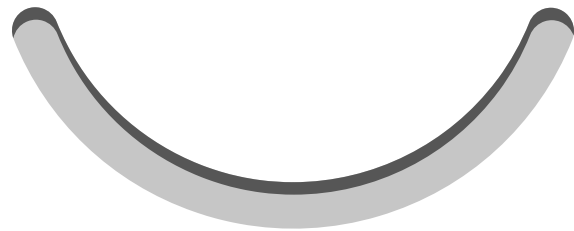
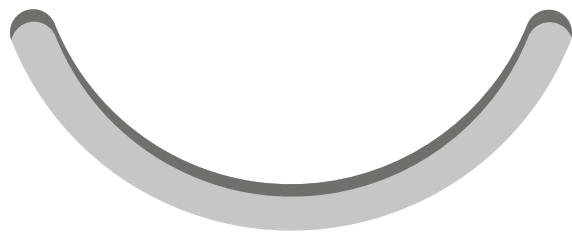
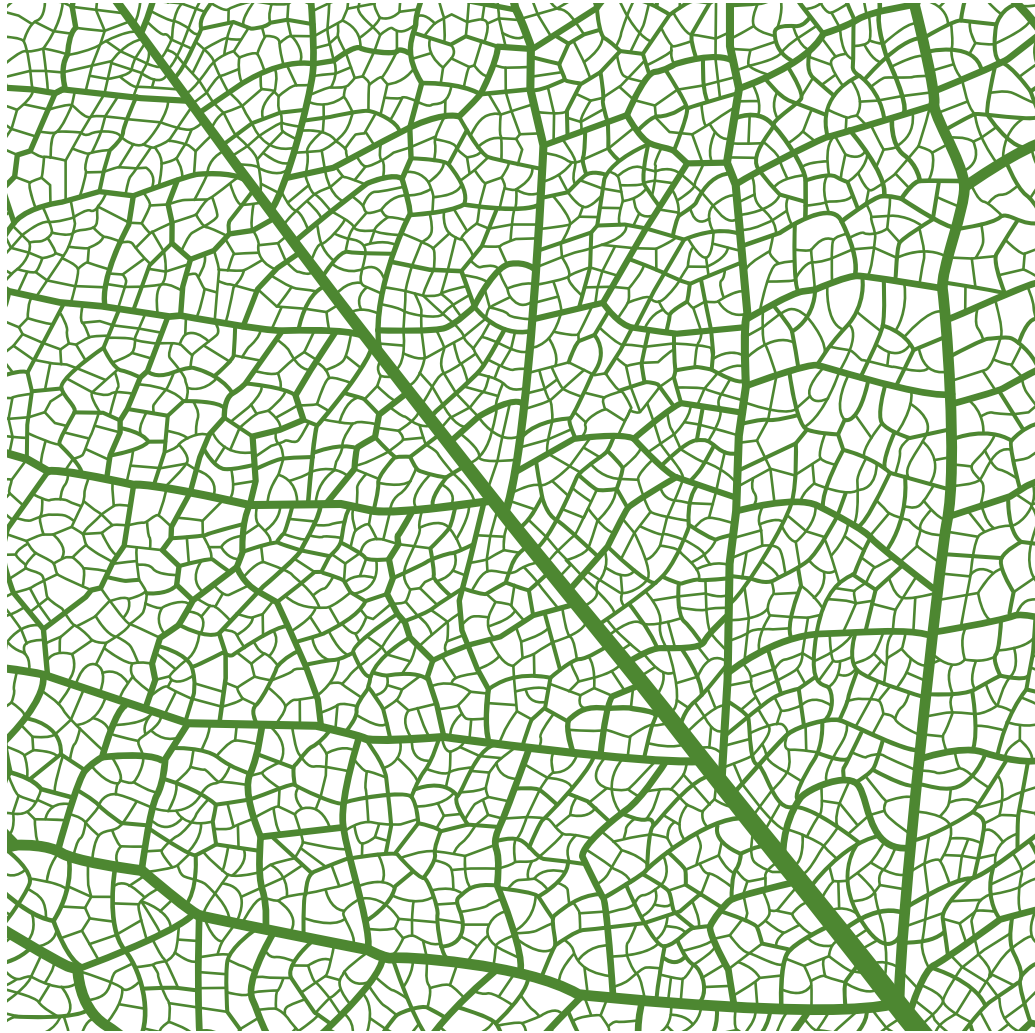


#FORACHANGE

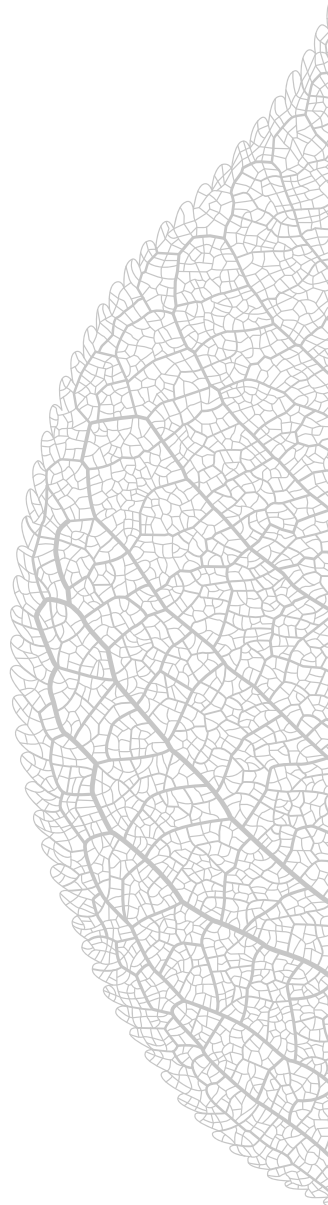




September 2019



keventer



*"Making mistakes in
centuries and
generations past
would have
consequences that we
could overcome.
We don't have that
luxury anymore."*

- Al Gore in An Inconvenient Truth



Our unscrupulous and uninhibited use of nature is robbing it of its life, leaving it a decayed, empty shell. We are headed towards a bleak future, riddled with despair, diseases and imminent death. Thus, as a socially and environmentally responsible entity that strives not just for development, but for sustainable development—Keventer has resolved to put a stop to this; to do its bit to ensure that bountiful nature, continues to be bountiful.

So, for a change, let us be the change.

As a responsible corporate entity, Keventer is deeply connected with the ethos of environmental stewardship and social value creation.

This is manifested in the numerous initiatives that Keventer has instated to minimise the impact on the environment and increase the value created for society, leading to positive social and environmental impact of the order of INR 373 Crores (USD 53 Million), *which is approximately 15 times the book value of the financial profits realised by the Company in FY2018-19*¹. This Report is intended to be a tool that allows Keventer to measure its impact on society and environment in financial metrics, which is the language spoken by the management of organisations, shareholders and other stakeholders.

Once the intangible externalities and shared values created by Keventer are expressed in monetary terms, the task of evaluating impact vis-à-vis financial performance becomes easier. The results from the 'Total Value Generated by Keventer: FY2018-19' will be useful for the management of Keventer to identify, measure and value the direct and indirect impact of the business and evaluate the dependencies on natural capital. The outcomes of this valuation exercise will enable Keventer in understanding the complex and dynamic relationships the business shares with the natural

capital and societies at large and, in turn, inform better decision-making to mitigate and minimise the impact created on environment and enhance the value created for communities. The Report carries a message for the investors and other stakeholders of the company to recognise the overall societal and environmental value creation through direct Keventer operations, *which is approximately 15 times the financial profits realised in FY2018-19.*





¹Estimated Total Value outcome of this Report; please refer to Chapter 6 for detailed analysis

The operational impact of any business on society and environment are numerous and Keventer has attempted to measure the impact of all its activities, positive or negative, in the course of the Report. A financial evaluation of the environmental externalities allows Keventer to understand which environmental categories are creating the most impact and introduce feasible sustainability initiatives to minimise the impact on environment. For example, Keventer has initiated the use of solar power for electricity, which, in turn,

reduces demand for grid electricity by approximately 10%, consequently creating less GHG emissions and air pollution, and reducing natural resource depletion. This is a part of Keventer's ongoing plans to increase the share of renewable and clean energy to substitute the demand for electricity from the fossil-fuel-intensive grid. Similarly, there are various energy saving initiatives like Variable Frequency Drive motors, condensate water recovery in boilers and use of battery-operated forklifts to minimise energy

consumption water recycling and reuse maintaining green cover, afforestation drives and maintaining water bodies. With respect to social initiatives, Keventer's policies towards Human Resources are based on principles of non-discrimination, inclusivity, diversity, transparency and continuous engagement. These are exemplified in the various remuneration and other benefits, support for education of the employees' children, healthcare and accidental insurance coverage for immediate family.







Continuous and ongoing engagement with the local communities and society forms an important focus area for Keventer in social value creation. Keventer realises its dependence on local communities for labour, the sharing of natural resources with immediate local communities, agricultural produce from upstream farmers, other vendors and channel partners, etc. The Keventer Assisted Farming (KAF) initiative is designed for the banana farmers in West Bengal. Through this, Keventer Agro Limited has envisioned a revolution in the banana value chain in West Bengal, by transforming the lives of farmers in the state through increased yield, ensuring the spread of modern agronomic practices through intensive knowledge-sharing and de-risking the entire farming cycle by onboarding financial institutions to provide loans and crop insurance. Keventer is striving to make the farmers in the dairy and mango value chain a part of its direct procurement channel,

thereby replicating similar initiatives under the Keventer Assisted Farming for the Dairy and Beverages Division. The potential for transforming lives in the agricultural value chain is immense and Keventer seeks to tap into this potential in the coming years, thereby maximising the value created for all its stakeholders. This Report is an attempt to capture in monetary terms the cumulative impact of all such activities on natural capital and social capital FY2018-19, and develop strategic insights about the operational efficiency of such initiatives and assess which areas of natural and social capital require intervention to continue creating increased value for society through business. Some of the positive impact of Keventer in creating shared value and the positive externalities for the environment and society have been highlighted below:



Shared value

Roadways accessibility improvement in the neighbouring community by widening existing narrow roads

Water provisioning by constructing deep tube wells in primary schools to ensure water accessibility for all

Construction of streetlights in the local community which improves road safety, law and order maintenance at night

Organisation of local sporting tournaments (football, table tennis, etc.) for the community which improves sense of wellbeing and builds positive community relations

Active support for organisation of blood donation camps. West Bengal has a deficit term of blood available for patients and such initiatives encourage and enthuse members of the community to actively participate.

Afforestation drives within the local community and maintaining green cover within Keventer plant premises

Maintaining ponds and water bodies for the local community and within the Keventer plant premises

Trainings and skill development for the employees

Education assistance in the form of financial allowance for the children of all employees

Other employee incentives and benefits like accidental insurance coverage for employee and spouse, health checkups and vaccination, provision of uniforms and PPE, attendance incentives, etc

Use solar power to meet energy demands of Keventer plant which reduces dependence on coal-based grid electricity

Process water recycling in gardening and fire hydrant systems within Keventer plant

Energy efficiency initiatives like Variable Frequency Drive motor, condensate water recovery in boilers, water recovery in chiller, etc.

Use of battery operated forklifts instead of diesel forklifts

Skylight window installations to reduce power consumption during daytime

Use of recyclable crates and plastic pallets which leads to minimisation of conventional cardboard paper and wood waste

Shared value and externalities for Keventer

Externalities

Keventer Assisted farming initiative for farmers in providing agricultural knowledge, sharing best practices, providing finance, high quality saplings and consequently resulting in higher yields and income realisation for farmers

Better employment opportunity for local community members and general increase in living conditions and average income

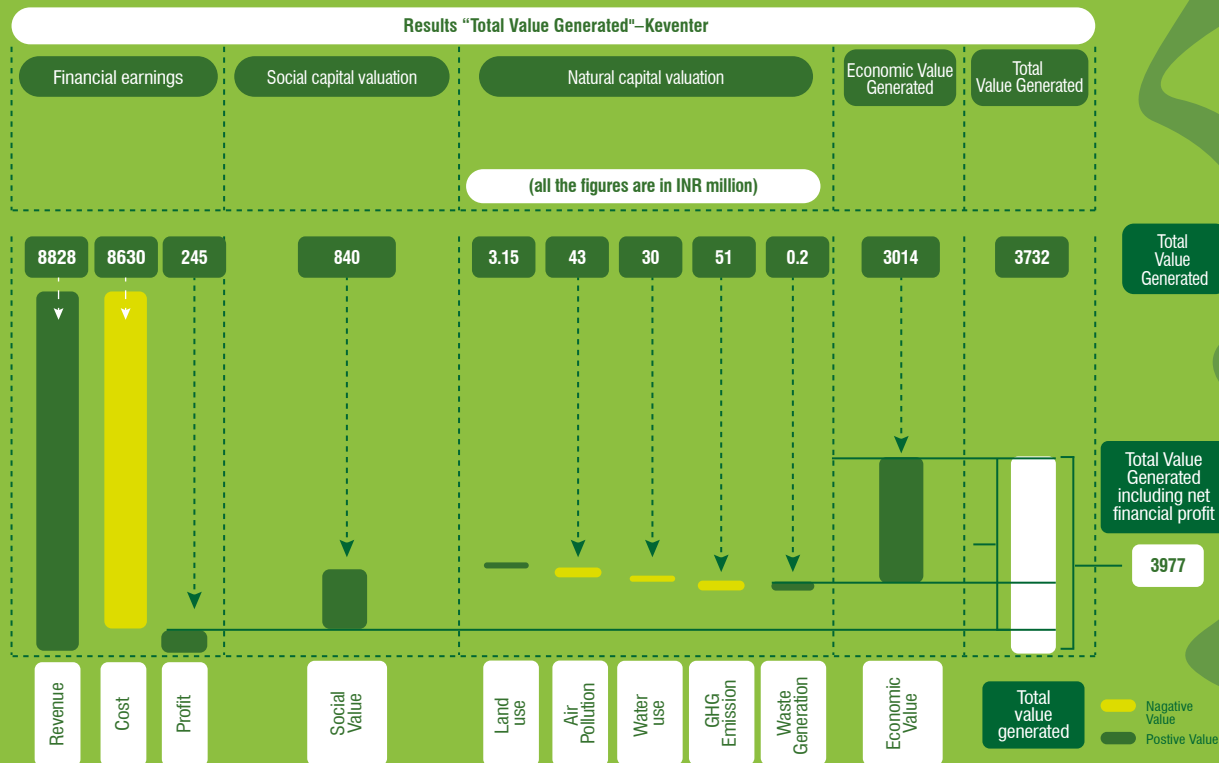
Include income multipliers for the community due to creation of local entrepreneurs, suppliers, vendors, contract workers, etc.

Employment of farmers in the upstream for procurement of banana, milk, mango pulp and apple concentrate

Include employment of other actors across the business value chain of Keventer, for example, transportation and logistics partners, warehousing, retailers, distributors, etc.

The first chapter of this Report sets the context for Environmental Profit & Loss and Integrated Profit & Loss statements, and the current methodologies available for evaluation of natural and social capital. A brief description of the EY 'Total Value' valuation methodology used in this Report has been provided at the end of the chapter. The second chapter introduces the environmental, social and economic Key Performance Indicators (KPIs) considered for the valuation of Keventer's natural and social impact. Sample indicators of the potential impact of these KPIs have also

been provided for the reader's ease. The valuation of the impact on natural capital has been carried out in the third chapter. The environmental KPIs considered are land use, water, waste, air pollutants and Greenhouse Gas (GHG) emission. The fourth and fifth chapters provide valuation of the social impact, and induced and indirect economic impact of Keventer business operations. Based on the parameters of shared value and externalities valuation, the final chapter of the Report provides the outcomes of the Total Value Generated for Keventer.



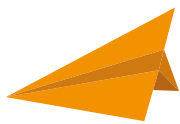


It can be observed in this illustrative that the Total Value Generated by Keventer is INR 373 Crores, approximately 15 times the financial profits realised in FY2018-19, which points to the fact that the overall value created by Keventer through its sustainability initiatives for nurturing natural capital, creating social value, and induced and indirect economic impact is much more than the book value of profits realised. The outcomes of this analysis will also allow the management of the organisation to view their sustainability investments through a different lens and strategise the future-proofing of the business through environmental and social investments that yield the highest returns and maximise the value created for all stakeholders.

Outcomes

Measurement

— E_y Total V





Today, an increasing number of businesses are moving towards an integrated vision of value creation, i.e. including the dimensions of shared value and externalities. In order to achieve an integrated view of their impact, organisations must first be able to measure the shared value and externalities they create. EY developed the Total Value approach to address this need and measure the value created by a company, the value it shares with its stakeholders, and the broader impact of the company on society at large. A Total Value analysis provides insights on the monetised impact, outcomes and their materiality.


EY's Total Value is a concept that allows companies to measure the most material aspects of their value creation, which otherwise remain hidden or unmeasured. As a result, decision-making is improved due to a better understanding of the impact of their decisions on both stakeholders and society at large.

EY's Total Value is therefore an invaluable tool that not only allows organisations to improve their overall

value creation but also helps organisations fulfil a greater societal purpose.

A Total Value analysis has a wide range of applications. The analysis can be used to assess an organisation's key impact or provide more detailed information such as an assessment of the life-cycle impact of a product. While the first may be used to define strategic focus, the latter may be used for product innovation. These two examples offer a distinctly different depth, scope and purpose. The commonality, however, lies in the fact that a Total Value analysis serves as a solid decision-support mechanism by creating transparent value, both positive and negative


Keventer Agro Limited has attempted to capture the Environmental and Social Value of its Externalities and Shared Value using the 'Total Value' approach developed by Ernst & Young Associates LLP (EY)*.



