

बोटलर्स नेपाल लिमिटेडका शेयरधनी महानुभावहरूलाई अठ्तीसौं वार्षिक साधारण सभाको सूचना

मिति २०७३ मंसिर ८ गते, बुधवार (तदनुसार नोभेम्बर २३, २०१६) बसेको संचालक समितिको बैठकको निर्णय अनुसार यस कम्पनीको अठ्तीसौं वार्षिक साधारण सभा निम्न लिखित मिति, स्थान तथा समयमा तपसिलका विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्बन्धित सबै शेयरधनी महानुभावहरूलाई जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

मिति, समय र स्थान :

मिति : २०७३, पौष १० (तदनुसार २५ डिसेम्बर, २०१६)

समय : १०:३० बजे ।

स्थान : होटल अन्नपूर्ण, दरबारमार्ग काठमाडौं ।

सभा ठीक तोकिएको समयमा संचालन हुने भएकोले उपस्थिति पुस्तिका ०९:३० बजे देखि खुला राखिने छ ।

छलफलका विषय सूची :

१. सामान्य प्रस्ताव :

- (क) आर्थिक वर्ष २०७२/७३ को संचालकको प्रतिवेदन पारित गर्ने ।
- (ख) प्रबन्ध संचालकको पारिश्रमिक तथा अन्य सुविधा उपर छलफल गरी पारित गर्ने ।
- (ग) स्वतन्त्र संचालकको पुनः नियुक्ति बारे छलफल गरी पारित गर्ने ।

२. विशेष प्रस्ताव :

- (क) एकिकृत वित्तियविवरण, २०७३ आषाढ ३१ गते सम्मको वासलात, २०७३ आषाढ ३१ गतेसम्मको आय विवरण सोही मितिमा समाप्त भएको नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखापरिक्षण भएको वित्तीय विवरण र लेखापरिक्षकको प्रतिवेदन अनुमोदन गर्ने ।

निम्नबमोजिमको प्रस्ताव उपर छलफल गरी उचित देखिएमा संशोधन सहित वा विना कुनै संशोधन पारित गर्ने:

“एकिकृत वित्तियविवरण, २०७३ आषाढ ३१ गते सम्मको वासलात, २०७३ आषाढ ३१ गतेसम्मको आय विवरण सोही मितिमा समाप्त भएको नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखापरिक्षण भएको वित्तीय विवरण र लेखापरिक्षकको प्रतिवेदन प्राप्त गरी, त्यस उपर छलफल गरी पारित गरियो ।”

- (ख) कम्पनी ऐन, २०६३ को दफा १११ र लेखा समितिको सिफारिस बमोजिम आर्थिक वर्ष २०७३/७४ को लागि लेखापरिक्षको पुनर्नियुक्ति र निजको पारिश्रमिक उपर छलफल गरी स्वीकृत गर्ने ।

निम्नबमोजिमको प्रस्ताव उपर छलफल गरी उचित देखिएमा संशोधन सहित वा विना कुनै संशोधन पारित गर्ने:

“श्री टि. आर. उपाध्याय एण्ड कं. चाटर्ड एकाउन्टेण्टस् (फर्म रजिष्ट्रेशन नं. ०६) (पार्टनर श्री सञ्जिव मिश्र) लाई कम्पनीको लेखापरिक्षकको रूपमा पुनर्नियुक्त गर्ने र निजले यस साधारण सभा समाप्त भएपछि अर्को साधारण सभा नभएसम्मका लागि सोही हैसियतमा कार्य गर्ने र निजको पारिश्रमिक रू. ५,००,००० (अक्षरेपी पाँच लाख मात्र) (एकिकृत सहित) (लाग्ने स्वर्च बाहेक) (सम्पूर्ण कर सहित तर भ्याट बाहेक) लेखापरिक्षण शुल्कको रूपमा प्रदान गर्ने निर्णय गरियो ।”

(ग) नियमावलीको संशोधन उपर छलफल गर्ने र पारित गर्ने ।

निम्नबमोजिमको प्रस्ताव उपर छलफल गरी उचित देखिएमा संशोधन सहित वा विना कुनै संशोधन पारित गर्ने

“कम्पनी ऐन, २०६३ को दफा २१ र कम्पनी ऐनका सम्बन्धित अन्य दफा बमोजिम (तत्काल प्रचलनमा रहेका उक्त ऐनमा समय समयमा भएका संशोधन र उक्त ऐन अन्तर्गतका अन्य कानून समेत) बमोजिम कम्पनीको नियमावलीको नियम १(ख) लाई देहायको नियम १(ख) बमोजिम प्रतिस्थापन गर्ने कुरामा शेयरधनीहरू सहमत भई निर्णय गरियो ।

नियमावलीको नियम १ (ख)

“कम्पनीको रजिस्टर्ड कार्यालय: बालाजु औद्योगिक क्षेत्र, बालाजु, काठमाण्डौंमा रहने छ ।

कम्पनीका शाखा कार्यालयहरू निम्न स्थानमा रहनेछन्:

अ) भरतपुर, चितवन, वडा नं. ९

आ) शमशेरगन्ज, वडा नं. ८, पार्वतीपुर बाँके

इ) तिनथाना, चन्द्रगिरी, वडा नं. २३

ई) सुनसरी, दुहवी, वडा नं. ०४,

कम्पनीले प्रचलित कानूनको परिपालना गरी आफ्नो व्यवसायको आवश्यकता अनुसार नेपाल भित्र वा बाहिर अन्य शाखा कार्यालयहरू खोल्न वा बन्द गर्न सक्नेछ ।”

उल्लेखित संशोधनका सम्बन्धमा आवश्यकता अनुसार नेपाल सरकारको सम्बन्धित सरकारी निकायबाट अनुमती स्वीकृती प्राप्त गर्ने निर्णय पनि गरियो ।

सम्बन्धित सरकारी निकायका अनुसार उल्लेखित संशोधनका सम्बन्धमा कुनै परिवर्तन वा संशोधन गर्नुपर्ने भएमा त्यस्तो परिवर्तन वा संशोधन गर्नका लागि संचालक समितिलाई अख्तियारी दिने निर्णय पनि गरियो ।

माथि उल्लेखित विषयमा कम्पनी रजिष्ट्रारको कार्यालय, नेपाल स्टक एक्सचेंज, नेपाल धितोपत्र बोर्ड, वा आवश्यक अन्य कुनै निकायमा आवश्यक सूचना, जानकारी पेश गर्न तर यतिमा मात्र सिमित नभई आवश्यक सम्पूर्ण कार्य गर्नका लागि संचालक समितिलाई अख्तियारी दिने निर्णय गरियो ।

(३) प्रबन्धपत्रको संशोधन उपर छलफल गर्ने र पारित गर्ने ।

निम्नबमोजिमको प्रस्ताव उपर छलफल गरी उचित देखिएमा संशोधन सहित वा विना कुनै संशोधन पारित गर्ने,

“कम्पनी ऐन, २०६३ को दफा २१ र कम्पनी ऐनका सम्बन्धित अन्य दफा बमोजिम (तत्काल प्रचलनमा रहेका उक्त ऐनमा समय समयमा भएका संशोधन र उक्त ऐन अन्तर्गतका अन्य कानून समेत) बमोजिम कम्पनीको प्रबन्धपत्रको दफा २ लाई देहायको दफा २ बमोजिम प्रतिस्थापन गर्ने कुरामा शेयरधनीहरू सहमत भई निर्णय गरियो ।

प्रबन्धपत्रको दफा २

“कम्पनीको रजिष्टर्ड कार्यालय: बालाजु औद्योगिक क्षेत्र, बालाजु, काठमाण्डौमा रहने छ।

कम्पनीका शाखा कार्यालयहरू निम्न स्थानमा रहनेछन्:

अ) भरतपुर, चितवन, वडा नं. ९

आ) शम्शेरगन्ज, वडा नं. ८, पार्वतीपुर बाँके

इ) तिनथाना, चन्द्रगिरी, वडा नं. २३

ई) सुनसरी, दुहवी, वडा नं. ०४,

कम्पनीले प्रचलित कानूनको परिपालना गरी आफ्नो व्यवसायको आवश्यकता अनुसार नेपाल भित्र वा बाहिर अन्य शाखा कार्यालयहरू खोल्न वा बन्द गर्न सक्नेछ।”

उल्लेखित संशोधनका सम्बन्धमा आवश्यकता अनुसार नेपाल सरकारको सम्बन्धित सरकारी निकायबाट अनुमती स्वीकृती प्राप्त गर्ने निर्णय पनि गरियो।

सम्बन्धित सरकारी निकायका अनुसार उल्लेखित संशोधनका सम्बन्धमा कुनै परिवर्तन वा संशोधन गर्नुपर्ने भएमा त्यस्तो परिवर्तन वा संशोधन गर्नका लागि संचालक समितिलाई अख्तियारी दिने निर्णय पनि गरियो।

माथि उल्लेखित विषयमा कम्पनी रजिष्ट्रारको कार्यालय, नेपाल स्टक एक्सचेन्ज, नेपाल धितोपत्र बोर्ड, वा आवश्यक अन्य कुनै निकायमा आवश्यक सूचना, जानकारी पेश गर्न तर यतिमा मात्र सिमित नभई आवश्यक सम्पूर्ण कार्य गर्नका लागि संचालक समितिलाई अख्तियारी दिने निर्णय गरियो।

३. विविध :

(क). विविध : अध्यक्षको अनुमति अनुसार।

द्रष्टव्य : अठ्तीसौं वार्षिक साधारण सभालाई ध्यानमा राखि मिति २०७३।०८।२५ गते देखि २०७३।०९।१० सम्म कम्पनीको शेयर दाखिल खारेज दर्ता बन्द रहने जानकारी समेत यसै सूचनाद्वारा शेयरधनी महानुभावहरूमा सूचित गरिन्छ। साधारण सभा सम्बन्धी अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ।

संचालक समितिको आदेशानुसार



कम्पनी सचिव

साधारण सभा सम्बन्धी सामान्य जानकारी

१. सभामा भाग लिन चाहने महानुभावहरूले प्रवेश पत्र वा शेयर प्रमाणपत्र अनिवार्य रूपले लिई आउनु हुन अनुरोध गरिन्छ । कुनै शेयरधनी महानुभावहरूले कुनै कारणवश सो सूचना नपाउनु भएमा यसैलाई सूचना सरह मानी आफ्नो कुनै एक परिचयपत्र र शेयरको सक्कल प्रमाण पत्र साथमा लिई सभामा भाग लिन आउनु हुने अनुरोध गरिएको छ ।
२. कुनै अर्को शेयरधनीको प्रतिनिधि (प्रोक्सी) को रूपमा भाग लिन र मतदान गर्न चाहने शेयरधनीले सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा आफुले पाएको प्रोक्सी दाखिल गरिसकेको हुनुपर्नेछ ।
३. सभामा उपस्थित हुनको लागि कुनै एक शेयरधनीको तर्फबाट एक भन्दा बढी व्यक्तिहरूको नाममा प्रोक्सी नियुक्त भएमा सबैभन्दा पछिल्लो मितिमा नियुक्त गरिएको प्रोक्सीले सभामा उपस्थित हुन र मतदान गर्न पाउने छ । कुनै शेयरधनीले एकै मितिमा एक भन्दा बढी प्रोक्सी नियुक्त गरेमा सबभन्दा पहिले प्रोक्सी कम्पनीको कार्यालयमा दर्ता गर्ने व्यक्तिले सभामा उपस्थित हुन र मतदान गर्न पाउने छ ।
४. नावालक तथा मानसिक सन्तुलन ठीक नभएका शेयरधनीको तर्फबाट कम्पनीको शेयर लगत किताबमा संरक्षकको रूपमा दर्ता भएको व्यक्तिले सभामा भाग लिन र मतदान गर्न वा प्रोक्सी नियुक्त गर्न सक्नेछ ।
५. संयुक्त रूपमा लिएको शेयरको हकमा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्व सम्मतिबाट प्रतिनिधि नियुक्त भएको एक व्यक्तिले मात्र सभामा भाग लिन वा मतदान गर्न पाउने छ ।
६. सभामा विविध अन्य कुरा बुझ्न चाहनु हुने शेयरधनी महानुभावहरूले आफुले बुझ्न खोजेको कुरा खोली कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा सभा हुने २ दिन अगावै पत्र पठाउनु हुन अनुरोध गरिन्छ । यसबाट संचालकहरूलाई सभामा उचित जवाफ दिन मिल्नेछ ।
७. सुरक्षाको दृष्टिकोणले शेयरधनी महानुभावहरू सभा स्थलमा आउँदा भोला, ब्याग र लौरो जस्ता वस्तुहरू नलिई आउनुहुन अनुरोध गरिन्छ । आवश्यक देखिएमा सुरक्षाकर्मीले सुरक्षा जाँच गर्न सक्ने भएको हुँदा सो कार्यमा सहयोग गरीदिनु हुन र आफ्नो परिचयपत्र वा नागरिकता लिई आउनुहुन समेत अनुरोध गरिन्छ ।

प्रतिनिधि (Proxy) नियुक्त गर्ने निवेदन

श्री सञ्चालक समिति,
बोटलर्स नेपाल लिमिटेड
बालाजु, काठमाडौं
नेपाल

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला नगरपालिका / गा.वि.स. वडा नं. बस्ने
म / हामी ले त्यस कम्पनीको शेयरवालाको हैसियतले
मिति २०७३ पौष १० गते, आइतबारका दिन हुने वार्षिक साधारण सभा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी
हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि
जिल्ला..... नगरपालिका/गा.वि.स. वडा नं. बस्ने श्री लाई
मेरो / हाम्रो प्रतिनिधि मनोनित गरी पठाएका छौं ।

निवेदक

दस्तखत :

नाम :

ठेगाना :

शेयर प्रमाणपत्र नं. :

कि. नं. देखि सम्म

मिति :

द्रष्टव्य : यो आवेदनपत्र सभा शुरू हुने निर्धारित समय भन्दा ४८ घण्टा अगाडिसम्ममा कम्पनीको रजिष्टर्ड कार्यालयमा दर्ता गरिसक्नुपर्नेछ ।

प्रवेश पत्र

शेयरधनीको नाम श्री

प्रमाणपत्र नं. शेयर संख्या

मिति २०७३ पौष १० गते, आइतबारका दिन हुने बोटलर्स नेपाल लिमिटेड, बालाजु, काठमाडौंको अठ्ठिसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएका प्रवेश पत्र



.....

