adjustment for difference in the value of opening and closing W – I – P, if any					
Cost of Production					
12. Adjustment for the difference in the value of opening and closing stock					
13. Cost Transferred to Smelter (Vide Proforma 'D')					

Notes: 1. To be completed separately for electrode, soderberg paste and pot lining mix.

2. Delete items not applicable.

Proforma 'C'

Name and address of the company:
Statement showing the cost of Alumna Produced
During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Production Alumna Hydrate (in terms of alumna content) Alumna (Calcined) Quantity Bagged Quantity Transported to Smelter		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Value Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
A. Alumna Hydrate					
1. Materials					
a. Bauxite					
b. Fuel Oil					
c. Caustic Soda					
d. Lime					
e. Starch					
f. Filter Cloth					
g. Others Materials					
2. Power					
3. Steam					
4. Direct Wages					
5. Salaries					
6. Consumable stores, small tools and machinery spares					
7. Repairs and Maintenance					
8. Red Mud Pond expenses					
9. Technical aid fees					
10. Depreciation					
11. Works Overhead					
12. Administration Overhead					
13. Adjustment for difference in the value of opening and closing W – I – P, if any					
Total Alumna Hydrate Cost					
B. Calcining:					
1. Fuel Oil					
2. Power					
3. Direct Wages					

4. Salaries					
5. Consumable Stores, small tools and machinery spares					
6. Repairs and Maintenance					
7. Technical Aid fees					
8. Depreciation					
9. Works Overhead					
10. Administration Overhead					
11. Adjustment for difference in the value of opening and closing W – I – P, if any					
Total Calcining Cost					
C. Total Cost Naked Alumna					
D. Bagging Cost:					
1. Cost of Bags					
2. Direct Labour					
3. Depreciation					
4. Other Overhead					
Total Cost of Bagging					
E. Cost of Bagged Alumna					
F. Freight and Transport charges, if any					
G. Total Cost of Alumna at Smelter					

Notes:

1. To arrive at the cost of alumna consumed in the smelter, adjustment for the value of opening and closing stock shall be done and such adjustment shall be shown in Proforma 'D' as foot note.
2. Appropriate divisors shall be used in arriving at the unit cost.
3. Delete items not applicable.

Proforma 'D'

Name and address of the company:
Statement showing the cost of Alumna Produced
During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Production From Alumna		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Cost Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
1. Materials					
a. Alumna					
i. Own Manufactured					
ii. Purchased					
b. Soderberg paste					
c. Pre – baked electrode					
d. Aluminum casing					
e. Aluminum foil, if any					
f. cryolite					
g. Fluorspar					
h. Aluminum Flouride					
i. Soda ash					
j. Others					
k. Relining Mix					
Total Materials					
2. Power to pots					
3. Direct Wages					
4. Salaries					
5. Consumable Stores, small tools and machinery spares					
6. Fuel Oil					
7. Repairs and Maintenance					
8. Relining of pots other than relining mix					
9. Depreciation					
10. Technical Aid Fees					
11. Works Overhead					
12. Administrative Overheads					
13. Adjustment for difference in the value of opening and closing W – I – P, if any					
Total Cost of Hot Metal					

Notes:

1. If aluminum in pig form is made out of hot metal in the smelter, the pig making charges (including depreciation) and the total cost of cold metal shall be indicated in the Proforma. The cost of sales including appropriate selling and distribution expenses of cold metal in pig form and the average sales realization shall also be indicated, if it is sold as such.

2. Delete items not applicable.

Proforma 'E'

Name and address of the company:

Statement showing the cost of Aluminum ingots in different forms, billets and alloys produced

During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Metal Charges		
2.	Output		
3.	Recovery		
4.	Quantity sold		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Cost Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
1. Materials					
1. Hot Metal					
2. Cold Metal					
3. Alloying Material					
4. Scrap					
2. Direct Wages					
3. Salaries					
4. Consumable Stores, small tools and machinery spares					
5. Repairs and Maintenance					
6. Depreciation					
7. Technical Aid fees					
8. Works Overhead					
9. Administration Overhead					
10. Adjustment for difference in the value of opening and closing W - I - P, if any					
Total Cost of Production					
11. Adjustment for the difference in the value of opening and closing stock					
12. Selling and Distribution expenses (for the quantity sold only)					
13. Cost of Sales					
14. Average Sales Realization					

Notes: 1 Separate cost statement shall be maintained in respect of commercial grade aluminum ingots in different forms, billets and each type of alloys.

2. Delete items not applicable.

3. Excise Duty to be excluded.

Proforma 'F'

Name and address of the company:
Statement showing the cost of Sheet, Circles, and other Rolled Products
During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Input		
2.	Scrap		
3.	Output		
4.	Recovery		
5.	Packed		
6.	Sold		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Cost Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
A Rolling Cost					
1. Rolling ingots					
Less: Credit for Scrap					
Net Metal Cost					
2. Direct Wages					
3. Salaries					
4. Consumable Stores, small tools and machinery spares					
5. Repairs and Maintenance					
6. Power					
7. Depreciation					
8. Technical Aid fees					
9. Works Overhead					
10. Administration Overhead					
11. Adjustment for difference in the value of opening and closing W – I – P, if any					
Total Cost of Rolled Products					
B. Packing (For Quantity packed)					
12. Packing Material					
13. Direct Wages					
14. Other Overheads					
15. Total Packing Cost					
Total Cost of Packed Products					
C. Selling and Distribution expenses (for the quantity sold only)					
Cost of Sales					
D. Average Sales Realization					

