



Greener Ideas Changing Lives

## **AMALGAMATED PLANTATIONS PRIVATE LIMITED**

**Greener Ideas Changing Lives**

**Nurturing Nature**

**Speech by the Chairman,**

**Ranjit Barthakur,**

**at the 7th Annual General Meeting**

**On 25<sup>th</sup> July, 2014**

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## **OPENING REMARKS**

Ladies and Gentleman

Good Morning & Namaskar,

It gives me much pleasure to welcome you to the 7th Annual General Meeting of your Company, Amalgamated Plantations Pvt. Ltd. I trust the Notice convening the Meeting, the Directors Report and the Audited Accounts for the year 2013-2014 have reached you on time.

I am proud to be here with you and would firstly like to thank you for inviting me to address you today.

At the outset, I am pleased to share with you that in a short history, as to March 2014, your company has recorded a growth of approx.11%, as compared to the previous year. Your company's Net Profit during the year 2013-14 also reflected a growth of 56%. I take this opportunity to congratulate you the people that have made this possible. I am very happy to inform you that your Board of Directors has recommended a dividend of 11% per share for the year 2013-14 for achieving this excellent result.

I would like to give my special vote of thanks to Mr. S. M. Kidwai who served as the Chairman of APPL for the last 3 and a half years, from 3<sup>rd</sup> November 2010, till 28<sup>th</sup> May, 2014. I would also like to extend my sincere thanks to Mr. Deepak Atal , the Managing Director since 1<sup>st</sup> November, 2010, who has steered your company and given it even more human touch and face for enduring growth of your company, after all its people's business with more than 31000 employees of which 21,000 are shareholders. I also thank you our dear Shareholders and Employees for achieving these excellent results in the financial year 2013-2014, as you continue to repose your trust and confidence on the Board of Directors and the Management in pursuing their powerful journey of continuous improvement year-on-year. I am hopeful, with all your unstinted support and co-operation, the Company should record even better performances going forward.

We at APPL are in Agricultural business and to us, enacting sustainability is critical especially focusing on Land, Energy, Water, Waste, Air, Carbon, abbreviated as 'LEWWAC'. But how many of us do actually know the correct meaning of 'Sustainability'? In simple terms- it means nurturing a holistic approach towards development, or creating an environment that works in tune with nature. We at APPL strive to drive the creation of sustainable communities by developing and delivering context specific solutions and Harvesting Happiness. Yes, our business predicates on the theme of Sustainability striking a fragile balance between Human Endeavour, our Mother Earth & Financial Returns.

The Directors' Report forming the part of the Annual Report 2013, as circulated to you, reveal relevant details on the Tea Industry in India vis-à-vis performance of your Company during the year ended March 31, 2014. Let me therefore highlight only a few significant points in brief.

## **HIGHLIGHTS**

- **Incorporation**

Your company was incorporated on 29<sup>th</sup> January, 2007 and acquired 24 estates from erstwhile TATA Tea Limited (presently Tata Global Beverages Limited) on 30<sup>th</sup> April, 2008.

- **Equity Infusion (Shares)**

The equity infusion of the employees in the form of 6% Cumulative Compulsorily Convertible Participatory Preference Shares (CCCPPS) was completed in April, 2010. After a four year lock in period, all the CCCPPS shares were converted to equity shares. During the year your company also offered fresh shares to the existing shareholders which was fully subscribed. The objectives of the issue were to complete the shareholding structure as per the Stakeholder's agreement and also to support the future expansion plans of adding 21,000 additional shareholders.

### **Overview of Operations**

The company recorded an increase of 9% in its own crop harvest as compared to the Assam Valley increase of 6%. Major cost increases also adversely impacted profits mainly due to inflation which affected the wages, fuel and cost of other major inputs. However, the same was offset partially through improved operating efficiencies and savings in variable costs. Your company has focused on growing its Agri-business division and the strategy of entering the "value added" produce range is proposed to be implemented in 2014-2015.

- **Dividends**

Your Directors are pleased to recommend a dividend of 11% per share as final dividend for the year 2013-2014, on equity shares. During the previous year the company had declared a final dividend of 10% on equity shares. For the rights shares the final dividend proposed is 11% but pro-rated as per their holding period continuing to increase since the 7 years.