शेयरधनीको हस्ताक्षर

कम्पनी सचिव



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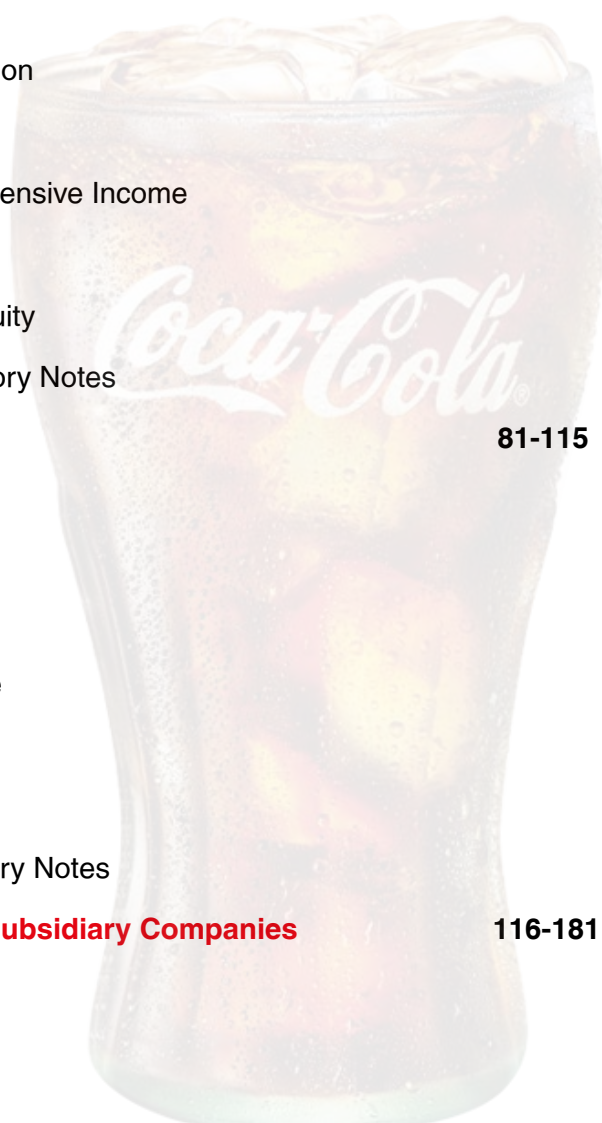
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VISION

To make every Nepali's first choice of refreshment available within easy reach.

MISSION

To build a community driven, customer focused, profitable, sustainable and socially responsible business in Nepal.

VALUES

- Leadership
- Empowerment
- Passion for Winning
- Citizenship
- Integrity
- Accountability
- Teamwork



BOTTLERS NEPAL LIMITED

(GROUP)

Bottlers Nepal Limited (hereinafter referred to as the “Company” or “BNL”) is a Public Limited Company with operations spanning over 38 years. The shares of the Company are listed with the Nepal Stock Exchange Limited (NEPSE) and the majority of its shares are held by M/s Coca-Cola Southwest Asia Holdings Limited [Formerly known as Coca-Cola SABCO (Asia) Limited].

Bottlers Nepal Limited, and its subsidiaries, Bottlers Nepal (Terai) Limited (BNTL) and Troika Traders Private Limited (TTPL) (hereinafter referred to as the “Group”), is engaged in the production, manufacture, sale, distribution and supply of soft drinks being carbonated non-alcoholic beverages, fruit juice and packaged drinking water under the brand names - Coca-Cola®, Sprite®, Fanta®, Minute Maid®, Maaza® and Kinley®. The Company along with its subsidiaries, Bottlers Nepal (Terai) Limited and Troika Traders Private Limited, are the only authorized bottlers and distributors of “The Coca-Cola Company” (“TCCC”) in Nepal.

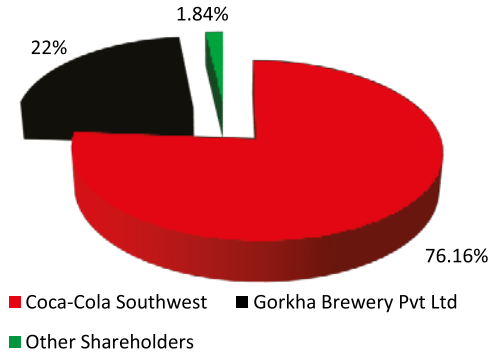
High standards of Corporate Governance, strong technical credentials, prudent risk management approach, dedication and a strong distribution network have been the key driving forces of the Group. The Group is considered as one of the most prestigious multinational companies in Nepal.



GROUP STRUCTURE

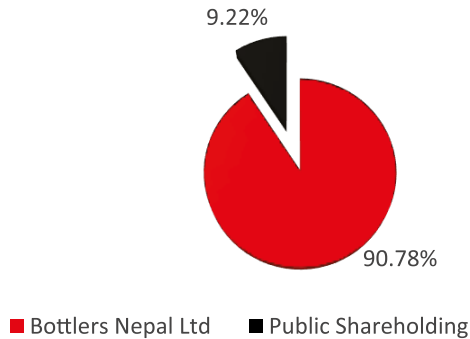
Bottlers Nepal Limited (Parent Company) :

Paid-up share capital of NPR 194,888,700/ with the majority shares (i.e., 76.16%) held by M/s Coca-Cola Southwest Asia Holdings Limited.



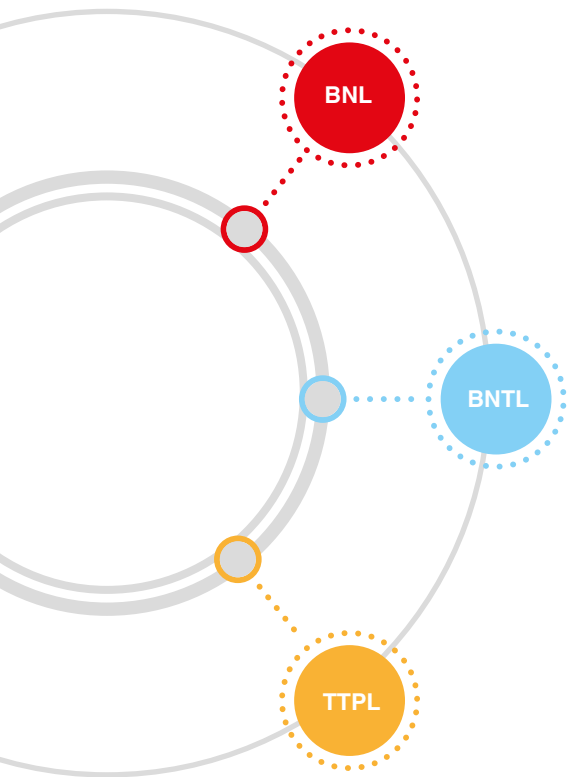
Bottlers Nepal (Terai) Limited (Subsidiary Company) :

Paid-up share capital of NPR 121,000,000/- with the majority shares (i.e., 90.78%) held by its' Parent Company, M/s Bottlers Nepal Limited.

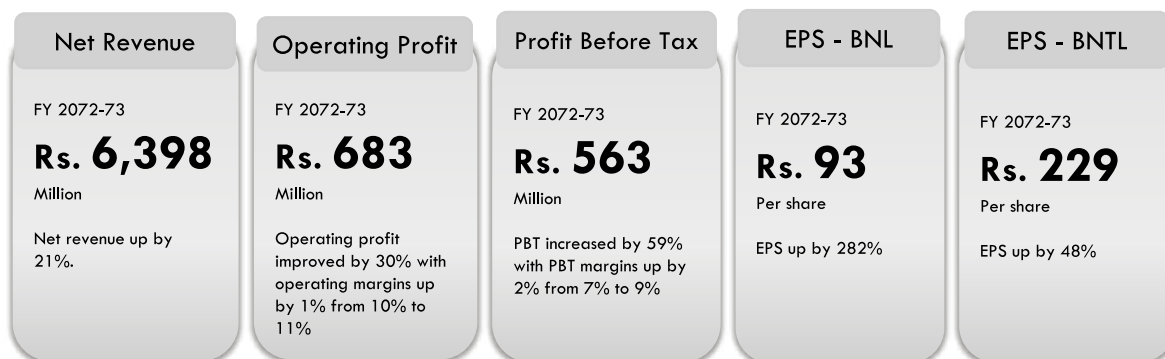


Troika Traders Private Limited (Subsidiary Company) :

A wholly owned subsidiary of M/s Bottlers Nepal Limited with a total Paid-up share capital of NPR 750,000/.



PERFORMANCE AND OPERATIONAL HIGHLIGHTS-BNL (GROUP)



FY 2071-72 [Rs. 5,282 Million] [Rs. 526 Million] [Rs. 355 Million] [Rs. -51 Per Share] [Rs. 154 Per Share]



Note: NPR MM = Nepali Rs. Million

उत्कृष्ट **Coke**® को स्वाद **zero** सुगर



Coca-Cola अब नेपालमा
zero

WE REPRESENT



A leading bottler

We are the authorized bottlers of “The Coca-Cola Company” (“TCCC”) in Nepal and sell more than 18 MM unit cases annually.

We operate through our two bottling plants in Kathmandu and Chitwan.

We manage our business responsibly, sustainably and with a passion to create value for our customers, shareholders, consumers and the communities we serve.

Capability to execute in the market

Building and maintaining a successful partnership with our customers is critical to our success. By working with our customers to satisfy consumer needs and maximise demand for our products, we help grow their business and ours. We start by segmenting the market and determining the most efficient and effective way to service each of the outlets. We seek to generate joint value in every aspect of our business with each of our customers, ranging from logistics and delivery to marketplace execution and sustainability programmes.

Leading brands and a diverse portfolio of beverages

We produce, sell and distribute the world’s most recognised beverage brands. Coca-Cola®, Sprite®, Fanta®, Minute Maid®, Maaza® and Kinley® are some of the world’s best-selling non-alcoholic ready-to-drink beverages. Our overall

sparkling volume share in our markets was 65.2% in July 2016 as per RSA Nielson audit.

The strength of our portfolio of sparkling drinks is complemented by the still drinks portfolio, which has grown to almost 3% of our total volume.

Category	2072-73 (2015-16)	2071-72 (2014-15)
Sparkling	97.14%	99.01%
Juice	2.82%	0.99%
Water	0.03%	0.00%
Total	100.00%	100.00%

A sustainable business

We recognise that creating shared value for shareholders, employees, consumers, customers and communities is critical to our long-term success. Over the last decade, we have integrated corporate responsibility and sustainability into all aspects of our business management with long-term investments that aim to build value over time.

Lean manufacturing footprint

We have been able to cater the increased market demand through our two existing manufacturing plant by way of efficient manufacturing operations. We believe there is ample scope to achieve further efficiencies through a process driven improvement program.



MESSAGE FROM THE CHAIRPERSON

Dear Valued Shareholders,

On behalf of the Board of Directors, I am delighted to share that your company, Bottlers Nepal Limited along with its subsidiaries (hereinafter referred as “Group”), has been able to demonstrate yet another year of strong income and profits. The consistent performance reflected by the Group over years illustrates the ability of your company leadership to drive its strategies for delivering value to our shareholders.

The Fiscal Year 2072-73 was challenging for the country especially from the socio-political perspective. The year began with the border unrest from 23rd September, 2015 that lasted for nearly 6 months, which resulted in severe economic crisis and strongly affected our country’s economy. The fuel crisis added to the existing trying situation for industries in Nepal to operate with their usual effectiveness. These events consequentially had an adverse impact on your company as well. However, I would like to gladly share with you that with the help of our effective Risk Management System, we displayed exceptional determination and commitment to keep the business running during such adversity and met our targets.

Even in such trying circumstances, the Fiscal Year 2072-73 was a great success for the company especially in terms of its financial performance. We accumulated a net profit of NPR 434 MM after tax, with an earnings per share of NPR 223.

During the year under review, your company also expanded its market for Fanta by re-introducing the lemon flavour. Fanta Lemon, launched in June this year, is Fanta’s second best-selling flavour on a global scale and is widely sold across Europe. We are confident that it will perform well in Nepal as well.

The year was also replete with exciting news and developments. I am glad to inform that your company has been awarded as the Second Runner-up for the ‘National Best Presented Annual Report (BPA) Award 2015’ organised by the Institute of Chartered Accountants of Nepal on July 22, 2016.

I would like to take this opportunity to extend my gratitude to all the Board Members for their guidance and support. On behalf of the Board, I would like to extend our thanks to all our esteemed customers who have contributed significantly to our success, to every single stakeholder of our company and to all our business partners, Labour Unions, Statutory and Government bodies, Bankers and Financial Institutions, Media, Local Community, TCCC representatives, shareholders and the entire team of the company for their unwavering support.

Best Regards,
Shukla Wassan



REPORT OF THE BOARD OF DIRECTORS

Dear Valued Shareholders,

Your Directors are pleased to present the 38th Annual Report of your Company along with the statement of financial position, statement of profit or loss, statement of cash flow, statement of changes in equity and explanatory notes prepared as per the Nepal Financial Reporting Standard (NFRS) issued by Accounting Standard Board of Nepal (ASB-N) for the year ended 15th July 2016 (FY 2072/73) i.e. 31st Ashad, 2073.

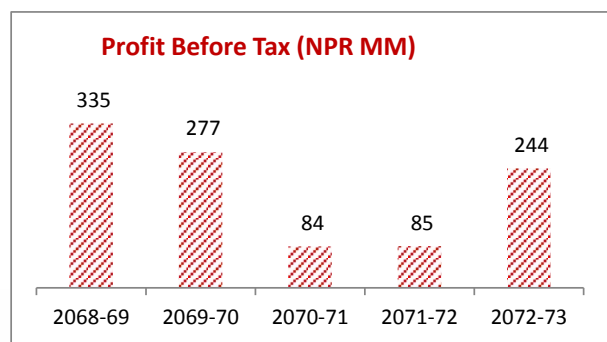
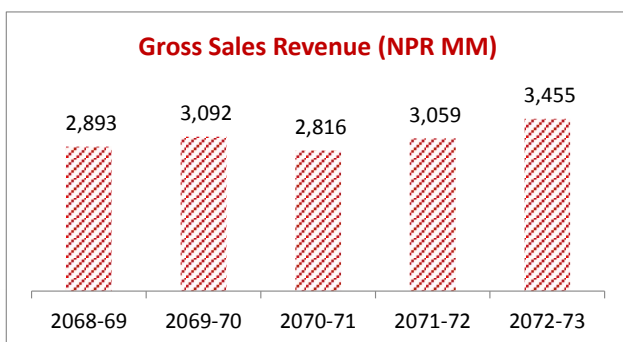
Your Company has been able to achieve yet another year of growth and profitability along with creating value for its stakeholders. Being a responsible corporate citizen, your Company has given due consideration to the upliftment of the society around the areas of its operation and has undertaken various sustainability initiatives as well.



Financial Results

The summarised financial results of your Company for the year under review are as under:

Particulars	NPR MM		
	2072-73	2071-72	% increase
Gross Sales Revenue	3,455	3,059	13%
Gross Profit	863	642	34%
Net Profit Before Tax	244	85	186%
Net Profit After Tax	182	(100)	282%



Note: MM stands for Million

GROUP'S PERFORMANCE DURING THE YEAR

The Group's performance is a consolidation of the performances of your Company i.e., Bottlers Nepal Limited (Holding Company) and two of its subsidiaries, namely, Bottlers Nepal (Terai) Limited and Troika Traders Private Limited.

Bottlers Nepal Limited (Standalone)

In FY 2072/73, BNL has made profit before tax of NPR 244 Million, which is 186 % more compared with previous Fiscal Year 2071/72. Further, the sales revenue of the Company during the year under review was NPR 3,455 Million, which is 13 % more compared with previous Fiscal Year FY 2071/72. This growth is primarily due to increase in sales volume and gains in commodity prices. For further details, the financials of BNL are enclosed along with this report.

Bottlers Nepal (Terai) Limited

In FY 2072/73, BNTL has made profit before tax of NPR 344 Million, which is 24% more compared with previous Fiscal Year 2071/72. Further, the sales revenue of the Company during the year under review was NPR 4,759 Million, which is 15% more compared with previous Fiscal Year FY 2071/72. This growth is primarily due to increase in the PET Sales volume of the Company, produced in its own new PET manufacturing line installed in 2070 B.S and also due to gains in commodity prices. For further details, the financials of BNTL are enclosed along with this report.

