

Form CRA-3

[See rule 6(4) of the Companies (Cost Records and Audit) Rules, 2014]

FORM OF THE COST AUDIT REPORT

I/We,..... having been appointed as Cost Auditor(s) under sub-section (3) of section 148 of the Companies Act, 2013 (18 of 2013) of(mention name of the company) having its registered office at (mention registered office address of the company) (hereinafter referred to as the company), have audited the Cost Records maintained under section 148 of the said Act, in compliance with the cost auditing standards, in respect of the.....[mention name (s) of Product(s) / service(s)] for the period/year..... (mention the financial year) maintained by the company and report, in addition to my/our observations and suggestions in paragraph 2.

- (i) I/We have/have not obtained all the information and explanations, which to the best of my/our knowledge and belief were necessary for the purpose of this audit.
- (ii) In my/our opinion, proper cost records, as per rule 5 of the Companies (Cost Records and Audit) Rules, 2014 have/have not been maintained by the company in respect of product(s)/service(s) under reference.
- (iii) In my/our opinion, proper returns adequate for the purpose of the Cost Audit have/have not been received from the branches not visited by me/us.
- (iv) In my/our opinion and to the best of my/our information, the said books and records give/do not give the information required by the Companies Act, 2013, in the manner so required.
- (v) In my/our opinion, the company has/does not have adequate system of internal audit of cost records which to my/our opinion is commensurate to its nature and size of its business.
- (vi) In my/our opinion, information, statements in the annexure to this cost audit report gives/does not give a true and fair view of the cost of production of product(s)/rendering of service(s), cost of sales, margin and other information relating to product(s)/service(s) under reference.
- (vii) Detailed unit-wise and product/service-wise cost statements and schedules thereto in respect of the product/service under reference of the company duly audited and certified by me/us are/are not kept in the company.

2. Observations and suggestions, if any, of the Cost Auditor, relevant to the cost audit.

Dated: this ____ day of _____ 20__ at _____ (mention name of place of signing this report)

SIGNATURE AND SEAL OF THE COST AUDITOR (S)
MEMBERSHIP NUMBER (S)

NOTES:

- (1) Delete words not applicable.
- (2) If as a result of the examination of the books of account, the Cost Auditor desires to point out any material deficiency or give a qualified report, he or she shall indicate the same against the relevant para (i) to (vi) in the prescribed form of the Cost Audit Report giving details of discrepancies he/she has come across.
- (3) The report, suggestions, observations and conclusions given by the Cost Auditor under this paragraph shall be based on verified data, reference to which shall be made here and shall, wherever practicable, be included after the company has been afforded an opportunity to comment on them.

Annexure to the Cost Audit Report
Part-A

1. General Information

1	Corporate identity number or foreign company registration number	
2	Name of company	
3	Address of registered office or of principal place of business in India of company	
4	Address of corporate office of company	
5	Email address of company	
6	Date of beginning of reporting Financial Year	dd/mm/yyyy
7	Date of end of reporting Financial Year	dd/mm/yyyy
8	Date of beginning of previous financial year	dd/mm/yyyy
9	Date of end of previous financial year	dd/mm/yyyy
10	Level of rounding used in cost statements (in INR)	Absolute/thousands/lacs/crores
11	Whether Indian Accounting Standards are applicable to the company	Yes/No
12	Number of cost auditors for reporting period	
13	Date of board of directors meeting in which annexure to cost audit report was approved	
14	Whether cost auditors report has been qualified or has any reservations or contains adverse remarks	
15	Consolidated qualifications, reservations or adverse remarks of all cost auditors	
16	Consolidated observations or suggestions of all cost auditors	
17	Whether company has related party transactions for sale or purchase of goods or services	

2. General Details of Cost Auditor

1	Whether cost auditor is lead auditor	
2	Category of cost auditor	
3	Firm's registration number	
4	Name of cost auditor/cost auditor's firm	
5	PAN of cost auditor/cost auditor's firm	
6	Address of cost auditor or cost auditor's firm	
7	Email id of cost auditor or cost auditor's firm	
8	Membership number of member signing report	
9	Name of member signing report	
10	Name(s) of product(s) or service(s) with CETA Headings	

11	SRN number of Form 23C / CRA-2	
12	Number of audit committee meeting attended by cost auditor during year	
13	Date of signing cost audit report and annexure by cost auditor	
14	Place of signing cost audit report and annexure by cost auditor	