Your directors are also pleased to recommend the payment of 0.01% dividend on preference shares issued to TATA Global Beverages Limited for the year 2013-2014.

These results have touched historic highs, and the credit goes to you my Board of Directors, Management, Shareholders Employees and the staff who are the "pillars" of the Amalgamated Plantations Private Limited.

## **INDIAN ECONOMY**

### **Agricultural Output**

- Economy witnessing sub-5% growth and Agricultural sector plunging to new lows.
- India's Economy has a potential to return back to 8-9% witnessed before the Global Financial Crisis.
- Supporting the Agricultural sector is of utmost importance due to not only economic, but social concerns and political concerns.

### **Tea Industry**

- The outlook for the year had started on a negative note with a severe drought from the beginning of the season owing to which, production had been severely impacted.
- But owing to the shortage of crop, prices have shown signs of recovery and are currently ruling at prices higher than previous year.

### **Importance of Agricultural Sector**

- It is universally acknowledged that to achieve a stable and sustainable long term growth, it is important to look at the Agricultural growth.
- Supports 72% of the population and 60% of nation's workforce.
- Thus agricultural development must be viewed as a core element of the Plan since growth in this sector is likely to lead to the widest spread of benefits, especially to the rural poor, including agricultural labour.

### **From the Union Budget 2014**

- Your company has a positive news from the Union Budget 2014 with Finance Minister Mr. Arun Jaitley announcing a corpus of Rs 100 crore for commercial organic farming in the North East.

## **NEW INITIATIVES**

APPL is an iconic company in the region in operation that has grown with the roots of the country to gain the leadership position. It is a combination of tradition and continuous innovation to connect with the emerging new customers that are redefining APPL and your company is poised to be future ready through constant engagement with the customers. APPL has been focusing on 5 agendas in its operations-

- Our field practices and **Agri-practices**
- Value added through **Organic Farming**

- **Environmental Neutrality** and Financial Inclusion of Strategic Partner in Tea and agri-business
- **Information Technology**
- **Database management**

### **People**

We believe that people are our greatest assets. 17% of the equity share capital is held by the employees.

### **Planting**

We have initiated replanting programs to replace old tea bushes as an essential part of improving tea production capability and improving quality in the estates.

The total area covered during the year 2013-2014 is 146.45 hectares.

### **Plucking**

- With a view to enhance the quality profile of your company plucking standards have been improved leading to a better end product commanding a premium in the market.

### **Production**

- Up gradation in the form of capacity enhancement to cater for additional quantities of purchased leaf and reduction in factory running hours, replacement of old and obsolete machines and factory modernization in a phased manner is an ongoing process.
- With a view to supplement our production base, we have taken two factories on a Manufacturing Contract basis.
- With a view to improve product mix and feasibility in manufacturing capabilities of the estates, one more estate was converted to Orthodox manufacture a year back. We proudly boast of 8 estates on Orthodox Tea's now.

### **Mechanization**

- Due to industry facing shortage of workers, we have introduced mechanized plucking in the estates to counter non-availability of pluckers. We plan to increase mechanization progressively and aggressively by balancing technology that would play a leading role in transformation of water conservation and support productivity.

### **Value Chain**

- At APPL, we have focused on refining a strong value chain for our tea industry through the Processes of defining deliverables in the area of Ploughing, Planting, Pruning, Plucking, Producing, Packaging, and Post management, Prices, Promotion and People at the heart of its business.

## **INITIATIVES IN ORGANIC**

A recent study by the Oxford University's Department of Plant Sciences reveal that Organic farms support 34% more plant life, insect and animal species than conventional farms. The world has definitely woken up to the need for gentle, natural products that are known as 'Organics'.

### **Company Philosophy**

- "Nurturing Nature", has to be the new business calling.
- Incorporating environmental inclusion in Business and Infrastructure is the boldest initiative that our business has taken. Converting the farms to 100% organics has cost us Rs 10 crore which has been unsustainable for our business.

