



Taloja CETP Co-op. Society Ltd.

(Reg. No. RGD/PWL/GNL/(O)/509)



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NO.:TCETP/322/AR/2018-19

10th December 2018

To,
Assistant Registrar,
Co-operative Societies, Panvel
MCCH HSG. SOC. Plot no. 83
Sushila Nivas, Panvel

SUBJECT: Your show cause notice dated 28/11/2018 bearing no. 2631/2018

Respected Sir,

This is pursuant to the above mentioned subject and has the reference with the complaint filed by Mr Mahadeo Waghmare with your good offices and the reply to the show cause notice given on 28th November 2018. We humbly submit the detail reply as under;

BACKGROUND

- (1) That the complaint filed by MR WAGHMARE is false and bogus. The allegation levelled against the TCETP board members are meaningless, mala-fide and vexatious.
- (2) That the Taloja CETP is formed by 974 member industries of the Taloja MIDC. These units are involved in the manufacturing of chemicals, bulk drugs, drug intermediates, Fertilizers, Glass, Petrochemicals, Pigments, Dyes and intermediates, Speciality Chemicals, Engineering and Textile, Food and Fish Processing. During the industrial activity huge industrial waste is generated and discharged in the form of effluents. In order to control the cause of environmental pollution, the Common Effluent Treatment Plant facility for industries in Taloja MIDC area has been set up. To manage and administer the CETP unit the member industries in MIDC, Taloja formed a society in the name and style of "Taloja CETP"

Page 1 of 9

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"LET US DETERMINE TO PROTECT GREEN EARTH & CONSERVE IT'S PROSPERITY"

- (3) That the Taloja CETP comes under the statutory control and obligations of MAHARASHTRA POLLUTION CONTROL BOARD (MPCB). MPCB is implementing various environmental legislations in the state of Maharashtra, specially enacted for prevention and control of environmental pollution. MPCB is functioning under the administrative control of Environment Department of Government of Maharashtra. Therefore, MPCB being statutory and regulating authority, Taloja- CETP is duty-bound to fulfil and comply with the standards and set norms of the MPCB. All the work orders related to the Operations and Maintenance of the CETP issued by 'Taloja - CETP' are subject to the conditions and within strict parameters of the set norms of the MPCB.

THE REASONS PERTAINING TO LATE REPLY

- (4) The new committee is elected for the period of year 2018 to 2023 and the new board has taken charge of the office of TCETP since 5th July 2018. That previously, the office of TCETP was administered and managed by the administrative board for the period from 06/12/2017 to 20/12/2017 and 20/12/2017 to 05/07/2018.
- (5) It is pertinent to note that the previous managing committee of TCETP for the tenure from 26/09/2017 to 06/12/2017 completely failed to look after the performance of the TCETP plant and left CETP in not only bad shape but brought bad fame and lawsuits against the society. That the previous committee did not discharge their duties and responsibilities diligently. They left main CETP administrative office building and CETP plant in dilapidated conditions. The plant equipment was also deteriorated. This caused TCETP to face traumatic litigation before National Green Tribunal and huge penalties are levied on TCETP.
- (6) The new committee was saddled with the challenges inherited from the previous committee due to lack of technical knowledge and mismanagement. This very fact exposed the new management committee with the challenge of restoration of Taloja CETP, strict observance and adherence of the MPCB norms, several representations with statutory bodies, attending litigations before tribunals and representing the industries in all NGT matters and many challenges to safeguard Taloja CETP in the interest of all industries in Taloja taking the responsibility of the fate of lakhs of employees working in the industrial zone of Taloja. This unknowingly caused delay in filing replies to the letters from your good office. There was no intentional or deliberate delay.
- (7) In furtherance of the circumstances and situations, the present management committee for the tenure from 05/07/2018 to 04/07/2023 would like to furnish the following reply in terms of explanations as sought by the office of Assistant registrar of Co-operative Societies, Panvel:-



Reply in respect to the non-issuance of the share certificates:

- (8) Upon taking over the charge of office from administrative board on 5th July 2018, new board was facing multiple challenges including harsh orders or tribunals as well as operation and maintenance of TCETP plant. After taking control of situations, when the records were inspected, it came to the notice of the new board that amongst 974 industry members, only 930 certificates are issued by previous board. There are no new memberships issued since 5th July 2018, since the new board has resumed to the office of TCETP. However, the new board assures and undertake that all the endeavours will be done to issue the remaining share certificates to the respective industry members at the earliest after due process of law.