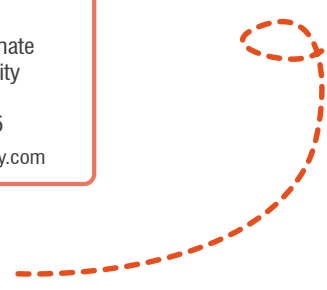
Chaitanya Kalia
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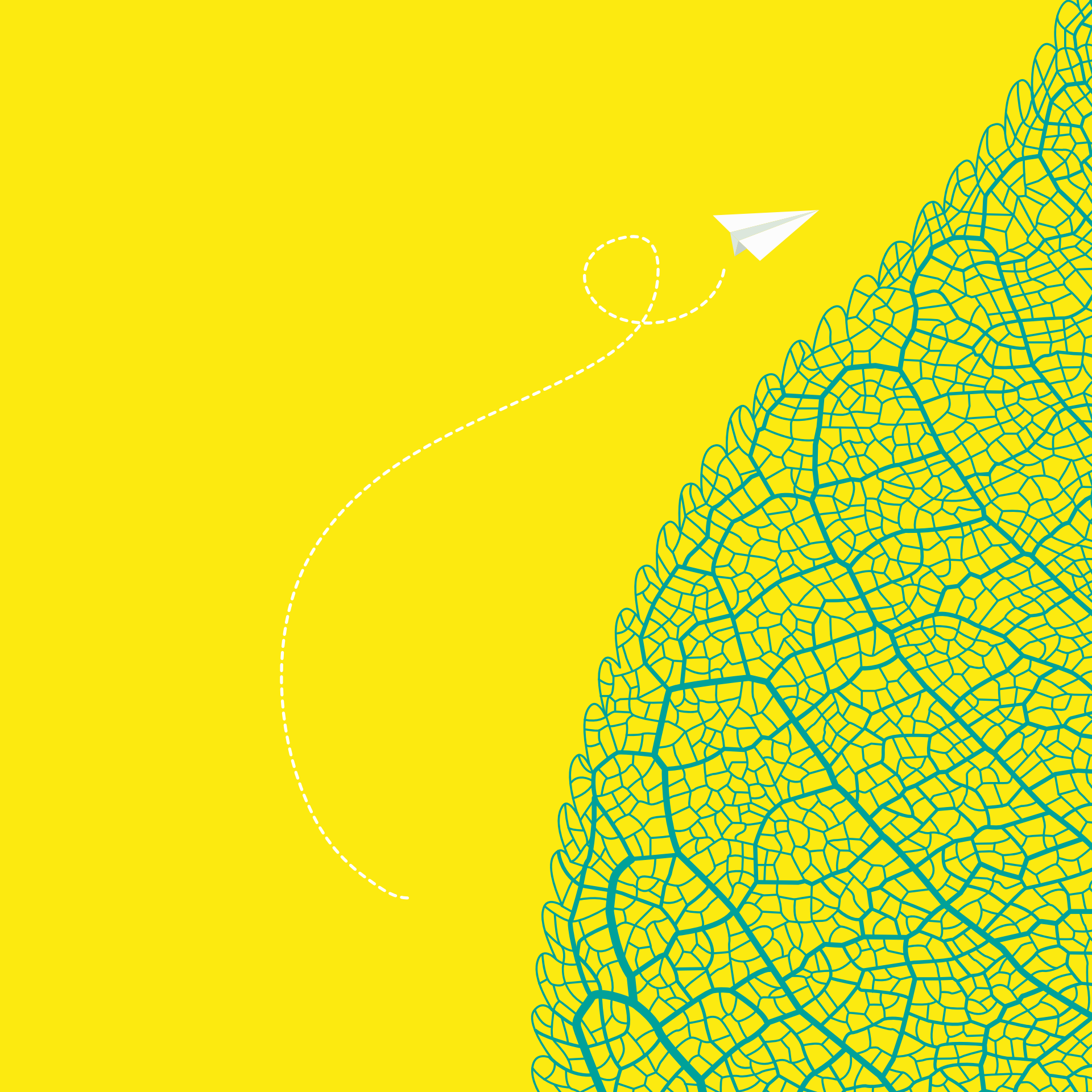


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| | | |
|-----------|--|------|
| 01 | Methodology for Estimation of 'Total Value Generated' by Keventer | Page |
| 02 | Identification of Parameters for Environmental, Social and Economic Impact Valuation | Page |
| 03 | Natural Capital Valuation | Page |
| 04 | Social Capital Valuation | Page |
| 05 | Economic Value Generated | Page |
| 06 | 'Total Value Generated' by Keventer: Results | Page |

C O N T E N T S



Methodology for
'Total Value Generation'

or Estimation of
'rated' by Keventer

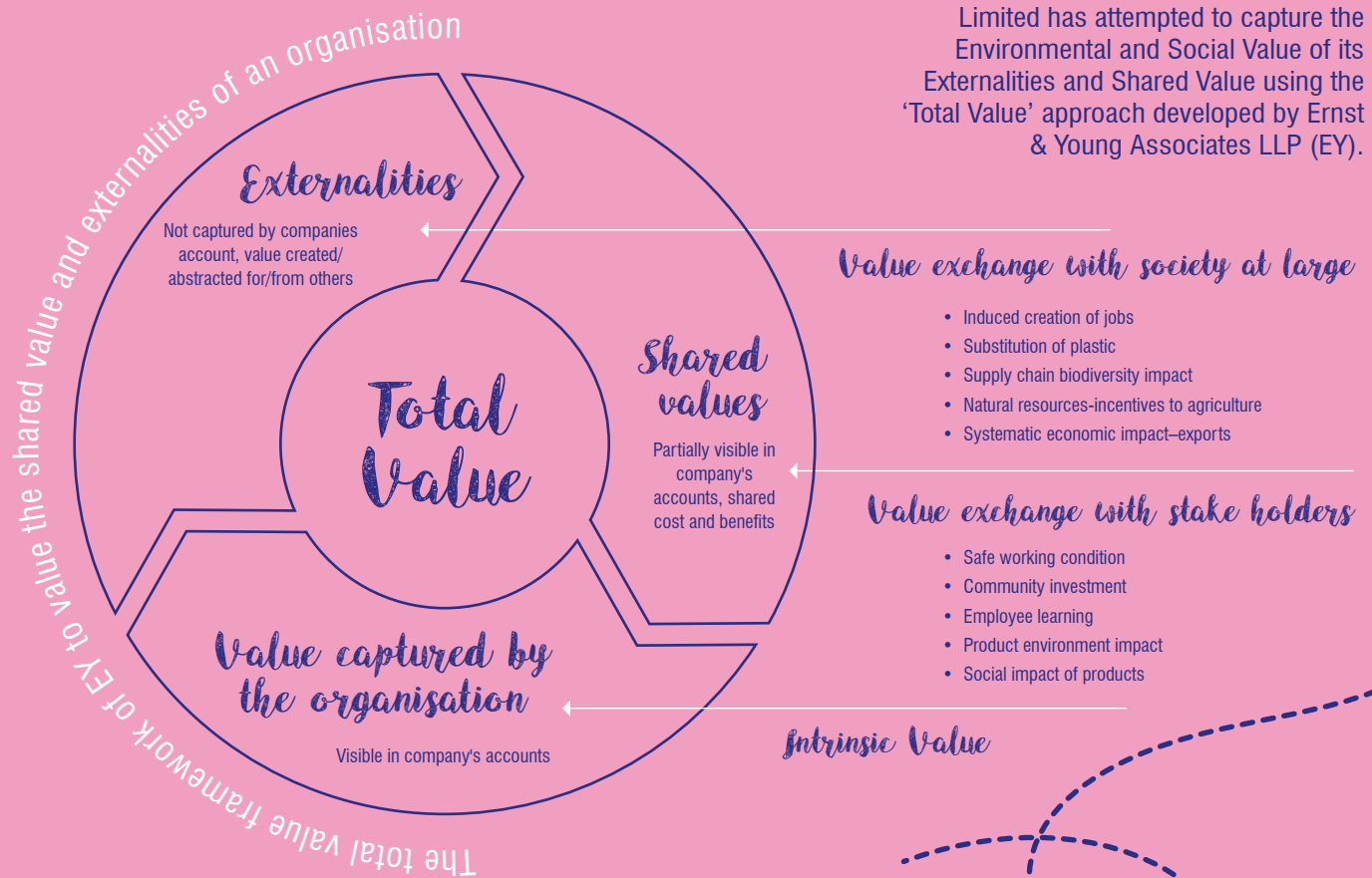


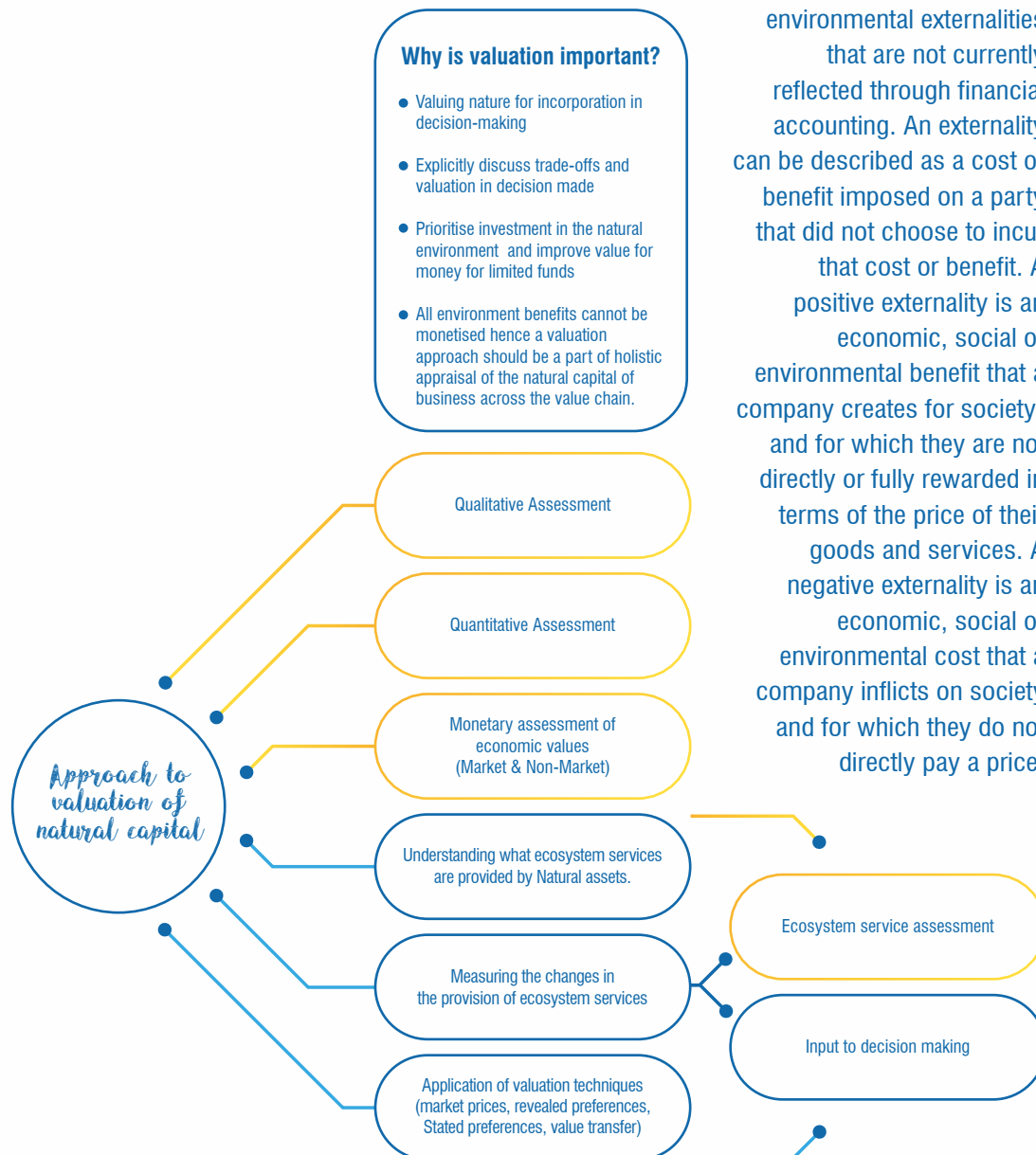


*The EY 'Total Value' Approach
Natural and Social Capital Value*

Today, an increasing number of businesses are moving towards an integrated vision of value creation, including the dimensions of shared value and externalities. To achieve an integrated view of their impact, companies should first be able to measure the shared value and externalities they create. More recently, companies have worked towards an Environmental Profit and Loss (P&L), a Social Profit & Loss (P&L) or even an “Integrated Profit & Loss (P&L)” statement to do so. Outcomes Measurement elevates traditional reporting. The focus is on the unique changes being made. Companies need to identify the Total Value of Social, Environmental and Economic impact on the communities, employees, suppliers and wider stakeholders. Keventer Agro Limited has attempted to capture the Environmental and Social Value of its Externalities and Shared Value using the ‘Total Value’ approach developed by Ernst & Young Associates LLP (EY).

h for
uation





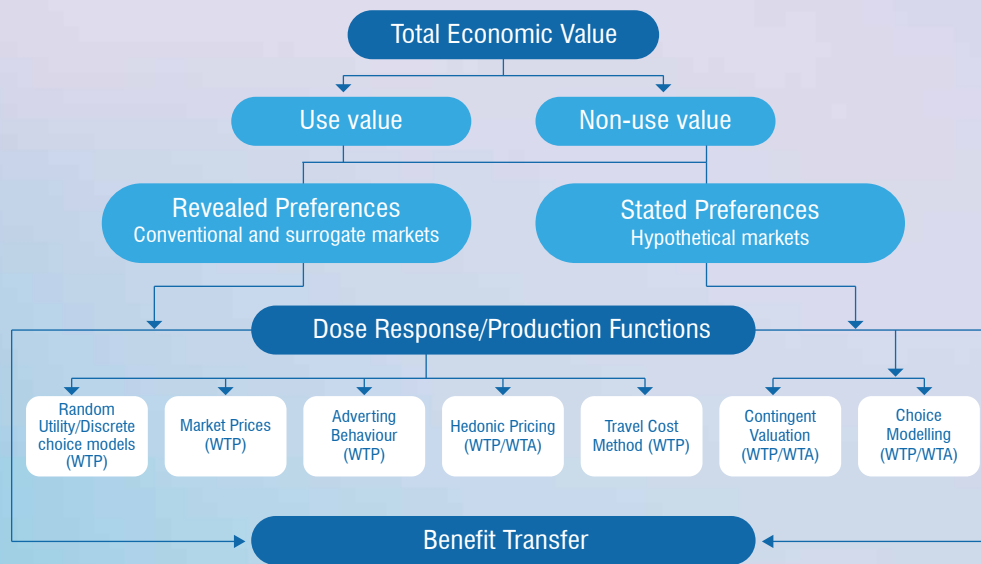
Measuring external outcomes can be defined as capturing the impact of an organisation's social and/or environmental externalities that are not currently reflected through financial accounting. An externality can be described as a cost or benefit imposed on a party that did not choose to incur that cost or benefit. A positive externality is an economic, social or environmental benefit that a company creates for society- and for which they are not directly or fully rewarded in terms of the price of their goods and services. A negative externality is an economic, social or environmental cost that a company inflicts on society and for which they do not directly pay a price.







The total economic value framework demonstrates types of economic value and valuation methods



The aim is to attempt monetisation of all possible effects (impact) by capturing them with the same monetary metric to make them visible and comparable. Different valuation methods are chosen for different aspects. While the valuation of traded goods can be based on the prices paid, that is really the case for environmental goods and services, for which markets do not exist and that have no assigned price (e.g. free clean air). The usual methods of valuation of such non-market outcomes are:

- **Preference valuation methods** – values based on peoples’ revealed or stated preferences;

- **Well-being valuation approach** – values based on observed changes in well-being due environmental changes

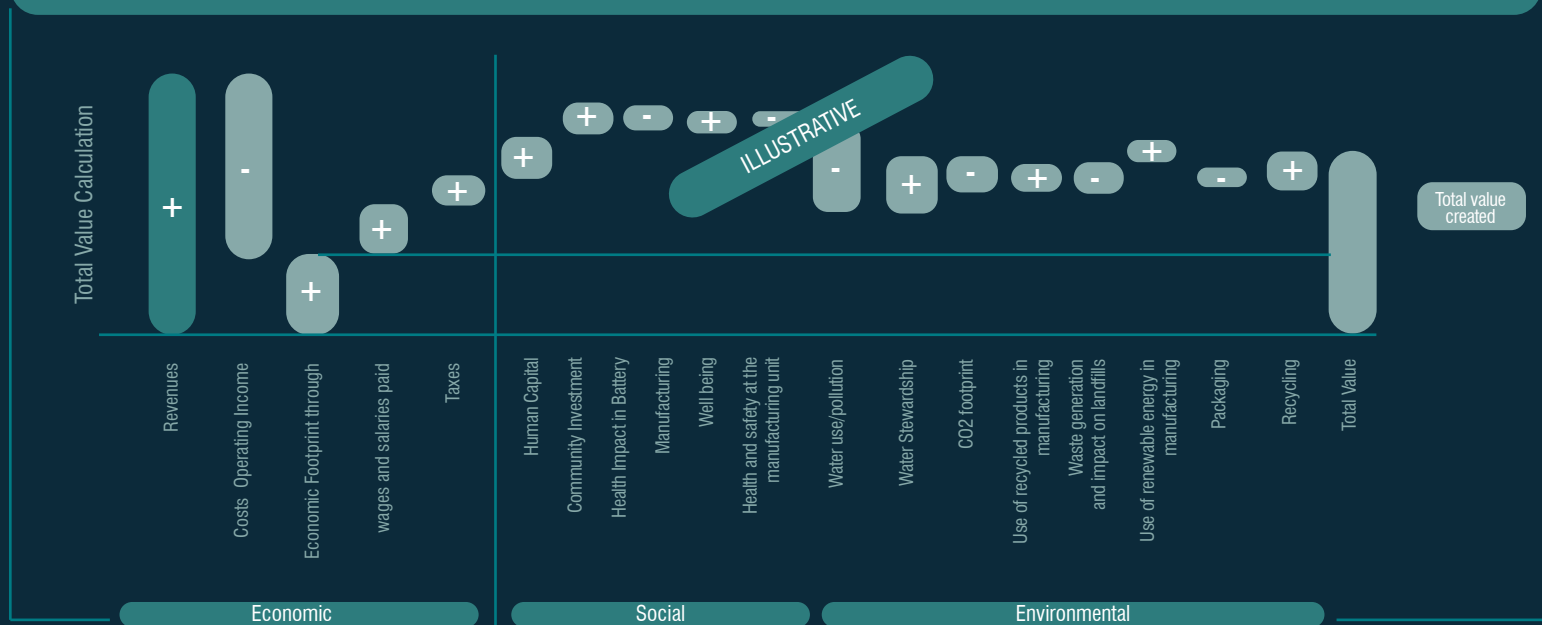
Social Return on Investment (SROI) – (SROI) is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested.