### **Land Management**

- We have looked at Organic Farming as a key sustainability driver.
- It may interest you to know that the acreage converted to organic farming is the largest contiguous conversion that has taken place anywhere in the country.

### **Organic Education**

- We are in the process of educating ourselves and **developing organic packages and practices** which will help create a knowledge base for farmers across the world and more importantly in India and specifically Assam.
- We have focused on organics to address youth and evolving consumers.

### **Output& Demand**

- The decision to turn Organic was one fraught with risks; the biggest amongst them has been the viability of such a large transformation. It is apparent that the output initially fell by 60% but this was offset marginally and partially by higher per Kg price.
- Tea from this region has always been in great demand both domestically and abroad. We now have a wider consumer base owing to the aspect of organic farming methods.

## **RETAIL**

- Your company has responded to consumer & market demand and is operating two retail kiosks at Hathikuli and Powai and a third retail outlet has commenced operation in Guwahati. It also plans to further streamline operations in retail management.  
Your company has also offered its CTC/Orthodox Teas including high quality tea to private buyers and purchasers from Gujarat and Maharashtra. The response has been encouraging in other states as well.
- Your Company has 3 tea packaging units namely-

1. Nonoi
  2. Kellyden
  3. Dam Dim
- Increasing volume growth and profits in the organized tea industry shall be the main focus of your Company going forward.

### **HARVESTING HAPPINESS**

It is gratifying that your Company's exemplary social initiatives continue to receive immense recognition. We at APPL Foundation are humbled by the opportunity to make a happier world thereby, hoping to create a platform for equal opportunity. ***In the words of Mr. J.R.D. Tata, "No success in material terms is worthwhile unless it serves the needs of the country and its people".***

### **Leadership Position**

- We have acquired a leadership position in Social thoughts from the APPL Foundation and is much ahead of any industry peers in the following areas-
  - **Shareholder ownership** through broad based employee shareholding constituting 17% of the equity share capital.
  - **Employment Generation** through education initiatives in skilling
  - **Environmental Stewardship** through organic growth and World Heritage Site management
  - **Healthcare Deployment** through Hospitals and Extension programs
  - **Cultural Development** of our local communities in our geography of operation

### **Sustainable Development**

- We have a mandate to draft a new set of ambitious, bold and inclusive Sustainable development Goals, and, through this have the opportunity to end extreme poverty in our lifetime-while also-promoting social inclusion, and safeguarding the planet for future generations.

### **Community Service**

- In accordance with the vision and mission, the company was already ahead in the industry way before the CSR Laws were enacted in developing Community Service and Employee Welfare.
  - Community development, employee welfare, maternal and child welfare, immunization, family planning, protected water supply, environment conservation etc. is high on APPL's agenda.
  - Education programs, community participation, Employee Engagement Councils and Mahila Mandal meetings are arranged in APPL estates.

- Other welfare activities include outreach program at Hattigor Tea Estate, lab to land program, self-employment program in the form of vocational training center at Chubwa and Dam Dim Tea Estates and Industrial training center at Rowta.

## Healthcare

- I. **Referral Hospital and Research Centre, Chubwa-** Eco-friendly campus, a multi-specialty setup that has 75 beds and provides state-of-the-art facilities at an extremely affordable price to all patients. Over 6 lakh patients have been treated so far.
- II **Operation Smile-** With motto as “Bringing Smile to faces”, and our gardens should be cleft free.
- III. “Healthy Employee is a Good Employee”. We must invest in the wellness interventions, giving the overall wellbeing of their employees and preventive care as much importance as curative intervention such as insurance cover and hospitalization benefits.

## Education and Employment

- IV **Amalgamated Plantations Private Industrial Training Institute (AAPITI) -A** manifestation of the Amalgamated Plantations Private Limited’s commitment to CSR, provides young students with an opportunity to learn and improve their skills through proper training and guidance supplemented by hostel facilities, excellent infrastructure, classrooms and workshops equipped with world class tools and equipment. It has trained more than 350 students so far.
- V. **Vocational Training Centre, Chubwa-** With a vision to improve the quality of life in the communities through enhancement of skill development activities APPL has offered various courses like Basic beauty and Hair dressing, plumbing tailoring and electronics. Such courses are run in collaboration with the Mercy Corps.
- VI **The Vocational Training Centre of Dam Dim Tea Estate-**Provides scope to the physically challenged persons of the estate and trains them for making different stationary products like- Envelope, Folders, Register and files to become self-independent. Has a capacity to train up to 500 students annually.