3. Cost Accounting Policy

(1) Briefly describe the cost accounting policy adopted by the Company and its adequacy or otherwise to determine correctly the cost of production/operation, cost of sales, sales realisation and margin of the product(s)/service(s) under reference separately for each product(s)/service(s). The policy should cover, inter alia, the following areas:

- Identification of cost centres/cost objects and cost drivers.
 - Accounting for material cost including packing materials, stores and spares, employee cost, utilities and other relevant cost components.
 - Accounting, allocation and absorption of overheads
 - Accounting for Depreciation/Amortisation
 - Accounting for by-products/joint-products or services, scraps, wastage etc.
 - Basis for Inventory Valuation
 - Methodology for valuation of Inter-Unit/Inter Company and Related Party transactions.
 - Treatment of abnormal and non-recurring costs including classification of other non-cost items.
 - Other relevant cost accounting policy adopted by the Company
- (2) Briefly specify the changes, if any, made in the cost accounting policy for the product(s)/service(s) under audit during the current financial year as compared to the previous financial year.
- (3) Observations of the Cost Auditor regarding adequacy or otherwise of the Budgetary Control System, if any, followed by the company.

4. PRODUCT/SERVICE DETAILS (for the company as a whole)

Name of Product(s) /Service(s)	UOM	CETA Heading (Wherever applicable)	Whether Covered under Cost Audit Yes / No	Net Operational Revenue (net of taxes, duties etc.)	
				Current Year Rs.	Previous Year Rs.
1.					
2.					
3.					
4.					
Total Net revenue from Operations					
Other Incomes of Company					
Total revenue as per Financial Accounts					
Exceptional, Extra Ordinary and Other Comprehensive Income, if any					

Total Revenue including Exceptional, Extra Ordinary and Other Comprehensive Income, if any					
Turnover as per Excise/Service Tax Records					
Note: 1) Explain the difference, if any, between Turnover as per Financial Statements and Turnover as per Excise/Service Tax Records.					

PART-B

FOR MANUFACTURING SECTOR

1. QUANTITATIVE INFORMATION (for each product with CETA Heading separately)			
Name of Product			
CETA Heading			
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 parties			
(e) Total available Capacity			
2. Actual Production			
(a) Self manufactured			
(b) Produced under leasing arrangements			
(c) Produced on loan license / by third parties on job work			
(d) Total Production			
3. Production as per Excise Records			
4. Capacity Utilisation (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 (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 Traded Product			
(e) Total Quantity Sold			

2. ABRIDGED COST STATEMENT (for each product with CETA Heading separately)							
	Name of Product						
	CETA Heading						
	Unit of Measure						
		Production	Finished Goods Purchased	Finished Stock Adjustment	Captive Consumption	Other Adjustments	Quantity Sold
	Current Year						
	Previous Year						
Sno	Particulars	Current Year		Previous Year			
		Amount (Rs.)	Rate per Unit (Rs.)	Amount (Rs.)	Rate per Unit (Rs.)		
1	Materials Consumed (specify details as per Para 2A)						
2	Process Materials/Chemicals						
3	Utilities (specify details as per 2B)						
4	Direct Employees Cost						
5	Direct Expenses						
6	Consumable Stores and Spares						
7	Repairs and Maintenance						
8	Quality Control Expenses						
9	Research and Development Expenses						
10	Technical know-how Fee / Royalty						
11	Depreciation/Amortisation						
12	Other Production Overheads						
13	Industry Specific Operating Expenses (specify details as per Para 2C)						
14	Total (1 to 13)						
15	Increase/Decrease in Work-in-Progress						
16	Less: Credits for Recoveries, if any						
17	Primary Packing Cost						
18	Cost of Production/Operations (14 + 15 to 17)						
19	Cost of Finished Goods Purchased						
20	Total Cost of Production and Purchases (18 + 19)						
21	Increase/Decrease in Stock of Finished Goods						
22	Less: Self/Captive Consumption (incl. Samples, etc.)						
23	Other Adjustments (if any)						
24	Cost of Production/Operation of Product Sold (20 + 21 to 23)						
25	Administrative Overheads						