Notes: 1 Separate cost statement in summary form shall be kept in respect of each cost class or group, vide para V of Schedule I

2. Delete items not applicable.
3. Excise Duty to be excluded.

Proforma 'G'

Name and address of the company:
Statement showing the cost of Extrusion Manufactured
During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Input		
2.	Less Scrap		
3.	Output		
4.	Recovery		
5.	Packed		
6.	Sold		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Cost Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
A Cost of Extrusion					
1. Billets					
Less: Credit for Scrap					
Net Metal Cost					
2. Direct Wages					
3. Salaries					
4. Consumable Stores, small tools and machinery spares					
5. Repairs and Maintenance					
6. Cost of Dies					
7. Power					
8. Depreciation					
9. Technical Aid fees					
10. Works Overhead					
11. Administration Overhead					
12. Cost of Rectification					
13. Adjustment for difference in the value of opening and closing W – I – P, if any					
Total Cost of Extruded products					
B. Packing (For Quantity packed)					
14. Packing Material					
15. Direct Wages					
16. Other Overheads					
Total Cost of Packed Extrusion					
C. Selling and Distribution expenses (for the quantity sold only)					
Cost of Sales					
D. Average Sales Realization					

Notes: 1 Separate cost statement in summary form shall be kept in respect of each cost class or group of extrusion, vide para XV of Schedule I

2. To arrive at the cost of sales of extrusion, adjustment for opening and closing stock shall be made.
3. Excise Duty to be excluded.

Proforma 'H'

Name and address of the company:
Statement showing the cost of Properzi Rods Manufactured
During the Period.....

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Total Input of Metal		
2.	Less Scrap Recovered		
3.	Output		
4.	Recovery		
5.	Packed		
6.	Sold		

Particulars	Quantity consumed Units	Rate per unit Rs.	Total Cost Rs.	Cost per Tonne	
				Current Period (Rs.)	Previous period (Rs.)
A. Aluminum (Input)					
a. Hot Metal					
b. Ingots					
c. Scrap Charged					
Less credit for scrap					
Net Metal Cost					
2. Direct Wages					
3. Salaries					
4. Consumable Stores, small tools and machinery spares					
5. Repairs and Maintenance					
6. Power					
7. Depreciation					
8. Technical Aid fees					
9. Works Overhead					
10. Administration Overhead					
11. Adjustment for difference in the value of opening and closing W – I – P, if any					
Total Cost of Properzi Rods					
B. Packing (For Quantity packed)					
12. Packing Material					
13. Direct Wages					
14. Other Overheads					
15. Total Packing Cost					
Total Cost of Packed Properzi Rods					
C. Selling and Distribution expenses (for the quantity sold only)					
Cost of Sales					
D. Average Sales Realization					

Notes: 1 To arrive at the cost of Properzi rods sold, adjustment for opening and closing stock shall be done.
2.Delete items not applicable.
3.Excise Duty to be excluded.

Proforma 'I'

Name and address of the Company.....

1.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 production of Aluminum products referred to in Rule 2 (including items referred to in Proforma B of Schedule II) incurred during the year. | |
| Total: | |
| 3. Less cost of production of items referred to in rule 2 (including items referred to in Proforma 'B') | |
| 4. Closing work –in – progress as on | |

**II. Statement showing the finished stock of bauxite, alumina and aluminum
Products as on**

Type of aluminum products	Opening Stock as on		Production during the year		Sold/Consumed during the year		Physical stock adjustments		Closing Stock as on	
	Qty. Tonnes	Value Rs.	Qty. Tonnes	Value Rs.	Qty. Tonnes	Value Rs.	Qty. Tonnes	Value Rs.	Qty. Tonnes	Value Rs.
1	2	3	4	5	6	7	8	9	10	11
1 Bauxite										
2 Pre baked carbon Electrode										
3 Soderberg paste										
4 Pot lining mix										
5 Alumina										
6 Aluminum ingots										
7 Billets										
8 Aluminum alloys										
9 Aluminum sheets, circles and other rolled products										
10 Aluminum extrusions										
11 Properzirods										
12 Others										

- Note:** 1. The items of finished stock shall be shown in as much details as practicable.
2. Values shall exclude excise duty wherever applicable.

⁶[SCHEDULE III
[See Rule 3 (2A)]

1.MATERIALS

1. The proper records shall be maintained showing separately all receipts, issues and balances both in quantities and cost or **each item of raw material** (including all direct charges up to the works in respect of major raw material such as Bauxite, Alumina, Carbon Anodes and other materials) required for the production of Aluminium products. Where the company have its own facilities to produce basic raw materials and intermediates such as bauxite, Alumina, Carbon Anodes, etc., detailed records indicating the break up of raw materials consumed for their production and conversion cost, shall be maintained in such details so as to enable the ascertainment of the cost of these raw materials and intermediates. The bases on which said quantities and costs of issue and consumption have been calculated, shall be indicated in the cost records and followed consistently. In the case of imported raw materials, proper records shall be maintained showing FOB value, overseas freight, insurance, customs duty and inland freight charges. If both indigenous and imported materials are consumed, the records showing details of percentage mix of the same, have to be maintained for each item. In the case of imported raw material, proper records shall be maintained showing license – wise allowed quantities, actual quantities imported, actual quantities consumed, quantities in stock and quantities yet to be imported out of total licensed quantities.

