

The Companies (Cost Accounting Records) Rules, 2013

G.S.R.....(E) – In exercise of the powers conferred by Sub-Sections (1) and (2) of Section 469 read with Sub-Section (1) of Section 148 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely:-

1. Short Title and Commencement - (1) These Rules may be called The Companies (Cost Accounting Records) Rules, 2013.

(2) They shall come in to force on the date of their publication in the Official Gazette.

(3) They shall be applicable in respect of the financial years commencing on or after 1st April, 2014.

2. Definitions and Interpretations. - In these rules, unless otherwise so provided,-

(a) “Act” means the Companies Act, 2013 (18 of 2013);

(b) “Cost Record Certificate” means Cost Record Certificate duly authenticated and signed by a cost accountant in the prescribed form;

(c) “Cost Accountant” for the purpose of these Rules means a cost accountant as defined in Sub-Section 28 of Section 2 of the Companies Act, 2013.

Explanation: A cost accountant includes a cost accountant in permanent employment of the company or a cost accountant in practice.

(d) “Cost Accountant in practice” means a cost accountant who holds a valid certificate of practice under sub-section (1) of section 6 of the Cost and Works Accountants Act, 1959 and who is in full time practice and includes a firm of cost accountants;

(e) “Cost Accounting Standards” means the standards of cost accounting, issued by the Institute;

(f) “Cost Records” means books of accounts and records relating to utilisation of materials, labour and other items of cost as applicable to the production of goods or providing of services under the provisions of sub section (1) of Section 148 of the Act;

(g) “Form-A” means the form prescribed in these Rules for filing Cost Record Certificate and other documents with the Central Government in the electronic mode;

(h) “Form-B” means the form of the Cost Record Certificate and includes Annexure to the Cost Record Certificate;

(i) “Generally Accepted Cost Accounting Principles” means the generally accepted principles of cost accounting issued by the Institute;

- (j) "Institute" means the Institute of Cost Accountants of India constituted under the Cost and Works Accountants Act, 1959 (23 of 1959);
- (k) "Product" means any tangible or intangible good, material, substance, article, idea, know-how, method, information, object, service, etc. that is the result of human, mechanical, industrial, chemical, or natural act, process, procedure, function, operation, technique, or treatment and is intended for use, consumption, sale, transport, store, delivery or disposal;
- (l) "Product Group" in relation to tangible products means a group of homogenous and alike products, produced from same raw materials and by using similar or same production process, having similar physical or chemical characteristics and common unit of measurement, and having same or similar usage or application; and in relation to intangible products means a group of homogenous and alike products or services, produced by using similar or same process or inputs, having similar characteristics and common unit of measurement, and having same or similar usage or application;
- (m) "Production" means bringing in to existence new goods, a thing that result from any action, process or effort, a product of human activity or effort and includes manufacture.

Explanation- : 'Manufacture' includes any process incidental or ancillary to the completion of manufactured goods and includes deemed manufacture'.
- (n) "Production of Goods" means production, making, manufacturing, processing, mining, growing or transformation of tangible or intangible and intermediates, , semi-finished or finished products by using resources, raw materials, components, intermediates, semi-finished goods, sub-assemblies, process, method, factors, ideas, information know-how or other inputs;
- (o) "Service" means service as defined in the Finance Act relevant to the accounting year.
- (p) "Providing Services" means providing, rendering or allowing use of tangible or intangible products or services of any nature, type, kind or variety and includes all types of job work or processing operations;
- (q) All other words and expressions used in these Rules but not defined, and defined in the Act shall have the same meanings as assigned to them in the Act.

3. Application- These Rules shall apply to such class of companies, including a foreign company as defined under sub-section (42) of section 2 and section 379 of the Act, engaged in the production of the following goods or providing of the following services which belongs to the following class of companies, excluding small companies.

a) Companies engaged in Strategic Sectors:

