



**Malabar Regional Co-operative Milk Producers' Union Ltd.**

Head Office, Peringolam, Kunnamangalam, Kozhikode-673 571, Kerala

Website: [www.malabarmilma.com](http://www.malabarmilma.com) • E-mail: [mrcmpu@malabarmilma.coop](mailto:mrcmpu@malabarmilma.coop) • Phone 0495-2805416, 417, 418

**BID REF No. MRCMPU/HO/FIN/317/INTERNAL AUDIT**

**EXPRESSION OF INTEREST IS INVITED FROM REPUTED  
CHARTERED ACCOUNTANT FIRM/COST ACCOUNTANT FIRMS  
HAVING EXPERIENCE IN CONDUCTING AUDITS OF  
MANUFACTURING /PROCESSING INDUSTRIES FOR CARRYING  
OUT THE INTERNAL AUDIT**

**2026-27**



**Malabar Regional Co-operative Milk Producers' Union Ltd.**  
Head Office, Peringolam, Kunnamangalam, Kozhikode-673 571, Kerala  
Website: [www.malabarmilma.com](http://www.malabarmilma.com) • E-mail: [mrcmpu@malabarmilma.coop](mailto:mrcmpu@malabarmilma.coop) • Phone 0495-2805416, 417, 418

**INVITATION TO BID - E-TENDER**

1. The Malabar Regional Co-operative Milk Producers' Union Limited inviting Expression of Interest from reputed Chartered Accountant firms/Cost Accountant firms having experience in conducting audits of manufacturing/processing industries for carrying out the Internal Audit of its Units. Interested Chartered Accountant Firms/Cost Accountant Firms may obtain further information from the Head office of the Malabar Regional Co-operative Milk Producers' Union Limited, Kozhikode.
2. The bid shall be submitted in two cover system consisting of technical bid and price bid. The price bid of those who qualify in the technical bid only will be opened.
3. Detailed terms and conditions as well as technical specifications are contained in the bidding document of the above work which is uploaded in the Kerala Government e-portal [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in)

- |                                |   |
|--------------------------------|---|
| a. Offer reference No.         | : MRCMPU/HO/FIN/317/INTERNAL AUDIT  |
| b. Offer download              | : Can be downloaded from the Website <a href="http://www.etenders.kerala.gov.in">www.etenders.kerala.gov.in</a> |
| c. Documents publish date      | : 06.06.2026, 16:00 hrs.  |
| d. Bid submission closing date | : 27.06.2026, 17:00 hrs.  |
| e. Bid opening                 | : 29.06.2026, 11.00 hrs.  |
| f. Time of completion          | : 21 Days   |
| g. Bid validity                | : 60 days   |

Kozhikode  
06.06.2026

**Premlal N.K**  
**Managing Director**

## Terms & Conditions for e-Procurement

The tender is invited in two-cover system from the registered and eligible firms through e-procurement portal of Government of Kerala (<https://www.etenders.kerala.gov.in>). Prospective bidders willing to participate in this tender shall necessarily register themselves with above mentioned e-procurement portal.

The tender time line is available in the critical date section of this tender published in [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in)

### **Online Bidder registration process:**

Bidders should have a Class II or above Digital Signature Certificate (DSC) to be procured from any Registration Authorities (RA) under the Certifying Agency of India. Details of RAs will be available on [www.cca.gov.in](http://www.cca.gov.in). Once, the DSC is obtained, bidders have to register on [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in) website for participating in this tender. Website registration is a one-time process without any registration fees. However, bidders have to procure DSC at their own cost. Bidders may contact e-Procurement support desk of Kerala State IT Mission over telephone at 0471- 2577088, 2577188, 2577388 or 0484 – 2336006, 2332262 - through email: [etendershelp@kerala.gov.in](mailto:etendershelp@kerala.gov.in) for assistance in this regard

**b. Online Tender Process:** The tender process shall consist of the following stages:

i. **Downloading of tender document:** Tender document will be available for free download on [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in). However, tender document fees shall be payable at the time of bid submission as stipulated in this tender document.

ii. **Pre-bid meeting:**

iii. **Publishing of Corrigendum:** All corrigenda shall be published on [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in) and shall not be available elsewhere.

iv. **Bid submission:** Bidders have to submit their bids along with supporting documents to support their eligibility, as required in this tender document on [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in). No manual submission of bid is allowed and manual bids shall not be accepted under any circumstances.

v. **Opening of Technical Bid and Bidder short-listing:**

The technical bids will be opened, evaluated and short listed as per the eligibility and technical qualifications. All documents in support of technical qualifications shall be submitted (online). Failure to submit the documents online will attract disqualification. Bids short listed by this process will be taken up for opening the financial bid.

vi. **Opening of Financial Bids:** Bids of the qualified bidder's shall only be considered for opening and evaluation of the financial bid on the date and time mentioned in critical date's section.

**c. Documents Comprising Bid:**

**i. The First Stage (Pre-Qualification or Technical Cover based on 1cover or 2 cover tender system):**

Pre-Qualification or technical proposal shall contain the scanned copies of the following documents, which every bidder has to upload:

The department doesn't take any responsibility for any technical snag or failure that has taken place during document upload.

**ii. The Second Stage (Financial Cover or as per tender cover system):**

The Bidder shall complete the Price bid as per format given for download along with this tender.

**Note:** The blank price bid should be downloaded and saved on bidder's computer without changing file-name otherwise price bid will not get uploaded. The bidder should fill in the details in the same file and upload the same back to the website.

**Fixed price:** Prices quoted by the Bidder shall be fixed during the bidder's performance of the contract and not subject to variation on any account. A bid submitted with an adjustable/ variable price quotation will be treated as non - responsive and rejected.

**d. Tender Document Fees and Earnest Money Deposit (EMD)**

The Bidder shall pay, a tender document fee and Earnest Money Deposit or Bid Security. The Bid security is required to protect the purchaser against risk of Bidder's conduct, which would warrant the forfeiture of security.

**Online Payment modes:** The tender document fees and EMD can be paid in the following manner through e-Payment facility provided by the e-Procurement system:

**1. State Bank of Travancore (SBT) Internet Banking:** If a bidder has a SBT internet banking account, then, during the online bid submission process, bidder shall select SBT option and then select Internet banking option. The e-Procurement system will re-direct the bidder to SBT's internet banking page where he can enter his internet banking credentials and transfer the tender document and EMD amount.

**2. National Electronic Fund Transfer (NEFT):** If a bidder holds bank account in a different bank, then, during the online bid submission process, bidder shall select NEFT option. An online remittance form would be generated, which the bidder can use for transferring amount through NEFT either by using internet banking of his bank or visiting nearest branch of his bank. After obtaining the successful transaction receipt no., the bidder has to update the same in e-Procurement system for completing the process of bid submission. Bidder should only use the details given in the Remittance form for making a NEFT payment otherwise payment would result in failure in e-Procurement system.