## **People and Training**

- VII Government organized tea training is the responsibility of the local tea department, which invite experts from agricultural and forestry research institutes to provide training to small tea growers.

## **Culture**

- VIII Our aim is to enhance and preserve the cultural heritage of our communities in the North East Frontier and North Bengal.
- IX We at APPL have focused on working communities, staff, and management community by establishing welfare centers and welfare clubs.

## **PEOPLE (HUMAN ENDEAVOUR)**

We want to see a world where every person becomes a contributing partner to the organizations they serve, a world where every person is compensated as a contributing partner and the results they create rather than the time they serve, a world where the war between the organization and labor disappears.

## **Interdependence**

- The theme of Interdependence and collaboration describes that everybody has a role to play in an entity. “Everybody” are not employees but “human resources” determining the business operation. Takes into account the stakeholders and neighbors. Shareholders, management, employees and each and every unit of business.

## **Resources**

- Business simply cannot operate without human resources as it gives direction to what is important; it provide a mechanism to monitor progress in the business, and spur corrective action to ensure the business remains on the growth track.

## **Leadership**

- Leadership is a characteristic of human resource that determines as to whether we can develop more responsible forms of organization and corporate ethos.
- The new generation of leaders will embrace the need for transformational and permanent change possessing the commitment and tools to take the business on the path of progress in the grim global economic environment
- Society, Stakeholders and values are elements of leadership to build competitive strategy for long term.

## **The Generation Today**

- There is a lot of optimistic belief in us that today's generation is capable enough of understanding the need for change in a sustainable living manner, that older generations, brought up during a time of abundance, don't always see.
- The greatest strength is the penetration of Electronic media in the form of cellular phones in the rural markets, which has exposed them to the information ocean.
- It is the most extensive tool of self-empowerment that has motivated the generation today- and will motivate the generation next.

## **New Entrepreneurs**

- Modern generation is energized with ideas of harnessing the power and ability to make positive things happen. New Entrepreneurs think differently, act rationally for a potential opportunity.

## **AGRI-BUSINESS**

### **Mission**

- We at APPL want to build Business interdependent on Nature and to nurture that business is our mission to make our planet 'profitable'.

### **The National Food Security**

- Your company's aim is to promote National Food Security through the Lab to Land initiative that was started by Tata Tea Limited in 1990 along with Technical assistance from Assam Agriculture University, Jorhat. The objective is to help the villagers adjacent to the Tea estate who are mainly dependent on Agriculture to plant high yielding cash crops, winter vegetables and poultry in order to supplement their income.
- The estate supplies high yielding seeds from National Seed Corporation along with manures and pesticides. The same has been extended to 20 estates covering 34 villages, 2612 beneficiaries and incurred expenses of Rs 14 Lakhs which would cover paddy, rabi, fisheries, chilly, poultry and mushroom.

### **Building an Ecosystem to grow the Agro- Business**

#### **Fisheries**

- Your company also has the largest organized fishery farm in the North-East, covering 149 hectares for carp cultivation. 6 independent hatcheries have also been involved to ensure the highest quality fish cultivation.

### **Agro-Forestry**

- We have also promoted Social Forestry and have a current inventory of 5,500 trees of over 10 indigenous varieties, and an ongoing plantation program of 20,000 trees per annum across all tea gardens.

### **Bought Leaf Tea**

- Your company has developed a very healthy and strong relationship with small tea growers in the region to enhance the quality and productivity of the tea produced in the state of Assam, West Bengal.

### **Black Pepper Vines**

- 3,46,000 vine trees have been planted out of which 46,000 vines have attained the fruit
- Self-sufficiency in planting material has been achieved post establishment of independent nurseries in all 25 gardens.

