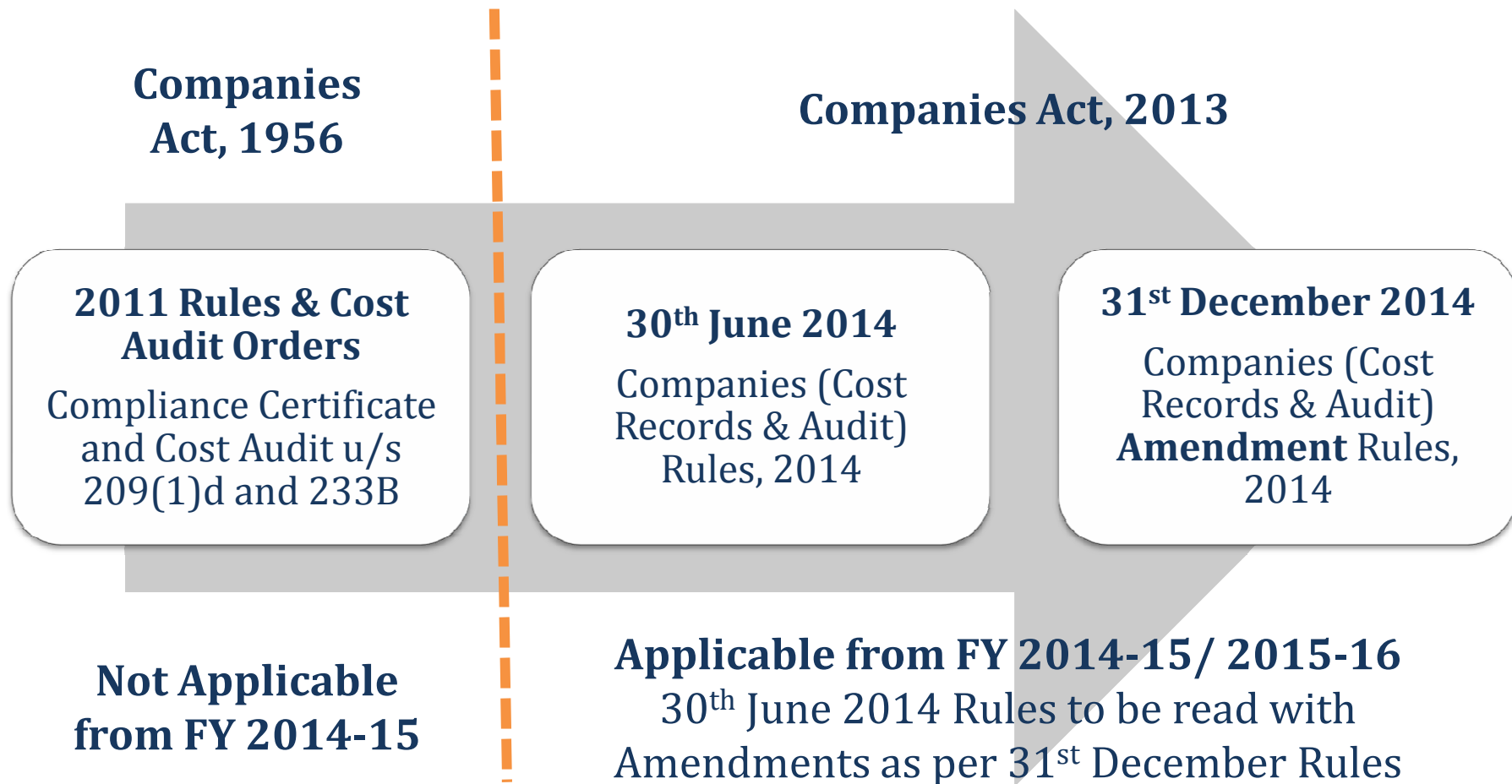




Companies' (Cost Records & Audit) Amendment Rules, 2014

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All companies including foreign companies (under clause 42 of Section 2 of Companies Act, 2013) engaged in production of goods or providing services, specified in Table, having an overall **turnover from all its products & services of Rs. 35 crores** or more during the immediately preceding financial year, shall include Cost Records for such products or services in their books of accounts

“TURNOVER” means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year-sec 2 (91)

Applicability

A – Regulated Sectors

- 6 “products” covered in this group
- Overall turnover from all its products & services of Rs. 50 cr or more during the immediately preceding financial year, &
- Aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained is Rs. 25 cr or more. “Aggregate” signifies sum of all covered products & or services
- No reference to listing or Net Worth
- **Applicable from FY commencing on or after 1 April, 2014**

...Applicability

Regulated Sectors	CETA Heading
Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature (other than broadcasting services) and regulated by the Telecom Regulatory Authority of India under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997)	N.A.
Generation, transmission, distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003), other than for captive generation (as defined under the Electricity Rules 2005)	N.A.