**3. RTGS Payment:** Payment through RTGS is made effective through the web portal of [etenders.kerala.gov.in](http://etenders.kerala.gov.in). Bidders can opt for payment of EMD and tender fees through RTGS mode also.

**As NEFT payment status confirmation is not received by e-Procurement system on a real-time basis, bidders are advised to exercise NEFT mode of payment option at least 48 hours prior to the last date and time of bid submission to avoid any payment issues.**

NEFT payment should be done according to following guidelines:

**i. Single transaction for remitting Tender document fee and EMD:** Bidder should ensure that tender document fees and EMD are remitted as one single transaction.

**ii. Account number as per Remittance Form only:** Account no. entered during NEFT/RTGS remittance at any bank counter or during adding beneficiary account in Internet banking site should be the same as it appears in the remittance form generated for that particular bid by the e-Procurement system. Bidder should ensure that tender document fees and EMD are remitted only to the account number given in the Remittance form provided by e-Procurement system for that particular tender.

Bidders must ensure that the banker inputs the Account Number (which is case sensitive) as displayed in the Remittance form. No additional information like bidder name, company name, etc. should be entered in the account no. column along with account no. for NEFT remittance.

**iii. Remittance Not Allowed:**, Account to Account transfers, State Bank Group Transfers (GRPT) or Cash payments are not allowed and are treated as invalid mode of payments. Bidder must ensure that the banker does NEFT/RTGS transaction only irrespective of the amount.

**iv. Amount as per Remittance form:** Bidder should ensure that the amount being remitted is neither less nor higher than the amount shown in remittance form.

**v. UTR Number:** Bidders should ensure that the remittance confirmation (UTR number) received after NEFT transfer should be updated as it is, in the e-Procurement system for tracking the payment.

**vi. One Remittance Form per Bidder and per Bid:** The remittance form provided by e-Procurement system shall be valid for that particular bidder and bid and should not be re-used for any other tender or bid or by any other bidder.

Any transaction charges levied while using any of the above modes of online payment has be borne by the bidder. The supplier/contractor's bid will be evaluated only if payment status against bidder is showing "Success" during bid opening.

#### **e. SUBMISSION PROCESS:**

For submission of bids, all interested bidders have to register online as explained above in this document. After registration, bidders shall submit their Technical bid and financial bid online on [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in) along with online payment of tender document fees and EMD. For page by page instructions on bid submission process, please visit [www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in) and click "Bidders Manual Kit" link on the home page.

It is necessary to click on "Freeze bid" link/ icon to complete the process of bid submission otherwise the bid will not get submitted online and the same shall not be available for viewing/opening during bid opening process.

## Expression of Interest

Malabar Regional Co-operative Milk Producers' Union Limited (MRCMPU Ltd) is a Co-operative organisation managing commercial units and functions as an industry. The expected turnover for the Financial Year 2026-27 is around Rs. 2,100 crores. The area of operation spreads over six northern revenue districts of Kerala viz Kasaragod, Kannur, Kozhikode, Wayanad, Malappuram & Palakkad. MRCMPU Ltd. popularly known as MILMA in Malabar region is inviting Expression of Interest from reputed Chartered Accountant firms/Cost Accountant firms having experience in conducting audits of manufacturing/processing industries for carrying out the Internal Audit for **two financial years starting from 2026-27** of its Units as detailed in the below given table. The ancillary units and ancillary sub units are detailed in **Annexure-V**.

SN.	Name of Main Unit/Dairy	Address
1	Head Office (HO)	Peringolam P.O., Kunnamangalam, Kozhikode-673571, Email: <a href="mailto:mrcmpu@malabarmilma.coop">mrcmpu@malabarmilma.coop</a>
2	Kozhikode Dairy (KKD)	Peringolam P.O., Kunnamangalam, Kozhikode 673571, Email: <a href="mailto:kkddairy@malabarmilma.coop">kkddairy@malabarmilma.coop</a>
3	Palakkad Dairy (PKD)	Kalleppully (PO), Palakkad- 678005 Email: <a href="mailto:pkddairy@malabarmilma.coop">pkddairy@malabarmilma.coop</a>
4	Wayanad Dairy (WYD)	Chuzhali, Kalpetta, Wayanad - 673121 Email: <a href="mailto:wyddairy@malabarmilma.coop">wyddairy@malabarmilma.coop</a>
5	Kannur Dairy (KNR)	Kaithapram (PO), Madambam, Sreekandapuram.-670631 Email: <a href="mailto:knrdairy@malabarmilma.coop">knrdairy@malabarmilma.coop</a>
6	Kasaragod Dairy (KGD)	Anandasramam P.O, Kanhangad, Kasaragod - 671531 Email: <a href="mailto:kgddairy@malabarmilma.coop">kgddairy@malabarmilma.coop</a>
7	Malappuram Dairy & Milk Powder Factory (MPD/MPF)	Moorkanad .P.O Malappuram <a href="mailto:mpmdairy@malabarmilma.coop">mpmdairy@malabarmilma.coop</a>

Those who are complying with our requirements specified in this document shall submit their Expression of Interest on or before **27-06-2026, 5.00 P.M.** Those received after the prescribed date and time will be summarily rejected.

The appointment will be **for a period of two years** and which can be extended up to a maximum of one year (Total 3 years). Extension of engagement will be based on the performance of services delivered which will be evaluated by a team of officials of MRCMPU Ltd. If performance is not found to be satisfactory during the engagement, MRCMPU reserves the right to terminate the assignments at any time.

**Requirements/Eligibility criteria**

1. The Chartered Accountant firms/Cost Accountant firms should have minimum ten years of experience in the field of providing Audit service to reputed firms
2. The Chartered Accountant firms/Cost Accountant firms with registered office in Kerala shall be eligible to participate in the EOI. Preference will be given to those Chartered Accountant firms/Cost Accountant firms having its office at Kozhikode or in any of the northern districts of Kerala namely Palakkad, Wayanad, Malappuram, Kannur and Kasaragod.
3. The Chartered Accountant firms/Cost Accountant firms shall have a minimum of three qualified Chartered accountants / Cost Accountants as partners out of which two shall be fellow members, in addition to the adequate number of supporting staff to manage the Internal Audit of MRCMPU Ltd. Name of partners shall be submitted along with the Technical offer (Annexure-I).
4. The Chartered Accountant firms/Cost Accountant firms shall provide the service of competent staff on a monthly basis upon receipt of work order which is detailed as below: -