(2) The proper records shall be maintained separately showing the receipts, issues and balances both in quantities and costs of **each item of process materials or chemicals** such as caustic soda, lime, starch, solder berg paste, pot relining mix and other items used in the manufacture of the products under reference. The cost shall include all direct charges up to works.

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

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

(5) The proper records shall be maintained indicating the quantity as well as value of **by – products** recovered in different processes having significant value in relation to cost of material. In the case of certain by – products recovered, which cannot be reused in the process and are sold and disposed of without further processing, the realization from such sales shall be recorded and adjusted against the process concerned. In case further processing is necessary to make the by – products usable or saleable, as the case may be, adequate records of the cost involved for such further processing shall be maintained. If such processing is done by any out side agency, proper records to show the quantity sent for processing, quantity received back after processing and cost incurred thereon shall be maintained in detail. The net realization, if any, shall be adjusted against the major process relating to such by – products. The cost of by – products shall be determined on equitable and reasonable bases and applied consistently. The records indicating the actual sales realization of by – products shall also be maintained.

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

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

⁶Substituted by GSR 703 dated 28th September, 2001

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

(9) The proper records shall be maintained showing the quantity and value of **wastage, spoilage, rejection and losses** of raw materials, process materials, consumable stores, whether in transit, storage, manufacture or at any other stage. The method followed for adjusting the above losses as well as the income derived from the disposal of rejected and waste materials including spoilage, if any, in determining the cost of product, shall be indicated in the cost records. Any abnormal wastage or spoilage or rejection shall be indicated distinctly and separately along with reasons thereof.

(10) The proper records shall also be maintained to indicate the value of raw materials and components, finished and semi – finished, which have not moved for more than twelve months.

(11) Where any credit under Central Value Added Tax (CENVAT) or any other benefits of the nature of CENVAT credit under the Central Excise Act, 1994 (1 of 1994), are available on any item of material, the cost of such material shall be shown after adjusting such credit or benefits.

(12) If any of the materials purchased is **processed by an outside party**, proper records shall be maintained for the quantity sent for processing, quantity received after processing, by – products, if any, and the cost involved in processing.

(2) Salaries and Wages:

(1) The proper records shall be maintained to show the attendance and earnings of all employees of the cost centers or departments and the work on which they are employed. The records shall also indicate the following, separately for each cost centre or departments:

1. Piece rate wages (wherever applicable);
2. Incentive wages, either individually or collectively as production bonus or under any other scheme based on output;
3. Overtime wages;
4. Earnings of casual or contractual labour;
5. Bonus or gratuity, statutory as well as others;
6. Contribution to superannuation scheme;
7. Any other earnings of similar nature.

(2) The records shall be maintained in such a manner as to enable the company to furnish necessary particulars under this heads in Performae A, B, C, D, E, F and G of the Schedule III annexed to these rules. The records may be maintained to book these expenses cost centrewise or department wise with reference to activities related to production of Aluminium products. Where the employees work in such a manner that it is not possible to identify them with any cost centre or department the labour charges shall be apportioned to the cost centres or departments on equitable and reasonable basis and applied consistently.

(3) The idle labour cost shall be separately recorded under classified headings indicating the reasons therefore. The method of accounting followed for accounting of idle time payments shall be disclosed in the cost records.

(4) Any wages and salaries allocable, to capital works such as, addition to plant and machinery, building or other fixed assets shall be accounted for under the relevant capital heads. Similarly payments in nature of deferred revenue expenditure shall be separately recorded under separate classified headings indicating the reasons therefore. The method followed for accounting of such payments in determining the cost of product shall be on equitable and reasonable basis and applied consistently. The said method shall be disclosed in the cost records also.

(5) Only such retirement cost, which are likely to provide benefits in terms of savings in cost in future shall be treated as deferred revenue expenditure. This amount shall be treated as extraordinary item. Therefore these expenses shall not form part of salary and wages and shall be shown separately as a abnormal item of expense. Similarly, excess of termination benefits for the

past period payable over and above the provision made in this regard shall also be treated as abnormal item of expense. The expenses on account of only voluntary retirement scheme shall be excluded from valuation of inventories also for that period as these expenses do not result in putting the inventories to their present location and condition.

(3) Service Department Expenses:

The detailed records shall be maintained to indicate expenses incurred in respect of each service department or cost centre like laboratory, welfare, and transport etc. These expenses shall be apportioned to other services and production departments on equitable and reasonable basis and applied consistently. Where these services are utilized for other products of the company also, the basis of apportionment of such expenses to any type of Aluminium products and to the other products shall be on equitable and reasonable basis and applied consistently.

(4) Utilities:

4(1) Water: -The proper records showing the quantity and cost of treated or cooling water produced and consumed, if any, for the manufacture of any type of Aluminium products in different cost centres and departments, shall be maintained. The cost of treated or cooling water consumed by Aluminium units and other units of the company shall be apportioned to the respective units on equitable and reasonable basis and applied consistently.

(2) Steam: - Where steam is raised by the company, proper records showing the quantity and cost of steam raised and consumed for the manufacture of Aluminium products shall be maintained. The cost of steam consumed by the Aluminium units and by the other units of the company shall be apportioned on equitable and reasonable basis and applied consistently. Where steam is raised and supplied by any other unit of the company to the Aluminium plant, the cost of steam so supplied shall be charged to the Aluminium plant on actual cost basis.

