



FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2023-2026)**

THIRTY SEVENTH REPORT
(Presented on 11th February, 2025)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2025

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On

Kerala State Electronics Development Corporation Limited

**(Based on the Report of the Comptroller and Auditor General of India
for the year ended 31st March, 2016)**

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COMMITTEE ON PUBLIC UNDERTAKINGS
(2023-2026)

COMPOSITION

Chairperson :

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Members :

Shri A. P. Anil kumar

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Shri Ahammad Devarkovil

Shri T. V. Ibrahim

Shri P. Mammikutty

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Shri Kadakampally Surendran

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Legislature Secretariat :

DR. N. Krishna Kumar, Secretary

Shri Venugopal R., Joint Secretary

Shri Anil kumar B., Deputy Secretary

Shri Mohanan O., Under Secretary.

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2023-2026) having been authorised by the Committee to present the Report on its behalf, present this 37th Report on Kerala State Electronics Development Corporation Limited based on the report of the Comptroller and Auditor General of India for the year ended 31st March, 2016 relating to the Public Sector Undertakings of the State of Kerala.

The aforesaid Report of the Comptroller and Auditor General of India was laid on the Table of the House on 23-5-2017. The Report, besides other things in their findings, brought to light some functional irregularities relating to the Kerala State Electronics Development Corporation Limited. The Committee, in connection with the perusal of the report, took notice of the comparability of the audit paragraphs pertaining to such irregularities and decided to examine them altogether. The consideration of the audit paragraphs included in this report and the examination of the departmental witness in connection there to were made by the Committee on Public Undertakings (2021-2023) at its meeting held on 24-5-2022.

This Report was considered and approved by the Committee (2023-2026) at its meeting held on 29-1-2025.

The Committee place on record its appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of the Audit paragraphs included in this Report.

The Committee wishes to express thanks to the officials of the Industries Department of the Secretariat and the Kerala State Electronics Development Corporation Limited for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government, Industries and Finance Department and the officials of the Kerala State Electronics Development Corporation Limited who appeared for evidence and assisted the Committee by placing their views before the Committee.

Thiruvananthapuram,
11th February, 2025.

E. CHANDRASEKHARAN,
Chairperson,
Committee on Public Undertakings.

REPORT
on
Kerala State Electronics Development Corporation Limited
(2015-16)

AUDIT PARAGRAPH (2015-16)

3.2 Sub-contract Management by Public Sector Undertakings

Introduction

3.2.1 Public Sector Undertakings (PSUs) in Kerala carry out supply and installation of equipment and execution of civil works on behalf of Departments/agencies of Government of Kerala (GoK). These PSUs in turn engage sub-contractors for procurement of equipment and execution of work awarded by Departments of GoK/ agencies.

In order to examine compliance with rules and regulations and transparency in sub-contract management by PSUs, we examined 50 works¹ relating to supply and installation of equipment and 107 works relating to civil construction in seven² PSUs during the period 2010-11 to 2015-16. Out of these, 29 work orders valuing ₹178.79 crore for supply and installation of equipment were issued to the PSUs by GoK on nomination basis of which 20 work orders costing ₹51.47 crore were issued to the PSUs without preparing cost estimate. The cost estimates for these works were prepared by the PSUs based on which, work orders were issued by GoK to them on back to back basis³. The cost estimate in respect of 10 work orders for ₹27.77 crore was prepared with the help of business partners of the PSUs to whom these works were later sub-contracted.

1 41 works executed by Kerala State Electronics Development Corporation Limited (KELTRON) on behalf of GoK and nine works executed by Kerala Small Industries (SIDCO) for one Department/ three agencies of GoK.

2 Kerala State Electronics Development Corporation Limited, Kerala Small Industries Development Corporation of Kerala Limited, Kerala State Industries Development Corporation Limited, Kerala State Coastal Area Development Corporation Limited, Kerala State Electronics Development Corporation Limited and Forest Industries Travancore

3 It refers to purchases done by PSUs for GoK/ agencies who then pass it on to private parties with payment to private parties only after receipt of payment from GoK/

Audit findings are discussed below.

Audit Findings

Supply and installation of equipment

3.2.2 Kerala State Electronics Development Corporation Limited (KELTRON) and Kerala Small Industries Development Corporation Limited (SIDCO) supply and install equipment for departments of Government of Kerala (GoK) and other PSUs.

Issues noticed in the works relating to supply and installation of equipment are discussed in succeeding paragraphs.

Agreement with business partners

3.2.2.1 According to Section 3 of the Competition Act, 2002, no enterprise shall enter into any agreement for production, supply, etc., of goods or provision of services, affecting competition within India. As per guidelines (July 2004) of Central Vigilance Commission (CVC), while making procurement or executing work through a system of approved/ registered vendors and contractors, there should be wide publicity through website as well as through other traditional channels at regular intervals for registration of contractors/ suppliers.

We observed that for executing major works, KELTRON and SIDCO had entered into business agreements with eleven agencies, with the intention of obtaining work orders from GoK and getting them executed through these sub-contractors, as detailed in *Table 3.5*.

Table 3.5: Entities with whom business agreements were entered into

Name of the entity	Agreement since	Terms of agreement/ Particulars
Mediatronix Private Limited (Mediatronix)	March/April 2011	KELTRON was to solicit orders for city surveillance solutions and road traffic enforcement systems developed by Mediatronix. KELTRON would sell items in the brand name 'KELTRON'

		customer base. As per clause 4 of the agreement, Mediatronix and KELTRON would arrive at suitable pricing of the products on case to case basis.
Net X Technologies Limited (Net X Technologies)	June 2011	The parties to the Memorandum of Understanding (MoU) became strategic partners for selling products and services including digital library, learning management system, digital content creation and supply of servers and storage, etc., to various customers of KELTRON.
Stellar Green Tech Private Limited (SGPL), Gurgaon.	July 2011	Business partner for installation of solar projects.
Eram Scientific Solutions Private Limited (Eram Scientific)	March 2011	KELTRON obtained works from Local Self Government Department (LSGD) of GoK (based on a Government Order issued in March 2012) and had them executed by Eram Scientific.
Expedien E-Solutions Limited (Expedien)	April 2011	KELTRON obtained work of implementation of 'e-Vet Connect' in Kerala Veterinary and Animal Sciences University and executed it through Expedien
Ospyn Technologies Private Limited (Ospyn)	February 2009	KELTRON obtained work of File Management System for Kerala Prisons and Correctional Services Department (Prisons Department) executed through Ospyn.
Webex Systems and Networks Private Limited (Webex)	January 2012	Preferred outsourcing partner for marketing and selling IT products for Government Departments, Corporate consultancy and other related services in IT.

We observed that KELTRON and SIDCO selected business partners (strategic partners) without following any transparent procedure, such as identifying and empanelling firms through open tender process. Instead, the selection was based on unsolicited offers from the business partners who were private entities.

KELTRON stated (August 2016) that it took initiative and signed agreement with Mediatronix for projects related to purchase and installation of SVDS and RLVD⁴ on exclusive basis and that the system and solutions were proven for Indian conditions and were cost effective. The reply was not tenable as selection of business partners was not done transparently and cost effectiveness can be gauged only through a transparent tender system.

GoK stated (February 2017) that the PSUs had been instructed that criteria for selection of units whose products were marketed, terms of marketing arrangements, etc., should be brought to their Board of Directors (BoD) and got approved by them in advance. The reply is not acceptable as equal opportunity was not given to all interested parties.

Award of work to business partners without tenders

3.2.2.2 Rule 7.11 of Stores Purchase Manual (SPM) of GoK required that purchase orders/ work orders be issued only after inviting open tenders when the value of works exceeded ₹10 lakh.

We noticed that KELTRON and SIDCO had issued 12 work orders valuing ₹51.90 crore and 4 work orders valuing ₹8 crore respectively to their business partners without invitation of tenders as shown in **Appendix 10**. Out of these, eight work orders received by KELTRON and all the work orders received by SIDCO from GoK/ its agencies were on nomination basis.

Loss due to award of work without tenders

3.2.2.3 Issue of work orders to business partners on nomination basis resulted not only in violation of codal provisions but failure to obtain competitive rates as well. We worked out extra expenditure of ₹0.66 crore in award of works on nomination basis in two cases where comparable rates were available, as discussed below:

⁴ Speed/ Red Light Violation Detection System used for traffic enforcement.

- Prisons Department, GoK awarded (March 2012) work relating to implementation of solar energy system in Central Prison, Thiruvananthapuram to KELTRON (Serial number 2 of **Appendix 10**) at ₹7.27 crore on nomination basis based on the project proposal submitted by KELTRON. As KELTRON had no previous experience in implementing solar projects, the project proposal was prepared with the assistance of KELTRON's business partner, SGPL. KELTRON subcontracted (April 2012) this work to Rajasthan Electronics and Instrumentation Limited (REIL)⁵ and SGPL without any tendering process.

We noticed that SGPL expressed (May 2012) its inability to execute the order. Consequently, the order was issued (May 2012) to Megatech Power Equipments Private Limited (MPEPL), business partner of SGPL on their recommendation at the same rate. On a comparison of rates of solar panels procured (September 2012) for Thevancode Prison, we noticed that KELTRON had incurred extra expenditure of ₹ 0.55 crore.

GoK replied (February 2017) that award of work to MPEPL without tender was not justifiable. GoK also stated that the cost may vary from one jail to another depending on the layouts. The reply was not acceptable as we worked out the extra expenditure reckoning the cost of identical solar panels per unit (watt peak) supplied by REIL in both the jails. Cost per unit was also not dependent on the layouts.

Award of work after defective tendering

3.2.2.4 As per Rule 7.33 of Stores Purchase Manual (SPM), minimum time of 15 days (one month before revision of SPM in June 2013) was to be given for submission of bids. Short tender notice is also to be published in Gazette of GoK as mandated by the provisions of Rule 7.19 of SPM. Further, according to the directions (May 2004) of Central Vigilance Commission (CVC), pre-qualification criteria should be specified in tender documents and qualification of bidders should be carried out against these criteria.

⁵ Design, manufacture, supply and testing of 229 KWp SPV power pack at ₹2.56 crore, excluding subsidy of ₹1.65 crore and installation charge of ₹1.28 crore to be done by KELTRON

In 1,212 e-tenders invited by KELTRON during September 2012⁶ to March 2016, provisions of SPM were violated in 1,147 cases as time given for submission of bids was less than the minimum period prescribed. In respect of 41 sample-selected works which were sub-contracted by KELTRON, we observed that:

- In respect of 13 works received (2011-12 to 2015-16) from agencies of GoK on nomination basis⁷, time given for submission of bids by KELTRON ranged between 2 to 18 days (18 days given when 30 days were to be given). KELTRON also did not publish short tender notices in Gazette of GoK. Insufficient time for submission of bids and lack of adequate publicity create a risk that adequate number of bids will not be received and competition will be reduced. Due to their proximity to KELTRON, business partners/regular suppliers of KELTRON and their agents, however, participated in the tender and 13 work orders valuing ₹71.29 crore were awarded to them as shown in **Appendix 11**.
- In 2 out of the above 13 works, where comparable rates were available, GoK incurred extra expenditure of ₹4.17 crore as given in **Table 3.6**.

Table 3.6: Extra expenditure incurred by IT@School⁸ for purchase of computers

Name of work	Supply of laptops to IT @ School	Supply of desktops to IT @ School
Days given for bid submission	7	4
Quantity (Number)	4,400	2,200
Rate/ piece at which supplied to IT @ School (₹)	35,857	32,642
Rate for comparable item (₹)	27,610	30,200
Extra cost per piece (₹)	8,247	2,442

6 KELTRON started e-tendering from September 2012 only

7 Except one work included as Serial number 13 in Appendix 11 which was awarded to KELTRON after tendering.

8 A project to integrate computer technology into school curriculum with the primary objective of improving the quality of education and imparting computer education to school students.

Extra cost on supplied quantity (₹ in crore)	3.63	0.54
Remarks	Toshiba-make laptop with better specifications was purchased (January 2015) by Kerala Motor Transport Workers Welfare Fund Board, Kollam at the rate of ₹27,610	15 Acer-make computers with same specifications were purchased (February 2015) by Chemical Examiners Laboratory, Thiruvananthapuram at the rate of ₹30,200.

Accepting the audit observation, GoK stated (February 2017) that floating tenders with lesser number of days than that prescribed in SPM was not justified. GoK further stated that BoD of PSUs needed to be involved in case of deviations, either on a case to case basis or through getting a policy laid down.

We also noticed manoeuvring of tenders to suit business partners/ regular suppliers as described below:

- ✓ State Police Chief, Kerala awarded (October 2012) the work of installation of 100 SVDS to KELTRON. It invited tenders after splitting the work into three parts. Of these, KELTRON invited (November 2012) e-tenders for setting up of Control Room for SVDS in Thiruvananthapuram. Five parties participated in the pre-bid meeting held on 30 November 2012. On the date of opening of the tender (13 December 2012), KELTRON decided to collect physical bid documents instead of e-documents and to finalise the bids on 14 December 2012. This fact was not informed to all bidders who participated in the tender. The reason attributed by KELTRON for the change in the method of tendering was technical glitch in the e-tender website which prevented uploading or downloading the e-tender details.

According to the Kerala State IT Mission, which maintains the e-tendering website of GoK, there was no technical glitch in the website. This indicates that the officials of KELTRON wanted to finalise the tender outside the e-tender website when there was possibility of competition as five bidders had participated in pre-bid meeting. KELTRON opened (14 December 2012) the only bid received from RP Tech International Private Limited (RP Tech), who was authorised by Mediatronix to submit bids and awarded (20 December 2012) the work for ₹5.99 crore to RP Tech.

- ✓ In respect of works at serial number 1 and 2 of Appendix 11 which were parts of the same work, tender conditions were arbitrarily fixed suiting the ultimate awardees of the works. In the work awarded to Mediatronix, Thiruvananthapuram for supply of SVDS, the criteria fixed was having an existing service centre in Thiruvananthapuram, whereas for the work awarded to ITMG, Malappuram (who did not have a service centre in Thiruvananthapuram) for installation of SVDS, the criteria fixed was that it should have an existing service centre anywhere in Kerala. In both the tenders, there was only one bidder each viz. Mediatronix and ITMG.

Accepting the audit observation, GoK stated (February 2017) that they had instructed PSUs to have standard tender template, with deviations there from duly approved by the BoD.

Regarding tender condition of having service centre in Thiruvananthapuram for the work of supply of SVDS, GoK stated that as the control room was installed at Police Training College, Thiruvananthapuram, KELTRON's stipulation of having a service centre at Thiruvananthapuram was justifiable. The reply is not acceptable as the work pertains to supply of SVDS to different locations throughout Kerala and not for installing control room.

- ✓ In respect of works at serial numbers 6 and 7 of Appendix 11, one of the conditions for bidding was that the bidders should be strategic partners/MoU partners of KELTRON. In the case of these works valuing ₹1.99 crore, there was only one strategic partner viz., Net-X Technologies to submit bids.

In the following tender, minimum previous experience was fixed in violation of CVC guidelines as detailed in *Table 3.7*.

Table 3.7. Requirement of experience as per CVC guidelines and that fixed by KELTRON

Name of work	Requirement of experience during last seven years		Audit Observation
	CVC guidelines	Fixed by KELTRON	
Networking and OFC backbone networking for Directorate of Collegiate Education (February 2016)	One similar work valuing not less than ₹5 crore.	One similar work valuing not less than ₹2 crore.	Work was awarded to Net-X Technologies. Eligibility was fixed to suit the requirement of Net-X Technologies, business partner of KELTRON as it had previous experience of only one similar work valuing ₹3.08 crore. On comparison of rates of nine comparable items of a similar work ⁹ , excess expenditure of ₹0.19 crore (17.12 per cent) was noticed.

- For the works of supply of computer equipments for IT@School¹⁰, notice inviting tenders issued by KELTRON stipulated that bidders should have experience, preferably of supplying to GoK/ its undertakings. RP Infosystems Limited was awarded the work of supplying Chirag brand computers. Out of 14,061 systems supplied, 135 had to be replaced and 5,301 had to be serviced by KELTRON at a cost of ₹1.27 crore as RP Infosystems Limited failed in after-sale service against which KELTRON recovered ₹3.38 crore through invocation of Bank Guarantee and retention money. Even though ₹0.32 crore¹¹ remained to be recovered from RP Infosystems, KELTRON did not encash three BGs worth ₹0.58 crore which expired in June/ July 2013.

⁹ Nine items in order valuing ₹ 7.83 lakh given (March 2016) by Government College of Engineering, Kannur.

¹⁰ Order Acceptance (OA) nos. 946 and 947 of 2010-11 and 1409 and 1410 of 2011-12

¹¹ (Liquidated Damages deducted by IT@School: ₹2.43 crore plus service charges incurred: ₹1.27 crore) less ₹3.38 crore = ₹0.32 crore.

GoK replied (February 2017) that the figure of ₹1.27 crore was overstated and KELTRON's actual expenses were ₹0.74 crore. This reply is not acceptable because the figure of ₹1.27 crore was based on the figures provided by KELTRON itself and included the cost of manpower for service and overheads, whereas ₹0.74 crore was excluding these.

Award of work to single bidders

3.2.2.5 According to the directions (October 2013) of GoK, in cases where there was only single bidder, retendering should be resorted to. If after retendering also there was only single bidder, the work can be awarded to the single bidder with justification for the same. Further, as per Rule 8.15 of SPM, Earnest Money Deposit (EMD) of a tenderer will be forfeited, if the tenderer withdraws from the tender.

- We noticed that KELTRON had awarded eight works, obtained from GoK/ agencies on nomination basis, to single bidders for ₹24.60 crore without retendering (**Appendix 12**). The time given for bid submission in these cases was also lesser than that mandated by SPM. In respect of tenders for the works of Motor Vehicle Department, GoK and Transport Commissioner (Serial numbers 4 and 6 of **Appendix 12**) request of one contractor for extension of bid submission time for each work was not considered by KELTRON.

In respect of tenders invited for three works, there were two bidders each. Though the bidders were related entities which made their bids equivalent to single bids, KELTRON/ SIDCO did not retender the works as warranted by the Order (October 2013) of GoK as detailed in **Table 3.8**.

Table 3.8. Bidding by related entities

Sl. No.	Items of supply	Name of bidders	Name of PSU	Work awarded to	Purchase Order Value (₹ in crore)	Remarks
1	Compactors ¹² for KLIM	SIPL and NetX Technologies	SIDCO	SIPL	4.21	SIPL and Net-X Technologies were the business partners of SIDCO and KELTRON respectively. In the tender invited by KELTRON, the bid submitted by Smartsoft (another vendor) was rejected during technical evaluation though it complied with all the tender conditions. The seal of SIPL was found on the bid documents submitted by Net-X Technologies to KELTRON. The contact e-mail given by SIPL in the e-tender website was biju@netx.co.in i.e. an email address registered in the domain of Net-X Technologies
2	Two Database servers for IT @ School	SIPL and NetX Technologies	KELTRON	Net-X Technologies	1.00	

We further noticed that:

¹² Compactors are storage systems which can store large number of files/documents etc., utilizing comparatively less floor space.

- In respect of the work of installation of speed cameras and surveillance system for Transport Department, GoK (serial number 6 of **Appendix 12**), Proxs Infocomm Limited (Proxs) was Mediatronix's partner and an authorised agency to quote, supply, install and maintain traffic enforcement systems developed by Mediatronix. In the tender documents submitted by Proxs, employees of Mediatronix were mentioned as the contact persons for financial and technical enquiries.

Work was awarded to Proxs on 1 November 2013 and on the same day KELTRON, Mediatronix and Proxs entered into a teaming agreement for joint development, implementation and maintenance of the required system and software for the project.

As Proxs did not start the work even after three months of the issue of the Purchase Order, KELTRON cancelled (3 February 2014) the Purchase Order and the supply order was directly issued (6 February 2014) to Mediatronix without re-tendering for a total value of ₹9.34 crore. KELTRON, Mediatronix and Proxs, thereafter, entered (25 February 2014) into a compromise deal and KELTRON refunded (26 February 2014) the earnest money deposit (₹20 lakh) submitted by Proxs. Such instances highlight the non-transparent dealings of KELTRON.