SN.	Dairy/Unit	Minimum number of service days required in a month.	Qualification of Competent Staff
1.	Kozhikode Dairy	20	CA/ICMAI Intermediate
2.	Palakkad Dairy	20	CA/ICMAI Intermediate
3.	Wayanad Dairy	20	CA/ICMAI Intermediate
4.	Kannur Dairy	20	CA/ICMAI Intermediate
5.	Kasaragod Dairy	14	CA/ICMAI Intermediate/ Experienced Assistant
6.	Malappuram Dairy and Milk Powder Factory	20	CA/ICMAI Intermediate/ Experienced Assistant
7.	Head Office	20	CA/ICMAI Intermediate/ Experienced Assistant

5. To make a Chartered Accountant firms/Cost Accountant firms eligible to submit Expression of Interest, the firm must have an annual turnover of at least **Rs.150 lakhs** during the financial years 2022-23,2023-24 and 2024-25 on an aggregate. The audited Income and Expenditure statement and Income Tax returns for the respective years shall be submitted along with the Technical offer.
6. A Chartered Accountancy Firm shall also be ineligible for appointment under the following circumstances:
  - a) **Past Performance:** Firms previously appointed as internal auditors by MRCMPU Ltd. who failed to execute or successfully complete the assigned work are not eligible for reappointment.

- b) **Cooling-off period:** The existing Internal Auditors of MRCMPU Ltd. for the Financial Year 2025–26 must complete a mandatory two-year cooling-off period to be eligible to participate in this Expression of Interest (EOI).

### **Submission of Expression of Interest offers**

- 1) Offers shall be submitted in 2 covers
- a) Technical offer and b) Financial offer

**Technical offer shall include duly filled Annexure I and documents to prove the following**

1. Knowledge of Clients business (Milma/MRCMPU)
2. Presence in Malabar Region (Palakkad, Malappuram, Wayanad, Kannur & Kasaragod Districts)
3. Annual Turnover of the Firm in 2022-23,2023-24 and 2024-25 (Audited Income and Expenditure account and ITR)
4. Association with reputed firms as clients (List of clients)
5. Number of Partners in the Firm
6. Staff strength of the Firm
7. Previous experience with Manufacturing /Processing industries (list of clients with nature of engagement)
8. Years of experience of the firm (Date of incorporation)

**Financial offer shall include the duly filled Annexure II**

- (i) Quarterly Audit Fee including GST & Other expenses – Unit wise

The Technical offer and Financial offer shall be submitted on or before **5.00 PM on 27th June 2026** through the e-procurement window of Government of Kerala ([www.etenders.kerala.gov.in](http://www.etenders.kerala.gov.in)).

### **General Conditions**

1. Technical offer will be opened on **29-06-2026 at 11.00 A.M** and Financial offer will be opened on **02-07-2026 at 11.00 A.M** by the primary evaluation committee.
2. The financial offer of only those who are qualified in the technical offer will be considered.
3. Proof of eligibility criteria shall be enclosed, failure of which will lead to disqualification of the offer.
4. The Managing Director of MRCMPU Ltd. does not bind itself to accept the lowest or any of the offers received and reserves the right to reject or cancel all the offers without assigning any reason whatsoever.
5. MRCMPU Ltd will conduct a comprehensive, fair and impartial evaluation of all the offers received in response to this notification submitted within the due date and time specified in this document.

6. Date of primary evaluation of technical offer will be on **01-07-2026** and Primary evaluation of financial offer will be on **06-07-2026**.
7. Based on the technical and financial offers, the primary evaluation team of MRCMPU will prepare a ranking of the received offers. The ranking will consider not only the rates quoted but also the firm's experience and the number of qualified partners, as outlined in the eligibility criteria mentioned above
8. After the primary evaluation and ranking, those firms who are shortlisted will be called for a discussion at the Head Office of MRCMPU Ltd within one week of opening of the Financial and Technical Offers.
9. The shortlisted parties will be asked to give a brief presentation on their methodology, planning and way of approach to carry out the Internal Audit before completing the selection process.
10. Based on the technical offer, financial offer, primary evaluation and the brief presentation as said above; the secondary and final evaluation will be done by the secondary evaluation team. The Internal Audit firm will be finalised subject to the approval of the Director Board of MRCMPU Ltd.
11. The responsibilities of the Internal Auditor shall include reporting on the adequacy of internal controls, the accuracy and propriety of business transactions, the extent to which assets are accounted for and safeguarded, the level of compliance with financial norms and operational guidelines.
12. The selected Chartered Accountant firm shall adhere the scope outlined in **Annexure III** and the General guidelines specified in **Annexure IV**.
13. The Internal Auditor so appointed shall conduct the Audit in terms of the provisions laid down in the Engagement Letter issued by MRCMPU Ltd and shall ensure strict adherence thereto.
14. Visit our web site [www.malabarmilma.com](http://www.malabarmilma.com) for downloading documents.

Place :Kozhikode

Date :06/06/2026

**MANAGING DIRECTOR**

Annexure-I	- Technical Offer
Annexure-II	- Financial Offer through BOQ
Annexure-III	- Scope of Audit
Annexure-IV	- General Guidelines for Audit
Annexure-V	- List of Units and sub Units

**Annexure-I *(to be submitted in firms' letter head)***

**SPECIMEN FORMAT OF APPLICATION FORM FOR EXPRESSION OF INTEREST BY INTERNAL AUDITORS (TECHNICAL OFFER)**

<b>1. Name of the Firm</b>	
<b>2. A brief Profile of the firm**</b>	
<b>3. Address with PIN Code</b>	<b>Registered Address</b>       <b>Branch Office Address</b>
<b>4.Firm Registration Number</b>	
<b>5.PAN of the Firm</b>	
<b>6.GST No. of the Firm</b>	
<b>7.Contact Number</b>	
<b>8.Email ID</b>	

**9. Partner Details: \*\***

Partner Name	Mobile No.	Membership No.

**10. Major Internal/Statutory Audit works undertaken by the firm\*\***

Name of the Client	Year in which Internal/Statutory Audit was conducted

**11. Staff strength (Nos.)**

Staff category	No. of staff
Qualified Assistant	
Semi Qualified Assistant	
Others	

**12. Annual Turnover – Last Three years aggregate. :**

Financial Year	Turnover (₹)
2022-23	
2023-24	
2024-25	
<b>Total Turnover</b>	

Place :

Date :

Name and Signature

**\*\* Please use additional sheet, if necessary**

**Annexure II *(to be submitted in firms' letter head)***

**SPECIMEN FORMAT OF APPLICATION FORM FOR EXPRESSION OF INTEREST BY INTERNAL AUDITORS (FINANCIAL OFFER) THROUGH BOQ**

Audit Fee including GST & All related expenses shall be quoted in the BOQ as shown below.( The unit wise quarterly audit fee shall be quoted which is inclusive of all travelling expenses of the persons engaged for audit, all other related expenses and shall include GST)

No	Units	Amount per Quarter in Rupees
1	Kozhikode Dairy	
2	Palakkad Dairy	
3	Wayanad Dairy	
4	Kannur Dairy	
5	Kasaragod Dairy	
6	Malappuram Dairy and Milk Powder Factory	
7	Head Office	
	<b>Total</b>	

(Office Seal)

Name and Signature

Date :

**Annexure III.**

**A. SCOPE OF AUDIT**

As the organization grows, the role of the Internal Auditor is expected to evolve beyond addressing audit objections with remedial measures to include recommending preventive strategies. The primary objective of the Internal Audit is to meet management’s needs and ensure the following:

**Reporting:** The auditor must submit a detailed report for the Audit Period, highlighting any deviations from the systems and processes established by MRCMPU.