(3)Power: - Where power is purchased, Proper records shall be maintained for the units and cost of power consumed for the production of Aluminium products in different cost centres or departments. Where power is generated by the company itself, adequate records, showing all elements of cost shall be maintain to show the cost of power generated and consumed for the production of Aluminium Products in different cost centers and departments. Records shall also indicate installed capacity, number of units generated, losses and consumption in each cost centre or department separately. Where power is generated and supplied by any other unit of the company to the Aluminium plant, adequate records shall be maintained to indicate the quantity and cost of power so supplied. The cost of power consumed by the Aluminium units and other units of the company shall be apportioned on equitable and reasonable basis and applied consistently. The records shall state clearly the measures taken on conservation of energy and its corresponding impact on per unit cost of production.

(4) Other Utilities: - The power records showing quantity and cost shall be maintained in respect of any other utilities produced or purchased by the company for the production or manufacture of Aluminium products.

(5) The cost statement for each utility shall be maintained separately in Proforma 'A'.

(5) Workshop or Repairs and Maintenance or Tool Rooms:

(1) Proper records showing the expenditure incurred by the workshop or tool room under different heads and on repairs and maintenance in the various cost centres or departments shall be maintained. The records shall be also indicate the basis of charging the workshop or tool room or repairs and maintenance expenses to different cost centers or departments. Where maintenance work is done by direct workers of any production cost centre or department, the direct wages and salaries of such workers shall be treated as direct expenses of the respective cost centre or department. If the services

are utilized for other products also, the manner of charging a share of the cost of workshop or tool room or repairs and maintenance expenses to such products shall be on equitable and reasonable bases 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 allocated over the period expected to benefit, on equitable and reasonable basis and applied consistently. Such cost shall be shown separately and the method of accounting along with the basis of allocation of such costs shall also be clearly indicated in cost records.

(6) Depreciation:

Depreciation shall be allocated or apportioned to various cost centers or departments and absorbed on all products and equitable basis and applied consistently which shall be clearly indicated in the cost records. If depreciation charged or chargeable to the cost centres or departments is in excess or lower than the depreciation calculated by applying the rates of depreciation prescribed under the provision of sub – sec (2) of section 205 of the companies Act, 1956 (1of 1956), such amount of excess or lower depreciation shall be indicated clearly in the cost records. The cost records shall also show the effect of such excess or lower depreciation as the case may be, on the per unit cost of Aluminium product. The cumulative depreciation charged in the cost records, against any individual item of asset shall not, however exceed the original cost of the respective asset.

(7) Other Overheads:

- 7(1) The proper records shall be maintained for the products under reference showing the various items of expenses comprising the other overheads. These expenses shall be analyzed, classified and grouped according to functions, namely works, administration and selling and distribution.
- 7(2) Where the company is manufacturing products other than the Aluminium products, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to such products and Aluminium products, including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or a product, such expenses shall be first segregated and charged to the relevant activity or product and there after the residual expenses under the above categories of overheads shall be apportioned on a reasonable and equitable 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 and departments and products shall be indicated in the cost records. The records shall be maintained in such a manner as to indicate the details of works, administration and selling and distribution over heads.

(8) Royalty or Technical Know How Fee:

Adequate records shall be maintained showing the royalty and or technical know – how fee including other recurring or non-recurring payments of similar nature, if any, made for the products under reference to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each such collaborator or supplier. The basis of charging such royalty amount, including lump sum payment, to the products, shall be at the point of incidence in accordance with the royalty agreement and shall be indicated in the cost records.

(9) Research and Development Expenses:

- 9(1) Proper records showing the details of expenses, if any, incurred by the company for the research and development work on the products covered under these rules according to the nature of development of products, existing and new product and processes, development of process of

- manufacture, existing and new, design and development of new plant facilities and market research for the existing and new products, shall be maintained separately.
- 9(2) The method of charging these expenses to the cost of Aluminium products and other products shall be indicated in the cost records. Where the utility of such research and development were extends over more than one financial year, such expenses shall be treated as deferred revenue expenses and charged to cost of production of the Aluminium products and all other products, if any, on equitable and reasonable basis and applied consistently. The detailed criteria on which it has been decided to extend the utility period of these expenses to more than one financial year shall be disclosed in the cost records. The following criteria, which are only indicative and not exhaustive, may be adopted in such cases:
- (i) The product or process is clearly defined and the cost attributable to the product and process can be separately identified;
 - (ii) The technical feasibility of the product or process has been demonstrated;
 - (iii) The management of the enterprise has indicated its intention to produce the market or use the product or process;
 - (iv) There is a reasonable indication that current and future research and development costs to be incurred on the project together with expected production, selling and administrative costs are likely to be more than covered by related future revenues or benefits; and
 - (v) Adequate resources exist or are reasonably expected to be available to complete the project and market the product or process
- 9(3) Expenses incurred by the Research and Development department for providing technical know-how to outsider's shall be recorded separately and excluded from the cost of Aluminium products. The amounts recovered for providing technical know-how to outsiders shall also be indicated separately and excluded from the income arising from the sale of Aluminium products.

(10) Quality Control:

The adequate records shall be maintained to indicate the expenses incurred in respect of quality control department or cost center for product under reference. Where these services are also utilized for other products of the company, the bases of apportionment to Aluminium products and to other products shall be on equitable and reasonable basis and applied consistently.

(11) Interest:

The proper records shall be maintained for interest charges paid. The amount of interest shall be allocated/apportioned to the products covered by these rules and other activities on a reasonable and equitable basis, and applied consistently. The basis of further charging of the share of interest to the various types of such products shall also be equitable and reasonable and applied consistently. The basis of such allocation or apportionment shall be spelt out clearly in the cost records or statements.