- i) Machinery, mechanical appliances used in defence, space and atomic energy sectors such as: (A) Nuclear reactors; fuel elements (cartridges), non-irradiated, for nuclear reactors; machinery and apparatus for isotopic separation (B) Steam or other vapour generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super-heated water boilers (C) aircraft, spacecraft and parts thereof (D) ships, boats and floating structures;
- ii) Turbo jets and turbo propellers are included under chapter 84 of the Central Excise Tariff Act 1985;
- iii) Arms and ammunitions; parts and accessories thereof are included under Chapter 93 of the Central Excise Tariff Act 1985;
- iv) Propellant powders, prepared Explosives, pyrotechnic products, safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators and combustible preparations are included under Chapter 36 of Central Excise Tariff Act 1985;
- v) Radar apparatus, radio navigational aid apparatus and radio remote control apparatus are included under Chapter 85 of Central Excise Tariff Act 1985;
- vi) Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons and parts of such vehicles,

b) Companies engaged in an industry regulated by a Sectoral Regulator or a Ministry, or Department of Central Government:

- vii) Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by and or at a Port in relation to a vessel or goods regulated by the Government;
- viii) Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel etc. rendered by and or at airports and regulated by the Government;
- ix) “Telecommunication activity” including activity of any description (including electronic mail, voice mail, data services, audio text service, video text services, radio paging and cellular mobile telephone services) which are made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, visual or other electro-magnetic means but shall not include broadcasting services.
- x) “Electricity activities” including any activity, process, procedure, function, operation, technique, treatment or method employed in relation to generation of electricity from any source of energy, and includes transformation, transmission, distribution, or supply of electricity by any mode, or medium, and further includes intermediate and allied activities thereof;
- xi) Construction and development of infrastructural projects and facilities as defined under Schedule VI of the Companies Act, 2013;

- xii) Pharmaceutical products, bulk drugs, intermediates or formulation products included under Chapters 29 and 30 of the Central Excise Tariff Act, 1985;
- xiii) Fertilizer products including nitrogenous, phosphatic, potassic or complex (organic, inorganic or mixed) under Chapter 31 of the Central Excise Tariff Act, 1985;
- xiv) Sugar, Sugar Products and Industrial Alcohol included in Chapters 17 and 22 of the Central Excise Tariff Act, 1985;
- xv) “Petroleum Industry” including production, processing, manufacturing mining, storage, transportation or distribution of crude oil, gases or any other petroleum products included under Chapter 27 of the Central Excise Tariff Act, 1985;

c) Other Companies

- xvi) Railway or Tramway locomotives, rolling stocks and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds included in Chapter 85 and 86 of the Central Excise Tariff Act, 1985;
- xvii) Cement, Articles of Cement and Mineral Products included in Chapters 25, 26, 68 and 69 of the Central Excise Tariff Act, 1985;
- xviii) Mineral Fuels (other than Petroleum) included in Chapter 27 of the Central Excise Tariff Act, 1985;
- xix) Base Metals and articles thereof included in Chapters 72 to 83 (excluding Chapter 77) of the Central Excise Tariff Act, 1985;
- xx) Organic, Inorganic Chemicals and Chemical Products, Polymers, PVC, Polyurethane, Resins, Plastics and articles thereof included in Chapters 28, 29, 32, 34, 38 & 39 of the Central Excise Tariff Act, 1985;
- xxi) Vehicles, aircrafts, vessels, ships, boats, floating structures, associated transport equipments, parts and accessories thereof included in Chapter 87 to 89 of the Central Excise Tariff Act, 1985;
- xxii) Jute and other textile products included in Chapters 50 to 63 of the Central Excise Tariff Act, 1985;
- xxiii) Edible Oil Seeds and Oils (including Vanaspati) included in Chapter 12 and 15 of the Central Excise Tariff Act, 1985;
- xxiv) Plantation Products – Tea, Coffee, Rubber and articles thereof including Tyres & Tubes included in Chapters 9 and 40 of the Central Excise Tariff Act, 1985;
- xxv) Paper, Paperboard and articles thereof included in Chapter 47 and 48 of the Central Excise Tariff Act, 1985;
- xxvi) Glass and Glassware included in Chapter 70 of the Central Excise Tariff Act, 1985;

- xxvii) Machinery, mechanical appliances and parts thereof, electrical /electronic machinery, equipment, appliances and parts thereof included in Chapter 84 and 85 of the Central Excise Tariff Act, 1985;
- xxviii) Packaged Food Products included under Chapters 2 to 25 of the Central Excise Tariff Act, 1985 (except chapters 5, 6, 14, 23 and 24);

d) Companies engaged in providing services

- xxix) Provision of healthcare services including check-up and preventive services, diagnostic services, disease management and patient care services provided by a clinical establishment;
- xxx) Provision of education services, other than services falling under philanthropy;

These Rules shall apply to every Company, including foreign company defined in sub-section (42) of section 2 of the Act, and engaged in production of any goods or providing any services and wherein, **the net worth** as on the last date of the immediately preceding financial year **exceeds rupees five crores**; or wherein **the turnover** made by the company during the immediately preceding financial year **exceeds rupees twenty crores**.