**Process Improvement:** The report should suggest improvements to strengthen the overall system.

**Documentation:** Reports on systems and processes, along with the Internal Audit Questionnaire, must be submitted with the quarterly Audit report.

**Coverage:** The Internal Audit shall cover all transactional activities across all units and sub-units of MRCMPU Ltd.

**I. Production Department**

**1. Reconciliation & Data Integrity**

- a. **MBS vs. Sales:** Reconcile quantities in the **Monthly Business Statement (MBS)**—specifically FAT & SNF data—against the **Monthly Sales Statement**. Document all deviations. (Monthly)
- b. **MBS vs. Costing:** Ensure production figures in the **Costing Software** align perfectly with the MBS. (Monthly)
- c. **Production vs. Inventory:** Verify production log books against the **Stock Register** within the production module. (Monthly)
- d. **Inter-Departmental Cross-Check:** Compare production log books (MBS) against **Engineering/Packing Machine logs** to identify discrepancies in recorded output. (Monthly)

**2. Output & Yield Analysis**

- a. **Permissible Limits:** Analyze the consolidated MBS to ensure all production percentages (yields, losses, etc.) fall within authorized limits. (Monthly)

<b>Parameters</b>	<b>Approved Standard*</b>	<b>Actuals</b>	<b>Remarks</b>
Fat and SNF Loss%			
Cream to Ghee Conversion Loss%			
Cream to Butter Conversion Loss%			
Butter to Ghee Conversion Loss%			
Yield % of Peda, Palada Mix and Paneer			

Overrun% fixed for different varieties of Ice cream with Fat & SNF at Ice cream Plant			
---	--	--	--

- b. **Bulk Product Verification:** Cross-check bulk issues (e.g., Ghee, Curd) against actual output produced as per the MBS. (Monthly)
- c. **Outsourced Production:** Validate quantity of milk sachets and products packed against **Labour Contractor invoices** for all outsourced dairy operations. (Monthly)
- d. **Capacity Utilization:** Calculate and report the plant's actual capacity utilization as a percentage. (Monthly)

### 3. Quality Control & Weight Compliance

- a. **Weight Accuracy (Surprise Checks):** Conduct random weight checks on finished products. Compare average sample weights against **MRCMPU's Maximum Permissible Weight Range**.
- b. **Reporting:** Use "Found Variation" or "Found within the Limit" based on the details provided separately and Include calculations for any financial loss resulting from weight deviations. (Monthly/Quarterly).

### 4. Logistics & Stock Transfers

- a. **Intra-Union Transfers:** Verify date-wise stock transfers by matching source and destination stock registers via Production and MIS software. (Monthly)
- b. **Transit Loss:** Perform a date-wise comparison of milk transit losses between Dairies and Depots. (Daily/Date-wise)
- c. **Market Returns:** Reconcile date-wise Sales Returns (Good and Leak packets) between the **Marketing Package** and the **Production Package**. (Monthly)
- d. **Leakage Analysis:** Evaluate total transit and dealer-wise market leaks. Report abnormalities, repetition, and calculate the financial impact (milk loss + packing material loss). (Monthly)

### 5. Asset & Consumable Accounting

- a. **Sachet Tray Management:** Analyze the tray accounting system (Opening Bal + Purchases - Scrap/Transfers = Closing Bal) across all locations. (Quarterly)
- b. **Route Verification:** Audit the tray accounting specifically for individual delivery routes. (Quarterly)
- c. **Ingredients & Consumables:** Audit damage percentages for ingredients and consumables using the **Costing Software**. (Monthly)
- d. **Physical Stock Verification:** Conduct physical verification of finished goods (milk/milk products), raw materials, and stores across all units and marketing depots.
  - 7. **Schedule:** End of each quarter (Sept 30, Dec 31, March 31). *Note: For the current term, verification is required as of August 1st, 2026.*
  - 8. **Methodology:** Random sampling for routine visits; 100% certified verification for quarterly reports. Mismatches against book stock must be reported.

## 6. Financial & Operational Oversight

- a. **Production Cost Analysis:** Review cost graphs (Total Cost vs. Product-Specific Cost) generated by the costing software. Identify and explain major deviations. (Monthly)
- b. **General Oversight:** Verify all auxiliary records related to processing, manufacturing, dispatch, and general operations. (Ongoing)
- c. **Costing Software Integration:** Monthly verification that all input data (Production estimation, wholesale price, revenue, dispatch, direct/indirect costs) has been imported/updated correctly.
- d. **Product Profiling:** Monthly verification of the product profile from the Costing Software; report the total cost of products in the audit report.
- e. **Material Variance:** Review the **Variance Report** generated from the Material Balance software on a monthly basis.
- f. **Cost Optimization:** Critically examine major cost elements (transportation, power, fuel, repairs, consumables, water, consumption) and provide management with expenditure control advice.

## II. Quality Department

- a. **Milk Value Reconciliation:** Compare the milk value paid to societies and external unions against the actual value of solids (Fat/SNF) received at the dairy.
- b. **Quantity Verification:** Reconcile dairy shift report quantities with the weighing machine records for all milk received.
- c. **Data Integrity Check:** Audit weighing machine reports for any manual corrections or unauthorized overrides regarding milk quantity.
- d. **Procurement Comparison:** Perform a date-wise comparison of procurement quantities between official milk bills and the Monthly Fat & SNF statements.
- e. **Logbook Reconciliation:** Verify milk quantities received from BMCs by cross-referencing truck sheets against logbook entries; report all discrepancies.
- f. **MBRT Compliance:** Review MBRT (Methylene Blue Reduction Test) analysis reports and flag all instances where quality falls below established standards.

