

Government of Pakistan
Securities and Exchange Commission of Pakistan

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Islamabad, the 26 July, 2024

NOTIFICATION

S.R.O. 1136(I)/2024.- The following draft amendments to the Companies (Maintenance and Audit of Cost Accounts) Regulations, 2020, proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of the powers conferred under section 512 of the Companies Act, 2017 (XIX of 2017), are hereby published for information of all the persons likely to be effected thereby and notice is hereby given that suggestions or objections, if any, received within a period of fourteen days from the date of publication of this notification in the official Gazette, shall be taken into consideration, namely:-

DRAFT AMENDMENTS

In the aforesaid Regulations, -

- (1) in Schedule after serial number 5, the following new serial number shall be inserted, namely: -

“	6.	Every company engaged in production / manufacturing / assembling of Automobiles whether for personal or commercial use, including: (a) all varieties of cars, jeeps, wagons, SUVs, etc.; (b) all types of commercial vehicle including delivery and pick-up vans, buses, trucks; (c) motorbikes, scooters, Rickshaws having three or more wheels etc.; (d) any type of tractor and other large earth-moving machinery, etc.	Schedule VI
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(2) after “Schedule V” the following new Schedule VI along with Annexures shall be inserted, namely: -

“SCHEDULE-VI

I. MATERIALS

- a) Appropriate records must be kept that show each receipt, issue and balance separately along with the cost and quantity of each item of direct material needed for production of all kinds of automobiles (including bought- out components, CKD, etc.) and actually used in the production, processing, or manufacture of various products under these regulations, in any way or shape. The methodology used to determine the aforementioned quantities and costs of issue and consumption must be made explicit in the cost records kept, or, if the company so chooses, in a separate manual of procedures kept by the company, if any, or in footnotes or separate explanatory notes to the cost statements for the relevant period. This value shall be utilized consistently across the relevant time frame. These records for direct materials must contain all information necessary for the company to calculate the quantity and cost of receipt, as well as all direct costs incurred until the work was completed in relation to all significant direct costs, such as excise duty, haulage, transport, freight, handling, insurance, etc. While determining the landed cost of imported items, specifics on the cost, freight and insurance charges (CIF value), custom duty, port fees, inland freight fees, handling and clearance fees, sales tax, and any other taxes or expenses payable at the time of import must be presented distinctly.

 - b) Separate records detailing the cost of manufacture of each such item, including the breakdown of raw materials consumed for production and conversion costs, shall be kept by the company in cases where it manufactures major assemblies/sub-assemblies like Engine, Transmission Frame, Body, Batteries, etc. required in the production of items under these regulations. Materials that are made by themselves are valued at cost, which includes direct labour costs, direct material costs, factory overheads, and a portion of administrative costs related to manufacturing. Other administrative costs, financial expenses, and marketing costs are not included.
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- c) If the value of materials consumed is calculated on a basis other than actual consumption, the method used for such valuation, the method used for comparing the calculated value to actual consumption and the method for dealing variations, if any, must be disclosed in the cost records or indicated by way of footnotes or in any other suitable manner. Throughout the financial year, an overall comparison of these material quantities and values with the real must be done, with any discrepancies explained. The cost records must state how such differences are handled when figuring out an item's cost.
- d) All issues of production materials shall be reconciled with figures shown in annexures of this schedule, or in other form as thereto as possible. Any surplus/losses arising as a result of physical verification of inventories and adjustment thereof shall be clearly indicated in the cost records.
- e) Appropriate records of purchase/supply agreements made with domestic and international suppliers, if applicable, must be properly kept. These records must reflect the rate at which various quantities of material are to be acquired. The records must include the principal features of each contract, particularly conditions relating to quantity, quality and their useful life, price, period of delivery, discount for transit loss and terms of payment including cash discounts pertaining to each material, consumable store, chemical, small tools and spares components. The price includes all direct expenses up to the works. Additionally, the relevant cost centres shall be charged on a suitable basis for the use of consumable stores, minor tools and machinery spares based on actual difficulties.
- f) The foreign exchange component of imported material is translated using the exchange rate prevailing on the date of the transaction. The material cost will not be affected by any subsequent changes in the exchange rate until payment or otherwise.
- g) When a material or other consumable stores are obtained in exchange for another material or services supplied, the cost of the material acquired is calculated as the cost of the material or tool supplied or the value of the services provided plus any additional expenditures that may be necessary, such as freight etc.
- h) Any abnormal wastages or spoilage both in quantity and value, whether in transit, storage, or for any other reason shall be recorded separately indicating the stage at which such losses occur and shall be absorbed in material cost to the extent they are normal, with corresponding adjustment in the quantity and reasons thereof. Method of adjusting such losses or income derived from disposal of waste material or spoilage in the calculation of cost of product shall be indicated in the record