- For the work of setting up of vehicle testing stations (VTS) in Thiruvananthapuram and Ernakulam (serial number 4 of **Appendix 12**), KELTRON published (16 January 2014) e-tenders, giving only five days for submission of bids. A private company¹³ had complained to KELTRON that the dates given in the tender were in violation of the provision of General Financial Rules 2005. KELTRON did not consider this complaint even though there was violation of SPM provisions, thereby limiting competition. Only one bid was submitted which was accepted though the bidder (Webex Systems and Networks Private Limited – Webex) did not submit documents such as declaration about non-blacklisting by Government Departments, registration certificate, service centre details, PAN details, etc. KELTRON had earlier obtained works of VTS at Kozhikode and Kannur by submitting proposals obtained from Webex and thereafter passed on (October 2011- March 2012) these work to Webex on nomination basis.

13 Environmental Systems Products India Private Limited.

Webex, incorporated in 2007, obtained VAT registration in February 2012. After obtaining the works of VTS through KELTRON, the VAT registration was cancelled in August 2014. Webex collected (March 2012 - March 2014) VAT amounting to ₹0.68 crore from KELTRON in the deal, which was not duly remitted to the Commercial Taxes Department, GoK. Due to this, KELTRON would be disallowed the input VAT credit of ₹0.68 crore availed of by it.

Commercial Taxes Department, GoK, replied (November 2016) that notice had been issued to Webex for recovery of VAT. Recovery was, however, pending as of February 2017.

Award of work to regular suppliers after defective evaluation of bids

3.2.2.6 GoK/ its agencies issued (January 2011- January 2016) nine work orders to KELTRON through tender process. In respect of one tender for supply and installation of 3,720 all-in-one desktop computers for Additional Skill Acquisition Programme (ASAP) of Higher Education Department, the eligibility criteria for technical qualification required that the bidder should be a manufacturer or authorised dealer or authorised distributor and the equipment should have EPEAT¹⁴ gold certificate.

ASAP rejected one of the bidders who had quoted with Dell make stating that it did not furnish list of service centres, whereas Dell followed onsite service support. ASAP rejected another bid as it did not meet the annual turnover criteria of ₹20 crore, which was more than the probable amount of contract (PAC) of ₹15 crore. ASAP qualified KELTRON and Steel Industrials Kerala Limited¹⁵ (both with Acer brand) technically, even though neither of them were manufacturers or authorised dealers/ distributors. They neither submitted EPEAT gold certificate nor did have any service network. Despite these defects, ASAP placed (6 March 2015) work order on KELTRON, the lower of two bidders at the rate of ₹37,000 per piece.

14 Electronic Product Environmental Assessment Tool (EPEAT) is a free and trusted source of environmental product ratings that makes it easy to select high-performance electronics that meet an organisation's IT and sustainability goals. Manufacturers register products based on the devices' ability to meet various criteria developed and agreed upon by diverse stakeholders to address the full lifecycle of an electronic product

15 A Public Sector undertaking

We observed that KELTRON had invited (4 March 2015) tenders in which two bidders, ACS Technologies and LR Infotech System had participated. Both the bidders were regular suppliers of KELTRON during 2010-11 to 2015-16 with nearly 30 to 82 *per cent* of their annual turnover coming from KELTRON. Work order was issued (11 March 2015) to ACS Technologies, the lowest bidder who quoted ₹35,233 per piece even though it did not produce EPEAT gold certificate.

KELTRON replied (August 2016) that the equipment supplied by ACS Technologies had EPEAT gold certification. The reply was incorrect as EPEAT gold certification was obtained (24 March 2015) after placing supply order by KELTRON.

Lapses in installation of integrated security system for Sree Padmanabha Swamy Temple

3.2.3 GoK approved (27 October 2012) KELTRON's proposal for integrated security system for Sree Padmanabha Swamy Temple and State Police Chief, Kerala made advance payment (March 2013) of ₹9.54 crore to KELTRON for it.

We observed that KELTRON could not complete the installation of seven speed folding doors costing ₹1.61 crore as the Executive Committee of the Temple did not permit it. Permission of the Thanthri (priest) was required for any changes to be made inside the temple, which was not obtained by KELTRON. We also observed (April 2016) in a joint physical verification that KELTRON purchased excess material valuing ₹0.25 crore. Similarly, bollards installed in the North, East and West Nadas were not working and road blockers installed in East, West and South Nadas were also not working.

GoK replied (February 2017) that road blockers and bollards were being rectified. The fact, however, remains that these equipment were not fully rectified and warranty for road blockers and bollards would expire in December 2017 while that of speed folding doors would expire in August 2017.

Payment for supplies not conforming to specifications

3.2.4 KELTRON ordered (6 March 2014) four day-night vision binoculars from Trident Infosol Private Limited (Trident) after inviting limited tenders, for

Integrated Security System (ISS) in Sree Padmanabha Swamy Temple. According to the terms of purchase order, payment was to be made against delivery and acceptance of material.

We noticed that KELTRON staff had taken the binoculars into stock and paid ₹6.53 lakh (80 per cent of value of supply, including tax) on the day of receipt (15 May 2014). Deputy Commissioner of Police, Sree Padmanabha Swamy Temple Security rejected (March 2015) the binoculars due to non-conformity to order specifications. Thus, ₹6.53 lakh were spent wastefully due to KELTRON's undue haste in making payment to Trident. Trident did not replace the items (April 2016).

Conclusion

KELTRON and SIDCO awarded work orders to their business partners on nomination basis and through tendering that was tailor-made to suit their business partners. Thus, a few firms viz., Mediatronix, RP Tech Net-X Technologies and SIPL managed to obtain major orders of GoK through KELTRON and SIDCO without complying with provisions of KFC, SPM and CVC guidelines. Besides, due to involvement of PSUs in the execution of works of GoK through private parties, GoK had to incur extra expenditure. In execution of civil works also, there was noncompliance with provisions of KFC, SPM and CVC directives.

Recommendation

1. GoK should dispense with the system of awarding works to PSUs on nomination basis.
2. GoK should comply with the provisions of SPM and invite competitive tenders.
3. PSUs which get work orders after participating in tenders should ensure that all the provisions of SPM and CVC guidelines are complied with.

[The Audit paragraph 3.2 contained in the report of the C &AG for the year ended 31 March 2016.]

The notes furnished by the Government on the audit paragraph are given in Appendix II

Discussion and findings of the Committee

3.2.2 Supply and Installation of equipment

3.2.2.1. Agreement with business partners

The Committee noted that Keltron had entered into 7 sub-contracts for supply and installation of equipment to Government Departments and other PSUs during the period from 2011-12 to 2015-16 by violating Section 3 of the Competition Act, 2002 and the guidelines of the Central Vigilance Commission, 2004. The Committee sought explanation regarding this. The Additional Secretary, Department of Industries replied that the e-tender process was not common during the period from 2010 to 2012 and after the observation of A.G, steps had been taken to fully comply with the CVC Guidelines, Kerala Financial Code and Stores Purchase Manual. He further stated that prior to 2016, during the time of technology transfer the technical experts of the Company would hold discussions with end-beneficiaries and after verifying the financial status and assessing the expertise of the business partner, would sign the MoU charging ₹ 1 Lakh. If the MoU was renewed after one year, an additional amount of ₹ 50,000 would be charged. The officer added that despite the signing of the MoU, the Expression of Interest (EOI) and tender was invited and deals were made only with L1 parties. Keltron had incurred 30% gain from the logo sharing for Defence Corporate and no financial losses incurred during that period.

The MD Keltron, added that during the period 2011-2012, when e-tendering and the website were not common, Keltron identified partners based on the requirement of various departments and signed MoU after assessing their technological expertise. After signing the MoU, business deals were made within the stipulated time.

To a query about Sub-Committee constituted to frame MoU policy, the Deputy General Manager, Keltron informed that the Board had constituted a Sub-Committee to frame MoU policy and had approved its report and directed to limit the MoU system only to those institutions having transfer of technology with effect from 2018 onwards. He further stated that now the partners are being selected through e-tender and Expression of Interest. The Managing Director added

that after selecting the partners through e-tender and Expression of Interest, Keltron would sign MoUs only with those firms where technology transfer was available. The MD also informed that MoUs are being allowed for business relationship with Central Government institutions and other public sector institutions and for increasing manufacturing content.

The Committee sought explanation regarding the selection procedure of business partners for signing MoU. The witness explained that tenders were invited according to the specifications given by the organisations and the business partners were being selected after evaluating all the tenders received by the Technical Committee.

The Committee noted that Keltron had entered into business contracts with seven agencies with the intention of obtaining work order from Kerala Government and to execute them through sub-contracts. They were Mediatronix Private Limited, NetX Technologies Limited, Stellar Green Tech Private Limited, Eram Scientific Solutions Private Limited, Expedien e-solutions Limited, Ospyn Technologies Private Limited, Webex Systems and Networks Private limited. The Committee sought explanation regarding the selection procedure adopted by Keltron for selecting these entities. The concerned officer replied that Mediatronix was the technology partner of Keltron with MoU and it was the only manufacturer in India having own design and manufacturing of rugged type IP 67 PTZ Cameras, Fixed cameras SVDS and RLVDS with magnetic sensors and radar sensors. He added that as proposed by the Kerala Police Department, an MoU was signed with Mediatronix and after buying the technology from the agency, Keltron had done assembling.

The Committee inquired whether any other competent Company was excluded while selecting the above Company. The witness replied that in 2010, three tenders were invited for the surveillance solution and speed detection for the Kerala Police Department. Since Keltron was the only Company participated during the first tender process, a second tender was invited and then a Company called Lukman also participated but their solution was rejected as it was not technically qualified and Keltron was selected in the third tender also. The witness also informed that the Police Department was satisfied with the demo unit placed

at Vellayambalam and Museum junctions. The order was placed in a phased manner and after receiving the order, the business partner was selected through another tendering process and the cost to install one unit was ₹80 lakh and all the procedures were followed in the selection of the Company.

The Committee was not satisfied with the reply and directed to provide a detailed report on it.

Observations/Recommendations

1. The Committee observes that KELTRON selected its strategic partners without following any transparent procedure such as identifying and empanelling firms through open tender process. Hence the Committee recommends that KELTRON should follow the CVC guidelines while executing all works.

2. The Committee observes that Mediatronix was the technology partner of Keltron with MoU. The Committee expresses its dissatisfaction on Keltron's reply that it had entered into an agreement with Mediatronix for procurement and implementation of SVDS and RLVDS on an exclusive basis and that the system and solution were proven for Indian conditions and cost effective. Therefore, the Committee opines that the selection of business partners was not done transparently and cost effectiveness can be gauged only through transparent tender system. So the Committee directs to furnish a clear report regarding the selection of Mediatronix as the business partner.

3.2.2.2. Award of work to business partners without tenders

The Committee sought explanation regarding the work orders issued without tenders in violation of Rule 7.11 of Stores Purchase Manual. The witness explained that Keltron had a Purchase Manual approved by the Board according to the standards of electronic industry during the time. He added that there was a discrepancy between the provisions of Keltron's Purchase Manual and the provisions of the Kerala Stores Purchase Manual and after the audit observations, it was decided to follow the Kerala Stores Purchase Manual since 2016.

The Committee observed that there was violation of Stores Purchase Manual as mentioned in the audit observation and criticised the officials for not keeping transparency in its dealings. The Committee opined that such dealings would adversely affect the credibility of the Company.

Observations/Recommendations

3. The Committee observes that there was violation of Stores Purchase Manual as mentioned in the audit observation and criticised the officials for not keeping transparency in its dealings. The Committee opines that such dealings would adversely affect the credibility of the Company. Hence the Committee recommends that KELTRON should strictly adhere to the provisions of SPM while awarding work orders.

3.2.2.3. Loss due to award of work without tenders

The Committee inquired the reason for the work which was sub-contracted to SGPL and REIL without inviting tenders. The witness explained that the work was taken at the rates of Rajasthan Electronics and Instrumentation Limited (REIL), a Central Government entity. Regarding a query of the extra expenditure of ₹55 lakh, the witness stated that when REIL started the second phase of the project, the cost of the solar panel began to decrease and it reduced to 56/Wp from 80/Wp and that led the expenditure for the work in the second phase to be lower than the first and bulk purchase had been done in the second phase. The witness added that power conditioning units optimization, battery optimization, price of reduction of solar cells also reduced the cost. The concerned official added that power conditioning units in the solar panel does the conversion of DC to AC and in the second phase it was done using advanced technology which is less costlier than the first phase.

The Committee was not convinced with the reply and directed to furnish a detailed report including the difference in technology used in both the projects, batteries with MPPT, details of the materials used in the projects, items purchased with its price and specification.

Observations/Recommendations

4. The Committee expresses its displeasure on the reply given by the concerned officials before the Committee regarding the failure to fix competitive rates due to the awarding of works to the business partners on nomination basis and incurring an additional cost of ₹0.55 Crore. The additional information furnished by the Department also did not mention anything about the technology used in the project. Hence the Committee recommends that a detailed report should be furnished regarding the difference in technology used in both the projects, batteries with MPPT, details of the materials used in the projects, items purchased with its price and specification.

3.2.2.4. Award of work after defective tendering

The Committee noted that in respect of 13 works received (2011-13 to 2015-16) from agencies of Government of Kerala on nomination basis, time given for submission of bids by Keltron ranged between 2 to 18 days but did not publish short tender notices in the Gazette and sought explanation for that. The Manager, ITBG informed that for the supply of 4400 laptops for IT@School, e-tender was published on 31-10-2014 and time for submitting bids was extended to 16-12-2014 due to technical reasons. He added that the observation of 7 days by audit is incorrect as a total of 46 days was given for submitting bids.

The Senior Audit Officer objected the reply of the witness by saying that three to four chances had been given to the Company and the Government to reply on their observations. Moreover, the Government had accepted the observation after examining all these matters. He added that it was not right to challenge the observation before the Committee which had been once accepted and had to submit proper evidence to substantiate their claim.

The Committee criticised the official for giving vague and confusing replies and commented that opposing the observations without proper evidence is not a good practice. Regarding the above issue, the Committee gave strict instruction to furnish a reply including all evidence of the tender publication to substantiate their claim.

The Committee sought explanation regarding the extra expenditure incurred for the supply of laptops and desktops for IT @ School. The witness replied that Toshiba laptops were purchased in January 2015 for Kerala Motor Transport Workers Welfare Board at ₹ 27,610 per unit and Acer laptops were purchased in February 2015 for IT @ School at ₹ 35,857 per unit. The witness also added that the price difference was due to the difference in specifications.

The Committee was not at all satisfied with the explanation and asked to submit a detailed report on the audit observation including the price and specification of laptops and desktops of Keltron and other PSUs purchased during the period.

Regarding a query of the change in the method of tendering, the witness informed that a technical glitch in the e-tender website was the reason for taking such a decision and the screenshot of the same had been submitted to audit team as a proof.

Then Senior Audit Officer challenged its authenticity and informed that there was a possibility that the website may or may not have a glitch at the time of taking the screenshot and it could not be considered as a proper evidence.

The Committee expressed its strong displeasure on the attitude of the officials in replying to the audit observations and warned against making contradictory statements forgetting the fact that they were answering before a Legislative Committee. The Committee observed that there was sheer negligence and irresponsibility on the part of the officials. The Committee strongly directed the Department that proper evidence should be provided other than the screen shot to prove that there was a technical glitch happened in the e-tender website on the tender submission dates.

The Committee noticed that in respect of works referred to in serial number 1 and 2 of Appendix II which were part of the same work, tender conditions were arbitrarily fixed to suit the ultimate awardees of the works. The Committee sought the reason behind the criteria fixed for supply and installation of SVDS. The witness informed that these two were different activities, ie. first one was supply of

modules and second one was of installation. It was suggested that the participants in the tender, for supply of modules should have a service center in Thiruvananthapuram and for installation, a service center anywhere in Kerala.

The Committee accepted the reply.

To a query of the Committee about the allotment of bid to NetX Technologies in respect of works at serial numbers 6 and 7 of Appendix 11, the witness explained that one of the conditions for bidding was that bidders should be strategic partner/MoU partners of Keltron. The witness added that there were other partners who had service experience and qualifications like M/s NetX and the reason for imposing that criterion was not known and perhaps they thought that Companies with better experience would come.

The Senior Deputy Accountant General informed the Committee that this was regarding the campus networking system in Kerala and MG Universities and the project was completed in MG University but the condition of the implementation of the project in Kerala University was pitiable.

The Committee observed that Keltron had fixed the eligibility criteria to suit the requirement of NetX Technologies by violating CVC Guidelines and the award of the works mentioned 6 and 7 in Appendix 11 was not through fair and transparent procedures. Hence the Committee suspected some unholy motive behind it and asked to submit a report on the present status of the project.

The Committee desired to know why Bank Guarantee was not evoked even though ₹0.32 crore remained to be recovered from RP Infosystems Limited. The witness replied that RP Infosystems Ltd supplied 14,061 Chirag brand computers, out of which 135 machines had to be replaced and 5500 machines had to be serviced. Keltron had an expenditure of ₹0.74 crore for this. He added that the actual expenditure was calculated as ₹ 1.27 crore considering man power etc. The witness informed that RP Infosystems Limited failed in after sale service. Regarding the bank guarantee the witness replied that ₹ 3.30 crore had been recovered and ₹ 0.32 crore expired in July 2013.

The Committee observed that it was sheer negligence from the part of the officials and directed to submit a detailed report regarding the steps taken to collect ₹ 0.32 crore due from RP Infosystems Limited.

Observations/Recommendations

5. The Committee notices that for the supply of 4400 laptops for IT@School, e-tender was published on 31/10/2014 and last date for bid submission was 21/11/2014. After modifying the tender terms and conditions, re-tendering was published on 9/12/2014 and last date for bid submission was 17/12/2014. The Committee observes that the SPM rules have been violated in inviting tenders and also the evidence about the tender publication put forwarded by the Department in the additional information to substantiate their claim was vague and confusing. Hence the Committee recommends that SPM rules should not be violated in future and also to furnish a more clear reply regarding the evidence of the tender publication to substantiate their claim.

6. The Committee was not satisfied with the explanation regarding the extra expenditure incurred by the supply of laptops and desktops for IT @ School. The additional information given by the Department does not mention about price and specification of laptops and desktops of Keltron and other PSUs that were purchased during the period. Hence the Committee recommends the Department to give a detailed report regarding price and specification.

7. The Committee observes that very short period was given for the submission of bid for procurement of desktop PC to IT @ School and the e-procurement website, according to the engineers of IT Mission it was error free. Hence the Committee recommends that the rules as per Stores Purchase Manual should be followed while inviting tenders.

8. The Committee notes that award of works mentioned 6 and 7 in Appendix 11 to NetX Technologies was not clear and transparent and doubts that Keltron had fixed the eligibility criteria to suit the requirement of NetX Technologies by violating CVC guidelines. Hence the Committee recommends that a clear report should be furnished regarding the current status of works '6' and '7' of Appendix 11.

9. *The Committee observes that Bank Guarantee was not evoked even though ₹0.32 crore remained to be recovered from RP Infosystems Limited. The Committee criticises that this was sheer negligence on the part of officials and wants to initiate to recover the amount. Hence the Committee recommends to submit a detailed report regarding this.*

3.2.2.5. Award of work to single bidder

The Committee sought explanation for the award of eight works to a single bidder, the Managing Director, Keltron admitted the fault and stated that some of the facts stated in the audit objection were true.

The Committee inquired whether there was a facility to ensure that bidders did not form a cartel to circumvent a competitive tendering process. The Managing Director informed that for the last three years, the Company's operations had been carried out through strong e-tendering process instead of nomination.

The Committee observed that the award of works which received from the Kerala Govt./agencies on nomination basis to a single bidder without re-tendering was a clear violation of rules. Hence the Committee wanted a detailed report on the situation which led to the situation of awarding the work to a single bidder and the measures taken to ensure that no cartel was formed between the bidders to bypass the competitive tendering process.

Observations/Recommendations

10. *The Committee notes that the award of work to a single bidder without retendering was clear violation of rules. Hence the Committee directs the Department to submit a detailed report about the situation which led to the award of the work to a single bidder and the measures taken to ensure that no cartel was formed between the bidders to bypass the competitive tendering process.*

With regard to the audit observation about the non transparent dealings of Keltron, the Committee enquired whether the EMD had been forfeited in the event of non-submission of performance security. The witness replied that Mediatronix was a technology focused Company, Proxs Infocomm Limited

(Proxs) was Mediatronix's partner and an authorised agency to quote, supply, install and maintain traffic enforcement systems developed by Mediatronix. He added that the Proxs was also brought in for financial support and the order given to Proxs was cancelled as they could not complete the work within three months, and gave it to Mediatronix. Regarding a query of the Committee about the cancellation of the order the witness replied that it was done with an intention to release the EMD.

The Committee observed that it was an undue favour from the part of the officials and the dealings were not transparent. Hence the Committee directed that a detailed report should be submitted regarding the above dealings.

