

## **Important Definitions:**

- 1) “Compliance Report”** means compliance report duly authenticated and signed by a cost accountant in the prescribed form of compliance report. **(Click here to see the form of the compliance report)**
- 2) “Cost Accountant”** for the purpose of these rules means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Accountants Act, 1959 (23 of 1959) and who is either a permanent employee of the company or holds a valid certificate of practice under subsection (1) of section 6 and who is deemed to be in practice under subsection (2) of section 2 of that Act and includes a firm of cost accountants
- 3) “Cost Records”** means books of account relating to utilisation of materials, labour and other items of cost as applicable to the production, processing, manufacturing or mining activities of the company
- 4) “Form-A”** means the form prescribed in these rules for filing compliance report and other documents with the Central Government in the electronic mode **(Click here to see the form)**
- 5) “Form-B”** means the form of the compliance report and includes Annexure to the compliance report.
- 6) “Manufacturing Activity”** includes any act, process or method employed in **relation to -**
  - (i) transformation of raw materials, components, sub-assemblies, or parts into semi-finished or finished products; or
  - (ii) making, altering, repairing, fabricating, generating, composing, ornamenting, furnishing, finishing, packing, re-packing, oiling, washing, cleaning, breaking-up, demolishing, or otherwise treating or adapting any product with a view to its use, sale, transport, delivery or disposal; or
  - (iii) constructing, reconstructing, reconditioning, servicing, refitting, repairing, finishing or breaking up of any products.
- 7) “Mining Activity”** includes any act, process or method employed in relation to the extraction of ores, minerals, oils, gases or other geological materials from the earth’s crust, including sea bed or river bed.
- 8) “Processing Activity”** includes any act, process, procedure, function, operation, technique, treatment or method employed in relation to-
  - (i) altering the condition or properties of inputs for their use, consumption, sale, transport, delivery or disposal; or
  - (ii) accessioning, arranging, describing, or storing products; or
  - (iii) developing, fixing, and washing exposed photographic or cinematographic film or paper to produce either a negative image or a positive image; or
  - (iv) printing, publishing, finishing, perforation, trimming, cutting, or packaging; or
  - (v) pumping oil, gas, water, sewage or any other product; or
  - (vi) transforming or transmitting, distributing power or electricity; or
  - (vii) harboring, berthing, docking, elevating, lading, stripping, stuffing, towing, handling, or warehousing products; or
  - (viii) preserving or storing any product in cold storage; or
  - (ix) constructing, reconstructing, reconditioning, repairing, servicing, refitting, finishing or demolishing of buildings or structures; or

- (x) farming, feeding, rearing, treating, nursing, caring, and stocking of living organisms; or
- (xi) telecasting, broadcasting, telecommunicating voice, text, picture, information, data or knowledge through any mode or medium; or
- (xii) obtaining, compiling, recording, maintaining, transmitting, holding or using the information or data or knowledge; or
- (xiii) executing instructions in memory to perform some transformation and/or computation on the data in the computer's memory.

**9) “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.

**10) “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.

**11) “Production Activity”** includes any act, process, or method employed in relation to -

- (i) transformation of tangible inputs (raw materials, semi-finished goods, or sub-assemblies) and intangible inputs (ideas, information, know how) into goods or services; or
- (ii) manufacturing or processing or mining or growing a product for use, consumption, sale, transport, delivery or disposal; or
- (iii) creation of value or wealth by producing goods or services.

**12) “Turnover”** means gross turnover made by the company from the sale or supply of all products or services during the financial year. It includes any turnover from job work or loan license operations but does not include any non-operational income.