along-with variance analysis. Any abnormal wastage or spoilage etc. shall be indicated separately along-with reasons.

- i) Realizable value of any waste material, by product or intermediary product or sale proceeds of any process material or intermediary product shall be credited to the cost of such process to arrive at the net cost of that particular process and finally that of the product manufactured.
- j) The method adopted for the quantity and value of material consumed in a company, if determined on a basis other than actual, shall be mentioned in cost records and it shall be followed consistently. The overall reconciliation of such quantities and value of materials with the actual shall be made at least quarterly during the financial year explaining the reasons for variances. The treatment of such variances in determining the cost of items shall be indicated in the cost records.
- k) Self-manufactured materials are valued at cost including direct material cost, direct labour cost, factory overheads and share of administrative overheads relating to production and other administrative overheads, finance cost and marketing overheads are excluded.
- l) The records must be kept in sufficient depth to allow the company to readily supply the information and data required in the various cost statements specified in the schedules in a verifiable state.

II. WAGES AND SALARIES:

- a) The company must keep adequate records detailing attendance and pay/wages for every employee, regardless of whether they are employed on a permanent, temporary, or contract basis. The remuneration for overtime work and any production incentives, such as production bonuses or incentives depending on the output provided to the workers, must also be properly documented. Any retirement benefits, such as pension payments, provident fund distributions, gratuities, old age benefits, and welfare costs, must also be factored into labour or factory overheads as well as beneficiary cost centres/departments. This will be carried out in a way that makes labour cost available for each cost centre or department as well as for every product, whether it is an intermediary, by-product, or auxiliary product, enabling various cost statements to be filled out accurately and conveniently. Idle time shall be separately recorded under classified headings indicating the reasons therefore. The method followed for accounting of idle time payments in

determining the cost of product shall be disclosed in the cost records.

- b) The salaries given to such direct labour that has been used in more than one department shall be allocated fairly and reasonably among the several departments or cost centres, with the basis for such allocation being consistently applied. Any wages and salaries related to capital works, such as the expansion of buildings, plant & machinery, or other capitalized assets, must be recorded under the appropriate capital categories and shall be excluded from the cost statements of the product manufactured.
- c) Any alteration in the cost accounting techniques used to measure and allocate direct labor costs during the reporting period, having a significant impact on the direct labor cost, should be disclosed in the cost statement. If the full or partial impact of such a change cannot be determined, this information should be noted.

III. EXPENSES FOR THE SERVICE DEPARTMENT:

Adequate records outlining costs incurred for each service department or cost centre, including transportation, welfare, and laboratories must be kept. Such expenses must be applied consistently and fairly to other service and manufacturing units. When these services are used for another product (or products) of the company, the justification for such allocations must be made explicit in the records and applied consistently.

IV. UTILITIES:

- a) Appropriate records must be kept demonstrating the quantity and costs of various utilities and services both acquired and produced in the manufacture of Automobile by various departments and cost centres.
- b) The records must be kept in order to assess that different departments, cost centres, or production units have been charged fairly on a suitable basis. If possible, the cost of utilization must be allocated based on actual consumption; otherwise, technical estimations must be used in the absence of real measurement. In the case of fixed charges or fuel adjustment surcharges for electricity claimed by the utility company, the difference between the contractual minimum and the actual amount shall be treated as a fixed or period cost and transferred to the relevant cost statement, regardless of the actual amount of power consumed. If considerable, the cost of service, which includes gas and electricity used in non-manufacturing departments and charged to those departments, must be indicated separately.