...Applicability

Regulated Sectors	CETA Heading
Petroleum products regulated by the Petroleum and Natural Gas Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006(19 of 2006)	2709 to 2715
Drugs and Pharmaceuticals	2901, 2942, 3001 to 3006
Fertilisers	3102 to 3105
Sugar and industrial alcohol	1701, 1703, 2207

...Applicability

FY 2013-14	T/O (Rs cr)
Fertilisers	8.00
Sugar	12.00
Trading	20.00
Total	40.00

FY 2013-14	T/O (Rs cr)
Fertilisers	18.00
Sugar	12.00
Trading	40.00
Total	70.00

Total Sales > Rs 35 cr	Y
Covered Products & Services > Rs 25 cr	N

Total Sales > Rs 50 cr	Y
Covered Products & Services > Rs 25 cr	Y

Maintenance	Y
Cost Audit	N

Maintenance	Y
Cost Audit	Y

	Rs/Cr
Sales of Formulations	31.78
Jobwork Income	2.17
Scrap Sales	0.84
Operational Income	34.79
Other Income	1.86
Total Income	36.65

....OVERALL TURNOVER FROM ALL
ITS PRODUCTS & ACTIVITIES....

Applicability

B – Non Regulated Sectors

- 33 “products” covered in this group
- Threshold for Cost Audit:
Overall turnover from all its products & services of Rs. 100 cr or more during the immediately preceding financial year, & Aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained is Rs. 35 cr or more
- Some products in this category were not included in 2014 Rules & hence they have been covered under requirements of this Rules from FY commencing on or after 1st April, 2015.

...Applicability

<p>machinery and mechanical appliances used in defence, space and atomic energy sectors excluding any ancillary item or items; Explanation: - For the purposes of this sub-clause, any company which is engaged in <i>any item or items supplied exclusively for use</i> under this clause, shall be deemed to be covered under these rules</p>	<p>8401, 8402, 8801 to 8805, 8901 to 8908</p>
<p>turbo jets and turbo propellers</p>	<p>8411</p>
<p>arms and ammunitions</p>	<p>3601 to 3603, 9301 to 9306</p>
<p>propellant powders; prepared explosives, (other than propellant powders); safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators</p>	<p>3601 to 3603</p>
<p>radar apparatus, radio navigational aid apparatus and radio remote control apparatus</p>	<p>8526</p>

...Applicability

<p>Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports under section 111 of the Major Port Trusts Act, 1963(38 of 1963)</p>	
<p>Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel rendered by airports and regulated by the Airports Economic Regulatory Authority under the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008)</p>	
<p>Steel</p>	<p>7201 to 7229, 7301 to 7326</p>
<p>Roads and other infrastructure projects corresponding to para no.(1)(a) as specified in Schedule VI of the Companies' Act, 2013</p>	

...Applicability

Rubber and allied products being regulated by the Rubber Board constituted under the Rubber Act, 1947 (XXIV of 1947)	4001 to 4017
Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signalling equipment's of all kind	8601 to 8608
Cement	2523, 6811, 6812
Ores & Mineral Products	2502 to 2522, 2524 to 2526, 2528 to 2530, 2601 to 2617
Mineral fuels (other than Petroleum), mineral oils etc.	2701 to 2708

...Applicability

Base metals	7401 to 7403, 7405 to 7413, 7419, 7501 to 7508, 7601 to 7614, 7801, 782, 7804, 7806, 7901 to 7905, 7907, 8001, 8003, 8007, 8101 to 8113
Inorganic chemicals, organic or inorganic compounds of precious metals, rare-earth metals of radioactive elements or isotopes, and Organic Chemicals	2801 to 2853, 2901 to 2942, 3801 to 3807, 3402, 3403, 3809 to 3824
Jute & Jute Products	5303, 5310
Edible Oil	1507 to 1518

