

To,
Mr. Peter Rosenblum

Dear Sir,

We have received your report headed "The More Things Change....."with your e-mail dated 21st January, 2014 requesting us to send you our comments thereon by the 29th January, 2014 which was subsequently extended till 3rd February, 2014, the date you indicated for release of the report.

At the outset we have to state that this is far too short a time for us to study and comment on your report which runs into 109 pages and is the result of 3 year's work. However, we have examined it sufficiently to say that it is incorrect and misleading in some parts, which are injurious to our interests and defamatory. Our initial reaction is that you have not mentioned some aspects which should have found a place in the report and have not properly appreciated others. Some instances of this are set out below which are not exhaustive:-

(a) Some aspects which should have been mentioned :

- The report fails to appreciate the fact that the Tea industry is cyclical in nature and there have been more troughs than peaks. The industry went through a long period of recession from 1998 till 2007 and under these circumstances, conservative spending becomes an industry wide necessity. In spite of this, APPL always functioned within the scope and ambit of statutes and laws and followed the highest levels of corporate governance. There are some industry wide issues which need resolution and are addressed at an industry level. APPL is run by a dynamic management and believes in continuous up-gradation of standards of working and operations. Due to the large number of employees/houses the repairs to the houses/toilets are undertaken in a phased manner on a continuous basis. It may be noted that APPLs spend on Labour Welfare measures including labour houses have been as under :

	2009/10	2010/11	2011/12	2012/13	2013/14	TOTAL
Spend in Million (INR)	128	121	144	157	198	748
Spend as a percentage of PBT	18.40%	27.04%	102.45 %	54.31%	41.71%	36.56%

- APPL believes in Social Transformation and provides employment linked skill development projects at remote locations through Industrial training institutes and Vocational Training Centres. On a yearly basis more than 1000 students are trained in such institutes. The report makes no mention of our Training Institute at Rowta - a Centre of Excellence.

- By converting Hathikuli Estate into the largest integrated Organic Farm APPL is helping maintain the ecological balance of a Bio-diversity hot spot and prevent any further environmental depredation in the area adjoining the Kaziranga World Heritage site.

APPL also supports the Lab to land programme where farmers at nearby villages are provided with raw materials free of cost for cultivation. This has been a long standing programme.

APPL also provides quality healthcare services to all strata of people at reasonable and affordable costs at its Chubwa Referral Hospital. From inception APPL has treated 6,00,000 patients at a nominal rate. The Estate employees are treated free of cost. It is also a Satellite Centre of the reputed and state of art Tata Medical Centre, Kolkata for early screening of cancer detection. APPL workers are entitled to free treatment of Cancer at TMC, Kolkata. This facility is not enjoyed by workers of any other Plantation Company.

- All APPL Estates in Assam are Ethical Tea Partnership compliant and most of its factories are ISO 22000 certified. It is also the first company in the tea industry to receive SA 8000 certification.
- APPL is also a 100% cleft defect free Company and runs camps for cleft palate surgery with support of Operation Smile, India.
- We were the pioneer in the electrification of labour lines starting from the mid 80's. As far as electricity deduction is concerned APPL is a mere facilitator. The concept of billing through cluster meter is a Govt. diktat and the billing rate is decided by the state electricity board. As per the agreement with the ASEB, APPL provides logistic support only. The report did not mention anything about billing from individual meter connections which most of the estate's in Assam are now following. Power supply timing i.e., supply of power to the workers line is decided by the electricity committee comprised of workers representative only.

(b)Some aspects which should have been correctly appreciated:-

- The report states the discriminatory denial of benefits to plantations workers and their dependants. All wages and benefits are provided within the ambit of law. The present cost per day per employee including the fringe benefits is Rs.189 and not the cash value shown in payslips. Wages are due for revision this year in West Bengal and next year in Assam.
- All APPL hospitals are managed by qualified Medical Practitioners. The Medical Officers possess an MBBS degree and do not require specialist qualification. The Referral Hospital and Research Centre (RHRC) at Chubwa T.E. which the workers have access to quality health care services free of cost to the employees and at affordable prices to the general public at large.

- All estate hospitals conform to The Plantation Labour Act and are constantly improved and upgraded. These are regularly inspected by the Medical Inspectors of the State Government.
- It is incorrectly mentioned that APPL employees are charged for electricity at industrial rate. An industrial unit is Rs.7.80/- per unit whereas the workers drawing from cluster meters are billed at Rs.4.28/- per unit. There is a subsidy of 0.70 paise provided by the Govt. to the user committee for upkeep and maintenance of the line. Where electrical connections are available under the rural electrification scheme, APPL facilitates this by issuing NOCs to the workers.
- APPL crèches are active and vibrant and considered amongst the best in the industry.
- Labour houses are allocated to workers, family wise and not employee wise which is in accordance with the Plantation Labour Act, 1951. Therefore number of houses required has not been calculated properly in the Report. It should be noted that all those residing in the houses are not garden workers. A family would consist of husband & wife, both workers plus children. As a Group our Estates have a collective resident population of 1,56,000 out of which 33,000 only are our permanent workers. The rest are dependants or relatives not entitled to housing from the company but enjoying the facilities no doubt putting pressure on the infrastructure. Photographs of labour house, toilet and crèche are as below:



Labour House (outside view)