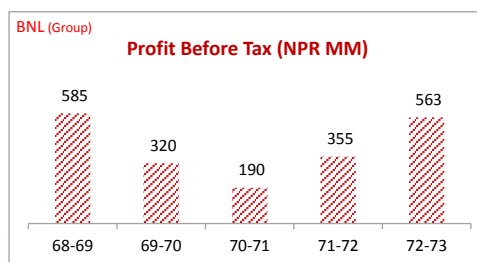
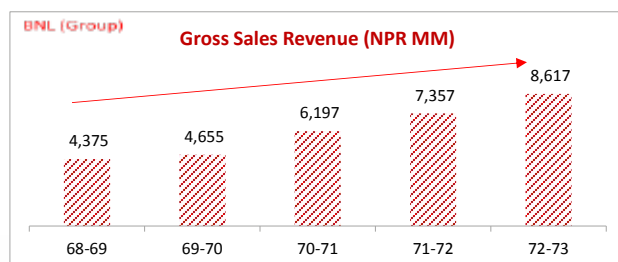
Troika Traders Private Ltd

During the year under review, the Company generated revenue amounting to NPR 403 million which is 145% more compared with previous Fiscal Year F/Y 2071/72.

The summarised financial results of the Group for the year under review are as under:

	NPR MM		
Particulars	2072-73	2071-72	% change
Gross Sales Revenue	8,617	7,357	17%
Gross Profit	1,931	1,532	26%
Net Profit Before Tax	563	355	59%
Net Profit After Tax	434	78	456%

The gross sales revenue trend, as has been presented below, clearly shows that we are making rapid progress towards building a strong foundation for a large scale business as a bottler of The Coca-Cola Company (TCCC) in Nepal.



BUSINESS ENVIRONMENT

Global:

The global economic scenario continued to remain volatile across different geographies. The neighbouring countries China and India are progressing fast to become economic giants. The Group is presently operating in an increasingly dynamic economic environment. Inflation has been steady in emerging markets and developing economies as the exchange rates remained broadly stable.

Nepal:

Nepal's economy remained subdued during the year under review. A series of challenges like the extended border unrest and the earthquake disaster aggravated the difficult economic conditions.

During the Fiscal Year 2072/73, the Gross Domestic Production (GDP) of the Country is estimated to rise by 0.77 percent against its growth rate of 2.32 percent in the previous year. The consumer price index during the current year is 9.50% as against the previous year of 7.20%. During the year, the Nepalese Rupee depreciated by 5.7 percent against the US dollar between mid-July, 2015 and mid-March, 2016 while it had appreciated by 4.5 percent against US dollar during the same period of previous fiscal year. Nepal's economy continues to be heavily dependent on the remitted transfers from migrant labour working in the Middle-East and South-East Asia. The unstable political situation coupled with low capital investment in the country, widening trade deficit and high inflation continued to remain major challenges. During the year under review, the government struggled to meet its budgeted capital expenditure. Further, the expected Economic Reform has not been forthcoming as anticipated by potential investors.

(Sources: Nepal Rastra Bank)

Enterprise Risk Management and Challenges

The Group's Enterprise Risk Management (ERM) system is robust and well placed to perceive, manage and mitigate the risks which gives us the ability to respond rapidly and decisively to an emerging crisis.

Future Outlook

The key focus for your company during the coming years will be on strengthening its Route To Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets, productivity, effective cost management and building strong capability to deliver medium and long term goals.

The Board of Directors of your Company is of the view that, subject to the improvement in the operating environment arising out of socio-political stability in the country, the Group is geared up to deliver strong business performance in the years to come. Your Directors have been closely monitoring the impact of the oil price movements, currency devaluation and the global economy and have been mindful of any trickle-down impact thereof.

Despite the challenging environment, the future also holds opportunities. We will approach these opportunities with caution to derive benefit from them in a sustainable manner. Our unique capabilities stemming from the group expertise compared to other players in market enable us to anticipate and respond to the extraordinary changes that may take place in the future.

We will continue to invest in our people for their continuous development so as to optimize their performance and build relevant professional skills to drive the business. For our communities, we will endeavour to make a real and lasting difference through right engagement towards environmental and societal concerns. Your company will consciously drive and maintain its high level of governance and strive towards providing better return on its investment.

OTHER MATTERS

- **Corporate Governance**

Your Directors are committed to ensure that the Group adheres to the highest standards of Corporate Governance in the conduct of its business. Our governance framework comprises of six pillars namely – Internal Controls, Internal Audit, Authorisation Framework, Governance Routines, Business Risk Review and Statutory Compliances.

- **Corporate Social Responsibility**

The Group is committed towards giving back to the society it operates in so that it can make a real and lasting difference through right engagement towards environmental and societal commitments. Your Directors believe that Corporate Social Responsibility (CSR) is a long-term approach to business that addresses the needs of the community, people and the company. We will continue to make significant contributions to the societies in which we operate through focused investment of our finances, time and expertise with meaningful community upliftment programs. Some of the CSR initiatives of the Group have been detailed in the CSR Section.

- **Environmental Concern and Sustainability**

Your Company has been engaged in multiple initiatives for positive environmental impact with an aspiration to grow sustainably. Furthermore, the business strategy of your Company has been aligned in consideration of the environmental and sustainability factors. Some of our initiatives have been separately elaborated in this Annual Report.

- **Human Resources**

Your Company, along with its subsidiaries, enjoys one of the highest employment engagement status in the country year after year. This demonstrates the degree of satisfaction and engagement delivered by the Company to its employees. Team work is a key factor in all of our achievements and the credit goes to all those employees who see their own future in the future of your company and are dedicated to make a positive impact. Your Directors recognise that it is important to have a diverse, talented and engaged work force to drive the growth opportunities we have. Detailed description of our employee engagements is described in the specific section of this Annual Report.

- **Code of Business Conduct and Anti-Bribery Policy**

Your Company has a strict Code of Business Conduct (COBC) and Anti Bribery Policy which guides our business conduct requiring honesty and integrity in all matters. All of our associates, employees, directors and vendors are required to read and understand the Code and follow its precepts in the workplace and in the larger community. The Code is administered by our Ethics & Compliance Committee. We regularly monitor and audit our business to ensure compliance with the Code and the Law.

Legal Reporting & Disclosures

AS PER SEC 109 OF COMPANIES ACT, 2006 (2063)

- (a) **Review of the transactions of the Previous Year:**
As covered above under the “Financial Results” and “Group Performance” sections.
- (b) **Impact, if any, caused on the transactions of the Company from National & International Situations;**
As covered above under the “Business Environment” section.
- (c) **Achievements in the current year as on the date of report & opinions of the Board of Directors on matters to be done in the future;**
As covered above under “Financial Results” & “Future Outlook” section.
- (d) **Industrial or Professional Relations of the Company;**
During the year, the relationship of the Company with its employees was harmonious resulting in no strikes.
- (e) **Alterations in the Board of Directors and the reasons therefore;**
During the year under review, the holding Company, Coca-Cola Southwest Asia Holdings Limited [Formerly known as Coca-Cola SABCO (Asia) Limited] had withdrawn their earlier nomination of Mr. Salman Latif Rawn and Mr. S.K Jawahar and in their place nominated Mr. Puneet Varshney and Mr. Gaurav Khosla w.e.f 11th April, 2016 and 25th April, 2016 respectively.
- (f) **Major things affecting the transactions;**
As covered above under “Business Environment” and “Risk & Challenges” sections.
- (g) **If there are any remarks in the Audit Report, the comments of the Board of Directors on such remarks;**
None
- (h) **Amount recommended for payment by way of Dividend;**
The Board of Directors has not proposed any dividend to the shareholders of the Company for the Fiscal Year 2072/73. Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st Ashad, 2073.
- (i) **In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the Company for such shares prior to the forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares;**
NIL
- (j) **Progress of transactions of the Company and of its subsidiary company(ies) in the previous financial year and, review of the situation existing at the end of that financial year;**
As covered above under various Sections.
- (k) **Major transactions completed by the Company and its subsidiary company(ies) in the financial year and any material changes taken place in the transaction of the Company during that period;**
None

(l) **Disclosures made by the substantial shareholders of the Company to the Company in the previous financial year;**

None

(m) **Details of shareholding taken by the directors and officers of the Company in the previous financial years and, in the event of their involvement in share transaction of the Company, details of information received by the Company from them in that respect;**

None

(n) **Details of disclosures made about the personal interest of any director and his / her close relative in any agreement related with the Company during the previous financial year;**

None.

(o) **In the event that the Company has bought its own shares (buy-back), the reasons for such buy-back, number & face value of such shares, and amount paid by the Company for such buy-back;**

None

(p) **Whether there is an internal control system in place or not and, details of such system, if it is in place;**

As covered under the "Internal Control Disclosure" section

(q) **Details of total management expenses during the previous financial year.;**

Particulars (FY 2072/73)	NPR (In MM)
Salaries, wages and other employee costs	234
Administrative expenses	221
Total	455

(r) **Name list of the members of Audit Committee, remuneration, Allowances and facilities received by them, details of the functions performed by that committee, and details of suggestions, if any, made by that committee;**

Please refer to Audit Committee details under Corporate Governance section

(s) **Amount, if any, outstanding & payable to the Company by any director, managing director, chief executive, substantial shareholders or, his/her close relative or, by any firm, company, corporate body in which he/she is involved;**

None

(t) **Amount of remuneration, allowances & facilities paid to the directors, managing director, chief executive & officer;**

Remuneration, allowances and facilities given to Directors, Managing Director and Managers during the year under review:

	Remuneration	Allowances	Facilities	Total
Director's fee	-	0.15	-	0.15
Managing Director	3.19	2.70	2.34	8.23
Managers	8.64	10.95	1.43	21.66
Total	11.83	13.65	3.76	29.25

Notes: Managing Director, Country Sales Manager, Channel & Key Accounts Manager, Country Finance Manager and Country Supply Chain Manager were also provided furnished rented accommodation and rented car. 65% of the cost was charged to its subsidiary Company, Bottlers Nepal (Terai) Ltd. All managers of the company are provided a vehicle allowance as per Company policy.

(u) Amount of Dividends remaining unclaimed by the shareholders;

Total unclaimed dividend as on Ashad 31, 2073 (15th July, 2016) is NPR 5,16,872/-.

(v) Details of sale and purchase of properties pursuant to Section-141:

None

(w) Details of transactions carried on between the Associated Companies pursuant to Section-175;

Following transactions were carried out with following Associated Company in the Fiscal Year 2072/73.

Associated Company	Details of transactions	Amount (In NPR)
Bottlers Nepal (Terai) Ltd	Recovery of Manpower Cost	54,819,801.00
Bottlers Nepal (Terai) Ltd	Sale/Purchase of Raw Materials such as Preform, Crowns	5,328,478.00
Bottlers Nepal (Terai) Ltd	Payment of Product transfer fee on account of sales made in their respective territories;	67,093,934.00

(x) Any Other matters required to be said out in the report of Board of directors under this Act and the prevailing laws;

None

(y) Other necessary matters;

None

On behalf of the Board of Directors,

Shukla Wassan
Chairperson

Trilochan Upreti
Director

Date: 23rd November, 2016



Coca-Cola



TASTE THE FEELING™

COCA-COLA and "CDPE" are the registered trademarks of The Coca-Cola Company. Contains added flavours. Contains no fruit.

BOARD OF DIRECTORS



Ms. Shukla Wassan
(Chairperson)

Ms Wassan is a FCS (Fellow Company Secretary) from the Institute of Company Secretaries of India, LLB and B.Com (Hons) with a total experience

of over 33 years. She has been a Director and Chairperson of the Company since 2nd December, 2014.



Mr. Puneet Varshney
(Managing Director)*

Mr. Varshney holds a Master Degree in Management Studies and BE Degree in Computer Science with a total experience of over 22 years. He is a

Director of the Company since 11th April, 2016 and has also been appointed as Managing Director of the Company w.e.f. 1st September, 2016*

**(The appointment as Managing Director is subject to obtaining necessary work permit / approval).*



Mr. Gaurav Khosia
(Director)

Mr. Khosla is a Chartered Accountant from the Institute of Chartered Accountants of India with a total experience of over 22 years. He has

been a Director of the Company since 25th April, 2016 and is also the Chairman of the Audit Committee of the Company since 2nd May, 2016.



Mr. Sumanta Datta
(Director)

Mr Datta holds a Masters in Business Administration degree and has more than 23 years of experience. He has been a Director of the Company since 16th August, 2016. He is also a Member

of the Audit Committee of the Company.



Mr. Surendra Silwal
(Alternate Director on behalf of Mr. Soren Lauridsen)

Mr. Silwal holds a Masters in Business Administration degree with a total experience of over 20 years in various Companies. He is an Alternate Director to Mr. Soren Lauridsen since 14th

September, 2012. He is also a Member of the Audit Committee of the Company.



Mr. Narmadeshwar Narayan Singh
(Director)

Mr Singh holds a degree of Masters in Arts in Political Science from India with a total experience of over 44 years. His current tenure as a Director of the Company started from

11th December, 2013.



Dr. Trilochan Upreti
(Independent Director)

Dr. Upreti holds multiple academic degrees including M.A., LL.M and Ph.D. with a total work experience of over 35 years in governance, human rights, legislative drafting, rendering

legal advice, opinion, administrative and financial matters. He is a Director of the Company since 14th December, 2012.



Mr. S K Jawahar
(Director)

Mr. Jawahar holds Bachelor of Commerce, LLB degrees and is an Associate Member of Institute of Cost & Management Accountants of India

with a total experience of over 26 years. He was a Director of the Company from 2nd December, 2014 till 25th April, 2016.



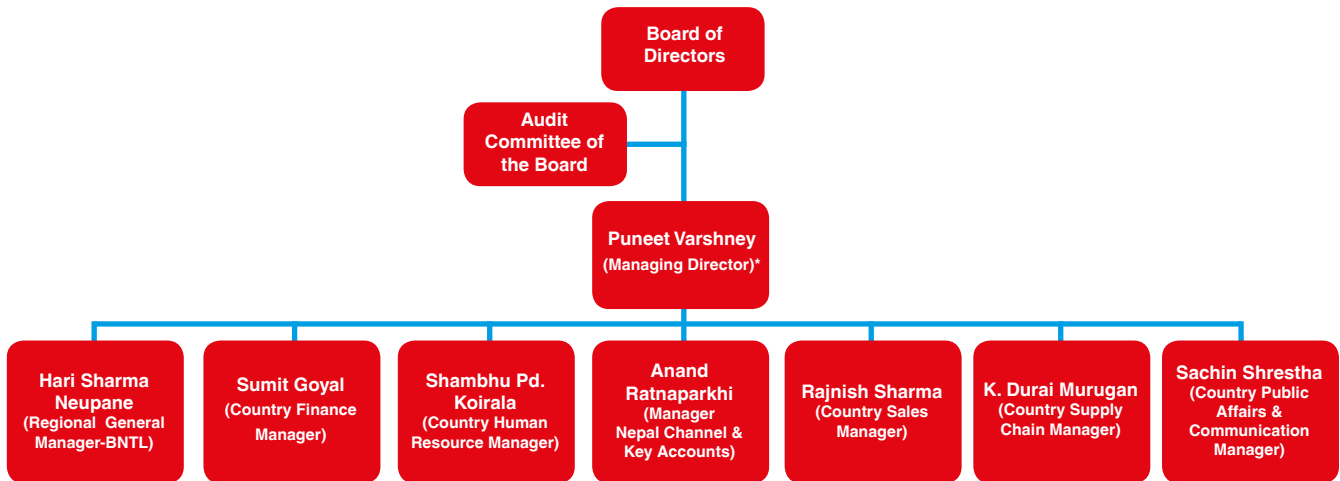
Mr. Sanket Ray
(Director)

Mr. Ray holds Post Graduate Diploma in Marketing & Sales, B.E. degree in Mechanical Engineering with a total experience of over 18 years. He was

a Director of the Company from 2nd December, 2014 till 16th August, 2016.