## III. Purchase & Stores Department

### 1. Inventory & Software Reconciliation

- a. **Physical Stock Verification:** Conduct physical verification of finished goods (milk/milk products), raw materials, and stores across all units and marketing depots.
  - o **Schedule:** End of each quarter (Sept 30, Dec 31, March 31). *Note: For the current term, verification is required as of August 1st, 2026.*
  - o **Methodology:** Random sampling for routine visits; 100% certified verification for quarterly reports. Mismatches against book stock must be reported.
- b. **Purchase Audit:** Verify all records regarding the purchase of milk, raw materials, machinery spare parts, packaging, and general store items.
- c. **Tendering Process:** Verify compliance and procedures for e-tenders and manual tenders related to contracts, purchases, and services for the Head Office and various units on a monthly basis. Additionally, review tender-related documents such as Bank Guarantee formats, Agreements, Undertakings, Tender Forms, Indemnity Bonds, Affidavits, Work Orders, and Purchase Orders.
- d. **Consumption Accuracy:** Perform a monthly reconciliation between the 'Purchase' head in the Costing Software's Stock Register and the consumption figures in the Store Module.

Ensure these amounts align with the Packing Material and Ingredients costs reported in the Dairy P&L Statement.

- e. **Balance Integrity:** Confirm monthly that the opening and closing balances for all consumables and ingredients in the costing software maintain a variance within  $\pm 1$ .
- f. **Production Alignment:** Match the quantities of packing materials issued against actual production volumes monthly.
- g. **Data Availability:** Confirm that month-wise purchase quantities and costs for all consumables and ingredients are correctly recorded and accessible within the Costing Software.

## 2. Store Module & Indent Management

- a. **Outstanding Indents:** Review the **Indent Balance** and **Issue Pending** reports monthly. Identify and report all remaining quantities yet to be issued.
- b. **Financial Integration:** Conduct monthly verifications to ensure Goods Received Notes (GRN) in the Store Module tally with the Finance Ledger.
- c. **Gate Control:** Perform random spot checks of the Inward/Outward registers, as well as Gate-In and Gate-Out passes to ensure physical security and documentation accuracy.

## 3. Compliance & Master Data

- a. **Procurement Protocols:** Audit monthly procedural compliance for all purchase types, including:
  - o Commercial Advisory Committee (CAC) approvals.
  - o E-tendering processes.
  - o Local purchases and advertising expenditures.
- b. **Vendor Master Integrity:** Verify the accuracy of the Creditor Master database, ensuring all vendor codes are updated with mandatory statutory details, including **PAN** and **GST** registration.

## IV. Finance Department

This scope outlines the audit requirements for the Finance Department, categorized by frequency and functional area for better operational clarity.

### 1. Daily & Transactional Controls

- a. **Cash & Bank Vouching:** Conduct daily verification of all receipts and payments across all bank accounts.
- b. **Authorization Audit:** Ensure all payments align with the **Delegation of Powers (DoP)**, budgetary limits, and standard processing requirements (e.g., valid invoices and approvals).
- c. **Daily Remittance:** Tally daily cash remittances between the Finance and Marketing departments, cross-referencing against bank passbook entries.

### 2. Monthly Reconciliations & Statutory Compliance

- a. **Bank Reconciliation (BRS):** Verify monthly BRS statements prepared by the Finance Department.
- b. **Inter-Departmental Tallying:** Reconcile accounts between Marketing, Stores, Sister Unions, and Out-of-State entities (Milk and Product accounts).
  - o Perform sub-code wise tallying between Finance and Marketing modules.
- c. **Taxation & Regulatory Compliance:**

- **Income Tax TDS** : Ensure full compliance regarding statutory deductions and timely payments for Income Tax TDS and all other similar statutory requirements.
  - **GST**: Audit GST input tax claims and GST-TDS accounting procedures; report any discrepancies immediately.
  - **Income Tax**: Verify the recognition, accounting, and transfer of **IT-TDS and TCS** to the Head Office (HO).
  - **Statutory Filings**: Ensure compliance with TDS/GST statutes and verify the status of quarterly returns.
- d. **Financial Statements**: Conduct a monthly review of the **Profit & Loss Account** and **Balance Sheet**.

### 3. Inventory & Asset Management

- a. **Closing Stock Validation**: Compare monthly closing stock values across Sub-Units (Production and Sales modules) against the Financial Statement entries.
  - Validate valuation methods and the accuracy of applied rates.
- b. **Fixed Assets**: Verify all additions to fixed assets during the period and cross-verify with respective departmental asset registers.
- c. **Security Deposits**: Perform a physical verification of **Bank Guarantees** held in lieu of security deposits and report any variances.

### 4. Expenditure & Records Review

- a. **Books of Accounts**: Audit all digital and physical records, including Ledgers, Cash Books, Bank Books, and Journal Vouchers.
- b. **Voucher Integrity**: Examine the editing or cancellation of vouchers; provide remarks on the necessity and validity of such changes.
- c. **Advance Management**: Monitor the disbursement and timely settlement of advances (e.g., vendor purchases, employee travel, and purchase advances).
- d. **Payables Management**: Identify and report on long-pending payables to ensure liquidity and vendor relationship health.
- e. **Balance Confirmations**: Perform quarterly verification of Sundry Debtors and Creditors balances against received confirmation letters.
- f. **Budgetary Control**: Verify the **Budget Variance Report** monthly; document and include all adverse variances in the Internal Audit Report.
- g. **Grant & Project Certification**: Verify books and certify all Expenditure Statements (including **Utilization Certificates**) for GOK/GOI/Non-Governmental projects per prescribed formats and timelines.
- h. **Financial Analysis**: Review and report on the **Expense Turnover Ratio** and perform general **Ratio Analysis** with formal auditor remarks.
- i. **Audit Corrections**: Monthly verification of the requirement, authenticity, and procedures followed for any cancellation, deletion, or correction of entries in invoices and vouchers.

## V. Marketing Department

### 1. Financial & Credit Management

- a. **Debtor & Advances (Monthly)**: Verify balances receivable from debtors. Perform an aging analysis to highlight long-pending dues and unsettled advances/outstanding balances from other state dairies.
- b. **Agent Credit Limits (Monthly)**: Review credit extended to agents. Report any instances where credit limits are exceeded, including the agent's name, amount, and age of the excess credit.

- c. **Security Deposits (Ad-hoc/Quarterly):** Cross-link agent/dealer security deposits in the **Finance Module** with their corresponding codes in the **Sales Module**. Report any discrepancies.
- d. **Discounts & Schemes (Monthly):** Ensure quantity discounts, cash discounts, and promotional schemes applied to dealers/distributors align with current approved policies.
- e. **Taxation & Filing (Monthly):** Randomly verify uploaded B2B E-invoices against **GSTR 1 & GSTR 3B** returns. Confirm HSN codes, GST rates, and product subgroups for all new products in the Sales Module master.
- f. **Logistics Audit:** Monthly verification of vehicle operation records, including contract awards, rate hike calculations, and voucher claims.
- g. **Depot Oversight:** Ensure marketing depots are included in the quarterly physical stock verification cycles mentioned in the Store section.