- c) In case self-generation occurs, the quantity and the reasons for underutilization must be stated, and the associated cost should be considered a fixed/period cost. For any type of gas, separate records must be kept for usage as a direct material and use of gas in utility services, or if applicable, supply for housing colonies, if any. Additionally, distribution costs, a share of administrative and marketing overheads, as well as the cost of self-generated utilities are added to arrive at the cost of utilities produced for sale to third parties.

V. REPAIRS AND MAINTENANCE:

- a) The workshop must keep adequate records detailing the costs incurred under each heading and by the various cost centres and divisions for repairs and maintenance. Expense allocation for repairs and maintenance to various departments, manufacturing plants, or cost centres must be specified, along with the methodology used to determine costs. Costs associated with capital projects, major repairs, and overhauls, the benefits of which are likely to extend beyond a fiscal year, must be disclosed separately indicating the method of accounting in determining the cost with reference for which benefit of such expense is likely to last. The salaries, wages, cost of consumables, spare parts, and tools should be charged as a direct expense of that department if a separate maintenance crew is employed by that department. The percentage of the maintenance services used for other products must be segregated and allocated reasonable thereto.
- b) Each category of repairs and maintenance should be considered as a separate activity if it is both substantial and identifiable. This includes distinguishing between routine or preventive maintenance, planned (predictive or corrective) maintenance, and breakdown maintenance. Additionally, if significant, details of repairs and maintenance costs should be presented separately based on both asset categories and activity types.

VI. DEPRECIATION / AMORTIZATION EXPENSE:

- a) Appropriate records must be kept that reflect the values and other particulars pertaining to the fixed assets for which depreciation is required. The records must include, among other things, the cost of each asset item, information about any revaluations of assets, the date of acquisition, accumulated depreciation, the rate of depreciation and the depreciation charge for the applicable period.

- b) The cost records must make it apparent how depreciation is computed, allocated and apportioned to the various departments, cost centres and products. Any credits / recoveries relating to depreciation expense, additional Depreciation on account of revaluation of asset, amount of depreciation that is not included in cost because of temporary retirement of assets from production of goods and services.
- c) Cost accounts may normally follow financial accounts where minor value goods are entirely written off at the time of acquisition. The adopted depreciation method should mirror the anticipated consumption pattern of the asset's future economic benefits by the entity. The depreciation methods and rates must undergo an annual review, and if there is a shift in the expected pattern of consumption or loss of future economic benefits, the applied method should be adjusted to align with the revised pattern.

VII. INSURANCE:

- d) Appropriate records must be kept that reflect the insurance premiums paid for all risks covered on the company's assets and other interests. The cost records must specify the method of assigning insurance costs to the various cost centres and follow it consistently.

VIII. ROYALTY OR TECHNICAL KNOW-HOW CHARGE:

- a. In relation to the fee paid to the collaborators or technology suppliers on a recurrent or non- recurring basis, party wise adequate records, including technical agreements, shall be maintained. The cost records must explain the basis and rationale of charging these sums to beneficiating formulations.

IX. OTHER OVERHEADS:

- a. Adequate records showing the quantities comprising the manufacturing overhead costs not already mentioned, as well as the specifics of how those costs were allocated to the various departments, processes, and cost centres. If the business is producing any other product(s), the records must expressly state the methodology used to evenly distribute the overhead costs. Capital works-related overheads must be noted separately in the cost records. The cost records must include the basis for allocating or absorbing overheads to the cost centres and goods. The startup costs and indirect costs of manufacturing items shall be included among other things in the plant overheads.