While referring to the audit objection regarding the setting up of Vehicle Testing Station (VTS) in Thiruvananthapuram and Ernakulam, the Committee asked to explain the present status of recovery of VAT amount worth ₹0.68 crore from Webex Technology.

As the witness could not give a clear reply, the Committee asked the details of officials in connection with the VTS project. The Managing Director informed that all of them had retired and assured that action would be taken against the delinquent employees who were involved in this project.

The Committee expressed its displeasure over the findings and wanted to take stringent action against the officials concerned at that time whether they are in service or not and also directed that appropriate measures should be taken to recover the VAT amount.

Observations/Recommendations

11. The Committee observes that Proxs, Keltron and Mediatronix entered into a teaming agreement on November 1st, 2013 and since the work was not started even after three months of placing the purchase order with Proxs, the contract was cancelled and a new contract was awarded to Mediatronix for ₹9.34 crores without inviting tender and the EMD was refunded to Proxs. The Committee notes that it was an undue favour from the part of the officials and the dealings were not transparent. The Committee criticises that cancelling the work order and returning the EMD cannot be justified as the work was not

started even after three months of issuing the work order and recommends that such things should not be repeated in future. The Committee wants to furnish with a report regarding the matter.

12. The Committee observes that Keltron gave only 5 days to submit the e-tender for the work to set up a Vehicle Testing Station in Ernakulam and Thiruvananthapuram and the work was allotted to the sole bidder Webex Systems Pvt Ltd. The Committee observes that Webex collected 0.68 crores from Keltron but it has not been paid to the Commercial Taxes Department. The Committee understands from the additional information furnished by the Industries Department that ₹48 lakhs recovered from Webex has been paid to the Commercial Taxes Department. The Committee observes that the concerned Managing Director of KELTRON has assured in the meeting held on 24-5-2022 that action will be taken against the concerned officials even if they had retired from service. Hence the Committee directs the Department to give a clear report regarding the action taken in this matter.

3.2.2.6. Award of work to regular suppliers after defective evaluation of bids.

The Committee noticed that one tender for supply and installation of 3720 all-in-one desktop computers for Additional Skill Acquisition Programme (ASAP) of Higher Education Department, the eligibility criteria for technical qualification required that the bidder should be a manufacturer or authorised dealer or authorised distributor and the equipment should have EPEAT gold certificate. The Committee enquired about the work order issued to ACS Technologies even though they had not produced EPEAT gold certificate. The witness replied that the model quoted by KELTRON in the ASAP tender, Acer Veriton 2630G, has EPEAT gold certification since 17-9-2013 and was electronically verifiable from EPEAT site. He added that Keltron re-tendered the work and the work order was issued to the lowest bidder among those who quoted the model Acer Veriton M 2630G

The Senior Audit Officer remarked that EPEAT gold certificate was one of the criteria required at the time of tender submission and the Company didn't give such a reply at the time of audit.

The Committee strongly criticized the officials for rebutting AG's observation without clear evidence before the Committee and without giving relevant replies when they had given several chances earlier. The Committee pointed out that if Keltron insisted up on their claim they have to prove the authenticity and wanted to submit a detailed reply containing proper evidence to prove their claim.

Observations/Recommendations

13. The Committee observes that in the additional information provided by the Department, it is mentioned that Acer should produce EPEAT gold certificate by March 27, 2015 and the purchase order was issued on 11-3-2015. Hence the Committee suspects that it was an undue favour from the part of the officials and the dealings were not transparent. Hence the Committee directs that a detailed report should be submitted regarding the work orders issued in the absence of EPEAT Gold Certificate.

3.2.3. Lapses in installation of integrated security system for Sree Padmanabha Swamy Temple

To a query of the Committee about the lapses in installation of integrated security system, the witness replied that defects in bollards and road blockers were being rectified and a letter was sent to Sree Padmanabha Swamy Temple Trust last year to recover the cable worth ₹25 lakh but no reply had been received. The witness also added that the Company had received ₹9.54 crore in advance and therefore the unspent balance can be adjusted in such a way that Company does not incur a loss.

The Committee wanted to know the present status of the installation of the integrated security system for Sree Padmanabha Swamy Temple.

Observations/Recommendations

14. The Committee observes that Keltron requested to the Sree Padmanabha Swamy Temple Trust to recover the excess cable worth ₹25 lakh and no reply had been received yet. Hence the Committee recommends to submit

a report on the current status of the same and also wants to know the status of the installation of the integrated security system for Sree Padmanabha Swamy Temple.

3.2.4. Payment for suppliers not conforming to specifications.

The Committee wanted explanation regarding the audit observation. The Managing Director admitted their fault in making payment against the terms of purchase order. He informed that the Deputy Commissioner of Police rejected the binoculars due to non-conformity to order specifications after ten months. The day and night vision binoculars had lack of clarity as specified in the purchase order. He added that there was a lapse from the part of the Company that it could not hold the payment. Now M/s. Trident Infosol is not ready to take it back or repay the amount.

The Committee expressed its discontent on the severe lapse from the part of company officials and directed that appropriate measures should be taken to refund the amount from M/s. Trident Infosol.

The Committee expressed its discontent on furnishing vague RMTs, not addressing the audit observations separately and severely criticized Industries Department for preparing such replies. The Committee also pointed out that the replies were very brief without containing any valid information. The Committee observed that it was a sheer negligence and impertinence from the part of Industries Department. The Committee also commented that the officials were not able to provide convincing answers for the audit observations and queries raised. Hence the Committee directed that Department should submit detailed and authentic replies on audit observations before the Committee.

Observations/Recommendations

15. The Committee observes that there was a serious lapse on the part of the company officials in procuring Day and Night Vision Binoculars required for the Integrated Security System of Sree Padmanabha Swamy Temple. The Committee expresses its discontent on the lapse from the part of company officials and directs that appropriate measures should be taken to recover the amount from M/s. Trident Infosol.

16. The Committee recommends that clear specifications of the equipment to be purchased should be given while preparing the purchase clause and when the equipment is made available, the amount should be paid only after checking its performance at the official level, before payment. The Committee wants to ensure to stick on to the government guidelines issued for the purchase and adhere to the provision of SPM, in future.

General Recommendations

17. Going through the audit paragraphs the Committee is at a conclusion that some PSUs having no expertise and experience in relevant field were engaged in supply and installation of equipment and execution of civil works in Government Departments. These PSUs in turn engage subcontractors for procurement and execution on nomination basis without inviting tenders. Based on what discussion it was enforced at what level and copies of all relevant orders should be furnished to the Committee.

18. It was also observed that most of the supply and installation of equipments / civil works were done without preparing cost estimate and was subcontracted by PSUs to private entities without calling tenders. Hence the total procedure lack transparency. More over the losses sustained by Departments cannot even be reckon with.

19. The Committee also wanted to explore the criteria by which PSUs being included in the "Listed Agencies" category and copies of guidelines and circulars issued in this regard and copies of listed agencies for each specific type of work also be furnished to the Committee.

20. The Committee also observed that the estimate or revised estimate for a work is usually subject to the whims and fancy of the listed agency, leaving the Department uninformed. Hence, the Committee strongly recommends that necessary instructions should be issued for limiting the role of the listed agency while engaging works in departments and all procedures as per SPM and CVC Guidelines should be followed through out the engagement.

21. The Committee strongly recommends that Government should dispense with the system of awarding works to PSUs having no expertise and experience in carrying out the technical works in Government Departments for which private partners of PSUs were selected on nomination basis and entrusted the work on back to back basis.

Thiruvananthapuram,
11th February, 2024.

E. CHANDRASEKHARAN,
*Chairperson,
Committee on Public Undertakings.*

APPENDIX-I

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1	1	Industries	The Committee observes that KELTRON selected its strategic partners without following any transparent procedure such as identifying and empanelling firms through open tender process. Hence the Committee recommends that KELTRON should follow the CVC guidelines while executing all works.
2	2	Industries	The Committee observes that Mediatronix was the technology partner of Keltron with MoU. The Committee expresses its dissatisfaction on Keltron's reply that it had entered into an agreement with Mediatronix for procurement and implementation of SVDS and RLVDS on an exclusive basis and that the system and solution were proven for Indian conditions and cost effective. Therefore, the Committee opines that the selection of business partners was not done transparently and cost effectiveness can be gauged only through transparent tender system. So the Committee directs to furnish a clear report regarding the selection of Mediatronix as the business partner.
3	3	Industries	The Committee observes that there was violation of Stores Purchase Manual as mentioned in the audit observation and criticised the officials for not keeping transparency in its dealings. The Committee opines that such dealings would adversely affect the credibility of the Company. Hence the Committee recommends that KELTRON should strictly adhere to the provisions of SPM while awarding work orders.

(1)	(2)	(3)	(4)
4	4	Industries	<p>The Committee expresses its displeasure on the reply given by the concerned officials before the Committee regarding the failure to fix competitive rates due to the awarding of works to the business partners on nomination basis and incurring an additional cost of ₹0.55 Crores. The additional information furnished by the department also did not mention anything about the technology used in the project. Hence the Committee recommends that a detailed report should be furnished regarding the difference in technology used in both the projects, batteries with MPPT, details of the materials used in the projects, items purchased with its price and specification.</p>
5	5	Industries	<p>The Committee notices that for the supply of 4400 laptops for <u>IT@School</u>, e-tender was published on 31-10-2014 and last date for bid submission was 21-11-2014. After modifying the tender terms and conditions, re-tendering was published on 9-12-2014 and last date for bid submission was 17-12-2014. The Committee observes that the SPM rules have been violated in inviting tenders and also the evidence about the tender publication put forwarded by the Department in the additional information to substantiate their claim was vague and confusing. Hence the Committee recommends that SPM rules should not be violated in future and also to furnish a more clear reply regarding the evidence of the tender publication to substantiate their claim.</p>
6	6	Industries	<p>The Committee was not satisfied with the explanation regarding the extra expenditure incurred by the supply of laptops and desktops for IT @ School. The additional information given by the Department does</p>

(1)	(2)	(3)	(4)
			not mention about price and specification of laptops and desktops of Keltron and other PSUs that were purchased during the period. Hence the Committee recommends the Department to give a detailed report regarding price and specification.
7	7	Industries	The Committee observes that very short period was given for the submission of bid for procurement of desktop PC to IT @ School and the e-procurement website, according to the engineers of IT Mission it was error free. Hence the Committee recommends that the rules as per Stores Purchase Manual should be followed while inviting tenders.
8	8	Industries	The Committee notes that award of works mentioned 6 and 7 in Appendix 11 to NetX Technologies was not clear and transparent and doubts that Keltron had fixed the eligibility criteria to suit the requirement of NetX Technologies by violating CVC guidelines. Hence the Committee recommends that a clear report should be furnished regarding the current status of works '6' and '7' of Appendix 11.
9	9	Industries	The Committee observes that Bank Guarantee was not evoked even though ₹0.32 crore remained to be recovered from RP Infosystems Limited. The Committee criticises that this was sheer negligence on the part of officials and wants to initiate to recover the amount. Hence the Committee recommends to submit a detailed report regarding this.
10	10	Industries	The Committee notes that the award of work to a single bidder without retendering was clear violation of rules. Hence the Committee directs the Department to submit a detailed report about the situation which

(1)	(2)	(3)	(4)
			led to the award of the work to a single bidder and the measures taken to ensure that no cartel was formed between the bidders to bypass the competitive tendering process.
11	11	Industries	The Committee observes that Proxs, Keltron and Mediatronix entered into a teaming agreement on November 1, 2013, and since the work was not started even after three months of placing the purchase order with Proxs, the contract was cancelled and a new contract was awarded to Mediatronix for ₹9.34 crores without inviting tender and the EMD was refunded to Proxs. The Committee notes that it was an undue favour from the part of the officials and the dealings were not transparent. The Committee criticises that canceling the work order and returning the EMD cannot be justified as the work was not started even after three months of issuing the work order and recommends that such things should not be repeated in future. The Committee wants to furnish with a report regarding the matter.
12	12	Industries	The Committee observes that Keltron gave only 5 days to submit the e-tender for the work to set up a Vehicle Testing Station in Ernakulam and Thiruvananthapuram and the work was allotted to the sole bidder Webex Systems Pvt Ltd. The Committee observes that Webex collected 0.68 crores from Keltron but it has not been paid to the Commercial Taxes Department. The Committee understands from the additional information furnished by the Industries Department that ₹48 lakhs recovered from Webex has been paid to the Commercial Taxes Department. The Committee observes that the concerned Managing Director of

(1)	(2)	(3)	(4)
			KELTRON has assured in the meeting held on 24-5-2022 that action will be taken against the concerned officials even if they had retired from service. Hence the Committee directs the Department to give a clear report regarding the action taken in this matter.
13	13	Industries	The Committee observes that in the additional information provided by the Department, it is mentioned that Acer should produce EPEAT gold certificate by March 27, 2015 and the purchase order was issued on 11-3-2015. Hence the Committee suspects that it was an undue favour from the part of the officials and the dealings were not transparent. Hence the Committee directs that a detailed report should be submitted regarding the work orders issued in the absence of EPEAT Gold Certificate.
14	14	Industries	The Committee observes that Keltron requested to the Sree Padmanabha Swamy Temple Trust to recover the excess cable worth ₹25 lakh and no reply had been received yet. Hence the Committee recommends to submit a report on the current status of the same and also wants to know the status of the installation of the integrated security system for Sree Padmanabha Swamy Temple.
15	15	Industries	The Committee observes that there was a serious lapse on the part of the company officials in procuring Day and Night Vision Binoculars required for the Integrated Security System of Sri Padmanabha Swamy Temple. The Committee expresses its discontent on the lapse from the part of company officials and directs that appropriate measures should be taken to recover the amount from M/s. Trident Infosol.

(1)	(2)	(3)	(4)
16	16	Industries	The Committee recommends that clear specifications of the equipment to be purchased should be given while preparing the purchase clause and when the equipment is made available, the amount should be paid only after checking its performance at the official level, before payment. The Committee wants to ensure to stick on to the government guidelines issued for the purchase and adhere to the provision of SPM, in future.
17	17	Industries	Going through the audit paragraphs the Committee is at a conclusion that some PSUs having no expertise and experience in relevant field were engaged in supply and installation of equipment and execution of civil works in Government Departments. These PSUs in turn engage subcontractors for procurement and execution on nomination basis without inviting tenders. Based on what discussion it was enforced at what level and copies of all relevant orders should be furnished to the Committee.
18	18	Industries	It was also observed that most of the supply and installation of equipments/civil works were done without preparing cost estimate and was subcontracted by PSUs to private entities without calling tenders. Hence the total procedure lack transparency. More over the losses sustained by Departments cannot even be reckon with.
19	19	Industries	The Committee also wanted to explore the criteria by which PSUs being included in the "Listed Agencies" category and copies of guidelines and circulars issued in this regard and copies of listed agencies for each specific type of work also be furnished to the Committee.

(1)	(2)	(3)	(4)
20	20	Industries	The Committee also observed that the estimate or revised estimate for a work is usually subject to the whims and fancy of the listed agency, leaving the department uninformed. Hence, the Committee strongly recommends that necessary instructions should be issued for limiting the role of the listed agency while engaging works in departments and all procedures as per SPM and CVC Guidelines should be followed through out the engagement.
21	21	Industries	The Committee strongly recommends that Government should dispense with the system of awarding works to PSUs having no expertise and experience in carrying out the technical works in Government Departments for which private partners of PSUs were selected on nomination basis and entrusted the work on back to back basis.

**RMT STATEMENT ON THE AUDIT REPORT NO.4 (PSU'S) OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA FOR THE YEAR ENDED 31ST MARCH 2016 ON 3.2 SUB-CONTRACT MANAGEMENT
BY KELTRON**

Sl. No	Audit findings	Management's Response	Remedial Measures taken
3.2	Sub-contract Management by Public Sector Undertakings	Item wise reply detailed below	
3.2.1	Public Sector Undertakings (PSUs) in Kerala carry out supply and installation of equipment and execution of civil works on behalf of Departments/ agencies of Government of Kerala (GoK). These PSUs in turn engage sub-contractors for procurement of equipment and execution of work awarded by Departments of GoK/ agencies		
	Audit Findings :		
	Supply and installation of equipment		
3.2.2	Kerala State Electronics Development Corporation Limited (KELTRON) and Kerala Small Industries Development Corporation Limited (SIDCO) supply and install equipment for departments of Government of Kerala (GoK) and other PSUs. Issues noticed in the works relating to supply and installation of equipment are discussed in		

<p>succeeding paragraphs.</p>		
<p>Agreement with business partners</p> <p>According to Section 3 of the Competition Act, 2002, no enterprise shall enter into any agreement for production, supply, sale of goods or provision of services, affecting competition within India. As per guidelines (July 2004) of Central Vigilance Commission (CVC), while making procurement or executing work through a system of approved/registered vendors and contractors, there should be wide publicity through website as well as through other traditional channels at regular intervals for registration of contractors/suppliers.</p>	<p>Keltron signs MoU with different partners for different technology for addressing many upcoming business opportunities. Selection of strategic partner is open for all throughout the year and MoUs are signed with companies that satisfy the set requirements. In the process of signing MoU, Keltron collects credentials from partners to understand their technical and financial capabilities. Partnering help to address opportunity in areas where Keltron doesn't have presence or strength. Mere signing of MoU doesn't give partners right to get order on nomination basis.</p>	<p>Regarding the subcontracting of work to business partners, as per the decision of the Board of Directors of the company, a sub committee has been constituted for the purpose of examining the comprehensive procedure for entering into the MoU. Accordingly the MOU policy has been modified by the committee considering the nature of operation in the best interest of the company considering the suggestion from the Management. The revised "Procedure for Empanelment of strategic Partners" and guidelines for selection of Partners for Business opportunity as recommended by the subcommittee is under the consideration of the Board and once the policy is finalized, it will be implemented by the company.</p>
<p>Audit observed that for executing major works, KELTRON and SIDCO had entered into business agreements with eleven agencies, with the intention of obtaining work orders from GoK and getting them executed through these sub-</p>	<p>Many firms approach KELTRON expressing their interest to have business association. KELTRON would hold discussions with them if any possibility for mutual benefit is observed. A general-purpose MoU will be signed after following a standard documentation procedure. The technical capabilities of these strategic MoU partners and KELTRON</p>	<p>Keltron had initiated vendor registration measures by inviting EOJ and also through News paper advertisements. The EOJ published in etenders.kerala.gov.in and was open for all. The e-tender was open from 1st March 2018 to 17th April 2018.</p>

	<p>Mediatronix had demonstrated its in house developed products with very good performance to KELTRON and Kerala Police</p> <p>Mediatronix has two patents pending in this area which is unique to Indian conditions.</p> <p>Patent details:</p> <p>Patent 2433: This is dual power IR flash scheme, to capture retro reflective and non retro reflective number plates found only in INDIA. With this scheme only high quality night capture of number plates of vehicles can be done, when used with traffic enforcement products.</p> <p>Patent 2163: This scheme is used to get good quality number plate images under all conditions of road orientation, in different sun illumination. Compared to normal AGC schemes, this offers superior number plate image quality, when used with traffic enforcement systems.</p> <p>Thus the intention of the business agreement with Mediatronix is to improve the market share of Keltron in SVDS/RLVDS by providing cost effective solutions for the State of Kerala.</p> <p>Keltron offered solution with M/s Mediatronix technology is minimum of 30 % lesser price in comparing with similar product available in the market. This is ultimately beneficial to Government</p>	
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<p>Net X Technologies Limited (Net X Technologies) Agreement since June 2011 Terms of agreement/Particulars: The parties to the Memorandum of Understanding (MoU) became strategic partners for selling products and services including digital library, learning management system, digital content creation and supply of servers and storage, etc., to various customers of KELTRON.</p>	<p>Net X – M/s NetX is one among 200 partners who have signed MoU with Keltron and no order was given to M/s NetX on nomination basis.</p>	<p>No order was given to Net X on nomination basis using the status as a Strategic Technology Partner of Keltron.</p>
<p>Stellar Green Tech Private Limited (SGPL), Gurgaon Agreement since - July 2011 Terms of agreement/Particulars: Business partner for installation of solar projects.</p>	<p>Stellar Green Tech Private Limited (SGPL), Gurgaon - Solar solutions and energy saving measures were new emerging business area during 2011-12 period. KELTRON decided to utilize the potential in the new business area which will have large business potential.</p> <p>KELTRON signs MOUs / Teaming agreements with Technology partners in areas where KELTRON don't have necessary Technology or expertise. This is normally a short-term arrangement and after acquiring necessary technology / expertise KELTRON develops a business model by itself.</p> <p>SGPL was a manufacture of LED lights and KELTRON used their LED lights in KELTRON projects. KELTRON also utilized their technical expertise for setting up manufacturing facility at KELTRON lighting division.</p> <p>KELTRON had carried out the energy consumption study of the Prison project and provided solutions</p>	<p>Procurement action is strictly through competitive quotes / e-tendering process.</p>