Reply in respect of the Recruitment Process:

- (9) At the time of handover from administrator to the new committee it was informed that there are certain posts which are vacant and few employees had resigned. This warranted urgent recruitment of efficient and competent staff for smooth administration and management of TCETP office.
- (10) Also, reportedly the financial discrepancies as mentioned in the reply above, for maintaining proper accounts, process of purchases and general administration, recruitment process was invoked. For which TCETP published the advertisement to invite the competent professionals who would understand the present issues of TCETP and respond responsibly. These recruitments process resulted into the appointment of ACCOUNT- Executive/ Assistant, GENERAL MANAGER- Technical/Admin, Purchase Executive, Industrial Relationship Manager on competitive emoluments. This recruitment process was informed duly to member industries in EOGM.

Reply in respect of the cost incurred on Legal Fees and Internal Audit:

- (11) TCETP was facing many litigations and was prone to law suits due to inefficient handling of general administration and management of TCETP plant. Also, NGT directions led to further litigations and appeals etc pertaining to TCETP society at the cost of tarnished image of TCETP as society. It impliedly brought the bad name to the member industries of TCETP. Previous board could not represent the TCETP properly which attracted penalties worth of Rs. 10 Crores to the TCETP. In order to safeguard the interest of the society-TCETP and its member industries, competent and able legal experts were the need of an hour then.



(12)The member industries were briefed about the NGT matter, the petitions for stay to be filed in the Supreme Court and various other litigation in the local courts had to be represented legally to safeguard the interest of TCETP and its member industries. In the scenario, Mr. Saurabh Kulkarni, subject expert was invited to brief the members and clear all the doubts and questions they had about the legal cases of NGT.

(i) That the strategy was approved by the EOGM for filing stay petition before Supreme Court and the industries and managing committee has consensus to go ahead with the legal battle aggressively. Saurabh Kulkarni being the president of Bar council of advocates, representing at NGT had the capability and the knowledge to represent TCETP and safeguard the fate of more than 1200 industries in Talaja MIDC as any adverse judgement against CETP would have resulted in closure of Talaja MIDC. All of these circumstances warranted the appointment of eminent senior counsel to appear in Supreme Court and before NGT bench at Delhi being subject experts to represent TCETP appropriately.

(ii) Also, considering the financial discrepancies, it became necessary to invite the internal audit efficaciously. There were issues relating to GST/non filing of returns inherited from previous committee for which member industries have suffered. The new board has already initiated proceedings towards improving the current situation. Needless to say that this require able guidance of the competent experts from respective fields.

(iii) A complete list of 48 vendors had approached CETP Taloja for release of payments as per the work order provided by the previous committee. The new committee which resumed to office after 5th July had approximately span of two (2) months to finalize and get the balance sheet approved in the AGM for the financial year 2017-2018. Pertinently, none of the directors were willing to sign and approve as the expenditure was not done in the tenure of the new managing committee and assumed to have flaws and discrepancies in the balance sheet. A Chartered Accountant had to be appointed for auditing and careful scrutiny for releasing of payments based upon the available documents. Principally, release of payment is subject of the execution of the work done. TCETP board approached few CA's for the purpose of 3rd party audit, however this being technical subject competent and efficient professional having relevant technical knowledge was required.

(iv) That the Chartered Accountant Ramesh Gupta was the most suited for this task, as he has provided services to reputed Companies like Reliance and many others. He being Chemical Engineer and a chartered accountant has in-depth knowledge about the services provided at CETP Taloja and he was the most appropriate person to scrutinize the work completed and to provide an audited report to the managing committee of Taloja CETP



- (v) That the illegal work orders and inefficient administration by previous management brought false and bogus lawsuits against the TCETP before local courts, which needed to be dealt efficiently to avoid adverse orders against the TCETP.
- (vi) There were cases filed against the TCETP in lower courts/district courts in Panvel by miscreants who wished to extort money from Taloja CETP without providing services or any products to CETP. If such people were given leverage and provided money it would result in misappropriation of funds of the society.
- (vii) That the New Board has always considered the interest of TCETP society of paramount importance and the cost incurred is for just and sufficient reasons.
- (viii) The new board pursued and was committed to continuous follow up with the MIDC for the discrepancies in the amount received by MIDC in CETP account in the previous years. This issue was dealt by the new board and successfully could pursued the MIDC to transfer the significant part of the pending amount. This recovery was helpful and beneficial to CETP which could not be recovered by the past committee.