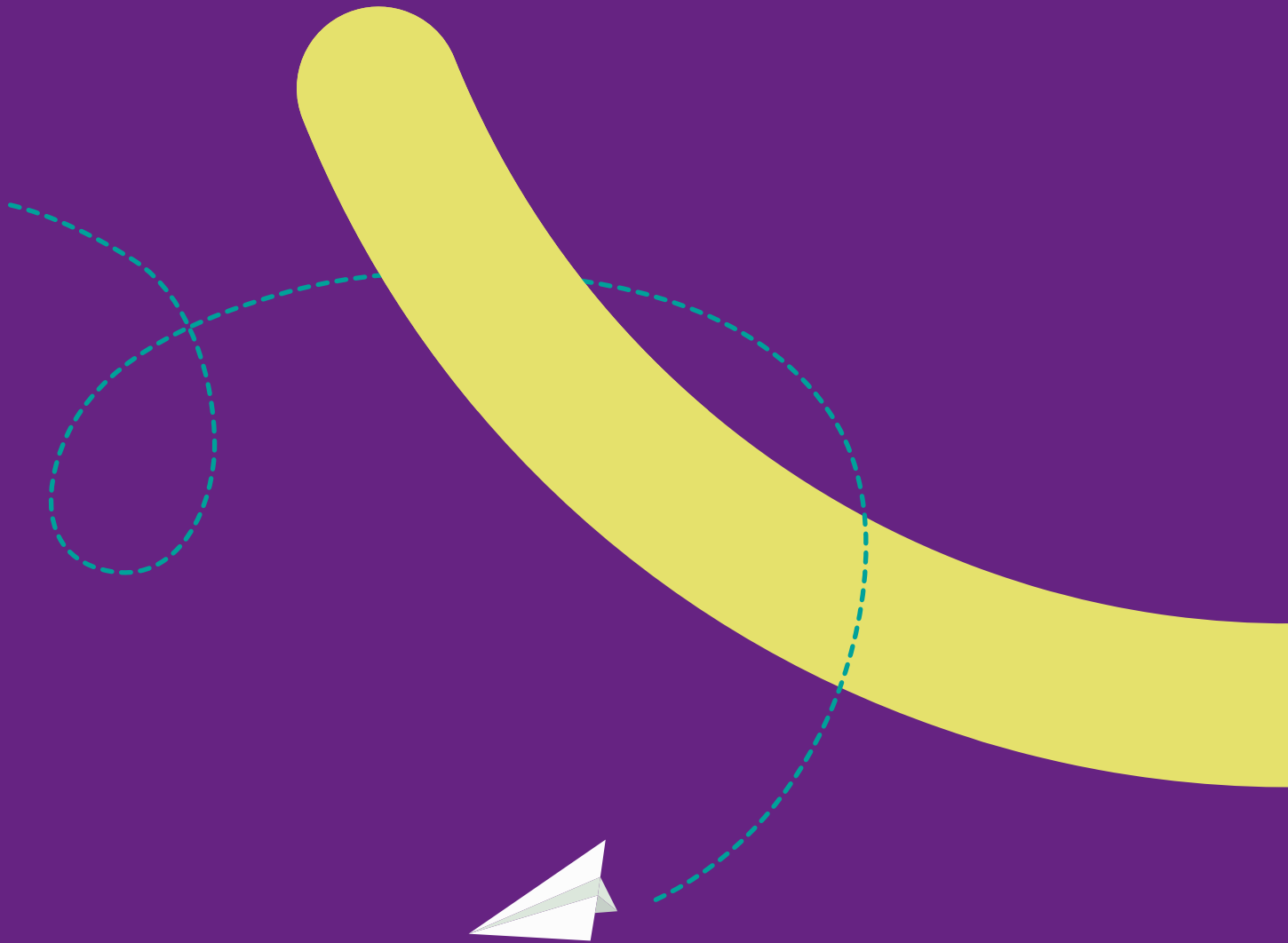


There is consensus on the worldwide sustainability trends in various valuation techniques of natural and social capital. The Total Economic Value Framework is one such tool that helps to inform the types of economic value and valuation methods. The WBCSD, TEEB for Business Coalition and the Natural Capital Declaration are examples of existing impact evaluation and reporting frameworks that offer a variety of methodologies and

tools for valuation of natural and social capital. The EY framework for 'Total Value' draws upon all existing frameworks and methodologies and creates a possibility for the monetisation of the intangible social, environmental and indirect economic impact of any organisation. This has been summarily presented in this exhibit:

The Total Value framework of EY to value the shared value and externalities of an organisation



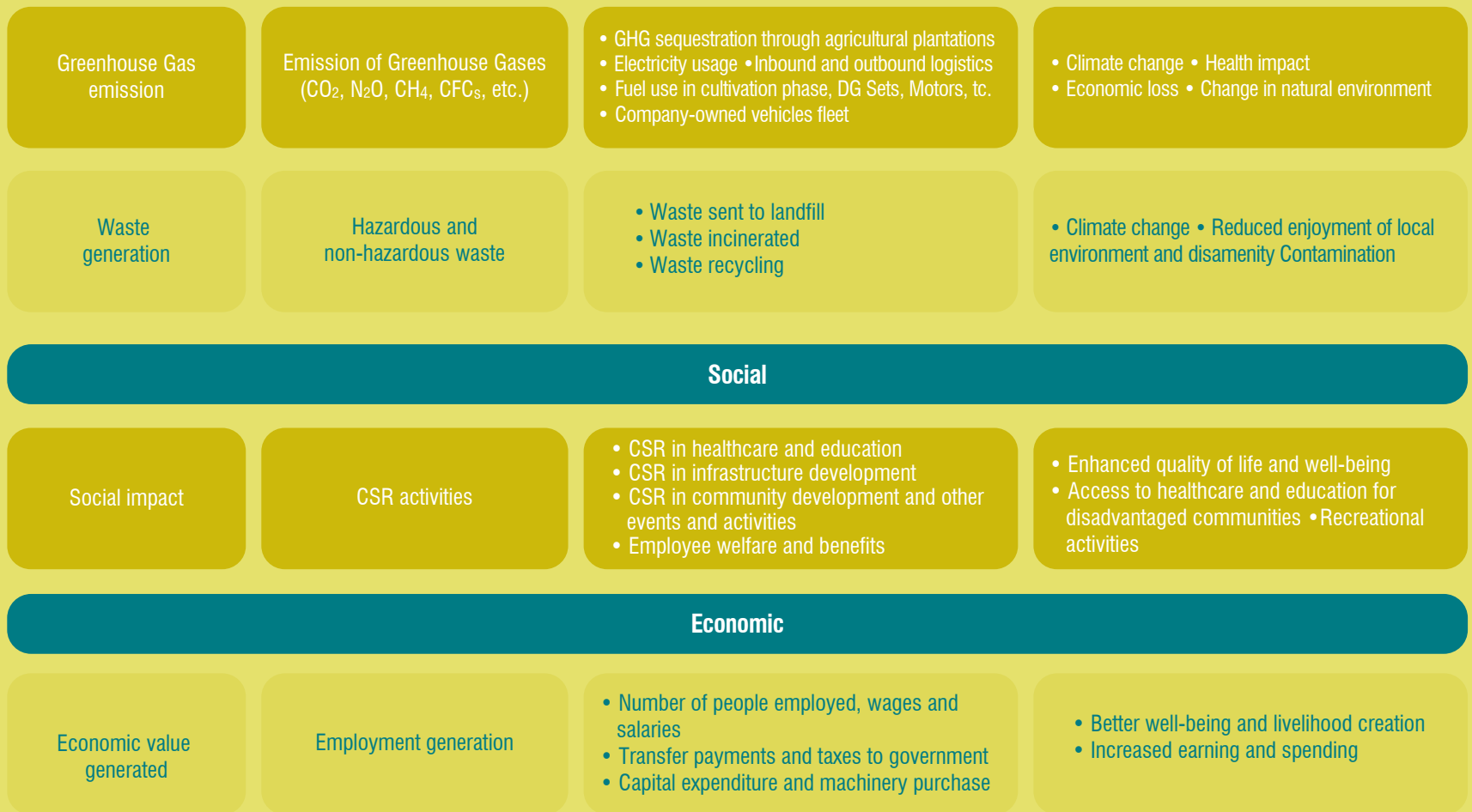




Identification of
Parameters
for Environmental,
Social and
Economic Impact
Valuation



| Impact | Impact Pathway | Type of Data Indicator (Sample) | Change in Human Well-being |
|--------------------|---|--|---|
| Environment | | | |
| Land use | Tropical forest, temperate forest, inland wetland and others | <ul style="list-style-type: none">• Land diverted from forest to agricultural use• Pesticides used • Fertilisers used• Afforestation and green cover | <ul style="list-style-type: none">• Reduced ecosystem services• Health impact • Economic loss• Reduced recreational and cultural benefits |
| Air pollutants | Emission of pollutants (PM2.5, PM10, NOx, SOx, VOCs and NH3) | <ul style="list-style-type: none">• Electricity usage • Inbound & outbound logistics• Fuel use in cultivation phase, DG Sets, Motors, etc.• Company-owned vehicles fleet | <ul style="list-style-type: none">• Increase in concentration of pollution• Respiratory diseases• Loss in agricultural productivity |
| Water use | Water consumption | <ul style="list-style-type: none">• Water used in irrigation• Water used in the production of agro-based food and beverages | <ul style="list-style-type: none">• Increase in water scarcity• Malnutrition and disease |
| Water pollution | Release of specific heavy metals, nutrients and toxic compounds | <ul style="list-style-type: none">• Water discharge in the production of agro-based food and beverages• Chemicals used in production | <ul style="list-style-type: none">• Reduced water quality • Health impact• Eutrophication • Economic loss |





Natural Capital



tal Valuation



Impact Valuation

Overview of Impact on Natural Capital

Land provides social benefits in the form of ecosystem services. The United Nations Millennium Ecosystem Assessment (2005) identified 24 ecosystem services broadly classified as:

Provisioning services – food, fibre, fresh water, etc.

Regulating services – air quality regulation, soil erosion regulation, pollination, natural hazard regulation, etc.

Cultural services – spiritual and religious values, aesthetic values, recreation and ecotourism, etc.

Supporting services – nutrient cycling, water cycling, soil formation, etc.

Each unit of service has a value depending on its specific location and each ecosystem provides a different scale and

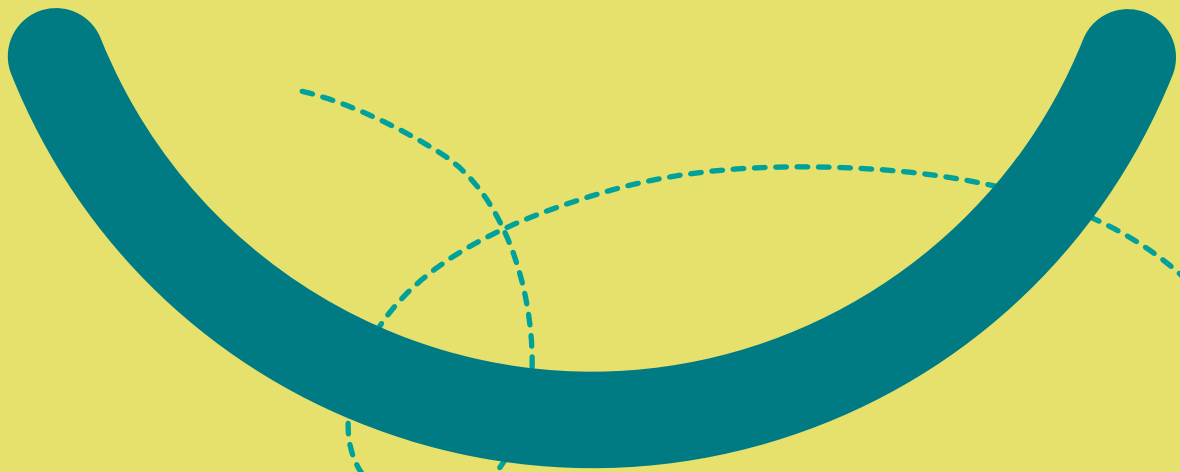
set of ecosystem services per unit area. By valuing ecosystem services lost from land use change, the changes in human well-being can be measured, and therefore, the marginal value of each hectare of an ecosystem converted can provide an estimate of the negative impact created.

With respect to evaluation of agricultural produce, the typical benefits that a business may derive from switching to more sustainable agricultural practices include ensuring longer term crop yields, minimising input costs and maintaining its licence to operate. The largest contributors to natural capital costs of agriculture are land use change, water consumption and water pollution. The Keventer Assisted Farming (KAF) initiative connects directly with banana farmers in rural West Bengal and has various initiatives in

place to educate the farmers to evaluate the potential risks they are exposing themselves to, the costs that they impose on society and provide an evidence base to change farming practices before those risks materially affect their profitability.

Valuation of land use has not been carried out for the upstream value chain as Keventer does not use agricultural land directly. However, on the plant premises and the neighbouring localities, Keventer directly engages in various land rehabilitation activities, such as afforestation drives and maintaining green cover within the plant. The positive impact of such ecosystem restoration activities has been evaluated in the next section.

Category: Land Use

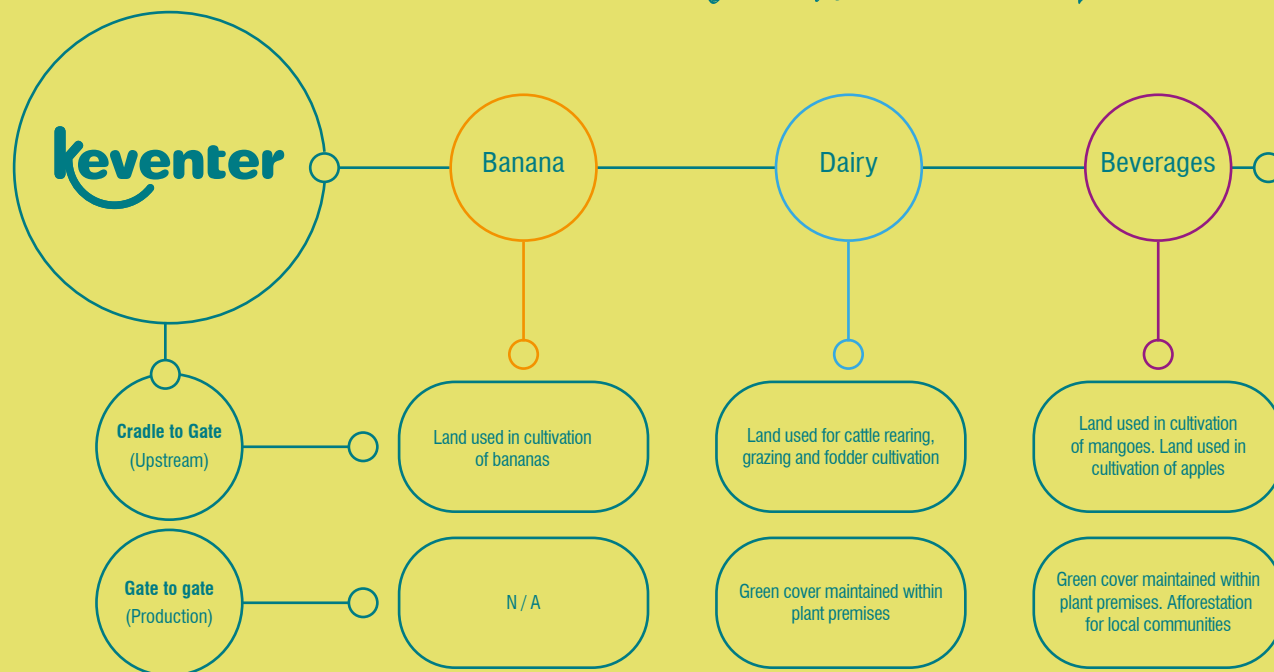


Overview of Keventer Activities

With respect to the area under Keventer's direct operational control, the company has taken steps to ensure restoration of land on the plant premises and outside in the local communities through maintenance of green cover and afforestation. Such green cover and afforestation enhance the aesthetic value of the surroundings as well as provide a healthy ecosystem for microorganisms and other small organisms to thrive in. The combined total area of land under green cover for the Keventer Beverage Plant and Metro Dairy Plant is approximately 34 hectares. The green cover

maintained by Keventer for the local communities is approximately 25,000 sq.ft There is also some impact from land use change, in the upstream value chain of Keventer's operations that has been depicted below (these upstream activities have not been evaluated and monetised since these are not direct activities of Keventer and also not in its control).

Impact of land use in each stage of the value chain for Keventer Operation



Marginal Restoration Benefit of Land due to one additional hectare of land rehabilitated in India.

| | |
|--|---|
| 92,561 INR/Hectare of land rehabilitated | Affects the variety of plant and animal life in an area, based on estimated habitat distribution of impacted land and annual restoration benefits. The value is based on the benefits from hectares of land rehabilitation. |
|--|---|




Direct activities of Keventer that impact land use have been listed below along with the methodologies used to estimate the land use:

| Category | Details |
|------------------------|--|
| Green cover maintained | <ul style="list-style-type: none"> • Green cover area maintained within the Beverage Plant has been estimated at 18.12 hectares • Green cover area maintained within the Dairy Plant has been estimated at 15.94 hectares • Afforestation activities undertaken for the local community is spread over an area of 25,000 sq.ft. Since this constitutes a very small percentage of the land use impact for Keventer, this has not been included in the estimation of Total Value |

| Land Use Impact | Area of Land (Hectares) | Total Value (INR) |
|---|-------------------------|-------------------|
| Metro Dairy Limited | | |
| Green cover maintained within plant | 15.94 | 14,76,330 + |
| Keventer Agro Limited - Beverages Division | | |
| Green cover maintained within plant | 18.12 | 16,77,382 + |

Impact
Valuation
Category:
Air
Pollutants

The image features a black background with white text and decorative elements. The text is written in a white, cursive, hand-drawn style. The words are stacked vertically: "Impact", "Valuation", "Category:", "Air", and "Pollutants". To the right of the text, there are several white dashed lines that form a decorative, wavy pattern, resembling a stylized 'S' or a series of connected curves.



Overview of Impact on Natural Capital

The Global Natural Capital costs of air pollution by the primary production and primary processing sectors are estimated to be USD 0.5 trillion². Sulphur dioxide, nitrogen oxides and particulate emission from combustion of fossil fuels dominate these costs. Of these global costs of

air pollution, 42% are from coal power generation (North America, eastern Asia, and west Europe). It has been found that regions where the greatest industrial output is sourced from fossil fuel-based energy-intensive sectors have the highest levels of air pollution.

Each pollutant has a varying and differing impact on:

- Health
- Reduced crop yield
- Corrosion of constructed materials
- Timber quality and forest cover
- Acidification of waterways

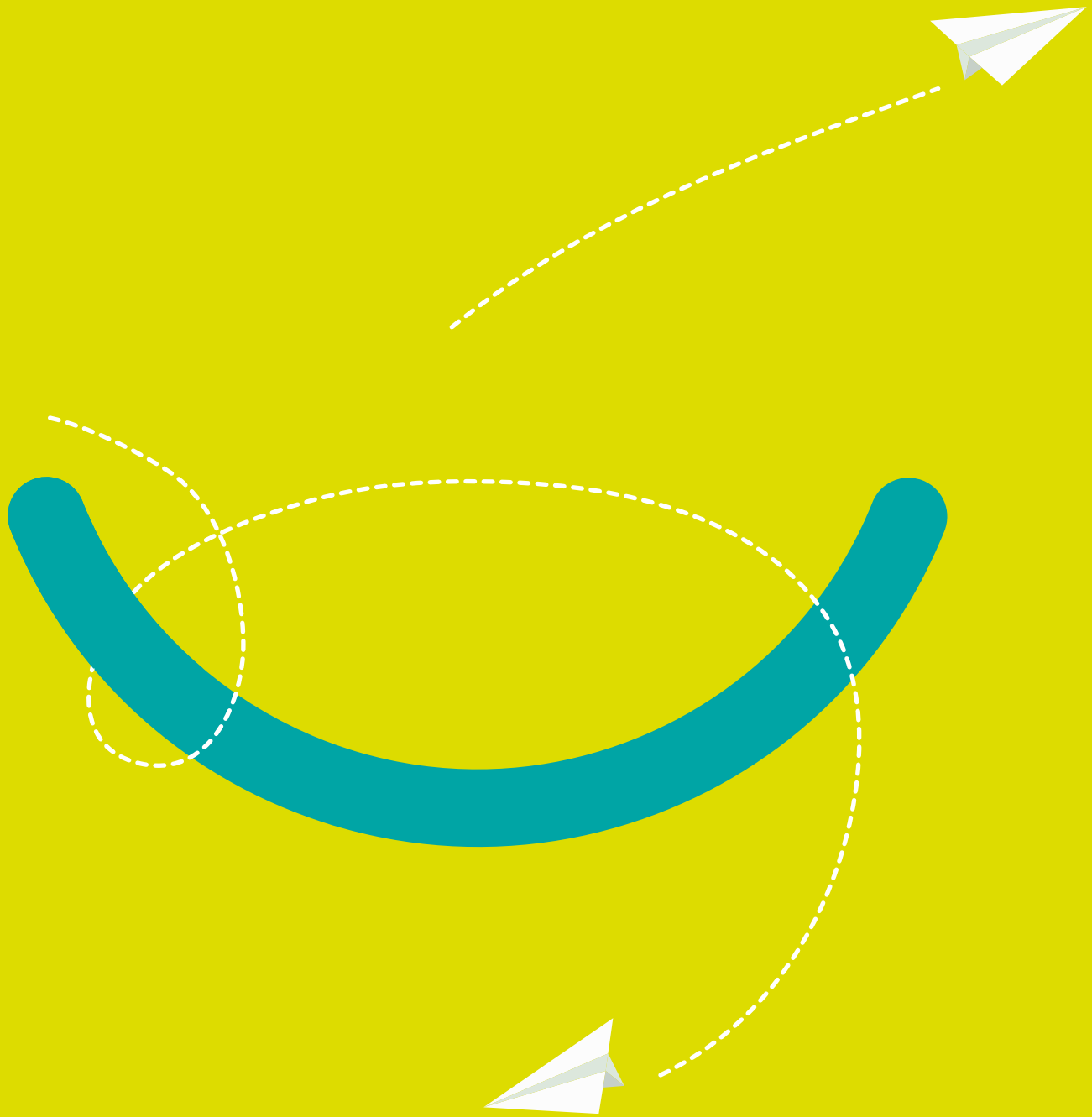


Of all the potential negative impact listed above, adverse health impact dominate the total damage costs of air pollution to society and the environment. The most significant health impact from air pollution is due to the formation of fine particles and ground-level ozone. Nitrogen oxides often interact with particulate matter and react with volatile organic compounds to form ground level ozone. Sulphur dioxide results in the formation of particulate matter and acid deposition or acid rain. Particulate matter causes major respiratory illnesses in humans and leads to premature deaths. In India, the number of Disability Affected Life Years (DALYs) attributable to the ambient air pollution in 2012 were 20,506,014 lives³. In terms of lives lost, 1.1 million deaths in India were estimated to be caused by air pollution in 2015⁴. The data is a cause for concern, since it indicates a 50% rise in premature deaths resulting from fine particulate matter between 1990 and 2015. Both India and China are globally responsible for more than half the deaths

attributable to air pollutants. In India, the expansion of modern urbanised cities, industries and transportation systems have worsened the problem. Keventer is conscious of the impact of air pollutants and the adverse effects it has on human health. A lot of Keventer's initiatives are created around reduction of use of fossil fuels and use of more sustainable and energy efficient technology. Keventer has already installed a solar power plant which meets approximately 2% of the energy demands of the Beverages division and it is going to be further scaled up. The use of LED lights and skylight windows also reduce the electricity demand. Variable Frequency Drive motors have been installed in the plant at every feasible point of intervention to reduce energy consumption. Use of battery-operated forklifts instead of diesel forklifts also reduce the emission of local pollutants from combustion of diesel.