<p>Eram Scientific Solutions Private Limited (Eram Scientific) Agreement since March 2011 Terms of agreement/Particulars: KELTRON obtained works from Local Self Government Department (LSGD) of GoK (based on a Government Order issued in March 2012) and had them executed by Eram Scientific.</p>	<p>based on the then existing wiring and fixtures inside the jail complex in coordination with SGPL who had technical knowledge in green energy installations like solar. KELTRON was lacking the necessary expertise in such activities during that period.</p> <p>As KELTRON was lacking necessary expertise in the respective areas, the expertise of the SGPL was utilized during the project sizing.</p> <p>Time is an essential component of any projects and decisions are to be taken at the right time without inordinate delays</p> <p>As an MoU partner SGPL services were used for the speedy implementation of the project. SGPL services were not used in any further projects.</p> <p>The Supply and work orders were released only after getting corporate approval from the corporate purchase committee.</p> <p>The MOU is signed in July 2011 and the supply and work orders were released in April 2012.</p> <p>Eram Scientific - Keltron identified e-Toilet as one of the business opportunity in light of new 2010-11 sanitation policy of GOI. ERAM Scientific was selected after scanning all possible technology partners and it was found that they are the only company offering similar product for use in public places. Product developed was unique and first of its kind and hence proprietary in nature (The word proprietary defined by SPM "manufactured by one and only one manufacturer and/or which is a patent or specialty to which tender system cannot be applied with advantage"). Keltron signed Rate</p>	<p>No further orders was given to ERAM Scientific Pvt Ltd on nomination basis.</p>
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<p>Expedien E-Solutions Limited (Expedien) Agreement since April 2011 Terms of agreement/Particulars: KELTRON obtained work of implementation of "e-Vet Connect" in Kerala Veterinary and Animal Sciences University and executed it through Expedien.</p>	<p>contract with M/s Eram once the product became field proven. M/s Eram Scientific received many national awards for this product and is considered to be the best even today.</p> <p>Expedian – The requirement of Veterinary and Animal Sciences University is totally different from other University solutions. Therefore joint study was carried out by Keltron and KVASU and also visited Sardar Krushinagar Dantiwada Agricultural University, Gujarat which had implemented University solution developed by Expedian. Since the solution to be implemented in a time bound manner, Technical Committee has decided to implement same solution in KVASU. The project is running successfully at KVASU till date.</p>	<p>The procedure for empanelment of strategic partners and guidelines for selection of partner for business opportunity is under the consideration of the Board of Directors of KELTRON and once the policy is finalized it will be implemented by the company. KELTRON is following the purchase procedure formulated considering the nature of business/product being dealt by the units of the company and within the framework of government stores purchase manual.</p>
<p>Ospyn Technologies Private Limited (Ospyn) Agreement since February 2009 Terms of agreement/Particulars: KELTRON obtained work of File Management System for Kerala Prisons and Correctional Services Department (Prisons Department) executed through Ospyn.</p>	<p>Ospyn – In 2009, Government of Kerala entrusted Keltron to develop scalable and robust filing system solution to replace the then existing "MESSAGE" which was developed by NIC. Similar solutions from the empanelled partners were presented before GoK and DDFS demonstrated by M/s Ospyn was selected for further customization and implementation at Secretariat.</p>	<p>Same as above</p>
<p>Webex Systems and Networks Private Limited (Webex) Agreement since January 2012 Terms of agreement/Particulars: Preferred outsourcing partner for marketing and selling IT products</p>	<p>Webex – In 2012, we have signed a general purpose MoU considering the technical competency of the party in delivering specific IT solutions.</p>	<p>Same as above</p>

<p>Government Departments, consultancy and other services in IT.</p> <p>It was observed that KELTRON and its selected business partners (strategic partners) without following any transparent procedure, such as identifying and empaneling firms through open tender process. Instead, the selection was based on unsolicited offers from the business partners who were private entities.</p>	<p>Being an MoU partner is open and signing of MoU does not give any right to get orders on nomination basis. It is only an evaluating process for selecting technology/execution partners. KELTRON is collecting credentials of the companies to ascertain whether they having domain expertise, credibility in executing the orders and reliable track record. The business agreements are entered as per the powers conferred in the Memorandum of Association, and executed by virtue of powers delegated to the Managing Director by the Board of Directors.</p>	<p>Selection of business partners are done through Tenders/ EOI through Government E-portal.</p>
<p>KELTRON stated (August 2016) that it took initiative and signed agreement with Mediatronix for projects related to purchase and installation of SVDS and RLVD543 on exclusive basis and that the system and solutions were proven for Indian conditions and were cost effective. The reply was not tenable as selection of business partners was not done transparently and cost effectiveness can be gauged only through a transparent tender system.</p>	<p>We select our technology partner after experiencing a very detailed process. Keltron had installed and commissioned the RLVD5 system from a Vendor Unihz China in PUNE during the period 2008 to 2010. After a year of operation the system developed many serious complaints like OS and HDD. The support cost was very high (For service Engineer to visit site from China paying flight charges, accommodation etc in addition to the service charge and spare cost). As of now the company has closed their Indian operations. KELTRON is now not in a position to address after warranty support of the systems supplied for PUNE.</p>	<p>Selection of business partners are done through Tenders/ EOI through Government E-portal.</p>

<p>GoK stated (February 2017) that the PSUs had been instructed that criteria for selection of units whose products were marketed, terms of marketing arrangements, etc., should be brought to their Board of Directors (BoD) and got approved by them in advance. The reply is not acceptable as equal opportunity was not given to all interested parties.</p>	<p>Keltron had similar experience in supplying RLVDs from another vendor using a local solution provider in KOLKOTTA. (unable to complete a RLVDs system satisfactorily). In INDIA the first installation of such systems were done by M/s TURBO Consultancy Service, New Delhi, at Bangalore and New Delhi. These equipment's were imported from United Kingdom, manufactured by Red Speed International. The cost of each system were 2-3 times higher than the present cost of our system, and are now not serviceable (since Imported)</p> <p>Hyderabad also had RLVDs systems installed but were Manual systems with enforcement (not automatic) carried out from mobile vans equipped with the system hardware, from UniHz china.</p> <p>Traffic Enforcement Solution by now was in high demand with a very huge requirement in India with huge market potential.</p> <p>How Mediatronix was involved for Keltron Enforcement Projects</p> <p>Mediatronix is a Company with Full Fledged in house RandD unit with DSIR recognition from 1996 and was in the forefront with developing similar products first time for Indian market.</p> <p>They had developed an indigenous SVDS and RLVDs systems suitable for Indian condition and had intimated KELTRON about the same. Keltron's technical team verified the capabilities of the firm and asked Mediatronix to install a demo unit for evaluation. The Demo Unit was to be installed at</p>	
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Museum Junction for RLVDs and Kawdiar...Vellayambalam Road for SVDS in consultation with Kerala police department.

These units were installed and were evaluated by a Technical team from Keltron and Kerala Police headed by Thiruvananthapuram city police commissioner. The systems were found to be technically competent. The initial products were offered with Normal PAL resolution cameras.

On the year 2009 Inspector General of Kerala Police Modernisation- ShriLoknathBehra, Keltron MD - Mr.OmprakashDua, Assistant Commissioner of Police Mr.Satheeshchand, Kerala police technical head Mr. Mathew simon (SA) and the technical team from Keltron visited Mediatronix RandD and Factory at Papanamcode industrial estate, to evaluate the Integrated City Surveillance and Traffic Enforcement Project systems developed by them and their technical / service capability. A trial of CCTV at five points in the city was requested from Mediatronix for evaluation. (This is a project of CCTV deployment through dedicated OFC fibre network, voice paging through the same fibre, manual enforcement and anti tampering system) first time in Kerala

The installations for technical evaluation at 5 points in Thiruvananthapuram city was done by M/s Mediatronix, with optical fibre cabling and was subsequently evaluated and used by police department. Inauguration of the system was done by the previous Honourable Minister for Home and Vigilance Sri Kodyeribalakrishnan. Subsequent to

this, Kerala police awarded the city surveillance projects to KELTRON for systems with same specifications and configuration.

How price competitiveness was evaluated for SVDS and RLVDS

3a. Kerala Police had floated an open tender No. 173/09 dated 08.01.2010 for SVDS systems. Only KELTRON had participated in the tender and was cancelled.

3b. Kerala Police again re-floated the tender No. 58/2010 dated 25.6.2010 with new requirement of 10 Mega Pixel cameras as recommended by their technical team. Mediatronix customized their product with 10 Mega Pixel camera as required by Kerala Police, and Keltron made the quote to Kerala Police against the said tender. Along with us a company by name M/s Look man had also quoted offering a non workable crude solution.

3d. The tender was evaluated by the police technical committee headed by Inspector General of Police(HQ) Mr.ShakeDhervesh Sahib IPS, and KELTRON bagged the order. The order value for on SVDS system including 3 year warranty was Rs 1967460/-. After this tender we are selling the SVDS product with lesser price ie, Rs 1832000/-. This is the clear proof of the technology and price competitiveness

Why a MOU was entered with Mediatronix Indigenous Technology

Mediatronix had demonstrated its in house

	<p>developed products with very good performance to KELTRON and Kerala Police They have DSIR recognized, Full-fledged RandD unit and ongoing RandD for major products</p> <p>Our bad experience with other vendors in the same domain</p> <p>No other Indian Products were available for tie up at the time of MOU, and not even now</p> <p>Technical and Commercial competitiveness proven with Kerala Police</p> <p>For Traffic enforcement Projects, part Technology Transfer, Assembly at KELTRON, Exclusivity etc. were offered by Mediatronix. No other company Foreign or Indian, will offer exclusivity and Technology transfer.</p> <p>India has a mixture of Retro / Non Retro number plates. Only Mediatronix system was capable of capturing the same at NIGHT with good quality(No such foreign product tuned with the capability of capturing both is available). Also the Mediatronix system had the capability to capture two wheelers along with the other vehicles. Till this time no Indian companies are manufacturing this kind of product with prove one technology. Our competitors are from outside India</p> <p>The price is very low in compare with our other competitors from abroad. Their product price is 2 to 3 times higher than that of our price.</p>	
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The after warranty support charges are very high for the foreign technologies.
Spare cost is very high for the foreign technologies.
The customisation suitable for Indian condition is not possible with the foreign technologies.

Mediatronix has two patents pending in this area, which is unique to Indian conditions.

Patent details Attached

Patent applied by CEO, Mediatronix Pvt Ltd

Patent 2433: This is dual power IR flash scheme, to capture retro reflective and non retro reflective number plates found only in INDIA. With this scheme only high quality night capture of number plates of vehicles can be done, when used with traffic enforcement products.

Patent 2163: This scheme is used to get good quality number plate images under all conditions of road orientation, in different sun illumination. Compared to normal AGC schemes, this offers superior number plate image quality, when used with traffic enforcement systems.

Also as on date these systems are certified by ERTL.

Results of technical association with M/s. Mediatronix and Current Scenario

1. Many projects successfully implemented and running in Kerala state for Kerala Police and Motor Vehicles Department.
2. The various installations and sites physically

verified by CAG team during April 2016.

3. With this low cost indigenous Mediatronix product we will be able to support our buyers for many more years to come (already systems are in service for the past 5 years)
 4. Our bad experience with imported Bosch(Germany) Cameras in Kasaragod district, Sabarimala and Padmanabhaswamy temple
 - Long Repair times of 4-6 months
 - Service is costly
 - Poor service support
 - Difficult in spare availability
- MVD has installed products from Kritikal Solutions and Videonetics through AIRTEL at some locations across the state on the year 2010
 1. Kritikal / now Vehant -- SVDS
 2. Videonetics : RLVDs

Both systems have no capability to capture even a good percentage of two wheelers, and vehicle images at NIGHT etc.

Kritikal systems SVDS: reported to be producing speed errors up to 35%, (and hence all SVDS units purchased by MVD is not using now.)

Videonetics RLVDs: Absolutely no night capture -- not even comparable to any standard solution.

The Motor Vehicles Department awarded the order to M/s Air Tell Ltd. on the year 2010. And till this date the project is not completed due to wrong

selection of the technology.

5. Conclusion.

CAG auditors themselves has done detailed site and control room inspection of multiple projects installed in Kerala, and has verified its operation and effectiveness and usage.

6. CAG auditors have verified camera pricing with Honeywell products, taken from another state tender (Orissa) and have found out that the KELTRON price is almost 40% less than competition.

7. Now KELTRON is a Company without any in house RandD capability. In this competitive world, unless some exclusive products are available, sustainability and growth is an issue. Also RandD is required to upgrade product and system features as world does. Now this cannot be done by KELTRON alone.

8. Buying imported products and technology and selling the same is not competitive, apart from having support issues, we KELTRON has already burnt our fingers in Pune and Calcutta. (due to lack of support)

9. All KELTRON has done is to find out, evaluate an Indigenous OEM product/partner that can be exclusively sold by it. Many competitions do not even consider exclusivity. KELTRON 'S consideration is that it has to survive in Traffic signal and enforcement area with its

		<p>own products. Also this is adding to dream of "MAKE IN INDIA" scheme of central government.</p> <p>10. Almost all State PSU's in electronics field are closed due to strong competition and remaining have turned into only trading activities.</p> <p>KELTRON is trying to survive in this field somehow. And KELTRON expects to generate 500+ CR rupees in sales per year for ongoing activities in other states of India and also abroad in next few years.</p>	
	Award of work to business partners without tenders		
9.2.2.2	<p>Rule 7.11 of Stores Purchase Manual (SPM) of GoK required that purchase orders/ work orders be issued only after inviting open tenders when the value of works exceeded '10 lakh.</p> <p>Audit noticed that KELTRON and SIDCO had issued 12 work orders valuing '51.90 crore and 4 work orders valuing '8 crore respectively to their business partners without invitation of tenders as shown in Appendix 10. Out of these, eight work orders received by KELTRON and all the work orders received by SIDCO from GoK/ its agencies were on nomination basis.</p> <p>Appendix 10</p>	<p>Clarified in reply to Appendix 10</p>	

	Loss due to award of work without tenders		
2.2	<p>Issue of work orders to business partners on nomination basis resulted not only in violation of codal provisions but failure to obtain competitive rates as well. We worked out extra expenditure of '0.66 crore in award of works on nomination basis in two cases where comparable rates were available.</p> <p>Prisons Department, GoK awarded (March 2012) work relating to implementation of solar energy system in Central Prison, Thiruvananthapuram to KELTRON (Serial number 2 of Appendix-10) at '7.27 crore on nomination basis based on the project proposal submitted by KELTRON. As KELTRON had no previous experience in implementing solar projects, the project proposal was prepared with the assistance of KELTRON's business partner, SGPL. KELTRON subcontracted (April 2012) this work to Rajasthan Electronics and Instrumentation Limited (REIL)46 and SGPL without any tendering process. Audit noticed that SGPL expressed</p>	<p><u>Comparison of labour amount with respect to value of materials supplied:</u></p> <p>Installation activities cannot be compared with the cost of materials supplied. It cannot also be compared with that of other jails, where each jail complex and individual building within are different from each other.</p> <p>Initially central Prison, Trivandrum project (229kW-5.496 Cr) was awarded to REIL as a pilot project.</p> <p>In the second stage KELTRON awarded various Jails (District jail Trivandrum, Special sub jail Trivandrum, Open jail Nettukaltheri, Open jail annex Thevancode, Viyyur Central Jail, Kannur Central Prison) together (726.6 KW-16 Cr) to REIL. Since the volume is high, REIL had offered better rates.</p> <p>The rates of PV plants are going less due to the PV module prices getting less with time.</p>	<p>Now the Company is strictly following e-tendering or through competitive quotes.</p>

	<p>(May 2012) its inability to execute the order. Consequently, the order was issued (May 2012) to Megatech Power Equipments Private Limited (MPEPL), business partner of SGPL on their recommendation at the same rate. On a comparison of rates of solar panels procured (September 2012) for Thevancode Prison, we noticed that KELTRON had incurred extra expenditure of 0.55 crore.</p>	<p>Higher capacity PCU and Batteries used in stage 2 projects which results less number of items and cost becomes less. (eg. Instead of 15 kW PCU and 30 kW PCU 60 kW PCU and instead of 600 AH batteries 1200 AH batteries used)</p> <p>REIL offered 56/Wp in the second phase to KELTRON instead of the 80/Wp in first phase due to the above reasons after negotiations (additional cost for 229 kWp Initial phase is $229000 \times 24 = 54,96,000$).</p> <p>Also, the volume of work (installation and Commissioning) reduced as number of PCUs and Batteries reduced. Correspondingly other items like cables, protective items like isolators, switches, MCBs, connecting accessories also become less when the PCU and Batteries reduced.</p> <p>These are project works and we cannot compare the cost like a product. Hence there is no loss; moreover, REIL is a central Government organization. Presently orders are awarded through transparent tendering procedures.</p>	
3.2.2.4	<p>Award of work after defective tendering</p> <p>As per Rule 7.33 of Stores Purchase Manual (SPM), minimum time of 15 days (one month before revision of SPM in June 2013) was to be given for submission of bids. Short tender notice is also to be published in Gazette of GoK as mandated by the provisions of Rule 7.19 of SPM. Further, according to the directions</p>	<p>Keltron had followed totally a transparent procedure for cited cases. For the purchases we follow purchase manual approved by BoD and Government directions issued time to time.</p>	<p>Now the Company is strictly following e-tendering or competitive bidding as per purchase policy.</p>

(May 2004) of Central Vigilance Commission (CVC), pre-qualification criteria should be specified in tender documents and qualification of bidders should be carried out against these criteria.

in 1,212 e-tenders invited by KELTRON during September 2012, 47 to March 2016, provisions of SPM were violated in 1,147 cases as time given for submission of bids was less than the minimum period prescribed. In respect of 41 sample-selected works which were sub-contracted by KELTRON, Audit observed that:

in respect of 13 works received (2011-12 to 2015-16) from agencies of GoK on nomination basis, time given for submission of bids by KELTRON ranged between 2 to 18 days (18 days given when 30 days were to be given). KELTRON also did not publish short tender notices in Gazette of GoK. Insufficient time for submission of bids and lack of adequate publicity create a risk that adequate number of bids will not be received and competition will be reduced. Due to their proximity to KELTRON, business partners/ regular suppliers of KELTRON and their agents,

however, participated in the tender and 13 work orders valuing 71.29 crore were awarded to them as shown in Appendix 11.

In 2 out of the above 13 works, where comparable rates were available, GoK incurred extra expenditure of 4.17 crore

Appendix 11

Table 3.6

Supply of laptops to IT @ School:

Days given for bid submission - 7

Quantity (Number)- 4,400

Rate/ piece at which supplied to IT @ School Rs. 35,857

Rate for comparable item Rs. 27,610

Extra cost per piece -Rs. 8,247

Extra cost on supplied quantity -Rs. 3.63 Crs

Remarks - Toshiba-make laptop with better specifications was purchased (January 2015) by Kerala Motor Transport Workers Welfare Fund Board, Kollam at the rate of

Clarified in Reply to Appendix 11

Adequate time was given for bid submission for supply 4400 Laptop to IT @School. The e-tender was published on 31/10/2014. The last date for bid submission was 21/11/2014 and further extended to 16/12/2014 due to technical reasons. Here we have given 46 days

Rate for comparable item - The rate of items Acer make computers and Toshiba Laptop is not comparable due to the reason that the supplier's fix the price strategically for getting the order. Here for IT@School the Service Level agreement with the Customer is both long term and stringent with penalty clause etc. Also there PBG (retention amount) for 10% of order value.

Keltron is following a Purchase procedure as per Purchase Policy of the Company in compliance with Store Purchase Manual, Kerala Financial Code and CVC Guideline. No orders are placed by KELTRON without the process of Competitive open Tender as per SPM.