X. QUALITY CONTROL EXPENSES:

- a. Maintain sufficient records detailing expenses for the quality control department, cost centers, or service centers related to specific goods or services. If these services are used for other company goods or services, allocate costs equitably and consistently. In-house quality control costs comprise resources consumed by the entity for quality control activities. External resource costs are calculated based on invoices or agreed prices, including duties, taxes, and directly related expenses net of non-cash discounts, refundable taxes, or tax credits. These costs encompass quality conformance expenses, namely, prevention and appraisal costs. Reduce any subsidies, grants, incentives, or similar payments received or receivable related to quality control costs to ascertain the cost of relevant cost objects.
- b. Identify quality control costs based on economically feasible traceability methods. Changes in cost accounting principles for measuring quality control costs should only occur if required by law or if the change would improve the organization's cost statement preparation or presentation.
- c. Additionally, comprehensive records of rejected products or those requiring additional costs to rectify defects should be maintained. Expenses associated with quality control integrated within a specific department should be directly charged as departmental expenses.

XI. COST OF CONVERSION:

- a. Adequate record regarding usage of a particular machine or group of machines for various products must be consistently kept in the event that more than one manufacturing process is carried out on these. Equitable usage expense for such machine(s) must be applied to various products, on equitable basis. When composite machine hour rates are employed to absorb wages, overheads, and equipment usage, it is imperative to maintain accurate records regarding the labor and multi-purpose machines' utilization in various processes associated with the production of diverse products. These records facilitate the calculation of total machine hours and the corresponding charges allocated to specific products. Variances between the actual costs and the amounts charged based on predetermined rates should be adjusted to determine the actual cost of production at the conclusion of the financial year. Once

the criteria for collecting, allocating, apportioning, and absorbing costs for various production cost centers are chosen, it must be consistently and uniformly adhered to.

- b. A shift in the approach for collecting, allocating, apportioning, and absorbing costs is permissible only when compelled by circumstances like technological changes or enhancements in the basis. In instances of such changes, it is crucial to make appropriate disclosures in the cost records.

XII. COST OF RESEARCH & DEVELOPMENT:

- a. The company must keep adequate records detailing any expenses made for the research and development activities on each of the goods manufactured covered under these regulations separately according to the nature i.e. development of products, existing and new; processes of manufacture, existing and new, design and development of new plant facilities and market research for the existing and new products etc. shall be maintained separately. The basis of accumulation and assignment of R&D to the cost of goods, R& D cost paid to the related parties, expense incurred in foreign exchange or any subsidy/grant received from the Govt. must be made explicitly evident in the records. When the usefulness of such research and development work spans more than one fiscal year, those costs must be considered as deferred expenses and consistently and reasonably charged to the cost of production. Additionally, the costs associated with imparting technical expertise to outsiders must be separately recorded and are not included in the cost of the Automobile. It is also necessary to state separately the sum thus obtained for imparting technical expertise to outsiders.

XIII. JOINT PRODUCTS:

- a. When more than one economically significant product is produced as a result of a process, the cost must be apportioned among the various products according to some reasonable basis that will be consistently followed during the applicable period. The cost records must specify the basis on which such joint expenses are apportioned among the various products resulting from a process.

XIV. INTEREST EXPENSES/MARK-UP ON FINANCING FACILITIES:

- a. Finance costs encompasses interest and commitment charges on bank borrowings, both short-term and long-term borrowings, the amortization of discounts or premiums

associated with borrowings, the amortization of ancillary costs incurred in connection with borrowing arrangements, finance charges related to finance leases and comparable agreements, as well as exchange differences arising from foreign currency borrowings. The amount of interest/mark-up must be applied in a fair and reasonable manner to the goods and activities covered by these regulations. The justification for such apportionment must be clearly stated in the cost statements, and the methodology used to charge the share of interest to the various types of such items must likewise be reasonable and consistent. Loan agreements shall be maintained.

XV. WASTE AND SCRAP

- a. The proper documentation must be kept for all significant waste and scrap materials, including steel, coil, etc. To determine cost centre wise scrap creation, such records must be kept for each cost centre separately. The basis adopted for valuation of scrap for giving credit to the respective processes shall be equitable and consistent and should be indicated in cost records.