## 2. Logistics & Transportation

- a. **Dispatch Verification (Monthly):** Reconcile date-wise dispatch quantities of milk and milk products against depot contractor bills.
- b. **Route Cost Analysis (Monthly):** Perform a route-wise analysis of transportation costs (inward/outward) for Milk, Curd, and Sambaram. Verify per-litre cost statements, capacity utilization, and compare the cost of goods transported versus actual transportation expenses.
- c. **Contract Compliance (Quarterly):** Audit transportation bills against agreements to ensure vehicle ownership, insurance, and fitness certifications are valid.
- d. **Operational Audit (Quarterly):** Verify route award status and the accuracy of diesel hike calculations during transportation bill processing.

## 3. Inventory & Asset Management

- a. **Stock Reconciliation (Monthly):** Reconcile the Product Inward Report (Sales Module) with Stock Transfer In data (Finance Module).
- b. **Sachet Tray Accounting (Quarterly):** Audit the tray accounting system by route; report any deviations or missing inventory.
- c. **Marketing Assets (Quarterly):** Evaluate the distribution of advertisement/POP materials, freezers, and visi-coolers against **Yearly Plan of Operations (YPO)** norms. Verify physical stock balances in the marketing store.

## 4. Systems, Data & Sales Analysis

- a. **Rate Master Integrity (Quarterly):** Compare Sales Module price rates with the latest **MRCMPU Head Office** price charts. Validate the correctness of Rate Type, Party Type, overriding facilities, and conversion factors.
- b. **Market Realization (Monthly):** Analyse the actual market realization for each product within the Sales Module.
- c. **Sales Performance (Monthly):** Compare budgeted sales growth (from Material Balance Software) against actual sales growth and include findings in the audit report.
- d. **Master Data Maintenance (Monthly):** Ensure no single agent is assigned multiple code numbers across Marketing or Finance modules.
  - o Verify that Sundry Debtor contact details (address, phone, email) are fully updated in the system..

## **VI. Human Resources Department**

### **1. Attendance & Payroll Verification (Monthly)**

- a. **Overtime Validation:** Reconcile employee punch-in/out times in the **Attendance Management System (AMS)** against the monthly **OT Report** to ensure accuracy.
- b. **Leave & Tour Reconciliation:** Cross-check all leave and official tours updated in the AMS with the **Attendance Statement** used for salary processing in the HR Module.
- c. **Salary & Wage Accuracy:** Verify the **Acquaintance Register** (salary/wage disbursement) and ensure that paid hours—including overtime—match the actual punching reports.
- d. **Absence & Permission Tracking:** Review absenteeism and short-leave permissions. Explicitly report any employees who have exceeded **five hours** of total permission time within a single month.

### **2. Statutory Compliance & External Reporting**

- a. **ESI & EPF Returns:** Verify and certify the accuracy of **ESI & EPF Returns** (half-yearly/yearly) before they are submitted to the Employees' State Insurance Corporation & Employees Provident Fund Organisation by the Head Office and Dairies.
- b. **Contractual Oversight:** Examine all vendor/contractor agreements and associated payments. Ensure full compliance with **statutory requirements** and confirm that all disbursements strictly adhere to the agreed-upon contract terms.

### **3. Employee Documentation**

- a. **Service Book Audit:** Periodically review and verify the **Service Books** of all employees to ensure they are updated and maintained according to organizational policy.

## **VII. Engineering Department**

### **1. Operational & Consumable Monitoring**

- a. **Vehicle Log Books:** Conduct monthly audits of vehicle log books and fuel consumption reports for all company-owned vehicles.
- b. **Resource Yield Analysis:** Perform monthly reconciliations of consumable and packing material usage. Compare actual yields recorded in engineering logs against standard benchmarks and report any significant discrepancies.
- c. **Maintenance & Requisition Audit:** Cross-verify the **Breakdown Register, Maintenance Register, and Engineering Store Indents** against the official Store Issue Statements to ensure data integrity.
- d. **Cost Optimization:** Critically examine major cost elements (transportation, power, fuel, water, repairs, consumables) and provide management with expenditure control advice.

### **2. External Repairs & Gate Control**

- a. **Machinery Movement:** Monitor the outbound and inbound movement of machinery or parts sent for external repair.
- b. **Documentation:** Ensure all movements follow established protocols, registers are updated in real-time, and that **Gate Pass (In/Out)** copies are strictly attached to repair invoices prior to payment processing.
- c. **AMC Management:** Verify and report on all **Annual Maintenance Contracts (AMC)** including Computers, Plant & Machinery, and Power Generation equipment.

### 3. Fixed Asset Accounting & Scrutiny

- a. **Capitalization Review:** Scrutinize all capitalized assets to confirm they have been delivered, installed, and commissioned. Verify that all supporting documentation—including approvals, Purchase Orders (POs), and final invoices—is complete.
- b. **Disposal & Scrap Sales:** Oversee the sale of fixed assets to ensure procedural compliance. Confirm that gains or losses are accurately recognized and that the **Fixed Asset Register (FAR)** is updated immediately.
- c. **Asset Tracking:** Validate that internal movement of fixed assets adheres to company policy and is reflected in the relevant registers.
- d. **Financial Reconciliation:** Perform regular tallies to ensure the Engineering Fixed Asset Register matches the records held by the Finance Department.

### 4. Statutory Compliance & Licensing

- a. **Monthly Verification:** Conduct a monthly review of all statutory requirements and renewals, including but not limited to:
  - **Taxes:** Building and Land Tax.
  - **Licensing:** Factory License, PCB Consent, D&O, and FSSAI.
  - **Insurance:** Fire & Special Perils and other corporate policies.
  - **Labor/Statutory:** ESI and EPF compliance.

### **VIII. IT & Systems (General) Department**

- a. **Access Control:** Monthly verification that **User Credentials and Password Policies** are strictly followed across all Union software. Check that strict password complexity and periodic reset requirements are enforced.
- b. **System Integrity:** Quarterly reporting on the **Lock Group Status** of various software modules at the unit level to ensure data period security.
- c. **Access Revocation:** Ensure access rights are immediately revoked upon employee termination.
- d. **Access Provisioning:** Check the user roles and ensure the role assigned to an employees matching with their job functions..

### **B. ADDITIONAL REQUIREMENTS & RESPONSIBILITIES**

#### 1. Verification of Operational Records

The Auditor is responsible for validating the questionnaires completed by Dairy Managers. This includes a thorough review of:

- (i) **Financials:** Profit and Loss Accounts and Monthly Business Statements.
- (ii) **Departmental Performance:** MIS reports from Marketing and Engineering performance metrics.
- (iii) **Scope Compliance:** Any additional parameters defined in the Scope of Audit.