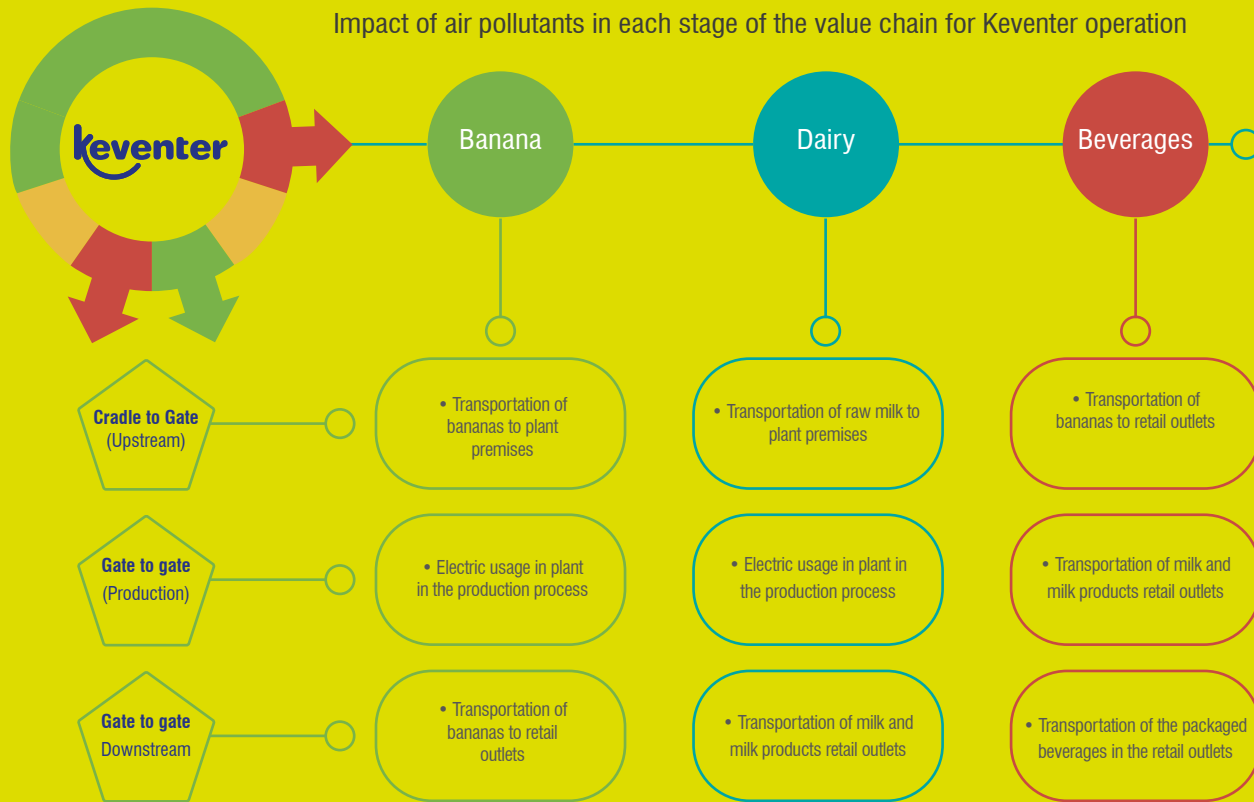
³ World Health Organization data- Public Health and Environment, http://gamapserver.who.int/gho/interactive_charts/phe/aap_mbd/atlas.html

⁴ <https://timesofindia.indiatimes.com/home/environment/pollution/india-reported-1-1-million-deaths-due-to-air-pollution-in-2015-says-a-global-study/articleshow/57145119.cms>



Overview of Keventer Activities

There are some transportation activities in the business upstream by vendors, and downstream by distributors of Keventer that have not been considered in the valuation exercise as these occur outside of the business activities of Keventer and are not in the company's direct control. However, these have also been depicted in the exhibits below for illustration purpose:



Damage cost of Air pollution

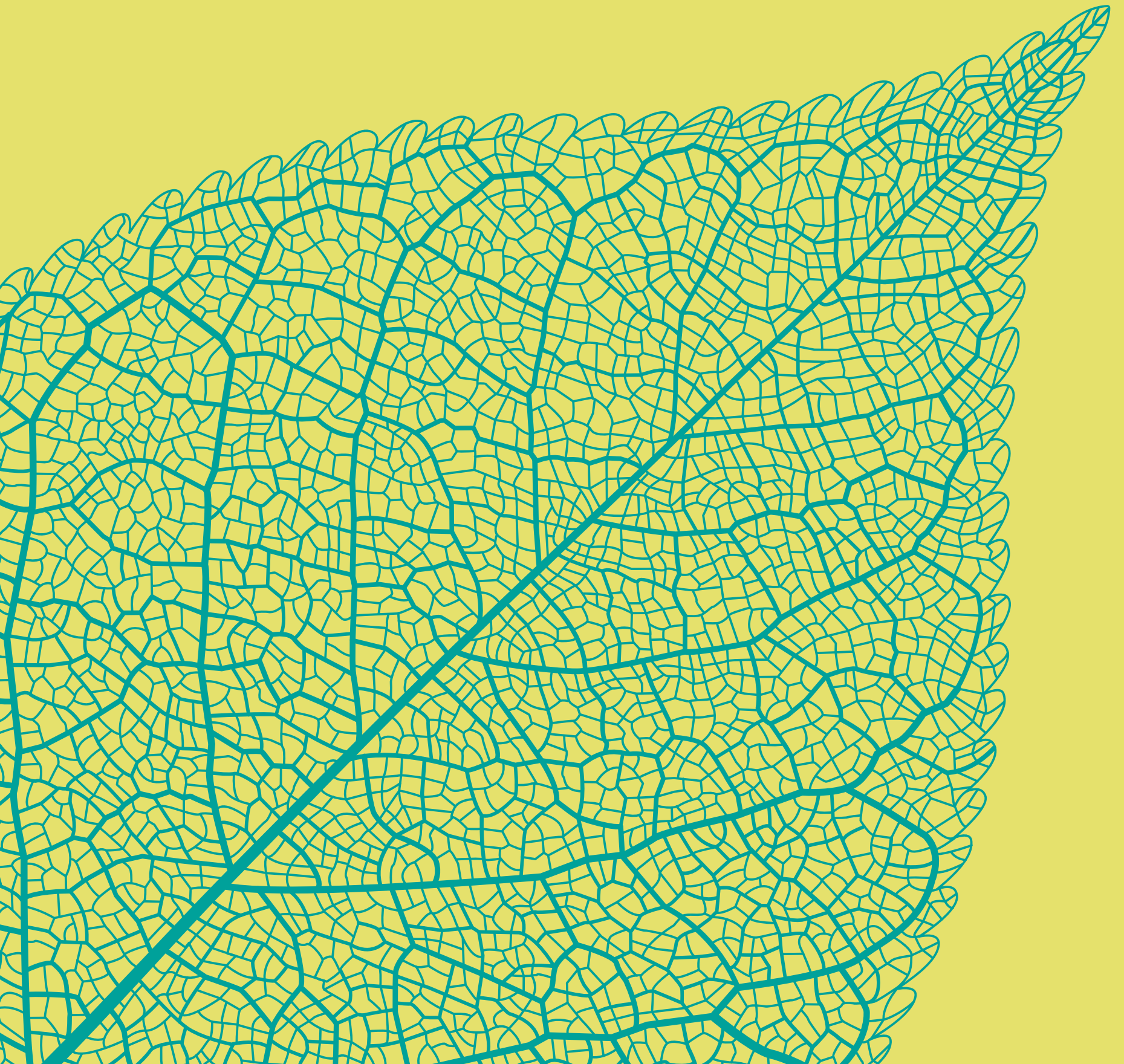
| | |
|--|--|
| 2,71,487 INR/Tonne of SO ₂ Emission | The damage cost of air pollutants includes impact on health and the environment—negative health impact, reduced crop yields, material corrosion impact on timber and acidification of waterways. These have been valued using proxies for values of a statistical life. Healthcare impact of pollutant-related diseases in humans and impact on regional cropping patterns have been adjusted for India. |
| 2,05,955 INR/Tonne of NO _x Emission | |
| 12,48,214 INR/Tonne of PM _{2.5} Emission | |

The direct impact created by Keventer is the usage of grid electricity for the company's energy needs. Since electricity in the West Bengal grid is primarily coal based, this leads to air pollution at the point of generation. The methodology for estimation of the same has been presented in the table below:

| Category | Details |
|-----------------|---|
| Electricity use | <ul style="list-style-type: none"><li data-bbox="465 653 1155 768">• Air pollutant emission figures from the electricity grid in eastern India have been applied to the actual data of electricity consumption in the Beverage, Banana and Dairy plants.<li data-bbox="465 803 1155 977">• Offsetting activities like usage of solar power in the Beverage factory, use of skylight installations during the day and other energy-saving initiatives have been accounted for as positive impact. These reduce demand for electrical energy consumption and consequently result in lower emission of air pollutants |







Air Pollutants – Valuation Table

| Emission Source | Emission Quantity (MT) | | Total Value (INR) |
|---|------------------------|-------------|-------------------|
| Keventer Agro Limited - Banana Division | | | |
| Grid Electricity: SO ₂ Emission | 6.38 | 17,32,464 | - |
| Grid Electricity: NO _x Emission | 3.94 | 8,12,148 | - |
| Total Value: 'Air Pollutants' Banana Division | | 25,44,612 | Negative |
| Metro Dairy Limited | | | |
| Grid Electricity: SO ₂ Emission | 52.77 | 1,43,26,950 | - |
| Grid Electricity: NO _x Emission | 32.61 | 67,16,219 | - |
| Total Value: 'Air Pollutants' Dairy Division | | 2,10,43,169 | Negative |
| Keventer Agro Limited - Beverage Division | | | |
| Grid Electricity: SO ₂ Emission | 50.86 | 1,38,08,840 | - |
| Grid Electricity: NO _x Emission | 31.43 | 64,73,338 | - |
| Grid Electricity: SO ₂ Emission avoided | 1.49 | 4,05,235 | + |
| Grid Electricity: NO ₂ Emission avoided | 0.92 | 1,89,967 | + |
| Total Value: 'Air Pollutants' Beverage Division | | 1,96,86,976 | Negative |
| Total Value Generated by Keventer (INR): Air Pollutants | | 4,32,74,757 | Negative |



Impact Valuation C



⁵ Ranking the World's most water stressed countries in 2040, <http://www.wri.org/blog/2015/08/ranking-world's-most-water-stressed-countries-2040>

⁶ Water crises are a top global risk, World Economic Forum, 2015

⁷ World Bank Water Overview, <http://www.worldbank.org/en/topic/water/overview>

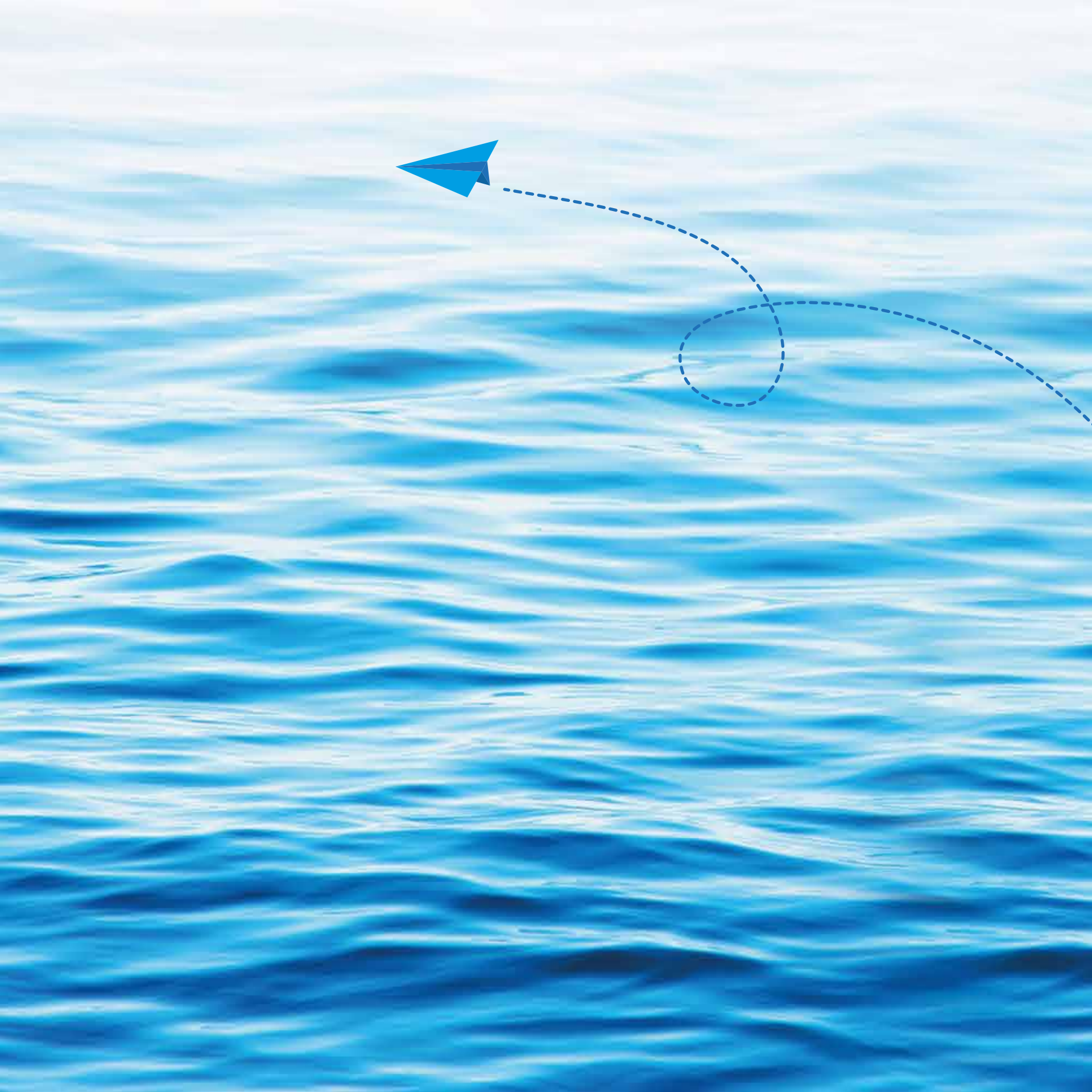
⁸ Water crises are a top global risk, World Economic Forum, 2015

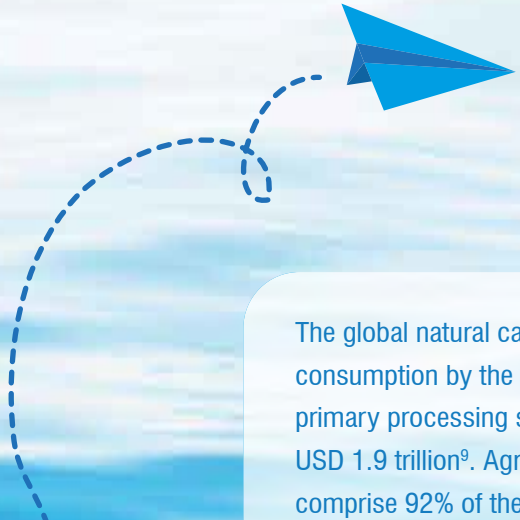
Category: Water Use

Overview of Impact on Natural Capital

Rapid increase in population and economic growth is leading to a rise in demand for water consumption by people, farms and industries. Increased migration to urban regions have further increased the water stress disproportionately in the cities. The increasing global temperatures and climate change trends are expected to result in droughts in certain regions, and unprecedented rainfall and floods in others. These unforeseen impact and extremities in precipitation patterns are expected to affect the disadvantaged and vulnerable communities the most⁵. More than 95% of the earth's liquid freshwater is stored in underground

aquifers and the groundwater is being pumped out at rates faster than the rate at which it is being replenished⁶. By 2025, it is expected that ~1.8 billion⁷ people will be living in regions or countries with absolute water scarcity. Water scarcity exacerbated by climate change could cost some regions up to 6% of their GDP, spur migration and conflict. Global water crises in the form of droughts in productive farmlands, flooding in low-lying areas, erratic precipitation patterns and millions of people deprived of safe drinking water are the biggest threats facing the planet over the next decade⁸.