XVI. CAPTIVE CONSUMPTION:

- a. The quantity and cost of the items mentioned in these regulations that are transferred to other divisions of the business for captive consumption must be accurately recorded, and this information must be included in the cost records.

XVII. PACKING:

- a. Adequate record shall be maintained at all times showing receipts, issues and balances both in quantities and price of the various packaging materials, as well as any additional costs paid for packing the provided products, Additionally, proper records must be kept for any wages or other costs related to packaging and distinct marketing of other items. In the event of any defective packaging, the cost of repacking must be calculated and, if considerable, indicated. If the manufacturer is engaged in manufacturing of packing materials, accurate records detailing their production costs must be kept. If there is any expense incurred on packing for export, separate records and additional packing costs must be kept.

XVIII. STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS:

The method for assessing and pricing work-in-progress and completed goods or products should be detailed in the cost records to delineate the cost components

involved in the calculation. These cost elements should align with those mentioned in relevant cost statements, and the chosen approach must be consistently applied. When computing the cost of work in progress, the proportional share of conversion costs up to the current stage of completion should be considered. Additionally, the cost records should outline the procedure for addressing any discrepancies between the physical verification of stocks and bank balances.

XIX. EXPENSES/INCENTIVES ON EXPORTS:

- a. Comprehensive records detailing the expenses associated with the export sales of products, if applicable, must be maintained separately to accurately determine the cost of export sales. A distinct cost statement should be generated for exported products, providing a breakdown of the incurred export expenses and earned incentives. If duty-free imports are conducted, the cost statements should explicitly indicate this circumstance. If duty-free imports occur post actual production, this should also be reflected in the statements.

XX. COST REPORTS:

- a. Different type of manufactured and sold Automobile must have a separate cost of sale statement that must be complete and accurate. If the business has more than one factory, each plant must have its own cost statements kept up to date, as described above.

XXI. PRODUCTION RECORDS AND ITS RECONCILIATION:

- a. In accordance with these regulations, the companies shall keep adequate quantitative records of all finished production, issues for sales and balances of various product categories produced by the companies. Each kind of product must have a detailed cost and value record provided the value of the balances are periodically reconciled at least once in a year with the value of the quantities indicated in the quantitative account that is kept for each type of product in accordance with these regulations.

XXII. COST VARIANCE ADJUSTMENT:

- a. When a company keeps cost records using a method other than actuals, such as standard costing, the records must detail the process used to determine a product's cost under that system. It must be made explicit in the cost records how the cost variances were adjusted to arrive at the product's real cost. The relevant cost statement must

include the cost variances against the relevant heads.

- b. The expense records must include a separate explanation of the discrepancies. Throughout the fiscal year, variance analysis must be conducted quarterly in addition to at year's end.

XXIII. TRANSPORTATION/FREIGHT EXPENSES

- a. The transportation cost encompasses expenses related to freight, cartage, transit insurance, and the operation of the fleet, including other incidental charges, whether internally incurred or paid to an external agency for goods transportation. However, it excludes detention and demurrage charges. For manufacturers with their own transport fleet, accurate records should be maintained to ascertain the actual operating cost of vehicles. These records should detail various cost elements, such as salaries and wages of drivers, cleaners, and other personnel, fuel costs, lubricants and grease expenses, amortized costs of tires and batteries, repairs and maintenance, vehicle depreciation, distance covered, trips made, and goods transported to the depot.
- b. Proper record must be kept for both inward and outward transportation expenses, outlining specific details such as goods dispatched, supplier and recipient names, and the amount of freight. In the case of shared transportation expenses, whether for the company's own fleet or hired vehicles, proper records detailing the basis of apportionment should be maintained.
- c. Companies shall be required to maintain cost records and other accounting books in a manner that enables the preparation and verification of transportation costs and other related charges. The apportionment of these costs to various products should be done on a suitable basis.