	<p>27,610.</p> <p><u>Supply of desktops to IT @ School:</u></p> <p>Days given for bid submission – 4</p> <p>Quantity (Number) - 2,200</p> <p>Rate/ piece at which supplied to IT @ School (₹) - 32,642</p> <p>Rate for comparable item (₹) - 30,200</p> <p>Extra cost per piece (₹) - 2,442</p> <p>Extra cost on supplied quantity (₹ in crore) - 0.54</p> <p>Remarks - 15 Acer-make computers with same specifications were purchased (February 2015) by Chemical Examiners Laboratory, Thiruvananthapuram at the rate of ₹30,200.</p>	<p>Adequate time was given for bid submission for supply 2200 Desktop PCs to IT@School. The e-tender was published on 31/10/2014. The last date for bid submission was 21/11/2014. As per the SPM 7.33.IX, 15 days calendar date is sufficient for similar type of procurements. Here we have given 21 days and hence complied to SPM requirement</p>	
3.2.2.4	<p>Accepting the audit observation, GoK stated (February 2017) that floating tenders with lesser number of days than that prescribed in SPM was not justified. GoK further stated that BoD of PSUs needed to be involved in case of deviations, either on a case to case basis or through getting a policy laid down.</p>	<p>Government of Kerala implemented e-tender for the procurement of stores on 26.07.2012.</p> <p>Initially there were many problems connected with e-tendering process. The e-tender application was developed and installed by NIC, and hence the problems were addressed by the developer, ie NIC, not by Kerala State IT Mission. The technical glitch happened at the e-tender website at that day (screenshot of the same was shown to the audit team).</p>	<p>Keltron has established a close technical coordination with Kerala IT Mission and NIC in order to avoid such issues in future.</p>

<p>Auditors also noticed manoeuvring of tenders to suit business partners/ regular suppliers as described below:</p> <p>State Police Chief, Kerala awarded (October 2012) the work of installation of 100 SVDS to KELTRON. It invited tenders after splitting the work into three parts. Of these, KELTRON invited (November 2012) e-tenders for setting up of Control Room for SVDS in Thiruvananthapuram. Five parties participated in the pre-bid meeting held on 30 November 2012. On the date of opening of the tender (13 December 2012), KELTRON decided to collect physical bid documents instead of e-documents and to finalise the bids on 14 December 2012. This fact was not informed to all bidders who participated in the tender. The reason attributed by KELTRON for the change in the method of tendering was technical glitch in the e-tender website which prevented uploading or downloading the e-tender details.</p> <p>According to the Kerala State IT Mission, which maintains the e-tendering website of GoK, there</p>		
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<p>was no technical glitch in the website. This indicates that the officials of KELTRON wanted to finalise the tender outside the e-tender website when there was possibility of competition as five bidders had participated in pre-bid meeting. KELTRON opened (14 December 2012) the only bid received from RP Tech International Private Limited (RP Tech), who was authorised by Mediatrix to submit bids and awarded (20 December 2012) the work for `5.99 crore to RP Tech.</p> <p>In respect of works at serial number 1 and 2 of Appendix 11 which were parts of the same work, tender conditions were arbitrarily fixed suiting the ultimate awardees of the works. In the work awarded to Mediatrix, Thiruvananthapuram for supply of SVDS, the criteria fixed was having an existing service centre in Thiruvananthapuram, whereas for the work awarded to ITMG, Malappuram (who did not have a service centre in Thiruvananthapuram) for installation of SVDS, the criteria fixed was that it should have an existing service centre anywhere in Kerala. In both the tenders, there</p>	<p>The tender for supply of SVDS module is for the supply at Keltron communication unit , TVPM. Ie, we insist the participants should have service centre in Thiruvananthapuram.</p> <p>But in the case of tender for SVDS installation we insists participants should have service centre anywhere in Kerala, because the tender for installation work is for all over Kerala.</p> <p>(Also refer to the remarks in Appendix 11)</p>	
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<p>was only one bidder each viz. Mediatronix and ITMG.</p> <p>Accepting the audit observation, GoK stated (February 2017) that they had instructed PSUs to have standard tender template, with deviations there from duly approved by the BoD.</p> <p>Regarding tender condition of having service centre in Thiruvananthapuram for the work of supply of SVDS, GoK stated that as the control room was installed at Police Training College, Thiruvananthapuram, KELTRON's stipulation of having a service centre at Thiruvananthapuram was justifiable. The reply is not acceptable as the work pertains to supply of SVDS to different locations throughout Kerala and not for installing control room.</p> <p>In respect of works at serial numbers 6 and 7 of Appendix 11, one of the conditions for bidding was that the bidders should be strategic partners/ MoU partners of KELTRON. In the case of these works valuing ₹ 1.99 crore, there</p>	<p>The works mentioned against serial numbers 6 and 7 of Appendix 11, are University Campus networking, involving integrated networking of many departments located in a large area with multiple nodes and failure of one node may adversely affect operation of concerned department and therefore very crucial. So only bidders having domain expertise in ICT project implementation, long track</p>	<p>Tender Conditions such as "the bidder should be a MoU / Strategic partner" are not issued now instead more transparent and foolproof methods are adopted to ensure quality of work undertaken.</p>
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<p>was only one strategic partner viz., Net-X Technologies to submit bids.</p> <p>In the following tender, minimum previous experience was fixed in violation of CVC guidelines</p> <p>Table 3.7 Name of work - Networking and OFC backbone networking for Directorate of Collegiate Education (February 2016)</p> <p>Requirement of experience during last seven years CVC guidelines - One similar work valuing not less than `5 crore Fixed by KELTRON - One similar work valuing not less than `2 crore</p> <p>Audit Observation - Work was award Technologies. Eligibility was fixed to suit the requirement of Net-X Technologies, business partner of KELTRON as it had previous experience of only one similar</p>	<p>record in service and maintenance of project can successfully execute the project. The clause "the bidder should be a MoU / Strategic partner" is one among many conditions. At the point of floating the tender there were several MoU partners having same or similar qualifications as M/s NetX. Even certain tenders called for by central public sector stipulate vendor registration as a condition to ensure quality work.</p> <p>OFC backbone installation work is highly labour intensive work which involves road cutting, wall concealing, digging, cable pulling and laying etc. and restoration to the original state. Hence, relaxation of eligibility criteria and reduction in EMD were given for more participation. In projects, generally the tender payment terms will be on back to back basis (on receipt of payment from the Customer) and warranty of the project starts only after commissioning. The payment can be realised after actual measurement and taking into stock by the Customer and will take minimum one to 1.5 half years from project commencement. Project costing will have financial implication on above facts. Item wise price of product and project differs and hence comparison is not justifiable.</p> <p>The tender notice was generic for all future bidders with standard eligibility criteria. The basic</p>	<p>The Site study, Cost evaluation, Cost estimation, Cost Sheet preparation etc are prepared by KELTRON. On the basis of this, price is quoted in the bidding so that reasonableness of pricing can be ensured.</p> <p>The e-tendering process is designed to ensure maximum transparency and higher number of participation.</p>
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<p>work valuing '3.08 crore.</p> <p>On comparison of rates of nine comparable items of a similar work, excess expenditure of '0.19 crore (17.12 per cent) was noticed.</p> <p>For the works of supply of computer equipments for IT@School, notice inviting tenders issued by KELTRON stipulated that bidders should have experience, preferably of supplying to GoK/ its undertakings. RP Infosystems Limited was awarded the work of supplying Chirag brand computers. Out of 14,061 systems supplied, 135 had to be replaced and 5,301 had to be serviced by KELTRON at a cost of '1.27 crore as RP Infosystems Limited failed in after-sale service against which KELTRON recovered '3.38 crore through invocation of Bank Guarantee and retention money. Even though '0.32 crore remained to be recovered from RP Infosystems, KELTRON did not encash three BGs</p>	<p>experience was for 2 Cr in the past which was fixed by Technical committee. The "Comparable Items" is not applicable in this case since this was a competitive tender and after negotiation, L1 bidder was selected.</p> <p>An amount of Rs. 2.43 Cr Liquidated damages imposed by IT@school on the service lapse from M/s RP Infosystem (Chirag) was recovered from them by encashing the BG submitted by them and withholding the payment due to them aggregating to Rs.3.38 Cr. The estimated expenses of Rs. 1.27 crs was an over stated one, whereas the actual expenses was only Rs.0.74 Crs, as we have not deployed any additional man power for rectifying the faulty systems. The statement submitted to M/s.Chirag for the expense of Rs.1.27 Crs to avoid any claim from them for the excess amount recovered. Hence effectively, Company has not made any loss as stated.</p>	<p>The tender Clause of "Liquidated Damages" are strictly followed by the Purchasing Authority and if there is any deviation from tender condition by the Bidders, fines are imposed proportionally.</p>
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	<p>worth '0.58 crore which expired in June/ July 2013.</p> <p>GoK replied (February 2017) that the figure of '1.27 crore was overstated and KELTRON's actual expenses were '0.74 crore. This reply is not acceptable because the figure of '1.27 crore was based on the figures provided by KELTRON itself and included the cost of manpower for service and overheads, whereas '0.74 crore was excluding these.</p>		
	Award of work to single bidders		
3.2.2.5	<p>According to the directions (October 2013) of GoK, in cases where there was only single bidder, retendering should be resorted to. If after retendering also there was only single bidder, the work can be awarded to the single bidder with justification for the same. Further, as per Rule 8.15 of SPM, Earnest Money Deposit (EMD) of a tenderer will be forfeited, if the tenderer withdraws from the tender.</p> <p>Audit noticed that KELTRON had awarded eight works, obtained from GoK/ agencies on nomination basis, to single bidders for '24.60 crore without retendering</p>		

(Appendix 12). The time given for bid submission in these cases was also lesser than that mandated by SPM. In respect of tenders for the works of Motor Vehicle Department, GoK and Transport Commissioner (Serial numbers 4 and 6 of Appendix 12) request of one contractor for extension of bid submission time for each work was not considered by KELTRON.

In respect of tenders invited for three works, there were two bidders each. Though the bidders were related entities which made their bids equivalent to single bids, KELTRON/ SIDCO did not retender the works as warranted by the Order (October 2013) of GoK.

Appendix 12

Sl. No. 3

Name of work: Supply, testing and commissioning of six 500 KW central power conditioning units

Cost of work (₹ in crore): 1.25

Days given: 05

Name of single bidder: ABB India, Bangalore

Clarified in Reply to Appendix 12

Two vendors submitted bids; the second bidder could not submit necessary MNRE approval certificates during the Technical evaluation time in spite of repeated requests for the same. Racold Thermo was a reputed make with all MNRE approvals and they supplied the items with MNRE subsidy. Considering the delivery schedule and LD clause and the time required for other activities like installation and commissioning, the Technical committee recommended to proceed with single bid.

For KSEB tenders we have to submit a list of vendors for the major components at the time of e-tender submission. We have to submit detailed technical documents from the vendors for KSEB evaluation. For the Central Power conditioning unit they have specified IEC certifications and only vendors with the certification will be approved by KSEB as per tender terms. There are only limited manufactures for central power conditioning units like ABB, Hitachi, Delta and Schneider. At the time of bid submission,

Re-tendering is done in case sufficient quotes are not received during initial tendering.

we had received Technical documents only from ABB even though we had requested the same from other vendors like delta and Schneider. Delta had no central Inverters with the IEC certification at the time of e-tendering and Schneider not participated in the open tender even though we requested. Considering the delivery schedule and LD clause and the chances of getting additional bids with valid IEC certification was less, during the Technical evaluation, recommended to proceed with single bid.

Subsequently we had floated another e-tender for the same item for Ponnani project of KSEB and only ABB quoted even after re-tendering.

1) Keltron invited open E tender for PCUs of 300KW and 500KW capacity on 17/12/2015 and 11 days given for submitting the bid. Only M/s ABB participated in the tender.

During the technical document approval process with KSEB, after signing the agreement, KSEB had approved only ABB make PCUs based on their earlier experience.

Only 4 months were left out to complete the project including supply, installation and handing over. ABB required 60 days to complete supply of 7 PCUs.

Considering the fact that only ABB was approved by KSEB and limited time for execution, single tender of ABB was accepted. The Purchase Committee decided to negotiate with ABB before releasing the P.O.

Accordingly, the P.O. was placed on ABB. The KSEB canal top project of 3.0MW had to be mounted across the canal of 3.00KM length, for which the time duration given by KSEB was too short, as they had to satisfy MNRE norms.

Table - 3.8

Bidding by related entities

Sl. No - 2

Items of supply - Two Database servers for IT @ School

Name of bidders - SIPL and NetX Technologies

Work awarded to - Net-X Technologies

Purchase Order Value -Rs. 1 Cr.

Remarks

SIPL and Net-X Technologies were the business partners of SIDCO and KELTRON respectively. In the tender invited by KELTRON, the bid submitted by Smartsoft (another vendor) was rejected during technical evaluation though it complied with all the tender conditions. The seal of SIPL was found on the bid documents submitted by Net-X Technologies to KELTRON. The contact e-mail given by SIPL in the e-tender website was biju@netx.co.in i.e. an email address registered in the domain of Net-X Technologies.

Completing a 3MW project, from engineering activities upto handing within 5 months is very difficult. We had fixed milestones for various activities including procurements

This was the 3rd time tender was called for and IT@School technical committee has rejected M/s Smartsoft's bid due to technical non compliance of the item quoted.

Keltron do not have mechanism to cross check the relationship or back ground of bidders. However, the tender was not processed further and the order was executed through authorized partner of OEM M/s HP (L1 product) after negotiation and the customer got significant reduction in price.

Keltron is the part of e-Procurement of State RC which is a foolproof system and more transparent in procurement of commonly used IT products from OEMs directly. Tenders are carried out strictly in compliance with SPM.

<p>Auditor further noticed that: In respect of the work of installation of speed cameras and surveillance system for Transport Department, GoK (serial number 6 of Appendix 12), Proxs Infocomm Limited (Proxs) was Mediatronix's partner and an authorised agency to quote, supply, install and maintain traffic enforcement systems developed by Mediatronix. In the tender documents submitted by Proxs, employees of Mediatronix were mentioned as the contact persons for financial and technical enquiries.</p> <p>Work was awarded to Proxs on 1 November 2013 and on the same day KELTRON, Mediatronix and Proxs entered into a teaming agreement for joint development, implementation and maintenance of the required system and software for the project.</p> <p>As Proxs did not start the work even after three months of the issue of the Purchase Order, KELTRON cancelled (3 February 2014) the Purchase Order and the supply order was directly issued (6 February 2014) to Mediatronix without re-tendering for a total value of ₹9.34 crore. KELTRON, Mediatronix and Proxs, thereafter,</p>	<p>As we explained earlier, M/s. Mediatronix is the only one successful OEM in India for SVDS. They can give their price, support and experience to any firm through any associates for participating tender. M/s. Proxs is the Financial Partner of M/s. Mediatronix. Hence before releasing the Order to M/s. Proxs, we signed a Tri-partite Agreement also. Since Proxs was not able to arrange the funds as per the schedules, there was a delay in execution. Hence we were forced to cancel the Order of M/s. Proxs and placed it directly to M/s. Mediatronix. The funding for execution of this Order was arranged by us directly and we have saved the margin of financial partner Rs.99,14,000/- on this Order. M/s. Proxs was accepted the cancellation based on our assurance of returning the EMD.</p> <p>The EMD was refunded to Proxs in order avoid legal litigations. It is pertinent to note that even after refunding the EMD, Keltron has gained an amount to a tune of Rs.99 Lacs (approx.). Ultimately this process gains Rs 99 Lacs to Government.</p>	
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entered (25 February 2014) into a compromise deal and KELTRON refunded (26 February 2014) the earnest money deposit (20 lakh) submitted by Proxs. Such instances highlight the non-transparent dealings of KELTRON.

For the work of setting up of vehicle testing stations (VTS) in Thiruvananthapuram and Ernakulam (serial number 4 of Appendix 12), KELTRON published (16 January 2014) e-tenders, giving only five days for submission of bids. A private company had complained to KELTRON that the dates given in the tender were in violation of the provision of General Financial Rules 2005. KELTRON did not consider this complaint even though there was violation of SPM provisions, thereby limiting competition. Only one bid was submitted which was accepted though the bidder (Webex Systems and Networks Private Limited - Webex) did not submit documents such as declaration about non-blacklisting by Government Departments, registration certificate, service centre details, PAN details, etc. KELTRON had earlier obtained works of VTS at Kozhikode and

Initially Motor Vehicle Department has released an EOI for the implementation of Vehicle Testing Stations at Kozhikkode District. Since Keltron do not have the product as such, we were searching for a Technical Partner for participating in this tender. During that time M/s. Snapon, an Italy based OEM responded through their channel partner M/s. Webex Systems and with their technical knowhow Keltron participated in the EOI. Out of the three companies which submitted the EOI, Motor Vehicle Dept. accepted the technical Bid of Keltron and advised a technical presentation of the quoted item. This was done jointly by Keltron with M/s. Snapon and their authorized distributor M/s. Webex. The Customer was fully satisfied on our presentation and asked to submit a quotation in line with the technical solution presented. Keltron has submitted the offer with the backup quotation of M/s. Webex and technical support of the OEM M/s. Snapon, after signing the tri-partite agreement with M/s. Webex and Snapon. Based on that, MVD released the Orders for Kannur and Calicut Districts and we executed the same successfully.

In continuation of the above, MVD has released another P.O for Setting up of Vehicle Testing Stations in Trivandrum and Ernakulam Districts. For

	<p>Kannur by submitting proposals obtained from Webex and thereafter passed on (October 2011- March 2012) these work to Webex on nomination basis. Webex, incorporated in 2007, obtained VAT registration in February 2012. After obtaining the works of VTS through KELTRON, the VAT registration was cancelled in August 2014. Webex collected (March 2012 - March 2014) VAT amounting to '0.68 crore from KELTRON in the deal, which was not duly remitted to the Commercial Taxes Department, GoK. Due to this, KELTRON would be disallowed the input VAT credit of '0.68 crore availed of by it. Commercial Taxes Department, GoK, replied (November 2016) that notice had been issued to Webex for recovery of VAT. Recovery was, however, pending as of February 2017.</p>	<p>checking the competitiveness of market, Keltron published an open e-Tender through the Government e-Procurement Website. Since the execution time was limited, we provided the minimum Bid Submission time (5 days) as per the allowable time limit provided by the Government e-Tendering Site. While publishing this tender, one private party M/s. Environmental systems products India Pvt. Ltd, Mumbai commanded on the Bid Submission period. But due to urgency in execution of the project, we were not in a position for considering their request to extend the period. While opening the technical bid there was only one quotation submitted by the previous Vendor, M/s. Webex. Considering our previous experience and the urgency of work completion, we accepted their Technical Bid and proceeded further. All other missing technical documents were already given in the earlier tender. Hence the Technical Committee has given clearance on this part. Being a commercial organization, we have limitations to incorporate all the clauses of SPM or to publish e-Tender details in Government Gazette. Since the quoted party was previously qualified through the successful execution of our previous two Orders, we proceeded to finalise the order without re-Tendering</p>
	Award of work to regular suppliers after defective evaluation of bids	
3.2.2.6	<p>GoK/ its agencies issued (January 2011- January 2016) nine work orders to KELTRON through tender process. In respect of one tender for supply and installation of 3,720</p>	<p>Here Keltron is only a bidder in the tender called by M/s ASAP and the tender was evaluated by the technical committee. As per tender condition EPA Gold was mandatory for the products quoted. TI Model quoted Acer Veriton M2630G has EPEAT G</p>

all-in-one desktop computers for Additional Skill Acquisition Programme (ASAP) of Higher Education Department, the eligibility criteria for technical qualification required that the bidder should be a manufacturer or authorised dealer or authorised distributor and the equipment should have EPEAT55 gold certificate

ASAP rejected one of the bidders who had quoted with Dell make stating that it did not furnish list of service centres, whereas Dell followed onsite service support. ASAP rejected another bid as it did not meet the annual turnover criteria of '20 crore, which was more than the probable amount of contract (PAC) of '15 crore. ASAP qualified KELTRON and Steel Industries Kerala Limited⁵⁶ (both with Acer brand) technically, even though neither of them were manufacturers or authorised dealers/ distributors. They neither submitted EPEAT gold certificate nor did have any service network. Despite these defects, ASAP placed (6 March 2015) work order on KELTRON, the lower of two bidders at the rate of '37,000 per piece.

certification since 17/9/2013 and is electronically verifiable from the EPEAT site.