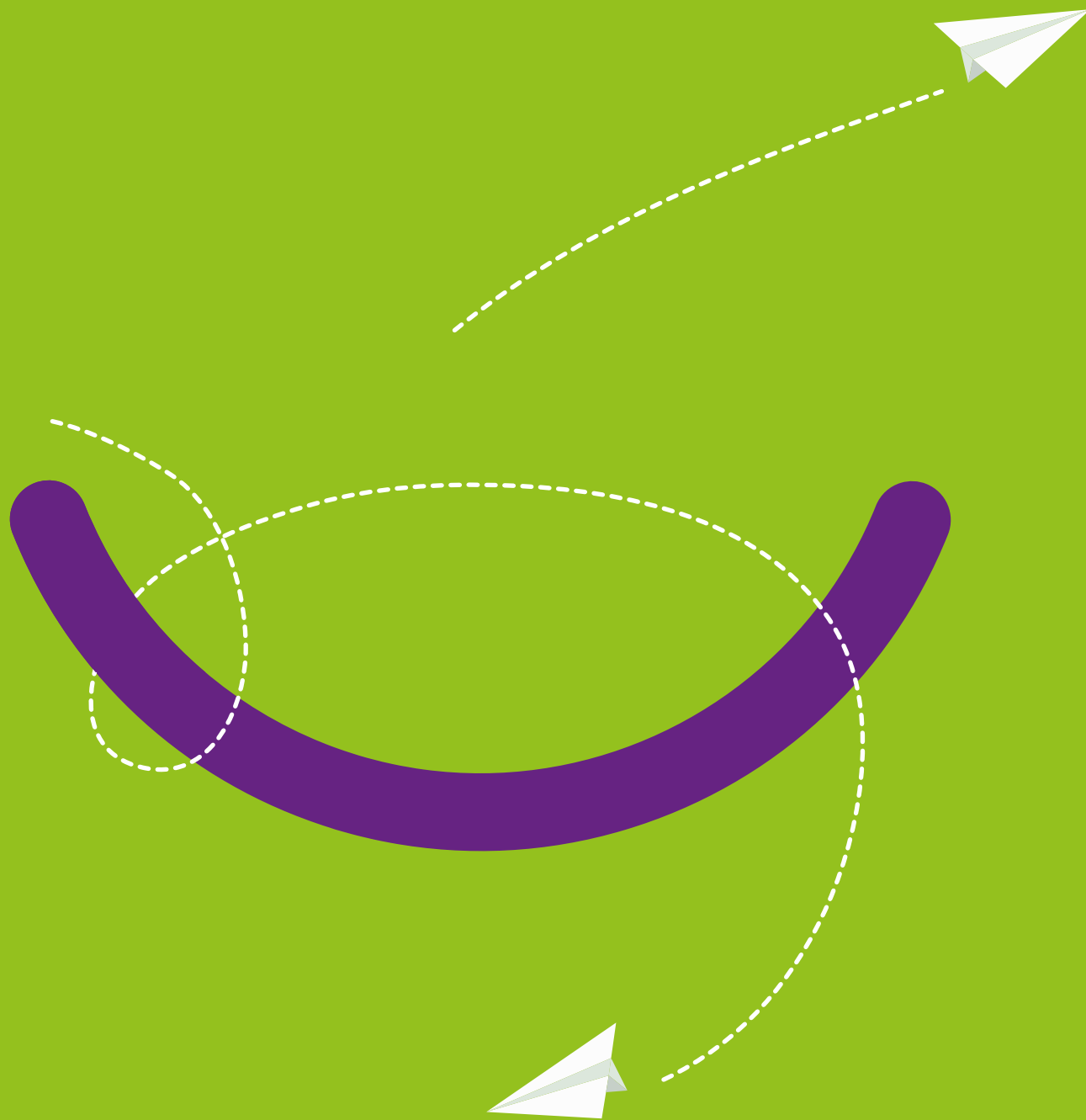


The global natural capital cost of water consumption by the primary production and primary processing sectors is estimated to be USD 1.9 trillion⁹. Agriculture and water supply comprise 92% of the impact of these costs. Water directly abstracted from surface or groundwater is not paid for (compensated) adequately by users and this creates substantial impact on society due to regional scarcities. Abstracted value of water is based on national water availability of a region. The global water and land pollution impact on natural capital are valued at USD 0.3 trillion¹⁸. Water pollution costs are dominated by the impact from eutrophication by phosphate and nitrate fertilisers. Water pollution impact could also be in the form of polluted water sources, impact on human health,

reduced biodiversity and undermined fisheries. Valuations of pollution are derived from the cost of nutrient removal by water treatment companies to return the water to its original unpolluted state. Water scarcity is an important factor in the valuation of water and countries with higher water scarcity will have a higher cost attributed to water consumption. Keventer has taken into cognisance the increasing need to protect and nurture the freshwater and groundwater sources. Keventer is mindful of the impact of groundwater consumption and has put in place sustainability initiatives that recycle process water and enable reuse of water in various other processes in the plant. For example:

- **Recycling of process water in ETP** – The waste water from the processes is recycled in the ETP and the recycled water is used for gardening and fire hydrant systems. The quantum of water recycled by Keventer is 1,65,116 kl per year (FY18-19).
- **Maintaining lakes on plant premises and for the local community** – Keventer also maintains lakes and water bodies on the plant premises and for the local communities outside the plant. While these water bodies enhance the aesthetic value of the surroundings, they also work as a source of water for use in certain operations in the plant and in the local community and provide sustainable ecosystems for biodiversity to prosper. The volume of water maintained in the Beverage Plant and Metro Dairy Plant premises is approximately 40,000 kl and the volume of water in the pond maintained in the local community is approximately 10,000 kl.

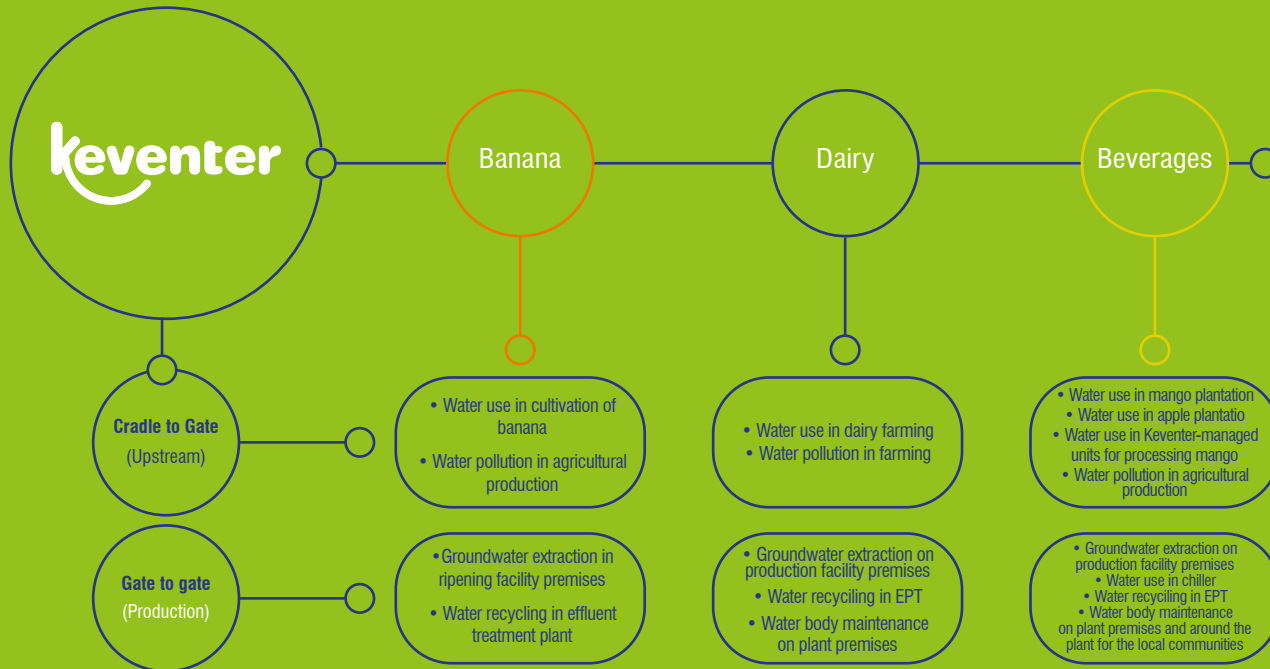
⁹ Natural Capital at Risk: The top 100 externalities of business, April 2013, TEEB for Business Coalition, Trucost



Overview of Keventer Activities

The agricultural value chain is a point of major water consumption in Keventer's value chain. However, since these are not direct impact created by Keventer

activities, these have not been monetised in the exercise. The water intensive activities in Keventer's value chain have been illustrated below:

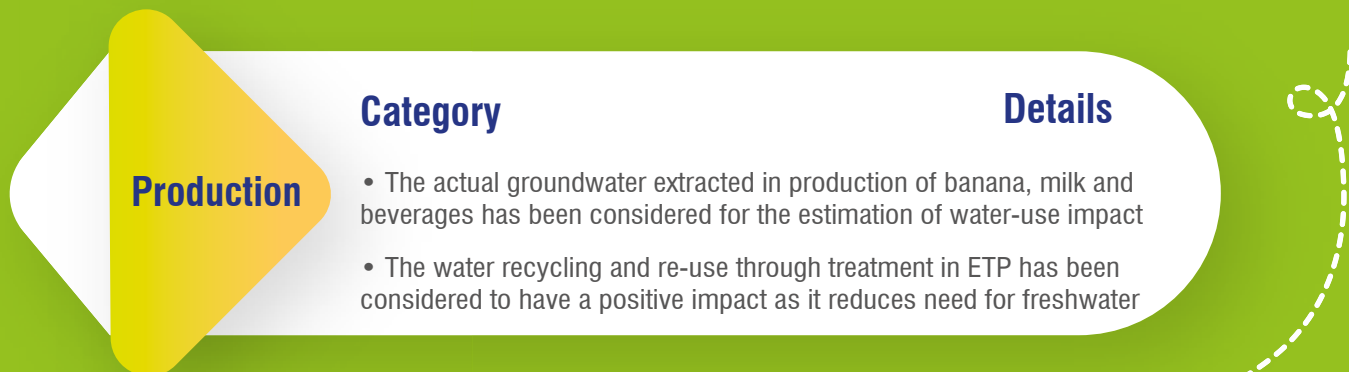


Scarcity Cost of Water Extraction in India adjusted to locations of Keventer operations

111 INR/KL of
Water Extracted

The social cost of water adjusted for Purchasing Power Parity (PPP) is estimated to vary from below INR 2 perm³ where water is relatively plentiful, to over INR 300 per m³ in areas of extreme scarcity where the volume of water consumed is close to or above the renewable water resource. Since West Bengal is a region of relatively greater water prosperity in India, the natural capital cost of water extraction is low.

Direct activities of Keventer that rely on extraction of groundwater have been presented below along with the methodologies used for estimation of the impact of groundwater extraction in West Bengal, India:



Water Use – Valuation Table

| Water Extraction & Use | Quantity (KL) | Total Value (INR) |
|------------------------|---------------|-------------------|
|------------------------|---------------|-------------------|

Keventer Agro Limited - Banana Division

| | | | |
|---|---------------|-----------------|---|
| Water extraction in Ripening Facility | 1,082 | 1,19,989 | - |
| Water recycled in the Plant (ETP) | 650 | 71,993 | + |
| Total Value: 'Water Use' Banana Division | 47,996 | Negative | |

Metro Dairy Limited

| | | | |
|---|------------------|-----------------|---|
| Ground water extracted in Production Unit | 2,09,577 | 2,32,23,300 | - |
| Water recycled in process | 1,46,000 | 1,61,78,311 | + |
| Volume of water maintained in pond on Factory premises | 9,000 | 9,97,293 | + |
| Amount of recycled water used for gardening & fire hydrant system | 7,500 | 8,31,078 | + |
| Total Value: 'Water Use' Dairy Division | 52,16,618 | Negative | |



Keventer Agro Limited - Beverages Division

| | | | |
|--|----------|--------------------|-----------------|
| Water used in the chiller on the Plant premises | 8 | 886 | - |
| Quantity of chiller water recycled | 6 | 665 | + |
| Quantity of water recycled through condensate water recovery in boiler | 5,850 | 6,48,241 | + |
| Quantity of ground water extracted (Plant premises) | 2,72,701 | 3,02,18,093 | - |
| Quantity of water recycled in ETP (Plant premises) | 5,110 | 5,66,241 | + |
| Volume of water maintained in pond on Factory premises | 31,500 | 34,90,526 | + |
| Volume of water maintained in pond on the nearby community | 9,786 | 10,84,423 | + |
| Total Value: 'Water Use' Beverages Division | | 2,44,28,883 | Negative |
| Total Value Generated by Keventer (INR): Water Use | | 2,96,93,497 | Negative |

The background is a solid green color. It is decorated with several orange leaves of varying sizes and orientations. Two red ladybugs with black spots are positioned on the leaves. A dashed orange line forms a decorative border around the text, starting from the top left, curving around the right side, and ending at the bottom right.

Impact
Valuation
Category:
Greenhouse
Gas Emissions

Overview of Impact on Natural Capital

Concentrations of carbon dioxide and other GHGs in the atmosphere have increased since the beginning of the industrial era. Almost all this increase is attributable to human activities¹⁰. Historical measurements show that the current global atmospheric concentration of carbon dioxide is unprecedented in the past 800,000 years, even after accounting for natural fluctuations. For each GHG, a Global Warming Potential (GWP) has been calculated to reflect how long it remains in the atmosphere, on an average, and how strongly it absorbs energy. Gases with a higher GWP absorb

more energy per pound than gases with a lower GWP and thus contribute more to warming the earth¹¹. Worldwide, net emission of GHGs from human activities increased by 35% from 1990 to 2010. Emission of carbon dioxide, which accounts for about three-fourths of the total emission, increased by 42% over this period. Most of the world's emission results from electricity generation, transportation and other forms of energy production and use¹².

The Global Warming Potential (GWP), is a measure of how much energy the emissions of 1 ton of a gas will absorb over a given period, relative to the emissions of 1 ton of carbon dioxide (CO₂). This is calculated in carbon dioxide equivalents (CO₂e) The table presents the three GHGs that are emitted due to Keventer operations:

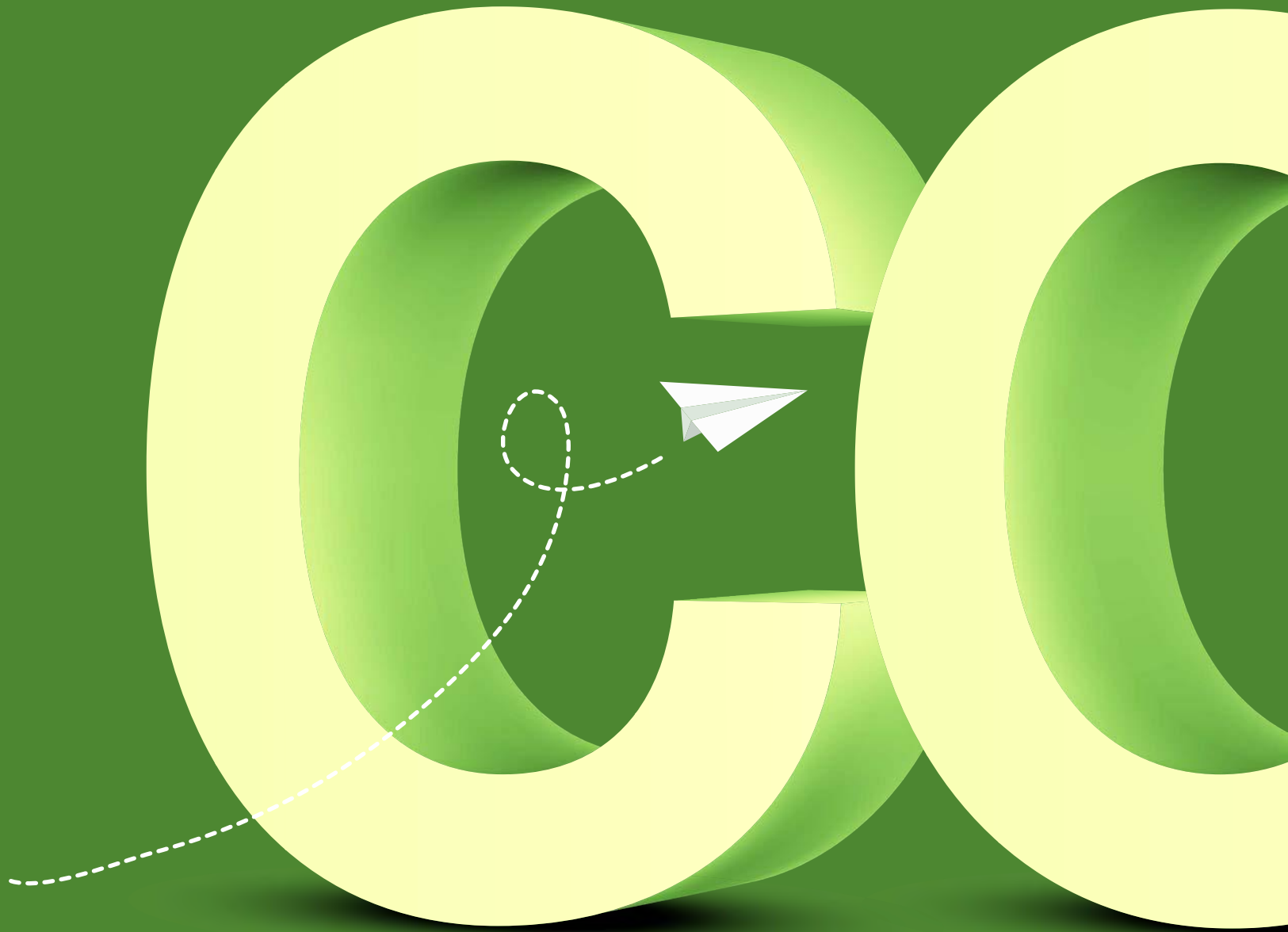
| Global Warming Potential (GWP) of GHGs | | |
|--|------------------|---|
| GHG | Chemical formula | GWP on a 100 year-timescale ¹³ |
| Carbon dioxide | CO ₂ | 1 |
| Methane | CH ₄ | 28 |
| Nitrous oxide | N ₂ O | 265 |

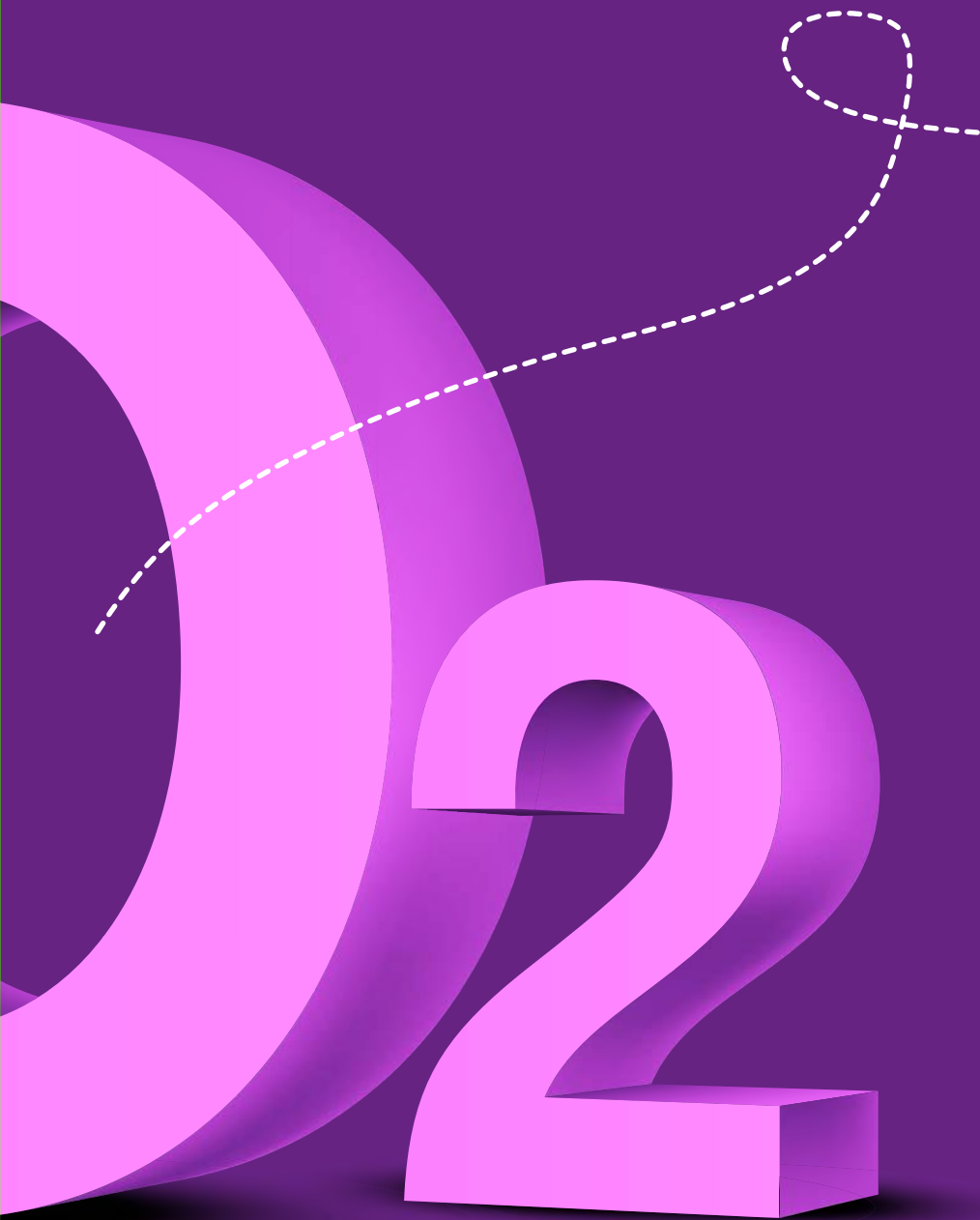
¹⁰ IPCC (Intergovernmental Panel on Climate Change). 2013. Climate change 2013: The physical science basis. Working Group I contribution to the IPCC Fifth Assessment Report. Cambridge, United Kingdom: Cambridge University Press.