XXIV. ADMINISTRATIVE EXPENSES

- a. Administrative cost may be split up on the basis of total factory cost of each saleable product and/or cost of imported items if sold by the company or any other basis adopted by the company. Such basis shall be clearly indicated in the cost records. However, change in basis for collection, allocation, apportionment and absorption can be adopted only when it is compelled by the change in circumstances like change in technology, refinement and improvement in the basis etc. and the change would

provide more scientific approach. Moreover, any change in basis for collection, allocation, apportionment and absorption which has a material effect on the cost of the product should be disclosed in the cost statements. Where the effect of such change is not ascertainable wholly or partly, the fact should be indicated in the cost statement.

XXV. SELLING AND DISTRIBUTION OF EXPENSES

- a. Selling and distribution expenses shall be apportioned to different final products on the basis of sales revenue or some other equitable basis which shall be indicated in the cost records and shall be followed consistently.

XXVI. ADVERTISEMENT AND MARKETING EXPENSES

- a. Advertising and marketing expenditures shall be distributed among various products using a fair basis, such as sales revenue, as disclosed in the cost records, and consistently followed. To assess the impact of these expenses and gauge the efficiency of resources allocated to each cost object, a cost-benefit analysis of marketing expenses for each product or service may be conducted.

XXVII. COMMON COSTS:

- a. A common cost pertains to the expense of operating a shared facility, activity, or service that is utilized by two or more cost centers. Typically, the common cost is less than the standalone cost each cost object would bear if the facility were not shared. It is allocated to each cost object based on the specific costs associated with that particular cost object.

XXVIII. STATISTICAL STATEMENTS AND OTHER RECORDS:

- a. Detailed records must be kept for information such as machine hours/direct labour hours used in various production divisions, their actual utilization considering the machine idle time calculations and variance analysis. In accordance with these regulations, adequate record must be kept by the company to enable it to calculate the capital employed, net fixed assets and working capital separately for each type of product or group of products. The cost record must include any recent investments made in fixed assets that did not contribute to production during the relevant period. The records shall, in addition show assets added as replacement and that added for increasing existing capacity.

- b. The information kept in the cost records must be compared to any periodic reports the company may have submitted to excise and other authorities. Businesses may also create a suitable standard to utilize as a foundation for an accurate performance evaluation.

XXIX. COST AND FINANCIAL ACCOUNT RECONCILIATION

- a. If integrated accounts are not kept, the cost records must be periodically reconciled with the corresponding financial accounts year to year to verify correctness. Any variations must be properly stated and explained. The reconciliation must be carried out in a way that accurately compares and evaluates the profitability of various products according to cost statements with the company's overall earnings from all of its operations. Sufficient cost records must be kept so that the cost statements can be put together.

XXX. RELATED PARTY TRANSACTION:

- a. Records must be kept evidencing contracts entered into, agreements or understandings reached in respect of supplies produced or services rendered by a company to its holding company, subsidiary, or company in which a director of the company is also a director in such companies and vice versa, in following cases:
 - i. The buying and selling of raw materials, finished items, chemicals, and rejected commodities such as scraps etc.;
 - ii. The provision of utilities and any other services;
 - iii. the use of plant facilities and technical know-how;
 - iv. the provision of utilities and any other services;
 - v. the procurement of administrative, technical, managerial, or any other consulting services;
 - vi. the purchase and sale of capital goods, such as plant and machinery; and
 - vii. the making of any other payments associated with the creation, processing, or manufacturing of a product under reference.

In order to assess whether the rates charged or paid for the services were reasonable, these records must also detail the methodology used to determine the rates that were charged or paid between them.

XXXI. RECONCILING INDIRECT TAXES

- a. In accordance with these requirements, a sufficient record of excise tax, sales tax and any refunds/rebate received or requested in connection with excess production or export of products, if any, must be kept. Refund calculations must be made using a formula provided by the government. It must also be demonstrated how the adjustment or claim, if any, worked.

XXXII. COSTS RELATED TO ENVIRONMENTAL PROTECTION OR POLLUTION CONTROL EXPENSES:

- a) Comprehensive records must be kept to document expenses incurred for pollution control. Allocation of these expenses to specific goods or services, as well as to other goods or services, must be fair and consistent.
- b) Each type of pollution control (e.g., water, air, soil pollution) should be treated as a separate activity if significant and identifiable. Any alteration in the cost accounting principles for measuring pollution control costs should only occur if required by law or if the change would result in a more suitable preparation or presentation of an organization's cost statements.