	<p>Audit observed that KELTRON had invited (4 March 2015) tenders in which two bidders, ACS Technologies and LR Infotech System had participated. Both the bidders were regular suppliers of KELTRON during 2010-11 to 2015-16 with nearly 30 to 82 per cent of their annual turnover coming from KELTRON. Work order was issued (11 March 2015) to ACS Technologies, the lowest bidder who quoted ₹35,233 per piece even though it did not produce EPEAT gold certificate.</p> <p>KELTRON replied (August 2016) that the equipment supplied by ACS Technologies had EPEAT gold certification. The reply was incorrect as EPEAT gold certification was obtained (24 March 2015) after placing supply order by KELTRON.</p>		
	Lapses in Installation of integrated security system for Sree Padmanabha Swamy Temple		
3.2.3	<p>GoK approved (27 October 2012) KELTRON's proposal for integrated security system for Sree Padmanabha Swamy Temple and State Police Chief, Kerala made advance payment (March 2013) of ₹9.54 crore to KELTRON for it.</p>	<p>The installation of Speed Folding door at all gates started on 8/04/2015 and during the installation of Speed Folding door at East Nada; the DCP Temple has informed us to stop the Installation of "Speed Folding Door" in Sree Padmanabha Swamy Temple from 7/10/2015.</p>	<p>The unit has employed two engineers at Central Room to look after the day today affairs. All the installation are now fully functional and being monitored from Control Room.</p>

	<p>Audit observed that KELTRON could not complete the installation of seven speed folding doors costing 1.61 crore as the Executive Committee of the Temple did not permit it. Permission of the Thanthri (priest) was required for any changes to be made inside the temple, which was not obtained by KELTRON. We also observed (April 2016) in a joint physical verification that KELTRON purchased excess material valuing 0.25 crore. Similarly, bollards installed in the North, East and West Nadas were not working and road blockers installed in East, West and South Nadas were also not working. GoK replied (February 2017) that road blockers and bollards were being rectified. The fact, however, remains that these equipment were not fully rectified and warranty for road blockers and bollards would expire in December 2017 while that of speed folding doors would expire in August 2017</p>	<p>We requested to District Police Chief (TVM) to take up the matter with temple authorities to provide the necessary sanction to resume the installation and commissioning at the earliest. Regarding this matter, he has directed DCP (Temple) to take with Temple administration for early solution. The responsibility of getting permission from Tantri etc is with the Police for which we are not to be involved.</p> <p>On 25/08/2016 we have got an administrative sanction to continue the installation process of Speed Folding door. During the installation of Speed Folding door the excavation work for foundation pit is a crucial factor. But the temple authority demanded us to stop the excavation in further due to archaeological and religious importance of the location.</p> <p>It is understood that no party will put in effort to complete the work if there are several stoppages which will cause financial loss.</p> <p>As per the original design by considering the requirement of the three phases of the ISS project, we have estimated various types of cables and the installation accessories. During implementation of this phase most of the cables and installation accessories were consumed. There are some balance items which are stocked at SPST for next phases. But since there may be further delay in awarding the next phase orders, we requested the department to permit us to take back those items lying at SPST. Still permission is pending to take back the excess materials from SPST premises.</p>	
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		<p>We have already submitted our proposal for the additional items supplied and labour work carried out for which Govt. sanction and order is expected. The cost of the items returning to Keltron may be adjusted in the amount due to us.</p> <p>We have already kept two of our Engineers at the control room to look into the day to day issues. It is our motto to keep the ISS SPST systems in a fully functional condition and we are putting all our efforts to clear the issues raised by the customer. The bollards and the blockers are fully functional and the same is being monitored in the control room.</p>	
	Payment for supplies not conforming to specifications		
3.2.4	<p>KELTRON ordered (06 March 2014) four day-night vision binoculars from Trident Infosol Private Limited (Trident) after inviting limited tenders, for Integrated Security System (ISS) in Sree Padmanabha Swamy Temple. According to the terms of purchase order, payment was to be made against delivery and acceptance of material.</p> <p>Audit noticed that KELTRON staff had taken the binoculars into stock</p>	<p>Even though the items supplied by the M/s Trident Infosol, New Delhi on 12-5-2014 and delivered by us to Kerala police (SPST) on 16-05-2014, it was inspected by the police department on 14-3-2015 and the report was handed over on 18-03-2015. It was not possible to hold the item without taking in to stock for such a long period. Also the payment to the vendor could not be delayed due to the delay for inspection which was nearly ten months from the date of delivery. On receipt of the verification report we have forwarded a note to our finance department to stop all the payments to M/s trident infosol until they replace the equipment. Various</p>	<p>Necessary measures will be initiated in future to avoid similar delay from respective authorities.</p>

	<p>was paid 5.53 lakh (80 per cent of value of supply, including tax) on the day of receipt (15 May 2014). Deputy Commissioner of Police, Free Padmanabha Swamy Temple Security rejected (March 2015) the binoculars due to non-conformity to order specifications. Thus, 6.53 lakh were spent wastefully due to KELTRON's undue haste in making payment to Trident. Trident did not replace the items (April 2016)</p>	<p>correspondences were made for getting the item replaced from the supplier.</p>	
	Award of work to sub-contractors		
23	Conclusion		
	<p>KELTRON and SIDCO awarded work orders to their business partners on nomination basis and through tendering that was tailor-made to suit their business partners. Thus, a few firms viz., Mediatronix, RP Tech Net-X Technologies and SIPL managed to obtain major orders of GoK through KELTRON and SIDCO without complying with provisions of KFC, SPM and CVC guidelines. Besides, due to involvement of PSUs in the execution of works of GoK through private parties, GoK had to incur extra expenditure. In execution of civil works also, there was noncompliance with provisions of KFC, SPM and CVC directives.</p>		

**ACTION TAKEN REPORT ON PARA 3.2 RELATED TO KELTRON IN THE
AUDIT REPORT OF C& AG FOR THE YEAR 2015-16**

Paragraph Number and Unit	Audit Para	Action taken
Audit Para : 3.2.2.3 : Loss due to award of without tender: Unit: Keltron Equipment Complex, Karakulam	The Audit observed that the GoK awarded (March 2012) work relating to implementation of solar energy system in Central Prison, Thiruvananthapuram to KELTRON resulted in an extra expenditure of Rs.0.55 crore to KELTRON by comparing the rates with that of the order given for the procurement of solar panels procured in (September 2012) for Thevancode Prison.	<p>The audit has calculated the loss to Keltron from rate per watt for balance of work to be done by Keltron in the POs awarded to REIL for Central Prison in April 2012 as against the rate per watt for balance of work to be done by Keltron in the POs awarded to REIL for Thevancode prison in September 2012.</p> <p>(Thevancode, Sep 2012) Rs. 80/W - (Central Prison, TVM, April 2012) Rs.56/W = Rs. 24/W x 229 KW (Central Prison, TVM, April 2012) = 0.55 cr.</p> <p>The project had to be implemented by an approved MNRE partner to avail 30% MNRE subsidy and hence Keltron selected REIL (Rajasthan Electronics and Instrumentation Ltd) a public sector company for the purpose and awarded a Purchase order in April 2012. During the execution of the first order Keltron had no expertise in the execution of solar power plants hence Keltron had, engaged experienced manpower from REIL for the supervision of site work and hence the balance of work to be done by Keltron @ Rs 56/- per Watt.</p>

Amount for Balance of work to be done by Keltron as per PO is Rs.128,24,000 for 229 KW. Hence. Rs 128,24,000/229KW = Rs 56/W.

The Audit has compared this rate with the Order given by Keltron to REIL in Sep 2012 for Thevancode prison. For the execution of Thevancode Prison, Keltron did not use manpower support from REIL since the company gained experience after the completion of the solar project in Central prison, Trivandrum. Hence the balance of work to be done by Keltron at the rate Rs 80/ per, Watt.

Amount for Balance of work to be done by Keltron as per PO is Rs 114,24,000 for 142.8 KW. Hence Rs.1 14,24,000/142.8 KW = Rs 80/W.

The Thevancode Prison order was received by Keltron only in July 2012 after completing the supply of materials for the first order (Central Prison, TVM). So, there was no scope of price negotiation.

Along with Thevancode prison order Keltron had received similar orders for 5 more prisons. Since the second project involved higher quantities a better price was negotiated by Keltron. The Negotiation by Keltron with REIL for supply of items for 6 prisons including Thevancode was done on 03-08-2012 (Minutes of the meeting is attached as Annexure -1).

Audit Para: 3.2.2.4	Table 3.6 Supply of laptops	Adequate time was given for
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Award of work after defective tendering Unit: IT Business Group	to IT @ School: Days given for bid submission - 7 Quantity (Number) - 4,400 Rate/ piece at which supplied to IT @ School Rs. 35,857 Rate for comparable item Rs. 27,610 Extra cost per piece - Rs. 8,247 Extra cost on supplied quantity - Rs. 3.63 Crs Remarks - Toshiba-make laptop with better specifications, was purchased (January 2015) by Kerala Motor Transport Workers Welfare Fund Board, Kollam at the rate of Rs.27,610.	bid submission for supply 4400 Laptop to IT @School. The e-tender was published on 31/10/2014. The last date for bid submission was 21/11/2014 and Newspaper advertisement published on 4/11/2014. After modifying tender terms and conditions, retender published on 09/12/2014 and last date for bid submission was 16/12/2014 and further extended upto 17/12/2014 as bidders were unable to pay EMD due to payment gateway problem: Details enclosed as Annexure 2(1). Keltron selected the supplier through transparent e tender process as per customer specification. In this tender Toshiba had not participated.
query: Supply of desktops to IT @ School:	Days given for bid submission - 4 Quantity (Number) - 2,200 Rate/ piece at which supplied to IT @ School Rs. 32,642 Rate for comparable item Rs. 30,200 Extra cost per piece Rs.2,442 Extra cost on supplied quantity (Rs. in crore) - 0.54 Remarks - 15 Acer-make computers with same, specifications were purchased (February 2015) by Chemical Examiners Laboratory, Thiruvananthapuram at the rate of Rs.30,200.	Adequate time was given for bid submission for supply 2200 Desktop PCs to IT@School. The e-tender was published on 31/10/2014. The last date for bid submission was 21/11/2014 and Newspaper advertisement published on 4/11/2014. Details enclosed as Annexure 2(2). As Keltron doesnot have access to the details of tender invited by other departments / Agencies, comparison with such tender is not possible. Keltron is only able to select the best among the participating parties in the tender invited by Keltron.
Unit: Keltron Communication Complex, Monvila	Auditors also noticed maneuvering of tenders to suit business partners / regular suppliers as described below:	Government of Kerala implemented e-tender for the procurement of stores on 26.07.2012. Initially there were many problems

State Police Chief, Kerala connected with e-tendering awarded (October 2012) the process. The e-tender work of installation of 100 application was developed & SVDS to KELTRON. It installed by NIC, and hence invited tenders after splitting the problems were addressed the work into three parts. Of by the developer, ie NIC, not these, KELTRON invited by Kerala State IT Mission. (November 2012) e-tenders The screenshot of technical for setting up of Control glitch happened at the e-tender Room for SVDS in website on that day is Thiruvananthapuram. Five enclosed as Annexure-3.

parties participated in the pre-bid meeting held on 30 November 2012. On the Keltron on 13/12/2013 by one date of opening of the of the vendors named M/s tender (13 December 2012), ITMG (Annexure - 4).

KELTRON decided to collect physical bid This matter was very well documents instead of e- communicated with Kerala IT documents and to finalise Mission by Keltron. IT the bids on 14 December Mission replied that was a 2012. This fact was not software related problem and informed to all bidders who they were communicated the same with developer, ie, NIC. participated in the tender. Hence based on the Corporate The reason attributed by approval, in order to save time in the method of tendering on project completion all 5 vendors who were participated was technical glitch in the e- in the pre-bid meeting were tender website which sent e-mail communication for prevented uploading or submitting the tender downloading the e-tender document as hard copy at details. Keltron communication office

According to the Kerala due to the e tender site State IT Mission, which problem (Annexure -5).

maintains the e- tendering The above said software website of GoK, there was Problem can be cross checked no technical glitch in the with NIC headquarters with website. This indicates that date and time. Kerala IT the officials of KELTRON Mission cannot access or wanted to finalise the tender resolve the e-tender site outside the e- tender website problems. when there was possibility of competition as five bidders had participated in pre-bid meeting. KELTRON opened (14 December 2012) the only bid received from RP Tech

	<p>International Private Limited (RP Tech), who was authorised by Mediatronix to submit bids and awarded (20 December 2012) the work for Rs.5.99 crore to RP Tech.</p>	
	<p>In respect of works at serial number 1 and 2 of Appendix II of Audit Report which were parts of the same work, tender conditions were arbitrarily fixed suiting the ultimate awardees of the works. In the work awarded to Mediatronix, Thiruvananthapuram for supply of SVDS, the criteria fixed was having an existing service centre in Thiruvananthapuram, whereas for the work awarded to ITMG, Malappuram (who did not have a service centre in Thiruvananthapuram) for installation of SVDS, the criteria fixed was that it should have an existing service centre anywhere in Kerala. In both the tenders, there was only one bidder each viz.</p>	<p>In the case of 100 system BOOT project for Kerala Police implementation, Keltron floated 3 Nos. of e-tender. First e-tender for procurement of automated enforcement system, devices and back end application support at central control room located at Police training College Thiruvananthapuram. Second e-tender for the field installation and field support for the enforcement system located at 100 different locations spread over seven districts of Kerala.</p> <p>In the case of first e-tender the company needed the installation and the support at Thiruvananthapuram only and the central control room is guaranteed 99% uptime throughout the year. The entire 100 enforcement system are connected to the central control room and entire enforcement processing, chellam processing and storage management are done in central control room only. Due to this criticality the central control room should have 24 hrs local support. So, the support and service center at Thiruvananthapuram is essential for the central control room.</p> <p>But in the case of second tender, the installation and</p>

		warranty support were needed at 100 different location spread over seven districts and this is not critical as central control room. That's why Keltron insist the vendor should have minimum one service center in Kerala.
Audit para: 3.2.2.5 : Award of work to single bidders Unit: IT Business Group	For the works of supply of computer equipments for IT@School, notice inviting tenders issued by IT@school on the service. KELTRON stipulated that bidders should have experience, preferably of submitting by them and supplying to GoK/ its undertakings. RP Infosystems Limited was awarded the work of supplying Chirag brand one, whereas the actual computers. Out of 14,061 systems supplied, 135 had to be replaced and 5301 had to be serviced by KELTRON deployment as envisaged for at a cost of Rs. 1.27 crore as rectifying the faulty systems. RP Infosystems Limited failed in after sale service against which KELTRON recovered Rs.3.38 crore through invocation of Bank Guarantee and retention money. Even though Rs.0.32 crore remained to be recovered from RP Infosystems, KELTRON did not encash three BGs worth Rs.0.58 crore which expired in June/ July 2013. GoK replied (February 2017) that the figure of Rs. 1.27 crore was overstated and KELTRON's actual expenses were Rs.0.74 crore. This reply is not acceptable because the figure of Rs.1.27 crore was based on the figures provided by KELTRON	An amount of Rs. 2.43 Cr Liquidated damages imposed by IT@school on the service lapse from M/s RP Infosystem (Chirag) was recovered from them by encashing the BG submitted by them and withholding the payment due to them aggregating to Rs.3.38 Cr. The estimated expenses of Rs. 1.27 crs was an over stated expenses were only Rs.0.74 Crs, as there was no need for additional man power deployment as envisaged for rectifying the faulty systems. Hence effectively, Company has not made any loss as stated.

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	itself and included the cost of manpower for service and overheads, whereas Rs.0.74 crore was excluding these.	
Unit: Keltron Communication Complex, Monvila	<p>In respect of the work of installation of speed cameras and surveillance system for Transport Department, GoK (serial number 6 of Appendix 12), Proxs Infocomm Limited (Proxs) was Mediatronix's partner and an authorised agency to quote, supply, install and maintain traffic enforcement systems developed by Mediatronix. In the tender documents submitted by Proxs, employees of Mediatronix were mentioned as the contact persons for financial and technical enquiries.</p> <p>Work was awarded to Proxs on 1 November 2013 and on the same day KELTRON, Mediatronix and Proxs entered into a teaming agreement for joint development, implementation and maintenance of the required system and software for the project. As Proxs did not start the work even after three months of the issue of the Purchase Order, KELTRON cancelled (3 February 2014) the Purchase Order and the supply order was directly issued (6 February 2014) to Mediatronix without re-tendering for a total value of Rs.9.34 crore. KELTRON, Mediatronix and Proxs, thereafter, entered (25 February 2014), into a</p>	<p>M/s. Mediatronix is the only one successful OEM in India for SVDS. They can give their price, support & experience to any firm through any associates for participating tender. M/s. Proxs is the Financial Partner of M/s. Mediatronix for this particular e-tender. Hence before releasing the Order to M/s. Proxs, Keltron signed a tri-partite Agreement also. This is a standard practice for safe guarding Keltron and User Department. This is because for ensuring the onsite service support for the entire warranty period directly from OEM, if the supplier fails to support giving technical and service support due to any reason. Since Proxs was not able to arrange the funds as per the schedules, there was a delay in execution. Hence, Keltron were forced to cancel the purchase order of M/s. Proxs after doing so many communications. Based on the cancellation of the purchase order Keltron held discussions with M/s. Mediatronix about the execution of the project in association with Keltron without a finance partner, if Keltron can finance for the same. Keltron discussed with M/s. Mediatronix based on the rate quoted in the e-tender and finally issued a purchase order to M/s. Mediatronix with the approval from Complex Head, Executive Director (Head</p>

<p>compromise deal and KELTRON refunded (26 February 2014) the earnest money deposit (20 lakh) submitted by Proxs. Such instances highlight the non transparent dealings of KELTRON.</p>	<p>Corporate Planning), General Manager(Head Corporate Marketing), CGM (Head Corporate Finance) and MD Keltron on 06.02.2014 on a lesser amount of Rs 99.14L. The funding for execution of this Order was arranged by Keltron directly and company saved the margin of financial partner Rs.99, 14,000/-on this Order. M/s. Proxs accepted the cancellation based on the assurance of returning the EMD</p> <p>The EMD was refunded to Proxs in order to avoid legal litigations. The timeline allotted by department was 10 months and already 3 months was elapsed. - With the remaining time it was very difficult to complete the project in stipulated time. So if the vendor goes to legal litigation against Keltron for the cancellation of the purchase order, it will seriously effect our project completion of company and leads to cancellation of the purchase order from the department. It is pertinent to note that even after refunding the EMD, Keltron has gained an amount to a tune of Rs.99 Lacs (approx.). Ultimately this process gains Rs 99 Lacs to Government / KELTRON.</p>
<p>For the work of setting up of vehicle testing stations (VTS) in Thiruvananthapuram and Ernakulam (serial number 4 of Appendix 12), KELTRON published (16 January 2014) e-tenders, giving only five days for submission of bids. A</p>	<p>Initially Motor Vehicle Department has released an EOI for the implementation of Vehicle Testing Stations at Kozhikkode District. Since Keltron do not have the product as such, Keltron was searching for a Technical Partner for participating in this tender. During that time M/s.</p>

private company had Snapon, an Italy based OEM complained to KELTRON responded through their that the dates given in the channel partner M/s. Webex tender were in violation of Systems and with their the provision of General technical know how Keltron Financial Rules 2005. participated in the tender. Out KELTRON did not consider of the three companies which this complaint even though submitted the EOI, Motor there was violation of SPM Vehicle Dept. accepted the provisions, thereby limiting technical Bid of Keltron and competition. Only one bid advised a technical was submitted which was presentation of the quoted accepted though the bidder item. This was done jointly by (Webex Systems and Keltron with M/s. Snapon & Networks Private Limited - their authorized distributor Webex) did not submit M/s. Webex. The Customer documents such as was fully satisfied on the declaration about non-presentation and asked to blacklisting by Government submit a quotation in line with Departments, registration the technical solution certificate, service centre presented. Keltron has details, PAN details, etc. submitted the offer with the KELTRON had earlier backup quotation of M/s. obtained works of VTS at Webex and technical support Kozhikode and Kannur by of the OEM M/s. Snapon, submitting proposals after signing the tri-partite obtained from Webex and agreement with M/s. Webex & thereafter passed on Snapon. Based on that, MVD (October 2011-March 2012) released the Orders for these work to Webex on Kannur and Calicut Districts nomination basis. and Keltron executed the same successfully.