(12) Expenses or Incentives on Exports:

The proper records showing the expenses incurred on the export sales if any, of the products under reference shall be separately maintained, so that the cost of export sales can be determined correctly. Separate cost statement shall be prepared for Aluminium products exported giving details of export expenses incurred/ incentive earned. In case, duty free imports are made, the cost statement should reflect this fact. If the duty free imports have been made after actual production, the statements should reflect this fact also.

(13) Packing Expenses:

- 13(1) The proper records shall be maintained showing the quantity and cost of various packing materials and other expenses incurred on packing for marketing of Aluminium products. If such expenses are incurred in common for Aluminium products, and other products, these expenses shall be apportioned to relevant products on equitable and reasonable basis and applied consistently.
- 13(2) The detailed records of the expenses incurred on export packing if any, shall also be kept separately and exhibited in the relevant cost statements for exports.

(14) Work – in – Progress and Finished Goods:

The method followed for determining the cost of work – in – progress wherever relevant and finished stock of Aluminium products shall be appropriate and shall be indicated in the cost records so as to reveal the cost elements that have been taken into account in such computation. All conversion costs incurred in bringing the inventories to their present location and condition, shall be taken into account while computing the cost of work – in - progress. The, method adopted for determining the cost of work in progress and finished goods shall be followed consistently.

(15) Cost Statements:

- 15(1) The cost statement showing details of installed capacity, production wastage, issues and sales and all elements of cost of the current financial year and previous year shall be prepared for each process adopted in the production of Aluminium products in Proformae A, B, C, D.E, F and G.
- 15(2) The product emerging from a process, which forms raw material or an input material for a subsequent process, shall be value at the cost of production up to the previous stage.
- 15(3) if the company is operating more than one plant or factory, separate cost statements as specified above shall be maintained in respect of each plant/factory.

(16) Production Records:

Quantitative records of all finished goods, whether packed or unpacked, showing production; issues for sales and balances of different type of products under reference shall be maintained.

(17) Reconciliation of Cost and Financial Accounts:

- 17(1) The cost statements shall be reconciled with the financial statements for the financial year specifically indicating the expenses or incomes not considered in the cost records or statements so as to ensure accuracy and to adjudge the profit of the product under reference with the overall profit of the company. The variations, if any, shall be clearly indicated and explained.
- 17(2) A statement showing the total expenses incurred and income received by the company under different heads of accounts and the share applicable to other products and the products under reference shall be prepared and reconciled with the financial statement.

(18) Adjustments 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 product under such system. The cost variances shall be shown against the 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 product shall be indicated clearly in the cost records. The reasons for the variances shall be duly explained in the cost records or statements.

(19) Statistical Records:

- 19(1) the records regarding available machine hours/direct labour hours in different production departments and actually utilized shall also be maintained for production of Aluminium products under reference and shortfall suitably analyzed. Suitable records for computation of idle time of machines shall be maintained and analyzed.
- 19(2) The adequate records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for the production or manufacture of products under reference and other products and other activities. Fresh investments on fixed assets for production of aluminium products that have not contributed to the production during the year shall be disclosed separately in the cost records. The records shall, in addition show assets added as replacement and those added for increasing the existing capacity. Also such records as will 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 the production of products under reference along with the method and rate of depreciation shall be maintained. The basis of apportionment of common assets to the product(s) under reference shall also be indicated. In case of revaluation of assets, the same shall be indicated separately. The basis of allocation of indirect assets to the products under reference shall be on equitable and reasonable basis and applied consistently.

- 19(3) Whenever WTO provisions are attracted, proper records shall be maintained to identify the competitiveness of the product in the domestic as well as global market and the expenses, if any, incurred to combat the competition arising out of WTO provisions. Adequate statistical records shall also be maintained to identify the market share of the product manufactured and the likely impact thereon on account of competitive goods imported in the country. These records shall indicate, inter alia, the total volume of imports, names of importers, countries of origin and contain such empirical evidence as to show whether such imports can be construed as dumping and affecting the market share of the product. Proper records shall also be maintained, containing such details as may be necessary to show that the export price of the product is not such as to be construed as dumping in the importing country, by applying the provisions of WTO regarding anti dumping measures under Article VI of GATT 94.

(20) Captive Consumption: -

If any of the Aluminium product is used for captive consumption, proper records shall be maintained showing the quantity and cost of each item of Aluminium product transferred to other department(s) / unit(s) of the company for self - consumption and sold to outside parties. The rates at which the transfers are affected shall be at cost only.

(21) Pollution Control:

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

(22) Human Resource Development:

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

(23) Inter Company Transfer:

- (1) In respect to related party transactions or supplies made or services rendered by a company to its holding company or subsidiary or a company termed "related party relationships" 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 material, finished products, process materials, chemical 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 transaction 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 the venturer in respect of which the reporting enterprise is an associate or 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 relative of any such personnel; and
- (e) Enterprise 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 effect 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 their 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 relationships” means parties who are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions;

(b) “Related party transaction” means a transfer of resources or obligations between related parties, whether or not a price is changed;

(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”** means those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise;

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

(j) **“Holding company”** means a holding company within the meaning of Sec 4 of 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.