¹¹ US EPA, Overview of Greenhouse Gases

¹² US EPA, 2019

¹³ IPCC Assessment Report 5





The estimation of the natural capital cost of GHG emission from Keventer operations has been based on estimation of the quantities of the following GHGs:


Carbon dioxide (CO₂): Carbon dioxide enters the atmosphere because of the burning of fossil fuels (coal, natural gas and oil), solid waste, trees and other biological materials, and also as a result of certain chemical reactions (e.g., production of cement). Carbon dioxide is removed from the atmosphere (or "sequestered") when it is absorbed by plants as part of the biological carbon cycle.

Nitrous oxide (N₂O): Nitrous oxide is emitted during agricultural and industrial activities, and combustion of fossil fuels and solid waste as well as during treatment of wastewater.

Methane (CH₄): Methane is emitted during the production and transport of coal, natural gas and oil. Methane emissions also result from livestock agricultural practices and by the decay of organic waste in municipal solid waste landfills.

The valuation of the natural capital impact of GHG emission has been carried out using the social cost of carbon. The social cost of carbon signifies the value that society should be willing to pay now to avoid future damage by carbon emission. The value is estimated based on the present value of each tonne of carbon dioxide equivalent (CO₂e) emitted considering the full global cost of the damage caused during its 100-year lifetime in the atmosphere.





In the farm-to-fork value chain of Keventer, GHG emission has considerable impact. Most of the GHG emission is due to the activities of actors in the upstream or downstream. Keventer is conscious of GHG emission and its impact on climate change and is continuously striving to innovate and pursue sustainable production practices that reduce overall emission and the associated negative impact. Most of these initiatives have been undertaken in the production process and Keventer has reduced dependence on fossil fuels. Some of these initiatives have been highlighted below:

Solar power installation: The Beverages division of Keventer is currently undertaking a major initiative for sustainable power usage through captive solar installations. The capacity currently installed is estimated to substitute 10% of the electricity demand from the grid and there are plans to further expand this capacity. Solar power avoids considerable GHG emission by grid electricity. The electricity grid in West Bengal is predominantly coal based. Keventer aspires to continue increasing the share of renewable energy in its energy mix. Currently, the emission savings from usage of solar power leads to reduction on GWP by approximately 200 tCO₂e per annum.

Variable Frequency Drives (VFDs): VFDs increase energy efficiency by reducing the

amount of energy drawn by a motor when it is not running at 100% capacity. This is highly efficient for production units because less energy drawn by a motor implies reduced energy consumption from the electricity grid. As many as 40 VFDs have been installed based on technical feasibility in the Keventer Beverages Factory. This has resulted in emission reduction of 50 tCO₂e per annum.

Efficient lighting: LED lights are known to be more efficient than conventional bulbs and CFL lighting. The Government of India is set to achieve the target of replacing 77 crore inefficient bulbs in India with LEDs, which will result in reduction of 20,000 MW load, energy savings of 100 billion kWh and GHG reduction of 80 million tCO₂e every year¹⁴. Keventer too has proactively continued installing LED lights and replacing conventional inefficient light fittings. In the last fiscal year (FY2018-19), 150 conventional lights were replaced with LED lights in the Beverages Plant, 38 LED lights were installed in the Banana Plant and 301 LED lights in the Metro Dairy Plant. The cumulative emission reduction achieved by LED lights due to energy savings is approximately 234 tCO₂e per annum.

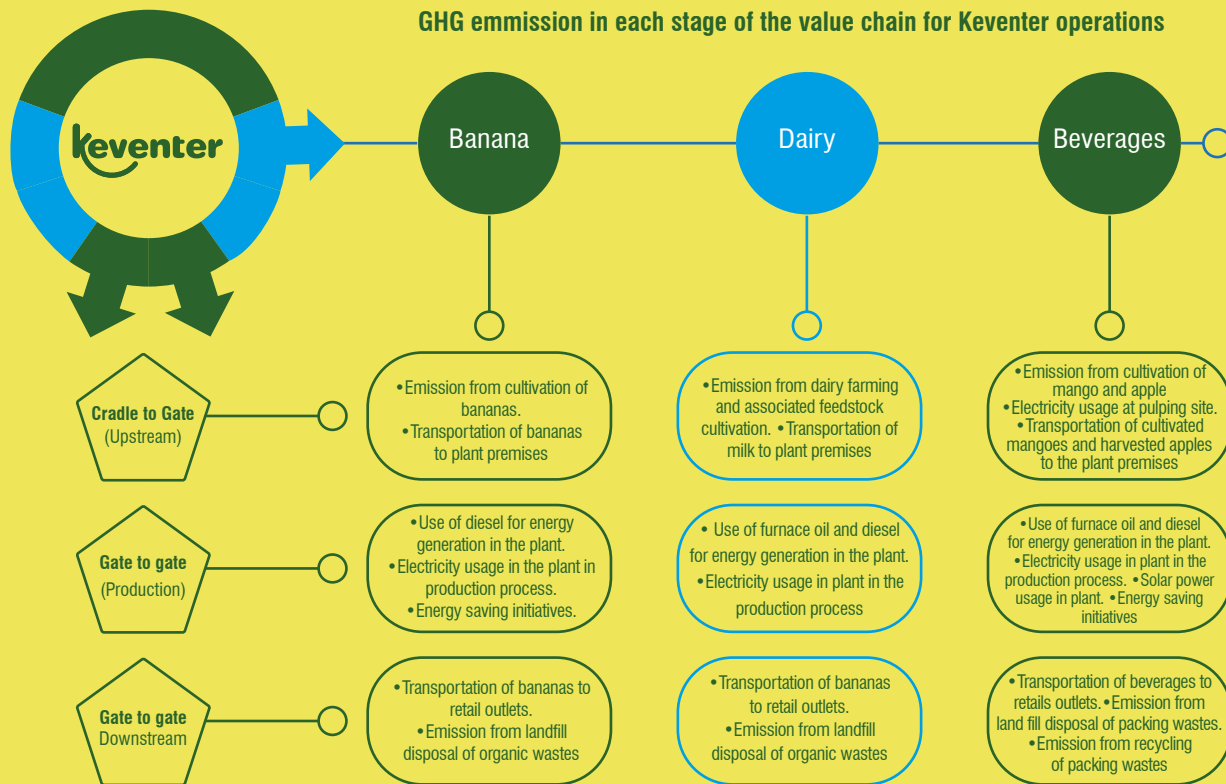
¹⁴ <https://www.outlookindia.com/newscroll/india-saving-huge-cost-with-energy-efficient-leds-fans-and-tube-lights/1092842>



Overview of Keventer Activities

The GHG emission from Keventer activities is primarily from the use of fossil fuel-based electricity (direct and indirect energy consumption). In this regard, Keventer has initiated the use of solar power, use of battery-operated forklifts, condensate water recovery in boilers, etc. which save energy and thereby reduce dependence on fossil fuels, thus cutting down GHG emission. These initiatives have been positively valued. The negative impact is neither due to Keventer's direct

activities, nor is it in the company's direct control. Rather, these are primarily from agriculture and land use change in the upstream and transportation in both upstream and downstream. These have not been monetised in the evaluation of impact considered under the scope of the study. These have only been depicted in the illustrative of the value chain below:



Social cost of carbon

2275 INR/Tonne CO₂e Emitted

The social cost of carbon includes global direct cost of damages resulting from GHG emission-induced temperature rise, direct market cost and future risk. The value is based on the present value of each tonne of carbon dioxide equivalent (CO₂e) emitted now, considering the full global cost of the damage that it imposes during its 100-years lifetime in the atmosphere.

The direct impact of GHG from Keventer’s business activities has been summarised in the table below. Relevant emission factors have been used to estimate the impact.

| Category | Details |
|-------------------------------------|---|
| Emissions in the production process | <ul style="list-style-type: none"> • Rooftop solar installations have been set up in the Beverage facility and this replaces approximately 2% of the energy demand that would otherwise have been met through fossil fuel dominated grid electricity. • The emission from use of fossil fuels in the production process is primarily due to the generation of steam using furnace oil and use of minimal quantity of diesel in the backup power DG sets. • The WBSEDCL grid is dominated by coal-based power. The actual power consumption in Keventer Plant has been multiplied with the Grid Emission Factor to arrive at the total GHG Emission. The Combined Margin Emission Factor has been considered for NEWNE Grid from the CEA CO₂ Database for the latest available year. • Energy saving initiatives in the Plants have been considered as a positive impact since they offset the emissions caused by using fossil fuel. Examples of these energy saving initiatives include installation of LEDs, VFDs, Power Factor Maintenance, etc. Examples of reduced energy consumption include installation of skylights to avoid usage of electric lights during the day, use of solar power in production process and use of battery-operated forklifts • A small amount of ethylene fluid is used in the ripening of banana. One 32 oz bottle of ethylene fluid can be used to ripen bananas (a full container / 960 boxes). Due to the relatively small amounts of ethylene used to ripen bananas, the associated GHG emission contribution is less than 1 gm of CO₂e per container of banana¹⁵ and this has not been considered in the analysis. |





GHG Emission – Valuation Table

| Activity | GHG Emission (tCO2e) | Total Value (INR) | |
|---|----------------------|-------------------|---|
| Keventer Agro Limited - Banana Division | | | |
| Emission from electricity use in the Plant | 1039 | 23,63,936 | - |
| Emission from diesel use in the DG sets for back-up power (Plant) | 32 | 73,483 | - |
| Emission from refrigerant recharge | 235 | 5,35,487 | - |
| Total Value: 'GHG Emission' Banana Division | 29,72,906 | Negative | |

| | | | |
|---|--------------------|-----------------|---|
| Metro Dairy Limited | | | |
| Emission from electricity use in the plant | 8,590 | 1,95,49,030 | - |
| Emission from diesel use in the DG sets for back-up power (Plant) | 298 | 6,79,508 | - |
| Emission from furnace oil use for heating (steam generation) | 2,253 | 51,28,356 | - |
| Total Value: 'GHG Emission' Dairy Division | 2,53,56,894 | Negative | |

Keventer Agro Limited–Beverages Division

| | | | |
|--|--------------------|-----------------|---|
| Emission from electricity use (Beverage Plant) | 8,280 | 1,88,42,072 | - |
| Emission saving from solar power consumption | 196 | 4,45,898 | + |
| Emission savings from VFD installation | 47 | 1,07,043 | + |
| Emission from diesel use | 290 | 6,59,013 | - |
| Emission from furnace oil use | 1,757 | 39,98,843 | - |
| Emission from refrigerant recharge | 39 | 89,248 | - |
| Emission saving from skylight window | 34 | 77,344 | + |
| Total Value: 'GHG Emission' Beverages Division | 2,29,58,891 | Negative | |
| Total Value Generated by Keventer (INR): GHG Emission | 5,12,88,691 | Negative | |



Impact Valuation Category: Waste Generation

Overview of Impact on Natural Capital

In India, approximately 15,342 tonnes of post-consumer plastic waste is generated every day, of which close to 60% is recycled through the informal sector. While the global average recycling rate of plastic stands at an abysmal 14%, India's recycling rate on both formal and informal channels is considerably higher¹⁶. In a survey conducted by the CPCB, it was found

that plastics account for almost 8% of all solid waste generated, with the figure as high as 10% in nine cities in India. Delhi produces the maximum plastic waste in the country followed by Kolkata and Ahmedabad. The biggest hurdle to plastic recycling and waste management is non-segregation of plastic at source.

¹⁶ Ministry of Environment, Forest and Climate Change, 2018. Beat Plastic Pollution: Good News from India. MoEFCC, New Delhi

In the context of the Keventer oper

Process waste: These are the solid waste generated by the various processes from raw material acquisition through fabrication of containers, packaging and water treatment as well as other by-products of production processes and reject product waste.

Recyclable plastic pallets: Although the cost of plastic pallets is approximately 3 times that of wooden pallets, plastic pallets might make sense if they are being used in a closed-loop supply chain and can be 'reused' repeatedly. They are substantially more durable than

wooden pallets and can offer other benefits like greater temperature resistance and protection from moisture, bugs and fungus¹⁷. Since they do not have to be discarded as often as wooden pallets, they are more eco-friendly than wooden pallets. While wooden pallets typically last 3 weeks or can be reused roughly 30 times, plastic pallets can be reused multiple times for over 3 years¹⁸. This leads to avoidance of wastes generated and sent to the landfill, which is to the tune of 35 tonnes per year.

¹⁷ <https://www.freightera.com/blog/plastic-pallets-vs-wood-pallets-differences-advantages-and-disadvantages/>

¹⁸ <https://www.tranpak.com/plastic-pallets/important/part-2/>

¹⁹ PackagingRevolution.net white paper, 2012



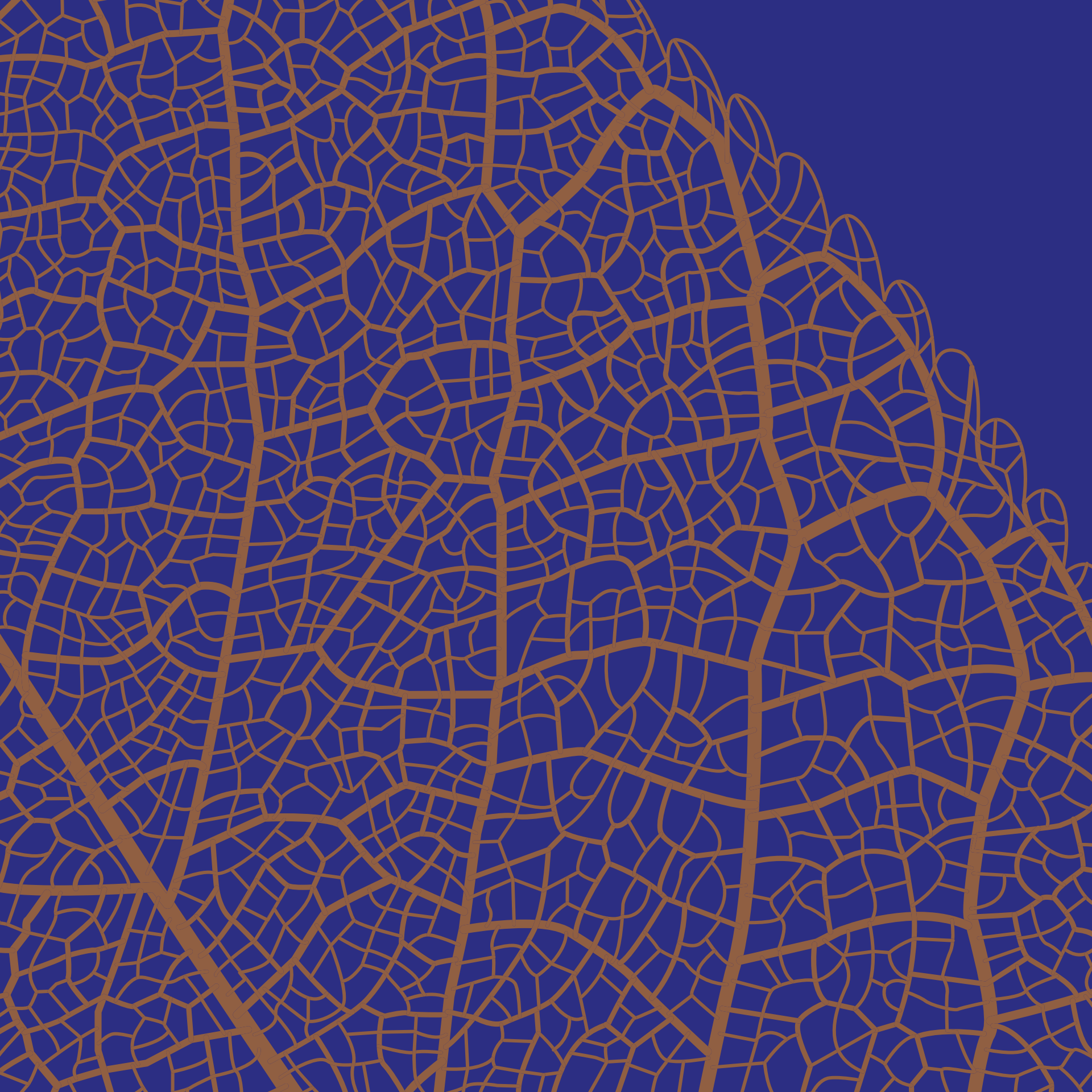
ations, the waste can be classified as:

Recyclable Plastic Crates: The use of Recyclable Plastic Crates (RPCs) for harvest, packing, transport and storage of fresh produce has repeatedly been shown to reduce damage and postharvest losses. One study reviewing the use of RPCs for 10 fresh produce commodities concluded that RPCs required 39% less total energy, created 95% less solid waste and generated 29% less total GHG emission than corrugated display ready containers¹⁹. Keventer uses RPCs in the Banana Plant to transport and package the bananas instead of alternative packaging options like plastic sheets,

foam and paper cartons and avoids packaging landfill waste generation of approximately 360 tonnes. Recyclable plastic drums in the Beverages Plant avoid generation of plastic packaging waste of approximately 30 tonnes.

Post-consumer wastes: These include the containers and packaging components that are landfilled at end of life (after adjustment for any recycling or composting). Certain components are also incinerated at the end of life depending on the urban local bodies' methods of elimination of waste.