Construction Industry as per Para (5)(a) as specified in Schedule VI of the Companies' Act, 2013	
Health services, namely functioning as or running hospitals, diagnostic centres, clinical centres or test laboratories	
Education services, other than such similar services falling under philanthropy or as part of social spend which do not form part of any business	

production, import and supply or TRADING of following medical devices, namely:

Cardiac Stents, Drug Eluting Stents, Catheters, Intra Ocular Lenses, Bone Cements, Heart Valves, Orthopaedic Implants, Internal Prosthetic Replacements, Scalp Vein Set, Deep Brain Stimulator, Ventricular peripheral Shud, Spinal Implants, Automatic Impalpable Cardiac Deflobillator, Pacemaker (temporary and permanent), patent ductus arteriosus, atrial septal defect and ventricular septal defect closure device, Cardiac Re-synchronize Therapy, Urethra Spinicture Devices, Sling male or female, Prostate occlusion device, Urethral Stents

..Applicable from FY commencing
 on/after 01/4/2015

Product	CETA Heading
Coffee & Tea	0901 & 0902
Milk Powder	0402
Insecticides	3808
Plastics & Polymers	3901 to 3914, 3916 to 3921, 3925
Tyres & Tubes	4011 to 4013
Paper	4801, 4802
Textiles	5004 to 5007, 5106 to 5113, 5205 to 5212, 5303, 5310, 5401 to 5408, 5501 to 5516
Glass	7003 to 7008, 7011, 7016
Other Machinery	8403 to 8487
Electricals & Electronic Machinery	8501 to 8507, 8511, 8512, 8514, 8515, 8517, 8525 to 8536, 8538 to 8547

Kandla	Chennai
Mumbai	Ennore
JNPT	Vishakhapatnam
Mormugaon	Paradip
New Mangalore	Kolkata
Kochi	Haldia
Tuticorin	

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- Roads and other infrastructure projects corresponding to para no.(1)(a) as specified in Schedule VI of the Companies' Act, 2013
“Roads, national highways, state highways, major district roads, other district roads and village roads, including toll roads, bridges, highways, road transport providers and other road-related services”
 - Construction Industry as per Para (5)(a) as specified in Schedule VI of the Companies' Act, 2013
 - “Real estate development, including an industrial park or special economic zone”

- Companies falling under the following categories are exempt from Cost Audit, but covered for maintenance of Cost Records:
 - Revenue from exports, in foreign exchange, exceeds 75% of its total revenue; or
 - Operating in Special Economic Zone
 - Companies classified as Micro or Small enterprise (based on investment), including as per section 7(9) falling under MSME Development Act, 2006 are totally exempt from these Rules – need not maintain cost records
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Exemptions

Particulars	First Schedule of IDRA Act, 1951	Providing or rendering of Services
	Investment in Plant & Machinery	
Micro Enterprise	Upto Rs. 25 Lakhs	Upto Rs. 10 Lakhs
Small Enterprise	Rs. 25 Lakhs to Rs 5 Crores	Rs. 10 Lakhs to Rs 2 Crores

So far, no threshold has been notified u/s section 7(9)

A Sample List of Hospitals

Company Name	Sales (Rs cr)
<u>Apollo Hospital</u>	3861.63
<u>Indraprastha</u>	677.58
<u>Fortis Health</u>	368.91
<u>Kovai Medical</u>	334.14
<u>Poly Medicure</u>	312.33
Opto Circuits	262.78
<u>Dr Agarwals Eye</u>	112.65
<u>Fortis Malar</u>	108.21
<u>Span Diagnostic</u>	78.66
<u>Centennial Sutu</u>	51.00
<u>Noida Medicare</u>	36.48

To Sum up.....

- Company into manufacture/service of specified products?
 - If Y, Turnover > Rs 35 cr
 - If Y, covered for Cost Records
 - Company activities covered under Regulated Group?
 - If Y, company T/o > Rs 50 cr & activities covered > Rs 25 cr
 - If Y, covered for Cost Audit
 - Company activities covered under Non-Regulated Group?
 - If Y, company T/o > Rs 100 cr & activities covered > Rs 35 cr
 - If Y, covered for Cost Audit
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