(24) Relining of Pots:

The proper records shall be maintained showing the expenditure incurred in the relining or patching up of pots. The records shall indicate the cost of pots, relining mix, pot lining coke side and bottom lining blocks, collector bars insulating bricks, wages, sundry supplies and out side services, if any. The records shall also indicate the number of pots relined during the relevant period. Such expenses shall be charged to the cost of aluminium on equitable and reasonable basis, and applied consistently which shall be indicated in the cost records. The details of cost incurred for initial pot lining and started at the time of the commissioning a new smelter or new set of pots shall be maintained. The cost incurred for restarting of pots shall also be maintained separately. The treatment of such expenses in cost shall be indicated in the cost records.

(25) Scrap Loss and Melting Loss:

The proper records showing the quantity of scrap generated in the cast house while making ingot, billet, etc. and materials scrapped on account of sales returns, deterioration due to storage and handling or for any other reasons shall be maintained. The basis of ascertaining the loss on account of such materials and method of treating the same in determining the cost of product shall be indicated in the cost records and applied consistently. Adequate records shall also be maintained showing the melting loss in the remelting furnace. Adjustment for realization from dross shall also be clearly indicated in the cost records.

PROFORMA 'A'

Name of the company:

Name and address of the factory:

Statement showing the cost of **Utilities** like Power, Steam, Water, etc., produced and consumed during the year/period:

A. Quantitative Information:

Serial Number	Particulars	Current Year (Unit)	Previous Year (Unit)
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilization		
4.	Quantity re circulated		
5.	Quantity purchased		
6.	Self – consumption including other losses		
7.	Net units consumed		

B. Cost Information:

Serial number	Particulars	Quantity	Rate (rupees) per unit	Amount (rupees)	Cost Per Unit (rupees)	
					Current Year	Previous Year
A 1.	Materials (specify) (a) (b) (c)					
2.	Utilities (specify) (a) (b) (c)					
3.	Consumable stores and spares					
4.	Salaries and wages					
5.	Repairs and maintenance					
6.	Other overheads					
7.	Depreciation					
8.	Total					
9.	Less: Credit (if any)					
10.	Net Total					

B.	Apportioned to production/cost centre: 1. 2. 3. 4. . . n.					
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Note 1. - Separate cost sheet is to be prepared for each utility as well as effluent treatment.

Note 2. - If any of the utilities or services, which are manufactured by the company and transferred to any other unit of the company or is sold to outside parties, the cost of sales and sales of realization shall be worked out in detail showing all expenses as illustrated against serial number 27 to 32 in Proforma 'C'.

Proforma 'B'

Name of the company;
Name and address of the company:

Statement showing the cost of Bauxite raised and transported to Alumna plant during the year/period:

A. Quantitative Information:

Serial number	Particulars	In MTs	
		Current Year	Previous Year
1.	Quantity raised		
2.	Quantity rejected, if any		
3.	Net Quantity raised		
4.	Quantity transported to Alumna Plant		
5.	Quantity of over – burdened removed		

B. Cost Information:

Serial number	Particulars	Amount (rupees)	Per MT	
			Current Year (rupees)	Previous Year (rupees)
1.	Direct wages and salaries			
2.	Utilities (a) Power (b) Others (specify) Total			
3.	Consumable stores and spares			
4.	Depreciation			
5.	Repairs and Maintenance			
6.	Royalty			
7.	Other works overhead			
8.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)			
9.	Total cost of raising			
10.	Freight and Transport charges			
11.	Handling expenses			

12.	Cost of Bauxite at Alumna plant			
13.	Adjustment for difference in the value of opening and closing stock			
14.	Cost of Bauxite transferred to Proforma 'C'.			

Note 1. - Quantity of rejected Bauxite sold and the amount realized shall be indicated separately and be deducted from the cost of raising.

Proforma 'C'

Name of the company:

Name and address of the factory:

Statement showing the cost of Alumina produced and sold during the year/period:

A. Quantitative Information:

Serial number	Particulars	In MTs	
		Current Year	Previous Year
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilization		
4.	Quantity sold (a) Domestic (b) Export		
5.	Quantity transferred to smelter plant for captive consumption		
6.	Closing stock (Alumina)		
7.	Opening stock (Alumina)		

B. Cost Information:

Serial number	Particulars	Quantity	Rate	Amount	Per MT	
			Rupees per Unit	(Rupees)	Current Year (Rupees)	Current Year (Rupees)
I.	Alumina Hydrate					
1.	Material cost: (item wise covering 80% of value) (a) Bauxite (b) Caustic Soda (c) Lime (d) Fuel Oil (e) Other process material or chemicals (specify) (f) Total (a to e)					
2.	Direct wages and salaries					

3.	Utilities: (a) Power (b) Steam (c) Others (specify) (d) Total (a to c)					
4.	Consumable stores and spares					
5.	Repairs and Maintenance					
6.	Red mud pond expenses					
7.	Technical Assistance Fees					
8.	Depreciation					
9.	Other works overhead					
10.	Administrative overheads (a) Salaries and wages (b) Others (specify) (c) Total (a + b)					
11.	Total (1 to 10)					
12.	Stock adjustment (Work – in – progress)					
13.	Less: Credit (for wastage and by – products)					
14.	Cost of production of Alumna Hydrate (11 to .13)					
II.	Calcinations					
15.	Direct wages and salaries					
16.	Utilities (a) Power (b) Steam (c) Others (specify) (d) Total (a to c)					
17.	Consumable stores and spares					
18.	Repairs and Maintenance					
19.	Technical Assistance Fees					
20.	Depreciation					
21.	Other works overhead					
22.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)					
23.	Total (14 to 22)					
24.	Stock adjustment (Work – in – progress)					
25.	Less: Credit for wastage and by – products)					

26.	Cost of production of Calcined Alumna (23 to 25)					
III	Cost of Alumna					
27.	Packing cost (a) Packing material (b) Other overhead (c) Total (a + b)					
28.	Selling and distribution Expenses (a) Salaries and wages (b) Freight and Transport charges (c) Commission to selling agents (d) Advertisement expenses (e) Royalty (f) Others (g) Total (a to f)					
29.	Interest					
30.	Total cost of sales excluding excise duty (26 to 29)					
31.	Total sales realization excluding excise duty Add: Export Benefits and Incentives, if any					
32.	Margin (31 – 30)					

Note 1. – 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.