26	Secondary Packing Cost				
27	Selling and Distribution Overheads				
28	Cost of Sales before Interest (24 to 27)				
29	Finance Cost				
30	Cost of Sales (28 + 29)				
31	Net Sales Realisation (Net of Taxes and Duties)				
32	Margin [Profit/(Loss) as per Cost Accounts] (31 - 30)				
NOTES:					
1.	Separate cost statement shall be prepared for each CETA heading representing the product.				
2.	In case the same product has different unit of measure, separate cost statement shall be provided for different unit of measures.				
3.	The items of cost shown in the Proforma are indicative and the same shall be reflected keeping in mind the materiality of the item of cost in the product. The Proforma may be suitably modified to meet the requirement of the industry/product.				
4.	In case the company follows a pre-determined or standard costing system, the above cost statement shall reflect figures at actuals after adjustment of variances, if any.				

2A. Details of Materials Consumed

Name of Product								
CETA Heading								
Description of Material	Category	UOM	Current Year			Previous Year		
			Quantity	Rate per Unit (Rs.)	Amount	Quantity	Rate per Unit (Rs.)	Amount
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
Category: Indigenous/ Imported/ Self Manufactured								

2B. Details of Utilities Consumed

Name of Product							
CETA Heading							
Description of Material	UOM	Current Year			Previous Year		
		Quantity	Rate per Unit (Rs.)	Amount	Quantity	Rate per Unit (Rs.)	Amount
1.							

2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

2C. Details of Industry Specific Operating Expenses			
Name of Product			
CETA Heading			
Description of Industry Specific Operating Expenses	Current Year		Previous Year
	Amount		Amount
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

PART-C
FOR SERVICE SECTOR

1. QUANTITATIVE INFORMATION (for each service separately)			
Name of Service			
Service Code (if applicable)			
Particulars	Unit of Measurement	Current Year	Previous Year
1. Available Capacity			
(a) Installed Capacity			
(b) Capacity enhanced during the year, if any			
(c) Total available Capacity			
2. Actual Services Provided			
(a) Own Services			
(b) Services under contractual arrangements			
(c) Outsourced Services			

(d) Total Services			
3. Total Services provided as per Service Tax Records			
4. Capacity Utilisation (in-house)			
5. Actual Sales			
(a) Services rendered – Domestic			
(b) Services rendered – Export			
(c) Total Services Rendered			

2. ABRIDGED COST STATEMENT (for each service separately)					
Name of Service					
Service Code (if applicable)					
Unit of Measure					
		Services Provided	Captive Consumption	Other Adjustments	Services rendered
	Current Year				
	Previous Year				
Sn o.	Particulars	Current Year		Previous Year	
		Amount (Rs.)	Rate per Unit (Rs.)	Amount (Rs.)	Rate per Unit (Rs.)
1	Materials Consumed (specify details as per Para 2A)				
2	Utilities (specify details as per Para 2B)				
3	Direct Employees Cost				
4	Direct Expenses				
5	Consumable Stores and Spares				
6	Repairs and Maintenance				
7	Quality Control Expenses				
8	Research and Development Expenses				
9	Technical know-how Fee / Royalty				
10	Depreciation/Amortisation				
11	Other Overheads				
12	Industry Specific Operating Expenses (specify details as per Para 2C)				
13	Total (1 to 12)				
14	Less: Credits for Recoveries, if any				
15	Cost of Services provided (13 - 14)				
16	Cost of Outsourced/Contractual Services				
17	Total Services available				
18	Less: Self/Captive Consumption				
19	Other Adjustments (if any)				
20	Cost of Services Sold (17 – 18 + 19)				
21	Administrative Overheads				

22	Selling and Distribution Overheads				
23	Cost of Sales before Interest (20+21+22)				
24	Finance Cost				
25	Cost of Sales (23 + 24)				
26	Net Sales Realisation (Net of Taxes and Duties)				
27	Margin [Profit/(Loss) as per Cost Accounts] (26 - 25)				
NOTES:					
1.	Separate cost statement shall be prepared for each service				
2.	The items of cost shown in the proforma are indicative and the same should be reflected keeping in mind the materiality of the item of cost in the service.				
3.	The proforma may be suitably modified to meet the requirement of the industry/service.				
4.	In case the company follows a pre-determined or standard costing system, the above cost statement should reflect figures at actuals after adjustment of variances, if any.				