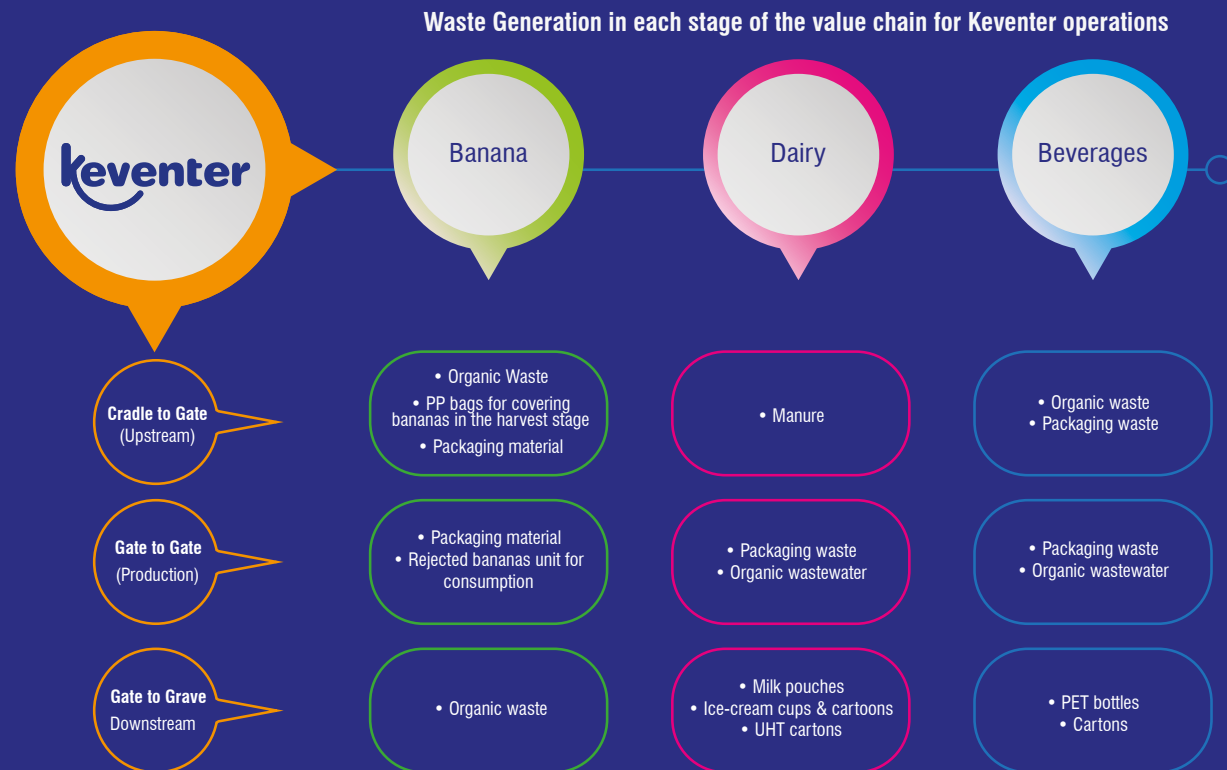




Overview of Keventer Activities

The natural capital impact from waste generation due to direct and indirect operations of Keventer can be classified in the three stages of the product lifecycle value chain—upstream production and downstream. The waste generation components that have been considered for valuation of the natural capital impact in each of these stages have been illustrated in the figure below. While agricultural waste on the farm is primarily biomass, these are returned to the soil in the form of manure after composting. The use of nutrient-rich manure and compost offsets the use of

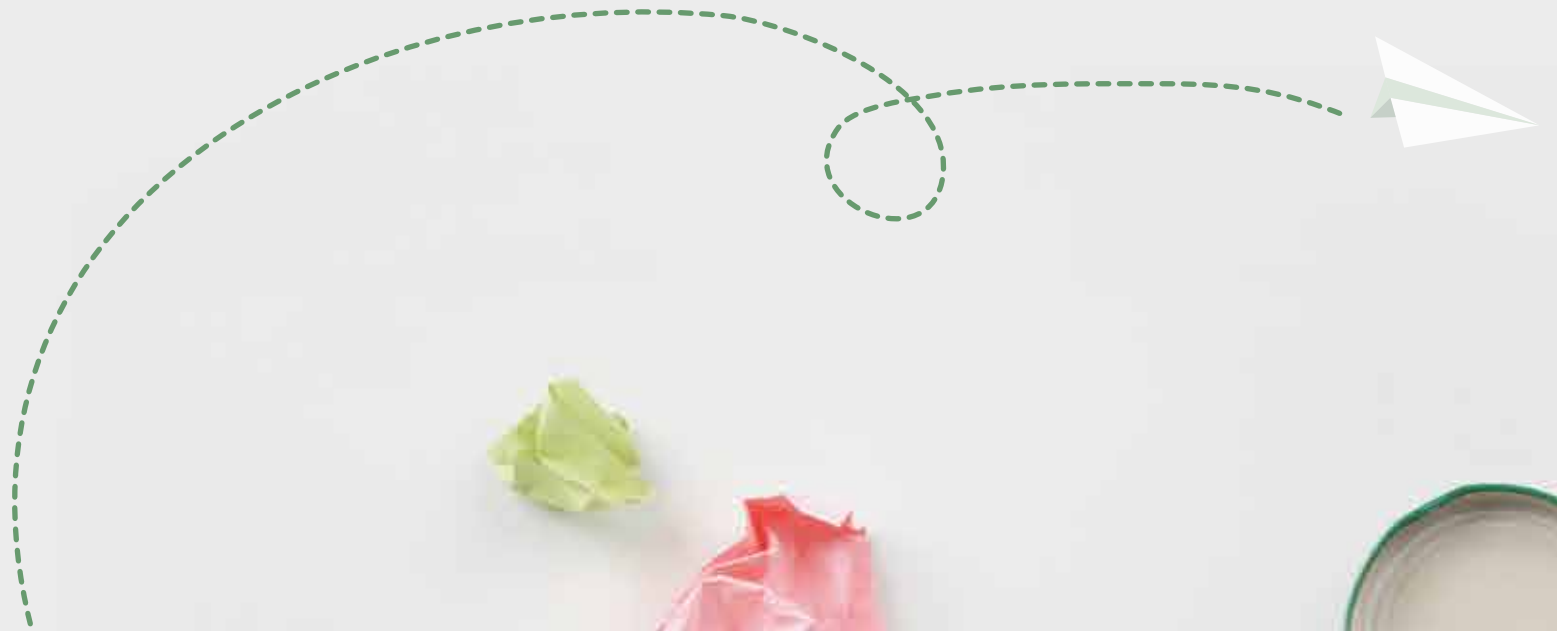
fertilisers in the fields and hence these have been considered to impact the ecosystem positively. All the packaging and plastic-related waste in the downstream value chain impact the ecosystem negatively. The inconsiderate disposal of plastic products and the negative impact have been widely documented. However, since these are not governed by direct activities of Keventer, the impact of generation of waste in the upstream and downstream has not been considered in the monetisation exercise.



Marginal Environmental damage cost one of the additional Tonne of waste generated

338INR/Tonne of waste generated and landfilled

The marginal damage cost of pollution is signified as the effect of an additional tonne of pollution on the environment. Apart from the physical impact of the landfills and the associated emissions, the amenity cost of landfill is determined by a reponse function which depends on the landfill size, the price of adjacent property and the citizens' willingness to pay for the construction of the landfill.



Within the Plant, Keventer generates certain production waste that are sent to recyclers or landfilled. Keventer is conscious of the impact of waste generation on land and natural systems and has tried to incorporate best practices in the production process like sustainable practices in the production facility, such as the use of recyclable plastic crates and plastic pallets to avoid the use of easily destructible wooden pallets and paper crates to reduce waste.

Category

Details

Production waste

- The material waste generated in the production processes have been assumed to be landfilled, and hence, constitute a negative impact. This includes packaging products waste rejected in production process
- The positive impact of plastic pallets and plastic carton reuse have been considered as an improvement over baseline industry practices of using paper cartons or wooden pallets that are replaced after every use, and hence, generate more waste
- The boiler residues from fuel combustion have been assumed to be landfilled, and hence constitute a negative impact



Waste - Valuation Table

| Type of 'Waste Generated' | Waste Quantity (MT) | Total Value (INR) |
|---|---------------------|-------------------|
| Keventer Agro Limited - Banana Division | | |
| Reject banana in plant | 243.94 | 94,541 + |
| Foam sheets disposed | 1.31 | 508 - |
| Number of plastic crates reused | 121.20 | 46,973 + |
| Number of plastic pallets reused | 19.04 | 7,379 + |
| Total Value: 'Waste' Banana Division | 1,48,385 | Positive |
| Metro Dairy Limited | | |
| Waste in production process | 31.50 | 12,207 - |
| ETP sludge | 0.73 | 282 - |
| Crates recycled | 230.71 | 89,416 + |
| Pallets recycled | 16.00 | 6,201 + |
| Total Value: 'Waste' Dairy Division | 83,128 | Positive |



Waste – Valuation Table

Keventer Agro Limited - Beverage Division

| | | | |
|---|-------|-----------------|-----------------|
| Number of aseptic bags disposed in FY 18-19 | 21.62 | 8,378 | - |
| Number of drums recycled | 26.69 | 10,344 | + |
| Carton waste from production | 68.94 | 26,720 | - |
| Plastic waste from production | 21.62 | 8,378 | - |
| Furnace oil boiler residue | 0.05 | 18 | - |
| Total Value: 'Waste' Beverage Division | | 33,150 | Negative |
| Total Value Generated by Keventer (INR): Waste | | 1,98,363 | Positive |



Social Capital




A white paper airplane icon is positioned in the upper right quadrant. A dashed white line curves from the tail of the airplane down to the word "Capital" in the text below. A thick, purple, brushstroke-like underline curves under the text "Social Capital".



al Valuation





Overview of Impact on Social Capital

Community empowerment is defined as the activities undertaken by organisations with their stakeholders and partners with a specific aim to involve or empower citizens. Today, corporates investing in socio-economic development activities are under increasing pressure to demonstrate the social impact created through their activities, in a language easily understood by different groups of stakeholders. Social capital, generated as a result of an organisation's deep involvement in the development and prosperity of society it thrives in, can provide value to communities in the form of improved health and sanitation, increased literacy, access to information, reduced crime and economic growth²⁰. Companies that leverage a healthy external relationship with their stakeholders benefit from the competitive advantage they have over their peers as a result of social licence to operate and holistic knowledge regarding their perception.

Keventer's operations are in Barasat, West Bengal (India). Predominantly a rural agricultural region, the establishment of two Food and Beverage processing plants in the region have helped in the holistic growth and development of the region and living standards of the local communities.

This is due to the backward linkages established with the local population as a source of labour to the organisation and the stable sourcing relationships fostered with farmers and other suppliers in West Bengal, promotion of local entrepreneurship, etc. While the true magnitude of community development as an induced effect of the operation of Keventer plants has not been assessed in this Report, certain CSR budget spending by Keventer has been considered for evaluation. The upstream engagement with banana farmers has also been incorporated in the estimation of Social Impact Valuation. Keventer is currently directly procuring bananas from farmers in West Bengal and this has led to vast improvements in the farmers' livelihoods and payment realisation by the removal of middlemen in the value chain. The engagement with upstream farmers of mangoes and dairy are in the pipeline for future association and Keventer strives to initiate similar revolution in the procurement model for mango and dairy, thereby improving farmers' incomes and livelihoods. Appropriate multipliers have been used to estimate

the Social Return on Investment (SROI) of each of these initiatives. The initiatives undertaken in FY2018-19 have been listed below:

- Expenditure on community development and continued engagement through contribution to local festivals and events, organising sporting events for the local communities, picnics and celebrations of office staff, etc.
- Expenditure on healthcare support services and awareness creation
- Expenditure on water, sanitation and hygiene in local schools and neighbouring areas
- Support to local schools in the form of infrastructure
- Expenditure in public infrastructure of adjoining areas like investment in construction of roadways, street lights, bus stop shelters for passengers, etc.
- Keventer Assisted Farming support for banana farmers in West Bengal

²⁰ Understanding the Value of Relationships with Social Capital, Network for Business Sustainability <https://nbs.net/p/measuring-amp-valuing-social-capital-6fc98c3a-308a-4073-8b9a-7a8341e2d43f>






A close-up photograph of several golden wheat stalks. The stalks are in sharp focus, showing the individual grains and the long, thin awns. The background is a soft, out-of-focus green, suggesting a field of wheat. The lighting is warm, highlighting the golden color of the wheat.


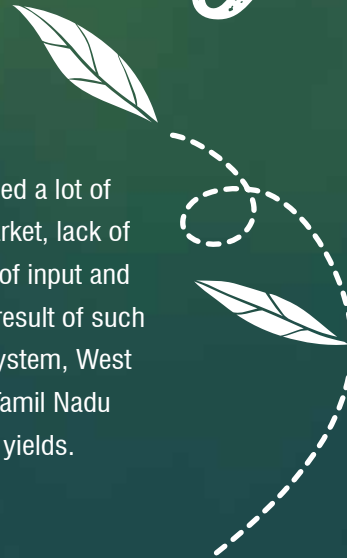
Keventer Assi




Case Study: Intensified Farming



Banana farmers in West Bengal have historically faced a lot of challenges – lack of consistent demand from the market, lack of post-harvest management of land, price fluctuation of input and output and heavy dependence on middlemen. As a result of such factors which inhibit the growth of the banana ecosystem, West Bengal has lagged behind states like Maharashtra, Tamil Nadu and Andhra Pradesh in both volume of produce and yields.

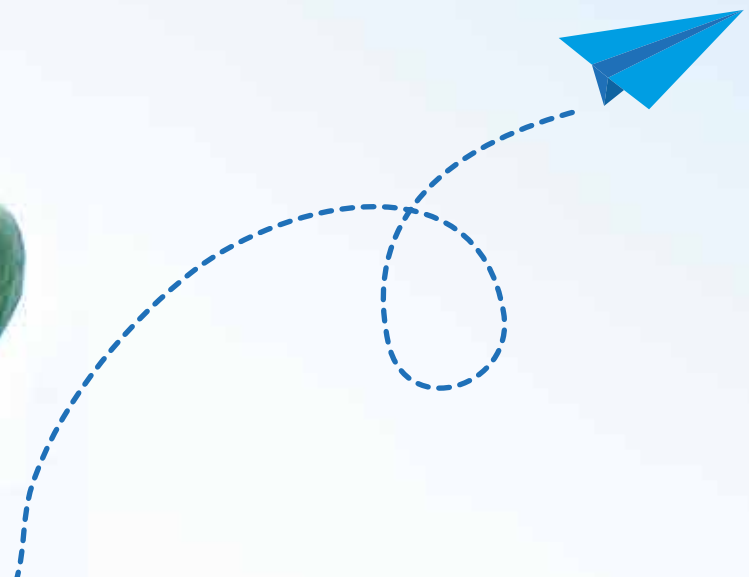






Keventer has been a large player in the banana value chain in West Bengal. The banana farmers have witnessed structured reform of the banana value chain in the presence of Keventer and have realised approximately 50% more income per kilogram of banana sold, i.e., from INR 7 per kg in 2011 to INR 10.50 per kg in 2018, despite the cost to consumers remaining constant. Banana procurement in large quantities by Keventer enables the farmers to plan their production accordingly and reduce the uncertainties of sales. Being a large corporate house, the payments are made to banana farmers within 48 hours of sales as opposed to the 7-10 working day turnaround period through other sales channels. This has reduced the cash flow crunch of the farmers

and enhanced their livelihoods and reduced uncertainties. Some of the unique characteristics of Keventer's banana division are:

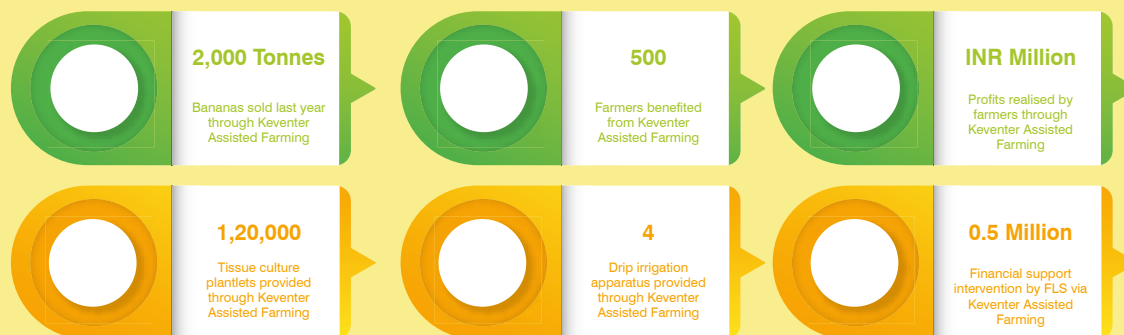
- Pack-House at Karimpur where local farmers can sell their produce close to their farms
 - In 2015, Rural Business Hub (RBH) programme conducted by Keventer in conjunction with USAID and CII-FACE. Six demo farms were created and best agronomics practices were showcased to local farmers
 - In the Murshidabad district, a Self-Help Group (SHG) was created in 2014-15 under the MGNREGA scheme where Keventer guaranteed buy-back of 100% of output
- 



In addition to the regular business value chain of banana farming in West Bengal, Keventer Assisted Farming is an initiative carried out in close contact with banana farmers in West Bengal by Keventer. Through dissemination of knowledge regarding efficient farming practices, Keventer provides support in liaising with sapling procurement companies for G-9 tissue culture plantlets, drip irrigation, fertilisers, financial services and yield enhancement and arranges to extend the following benefits to farmers:

- Guaranteed purchase of 100% output at Minimum Assured Price
- Training and support by team of agronomists for farmers throughout the entire cycle
- Liaising with government. agencies to facilitate receipt of subsidies
- Comprehensive package of agri-inputs through a network of partner companies

Case Study: Keventer Assisted Farming



Small farmers meeting, Bankura



Farmers meeting with Dept. of Agriculture, Purulia



Demo farm visit by group of farmers, Barasat



MoU signing by banana growers in the presence of union Agri Minister Sri Radha Mohan Singh

Through the Keventer Assisted Farming initiative, Keventer Argo Limited envisions to bring about a revolution in the Banana value chain in West Bengal by

- Revolutionising the lives of farmers in West Bengal through increased yields
- Ensuring the spread of modern agronomic practices through intensive knowledge sharing
- De-risking the entire farming cycle by on boarding financial institutions like SBI & ICICI to provide loans and crop insurance.