Information related to FORM-O

- (13) Online submission of FORM O – rectification certificate will be uploaded immediately as it has been bought to the notice of new board only during the time of inspection and audit. A physical copy of the documents and balance sheet has been submitted to the office of the assistant registrar on date 21/9/2018

Reply in respect to the TENDER process:

- (i) That the Taloja CETP was duty bound to follow the mandatory short term goals prescribed by the stringent directions of NGT and norms of MPCB and CETP was under vigilance to that effect.
- (ii) That the new board of CETP has taken pains to the betterment and welfare of TCETP and the work accomplished by the board has been appreciated by the NGT and special committee appointed for the said issue.
- (iii) That during the tenure of the administrative board, the allotment of work orders was not given by following tender process. The arbitrariness in the process of awarding work order resulted in huge chaos in the efficiency of operation and management of the CETP plant and penalties are slapped by MPCB.



- (iv) It is submitted that the Taloja CETP society being a prestigious body and all the elite industries being the members of the society, the acts and behaviour of Mr. Dongre and office bearers of the previous committee have tarnished the image and reputation of the society. With an intent to cause wilful loss and misappropriation of funds, work orders were given to the unskilled and inexperienced vendors who could not perform the CETP plant in accordance with the norms and policies of Maharashtra Pollution Control Board (MPCB). This resulted in the filing of criminal complaint against Taloja CETP Board on 09/11/2017 vide Taloja Police Station C.R. No.0202/2017 wherein Mr. Dongre and other office bearers are accused. Pursuant to the same for the period of 06/12/2017 to 05/07/2018 administrative board was appointed by the offices of Assistant Registrar. The administrator handed over the charge of TCETP society on 5th July 2018.
- (v) That when the charge of TCETP was taken by new committee crucial and vitally important issue of "Operation & Maintenance" of CETP plant was the biggest challenge before the new board. It involved the issues of handing over the CETP plant to the MIDC as well as operation and maintenance of the plant during the transit time. Also, the new board was subject to the directions and guidance of the monitoring committee comprising Hon'ble Justice Kanade (Former Judge), Shri Prasoon Gargava, scientist from CPCB, and Dr. Vijay Suryavanshi, District Collector, Raigad and MPCB, MIDC. This involved several rounds of representations and negotiations for the O & M of the TCETP plant. Since this was going to take significant time period and various representations and negotiations about the hand over process of the CETP plant to MIDC, Superintendent of MIDC, Kokan Circle, Panvel intimated to the administrative board of TCETP that *"the process of taking over the O & M of plant may be possible till 1st April 2018. Meanwhile TCETP should make appropriate arrangements at their level for smooth and proper running of the TCETP plant."* Accordingly, the work orders have been given to the vendors. It is pertinent to note that the work orders given previously was without advertising any tenders for the work to be contracted.
- (vi) That soon upon resuming to the office of TCETP, new board referred the past work and observed that there are lot of financial irregularities and discrepancies at the hands of then chairman of TCETP. Mr. Dongre, Ex-chairman of Taloja CETP has arbitrarily allotted work orders without inviting any tenders for the assignments to be contracted. The List of these serious discrepancies which were observed is annexed herewith to this reply. The same please be treated as a part and parcel of the reply.
- (vii) That in order to overcome the major issues, and considering these abnormalities, the new board invited the tenders for removal of sludge from equalisation tank on 6th and 7th July 2018. Next tender was floated on 21st, 22nd and 23rd July 2018 for various activities. New board followed due process of law with respect to the tenders for various activities. Accordingly, in various categories tenders were



invited on 14/07/2018, 28/07/2018 and 13/10/2018 as those were published in the local newspapers. The vendors who participated in the process were invited for the tender opening process on the scheduled day as informed to them. Pursuant to the same, successful vendor was lawfully awarded the work order for respective activities to be conducted at TCETP. We have annexed herewith the tabular representation showing in a glance complete life cycle of the tender process reflecting details of tender specific to the activity, its publishing date, submission date, tender opening date and the date of issuance of the work orders to respective vendors and commissioning of the work. This tabular information please be considered as a part and parcel of this reply.