KEY MANAGERIAL PERSONNEL

The overall company management is led by the Managing Director and the Country Leadership Team. The name and designation of Management Team are as detailed as below.



From left to right Sachin Shrestha, Rajnish Sharma, Sumit Goyal, Anand Ratnaparkhi, Puneet Varshney, Hari Sharma Neupane, Shambhu Prasad Koirala, K. Durai Murugan

* Note : The appointment of Managing Director is w.e.f 1st September, 2016 subject to obtaining necessary work permit/approval.

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Board is committed to ensure that the Company adheres to the highest standards of Corporate Governance in the conduct of its business. Our commitment to best practices in Corporate Governance plays a key role in managing our risks and opportunities and maintaining the trust of our stakeholders.

Board of the Company

The Board of the Company has ultimate responsibility for direction, performance and long-term success of our business as a whole. During the year, the Board continued with its strength of 7 (seven) Members comprising of 6 (six) Non-executive Directors, who essentially have a supervisory role and, 1 (one) Managing Director. A list of our current Directors and their dates of appointments is set out on page no. 25.

Board's independence

Non-Executive Directors (NEDs)	5
Independent (Non-executive)	1
Managing Director (Executive Director)	1
Total	7

Board Meetings

During the year under review, a total of six (6) meetings of the Members of the Board were convened. The notice, agenda and other relevant documents were circulated to the Members well ahead of the meetings to ensure adequate and active discussion on the agenda(s) before arriving at decisions. The attendance of the Directors in the Board meeting convened during the FY 72/73 are as follows:

Board Members	Designation	No. of Meetings held during their tenure	Meetings Attended	Remarks
Shukla Wassan	Chairperson	6	6	
Sumanta Datta	Director	0	0	Joined the Board on 16th August, 2016
Puneet Varshney	Managing Director*	2	2	Joined the Board on 11th April, 2016 as Director and was appointed as Managing director w.e.f. 1st September, 2016
Gaurav Khosla	Director	2	1	Joined the Board on 25th April, 2016.
Surendra Silwal	Alternate Director	6	5	(Alternate Director on behalf of Mr. Soren Lauridsen)
Narmadeshwar Narayan Singh	Director	6	5	
Trilochan Upreti	Independent Director	6	5	
S. K Jawahar	Director	4	3	Resigned from the Board w.e.f. 25th April, 2016.
Sanket Ray	Director	6	5	Resigned from the Board w.e.f. 16th August, 2016
Salman Latif Rawn	Managing Director	4	2	Resigned from the Board w.e.f. 11th April, 2016.

* Note : The appointment of Managing Director is w.e.f 1st September, 2016 subject to obtaining necessary work permit/approval.

Audit Committee

The Board has formed an Audit Committee with defined terms of reference. The duties and responsibilities of Audit Committee are in congruence with the framework defined by the Companies Act 2063 (2006). The Audit Committee is constituted with Non-Executive Directors and hence, all the Members of the Committee, including the Chairman, are Non-Executive which ensures complete independence. The composition of the Audit Committee as at the end of the financial year 2072-73 was as below:

Mr. Gaurav Khosla	-	Chairman
Mr. Surendra Silwal	-	Member
Mr. Sanket Ray	-	Member

In pursuance to the resignation of Mr. Sanket Ray, Mr. Sumanta Datta was appointed as new Member of the Committee with effect from 26th August, 2016.

The Audit Committee is governed by the "Terms of Reference" duly approved by the Members of the Board. The salient features of the "Terms of Reference" of the Committee are as below:

- The Committee shall comprise at least three members, each of whom shall be appointed by the board.
- Where possible at least two members of the Audit Committee, one of which should act as the Chairperson, should be non-executive directors with financial expertise. If this is not possible, the Committee should include Group representatives or other Country Team members who have financial expertise. But in both case the Chairperson of Audit Committee must be a non-office bearing director of the company.

- The primary responsibility of the Committee is to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with applicable legal requirements and accounting standards.
- Review and recommend the appointment and retention of the external auditor and the audit fee, in addition to deliberating on the resignation or recommending the dismissal of the external auditor.
- Examine and review the quality of the annual financial statements of the company, prior to submission to and approval by the board.
- Consider the appropriateness of the accounting policies adopted and any changes to them, the accounting treatment of significant unusual transactions and significant adjustments arising from the audit.
- Ensure that the company is in full compliance with all statutory issues related to regulatory bodies and to advise the board of any issues arising.
- The Committee shall meet as frequently as required but not less than three times a year.

During the Fiscal year 2072/73, the Members of the Audit Committee met three times i.e, on 2nd December, 2015, 4th February, 2016 and 2nd May, 2016 for reviewing the financial statement of the Company including Internal financial Control and Risk Management and other financial issues. The following table indicates the attendance of Audit Committee meeting held during the FY 2015-16.

Name	Designation	Number of Meetings held during their tenure	Meeting attended	Remarks
S.K Jawahar	Chairman	3	2	Resigned from the Committee w.e.f. 2nd May, 2016
Sanket Ray	Member	3	3	Resigned from the Committee w.e.f. 26th August, 2016
Surendra Silwal	Member	3	3	
Gaurav Khosla	Member	0	0	Appointed as the Audit Committee Member on 2nd May, 2016

None of the Members received any remuneration/sitting fees for serving on the Audit Committee

Internal Control Disclosures

The Audit Committee of your company has been instrumental in ensuring that the company has all adequate systems of financial control in place. The Audit Committee periodically conducts review of the effectiveness of our Risk Management and Internal Control Systems and oversees the design of our Internal Control Systems along with the effectiveness of the Internal Audit Function throughout the year.

The Group has adopted a “Chart of Authority (COA)” defining financial and other authorisation limits and setting-up procedures for approving capital and investment expenditures. The Group has carried out a review of the operation of its Internal Control Framework for the Fiscal Year 2072-73, concluding that all material, financial, operational and compliance controls were effective.



लेमनी चट्टका
फनको नयाँ फट्टका

नयाँ
लेमन को
स्वादमा



Fanta[®]
LEMON FLAVOURED



MARKETING POLICY & INITIATIVES

The Coca-Cola Company (TCCC) is committed to the responsible marketing of its products and has a history of aligning its commercial practices with its sustainability goals and values. Our Responsible Marketing Policy sets forth our expectations in this regard. We respect the role of parents and caregivers by not marketing directly to children under the age of 12 years. Specifically, this means that we do not advertise any media which directly targets children under the age of 12 years. We do not design our marketing communications in any way that directly appeals to children under the age of 12 years.

As a global business, we respect and recognize the unique learning environment of schools and believe in commercial-free classrooms.

The carbonated beverages of your Company continue to be the first choice of refreshment in Nepal, which has been made possible with the right intervention linked to relevant occasions. Your company has been able to capitalize the opportunities effectively, resulting into a strong market presence during the FY 2015-16. Some of the important marketing initiatives of your Company, during the year under review, are detailed below :

Pheri Uthne Cha Nepal

August 2015- Anthem Campaign

2072 was a difficult year for the country because of the devastating earthquakes. In an attempt to provide moral support to the people, your Company tied up with various artists and created an anthem to salute the helping spirit of the Nepali youth who helped rebuild Nepal, and the resilience of Nepali people altogether. The anthem of the campaign titled “*Euta bato banda bhaye sainyoun bato khulchan*” was composed with the help of eminent artists of the country.





Nepathya Live Concert

May 2016

As part of another initiative, your Company was associated with Nepathya - one of the most prominent bands of the country to help earthquake victims through the medium of music and concerts. The proceeds of the musical concerts were contributed to charitable organizations to help earthquake victims. Your Company had provided promotional offers in selected high volume outlets where Coca-Cola consumers could win free tickets to the concert through a lucky draw.

CARMA launch

February 2016

On 28th February 2016, your Company unveiled a powerful communication campaign with its newest tagline "Taste the Feeling" for its most iconic product



TASTE THE FEELING™

– celebrating moments made more special with the simple pleasure of drinking Coca-Cola. With the tagline 'Taste the Feeling,' we are reminding people of the unmatched taste, upliftment, refreshment and togetherness that come with enjoying Coca-Cola.

Mo: Mo Utsav

February 2016

To strengthen the association of Coke and Meals, your Company sponsored events like food festivals, where the consumers



enjoyed chilled Coke with local food delicacies. One of the biggest food festivals has been Mo:Mo Utsav which has strongly helped to associate Coke with Mo:Mo. Your Company launched a mega festival campaign called Mo:Mo Utsav between Jan 22 to Feb 28, 2016 and initiated Mo:Mo Combo Offers in 200 plus outlets. Two popular celebrities, Ms. Priyanka Karki, one

of the finest Nepali actors and Ms. Shristi Shrestha, the Glamorous Fanta Miss Nepal 2012, were our Mo:Mo Utsav Ambassadors.



Maha Shivaratri

March-April 2016

Hindu devotees all over the country celebrate Mahashivaratri by worshipping Lord Shiva at various temples, rivers and community



centres. Pashupatinath Temple, a UNESCO World Heritage Site, is visited by over a million devotees from across the world during this period.

Your Company partnered with the local body, through its brand Maaza, by working on permanent branding of the peripheral outlets of Pashupatinath Temple, where we placed our iconic signage. New kiosks were set up in the mela areas to sell Company's products.



FANTA MISS NEPAL

April 2016

Your Company's brand "Fanta" has partnered with the The Miss Nepal Pageant since 2013. Fanta added its signature traits of playfulness, excitement and energy to the prestigious platform, giving consumers and contestants an opportunity to have some fun during the event. Fanta leveraged the mass appeal of the Miss Nepal Pageant, a platform that helps to showcase not just talent and beauty, but also helps groom and empower Nepali women to be leaders of tomorrow.

Your Company provided an opportunity for consumers to vote for the most fun and cheerful contestant of Fanta Miss Nepal 2016, who was adjudged Fanta Miss Bubbly.

Your Company also initiated college activations as part of the promotional campaign of Fanta Miss Nepal. Around six thousand students from 20 colleges participated to act bubbly and be the Miss Bubbly of their colleges. There were hundreds of winners who went away with our token of appreciations viz., Fanta T-shirts and Pen Drives.

130

years of
celebration

May, 2016

The Coca-Cola brand recently completed 130 years of its journey. On this occasion, your Company organized a mega sampling drive to all retailers by offering one chilled bottle of their favourite Coca-Cola. Your Company was able to cover around 32,500 outlets in three days across Nepal.





HUMAN CAPITAL

Your Company enjoys one of the highest Employee Engagement Scores in the country, year after year, which is evidence of how it is delivering employee satisfaction and continuous engagement. Team work is a key factor in all of the Company's achievements and the credit goes to all those employees who see their own future in the future of the Company and are dedicated to making positive change. Your Company strives for development of its employees at all levels. The learning and development goals are aimed at providing world class individual and organizational capability development and growth opportunities to staff, regardless of their employment level. Your Company has extended various trainings and exposure trips to its employees of various departments at all levels.

Capability Development Programmes



The manpower/employees of the Company are its most valuable resources who have exceptional team spirit and energy to drive the business and achieve its goals. The Company organized various capability development Programs during the Fiscal Year 2072-73 which includes Personal Effectiveness Program (PEP), Operational Excellence (OE), Analysis, Planning and Execution (APEX) and Stimulate Performance and Refresh Konnect (SPARK). The main focus of these programs were to build a culture of excellence and improve work efficiency in operations.

Workplace Rights Policy

Your Company's Workplace Rights Policy is designed to provide all stakeholders with clear guidelines and internally accepted standards for the way in which we treat our employees. The adherence to our workplace policies is audited on a regular basis. The Workplace Rights Policy is guided by the Labor Act of the country and also by the International Human Rights Standards. An inclusive workplace in which all members of the community has equal opportunities for employment and development regardless of race, gender, religion or disability is ensured at your Company.

Award and Recognition

Your Company had been awarded as 2nd Runner-Up in "National Best Presented Annual Report (BPA) Award, 2015" organized by the Institute of Chartered Accountants of Nepal (ICAN) held on 22nd July, 2016 (Friday), Shrawan, 07, 2073 at Hotel Soaltee Crowne Plaza, Tahachal, Kathmandu. Your Company also received a token of appreciation from the Accounting Standard Board (ASB), Nepal for effective implementation of Nepalese Financial Reporting Standard (NFRS) during fiscal year 2071/72.



SUPPLY CHAIN - CREATING VALUE:

Your Company operates a world class Supply Chain System wherein Quality and Sustainability along with Safety and Good Manufacturing Practices play the key role. With an aim for continuous improvement, the Supply Chain function meticulously focuses on potential improvement areas to achieve the target result.

As part of system certification, your Company had successfully passed surveillance of audits of all four (4) international systems i.e. Quality, Food Safety, Occupational Health and Safety and Environmental Management Systems. Your Company is further preparing for upgraded version of QMS 9001:2015.

We believe in our “Safety First Norms” in routine tasks. With a constant attempt to enhance Occupational Health and Safety, your Company frequently conducts pre-work risk assessment, orientation, OJT (On Job Training), in-house and even external trainings to relevant staffs. It also follows a scientific approach in Safety Management Systems comprising HIRA (Hazard Identification and Risk Assessment), safety orientation, work permit, ongoing supervision, data collection and analysis. Your Company has been providing all relevant personal protective equipment, based on nature of the job, to all of its associates.

With the objective of the plants in creating a v“ZERO ACCIDENT ZONE”, your Company has focused on Zero Hand and Foot Injury through team work and active participation of shop floor employees. Your Company has also adopted the practices of “Total Safety Index”, “Tool Box Talk” and, “Gemba Walk Programs”, which in turn contribute to improved safety culture in the plant.



CORPORATE SOCIAL RESPONSIBILITY

Your Company along with its subsidiaries, refreshes thousands of consumers throughout the Country with its core product offerings of Coca-Cola®, Sprite®, Fanta®, Maaza®, Minute Maid®, & Kinley® and impacts over 5,000 people as a system. As part of this commitment, the Company partners with local and International organisations for various social programs. Your company believes that Corporate Social Responsibility is a long-term approach to business that addresses the needs of communities, people and the Company. Your Company would therefore continue to make significant contributions to the societies in which it operates through focused investment of its finances, time and expertise into meaningful community uplift programmes. Some of our involvements and initiatives are listed below :

Empower Women, Empower the Nation- 5By20 Program

With an aim to provide special skills, tools and techniques to the traditional Nepalese retailers in Nepal's constantly changing retail scenario, your Company has been providing Business Skills Training, called "Shopkeeper Training and Resources (STAR)", to Nepal's women retailers, free of cost, since 2013.