The larger social benefits derived out of the community development expenditure undertaken by Keventer has been evaluated using the concept of Social Returns on Investment (SROI). The SROI methodology is a useful framework for measuring and accounting for value created based on the perspective of each stakeholder that experiences or contributes to the change. SROI tells the story of how change is being created by measuring social and economic outcomes and valuing these in monetary terms against the investment made. This enables the outcomes

to be expressed as a ratio of benefits to costs for each project. The value of this exercise lies in providing a common basis for evaluating different projects and identifying key features of successful projects (those that produce a social return higher than the initial investment made) and key reasons of unsuccessful projects (those that produce a social return lower than the monetary value of the investment made²¹). The SROI multipliers used to estimate the societal benefits of Keventer's FY2018-19 CSR contributions has been listed here:

²¹ A guide to Social Return on Investment, 2012, The SROI Network

²² Psacharopoulos, G., Montenegro C.E., Patrinos, H.A., 2016, Education Financing Priorities: Report to the Education Commission, International Commission on Financing Global Education Opportunity

²³ Psacharopoulos, G., Montenegro C.E., Patrinos, H.A., 2016, Education Financing Priorities: Report to the Education Commission, International Commission on Financing Global Education Opportunity

²⁴ Sankar, S., 2015, Measure for Measure

²⁵ Social Value of Sport, Sport England, The Culture and Sport Evidence Program

²⁶ Corporate Wellness can save India Inc revenue to US\$ 20 bln, 2018, ASSOCHAM

²⁷ Jain, R., Kumar, P., 2013, Size of Government Expenditure Multipliers in India: A Structural VAR Analysis, RBI Working Paper Series No. 07

| SROI Parameter | SROI Multiplier | Description |
|--|-----------------|--|
| Education ²² | 1.13 | <ul style="list-style-type: none"> The multiplier is for average private returns of primary education for the lower middle-income countries classified by the World Bank. This multiplier signifies the increase in public returns from higher income earning capabilities and hence higher tax incomes, increased social insurance payments and lower social transfers or safety nets. |
| Training ²³ | 1.17 | <ul style="list-style-type: none"> For trainings given to banana farmers for improved agricultural practices, the returns of tertiary education for the lower middle-income countries classified by World Bank has been used. |
| Healthcare ²⁴ | 36 | <ul style="list-style-type: none"> This multiplier signifies social returns arising out of provision of healthcare services to the local communities in India. |
| Sporting events ²⁵ | 7.35 | <ul style="list-style-type: none"> Returns on investment in sports programmes for at-risk youth is estimated at 7.35 of social benefit for every 1 unit of currency spent. |
| Employee Wellness ²⁶ | 138.5 | <p>On an average for every rupee being spent on employee wellness programme, employers get INR 132.33 as a saving on absenteeism cost and Rs.6.62 back as reduced health care costs. In addition to reducing sick days and healthcare costs, wellness initiatives increase employee productivity, creativity, and workplace satisfaction.</p> |
| Aggregate Expenditure Multiplier ²⁷ | 1.07 | <p>This multiplier denotes the expenditure of the government under various heads, including wages, salaries and other benefits. Farmers' incomes through direct banana procurement by Keventer have been assumed to generate impact of the same magnitude for farmers.</p> |

Valuation of Social Capital
Total Value Generated through CSR Activities



| Activities under-taken | CSR Expenditure (INR) | Total Value (INR) | |
|--|-----------------------|-------------------|---|
| Arrangement of picnic, celebrations and other events for Keventer office staff | 3,96,190 | 5,50,50,60 | + |
| Expenditure on doctor stationed at the Plant | 5,14,944 | 1,85,37,984 | + |
| Funding education for the children of the employees | 16,73,141 | 18,97,341 | + |
| Providing attendance incentive | 20,78,600 | 28,88,21,470 | + |
| Organising sports tournaments for local communities | 2,01,266 | 14,79,305 | + |
| Organising blood donation camps | 1,34,500 | 48,42,000 | + |
| Providing employee training | 15,71,041 | 17,81,560 | + |
| Festivals in local communities | 42,11,806 | 17,39,05,470 | + |
| Other CSR expenditure | 14,93,199 | 6,16,54,192 | + |

| | | |
|--|---------------------|-----------------|
| Total Value: 'Social Capital' – CSR | 60,79,69,924 | Positive |
|--|---------------------|-----------------|

Keventer Agro Limited – Banana Division

| Activities undertaken | Direct Impact (INR) | Total Value (INR) |
|------------------------------|----------------------------|--------------------------|
|------------------------------|----------------------------|--------------------------|

| | | | |
|--|------------------|--------------|---|
| Farmers' income from direct banana procurement by Keventer | 19,37,06,597 | 20,72,66,059 | + |
| Farmers' income from Keventer Assisted Farming | 1,28,28,200 | 1,37,25,960 | + |
| Training support provided to farmers under Keventer Assisted Farming | 5,71,000 | 1,00,49,600 | + |
| Tissue culture plantlets provided to farmers at subsidised rate (per plantlet cost saving) | 2 (per plantlet) | 2,40,000 | + |

| | | |
|--|---------------------|-----------------|
| Total Value: 'Social Capital' Banana Division | 23,12,81,619 | Positive |
|--|---------------------|-----------------|

| | | |
|---|---------------------|-----------------|
| Total Social Capital Value Generated by Keventer at the Group Level (INR) during FY2018-19 | 83,92,51,543 | Positive |
|---|---------------------|-----------------|



Economic

Economic

ic Value generated

A thick, dark purple brushstroke curves across the middle of the image. Below it, a white dashed line forms a decorative flourish with a loop and a tail.

Economic
Impact
Valuation





Overview of Economic Value Generated

An economic dividend is derived from direct, indirect and induced economic effects of the organisations that function in the economy in providing employment and decent jobs, building skills through education and training, establishing infrastructure and facilities, purchasing supplies and technologies, delivering communication and logistics, spending the generated income and generating tax payments and social security contributions.

The measure of how such income enters the local economy and then circulates within it, across rounds of spending has been estimated by approximating the national income multipliers for aggregate expenditure, capital outlay and the development expenditure multiplier. An economic multiplier effect

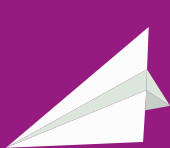
describes the impact that spending has in the economy, taking into consideration ripple effects. The measuring process starts with a source of income and follows how it is spent and re-spent within a defined geographic area. The different rounds of the multiplier effect cover direct spending by a business in a sector to economically active individuals spending their salaries on goods and services, which leads to additional demand for manufacturing and labour, and consequently, higher levels of income for everyone. This is because any incremental spending has multiplier effects that result in greater aggregate spending in the economy over time. The underlying assumption for this is that the income received as wages and

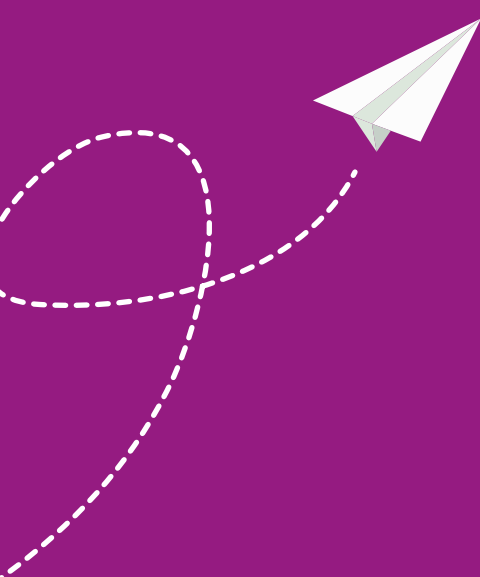
salaries is spent in the current period and therefore contributes to the growth of the local economy by generating demand for goods and services. There are secondary and tertiary socio-economic ripple effects caused by the cash transfers through the enhanced purchasing power of the recipients of the wages and salaries. The increase in spending by the employees spurs other manufacturers, sellers and vendors to increase output and consequently hire more workers to do the same. Therefore, due to the multiplier effect, the new workers, for whom additional jobs and wages have been created, spend more and eventually the entire economy benefits from the higher rates of spending.

For the analysis of the economic value generated, three kinds of expenditures have been considered for Keventer:

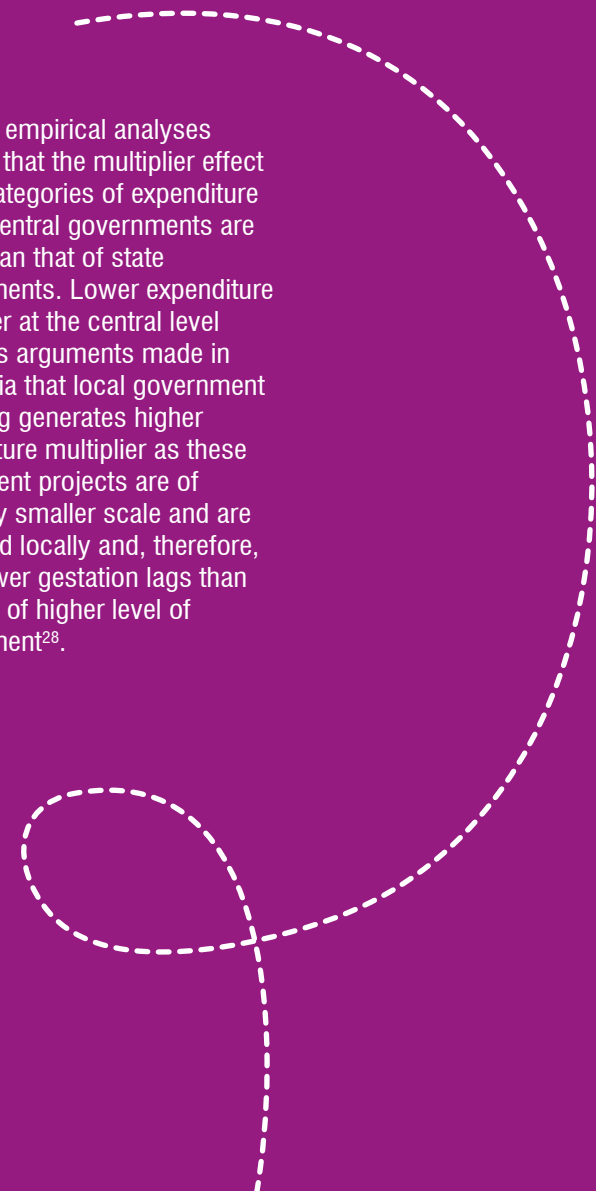










The dynamics of three kinds of expenditures (Capital Expenditure, Aggregate Expenditure and Development Expenditure) in the economy are very different and can be expected to have different multiplier effects on the output and growth of communities and societies. The macroeconomic impact of such spending could be scaled down to the specific investment and operational activity undertaken by the industries/private donors in local communities, where any economic activity of a large scale is expected to have ripple effects across all sectors of production and consumption. The size and extent of this impact on the economy through Keventer investments done for employees and local communities has been measured (estimated) using the size of the specific multipliers in India as reference.




In India, empirical analyses indicate that the multiplier effect for all categories of expenditure by the central governments are lower than that of state governments. Lower expenditure multiplier at the central level confirms arguments made in academia that local government spending generates higher expenditure multiplier as these investment projects are of relatively smaller scale and are managed locally and, therefore, have lower gestation lags than projects of higher level of government²⁸.

²⁸ Jain, R., Kumar, P, 2013, Size of Government Expenditure Multipliers in India: A Structural VAR Analysis, RBI Working Paper Series No. 07



In this Report, the local CSR and other employee expenditure made by Keventer has been assumed to be streamlined expenditure for the local communities and employees and these yield a large impact in terms of social benefits to employees and members of local communities. The extent of this has been summarised in this table:



Economic Value Generated

| Category | Expenditure by Keventer (INR) | | Economic Value Generated / Total Value Generated (INR) |
|---|-------------------------------|-----------------|--|
| Keventer Agro Limited | | | |
| Capital Expenditure on New Construction / Machinery in FY2018-19 | 45,42,10,000 | 96,74,67,300 | + |
| Employee salaries, wages and other benefits | 34,03,53,267 | 36,41,77,995.69 | + |
| Taxes paid during FY2018-19 | 47,44,897 | 1,11,50,507.95 | + |
| Economic Value Generated by Keventer Agro Limited in FY18-19 | 1,34,27,95,804 | | Positive |
| Metro Dairy Limited | | | |
| Capital Expenditure on New Construction Machinery in FY2018-19 | 63,68,30,000 | 1,35,64,47,900 | + |
| Employee salaries, wages and other benefits | 18,98,23,796 | 20,31,11,461.32 | + |
| Taxes paid during FY2018-19 | 4,76,30,000 | 11,19,30,500.00 | + |
| Economic Value Generated by Metro Dairy Limited in FY18-19 (INR) | 1,67,14,89,861 | | Positive |
| Total Economic Value Generated by Keventer at the Group Level (INR) during FY2018-19 | 3,01,42,85,665 | | Positive |



Total Value Generated
Reverter: Consolidated
Key Outcomes




ated' by
ated Results and



Total Value
Generated by
Keventer Group





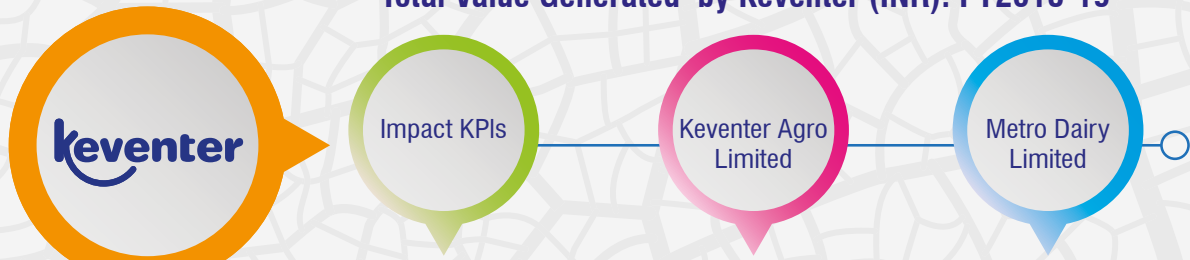
Long Term Value creation can be measured only by accounting for the tangible as well as the intangible value drivers like trust, reputation and long-term viability of the business-which are not necessarily captured by the traditional accounting methods. Traditional methods of reporting do not consider the needs of all the concerned stakeholders. Since there are strong connections between sustainable development, working relationships and financial performance, it is essential to represent this connection by moving from the short-term focus that dominates most reporting methods to a far-sighted one that shares information about the long-term strategy of a business and the implications of each of these factors on the long-term viability of the business. Hence, by looking at factors

like social capital and the environmental sustainability of businesses, the investors, suppliers and customers of firms can be better equipped to make decisions about the companies they engage with. If a business' impact can be expressed in monetised financial metrics, it can be better comprehended by decision-makers in the company, who can-then value a business' maximum returns from certain initiatives and identify the key action areas where performance is poor. This subsequently aids in guaranteeing a business' long-term sustainability, future-proofing a business from climate related-risks and in safeguarding and strengthening relations with all stakeholders. The value created or destroyed by a business is not limited to the consumers of its products and owners of capital, but all stakeholders

across the business value chain. The costs of community building, development and environmental stewardship incurred by Keventer secure sustainability of operations, optimised use of natural resources to ensure continuous supply, positive reputation in the market as a responsible corporate entity creating positive value for society and a healthy vibrant local community where every individual is self-sufficient and contributes positively to Keventer's growth and sustenance. The 'Total Value Generated' analysis expresses all the environmental initiatives and social impact of Keventer in financial metrics, which are easy to communicate and compare across the intangible aspects of environment and social impact.

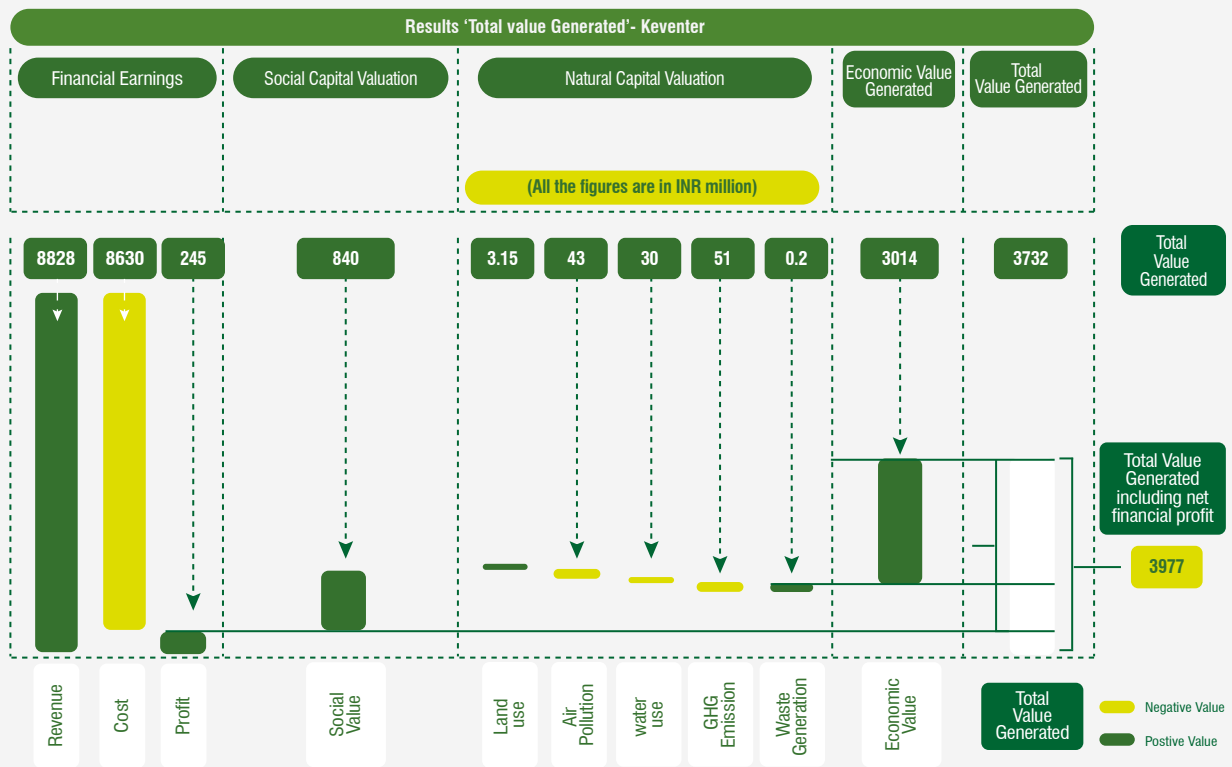


'Total Value Generated' by Keventer (INR): FY2018-19



| | | | |
|------------------------|--|-----------------------|----------------|
| Natural Capital | Land Use | 16,77,382 | 14,76,330 |
| | Air Pollutants | 2,22,31,588 | 2,10,43,169 |
| | Water Use | 2,44,76,879 | 52,16,618 |
| | GHG Emissions | 2,59,31,797 | 2,53,56,894 |
| | Waste Generation | 1,15,235 | 83,128 |
| Social Capital | CSR, Keventer Assisted Farmung, Direct Banana Procurement & Employee Welfare | 83,92,51,543 | |
| Economic Value | Capital Expenditure, Employee Salaries and Other Benefits, Taxes Paid | 1,34,27,95,804 | 1,67,14,89,861 |
| | Total Value (INR) Generated FY18-19 | 3,73,26,32,339 | |

- Negative Value Generated
- Positive Value Generated





*Disclaimer
and
Limitations.*



“The Total Value Generated” by Keventer has been estimated using the Long-Term Value Framework of Ernst & Young Associates LLP (EY). For the modelling of ‘Total Value’, EY has relied on the sources of information as cited in the Report. The primary data had been sought from Keventer, and this engagement did not comprise a due diligence review or constitute an audit or review, other assurance engagement or any agreed-upon procedures engagement based on other international accounting frameworks. An audit opinion or assurance conclusion has not been presented in this Report by EY. EY findings in this Report are based on the prevailing conditions and information available at the time of issue of this Report.

The ‘Total Value Generated’ Analysis does not necessarily disclose all significant aspects about the projects or initiatives undertaken by Keventer or the impact created in the upstream and downstream business value chain or reveal errors and irregularities about the same. The estimations which have been made are based on the assumptions of the behaviour of the material aspects considered with the macro and micro economy and the corresponding initiatives undertaken by Keventer itself. These assumptions have been made based on the appropriate evidences and references available during the time of drafting this Report. The reliability of these sources has not been verified using any audit trail, but have been restricted mostly to peer

reviewed articles and journals and primary data from Keventer. Users/reviewers of these analyses may find some other sources of assumptions or data more appropriate and these may materially impact the outcome of the Report and consequently the valuation estimates may vary. Any advice, opinion, statement of expectation, future prediction or recommendation provided as a part of this Report, shall not amount to any form of undertaking/guarantee that EY has predicted future occurrences of events or circumstances.

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