2A. Details of Materials Consumed								
Name of Service								
Service Code (if applicable)								
Description of Material	Category	UOM	Current Year			Previous Year		
			Quantity	Rate per Unit (Rs.)	Amount	Quantity	Rate per Unit (Rs.)	Amount
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
Category: Indigenous/ Imported/ Self Manufactured								

2B. Details of Utilities Consumed							
Name of Service							
Service Code (if applicable)							
Description of Material	UOM	Current Year			Previous Year		
		Quantity	Rate per Unit (Rs.)	Amount	Quantity	Rate per Unit (Rs.)	Amount
1.							

2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

2C. Details of Industry Specific Operating Expenses			
Name of Service			
Service Code (if applicable)			
Description of Industry Specific Operating Expenses		Current Year	Previous Year
		Amount	Amount
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

PART-D

1. PRODUCT AND SERVICE PROFITABILITY STATEMENT (for audited products/services)

Sn o.	Particulars	Current Year			Previous Year		
		Sales Rs.	Cost of Sales Rs.	Margin Rs.	Sales Rs.	Cost of Sales Rs.	Margin Rs.
	Product 1						
	Product 2						
	Product 3						
	 etc.						
	Service 1						
	Service 2						
	Service 3						
	 etc.						
	Total						

2. PROFIT RECONCILIATION (for the company as a whole)			
Sno.	Particulars	Current Year Rs.	Previous Year Rs.
1	Profit or Loss as per Cost Accounting Records		
	(a) For the audited product(s)/service(s)		
	(b) For the un-audited product(s)/service(s)		
2	Add: Incomes not considered in cost accounts (specify details)		
	a)		
	b)		
	c)		
	d)		
	e)		
	f)		
	g)		
	h)		
	i)		
	j)		
3	Less: Expenses not considered in cost accounts (specify details)		
	a)		
	b)		
	c)		
	d)		
	e)		
	f)		
	g)		
	h)		
	i)		
	j)		
4	Difference in Valuation of stock between financial accounts and cost accounts		
5.	Other adjustments, if any		
6	Profit or Loss as per Financial Accounts (excluding Other Comprehensive Income for companies following Ind AS)		
Note: Show abnormal wastages, expenses on strikes/lock-outs and any other items of expenses or incomes of abnormal nature etc. not considered in cost separately			

3. VALUE ADDITION AND DISTRIBUTION OF EARNINGS (for the company as a whole)

Sno.	Particulars	Current Year Rs.	Previous Year Rs.
	<u>Value Addition:</u>		
1	Gross Sales (excluding sales returns)		
2	Less: Excise duty, etc.		
3	Net Sales		
4	Add: Export Incentives		
5	Add/Less: Adjustment in Finished Stocks		
6	Less: Cost of bought out inputs		
	(a) Cost of Materials Consumed		
	(b) Process Materials / Chemicals		
	(c) Consumption of Stores and Spares		
	(d) Utilities (e.g. power and fuel)		
	(e) Others, if any		
	Total Cost of bought out inputs		
7	Value Added		
8	Add: Income from any other sources		
9	Add: Exceptional, Extra Ordinary and Other Comprehensive Income, if any		
10	Earnings available for distribution		
	<u>Distribution of Earnings to:</u>		
1	Employees as salaries and wages, retirement benefits, etc.		
2	Shareholders as dividend		
3	Company as retained funds		
4	Government as taxes (specify)		
5	Exceptional and Extra Ordinary Expenses, if any		
6	Others, if any (specify)		
7	Total distribution of earnings		

4. FINANCIAL POSITION AND RATIO ANALYSIS (for the company as a whole)

Sno.	Particulars	Units	Current Year	Previous Year
A.	Financial Position			
1	Share Capital (see Note 1)			
2	Reserves and Surplus (see Note 1)			
3	Long Term Borrowings (see Note 1)			
4	(a) Gross Fixed Assets			
	(b) Net Fixed Assets (see Note 1)			
5	(a) Current Assets			