Webex, incorporated in 2007, obtained VAT In continuation of the above, registration in February MVD has released another P.O 2012. After obtaining the for Setting up of Vehicle works of VTS through Testing Stations in KELTRON, the VAT Trivandrum & Ernakulam registration was cancelled in Districts. For checking the August 2014. Webex competitiveness of market, collected (March 2012 - Keltron published an open e-March 2014) VAT Tender through the amounting to 0.68 crore Government, e-Procurement from KELTRON in the Website. Since the execution deal, which was not duly time was limited, Keltron remitted to the Commercial provided the minimum Bid Taxes Department, GoK. Submission time (5 days) as Due to this, KELTRON per the allowable time limit would be disallowed the provided by the Government

input VAT credit of 0.68 crore availed of by it.	e-Tendering Site.
Commercial Taxes Department, GoK, replied (November 2016) that notice had been issued to Webex for recovery of VAT. Recovery was, however, pending as of February 2017.	<p>While publishing this tender, one private party M/s. Environmental systems products India Pvt. Ltd, Mumbai commended on the Bid Submission period. But due to urgency, Keltron has not considered their request.</p> <p>While opening the technical bid there was only one quotation submitted by the previous vendor, M/s. Webex. By considering previous experience of Keltron and the urgency of work completion, Keltron accepted their Technical Bid and proceeded further. All other missing technical documents were already given in the earlier tender. Hence the Technical Committee has given deviation on this part.</p>
	<p>Being a commercial organization, Keltron has limitations to incorporate all the clauses of SPM or to publish e-Tender details in Government Gazette. Since the quoted party was qualified through the successful execution of previous two Orders, Keltron proceeded without any re-Tender.</p>
	<p>As per the Notice from Commercial Taxes Department, Trivandrum dated 03.11.2016(Annexure 6) Keltron was directed to withhold the payments to M/s Webex being the firm was a tax defaulter. The company had immediately taken action to terminate further payments and orders to M/s. Webex and</p>

		intimated them vide letter dated 19/12/2016 (Annexure 7). Also, Keltron had paid an amount of Rs. 48 lakhs recovered from M/s, Webex to Commercial Taxes Department, Trivandrum on 27/10/2017 (Annexure 8)
Audit Para : 3.2.2.6 : Award of work to regular supplies after defective evaluation of bids. Unit : IT Business Group	GoK / its agencies issued (January 2011- January 2016) nine work orders to KELTRON through tender process. In respect of one tender for supply and installation of 3,720 all-in-one desktop computers for Additional Skill Acquisition Programme (ASAP) of Higher Education Department, the eligibility criteria for technical qualification required that the bidder should be a manufacturer or authorised dealer or authorised distributor and the equipment should have EPEAT55 gold certificate. ASAP rejected one of the bidders who had quoted with Dell make stating that it did not furnish list of service centres, whereas Dell followed onsite service support. ASAP rejected another bid as it did not meet the annual turnover criteria of 20 crore, which was more than the probable amount of contract (PAC) of Rs. 15 crore. ASAP qualified KELTRON and Steel Industrials Kerala Limited 56 (both with Acer brand) technically, even though neither of them were manufacturers or authorised dealers / distributors. They	KELTRON was the successful bidder in the tender floated by ASAP. Subsequently ASAP awarded supply order for supplying 3720 numbers of Acer Veriton M2630G subjected to the production of EPEAT certificate (Order copy enclosed as Annexure 9). Further KELTRON has floated e-tender for supplying the qualified model. ACS Technologies and LR Infotech System had participated in the tender and ACS Technologies was the successful bidder. As per tender condition EPEAT Gold was mandatory for the products quoted M/s. Acer (OEM) had given an undertaking that EPEAT gold certificate will be furnished on or before 27/03/2015. Hence, Keltron released purchase order on 11/03/2015 (Annexure -10). It is evident from website of EPEAT that Acer laptops are having EPEAT Gold certification since 12/09/2013.

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neither submitted EPEAT gold certificate nor did have any service network. Despite these defects, ASAP placed (6 March 2015) work order on KELTRON, the lower of two bidders at the rate of Rs.37,000 per piece. Audit observed that KELTRON had invited (4 March 2015) tenders in which two bidders, ACS Technologies and LR Infotech System had participated. Both the bidders were regular suppliers of KELTRON during 2010-11 to 2015-16 with nearly 30 to 82 per cent of their annual turnover coming from KELTRON. Work order was issued (11 March 2015) to ACS Technologies, the lowest bidder who quoted Rs.35,233 per piece even though it did not produce EPEAT gold certificate. KELTRON replied (August 2016) that the equipment supplied by ACS Technologies had EPEAT gold certification. The reply was incorrect as EPEAT gold certification was obtained (24 March 2015) after placing supply order by KELTRON.

Kejriwal
 M.A. RAJENDRA BEEC
 Additional Secretary
 Industries Department
 Govt. Secretariat

MINUTES OF MEETING BETWEEN KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD AND RAJASTHAN ELECTRONIC & INSTRUMENTS LTD HELD AT KETRON HOUSE, VELLAYAMPALAM, TRIVANDRUM ON 24 AUG 2012 IN THE OFFICE OF MD KETRON

PARTICIPANTS

KELTRON

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b7DC
b7DD
b7DE
b7DF
b7DG
b7DH
b7DI
b7DJ
b7DK
b7DL
b7DM
b7DN
b7DO
b7DP
b7DQ
b7

1. Mr. C. Prasanna Kumar, M.P.
2. Mr. K. M. Suresh, M.P.
3. Mr. K. S. Suresh, M.P.

The implementation of the new requirement

- a. Open Prison, Tiruvandur
- b. District Jail, Tiruvandur
- c. S.S.I. Tiruvandur
- d. Central Prison, Vayur
- e. Central Prison, Kanni
- f. Open Prison (Annex), Tiruvandur

1. Against the above, KELTRON agreed to make available the letter from Adalat (Prasant) to be submitted to MNRE to necessary approval on or before 10.8.2012.
2. REIL agreed to submit the proposal to MNRE on or before 1st 8.2012 with a copy to KELTRON.
3. REIL indicated that MNRE approval will be received at least end on or before 15.9.2012.
4. Bill for the above project will be issued on or before 10.6.2012.
5. It was agreed by REIL that supplies can be made - 20% in October, 40% in November and 40% in December, 2012 depending on priorities projected by KELTRON for which KELTRON shall establish Letter of Credit in October, November and December respectively.
6. LD as per KELTRON terms will be applicable from 15.1.2012 as the entire system has to be commissioned on or before 15.1.2012.
7. KELTRON agreed to give 10% advance of the amount payable to REIL order wise.

28 13

1-2
2/12/12

5. Payment orders will be released on or before 30.11.2011

6. 90% of the had once payment system will be paid by letter of credit for completed supplies for which REIL will provide (reference invoice amount may vary) 20% in October, 40% in November and 40% in December.

10 REIL agreed to supply the materials at the rate of \$940/- per watt [all inclusive] FOB destination out of which \$40/- per watt shall be the share of the work done by KETRON.

For KETRON

for REIL

eTendering System Government of Kerala

Tender Details

Date : 31-Oct-2014 05:39 PM

Print

Basic Details

Organisation Chain	Kerala State Electronics Development Corp Ltd IT Business Group (ITEG) Purchase				
Tender Reference Number	KSEDC/TBG/ITP/8025-2				
Tender Id	2014_KSEDC_20948_1				
Tender Type	Open Tender	Form of contract	Item Wise Rate	No. of Covers	2
Tender Category	Goods	Re-Inv submission Allowed	Yes	Withdrawal Allowed	Yes
Is Offline Submission Allowed	No	General Technical Evaluation Allowed	No	Template Name	Nil
Payment Mode	Online	Is Multi Currency Allowed	No	Currency Name	Nil

Payment Instruments

Online Bankers	S.No	Bank Name
	1	SBT NEFT/RTGS
	2	SBT

Cover Details, No. Of Covers - 2

Cover No	Cover	Document Type	Description
1	Fee/PreQual/Technical	.pdf	List of service centres
		.pdf	Proof of Succession/execution
		.pdf	Bidder Information Letter
		.pdf	Bid Form
		.pdf	Detailed Specification
		.pdf	Compliance statement
		.pdf	Statement of bid
		.pdf	Letter of Undertaking
		.pdf	Copy of PAN Card and VAT registration
		.pdf	Proof of Certificate of Incorporation
		.pdf	Audited balance sheet
		.pdf	Commercial Bid

Tender F. Details, [Total Fee (INR) * - 25,000]				EMD Fee Details		
Tender Fee (INR)	25,000	Surcharges (INR)	NA	EMD Amount (INR)	15,40,000	EMD Exemption Allowed <input checked="" type="checkbox"/>
Processing Fee (INR)	NA	Any Other Tax / Charges (INR)	NA	EMD Fee Type	fixed	EMD Percentage
Fee Payable To	KSEDC Ltd Trivandrum	Fee Payable At	Trivandrum	EMD Payable To	KSEDC Ltd Trivandrum	EMD Payable At
						Trivandrum

Work / Item(s)

Title	Supply of ICT Equipments under ICT at school scheme for the Govt. of Kerala				
Work Description	Supply of ICT Equipments under ICT at school scheme for the Govt. of Kerala				
Pre Qualification Details	Please refer Tender documents				
Tender Value	INR 14,00,00,000	Product Category	Equipments	Sub category	NA
Contract Type	Tender	Bid Validity (Days)	90	Period Of Work (Days)	45
Location	Across kerala	Pincode	695033	Pre Bid Meeting Place	ITBG Keltron Vellayambalam
Pre Bid Meeting Address	Keltron Vellayambalam Trivandrum	Pre Bid Meeting Date	07-Nov-2014 10:30 AM	Bid Opening Place	Keltron Vellayambalam

Critical Dates

Publish Date	31-Oct-2014 06:00 PM	Bid Opening Date	25-Nov-2014 02:00 PM
Document Download / Sale Start Date	31-Oct-2014 06:00 PM	Document Download / Sale End Date	21-Nov-2014 06:00 PM
Clarification Start Date	NA	Clarification End Date	NA
Bid Submission Start Date	06-Nov-2014 02:00 PM	Bid Submission End Date	21-Nov-2014 06:00 PM

Tender Documents

Tender Documents				Document Size (in KB)	
NIT Document	S.No	Document Name	Description	30 KB	
	1	NIT_1.pdf	Notice inviting tender		
Work Item Documents	S.No	Document Name	Document Type	Description	Document Size (in KB)
	1	BOQ_25372.xls	BOQ	Commercial bid	363.0
	2	Tender Document-8015-2.pdf	Tender Documents	Tender Documents	183.63

Bid Openers List

S.No	Bid Opener Name	Bid Opener Designation	Bid Opener Email
1	Mr Chandrababu R G	Manager	chandrababu@gmail.com
2	Mrs Betty John	DGM Purchase	betty@keltron.org

Tender Inviting Authority

Name	Head Purchase
Address	Keltron Vellayambalam Trivandrum

Tender Creator Details

Created By	Betty John
Designation	DGM Purchase
Created Date	31-Oct-2014 05:39 PM

[illegible]

A close-up photograph of a heavily damaged, dark, and textured surface, possibly a book cover or a piece of old paper. The surface is covered in numerous scratches, scuffs, and areas of discoloration, suggesting significant wear and tear. The texture is rough and uneven.

[illegible][illegible][illegible][illegible][illegible]

TELTRON

IT BUSINESS GROUP

(Kerala State Electronics Development Corporation Ltd.)
Kottayam Model Village, Kottayam - 686 001

TELEREGISTRATION

Sample of 102 mobile numbers under the 051-051-XXXX

IT Business Group, Kelteltronic has tender for the following rates

Sl.No	Name	City/Net	Number No
1	THE ARABIAN SEA	2200	051-051-XXXX-2200-24
2	ARABIAN SEA	4000	051-051-XXXX-4000-24

Detailed notification and other details are at www.teltronic.kerala.gov.in

9031	5006	5178	5640	5793	5858	5121	8131	8067	8054	153
9374	6016	6547	7628	8080						
5008	0162	0228	0834	0699	1019	1272	1388	1833		
1950	1874	2134	2210	2239	2277	2487	2625	2627	30	
3116	3539	3900	4126	4267	4314	4457	4481	4794	43	
4341	4820	4972	5138	5308	5320	5373	5663	124	5	
6246	6558	6891	6954	6972	7193	7384	7623	7832	7	
7737	7803	7949	8123	8531	8434	8559	8590	9620	9	

eTendering System Government of Kerala

Tender Details

Date: 25-May-2022 03:11:17

Tender Details

Organisation Chain	Kerala State Electronics Equipment Corp Ltd (KSEEC) Business Group (ITBG) (Purchase)		
Tender Reference	KSEEC/ITBG/IT/8025-2		
Tender ID	2014_KSEEC_8094E-2		
Tender Type	Open Tender	Form of contract	Item Wise
Tender Category	Goods	No. of Covers	2
General Technical Condition Allowed	No	ItemWise Technical Evaluation Allowed	No
Payment Mode	Online	Is Multi Currency Allowed For Bidding	No
Local Currency	No	Allow Two Stage Bidding	No
Good For Fee			

Tender Attachments

Attachment Name	
1. SBI Bank	
2. SBI M3 / RTGS	

Cover Details, No. of Covers - 2

Cover No	Cover	Document Type	Description
	See/P aQual/Technical	.pdf	1. Service Certificate
		.pdf	2. Procurement Summary
		.pdf	3. Declaration
		.pdf	4. Information Letter
		.pdf	5. Bid Form
		.pdf	6. Declaration
		.pdf	7. Procurement
		.pdf	8. Bidder's
		.pdf	9. Letter of Undertaking
		.pdf	10. Declaration
		.pdf	11. VAT registration
		.pdf	12. Procurement Certificate of Incorporation
		.pdf	13. Audit Report
2	Thank	.xls	14. Confirmation of Bid

Tender Fee Details, Total Fee in ₹ - 25,000

Tender Fee in ₹	25,000
VAT Charges in ₹	0.00

EMD Fee Details

EMD Fee in ₹	15,40,000
	No

Procurement System Government of Kerala

Processing Fee	0.00	Other charges in	0.00	EMD Amount in		EMD through BG, ST or EMD Exemption	
Payable To	KESCO Ltd	Payable At	SEDC Ltd	EMD Fee Type	None	Allowed	NA
Payable Fee	Yes			EMD Payable To	SEDC Ltd	EMD Percentage	NA
Payable Fee	Yes				Trandrum	EMD Payable At	SEDC Ltd

Item Details	
Title	Supply of ICT Equipments under IT School scheme for the Government of Kerala
Work Description	Supply of ICT Equipments under IT School scheme for the Government of Kerala
Qualification	Please refer Tender documents
Contract Details	
Independent External Ref:	
Contract/Remarks	
Tender Value in ₹	1,00,00,000
Product Category	Equipments
Sub category	NA
Contract Type	Tender
Bid Validity (Days)	90
Period Of Work (Days)	45
Location	Across Kerala
Pincode	681033
Pre Bid Meeting Place	NA
Pre Bid Meeting Date	NA
Bid Opening Place	Kallion Velayambalam
Address	
Allow Preference Bidder	NA
Tender	

Key Dates

Publication Date	09-Dec-2014 06:00 PM	Bid Opening Date	19-Dec-2014 02:00 PM
Document Download / Sale Start Date	09-Dec-2014 06:00 PM	Document Download / Sale End Date	17-Dec-2014 02:00 PM
Clarification Start Date	NA	Clarification End Date	NA
Bid Submission Start Date	09-Dec-2014 06:00 PM	Bid Submission End Date	17-Dec-2014 02:00 PM
Financial Bid Opening Date	09-Jan-2015 04:55 PM		

Tender Documents

S.No		Document Name	Description	Document Size (in KB)
1		Notice Inviting Tender	Notice Inviting Tender	4

S.No		Document Type	Document Name	Description	Document Size (in KB)
1		Tender Documents	Tender Document		
2		BOC	BOC-2 New Spec 1	Tender Document	
			BOC-29955.xls	Commercial bid	

Contingendum List

S.No	Contingendum Title	Contingendum Type	View
1	Date Extension	Date	NA

Tender Inviting Authority

Name	Head Purchase
Address	Kallion Velayambalam Thandrum



KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

INFORMATION TECHNOLOGY BUSINESS GROUP (ITBG)

Keltron House, Vellayambalam, Thiruvananthapuram-695033, Kerala
Tel: 0471-2729126 Fax: 0471-2724545, email : itpurchase@keltron.org

09/12/2014

Corrigendum Document

Refer: Tender No: KSEDC/ITBG/ITP/8025-2
Tender id : 2014_KSEDC_20948

Title : Supply of ICT Equipments under ICT in School Scheme for the Government of Kerala

The tender terms and conditions are modified

B. Jeyaraj

Head (Purchase)
IT Business Group
Keltron, Vellayambalam
Trivandrum - 695033

Betty John

From: devi.ksitm@kerala.gov.in on behalf of "Devi Thankappan Technology Expert – SLA Monitoring" [devi.ksitm@kerala.gov.in]
Sent: Tuesday, December 16, 2014 1 02 PM
To: itpurchase@keltron.org
Cc: Murali Krishnan Programme Implementation Officer
Subject: Extending the closing date - Keltron

Dear Sir

Please extend the closing date of the tender published by Keltron as there is a technical issue with the payment gateway system.

Thanks and Regards,

Devi
KSIITM

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED**INFORMATION TECHNOLOGY BUSINESS GROUP (ITBG)**Keltron House, Vellayambalam, Thiruvananthapuram-695033, Kerala
Tel: 0471-2729126 Fax: 0471-2724545, email : itpurchase@keltron.org

16.12.2014

Corrigendum DocumentRefer: Tender No: KSEDC/ITBG/ITP/3625-2
Tender id: 2014, KSEDC - 20948 ~~4~~

Title : Supply of ICT Equipments under P.T.O. - School Scheme for the Government of Kerala

BID Submission Deadline Extended to 17.12.2014 02:00 pm

Head (Purchase)
IT Business Group
Keltron, Vellayambalam,
Thiruvandrum - 695033

eTendering System Government of Kerala

Tender Details

Date : 31-Oct-2014 04:59 PM

Print

Basic Details

Organisation Chain	Kerala State Electronics Development Corp Ltd(ITP Business Group (ITBG))Purchase				
Tender Reference Number	KSEDC/ITBG/ITP/8025-1				
Tender Id	2014_KSEDC_20942				
Tender Type	Open Tender	Form of contract	Item wise Rate	No. of Covers	2
Tender Category	Goods	Re-bid submission Allowed	Yes	Withdrawal Allowed	Yes
Is Offline Submission Allowed	No	General Technical Evaluation Allowed	No	Template Name	NR
Payment Mode	Online	Is Multi Currency Allowed	No	Currency Name	INR

Payment Instruments

Online Bankers	S.No	Bank Name
	1	SBT NEFT/RTGS
	2	SBT

Cover Uploads - No. of Covers - 2

Cover No	Cover	Document Type	Description
1	Fee:PreQual,Technical	.pdf	List of Service Centres in Kerala
		.pdf	Proof of Successful Execution
		.pdf	Bidder Information Letter
		.pdf	Bid Form
		.pdf	Detailed specification
		.pdf	Compliance Statement
		.pdf	Status of Bidder
		.pdf	Letter of Undertaking from the OEM for availability of Spares
		.pdf	Copy of PAN Card and VAT registration
		.pdf	Proof of Certificate of Incorporation
		.pdf	Audited Balance sheet

Tender Fee Details. (Total Fee (INR)* - 25,000)				EMD Fee Details			
Tender Fee (INR)	25,000	Surcharges (INR)	NA	EMD Amount (INR)	6,60,000	EMD Exemption Allowed	No
Processing Fee (INR)	NA	Any Other Tax / Charges (INR)	NA	EMD Fee Type	fixed	EMD Percentage	NA
Fee Payable To	KSEDC Ltd Trivandrum	Fee Payable At	Trivandrum	EMD Payable To	KSEDC Ltd Trivandrum	EMD Payable At	KSEDC Ltd Trivandrum

Work / Item(s)

Title	Supply of ICT Equipments under ICT at School Scheme for the Govt. of Kerala				
Work Description	Supply of ICT Equipments under ICT at School Scheme for the Govt. of Kerala				
Pre Qualification Details	Please refer Tender documents				
Tender Value	INR 6,00,00,000	Product Category	Equipments	Sub category	NA
Contract Type	Tender	Bid Validity(Days)	90	Period Of Work(Days)	45
Location	Across Kerala	Pincode	695033	Pre Bid Meeting Place	Keltron Vellayambalam
Pre Bid Meeting Address	Keltron Vellayambalam Trivandrum	Pre Bid Meeting Date	07-Nov-2014 10:30 AM	Bid Opening Place	Keltron Vellayambalam Trivandrum

Critical Dates

Publish Date	31-Oct-2014 06:00 PM	Bid Opening Date	25-Nov-2014 02:00 PM
Document Download / Sale Start Date	31-Oct-2014 06:00 PM	Document Download / Sale End Date	21-Nov-2014 06:00 PM
Clarification Start Date	NA	Clarification End Date	NA
Bid Submission Start Date	08-Nov-2014 02:00 PM	Bid Submission End Date	21-Nov-2014 06:00 PM

Tender Documents

NIT Document	S.No	Document Name	Description	Document Size (In KB)	
	1	NIT_1.pdf	Note:- inviting tender	30.97	
Work Item Documents	S.No	Document Name	Document Type	Description	Document Size (In KB)
	1	BOQ_25366.xls	BOQ	Commercial Bid	422.0
	2	Tender_Document-8025-1.pdf	Tender Documents	Tender Documents	184.0

Bid Openers List

S.No	Bid Opener Name	Bid Opener Designation	Bid Opener Email
1	Mr Chandrababu L R G	Manager	chandrababu@gmail.com
2	Mrs Betty John	DGM Purchase	betty@keltron.org

Tender Inviting Authority

Name	Head Purchase
Address	Keltron Vellayambalam Trivandrum

[illegible][illegible][illegible][illegible][illegible]

KHELTRON

IT BUSINESS GROUP
(Kerala State Electronics Development Corporation Limited)
Katron House, Vellayambalam, Trivandrum - 695335

TENDER NOTIFICATION

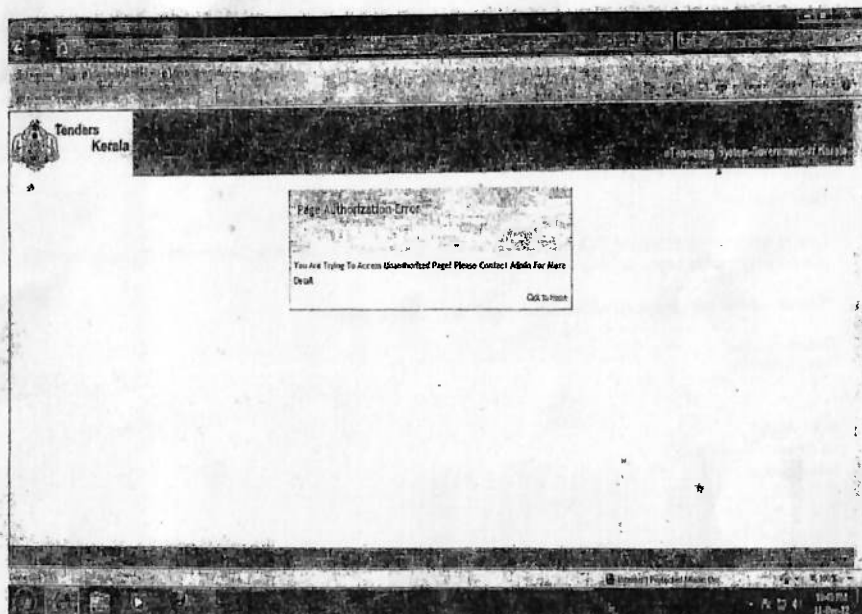
SUBJECT: SUPPLY OF ICT SOFTWARES UNDER THE ICT@SCHOOL Scheme

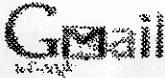
IT Business Group, Katron House is tenders for the following items.