### **Marketing**

- Greater emphasis is now being laid on establishing strong market linkages with customer oriented goals and roping distributors for a splendid supply value chain.
- Corporate involvement through vibrant agri-businesses and food-processing can considerably enhance value for farmers by linking them to the value-seeking markets

### **Partnerships**

- APPL has partnered with domain experts- The Central Institute of Freshwater Aquaculture (CIFA), Bhubaneswar, National Fisheries Development Board, Hyderabad.

## **RESEARCH & DEVELOPMENT**

- Since its inception, the production team at APPL has placed the greatest emphasis on ensuring excellent taste and quality in every leaf through committed R&D.
- Highly effective products have been identified through R&D field trials during 2013 season for managing the destructive chewing pest “Loopers”.
- Majority of the Agro-chemicals, all fertilizers and other inputs are analyzed at the in-house R&D affiliated quality control lab before their use to ensure that unwanted inputs are not applied.

### **Areas covered**

- Your company’s R&D Centre covers mainly the important aspects of cultivation and quality input management and aims at providing scientific support to the Company’s field operations.

- **Integrated Nutrient Management-** Reduced use of chemical fertilizers and increased use of bio fertilizers. Your company's two estates are under 100% bio fertilizer application and others on 10% of their area.
- Total area under your company or 2350 Hectare is under bio-fertilizer application in combination with reduced chemical fertilizer which will have a **great positive impact** on the local bio-systems.

### **INFORMATION TECHNOLOGY**

- We at APPL also have focused on Agri Informatics and adopted practices in tune with the current Information Technology Revolution.
- Your company aims to monetize the opportunity by rethinking in terms of Agri Informatics and Information Technology.

### **FINANCIAL SNAPSHOT**

Regardless of whether the business is a public or private entity, consistently earning profit is every company's goal. The path towards profitability can be long and at the same time arduous and represents the bottom line for every company.

#### **Profits and Sustainability**

- Profitability is a result of competitiveness which increasingly depends on the company's ability to adopt Environment Friendly business practices
- We should focus on development value derived from the numbers and not solely on numbers.
- We need to look at profitability from a different perspective, from the perspective of Human Endeavour and the earth as an excellent material return.

#### **Role of Private Sector**

- The private sector should redefine its responsibilities. We need a Plan B for concerted, positive action that will ensure business becomes a driving force for social, environmental and economic benefit.
- "Sometimes, Not Taking A Risk Is The Biggest Risk". Risk is the main factor behind profit.

### **CLOSING REMARKS**

The journey to create Amalgamated Plantations a world class corporate in India and the Global market will remain extremely challenging. Our abilities are second to none and have been celebrated across the state. It is now imperative to harness these energies

and our resources to transform your company into nationally reputed organization that will shower pride for West Bengal, Assam and India.

**At APPL, we understand that the real purpose of business is to improve the quality of people's life. And it's our belief that bringing a smile across faces is as rewarding as profits in our balance sheet. The company has always focused on the aspirations of the community around it by committing itself to create an enabling environment for its people. These include sustainable livelihood programs, access to basic healthcare and education, vocational training, employment generation, and youth empowerment. Being the real custodians and not just the owners of the asset it owns, the company invests in its responsibility towards managing them in a sustainable form as far as possible.**

Your company has left no stone unturned to move ahead on this defiant journey. It has proven its capability to create a winning organization. As we move towards new horizons, I draw strength from Team APPL and from their dedication to take your Company to even greater glory in the coming years.

**Raised on the ethics of inclusive growth, nurtured by the values that foster socio-economic and environmental welfare and led by a vision of cultivating prosperity and wellbeing, we are a company that harvests happiness in every sense.**

My Dear Shareholders, it was a pleasure to be present at this AGM and address you. I humbly take this opportunity to thank all my colleagues on the Board for their valuable guidance and advice, to thank the Management, Employees as Resources and Staff for their leadership, dedication, effort and passion to grow the business of the company and secure a new market place by expansion and diversification. I would like to specially thank our major shareholder for their continuous support and advice.

I thank all of you for attending this AGM and encouraging us with your valuable presence and look forward to your views on how we can improve our operations further.

I wish you and your families all the very best.

Thank You.

RANJIT BARTHAKUR

**CHAIRMAN,**

**AMALGAMATED PLANTATIONS PVT.LTD.**