Training women in retail skills, is a step to economically empower women under The Coca-Cola Company's global 5BY20 initiative. Under this initiative, the Company is extending its significant support to empower 5 million women across our global value chain by 2020. This initiative aims to empower women in our global business system by providing access to business skills, financial services & assets, support networks of peers and mentors. The program is focused on driving women empowerment through entrepreneurship for inclusive growth.

During 2016, 504 women retailers have been provided with Business Skills Training in various parts of the Country. Till date, over 3,000 women retailers have been empowered cumulatively with Business Skills Training in various parts of the Country.



1,739 Ambassadors successfully created through Plant Tours

A Plant tour is the best opportunity to exchange information with the customers and system employees. A Plant tour can make a long lasting impression on the visitors which helps them to personally relate to your Company's products. This tour also helps to inform the public about our modern, efficient and safe production practices and the state-of-the-art technology installed in producing our products.

Your Company has been conducting plant tours for many years now, which are helping in making visitors the brand ambassadors for our business. These tours also help in establishing ongoing relationship with our stakeholders. This year more than 1700 ambassadors have been created through the plant tours till date.



Celebration of “World Environment Day 2016”

World Environment Day is an opportunity for all of us to play an active role in spreading awareness about the protection of our environment. Your Company celebrated World Environment Day on 5th of June 2016 to promote awareness on the importance of preserving our biodiversity, the need to identify problem related to the environment and ways to take corrective action. To provide encouragement and support to waste workers, your Company associates joined them on the day, to sort PET Waste at the premises of “Himalayan Climate Initiative” located at Dhumbarai, Kathmandu.

Volunteer services

Our staff engage in volunteer services for various community activities. During the year, around 180 volunteer hours have been contributed for sorting PET Waste.



ENVIRONMENT AND SUSTAINABILITY

The Coca-Cola Company has a worldwide commitment towards the environment and sustainability of resources.

Keeping Nepal Clean - PET Recycle and Reuse

PET, as a package, has played a vital role in ensuring safe, hygienic, standardized products to consumers in a convenient way. It also provides the flexibility of weight and shape. Industries, worldwide like pharmacy, water, foods, oils, etc are using PET to the benefit of the consumers.

In its endeavour towards protection of the environment, your Company has been extending an effective support to the project, "PET Bottle Recycling Social Enterprise", wherein around 157 tons of PET bottles have been collected as of July, 2016 from Kathmandu for recycling and reuse.

Rainwater Harvesting

With an aim to recharge water, your Company has constructed Rain Water Harvesting and Ground Water Recharge structure within the premises of its Plant with an estimated recharge capacity of around 2700 Litres per year. Your Company is planning to construct more of such structures to recharge water back into the ground.

STATEMENT OF VALUE ADDED

VALUE CREATED:

We create value for our stakeholders and our business by carefully managing the use of and return on all capitals or inputs.

Net Profit	Contribution To National Treasury	Volunteer Hours For Community Activities
NPR 434 MM (P/Y NPR 78 MM)	NPR 2,669,780,432 /-	180 hours

Direct Employment

Company	No. of Employees
BNL	303
BNTL	265
Total	568

VALUE SHARED WITH:

By running a sustainable and responsible business, we create value which is subsequently retained by our business, making it stronger and shared with all of our stakeholders)

○ Shareholders

Through the process of managing all inputs to our business well, we create profits which benefit shareholders through dividend payments and share value.

○ Suppliers

As we create value, we support businesses throughout our value chains and support job creation beyond our business.

○ Customers

Our efforts to produce products efficiently and responsibly builds value for our customers' businesses.

○ Communities

When our business is sustainable and responsible, the communities where we operate benefit through job creation, tax payments to governments, useful products and services and minimisation of environmental impact.

○ Consumers

We offer a range of beverages to satisfy evolving consumer preferences and active, healthy lifestyles.

○ Employees

Developing, recognizing and rewarding our people secures a skilled and motivated workforce.

OTHER INFORMATION

Stakeholder Relationship

In order to strengthen our relation with shareholders and provide efficient services to the shareholders, Nabil Investment Banking Limited has been appointed as “Registrar to Shares”.

During the year under review, your Company had also dematerialize all of its shares and consequently shares of the company will be traded electronically henceforth.

Share prices

Bottlers Nepal Limited

Year	Maximum (In NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2014-15	1,660	1,660	1,660	3	2
2015-16	None	None	None	None	None

* Note - 98.16% of the shares are held by two institutional investors. The rest 1.84% shares held by the public is rarely traded thus market price is not readily available.

Bottlers Nepal (Terai) Limited

Year	Maximum (In NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2014-15	2,380	1,678	2,209	48	24
2015-16	5,936	2,160	5,936	85	30

Financial Analysis

Figures in NPR

Vertical Analysis			
Particulars	For the year 2072-73	For the year 2071-72	For the year 2070-71
Revenue	6,398,229,089	5,281,658,141	4,595,638,213
Gross Profit	1,930,517,332	1,531,799,965	1,382,517,287
Operating Profit	683,317,825	526,492,106	394,815,252
Profit Before Tax	563,121,774	355,189,885	189,559,710
Profit After Tax	433,835,636	77,975,959	129,564,352
Horizontal Analysis			
Particulars	Year ended 2073	Year ended 2072	Year ended 2071
Total Assets	5,793,945,016	5,252,712,461	5,739,430,737
Plant Property and Equipment	3,723,755,128	3,627,104,915	3,563,910,179
Current Assets	2,029,835,649	1,573,868,570	2,153,808,869
Current Liabilities	3,094,428,975	2,870,317,156	3,125,653,212
Debt	1,377,167,875	1,854,940,656	2,437,400,503
Shareholder equity	1,782,409,899	1,384,364,681	1,356,791,885

Ratio Analysis			
Particulars	Year ended 2073	Year ended 2072	Year ended 2071
Gross Profit Ratio	30%	29%	30%
Profit Before Tax Ratio	9%	7%	4%
Current Ratio	0.7	0.5	0.7
Debt Equity Ratio	0.8	1.3	1.8
Assets Turnover Ratio	1.1	1.0	0.8

ADDITIONAL DISCLOSURES

Information to be disclosed in the Annual Report

(As per Rule 26(2) of Securities Registration and Issue Regulation, 2073)

1. Report of the Board of Directors:

Refer page no. 16 to 24 of this Report.

2. Auditor's Report

Refer page no. 46 and 82 of this Report.

3. Audited Financial Reports

Refer page no. 47 to 80 and 83 to 115 of this Report.

4. Legal Proceedings:

Date when the case was filed	2nd August, 2015 filed at District Administration Office (DAO).
Issue pertaining in the case	A customer filed a complaint alleging presence of fine carbon particles in Fanta PET bottle at Department of Food Technology and Quality Control (DFTQC). DFTQC filed a case against alleging breach of Section 3 of Food Act, 1966.
Name against whom the case was filed	Mr. Sanjeev Shrestha, Factory Manager
Legal outcome of the case	Fine of NPR 10,000/-

5. Analysis of Stock Performance of the Body Corporate

i) Management's view on the performance of the stocks of the body corporate in the Stock Exchange.

Price and transactions of the Company's shares are being determined by the open share market operations through a duly established Stock Exchange. Managements view on this is neutral.

ii) High, Low and Closing price of the stocks of the company during each quarter of the preceding year along with total volume of trading of shares and number of days traded.

No shares were transacted during the year under review.

6. Problems and Challenges

INTERNAL

1. Rural distribution at effective cost

EXTERNAL

1. Unstable socio-political environment.

2. Fluctuation in international fuel prices impacting packaging material prices and local transportation cost.

STRATEGY

1. Proactively monitor the internal and external environmental changes.

2. Develop cost effective distribution models for rural areas;

7. Corporate Governance

Incorporated in detail under "Corporate Governance" section (Page no. 27 to 29) in this Annual Report.



CONSOLIDATED FINANCIAL REPORT

(GROUP)

2072/73

(2015/16)

T.R. Upadhy & Co.

Chartered Accountants

124 Lal Colony Marg
Lal Durbar
Post Box No. 4414
Kathmandu, Nepal

Telephone: 977 (1) 4410927, 4420026
Fax : 977 (1) 4413307
E-mail : trunco@ntc.net.np

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDER OF BOTTLERS NEPAL LIMITED (GROUP)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bottlers Nepal Limited and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 15 July 2016 and the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Nepal Financial Reporting Standards (NFRSSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 15 July 2016 and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Companies Act 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the consolidated statements of financial position, profit or loss, other comprehensive income, cash flows and the changes in equity have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company



Sanjeev Kumar Mishra
Partner



Kathmandu
23 November 2016

BOTTLERS NEPAL LIMITED (GROUP)**Consolidated Statement of Financial Position**

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	As at 31st Ashad 2073	As at 31st Ashad 2072
ASSETS			
Non-current assets			
Intangibles	3	7,475,603	11,296,275
Property, Plant and Equipment	4	3,723,755,128	3,627,104,915
Financial Assets			
Prepayment	7.1	32,878,637	40,442,700
Current Assets			
Inventories	6	1,496,878,060	1,098,814,012
Non Financial Current Assets			
Prepayments	7.1	35,780,873	13,920,793
Financial Assets			
Advances	7.2	14,938,376	20,535,650
Other Current Assets	7.3	289,214,481	162,742,818
Trade receivables	8	138,010,223	224,354,812
Cash and Cash Equivalents	9	55,013,636	53,500,486
Total Assets		5,793,945,016	5,252,712,461
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	10	194,888,700	194,888,700
Reserve and Surplus	11	1,507,401,977	1,131,056,034
Non Controlling Interest	12	80,119,222	58,419,947
Non-current liabilities			
Retirement Benefit Obligation	13.2	538,006,520	450,367,190
Deferred Tax Liability	5.3	3,099,621	1,663,434
Financial Liabilities			
Borrowings	14.1	376,000,000	546,000,000
Current liabilities			
Financial Liabilities			
Borrowings	14.2	1,001,167,875	1,308,940,656
Trade payables	14.3	1,486,170,768	1,005,089,423
Other Financial liabilities	15	607,090,333	556,287,077
Total Equity and Liabilities		5,793,945,016	5,252,712,461

Shukla Wassan
Chairperson

Sumanta Datta
Director

Narmadeshwar Narayan Singh
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Puneet Varshney
Director

Dr. Trilochan Upreti
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Sanjeev Kumar Mishra
Partner

For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu

Date: 8th Mangsir 2073 (23rd Nov 2016)

BOTTLERS NEPAL LIMITED (GROUP)**Consolidated Statement of Profit or Loss**

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Revenue from operations	16	6,398,229,089	5,281,658,141
Cost of sales	17	(4,467,711,757)	(3,749,858,176)
Gross Profit		1,930,517,332	1,531,799,965
Other operating income	18	15,789,706	173,400,639
Selling and distribution expenses	19	(891,010,514)	(792,325,937)
Administrative and operating expenses	20	(371,978,699)	(386,382,562)
Profit from Operations		683,317,825	526,492,106
Finance Costs	21	(120,771,799)	(172,362,225)
Finance Income	22	575,748	1,060,004
Profit Before Tax		563,121,774	355,189,885
Income Tax Expense			
Current Tax	5.1	(121,090,634)	(259,278,578)
Deffered Tax	5.2	(8,195,504)	(17,935,348)
Net Profit for the year		433,835,636	77,975,959
Basic Earning Per Share		223	40
Owners of the Company		408,330,897	60,756,664
Non Controlling Interest		25,504,739	17,219,295

Shukla Wassan
Chairperson

Sumanta Datta
Director

Narmadeshwar Narayan Singh
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Puneet Varshney
Director

Dr. Trilochan Upreti
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

BOTTLERS NEPAL LIMITED (GROUP)
Consolidated Statement of Other Comprehensive Income
For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Net Profit for the year as per Statement of Profit or Loss	433,835,636	77,975,959
Items that will not be reclassified to Statement of Profit or Loss		
Acturial Gain/(Loss) on defined benefit plan schemes	(39,760,685)	(58,476,617)
Deffered Tax on Acturial Gain/(Loss)	6,759,316	10,526,991
Items that may be reclassified to Statement of Profit or Loss		
Other comprehensive gain/(loss) for the year, net of tax	(33,001,369)	(47,949,626)
Total Comprehensive gain/(loss) for the year, net of tax	400,834,267	30,026,333
Owners of the Company	376,345,943	14,988,469
Non Controlling Interest	24,488,324	15,037,863

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Director

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Sumit Goyal
Country Finance Manager

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Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

BOTTLERS NEPAL LIMITED (GROUP)**Consolidated Statement of Cash Flow**

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	563,121,774	355,189,885
Adjustments for non cash and non operating:		
Depreciation on property, plant and equipment	425,973,518	430,957,111
Amortization of Intangible Assets	3,026,403	4,154,346
Loss/ (gain) on sale/write off of Property, plant and equipment	58,270,967	10,417,484
Finance income	(575,748)	(1,060,004)
Finance costs	120,771,799	172,362,225
Gain on sales proceeds from Property, plant and Equipment	(4,602,375)	(3,407,415)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	530,775,070	359,379,339
Increase / (Decrease) in provisions	47,878,645	24,367,171
Decrease / (Increase) in trade and other receivables	86,344,589	131,117,418
Decrease / (Increase) in loans and advances	(135,170,406)	3,212,207
Decrease / (Increase) in inventories	(398,064,048)	(211,461,556)
Cash generated from operations	1,297,750,186	1,275,228,212
Direct taxes paid (net of refunds)	(116,213,750)	(76,577,866)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,181,536,436	1,198,650,346
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, plant and Equipment	(576,181,937)	(523,324,484)
Purchase of Intangibles	(3,918,483)	-
Proceeds from sale of Property, Plant and Equipment	4,602,375	4,400,122
Interest Received	575,748	1,060,004
NET CASH FLOWS FROM INVESTING ACTIVITIES	(574,922,297)	(517,864,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(477,772,781)	(582,459,847)
Interest paid	(124,424,143)	(167,686,012)
Dividend paid	(2,904,063)	(2,030,382)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(605,100,986)	(752,176,241)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,513,149	(71,390,253)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	53,500,486	124,890,739
CASH AND CASH EQUIVALENTS, End of Period	55,013,636	53,500,486

Shukla Wassan
ChairpersonSumanta Datta
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Independent DirectorSumit Goyal
Country Finance Manager

As per our attached report of even date

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu

Date: 8th Mangsir 2073 (23rd Nov 2016)

BOTTLERS NEPAL LIMITED (GROUP)

Consolidated Statement of Changes in Equity

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2072	194,888,700	165,087,020	965,969,014	1,325,944,734
Changes in accounting policy				
Other Adjustments				
Restated Balance	194,888,700	165,087,020	965,969,014	1,325,944,734
Profit for the year			408,330,897	408,330,897
Other comprehensive income			(31,984,954)	(31,984,954)
Balance as at 31st Ashad 2073	194,888,700	165,087,020	1,342,314,957	1,702,290,677

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Kathmandu

Date: 8th Mangsir 2073 (23rd Nov 2016)

BOTTLERS NEPAL LIMITED (GROUP)

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 15 July 2016

1 Corporate Information

The consolidated financial statements of Bottlers Nepal Limited (Group), includes Statement of Financial Position as at 31st Asadh 2073 (15 July 2016) and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and for the year ended 31st Ashadh 2073 (15th July 2016) and related Significant Account Policies and Notes were authorized for issue in accordance with a resolution of the board of directors dated 8th Mangsir 2073 (23rd Nov 2016)

Bottlers Nepal Limited (Group), hereinafter referred to as “group”, comprises of Bottlers Nepal Limited (the parent company) and two subsidiary companies namely Bottlers Nepal (Terai) limited and Troika Traders Private Limited.