S/no	Items	Qty/Unit	Tender No
1	MS Office 2007	200	ESD/CT/2007/01/25-Printed
2	MS Access 2007	200	ESD/CT/2007/01/25-Printed
3	MS Project 2007	200	ESD/CT/2007/01/25-Printed
4	MS Visio 2007	200	ESD/CT/2007/01/25-Printed

Detailed notification and bid documents may be downloaded from
www.etenders.kerala.gov.in

[illegible]





KELTRON, KCC PURCHASE <kelkcc.pur@gmail.com>

E Tender KSEDC/KCC/PUR/ENQ/8344

brijith krishna <mcbrijith@gmail.com>
To: kelkcc.pur@gmail.com

Thu, Dec 13, 2012 at 10:54 AM

Dear Sir,

Due to error in the E Tender Server we are unable to upload our digital Signature, and other documents. We have been trying for the past two days without success.

Please advice the course of action we should take for this tender.

Thanking you
Yours faithfully

RB VIKAS
IT Marketing Group
Malappuram

KELTRON, KCC PURCHASE <kelkcc.pur@gmail.com>

Ref: Tender KSEDC/KCC/PUR/ENQ/8338 dated 23-11-2012.

KELTRON, KCC PURCHASE <kelkcc.pur@gmail.com>

Thu, Dec 13, 2012 at 2:58 PM

To: jayachandran.cs@rptechsoft.com, mani.maran@sifycorp.com, moharaj.s@frontier.in, roy@utkswan.com,
manoj.kumar@inspira.co.in



Cc: "Sheela Devi B." <sheeladevib@gmail.com>, A Michael Suresh Raj <michael_keltron@yahoo.co.in>

Dear Bidders,

Please find the attachment for the Tender KSEDC/KCC/PUR/ENQ/8338
dated 23-11-2012.

Regards,

Sudharma K C
DGM (Purchase)

2 attachments controlroom.pdf
8K BOCforControlRoom.xls
92K

→ Mr. SS
/ *[Signature]*
11/12

Exhibit No: 1. Letter from Commercial Taxes Department dated 03.11.2016

Relates to: KCR, Alangula

No.32010697023/16-17

Office of the Commercial Tax Officer

1st Circle, Commercial Taxes Department

Thiruvananthapuram, Tax Tower

Karamana, Dt.03.11.2016

From

Commercial Tax Officer

1st Circle, Thiruvananthapuram.

To

The General Manager

KELTRON, Velleyambalam.

Sir,

Sub:- Supply of goods by M/s. Webex Network & Systems Private Ltd
Return defaulter and non-payment of collected tax. Short levy. Reg

It is ascertained that you have effected regular purchase of electronic equipments from M/s. Webex Network & Systems Private Ltd and claimed ITC on the return filed. But M/s. Webex Network & Systems Private Ltd is a return defaulter and not remitted single paise towards exchequer. In the circumstances you are directed to with hold if any payments outstanding against the dealer till getting clearance from the undersigned.

It is also requested to furnish the details of payments so far made to M/s. Webex Network & Systems Private Ltd and the details of outstanding payments.

Yours faithfully

Commercial Tax Officer
COMMERCIAL TAX OFFICE
FIRST CIRCLE, TAX TOWER
KARAMANA, TVP-2

Copy submitted to Manager (Finance), Keltron.

Copy submitted to Inspecting Assistant Commissioner, Typist.



Exhibit No:2 Letter from Keltron to M/s Webex suspending the order dated 19.12.2016

**KERALA STATE ELECTRONICS
DEVELOPMENT CORPORATION LTD.**
(A Government of Kerala Undertaking)



Keltron Communication Complex Telephone 0471-2598948 (5 lines)
Monville, Kulathoor P O
Thiruvananthapuram-695 583 Fax 0471-2598984
KERALA, INDIA
CIN: U74999KL1972SGC002450 E-mail cgmkkc@keltron.org

KCC/GM/032/2016-17

19/12/2016

The Managing Director,
Webex Systems & Networks (Pvt) Ltd.
No. KGRWA 200, Temple Jn.,
Paippinmoodu, Sasthamangalam- P.O.
Thiruvananthapuram, Kerala - 695 010,

Sir,

Sub:- Suspension of Performance Agreement.

Ref:- (1) Our letter No TSD/GM/176/2016-17 dt 15/11/2016

(2) Letter from commercial taxes dept. vide no. 32010697023/16-17
dated 3/11/2016

We have received a letter from the Commercial Tax Officer Trivandrum, directing Keltron to withhold outstanding payments to M/s. Webex Systems & Networks (P) Ltd., till getting clearance from Commercial Tax Department, since M/s Webex is a tax return defaulter.

Hence you are hereby requested to remit the defaulted payments and submit the clearance certificate from Commercial Tax Department, Trivandrum for releasing any outstanding payments from our end.



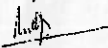
In this context we are constrained to inform you that the performance of M/s Webex Systems & Networks Ltd., under the Teaming Agreement by and among M/s Kerala State Electronics Development Corporation Ltd., Webex Systems & Networks Ltd. and Snap-on Tools Private Limited, dated 5th day of January 2012 shall be treated as suspended with effect from 15/01/2017.

M/s Webex Systems & Networks Ltd., is advised to settle the above referred default tax payments and to produce clearance certificate(s) from Commercial Tax Department at the earliest

Thanking You

Yours truly,

For Kerala State Electronics
Development Corporation Ltd.,

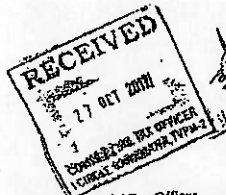


M. GEORGEKUTTY
CHIEF GENERAL MANAGER

Exhibit No: 3 Covering Letter to VAT (Commercial Taxes) Department remitting the amount recovered from M/s. Webex (27/10/2017).

11/24/2017

webx Akm.jpg



27.10.2017

The Commercial Tax Officer
First Circle, Tax Towers
Karamana, Thiruvananthapuram

Sub: Remittance against your letter No.32019697023/11-12 To 15-16 dated 22.08.17.

Ref:1. Our letter No. KCC/CGM/45/2016-17 dated 09.03.17.
2. WPC-24636/2017/26.08.2017.

As per the judgement in WPC-24636/2017/26.08.2017 we are enclosing herewith a cheque No.730959 dated 27.10.2017 drawn in favour of The Commercial Tax Officer, Rs.48,39,467/- (Rupees Forty Eight lakhs Nineteen Thousand Four Hundred and Sixty seven only) which is the actual amount due to M/S Webex Systems & Networks (P) Ltd as per order.

The remaining amount may be demanded from M/S Webex Systems & Networks (P) Ltd.

This is in compliance with the Honourable High Court Judgement in W.P. 74636/2017/26.08.2017.

Trusting You

Yours Faithfully

General Manager

Acer India (Pvt) Ltd
100, 101 & 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

Tel: +91 80 22 22 2222
www.acer.com
Acer India (Pvt) Ltd

Date: 11/03/2015

To,

The Managing Director
Kerala State Electronics Development Corporation
Trivandrum

Reference: KSEDC/ITBG/ITP/8071

Sub: Model Specific EPEAT Certificate for All In One Acer Veriton M2630G

Dear Sir,

With reference to the same, we have completed all the formalities and the model is under final evaluation.

The Certificate will be up and can be produced by 27th March 2015.

Thanks & Regards

Shirish Athalye
Business Head, South



GOVERNMENT OF KERALA

Abstract

Higher Education Department - Additional Skill Acquisition Programme- Purchase of All- in -One desktops for the Skill Development Centers of ASAP- Sanction accorded - orders issued.

HIGHER EDUCATION (C) DEPARTMENT

G.O. (Rt.) No: 432/2015/H.Edn

Dated, Thiruvananthapuram, 06.03.2015

- Read:-*1) Minutes of the 9th meeting of Empowered Committee on ASAP dated 18-9-2014
 2) GO(Rt No: 2257/2014/H.Edn Dated,24.09.2014.
 3) GO(Rt)No2419/2014/HEdn dated 24-10-2014
 4) Tenders issued as per notice no 41043(2)/C1/2014/HEdn dated 26-11-2014
 5) Letter no TVM/ITBG/290-5/JA/14-15 dated 19-2-2015 of M/s Keltron, Vellayambalam
 6) Minutes of the Technical Committee dated 15-1-2015 and 2-3-2015
 7) Minutes of the Department Purchase Committee held on 3-3-2015

ORDER

The Empowered Committee in its 9th meeting permitted ASAP to purchase 3720 desktops and accordingly, Administrative Sanction was accorded its purchase as per GO third above. The Technical Committee constituted as per GO read as second paper read above has prepared the specifications for desktop and tenders were floated in e-tender site as per tenders read as fourth paper above.

The participated firms are M/s Keltron, M/s SILK, M/s Logtech Infoways and M/s Cube IT. M/s Logtech Infoways and M/s Cube IT were not qualified during the technical evaluation and hence their bids were rejected. Both M/s KELTRON and M/s SILK submitted the quotes of one computer Original Equipment Manufacturer (OEM). Lowest price quoted is from M/s Keltron. The Technical Committee informed that the models Acer Veriton M 2630 G with Intel i3 Processor is the only one model, cleared technically. On negotiation, M/s Keltron has agreed to reduce the price of this model to Rs. 38,500/-. The Department Purchase Committee in its meeting, read above has permitted ASAP to purchase 3720 number of Acer M2630 G with Intel i3 4160 'All In One' Computers from M/s Keltron at the offered price of Rs38,500/- per piece subject to the production of ePEAT certificate.

In this circumstance sanction is accorded for the purchase of 3720 number of Acer M2630 G with Intel i3 4160 'All In One' Computers from M/s Keltron at the offered price of Rs38,500/- per piece

subject to the production of ePEAT certificate and following conditions.

- 1) M/s Keltron and the OEM M/s Acer India (Pvt) shall sign an Agreement with ASAP incorporating all conditions stipulated in the RFP issued as per notice read as fourth paper above and conditions already Agreed as per letter read as fifth paper above and the SLA offered.
- 2) The supply and installation shall be completed as per the directions from ASAP and within the time limit prescribed by ASAP at the specified locations.

(By order of the Governor)

George Thomas K.

Additional Secretary to Government

To

M/s Keltron, Vellayambalam, Thiruvananthapuram

M/s SILK , Athani, Thrissur

AG (A&E/Audit) Thiruvananthapuram

Chief Executive Officer, ASAP , Vazhuthacaud, Thiruvananthapuram

Finance ,ASAP,Vazhuthacaud, Thiruvananthapuram

All Heads of ASAP

Forwarded / By Order

Section Officer

PUR/R-5

PURCHASE ORDER

Phone No:	PO No:	ITB/01/2015/000001
ACS Technologies TC-15/1931 Near Ganapathy Temple Bakery-Vazhuthasand Road Trivandrum-695014,	Date:	14/03/2015
	Bill To:	
	Your PO:	Quoted against Tender No. ITB/01/2015/000001/000001 dated 04 March 2015
	Ref Date:	
Please supply the following materials as per the details given below and as per the standard Terms and Conditions indicated overleaf. Please return the copy of the order duly signed.		
Bill To: K S E C LTD. IT Business Group, Kallion House, Trivandrum 695 013 and the invoice to duplicate with duly acknowledged copy of our PO by the customer & Installation Certificate shall be submitted to the Purchaser	Ship To: Supply and installation as per our features required our	
Insurance: To be arranged by you	Insurance Duty: Excluded	
Inspection: At Site	Service: 24x7 Support	
Warranty/Guarantee: 5 years comprehensive onsite by OEM	Terms of Sale: C/D D/Basis	
Payment Terms: 90 % within 30 days after successful supply & installation / 10% 50% to be paid after successful supply and installation and 5% after successful on government and submission of Bank Guarantee	Delivery: Within 7 days	
Sl No.	Description	Unit (Qty.) Rate(Rs.) Amount(Rs.)

Items as per Annexure attached,

Total 67517.00

NOTES:

TOTAL VALUE

111067937.00

1. TD @ 0.8% per week upto 15% of the order value is applicable
2. SLA as per ITAR Tender No. 01/000001/2015/000001 dated 25.03.2015
3. BG @ 5% of PO value to be submitted in advance and to be released
4. Tripartite Agreement shall be executed between KSEI/AP/DELTA/94 and KSIIT
5. Base price of Item PO is Rs. 26000/- 5% tax and 5% to 5% to 5% to 5%

CST Regn No. 11015947 dtd. 10.04.2011

TIN No. 32010164324 PAN No. YABUCK1319F

ITP/2487/14-15

For Details See the Contract & schedule
Specification in P.D.

P. S. S. S.

Dr. General Manager (ITB) P. S. S. S.

ITEM DETAILS

PONO - ITBG/TP/PO/55692

S No.	Description	Unit	Qty.	Rate(Rs.)	Amount(Rs.)
1	<p>Acer Veriton M2630G PC. Intel Core i3 4160 Processor, Intel H31 Chipset on OEM Motherboard, 1 Mini PCIe slot Bus Architecture, 4 GB 1600 MHz DDR3 RAM with 8 GB expandability, 500 GB 7200 rpm or higher, 1 speed 6 Gbit/s or higher HDD, 19.5" TFT or higher display monitor, Acer PS/2 or USB Min 104 keys Keyboard, Acer PS/2 or USB 2 button Optical Scroll mouse with Mouse pad. Minimum: 4 USB Ports, with at least 2 USB3.0, 1 Serial audio ports for microphone and headphone in front, 19.5" All in One Form factor, 10/100/1000 Mbps on board integrated Network Port with PXE with wake on LAN, integrated 60W 11.5V, Power Management, Screen blanking, Hard Disk and System Idle Mode in Power On, Set up Password, Power supply SMPS (ADAPTOR) Surge protected, connecting cables and driver media and required accessories will be provided, Certification: For PC: MS, Linux Certified, For ODM: ISO 900, For Product: EPEAT Gold, RoHS and Energy Star 5.2 certifications, Operating Systems: Dual Boot with Linux and Windows (Windows will be supplied by the Manufacturer as per the agreement Higher Education Department and OER has to ensure that windows is installed in the system before it leaves the Factory).</p>	Nos	3720	35233.33	131067987.60

Bharatsoft ITF (Share the Future)

Total

131067987.60

Bglaw

APPENDIX MENTIONED IN AUDIT PARAGRAPH

Audit Report No 4 (PSUs) for the year ended 31 March 2016

Appendix 11

Statement showing details of time given for submission of bids and number of bids received
(Referred to in Paragraph 3.2.2.4)

Sl. No.	Details of Work	Value of work Order issued by NTA-RDS (Rs. Crore)	Time given for submission of bids (Days)	No. of Bids	Month of Tender	Name of Bidder(s)
1	Supply of SVDS for State Police Chief, Kerala.	11.15	10	1	November/December 2012	Mediatronix
2	Field installation of SVDS for State Police Chief, Kerala.	3.01	8	1		IT Marketing Group (Agent of Mediatronix)
3	Control room for State Police Chief, Kerala.	5.99	18	1		RP Tech International Private Limited (Agent of Mediatronix)
4	Installation of surveillance cameras for Directorate of Museum and Zoos	1.10	5	1	February 2013	RP Tech International Private Limited (Agent of Mediatronix)
5	Installation of SVDS for Motor Vehicle Department	4.57	11	2	December 2014	
6	Campus Networking of Kerala University	0.89	4	1	October 2013	Net-X Technologies
7	Campus Networking of MG University	1.10	10	1	September 2015	
8	Supply of Database servers for IT @ School	1.00	7	2	December 2014	LIT Infotech System, ACS Technologies and Ideal System
9	Supply of 4400 Laptops ^a for IT @ School Project	15.03	7	3	December 2014	
10	Supply of 2200 Desktops ^b for IT @ School Project	6.84	4	5	November 2013	LIT Infotech System, ACS Technologies and Mishra Sales Corporation
11	Installation of speed cameras and surveillance system	10.31	13	2	October 2015	Pross Inform Limited and on its backing out to Mediatronix (without tender)
12	Implementation of multimedia classrooms	5.28	10	3	April 2015	MBS Corporation
13	Supply and installation of computers and peripherals for DHSE	5.09	2	2	January 2015	Ideal Systems
	Total	71.29				

^a Order Acceptance No. 2538/2014-15

^b A project to integrate computer technology into school curriculum with the primary objective of improving the quality of education and imparting computer education to school students.

^c Order Acceptance No. 2539/2014-15.

Appendix 12
Statement showing works awarded to single bidder without re-tendering
(Referred to in Paragraph 3.2.2.5)

Sl. No.	Name of work	Cost of work (in crore)	Days given	Name of single bidder
1	Supply and testing of Solar Thermal water heater for prisons	0.64	07	Racold Thermo Limited
2	Design, supply and integration of communication infrastructure for KUHS ¹	4.65	04	Sify Technologies
3	Supply, testing and commissioning of six 500 KW central power conditioning units	1.25	05	ABB India, Bangalore.
4	Setting up of vehicle testing stations in Thiruvananthapuram and Ernakulam	4.59	05	Webex Systems and Networks Private Limited
5	Driving testing track in Thiruvananthapuram and Ernakulam for Transport Commissioner	1.15	04	Nipun Net Solutions Private Limited
6	Installation of speed cameras and surveillance system for Transport Commissioner	10.33	13	Proxs Infocomm Limited
7	Campus Networking of Kerala University	0.89	6	Net-X Technologies
8	Campus Networking of MG University	1.10	10	Net-X Technologies
	Total	24.60		

¹ Construction of industrial duplex at Kakkanaad and construction of test room at Olavanna, Kozhikode.

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Kerala Legislature Secretariat
2025

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