- (viii) It is evident from the tabular information and documents that the work order for operation and maintenance of TCETP plant was awarded to M/s. Krystal Integrated Services Pvt Ltd. on 24th August 2018 and not on 1st August 2018. It is falsely and mala-fidely alleged that the work orders were given prior to the opening of the tender.
- (ix) The work order issued to Krystal was dated 24th August 2018. The technical and legal team of Krystal Services was negotiating and finalizing the same. The work had to be awarded to contractor who followed the statutory government regulations of PF/ ESIC/ Daily allowances/ bonus/ Gratuity etc. and all payments of salary must be done through online transfer or cheque and any non-compliance by the contractor would be a liability of the principle employer. To maintain all the compliances an efficient contractor had to be appointed as the matter was in NGT and a monitoring committee was appointed to scrutinize the same. Hence a non-competent and inefficient contractor could not be awarded a contract because of strict directions of MPCB, NGT and other government officials.
- (x) That on 13th July 2018, Hon. Chairman, Joint Director, Regional officer, Superintendent Engineer (Kokan) had meeting with the new Board of CETP and advised the board for the better functioning of the CETP plant to overcome the present challenges. This facilitated the issuance of tender process as transitional arrangements till the dispute of handing over of CETP plant to MIDC was pending.
- (xi) That while tenders were published, the attention of vendors who were working on previous work orders were drawn to all important aspects of CETP and considering the serious issues most of the vendors participated in the fresh tender process. TCETP has maintained the records of the entire tender process. The same can be produced for inspection. There is no illegality nor any element of corruption in awarding work order to vendors.
- (xii) That on 6th August 2018, EOGM was convened to discuss and resolve for the vital subjects such as NGT orders, revised hydraulic and treatment charges and to appoint technical committee. Pursuant to the same TCETP formed a technical committee on 6th August 2018. TCETP new board has



pursued and worked hard on the issue of design, build and commissioning including rehabilitation, up gradation and expansion from 22.5 MLD to 27.5 MLD with operation and maintenance of TCETP along with MIDC.

- (xiii) That there was a dispute between MIDC and TCETP and its member industries to hand over the of TCETP plant property worth of Rs. 200 Crore to MIDC. That the pursuance, hard work valour of the new board and zest towards the welfare of TCETP society resulted into the decision of not handing over the plant of TCETP but it was resolved and agreed on positive note by TCETP, MIDC and MPCB that the execution of the work of design, build and commissioning including rehabilitation, up gradation and expansion from 22.5 MLD to 27.5 MLD with operation and maintenance of TCETP shall be permitted to MIDC through vendor appointed by MIDC and ownership of the existing as well as the new construction of the plant and machinery will assets of TCETP society. The resolution dated 13/10/2018 has been passed by TCETP. Copy of the same can be produced for the inspection.
- (xiv) In furtherance, MIDC awarded the work order of design, build and commissioning including rehabilitation, up gradation and expansion from 22.5 MLD to 27.5 MLD with operation and maintenance of TCETP to M/s. KDC-AQUA (JV) on 26/10/2018. At the same time, to enable the compliance of the resolution passed on 13/10/2018, TCETP terminated the work order given to the M/s. Krystal Integrated Services Pvt Ltd with effect from 31st October 2018 vide letter dated 15/10/2018.

It is further submitted that there is no element of fraud or corruption at all and the new board is diligent and law abiding industrious entrepreneurs. That the new board has not committed any default or neglected the performance of the duties imposed upon them by law governing the TCETP society. New board has not committed any act which is prejudicial to the interests of the society and its members neither wilfully disobeyed directions issued by the Registrar for the purposes of securing proper implementation of co-operative policy. The new board is discharging its functions properly and diligently. In fact the new board of TCETP society has performed well and in the interest of the society and member industries. The new board is furnishing schematic report demonstrating the lawful performance of the new board in their first 100 days after resuming to the office of TCETP.



Transformation of the TCETP administrative building is the demonstrable example of the ubiquitous work of the new board. The CETP new board has set out long term and short term goals to achieve success in operation and management of TCETP.

We therefore, request you to consider our reply in view of the enclosed documents and facts presented before you in response and provide the efficient and competent personnel to serve the TCETP society in the capacity of managing committee for the welfare of the society.

For Taloja CETP Co-op Society Ltd



Satish Shetty (Anna)
Hon. Chairman
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Enclosed:

- (1) Tabular details of the life cycle of the tender process at TCETP enclosed herewith as **Annexure 1;- Total Pages- 4**
- (2) Details of the work orders issued in the tender process enclosed herewith as **Annexure 2;- Total Pages- 52**
- (3) Audit report of Chartered Accountant Mr Gupta enclosed herewith as **Annexure 3- Total Pages- 10**
- (4) Annual Report of 2017-2018 enclosed herewith as **Annexure 4- 24th AGM Book**
- (5) Presentation print copy elaborating the details of the work done by new managing committee in 100 days of resuming to the office of the TCETP enclosed herewith as **Annexure 5- Total Pages- 74**