**Note:** All findings and Auditor remarks must be integrated into the **Quarterly Audit Report**.

#### 2. Surprise Inspections

To ensure internal control integrity, the Auditor will conduct unannounced verifications of:

- (i) **Cash Reserves:** Physical counting of cash held in the Finance and Marketing departments.
- (ii) **Inventory:** Physical verification of finished goods (milk and milk products), raw materials, and stores across all units and marketing depots.
- (iii) **Reconciliation:** Compare physical counts against book stocks and report any discrepancies or mismatches. (This is independent of the standard quarterly stock verification).

### 3. Statutory Compliance & Taxation

The Auditor must monitor and report on necessary actions arising from amendments to:

- (i) **Direct and Indirect Tax Laws** at both Central and State levels.
- (ii) Relevant statutory rules and regulations affecting the organization.

### 4. Employees Group Gratuity Fund Trust

Complete verification of all books of accounts related to the **MRCMPU Employees Group Gratuity Fund Trust**.

### 5. Consolidated Reporting (Head Office)

The Quarterly Audit Report for the Head Office must serve as a comprehensive summary, including:

- (i) An abstract of all Dairy questionnaires and individual audit reports.
- (ii) **Comparative Analysis:** Cross-unit performance comparisons.
- (iii) **Internal Auditor Remarks:** Professional insights and synthesis of the data.

### 6. Timeline Adherence

The Auditor is strictly required to comply with the established schedule for the submission of all reports.

#### Auditing Timeline

Auditing Timeline					
Date - on or Before	Auditing Period	Other reports to be submitted along with the Audit report			
31 <sup>st</sup> August	Audit Report of April, May, & June 2026	Scope Fulfilment report	Questionnaire with remarks	Certified statement	Stock
31 <sup>st</sup> October	Audit Report of July, August & September 2026	Scope Fulfilment report	Questionnaire with remarks	Certified statement	Stock
31 <sup>st</sup> January	Audit Report of October, November & December 2026	Scope Fulfilment report	Questionnaire with remarks	Certified statement	Stock

30th April	Audit Report of January, February & March 2027	Scope Fulfilment report	Questionnaire with remarks	Certified statement	Stock
------------	--	-------------------------	----------------------------	---------------------	-------

\*In the present engagement the Audit Report of the first quarter has to be submitted before **31<sup>st</sup> August 2026**

## **Annexure IV**

### **GENERAL GUIDELINES**

#### **1. Scope and Compliance**

Internal Audits must be conducted in strict alignment with:

- a. Delegated powers and authorities.
- b. Official **Purchase & Production** and **Investment** policies of MRCMPU.
- c. Periodic guidelines issued by the MRCMPU management.

#### **2. Audit Continuity and Scheduling**

- a. **Finance Department:** Audit processes shall remain active and ongoing throughout the entire financial year.
- b. **Commencement:** On the first day of an audit, the auditor must meet with the Unit Head or Department Head to coordinate.
- c. **Planning:** A monthly audit schedule must be submitted in advance for review.

#### **3. Reporting Protocols**

- a. **Flash Reports:** Specific issues requiring immediate management intervention must be reported instantly to the Unit Head and the HOD (Finance) at the Head Office.
- b. **Management Presentations:** Every six months, the Internal Auditor will present a summary of observations, corrective actions taken, and key highlights to the top management at the Head Office.

#### **4. Dairy Audit Committee (DAC)**

To ensure effective oversight at the dairy level, a **Dairy Audit Committee** shall be established with the following members:

- a. Dairy Manager.
- b. Finance Head of the Dairy (serving as the **Convenor**).
- c. An officer nominated by the Managing Director.
- d. A representative from the Internal Auditor's team.

**Note:** The Internal Auditor's representative must attend DAC meetings once every two months. Meeting dates and critical issues escalated to the Head Office must be documented within the Internal Audit report. Draft observations must be discussed with the Unit Head before the report is finalized.

## 5. Professional Oversight & Unit Visits

- a. **Frequency:** A qualified Chartered Accountant is required to visit all units once every four months.
  - b. **Integration:** Findings and insights from these visits must be incorporated into the Internal Audit report for the corresponding period.
  - c. **Timeline:** The inaugural visit under this schedule is mandated for **September 2026**.
6. Reviewing the adequacy of Internal control systems and recommending improvements.
  7. Conducting regular Internal Audits as per agreed Audit Plan
  8. Identifying areas of operational efficiency and cost reduction
  9. Reporting on the findings of the Internal Audit to the Management
  10. Recommending corrective actions for identified deficiencies.
  11. Your firms shall ensure the confidentiality of all information and data including the documents obtained during the engagement.
  12. You shall provide the service of competent staff on monthly basis which is detailed as below:

SN.	Dairy/Unit	Minimum number of service days required in a month.	Qualification of Competent Staff
1.	Kozhikode Dairy	20	CA/ICMAI Intermediate
2.	Palakkad Dairy	20	CA/ICMAI Intermediate
3.	Wayanad Dairy	20	CA/ICMAI Intermediate
4.	Kannur Dairy	20	CA/ICMAI Intermediate
5.	Kasaragod Dairy	14	CA/ICMAI Intermediate/ Experienced Assistant
6	Malappuram Dairy and Milk Powder Factory	20	CA/ICMAI Intermediate/ Experienced Assistant
7.	Head Office	20	CA/ICMAI Intermediate/ Experienced Assistant

**Annexure-V****MALABAR REGIONAL COOPERATIVE MILK PRODUCERS' UNION LTD.  
PERINGOLAM KUNNAMANGALAM, KOZHICODE -673571****LIST OF ANCILLARY UNITS AND ANCILLARY SUB UNITS UNDER MRCMPU LTD –  
FOR INTERNAL AUDIT 2026-27.**