XXXIII. TRAINING & DEVELOPMENT EXPENSES/TECHNICAL ASSISTANCE FEE

- a. Training and development expenses shall be apportioned to different products on some suitable basis which shall be disclosed in the cost records and shall be followed consistently.
- b. The assessment of the Technical Know-how Fee is conducted individually for each product. Technical Know-how Fees, whether paid in a lump sum or categorized as one-time payments, are amortized based on the estimated output or benefits expected from the associated asset.
- c. For Technical Know-how fees directly traceable to a specific cost object, they should be assigned to that particular cost object. The methodology for distributing the amount of Royalty and Technical Know-how fees to the cost objects or cost units should be clearly defined.

XXXIII. GENERAL INFORMATION:

1. Name of the company:
2. Date of incorporation:
3. Date of Board meeting where cost statement were approved:
4. Name, qualification and designation of the officer heading the cost accounting function:
5. Location of registered office
6. Location of Factory(ies):
7. Type(s) of vehicles/automobiles being manufactured:
8. Any saleable by-products and intermediary products:
9. Any imported product being sold by the company:
10. Foreign technical collaboration:
 - (a) Name of the process / inventor / patent holder
11. Main Product(s)

Production Data

Particulars	Unit	Current Year	Previous Year
1. Available Capacity			
(a) Installed Capacity			
(b) Capacity enhanced during the year, if any			
(c) Capacity available through leasing arrangements, if any			
(d) Capacity available through loan license/third party			
(e) Total available capacity			

2. Actual Production			
(a) Self Manufactured/rendered			
(b) Produced under leasing arrangements			
(c) Produced on loan license/ by third parties on job work			
3. Production/services rendered as per excise records/service tax records			
4. Capacity utilization (in-house)			
5. Finished Goods Purchased			
(a) Domestic purchase of Finished Goods			
(b) Imports of Finished Goods			
(c) Total Finished Goods Purchased			
6. Stock and Other Adjustments			
(a) Change in stock of Finished Goods			
(b) Self/Captive Consumption/internal services (incl. samples etc.)			
(c) Other quantitative adjustments, if any (wastage etc.)			
(d) Total adjustments			
7. Total Available Quantity for Sale [2(d)+5(c)+6(d)]			

8. Actual Sales			
(a) Domestic Sales of Product			
(b) Domestic Sales of Traded Product			
(c) Export Sale of Product			
(d) Export Sale of Product			
(e) Total Quantity Sold			

12. By-product/Intermediary Product(s)[if applicable]

Particulars	Per Day (Units)	Per Year (Units)
Designed Capacity		
Installed Capacity		
Capacity Utilized		
Idle capacity		
No. of days in a year on which capacity is calculated.		
%age of Capacity Utilization for the Current year		
%age of Capacity Utilization for the previous year		

(Comparative figures of two years)

	5. Repairs & Maintenance 6. Depreciation/Amortization 7. Works Overheads 8. Adjustment for Opening/ closing WIP																
B	1. Machine Hours/Direct labour hours (a) Available (b) Worked 2. Cost per Machine/ Direct labour hour worked 3. Cost per Machine/ Direct labour hour worked (Previous year)																
C	Apportionment of conversion cost to respective type to Automobile / Components 1. 2. 3. etc.																
	Total																

- A= Actual direct labour/ Machine hours utilised as per actual recording/appropriate basis of apportionment
B= Conversion Cost in Rupees (Actual direct labour /machine hours utilised for each type of Automobile should be recorded batchwise)

Note

- ❖ Cost Centers are illustrative. For each special machine or group of special machines that are utilized for a certain manufacturing process, such as high speed, automation, etc., separate cost centres must be opened.