Note 2. – Separate Proforma shall be prepared in respect of inter company transfer referred to in Para 23 of Schedule III.

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

Proforma 'D'

Name of the company:

Name and address of the factory:

Statement showing the cost of **Carbon Anodes** produced during the year/period:

A. Quantitative Information:

Serial number	Particulars	Number and weight (MT)	
		Current Year	Previous Year
1.	Anodes produced		
2.	Quantity rejected, if any		
3.	Net quantity produced		
4.	Quantity transferred to smelter plant for captive consumption		

B. Cost Information:

Serial number	Particulars	Quantity	Rate (Rupees)	Amount	Per MT	
				(Rupees)	Current Year (Rupees)	Previous Year (Rupees)
I	Green Anodes					
1.	Material cost (a) Calcined petroleum Coke (b) Metallurgic coke (c) Soft pitch (d) Anthracite coal (e) Other (specify) (f) Total (a to e)					
2.	Direct wages and salaries					
3.	Utilities (a) Power (b) Others (specify) Total (a + b)					
4.	Consumable stores and spares					
5.	Research and development					
6.	Depreciation					
7.	Repairs and maintenance					
8.	Other works overheads					
9.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)					
10.	Total (1 to 9)					
11.	Stock Adjustment					
12.	Cost of Green Anodes (10 + 11)					

II	Baked Anodes					
13.	Material cost (specify)					
14.	Direct wages and salaries					
15.	Utilities (a) Power (b) Others (specify) (c) Total (a + b)					
16.	Consumable stores and spares					
17.	Depreciation					
18.	Repairs and Maintenance					
19.	Other works overhead					
20.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)					
21.	Total (12 to 20)					
22.	Stock Adjustment					
23.	Cost of Baked Anodes (21 + 22)					
III.	Rodded Anodes					
24.	Material Cost (specify)					
25.	Direct wages and salaries					
26.	Utilities (a) Power (b) Others (specify) Total (a + b)					
27.	Consumable stores and spares					
28.	Depreciation					
29.	Repairs and Maintenance					
30.	Other works overhead					
31.	Administrative overhead (a) Salaries and wages (b) Others (c) Total (a + b)					
32.	Total (23 to 31)					
33.	Adjustment for stock					
34.	Cost of Rodded Anodes Transferred to Proforma 'E' (32 + 33)					

Note 1. – If anodes are also sold, the cost of sales and sales realization shall be worked out in detail showing all expenses as illustrated against serial number 27 to 32 in Proforma'.

Proforma 'E'

Name of the company:

Name of the address of the factory:

Statement showing cost of Aluminum (Primary Metal) produced during the year/period:

A. Quantitative Information:

Serial number	Particulars	In MTs	
		Current Year	Previous Year
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilization		
4.	Scrap generated		
5.	Scrap as percentage of total production		
6.	Quantity used for captive consumption		
7.	Closing stock (finished goods)		
8.	Opening stock (finished goods)		

B. Cost Information:

Serial number	Particulars	Quantity	Rate	Amount	Per MT	
			Rupees per unit	(Rupees)	Current Year (Rupees)	Previous Year (Rupees)
1.	Material cost: (Item wise covering 80% of value) (a) Alumna i. Own Manufactured ii. Purchased (b) Solder burg paste (c) Rodded Anodes i. Own manufactured ii. Purchased Less: Butt generated (d) Cryolite (e) Aluminum fluoride (f) Pot relining mix (g) Others (specify) (h) Total (a to g)					

2.	Direct wages and salaries					
3.	Utilities (a) Power (b) Furnace oil (c) Others (specify) (d) Total (a to c)					
4.	Relining of pots (other than relining mix)					
5.	Consumable stores and spares					
6.	Depreciation					
7.	Repairs and maintenance					
8.	Technical Assistance Fees					
9.	Research and development					
10.	Quality control					
11.	Other works overhead					
12.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)					
13.	Total (1 to 12)					
14.	Stock adjustment (Work – in – progress)					
15.	Less: Credits (from wastage and by – products)					
16.	Cost of production					
17.	Stock adjustment (finished products)					
18.	Total cost of hot metal transferred to Proforma ‘F’ for captive consumption					

Note 1. - If aluminum in pig form is made out of hot metal in the smelter, the pig making charges and the total cost of cold metal shall also be indicated in above Proforma. If aluminum is sold in pig form, the cost of sales and sales realization shall also be shown in detail as illustrated against serial number 19 to 25 in Proforma ‘F’

Note 2. - The administrative overheads shall be included in the cost of production only to the extent they contribute in putting the goods produced to their present location and condition. The balance of administrative overheads, if any, shall be included in cost of goods sold. The Proforma may be amended accordingly, if required.