Provided further that in case of a multi-product or multi-service Company where all the activities of the Company do not fall within the activities listed above, the requirements of these Rules shall be applicable provided **the turnover of all the products or services** covered under these Rules in the immediately preceding financial year **is 5% of the total turnover** of the company or **rupees twenty crore, whichever is less**.

4. Maintenance of records- (1) Every company to which these Rules apply, including all units and branches thereof shall, in respect of each of its financial year commencing on or after the date of this notification, keep and maintain cost records.

(2) The cost records referred to in sub-Rule (1) shall be kept on regular basis in accordance with the Generally Accepted Cost Accounting Principles and Cost Accounting Standards issued by the Institute in such manner so as to make it possible to calculate per unit cost of production or cost of operations or cost of rendering services, cost of sales and margin for each of its products, activities and services. The variations, if any, shall be clearly indicated and explained.

(3) These records shall also provide details required to be furnished under sub-section (2) of section 148 of the Act.

(4) All such cost records and cost statements, maintained under these Rules shall be reconciled with the audited financial accounts specifically indicating expenses or incomes not considered in the cost accounts or statements so as to ensure accuracy and to reconcile the profit of all products, activities and services with the overall profit of the company.

(5) All such cost records and cost statements, schedules, etc. for each unit and each product or activity, shall be duly authenticated by a person referred to in sub-section (6) of section 128 of the Act and the cost accountant.

(6) It shall be the duty of every person, referred to in sub-section (6) of section 128 of the Act, to take all reasonable steps to secure compliance by the company with the provisions of sub-section (1) of Section 148 of the said Act in the same manner as he is liable to maintain accounts required under section 128 of the said Act.

5. Form of the Cost Record Certificate - Every company to which these Rules apply shall submit a Cost Record Certificate, in respect of each of its financial year commencing on or after the 1st day of April, 2014, duly certified by a cost accountant, along with the Annexure to the Central Government, in the prescribed form.

Provided that the Company shall not be required to submit Cost Record Certificate if all the products or activities of the company that are covered under these Rules are also covered for cost audit under sub-section (2) of section 148 of the Act.

6. Time limit for submission of Cost Record Certificate – Every company shall submit the Cost Record Certificate referred to in Rule 5 to the Central Government within one hundred and eighty days from the close of the company's financial year to which the Cost Record Certificate relates.

7. Authentication of Annexure to the Cost Record Certificate – The Annexure prescribed with the Cost Record Certificate, as certified by the cost accountant, shall be approved by the Board of Directors before submitting the same to the Central Government by the company.

8. Penalties – (1) If default is made by the Cost Accountant in complying with the provisions of these rules, he shall be punishable as provided under sub-section (3) of section 469 of the Act.

(2) If a company contravenes any provision of these rules, the company and every officer thereof who is in default shall be punishable as provided under sub-section (3) of section 469 read with clause (a) of sub-section (8) of section 148 and sub-section (6) of section 128 of the Act.

9. Savings – (1) The following Rules are repealed:-

- (a) Companies (Cost Accounting Records) Rules, 2011;
- (b) Cost Accounting Records (Telecommunication Industry) Rules 2011;
- (c) Cost Accounting Records (Petroleum Industry) Rules 2011;
- (d) Cost Accounting Records (Electricity Industry) Rules; 2011;
- (e) Cost Accounting Records (Sugar Industry) Rules; 2011;
- (f) Cost Accounting Records (Fertilizer Industry) Rules 2011;
- (g) Cost Accounting Records (Pharmaceutical Industry) Rules 2011;

(2) The supersession of such Rules shall not affect things done or omitted to be done before such repeal.