- ❖ The amount of royalties paid or due upon production to be mentioned at sub-point 4 of A.
- ❖ Bonuses given to employees in excess of incentive bonuses, statutory gratuities that are either provided for or actually paid during the period, and interest payments on borrowing, including debentures, must only be shown in Annexures C and D.

Statement showing the Cost of Production of Automobiles for the year ended.....

Name of Company _____

Name and Address of the Factory

		Current Year		Previous Year		
1	Name of Automobile					
2	Type					
3	Diesel driven/ Petrol driven					
4	Installed capacity					
5	Total production					
6	Capacity utilization (Percentage)					
S #	Particulars	Unit (qty)	Rate (Rs.)	Amount (Rs.)	Cost/ Unit	
					Current Year	Previous Year
A	Direct Material Costs (Each major item to be specified)					
	(a) Imported bought out components (1)					
	(2)					
	(3) etc.					
	(b) Indigenous purchased(1) (1)					
	(2)					
	(3) etc.					
	(c) Own manufacture(1)					

	(1) (2) (3) etc. (d) Less: waste/rejects					
	Total Direct Material (a+b+c+d)					
B	Conversion Cost (1) Machine shop (2) Electroplating shop (3) Vehicle assembly (4) Paint shop (5) Royalty, if any (6) Other(to be specified)					
	Total conversion cost					
C	Other Expenses (1) Inspection (2) Quality Control (3) Testing (4) R&D (5) Storage (6) Other works overhead (7) Administrative overhead (8) Others to be specified					
	Total other expenses					
D	(1) Total Cost (2) Adjustment for opening & closing work in progress (3) Adjustment for cost variances (a) Raw material (b) Conversion charges (c) Total					

	(4) Total Cost of Production transferred to: A. Captive consumption (a) Specify product(b) B. Transfer for Sales (a) Specify product(b)					
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Notes:

- ❖ Separate Annexures shall be prepared for each type and size of automobile and for export production. The basis on which realisable value is determined for any product shall be clearly indicated in the cost records.
- ❖ Abnormal losses, if any, shall be indicated both in quantity and value in separate statement.

Statement showing the Cost of Sales of Automobiles for the year ended _____

Name of Company _____

Name and Address of the Factory

		Current Year		Previous Year		
1	Name of Automobile					
2	Type of Automobile					
3	Opening Stock (qty)					
4	Quantity Produced					
5	Quantity Sold					
6	Closing Stock					
S#	Particulars	Unit (qty)	Rate (Rs.)	Amount (Rs.)	Cost/Unit	
					Current Year	Previous Year
A	Cost of production (As per Annexure-B)					
B	Packing Materials, if any					
C	Packing Cost Charges					
D	Other Expenses (1) Inspection (2) Quality Control (3) Other works overhead (4) Administrative (5) Others					

E	<ol style="list-style-type: none"> 1. Cost of packed product 2. (-/+) Adjustment for cost variance 3. Total cost of complete product 4. (-) Quantity as samples/ trials 5. (+) Opening stock 6. (-) Closing stock 7. Cost of goods sold <ol style="list-style-type: none"> (a) Domestic (b) Exports (c) Total 					
F	<p>Selling & distribution expenses (for Qty. sold)</p> <ol style="list-style-type: none"> 1. Salaries & wages 2. Publicity 3. Depot Expenses 4. Freight 5. Handling Charges 6. Discount/ Commission 7. Others (to be specified) <p>Total</p>					
G	Interest Charges					
H	Bonus (other than incentive bonus)					
I	<ol style="list-style-type: none"> (a) Minimum statutory bonus (b) Other than Minimum statutory bonus 					
J	Provision for statutory bonus					
K	Other expenses not included in cost (items to be specified)					
L	Total expenses including					

	interest & other charges (excluding excise duty)					
M	Less other incomes not considered in cost (items to be specified)					
N	Total sales realization excluding excise duty for quantity sold					
O	Margin					

Notes:

- ❖ Separate Annexures shall be prepared for each type and size of automobile and for export production.

File No. CLD/CCD/PR(12)/2017]



(Bilal Rasul)

Secretary to the Commission