	(b) Less: Current Liabilities			
	(c) Net Current Assets			
6	Capital Employed (see Note 2)			
7	Net Worth (see Note 3)			
B.	Financial Performance			
1	Value Added			
2	Net Revenue from Operations of Company			
3	Profit before Tax (PBT)			
C.	Profitability Ratios			
1	PBT to Capital Employed (B3/A6)	%		
2	PBT to Net Worth (B3/A7)	%		
3	PBT to Value Added (B3/B1)	%		
4	PBT to Net revenue from Operations (B3/B2)	%		
D.	Other Financial Ratios			
1	Debt-Equity Ratio			
2	Current Assets to Current Liabilities			
3	Valued Added to Net Revenue from Operations	%		
E.	Working Capital Ratios			
1	Raw Materials Stock to Consumption	Months		
2	Stores and Spares to Consumption	Months		
3	Finished Goods Stock to Cost of Sales	Months		
Notes: 1) In this table, in case of companies to which Indian Accounting Standards apply: a) Share Capital shall mean 'Equity Share Capital' b) Reserves and Surplus shall mean 'Other Equity.' c) Long Term Borrowings shall mean 'Borrowing under Non-Current Liabilities' d) Net Fixed Assets shall mean the sum total of 'Property, Plant and Equipment', 'Capital Work in Progress', 'Goodwill', 'Other intangible assets', 'Intangible assets under development' and 'Biological assets other than bearer plants'. 2) Capital Employed means average of Net fixed assets (excluding effect of revaluation) plus Non-current investments and net current assets existing at the beginning and close of the financial year. 3) Net Worth is as defined under clause (57) of section 2 of the Companies Act, 2013.				

5. RELATED PARTY TRANSACTIONS (for the company as a whole)

Sn o.	Name and Address of the Related Party	Name of the Product / Service	Nature of Transaction (Sale, Purchase etc.)	Quantity	Transfer Price	Amount	Normal Price	Basis adopted to determine the Normal Price
1								
2								
3								
4								
5								

6			-					
7								
8								
9								
10								

NOTES:

- 1) Details should be furnished for each Related Party and Product /Service separately.
- 2) Details of Related Party transactions without indicating the Normal Price and the basis thereof shall be considered as incomplete information.

6. Reconciliation of Indirect Taxes (for the Company as a whole)

	Particulars	Assessabl e Value Rs.	Excise Duty Rs.	Service Tax Rs.	Cess and Others Rs.	VAT Rs.
	Duties/Taxes Payable					
	Excise Duty					
1	Domestic					
2	Export					
3	Stock Transfers (Net)					
4	Duty Free Clearance, Others etc.					
5	Total Excise Duty (1 to 4)					
6	Service Tax					
7	VAT, CST etc.					
8	Other State Taxes, if any					
9	Total Duties / Taxes Payable (5 to 8)					
	Duties/Taxes Paid					
10	Cenvat/VAT Credit Utilised - Inputs					
11	Cenvat/VAT Credit Utilised - Capital Goods					
12	Cenvat/VAT Credit Utilised - Input Services					
13	Cenvat/VAT Credit Utilised - Others					
14	Total (10 to 13)					
15	Paid through PLA/Cash					
16	Total Duties/Taxes Paid (14 + 15)					
17	Duties/Taxes Recovered					
18	Difference between Duties/Taxes Paid and Recovered					
19	Interest/Penalty/Fines Paid					
Note: Provide separate amounts in notes in respect of Item 4 above.						

SIGNATURE
NAME

SIGNATURE
NAME

SIGNATURE
NAME

COST AUDITOR
MEMBERSHIP NUMBER
SEAL
DATE

COMPANY
SECRETARY/DIRECTOR
MEMBERSHIP/DIN NUMBER
STAMP
DATE

DIRECTOR
DIN NUMBER
STAMP
DATE

Notes:

(1) Wherever, there is any significant variation in the current year's figure over the previous year's figure for any item shown under each para of the Annexure to the Cost Audit Report, reasons thereof shall be given by the Cost Auditor.

(2) Wherever, duration of the current year or the previous year is not twelve months, same shall be clearly indicated in the report."

[F.No. 1/40/2013-CL-V]



AMARDEEP SINGH BHATIA,
Joint Secretary, Government of India

Explanatory Memorandum: It is certified that no person is being adversely affected by giving retrospective effect to this notification. The proposed amendments have been made on account of amendments made in the Companies (Indian Accounting Standards) Rules, 2015.

Note.- The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 425 (E), dated the 30th June, 2014 and amended *vide* number G.S.R. 01(E), dated the 31st December, 2014 and *vide* number G.S.R. 486 (E), Dated the 12th June, 2015 and *vide* number G.S.R. 695 (E), dated the 14th July, 2016.