Bottlers Nepal Limited (“Company”) is a public limited Company listed on the Nepal Stock Exchange Ltd incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business are located at Balaju Industrial District, Balaju, Kathmandu, Nepal. Bottlers Nepal Ltd is a licensed bottler, marketer and distributor of non-alcoholic beverages products of the Coca-Cola Company.

Bottlers Nepal (Terai) Limited (“Company”) is a public limited Company listed on the Nepal Stock Exchange Ltd incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business are located at Bharatpur, Chitwan, Nepal.

Bottlers Nepal (Terai) Limited is a licensed bottler, marketer and distributor of non-alcoholic beverages products of the Coca-Cola Company.

Troika Traders Pvt. Ltd. (“Company”) is a private limited Company incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business are located at Balaju Industrial District, Balaju, Kathmandu, Nepal. Troika Traders Pvt. Ltd is a licensed bottler, marketer and distributor of non-alcoholic beverages products of The Coca-Cola Company.

2 Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal. These confirm, in material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis. The term NFRS, which includes all the standards and the related interpretations is consistently used.

This section describes the critical accounting judgement that the group has identified as having potentially material impact on the group’s financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The group’s accounting policies require the management to exercise judgement in making accounting estimates.

2.1 Accounting Pronouncements

The group for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by Accounting Standards Board Nepal, effective as on 13 September 2013.

2.2 Accounting Convention

The financial statements are prepared on a historical cost basis except for certain financial and equity instruments that are measured at fair value.

2.3 Presentations

The financial statements are prepared in Nepalese Rupees and rounded off to the nearest rupee.

The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. The Group classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading. Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The Group classifies a liability as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities. Net defined benefit obligation is also classified as not current liabilities.

The group's operating cycle has been defined as twelve-month period.

The statement of profit or loss has been prepared using classification 'by function' method.

The statement of cash flows has been prepared using indirect method. Cash flows from operating activities, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes, separately include cash flows relating to employee bonus and retirement benefits.

2.4 Accounting Policies

NFRS requires adoption of accounting policies that are most appropriate to the group's circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

The Parent company's and subsidiaries' accounting policies are uniform and aligned.

2.5 Accounting Estimates

The preparation of financial statements in line with NFRS which requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates are reviewed periodically by the management.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.6 Financial periods

The group prepares consolidated financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date / Period	Gregorian Calendar Date / Period
SFP Date *	31 Ashadh 2073	15 July 2016
Current Reporting Period	1 Shrawan 2072 - 31 Ashadh 2073	17 July 2015 - 15 July 2016
Comparative SFP* Date	31 Ashadh 2072	16 July 2015
Comparative reporting period	1 Shrawan 2071 - 31 Ashadh 2072	17 July 2014 - 16 July 2015

*Statement of Financial Position

2.7 Presentation currency

The group's financial statement is presented in Nepalese Rupees which is also the Group's functional currency.

2.8 Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss statement over the lease term. The Company has leased 3 plots of land ranging from 20-40 years from Balaju Industrial District (BID). These lease agreements are renewal with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however BID has right to review the lease payment in each 5 years. Future minimum rentals payable under non-cancellable operating leases as at balance sheet date are as follows:

Figures in NPR

Period	As at 31st Ashad 2073	As at 31st Ashad 2072
Less than one year	115,556	404,653
One to Five years	379,486	368,802
More than five years	4,978,143	4,463,041
Total	5,473,185	5,236,496

2.9 Principle of Consolidation

Financial statements of the parent company Bottlers Nepal Limited (BNL) and subsidiaries Bottlers Nepal (Terai) Limited and Troika Traders Pvt. Ltd. (BNTL & TTPL) has been consolidated in accordance with NFRS 3 and NFRS 10. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the parent and its subsidiary have been combined on a line-by-line basis by adding together the carrying values of like items of assets, liabilities, revenues and expenses after eliminating intra-Group balances / transactions and resulting profits in full. Unrealized profit / losses resulting from intra-Group transactions has also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Companies' separate financial statements. Differences in accounting policies, if any, has been disclosed separately.
- Non-Controlling Interest's share in net profit of consolidated subsidiary's result for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the group and non-controlling interest.
- Non-Controlling Interest's share in net assets of 'the Group' is identified and presented in the consolidated statement of financial position separate from liabilities and the equity of the Company's shareholders as Non-Controlling Interest (NCI).
- The extent of the group's control on the subsidiaries is reflected by the shareholding in the subsidiaries. The details of which is as under.

Percentage of Holding as on

Name	Country of Incorporation	31st Ashad 2073	31st Ashad 2072
Bottlers Nepal (Terai) Ltd.	Nepal	90.78%	90.78%
Troika Traders Pvt. Ltd.	Nepal	100.00%	100.00%

- The financial statements of the subsidiary used for consolidation are drawn for the same reporting period as that of the parent Company i.e. year ended Ashadh 31, 2073.
- The parent has acquired the shares in the subsidiaries in fair values at the date of acquisition therefore no goodwill is recognized.

2.10 Non-Controlling Interest

Non-controlling interest in the BNL (Group) pertains to the other shareholding in BNTL. Non-controlling interest is presented in accordance with the provision of IFRS 3 and IFRS 10 by allocating the net assets in the respective company in proportion to the shares held by other shareholders other than BNL (the parent).

Details of Non-Controlling interest are:

Particulars	BNTL	Percentage
BNL	1,098,472	90.78%
Others	111,528	9.22%
Total	1,210,000	100.00%

3 Intangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 31st Ashad 2072	22,099,878	-	22,099,878
Additions	3,918,483	6,805,702	10,724,186
Disposals/Adjustments	(15,409,266)	(3,918,483)	(19,327,750)
Closing balance at 31st Ashad 2073	10,609,095	2,887,219	13,496,314
Accumulated Amortisation			
Opening balance at 31st Ashad 2072	10,803,602	-	10,803,602
Charge for the year	3,026,403	-	3,026,403
Disposals/Adjustments	(7,809,294)	-	(7,809,294)
Closing balance at 31st Ashad 2073	6,020,711	-	6,020,711
Balance at 31st Ashad 2073	4,588,384	2,887,219	7,475,603
Balance at 31st Ashad 2072	11,296,275	-	11,296,275

Intangible assets are recognized on the basis of costs incurred to acquire and bring to use the specific intangible assets such as, software, where it is probable that such asset will generate future economic benefits in excess of its cost.

Computer software cost are amortized on the basis of expected useful life, which is estimated as 5 years (the estimate is being reviewed periodically). Costs associated with maintaining software are recognised as and expenses as and when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being greater than its recoverable amount, the assets is considered to be impaired and is written down immediately.

The expenditure incurred in acquisition and installation of new software till the date of commissioning is recognized as intangible under development. Software is capitalized upon successful test run and after meeting recognition criteria. On our assessment certain assets' carrying value had to be written down. Consequently, the carrying gross value and the relevant accumulated depreciation has been adjusted in specific assets classification wherever required. After completion of appropriate approval procedures these amount will be written off.

The company has made a provision for missing/obsolesce assets of NPR 7,599,972 in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from FAR.

4 Property Plant and Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Balance at 31st Ashad 2072	768,706,311	2,704,100,201	31,005,160	587,953,733	940,822,226	147,739,043	195,590,772	5,375,917,446
Additions	15,209,777	160,763,029	10,503,766	158,568,865	238,835,674	9,639,425	670,514,377	1,264,034,912
Disposals/Adjustments	(677,821)	(59,259,814)	(902,044)	(81,457,996)	(202,093,933)	(44,140,868)	(690,740,194)	(1,079,272,670)
Balance at 31st Ashad 2073	783,238,267	2,805,603,415	40,606,882	665,064,602	977,563,966	113,237,600	175,364,955	5,560,679,688
Depreciation and Impairment Losses								
Balance at 31st Ashad 2072	67,671,229	728,894,835	24,770,267	231,799,597	613,231,872	82,444,731	-	1,748,812,531
Charge for the year	20,050,171	189,072,984	4,430,149	70,610,568	115,276,750	26,532,897	-	425,973,518
Disposals/Adjustments	(95,097)	(46,940,683)	(689,731)	(45,566,500)	(202,235,413)	(42,334,064)	-	(337,861,488)
Balance at 31st Ashad 2073	87,626,302	871,027,136	28,510,685	256,843,665	526,273,209	66,643,564	-	1,836,924,560

Net Block

Balance at 31st Ashad 2073	695,611,965	1,934,576,280	12,096,197	408,220,937	451,290,757	46,594,037	175,364,955	3,723,755,128
Balance at 31st Ashad 2072	701,035,082	1,975,205,365	6,234,893	356,154,136	327,590,354	65,294,313	195,590,772	3,627,104,915

Property, plant and equipment are initially measured at cost in the statement of financial position. These are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets. Property, plant and equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of property, plant and equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. If an item of property, plant and equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NFRS are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1. Management feels that such cost are not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognized impairment loss, if any. Depreciation on these assets will commence when these assets are ready for their intended use and classified under specific asset category.

The company has made a provision for missing/obsolesce assets of NPR 50,869,401 in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from FAR.

4.1 Depreciation

Depreciation on items of property plant and equipment is calculated on the straight-line method based on the useful life of the assets estimated by the management. Depreciation on additions to property plant and equipment is provided on pro-rata basis in the year of purchase, when the asset is ready to use. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of property plant and equipment consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

4.1.1 Change in Accounting Estimate

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

During the year management felt the necessity to review the useful life of the assets and an independent assessment was conducted. Basis the recommendation of the assessment useful life of the assets has been revised. Had no changes been made the depreciation would be lesser by NPR 29,391,388.

The changes in the estimates of useful life of the property plant and equipment is given in the table below.

Particulars	Clubbed under following class of assets	Revised	Previous Assessed
		Useful Life (Years)	Useful Life (Years)
Building	Building	40	50
Plant and Machinery	Plant and Machinery	20	20
Cooler	Cooler	9	10
Office Equipment	Office Equipment	5	5
Computer Accessories	Office Equipment	4	4
Bottles	Containers	5	3
Crates	Containers	8	5
Wooden Pallets	Other Assets	1	2
Plastic Pallets	Other Assets	5	5
Furniture and Fixtures	Other Assets	10	6
Motor Vehicles	Other Assets	5	5
Other Assets*	Other Assets	10	10

*Other assets majorly includes transformers, electrical installations and soft drink analyzer.

4.2 De-recognition

An item of property plant and equipment is de-recognised on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognised in the statement of profit and loss.

4.3 Capital Work in Progress

The expenditure incurred in acquisition and installation of new systems and equipment till the date of commissioning or civil works under construction till the date of completion is recognized as Capital works-in-progress. Equipment are capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Water Line	-	73,816,483
PET Project	-	106,374,504
Raw Water Tank	7,320,212	-
Palletizer	41,995,803	-
Machineries	48,952,158	9,054,088
Coolers	36,058,395	2,414,436
Others	3,578,095	3,931,261
Total	175,364,955	195,590,772

5 Income Taxes

5.1 Current Income Tax

Each consolidated company is a separate assessable unit for income taxes. The company's tax liabilities, advance taxes and tax expenses for the period is calculated as individual units.

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Current tax on profits for the year	102,391,920	43,030,914
Adjustment for under provision in prior periods	18,698,714	216,247,664
Total	121,090,634	259,278,578

5.2 Deferred Income Taxes

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Origination and reversal of temporary differences	8,775,442	(1,688,916)
Effect of change in the tax rates	(579,938)	
Recognition of previously unrecognized deferred tax assets	-	19,624,265
Total	8,195,504	17,935,348

5.3 Deferred tax Liability

Deferred tax is calculated on temporary differences using the effective tax rate of 17% (2072: 18%). Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the management believe it is probable that these assets will be recovered.

FY : 72/73

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	3,548,390,173	2,953,424,825	(594,965,348)
2 Provisions for Expenses	(571,999,214)	-	571,999,214
3 Intangible Assets	4,588,382	9,321,450	4,733,068
Total			(18,233,067)
		17%	(3,099,621)
Opening Deferred tax Assets/(Liability)			(1,663,434)
Deferred tax provision recognised			(1,436,188)
Closing Deferred tax Assets/(Liability)			(3,099,621)
Charge/(Credit) to OCI			(6,759,316)
Charge/(Credit) to PL			8,195,504

FY : 71/72

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	3,430,406,378	2,951,284,169	(479,122,208)
2 Provisions for Expenses	(471,276,730)	-	471,276,730
3 Intangible Assets	11,296,276	9,900,455	(1,395,821)
Total			(9,241,299)
		18%	(1,663,434)
Opening Deferred tax Assets/(Liability)			5,744,925
Deferred tax provision recognised			(7,408,359)
Closing Deferred tax Assets/(Liability)			(1,663,434)
Charge/(Credit) to OCI			(10,526,991)
Charge/(Credit) to PL			17,935,351

5.4 Reconciliation

Reconciliation of taxable profit and the accounting profit :-

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Accounting profit before income tax	563,121,774	355,189,885
Adjustments	5,722,226	(116,129,252)
Total profit as per Income Tax	568,843,999	239,060,633

6 Inventories

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Raw materials	1,021,476,904	753,136,703
Work-in-process	5,800,886	2,700,813
Finished goods	171,149,912	78,900,478
Consumables	298,450,358	264,076,018
Total	1,496,878,060	1,098,814,012

Inventories are carried at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses. The cost of obsolescence and other anticipated losses are also considered for determining the net realizable values.

In determining the cost of raw materials and packing materials, First In First Out (FIFO) method is used. Cost of inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost of consumables, stores and spares weighted average cost method is used.

Cost of finished goods and work in progress includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition.

Inventories are presented net of allowance for obsolescence and other possible depletion in value or other losses. Those allowances are estimated to approximate the net realizable value of such items. Allowance adjustments are made for those inventories identified by management as obsolete on the basis of 10 Year Aging or technical evaluation whichever is earlier.

Inventories have been pledged as lien for the purpose of availing bank overdraft facilities.

7 Other Assets

7.1 Prepayments

These are expenses paid for the period beyond the financial period covered under the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Prepaid Expenses	68,659,510	54,363,493
Total	68,659,510	54,363,493
Current	35,780,873	13,920,793
Non Current	32,878,637	40,442,700

Financial Instruments: Financial Assets

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified under four categories as required by NAS 39, namely,

- Fair Value through Profit or Loss,
- Held to Maturity,
- Loans & Receivables and
- Available for Sale .

The Group only holds financial assets meeting the recognition criteria of Loans & Receivables classification. These instruments are to be recognized at amortised cost using effective interest rate.

Financial assets of the Group comprises of advances, other current assets, Trade Receivables and cash & cash equivalents. These instruments are mostly non-interest bearing and where interest component is present the implicit interest rate approximates effective interest rate. These instruments are expected to be settled or recovered within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of the assets.

Risks associated with Financial Instrument- Financial Assets

The Group has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given in section 28

Financial Assets in this financial statements include the following

- Advances
- Other Current Assets
- Trade Receivables
- Cash and Cash Equivalents

These have been described in each section as under

7.2 Advances

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Capital Advances	8,631,571	15,893,235
Advances to Employees	6,306,805	4,642,415
Total	14,938,376	20,535,650

These advances are non-interest bearing and are expected to be settled in the normal course of operations.