SI	UNIT	ADDRESS	MAIN UNIT
<b>I</b>	<b>ANCILLARY UNITS -PROCUREMENT &amp; INPUT UNITS (P&amp;I)</b>		
1	PALAKKAD P&I – DISTRICT OFFICE	Kalleppully (PO). Palakkad pkdpi@malabarmilma.coop	<b>HO</b>
2	MALAPPURAM P&I – DISTRICT OFFICE	Nilambur (PO) Malappuram mpmpi@malabarmilma.coop	<b>HO</b>
3	KOZHICODE P&I – DISTRICT OFFICE	Kunnamangalam (PO) Kozhikode - 673 571 Email:kkdpi@malabarmilma.coop	<b>HO</b>
4	WAYANAD P&I – DISTRICT OFFICE	Chuzhali, Kalpetta (PO), Wayanad. wydpi@malabarmilma.coop	<b>HO</b>
5	KANNUR P&I – DISTRICT OFFICE	Pallikkunnu (PO), Kannur knrpi@malabarmilma.coop	<b>HO</b>
6	KASARAGOD P&I – DISTRICT OFFICE	Anandasramam (PO), Kanhangad, Kasaragod kgdpi@malabarmilma.coop	<b>HO</b>
<b>II</b>	<b>ANCILLARY SUB UNITS -PROCUREMENT &amp; INPUT SUB UNITS (P&amp;I)</b>		
1	ATTAPADY RMRC – SUB UNIT PKD P&I	Kottathara P.O. Attapadi, Palakkad atppi@malabarmilma.coop	<b>HO</b>
2	MANANTHAWADY RMRC – SUB UNIT WYD P&I	Aarattuthara P.O. Mananthawady Wayanad	<b>HO</b>
3	PATTAMBI P&I – SUB UNIT PKD P&I	Mele Pattambi P.O. Palakkad ptbpi@malabarmilma.coop	<b>HO</b>
4	MOORKANAD P&I –SUB UNIT MALAPPURAM P&I	Moorkanad (PO) Malappuram -679 338 mkdpi@malabarmilma.coop	<b>HO</b>
5	VADAKARA P&I – SUB UNIT KKD P&I	Chemmarathur (PO), Vadakara, Kozhikode 673104, vdkpi@malabarmilma.coop	<b>HO</b>

<b>III</b>	<b>ANCILLARY SUB UNITS -MARKETING DEPOTS</b>		
1	NILAMBUR	Nilambur P.O. Malappuram nbr.mkt@malabarmilma.coop	<b>WYD</b>
2	RAMANATTUKARA	Agadi Parambil, PallikkalBazar, Kakkanchery , Kottapuram Road , Ramanattukara, 673620, rmk.mkt@malabarmilma.coop	<b>KKD</b>
3	ULLIYERI	Ulliyeri Marketing Depot Ulliyeri PO, Mundoth, Kozhikode-673620, uly.mkt@malabarmilma.coop	<b>WYD</b>
4	NADAPURAM	Nadapuram, Avolam, Near Modakara Masjith, Nadapuram PO, Kozhikode-673504 ndpm.mkt@malabarmilma.coop	<b>WYD</b>
5	KANNUR CITY	Kannur City Marketing depot, Podikundu P.O Pallikunnu Kannur kncity.mkt@malabarmilma.coop	<b>KNR</b>
<b>IV</b>	<b>TMR PLANT/GINGER PROCESSING UNIT</b>		
1	TMR PLANT PATTANCHERY	TMR plant, Moopankulam, Pattenchery(PO), Palakkad-678532 mrdftrmpkd@gmail.com,	<b>PKD</b>
2	GINGER PROCESSING UNIT MEENAGADY	Ginger Processing Unit Meenangadi , Wayanad-673591	<b>WYD</b>
<b>V</b>	<b>OTHER UNITS</b>		
1	HUMAN RESOURCE DEVELOPMENT CENTRE	HRD Centre Naduvattom, Arakkinar (PO), Kozhikode. hrdc.kkd@malabarmilma.coop	<b>HO</b>
2	CENTRAL PRODUCTS DAIRY	Naduvattom, Beypore, Kozhikode -673015 cpdkkd@malabarmilma.coop	<b>KKD</b>

\*There may be a possibility of addition/deletion of Ancillary Units/Sub Units, which has to be covered with the same rules.

Apart from the general terms and conditions given below, this Purchase Order shall be subject to the general terms and conditions as stipulated in our enquiry/tender against which this Purchase Order is placed.

**1. Inspection :**

The equipment under the purview of your supply should be inspected by your own technical experts at your works, and such as inspection Report should be forwarded to us in triplicate. However, the MRCMPU reserves a right to inspect at any stage of fabrication/manufacture of the equipment/material. You should intimate the MRCMPU without fail when the equipment is ready for inspection, including the stage wise inspection. You should not proceed with further manufacture and/or dispatch of equipment, without obtaining clearance certificate after inspection or our written permission. You should forward to us the Test Certificates wherever applicable, obtained from concerned authorities/principal manufacturers either regarding quality or any other details of the items utilized in the process of manufacture/ fabrication.

**2. Dispatch Instruction:**

The materials are to be dispatched to the project site by the mode of transport specified in the order under intimation to us. Depending on the type of material, you shall have to carry out proper packing/crating to avoid breakages in transit. Other details of despatch such as marking, consignee's particulars etc., are mentioned in the Purchase Order. For using any mode of transport other than the specified one, prior concurrence from us in writing should be obtained. All consignments should be despatched on freight paid basis respective of price basis. In the event of freight payable extra by us, you shall have to obtain our prior approval and produce necessary documentary evidence in support of your claims. Unless otherwise stated, the original RR/LR should be sent by Registered Post directly to the consignee along with a copy of invoice and 2 copies of Delivery Challan /Packing List.

**3. Delivery:**

The stipulated delivery time given in the Purchase Order is the essence of this contract. You must therefore, strictly adhere to the delivery schedule mentioned in the Order.

**4. Demurrage:**

You shall bear and reimburse to us full demurrage if any, paid by reason of delay on your part in forwarding the original despatch documents at the destination mentioned in the Purchase Order.

**5. Rejection:**

We reserve the right to reject the goods either in part or full if at the time of delivery, it is noticed that the goods supplied do not conform to the specifications/description given in the Purchase Order. The rejection, if any, will be intimated to you in writing within a reasonable time. You will be liable to repair/replace the rejected goods within the stipulated time. Till the repair/replacement is made, the rejected goods shall be lying at your risk, cost and responsibility. If you do not arrange to repair/replace the rejected goods within the period stipulated by us, we may dispose of such goods at your risk and in the manner which we think fit. We shall be entitled to retain the proceeds of disposal either in part or full towards the expenses incurred on storage and handling of such rejected goods till the goods are removed from our premises/stores.

**6. Cancellation of Contract:**

We shall be free to cancel our order either in part or full, in the case of non-delivery of material/non-completion of installation with stipulated delivery period or breach of any of the clauses mentioned herein. Consequential losses if any, on account of our order installation done or obtaining supplies from alternative sources besides payment of higher price shall be recovered from you.

**7. Force Majeure:**

The terms and conditions mutually agreed upon shall be subject to Force Majeure Clause. Neither the supplier nor the purchaser be considered in default in performance of his/their obligations hereunder if such performance is prevented or delayed because of hostilities, revolution, civil commotion, strike, epidemic, accident, fire, wind flood, earthquake or because of any law and order proclamation, regulation or ordinance of any Government or of any act of God or any other cause whether of similar or dissimilar beyond the reasonable control of the party affected. Should one or both the parties be prevented from fulfilling his/their contract obligations by a state of force Majeure lasting continuously for a period of six months, the two parties should consult each other regarding the future implementation of the contract/purchase order.

**8. Jurisdiction: Kozhikode Kerala only.**

\*\*\*\*\*