Labour Toilet



Crèche

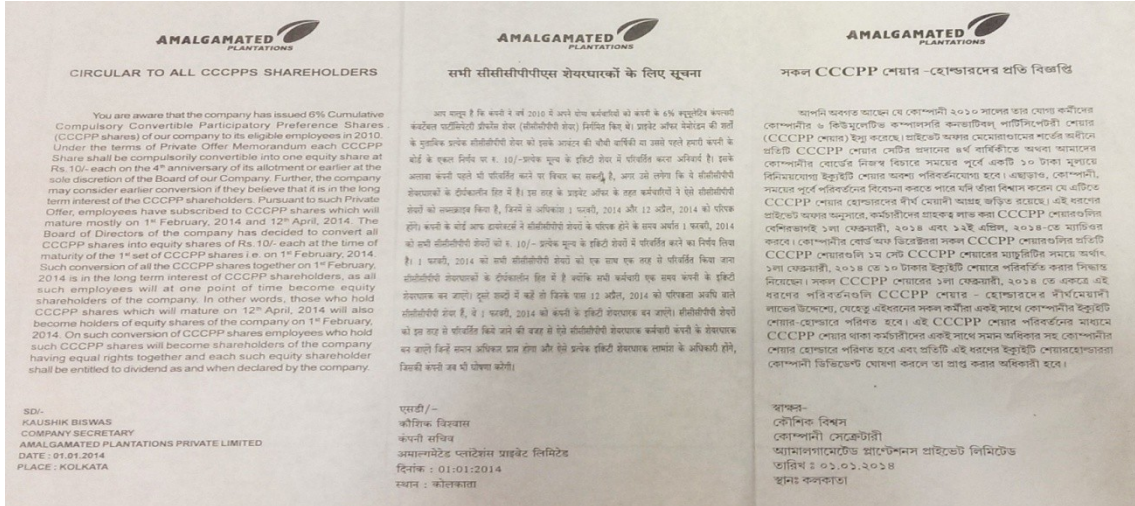


Crèche

- APPL strictly adheres to the minimum wages to be paid to the employees and there is no single instance where any manager has enhanced the task. It is extremely difficult to alter well established tasks which differ from estate to estate. The maximum pruning time is 5-6 hours and it never reaches 10 hours as mentioned in the Report.

- There is no ironclad hierarchy or “Glass Ceiling”. Workers children have become Supervisors, clerical Staff, and for deserving candidates have risen to become Welfare Officers, Assistant Managers and Medical Officers.
- It is also mentioned in the report regarding rights of free movement of workers and their rights to receive visitors in their own homes. It is a fact that the environment in Assam has not been conducive and militancy problems are deep rooted. Estate Managers are under obligation to keep a strict watch on unknown visitors. These are normal security requirement and have been advised by the state police department. The fact that the Columbia Law School team visited 17 estates unhindered and interviewed many persons proves this point. You were advised to inform the Estate Management of your visit as a courtesy only to facilitate the visit.
- APPL does not restrict workers to join the union of their choice. APPL Management plays a strictly neutral role. Namroop and Nahorani and estates in West Bengal are a few examples where workers have joined different unions of their own volition.
- The report mentions that there has been a seizure of worker’s agricultural land for agri business. The land in question belongs to the company and was re-acquired by the company. Except at 2 estates none of these areas were under cultivation. At Teok alternate land was given and at Nahorani employment was provided. Our Fisheries and Pepper verticals have generated employment of 177000 mandays. Fishery workers are paid at a higher agricultural rate fixed by the Govt. Medical facilities at the Estate hospitals are provided to these workers.
- The report states that the sale of APPL shares to workers was through deception and coercion. APPL is again the pioneer and front runner to offer its employees shares at preferential terms. APPL has 31,000 employees from which 21,000 employees subscribed for the share scheme. If coercion was used, then the number of share-holders would have been 31,000 and not 21,000. The proportionate participation of the employees across all 24 estates of APPL varied from 15% to 100%. The above statistics depict that the share allotment process was voluntary and transparent. The estate workers were allotted 800 shares at Rs.10/- each amounting to Rs. 8000/- through an interest free loan catalysed by the company. The total amount of Rs. 8000/- is being deducted by the company over a span of 7 years at the rate of Rs.95/- per month. The Share scheme provided capital protection and guaranteed dividend of 6%. The company has also formulated a process wherein the employees being separated due to resignation, retirement or death are paid at fair market value which till date manifested a healthy appreciation in value. APPL as a company takes pride in such a unique model of Employees Share Allotment Process. APPL has maintained a dividend paying track record well above the guaranteed 6% i.e. 10% to 12%.

- Meetings are held at estates to communicate any developments. Communication is also sent in three languages – sample enclosed.



We emphasize that these are our initial reaction only and to give our detailed comments would require a thorough study of the report by different officers which would take at least one month. This letter is written without prejudice to our contention that your report is defamatory, and contains incorrect, misleading and distorted statements which are injurious to our reputation and business. In fact, the words “The World Bank, “Tata and Enduring Abuses on India’s Tea Plantations” are indicative of the same.

We, therefore, ask you not to publish your report until we have had a proper opportunity to give our detailed comments on the same and publish it, if at all, with such detailed comments.

For any clarification, please contact Mr. Kaushik Biswas, Company Secretary whose e-mail id is kaushik.biswas@amalgamated.in

Yours faithfully,

**Amalgamated Plantations Pvt. Ltd.,
Kolkata**