7.3 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Security Deposits	1,063,459	1,753,394
Advance to suppliers	216,236,006	107,984,153
Advances to Employees	9,938,679	19,247,587
Balances with statutory/government authorities	42,460,000	11,932,000
VAT Receivable	19,516,337	21,825,684
Total	289,214,481	162,742,818

8 Trade Receivable

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade receivables		
Secured, considered good	98,453,084	111,490,710
Unsecured considered good	38,905,270	95,626,422
Less: Allowance for bad and doubtful debts	-	524,891
Other receivables	651,869	17,762,571
Total	138,010,223	224,354,812

Bank overdrafts are secured against all receivables.

8.1 Trade Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing and are generally on terms of 30 to 90 days.

Secured trade receivable are against Bank Guarantee provided by the customers.

8.2 Other Receivables

Other receivables are receivable from insurance companies against unsettled claims.

8.3 Related Parties Transaction

It includes transactions with group companies which are disclosed in Note 29.

8.4 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

Risks associated with Financial Instrument- Financial Assets

The Group has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given in section 28.

9 Cash and Cash Equivalent

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Balances with Banks		
– On current accounts	53,720,753	50,310,113
– Deposits accounts	1,040,607	3,098,902
Cash on hand	252,276	91,471
Total	55,013,636	53,500,486
Balances with banks comprises of amount held by the banks as margin money deposits against Letter of Credits	1,040,607	3,098,902

Cash at banks earns interest at floating rates based on daily balances.

Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the group, and earn interest at the respective short-term deposit rates.

Deposit with banks as margin against Letter of Credits have tenure of three months on an average and are included in Balances with Bank and considered as cash and cash equivalents.

The above balances are also considered as the cash & cash equivalents for Statement of Cash Flow purposes.

10 Share Capital

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	4,300,000	430,000,000	4,300,000	430,000,000
Issued and Paid Up				
Ordinary shares of Rs. 100 each	1,948,887	194,888,700	1,948,887	194,888,700
At the beginning of the year	1,948,887	194,888,700	1,948,887	194,888,700
At the end of the year	1,948,887	194,888,700	1,948,887	194,888,700

The shareholding pattern on the company is as follows

Shareholder Category	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	No. of Shares	% of holding	No. of Shares	% of holding
Coca-cola Southwest	1,484,272	76.16%	1,484,272	76.16%
Gorkha Brewery	428,755	22.00%	428,755	22.00%
Other Shareholders	35,860	1.84%	35,860	1.84%
Total	1,948,887	100.00%	1,948,887	100.00%

Share issue expenses have not been netted off against the capital collected as these pertain to periods of initial establishment of the Group and such expenses have been charged off during those periods. The management considers that the cost of obtaining information is more than the benefits derived and the effect of such the amounts to be immaterial.

11 Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Share Premium	165,087,020	165,087,020
Retained earnings (As per Statement of Changes in Equity)	1,342,314,957	965,969,014
Total	1,507,401,977	1,131,056,034

Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act.

- i) Premium of Rs. 100 each on 264,995 ordinary shares;
- ii) Premium of Rs.160 each on 866,172 ordinary shares issued as rights shares at the rate of 4 shares for 5 shares held

12 Non-Controlling Interest

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Share Capital	11,152,800	11,152,800
Opening Reserves	47,267,147	34,682,811
Profit for the year	25,504,739	17,219,295
Other Comprehensive Income for the year	(1,016,415)	(2,181,431)
Dividend Income	(2,789,049)	(2,453,527)
Total	80,119,222	58,419,947

13 Employee Benefits

13.1 Current Employment Benefits

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Salaries, wages and other employee cost		
Cost of sales	310,080,903	249,462,549
Selling and distribution expenses	177,068,802	142,197,458
Administrative and operating expenses	195,281,199	167,193,948
Defined Contribution Plan Expenses		
Cost of sales	7,123,322	5,446,553
Selling and distribution expenses	3,304,596	2,987,309
Administrative and operating expenses	600,367	1,978,111
Defined Benefit Plan Cost		
Cost of sales	56,149,483	35,596,868
Selling and distribution expenses	12,122,589	9,146,307
Administrative and operating expenses	10,908,766	6,402,410
Total Employee Cost for the Period	772,640,027	620,411,513

13.2 Post-Employment Benefits

The group operates number of defined benefit and defined contribution plans for its employees of the group. The defined benefit plan of the group includes leave encashment expenses, expenses pertaining to gratuity and other retirement benefits.

2072-73

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	324,153,005	14,213,172	112,001,014	450,367,190
Current Service cost	21,124,000	2,088,000	21,210,499	44,422,499
Interest Charge	25,174,000	1,098,000	8,485,000	34,757,000
Paid	(18,959,044)	(968,110)	(11,373,701)	(31,300,855)
Actuarial (gain)/loss during the year (recognised in OCI)	(11,350,000)	(1,375,000)	52,485,685	39,760,685
Closing Liability	340,141,961	15,056,062	182,808,497	538,006,520
Charge for the period to SoPL	46,298,000	3,186,000	29,695,499	79,179,499
Charge to SoCI	(11,350,000)	(1,375,000)	52,485,685	39,760,685

2071-72

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	275,225,820	9,087,669	93,736,904	378,050,393
Current Service cost	16,774,333	2,379,973	4,122,554	23,276,861
Interest Charge	20,471,536	727,012	6,743,134	27,941,683
Paid	(26,051,113)	-	(11,252,828)	(37,303,941)
Actuarial (gain)/loss during the year (recognised in OCI)	37,732,428	2,018,518	18,651,249	58,402,195
Closing Liability	324,153,005	14,213,172	112,001,014	450,367,190
Charge for the period to SoPL	37,245,870	3,106,985	10,865,688	51,218,543
Charge to SoCI	37,732,428	2,018,518	18,651,249	58,402,195

13.3 Defined Benefit Plans

The defined benefit plans of the group includes Gratuity, Leave encashment Entitlements and Other Retirement benefits.

13.3.1 Gratuity

Gratuity for existing and retired employees have been provided as per the actuarial assessment. The assessed amount have been recognised as liabilities. The gratuity is computed on below basis: -

- Nil for Service up to 3 years
- Half months' salary for each year of service up to 7 years.
- Two third salary for each year of service for service between 7 and 15 years.
- One-month salary for each year of service for service between 15 and 17 years.
- 35 Days salary for each year of service for service over 17 years in case of retirement/death/disability service/early retirement and over 20 years in case of withdrawal.
- Tax is borne by the company

This is in compliance with applicable legal requirements.

13.3.2 Leave Encashment

Leave encashment has been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period. Sick leave of 1.5 times the last drawn monthly basic salary is paid to employee. The maximum accumulation allowed is 30 days.

13.3.3 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 17 yrs. compulsory retirement or 20 years of completion of service for withdrawal and gold coin at compulsory retirement. Other retirement benefits have been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period. Sick Leave obligation was classified as other retirement benefit in the previous year (2071/72) which has been reclassified as defined benefit plan in the current year (2072/73).

13.3.4 Sensitivity Analysis

Figures in NPR

Particulars	Gratuity	Retirement Benefit	Sick Leave
Effect on DBO due to 0.5% increase in discount rate	(9,374,000)	(6,054,000)	(576,000)
Effect on DBO due to 0.5% decrease in discount rate	9,928,000	6,507,000	618,000
Effect on DBO due to 0.5% increase in salary escalation rate	8,912,000	6,033,000	570,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(8,503,000)	(5,592,000)	(535,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumption constant. In practice, this unlikely to occur and changes in some of the assumption is correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

13.3.5 Actuarial Assumptions

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Financial Assumptions		
Discount rate (%)	8.00%	8.00%
Salary escalation rate	10.00%	10.00%
Expected return on Plan Assets	Nil	Nil
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 6.61 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 6.61 years
Demographic Assumptions		
Mortality	In accordance with the standard table, Indian Assured Lives Mortality (1994-96) (modified) Ultimate Rates	In accordance with the standard table, Indian Assured Lives Mortality (1994-96) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%
Beneficiary Age		

13.3.6 Defined Benefit Plan Assets

Defined benefit obligations are not funded and there are no Defined Benefit Plan Assets. The group is in the process of creating a separate fund for meeting the defined benefit obligation.

13.4 Defined Contribution Plan

The defined contribution expenses include employer's contribution to provident fund. These amounts have been deposited in Employee Provident Fund, a 100% Government of Nepal undertaking.

14 Financial Instruments – Financial Liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group classifies financial liabilities as Fair Value through Profit or Loss and those Held at Amortized Cost. All financial liabilities held by the Group are classified as financial liabilities held at amortized cost using effective interest rate.

Financial liabilities held by the Group are both interest bearing and non-interest bearing.

The non-interest bearing instruments' carrying value represents the amortized cost.

For interest bearing financial liabilities which comprises of the bank loans, interest charged by the bank approximates effective interest rate and the rate is considered for calculation of amortized cost of liability and the finance cost. The effect of initial charges and its impact on effective interest rate is considered not material and the carrying value is considered to approximate the amortized cost.

Risks associated with Financial Instrument- Financial Liabilities

The group has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 28

Financial Liabilities in this financial statements include the following

- Bank Borrowing
- Trade Payables
- Other Financial Liabilities

These have been described in each section as under

14.1 Non-Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2073	As at 31st Ashad 2072
Term Loan				
From Bank				
Secured bank loan	7.25%	16-Nov-17	376,000,000	546,000,000
Total			376,000,000	546,000,000

14.2 Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2073	As at 31st Ashad 2072
Bank overdrafts	6.00%	On demand	502,167,875	944,940,656
Secured bank loan	7.25%	7-Nov-16	499,000,000	364,000,000
Total			1,001,167,875	1,308,940,656

Short term bank overdraft carries interest at the rate 6.0% to 6.75% p.a. during the year and repayable on demand.

Bank overdrafts are secured against all movable properties/current assets including inventory stocks and trade receivables.

14.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade Payable	936,431,418	917,677,667
Trade Payable to related parties	549,739,350	87,411,757
Total	1,486,170,768	1,005,089,423

15 Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Interest payables	3,439,664	7,092,008
Container deposit liability	483,600,852	436,912,850
Trade Deposits	4,397,359	4,617,359
Advance received from distributors	24,092,412	18,928,606
Dividend payable	4,587,727	4,702,739
Statutory dues payable	61,658,063	81,555,089
Advance against unsettled Claims	18,571,606	612,664
Income tax payable	6,742,647	1,865,763
Total	607,090,332	556,287,078

Provisions are recognised when the group has a present obligation, legal or constructive, as a result of a past event, it is

probable that a transfer of economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation. If these conditions are not met, no provision is recognized.

The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date.

Changes in provision

Management reviews provisions at each reporting date and is adjusted to reflect the best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

16 Revenue

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Sale of goods	6,966,744,352	5,919,957,582
Less: Discount	(568,515,262)	(638,299,441)
Total	6,398,229,089	5,281,658,141

16.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the Group that are recorded net off Value Added Taxes and Excise Duty collected from the customer that are remitted or are to be remitted to the government authorities.

The group generates revenue from sale of goods in the ordinary course of business.

17 Cost of Sales

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Material consumed		
Raw materials		
At 1st Shrawan	753,136,703	455,548,858
Purchase	3,360,084,369	2,881,764,927
At 31st Ashad	(1,021,476,904)	(753,136,703)
Raw material consumed total	3,091,744,167	2,584,177,083
Work in process		
At 1st Shrawan	2,700,813	3,592,516
At 31st Ashad	(5,800,886)	(2,700,813)
Net change in work-in-process	(3,100,073)	891,703
Production and manufacturing overheads	1,116,177,376	1,071,605,381
Finished goods stock		
At 1st Shrawan	78,900,478	54,458,187
Purchase	355,139,720	117,626,301
At 31st Ashad	(171,149,912)	(78,900,478)
Net change in finished goods stock	262,890,286	93,184,010
Cost of sales	4,467,711,757	3,749,858,176

17.1 Production and manufacturing overheads

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	310,080,903	249,462,548
Sick Leave	1,942,000	3,047,364
Provident fund	7,123,322	5,446,553
Gratuity	32,286,000	24,392,120
Other retirement benefits	21,921,483	8,157,384
Travel and transport costs	6,298,403	6,856,286
Repair and maintainence	126,904,786	102,849,261
Communication expenses	287,864	414,204
Consumables	66,569,544	57,710,896
Loss on sale/write off of Property plant equipment (net)	10,166,680	7,010,069
Stock Adjustment	8,078,864	5,237,801
Office expenses	28,619,243	40,023,742
Power & Fuel	148,613,994	161,101,590
Legal and other professional fees	1,060,644	1,285,746
Depreciation on property, plant and equipment	340,781,354	367,597,063
Amortization of Intangible Assets	1,406,085	1,806,575
Testing & Sampling	4,645,753	3,760,527
Exchange Gain/Loss	(609,544)	25,445,651
Total	1,116,177,376	1,071,605,381

18 Other Operating Income

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Sale of Scrap	12,354,237	9,381,411
Miscellaneous Income	3,435,469	164,019,229
Total	15,789,706	173,400,639

18.1 Sale of Scrap

Items includes under this income are towards sale amount realized from sale of scraps.

18.2 Miscellaneous Income

Income includes charges recovered from customer on account of handling loss of Glass Bottles. NPR 148,660,448 pertaining to customer deposit liability write-back was adjusted to miscellaneous income in previous year.

The group generates revenue from sale of goods in the ordinary course of business.

19 Selling and Distribution Expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	177,068,802	142,197,458
Sick Leave	667,000	1,429,543
Provident fund	3,304,596	2,987,309
Gratuity	7,351,000	6,047,341
Other retirement benefits	4,104,589	1,669,422
Travel and transport costs	15,600,362	10,255,768
Office expenses	9,804,478	6,352,915
Repair and maintainence	26,667,392	22,021,903
Communication expenses	2,316,427	1,365,974
Utilities	14,196,457	12,272,292
Freight Charges	372,404,063	356,560,449
Liquid leakages and damages	72,416,534	61,943,077
Sales promotion expenses	53,515,969	69,402,676
Other miscellaneous expenses	19,143,337	1,259,485
Depreciation on property, plant and equipment	75,082,301	51,863,304
Amortization of Intangible Assets	1,006,540	1,886,227
Bad debts	-	46,624,902
Loss on sale/write off of Property plant equipment (net)	36,895,261	-
Foregin exchange Gain/Loss	(534,594)	(3,814,109)
Total	891,010,514	792,325,937

20 Administrative and Operating expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	195,281,199	167,193,948
Sick Leave	577,000	648,596
Provident fund	600,367	1,978,111
Gratuity	6,661,000	4,714,932
Other retirement benefits	3,670,766	1,038,882
Travel and transport costs	17,578,785	11,687,022
Office expenses	44,998,289	78,249,741
Repair and maintenance	9,523,017	4,265,486
Bank charges	4,565,624	1,583,868
Audit fees	840,000	541,000
Legal and other professional fees	9,780,507	3,354,808
Communication expenses	31,568,081	73,922,088
Utilities	11,141,658	7,092,195
Depreciation on property, plant and equipment	10,109,863	11,496,744
Amortization of Intangible Assets	613,778	461,545
Loss on sale/write off of Property plant equipment (net)	6,606,650	-
Public Affairs and Communication (PAC) expenses	428,633	4,763,790
Security Expenses	11,811,903	9,110,263
Board and AGM expenses	843,531	831,259
Foregin exchange Gain/Loss	(534,594)	(717,269)
Other miscellaneous expenses	5,312,642	4,165,554
Total	371,978,699	386,382,562

20.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Statutory Audit Fee	840,000	541,000
Allowances	449,330	417,815
Total	1,289,330	958,815

21 Finance Cost

Finance costs comprises of interest on Term Loan and interest on short term borrowings in the form of bank overdrafts. All these costs are amortized cost using effective interest rate as required by NAS 39.