Proforma 'F'

Name of the company:

Name and address of the factory:

Statement showing the cost of production, cost of sales, sale realization and margin in respect of each of the Aluminum product such as Ingots, Billets, Rolled products, extruded products, vis. rods and Foils, etc. produced during the year/period.

A. Quantitative Information:

Serial number	Particulars	In MTs	
		Current Year	Previous Year
1.	Installed capacity		
2.	Quantity produced		
3.	Capacity utilization		
4.	Scrap generated		
5.	Scrap as percentage of total production		
6.	Quantity used for captive consumption		
7.	Quantity sold (a) Domestic (b) Export		
8.	Closing stock (finished goods)		
9.	Opening stock (finished goods)		

B. Cost Information:

Serial number	Particulars	Quantity	Rate	Amount	Per MT	
			Rupees per unit	(Rupees)	Current Year (rupees)	Previous Year (Rupees)
1.	Material cost: (Item wise covering 80% of value) (a) Hot metal (b) Cold metal (c) Ingot/Billet (d) Alloying material (e) Scrap charged (f) Others (specify) (g) Less: Credit for scrap generated (h) Net material cost					
2.	Direct wages and salaries					

3.	Utilities (a) Power (b) Furnace oil (c) Others (specify) (d) Total (a to c)					
4.	Cost of dies, where applicable					
5.	Consumable stores and spares					
6.	Depreciation					
7.	Repairs and maintenance					
8.	Technical Assistance Fees					
9.	Research and development					
10.	Quality control					
11.	Other works overhead					
12.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)					
13.	Total (1 to 12)					
14.	Stock adjustment (Work in progress)					
15.	Less: Credits from wastage and by – products)					
16.	Cost of production (13 to 15)					
17.	Stock adjustment (finished products)					
18.	Total (16 + 17)					
19.	Quantity and cost transferred for: (I) Captive consumption (II) Sales					
20.	Packing cost (a) Materials (b) Others					
21.	Selling and distribution expenses (a) Salaries and wages (b) Freight and transport charges (c) Commission to selling agents (d) Advertisement expenses (e) Royalty (f) Others (g) Total (a to f)					
22.	Interest					
23.	Total cost of sales excluding excise duty (19 to 22)					

24.	Total sales realization excluding excise duty Add: Export benefits and incentives, if any					
25.	Margin (24 – 23)					

- Note 1. - Separate Proforma shall be prepared or each type of Aluminum product.
- Note 2. - Separate Proforma shall be prepared for the quantity used for captive consumption, quantity sold within the country and quantity exported. Expenses incurred on export and the incentive earned thereon shall be indicated in the Proforma applicable for the quantity produced and exported.
- Note 3. - Separate Proforma shall be prepared in respect of inter company transfer referred to in Para 23 of Schedule III
- Note 4. - The administrative overheads shall be included in the cost of production only to the extent they contribute in putting the goods produced to their present location and condition. The balance of administrative overheads, if any, shall be included in the cost of goods sold. The Proforma may be amended accordingly, if required.

Proforma 'G'

Name of the company:

Name and address of the factory:

Statement showing the total production and **allocation** of total actual expenses and income of the company among various aluminum products and other activities for the year ending:

A. Production Data:

Serial number	Particulars	Current Year	Previous Year	Current Year	Previous Year
		Product 1		Product 2	
1.	Installed capacity				
2.	Budgeted capacity				
3.	Actual production during the year				
4.	Percentage of (3) to (1)				
5.	Percentage of (3) to (2)				

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

Serial number	Particulars	Total Actual Expenses	Share applicable to other activities not under reference	Share applicable to activities relating to Aluminum	Bases of allocation
1.	Raw – material consumed				
2.	Process Materials/chemicals consumed				
3.	Packing materials				
4.	Salaries and wages				
5.	Utilities				
6.	Consumable stores and spares				
7.	Depreciation				
8.	Repairs and maintenance				
9.	Royalty				
10.	Research and development				
11.	Quality control				
12.	Other works overhead				
13.	Administrative overhead (a) Salaries and wages (b) Others (specify) (c) Total (a + b)				

14.	Total (1 to 13)				
15.	Stock adjustment (Work – in – progress)				
16.	Less: Credits (from wastages and by – products)				
17.	Cost of production (14 to 16)				
18.	Stock Adjustment (Finished Products)				
19.	Net cost of production of unpacked finished goods (17 + 18)				
20.	Less: captive consumption				
21.	Packing cost (a) Materials (b) Others				
22.	Less: captive consumption in packed condition				
23.	Net cost of materials available for sale				
24.	Selling and distribution expenses (a) Salaries and wages (b) Freights and transport charges (c) Commission to selling agents (d) Advertisement expenses (e) Royalty (f) Others (g) Total (a to f)				
25.	Interest				
26.	Total cost of sales				
27.	Total sales realization excluding excise duty Add: Exports benefits and incentives, if any				
28.	Margin (27 – 26)				

Note. - All items of income and expenditure in this Performa shall be reconciled with the financial accounts for the relevant period.”]

The Principal rules were published vide GSR Number 334 dated 25th February,1972 and subsequently amended vide:-

1. GSR 777 dted 3rd June, 1977
2. GSR 26 dated 5th January,1983
3. GSR 549 dated 22nd July, 1989
4. GSR 309(E) dated 24th March, 1993
5. GSR 435(E) dated 3rd August, 1998
6. GSR 703 (E) dated 28th September,2001