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Interest on Debts	32,252,421	39,975,538
Interest on borrowings	88,519,378	132,386,686
Total	120,771,799	172,362,225

22 Finance Income

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Interest income	575,748	1,060,004
Total	575,748	1,060,004

22.1 Interest Income

Interest income has been recognised using effective interest method as required by NAS 39.

23 Earnings Per Share

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Numerator		
Profit for the year and earnings used in basic EPS	433,835,636	77,975,959
Denominator		
Weighted average number of shares used in basic EPS	1,948,887	1,948,887
Basic Earning Per Share	223	40

EPS is calculated by dividing the profit attributable to ordinary equity holders of the company for the period by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares. Number of shares have not changed over the reported periods.

There are no instruments that would impact dilution of basic EPS. Therefore, basic EPS and diluted EPS are the same.

24 Contingent Liabilities and Capital Commitment

24.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

24.1.1 Bank Guarantee

Bank Guarantee has been provided to the department of Customs for clearance of Sugar Dissolving Tank. The guarantee gets released when the tanks get installed in the plant and the same has been verified by custom officials. As at the reporting date the guarantee amount is NPR 3,400,000.

24.1.2 Corporate Tax Matters

LTO assessed the income tax, TDS and VAT liabilities of the company for 2066-67. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below: -

i) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	6,106,075	-	6,106,075
TDS	3,672,212	173,901	3,498,311
VAT	26,737,720	8,540,112	18,197,608

ii) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	5,393,862	14,164	5,379,697
TDS	4,510,857	255,194	4,255,663
VAT	20,397,706	12,172,084	8,225,621

LTO assessed the income tax, TDS and VAT liabilities of the company for 2067-68. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below

i) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	17,850,617	-	17,850,617
TDS	26,531,605	444,027	26,087,578
VAT	10,189,874	516,194	9,673,680

ii) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	11,469,425	-	11,469,425
TDS	24,018,811	121,490	23,897,321
VAT	3,869,900	-	3,869,900

LTO assessed the income tax, TDS and VAT liabilities of the company for 2068-69. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liability have not been recognized in the financial statements and is disclosed as contingent liabilities as below

i) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	11,314,019	-	11,314,019
TDS	47,604,066	467,790	47,136,276
VAT	6,480,279	-	6,480,279

ii) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	30,782,794	238,286	30,544,508
TDS	39,993,762	100,687	39,893,075
VAT	830,566	830,566	-

iii) Troika Traders Pvt. Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	4,684,602	-	4,684,602
VAT	1,974,572	-	1,974,572

24.1.3 Commitment

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets. These amounts are not recorded in the statement of financial position since the Group has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

At end of financial year 2072/73, the group had capital commitments of NPR 51,930,326 (Previous Year 2071-72 NPR 114,274,726) relating to various small projects.

25 Interim Reporting

Interim reports have been publicly reported, for each public companies in the group, in accordance with the requirement of SEBON and NEPSE. These requirements are materially aligned with the requirements of NAS 34. Consolidated interim results have not be published.

26 Segment Reporting

The group has only one “business segment” i.e. dealing in “non-alcoholic ready to drink beverage (NARTD)”. The NARTD beverage business mainly consists of products like carbonated soft drinks in different flavors, fruit pulp based beverages and water. All these products have similar risks and returns because of similar nature of products, common consumer segments, similar production processes and common distribution channel. Further, internal organizational and management structure and its system of internal financial reporting of the group is not based on geographical differentiation.

CY 2072/73

Figures in NPR

Particulars	BNL	BNTL	TTPL	Total
Total Assets	2,142,904,794	3,749,916,912	87,074,235	5,979,895,942
Total Liabilities	1,129,260,515	2,889,710,709	65,887,170	4,084,858,395
Total Revenue	2,523,856,492	3,525,802,032	348,570,565	6,398,229,089
Profit after Tax	181,681,535	276,708,392	2,906,657	461,296,584

PY 2071/72

Figures in NPR

Particulars	BNL	BNTL	TTPL	Total
Total Assets	2,262,608,135	3,426,147,672	111,752,844	5,800,508,651
Total Liabilities	1,408,671,402	2,801,372,484	93,472,436	4,303,516,323
Total Revenue	2,138,312,349	3,004,162,725	139,183,067	5,281,658,141
Profit after Tax	(99,688,960)	186,760,255	15,071,048	102,142,342

27 Related Party Transactions

27.1 Relationship

The group identified related parties on the following lines

1. Part of the Group
 - a. Parent company, ultimate parent
 - b. Other Subsidiaries of the parent / ultimate parent
2. Directors and their relatives
3. Key management personnel and their relatives
4. Employee benefit plan

The obligations are carried in the financial statements which the group is considering to fund separately

27.1.1 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the Group.

There have no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the Group's regulations.

Figures in NPR

Particulars	Remuneration	Allowances	Facilities
Director's Fees & Facilities	-	270,000	-
Managing Director	9,114,583	7,722,795	6,681,407
Key Managers	30,307,913	36,453,364	4,073,148
Total	39,422,496	44,446,159	10,754,555

Additional Information

- a) Key management personnel include 5 expatriate staffs including Managing Director.
- b) Key management personnel are also provided with following benefits:
 - i) All Manager of the Company are provided vehicle allowance as per Company Policy
 - ii) Furnished apartments are provided to all expatriate staffs.
 - iii) Performance bonus based on individual, overall Country and Division performance.
- c) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans excluding expatriates staff (i.e. gratuity and other retirement benefits) and leave encashment are provided on an actuarial basis for the company as a whole, so the amounts pertaining to the key management personnel are not included above

27.2 Other Related Party Transaction and Balances

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Purchases from related parties		
Purchase of concentrate from Atlantic Industries	1,169,948,743	916,913,738
Bad Debts Recongnised in respect of Receivables from Related Parties		
Atlantic Industries-other related party	-	49,065,400
Amounts owed to related parties		
Atlantic Industries-other related party	480,095,446	87,411,756
Soft Drink International	30,681,199	-
Hindustan CCBPL	45,378,247	-

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28 Financial risk management objectives and policies

The group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

28.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

28.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank overdraft and short term deposits.

The Group manages its interest rate risk by negotiating with highly reputed commercial banks.

28.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the

Group's functional currency).

The Group manages its foreign currency risk by not holding the receivables and payables in foreign currencies for longer duration.

28.4 Commodity price risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of raw materials and therefore require a continuous supply of the same.

The Group manages this risk by purchasing materials and supplies from the supplier identified by the group and the Group has long term relation with the supplier.

28.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

28.5.1 Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and shipments to major customers are generally covered by bank guarantees.

28.5.2 Cash deposits

Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

28.6 Liquidity risk

The Group monitors its risk to a shortage of funds on a regular basis through cash forecast.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

Shukla Wassan Chairperson	Sumanta Datta Director	Narmadeshwar Narayan Singh Director	Gaurav Khosla Director
Surendra Silwal Alternate Director	Puneet Varshney Director	Dr. Trilochan Upreti Independent Director	Sumit Goyal Country Finance Manager

As per our attached report of even date

Sanjeev Kumar Mishra
Partner
For T.R. Upadhya & Co.
Chartered Accountants

Kathmandu

Date: 8th Mangsir 2073 (23rd Nov 2016)



FINANCIAL REPORT

BNL (STANDALONE)

2072/73

(2015/16)

T.R. Upadhya & Co.
Chartered Accountants

124 Lal Colony Marg
Lal Durbar
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Kathmandu, Nepal

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INDEPENDENT AUDITOR'S REPORT
THE SHAREHOLDER OF BOTTLERS NEPAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Bottlers Nepal Limited (the "Company"), which comprise the statement of financial position as at 15 July 2016, and the statements of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bottlers Nepal Limited as at 15 July 2016, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Companies Act 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statements of financial position, profit or loss, comprehensive income, cash flows and the changes in equity have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.



Sanjeev Kumar Mishra
Partner



T R Upadhya & Co.
Chartered Accountants

Kathmandu
23 November 2016

BOTTLERS NEPAL LIMITED

Statement of Financial Position

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	As at 31st Ashad 2073	As at 31st Ashad 2072
ASSETS			
Non-current assets			
Intangibles	3	5,649,457	8,666,072
Property, Plant and Equipment	4	1,112,692,318	968,595,126
Deferred Tax Assets	5.3	29,333,595	16,683,031
Financial Assets			
Investments	6	112,627,648	112,627,648
Prepayment	8.1	32,878,636	40,442,700
Current Assets			
Inventories	7	608,614,165	582,258,812
Non Financial Current Assets			
Prepayments	8.1	13,574,385	5,539,048
Financial Assets			
Advances	8.2	8,570,002	4,715,662
Other Current Assets	8.3	108,724,224	118,092,600
Trade receivables	9	86,980,504	381,664,853
Cash and Cash Equivalents	10	23,259,860	23,322,583
Total Assets		2,142,904,794	2,262,608,135
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	194,888,700	194,888,700
Reserve and Surplus	12	818,755,579	659,048,033
Non-current liabilities			
Retirement Benefit Obligation	13.2	301,640,600	253,796,189
Current liabilities			
Financial Liabilities			
Borrowings	14.1	22,424,739	571,369,901
Trade payables	14.2	591,640,564	384,804,471
Other Financial liabilities	15	213,554,612	198,700,841
Total Equity and Liabilities		2,142,904,794	2,262,608,135

Shukla Wassan
Chairperson

Sumanta Datta
Director

Narmadeshwar Narayan Singh
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Puneet Varshney
Director

Dr. Trilochan Upreti
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu

Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhyaya & Co.
Chartered Accountants

BOTTLERS NEPAL LIMITED

Statement of Profit or Loss

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Revenue from operations	16	2,523,856,492	2,138,312,349
Cost of sales	17	(1,661,108,526)	(1,496,408,423)
Gross Profit		862,747,966	641,903,926
Other operating income	18	32,047,523	58,400,737
Selling and distribution expenses	19	(409,209,251)	(375,301,692)
Administrative and operating expenses	20	(252,644,357)	(235,304,539)
Profit from Operations		232,941,881	89,698,432
Finance Costs	21	(17,208,619)	(29,377,910)
Finance Income	22	27,831,348	24,710,098
Profit Before Tax		243,564,610	85,030,620
Income Tax Expense			
Current Tax	5.1	(70,032,943)	(191,165,592)
Deffered Tax	5.2	8,149,868	6,446,012
Net Profit for the year		181,681,535	(99,688,961)
Basic Earnings per share	23	93	(51)

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BOTTLERS NEPAL LIMITED

Statement of Other Comprehensive Income

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Net Profit for the year as per Statement of Profit or Loss	181,681,535	(99,688,961)
Items that will not be reclassified to Statement of Profit or Loss		
Acturial Gain/(Loss) on defined benefit plan schemes	(26,474,685)	(29,621,767)
Deffered Tax on Acturial Gain/(Loss)	4,500,696	5,331,918
Other comprehensive gain/(loss) for the year, net of tax	(21,973,989)	(24,289,849)
Total Comprehensive gain/(loss) for the year, net of tax	159,707,546	(123,978,810)

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BOTTLERS NEPAL LIMITED

Statement of Cash Flow

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	243,564,610	85,030,620
Adjustments for non cash and non operating:		-
Depreciation on property, plant and equipment	170,586,556	157,881,332
Amortization of Intangible Assets	2,312,292	3,157,282
Loss/ (gain) on sale/write off of Property, plant and equipment	29,933,098	-
Finance income	(27,831,348)	(24,710,098)
Finance costs	17,208,619	29,377,910
Gain on sales proceeds from Property, plant and Equipment	(751,454)	(2,573,134)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	217,538,704	(57,778,480)
Increase / (Decrease) in provisions	21,369,726	11,541,813
Decrease / (Increase) in trade and other receivables	294,684,350	46,610,680
Decrease / (Increase) in loans and advances	5,042,763	15,181,031
Decrease / (Increase) in inventories	(26,355,354)	(118,006,415)
Cash generated from operations	947,302,561	145,712,541
Direct taxes paid (net of refunds)	(63,648,431)	(45,200,392)
NET CASH FLOWS FROM OPERATING ACTIVITIES	883,654,130	100,512,149
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, plant and Equipment	(341,314,522)	(166,722,413)
Purchase of Intangibles	(2,598,000)	-
Proceeds from sale of Property, Plant and Equipment	751,454	2,607,712
Interest Received	370,399	543,714
Dividends Received	27,460,949	24,166,384
NET CASH FLOWS FROM INVESTING ACTIVITIES	(315,329,719)	(139,404,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(548,945,161)	59,001,473
Interest paid	(19,430,921)	(29,571,288)
Dividend paid	(11,051)	(152,120)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(568,387,133)	29,278,065
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(62,722)	(9,614,389)
CASH AND CASH EQUIVALENTS, Beginning of Year	23,322,583	32,936,972
CASH AND CASH EQUIVALENTS, End of Period	23,259,860	23,322,583

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Kathmandu

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Sanjeev Kumar Mishra
Partner
For T.R. Upadhyaya & Co.
Chartered Accountants

BOTTLERS NEPAL LIMITED

Statement of Changes in Equity

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2072	194,888,700	165,087,020	493,961,013	853,936,733
Changes in accounting policy				
Other Adjustments				
Restated Balance	194,888,700	165,087,020	493,961,013	853,936,733
Profit for the year			181,681,535	181,681,535
Other comprehensive income			(21,973,989)	(21,973,989)
Dividends	-	-	-	-
Balance as at 31st Ashad 2073	194,888,700	165,087,020	653,668,559	1,013,644,279

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BOTTLERS NEPAL LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 15 July 2016

1 Corporate Information

Bottlers Nepal Limited (“Company”) is a public limited Company listed on the Nepal Stock Exchange Ltd incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Balaju Industrial District, Balaju, Kathmandu, Nepal.

Bottlers Nepal Ltd is a licensed bottler, marketer and distributor of non-alcoholic beverages products of the Coca-Cola Company. The Board of Directors has approved the financial statements for issue on its meeting held on 8th Mangsir 2073 (23rd Nov 2016) and has recommended for approval of shareholders in the Annual General Meeting.

2 Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal. These confirm, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis. The term NFRS, which includes all the standards and the related interpretations is consistently used.

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company’s financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company’s accounting policies require the management to exercise judgement in making accounting estimates.

2.1 Accounting Pronouncements

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by Accounting Standards Board Nepal, effective as on 13 September 2013.

2.2 Accounting Convention

The financial statements are prepared on a historical cost basis except for certain financial and equity instruments that are measured at fair value.

2.3 Presentations

The financial statements are prepared in Nepalese Rupees and rounded off to the nearest rupee. The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities. Net defined benefit obligation is also classified as not current liabilities.

The company operating cycle has been defined as a twelve-month period.

The statement of profit or loss has been prepared using classification "by function" method.

The statement of cash flows has been prepared using indirect method. Cash flows from operating activities, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes, separately include cash flows relating to employee bonus and retirement benefits.

2.4 Accounting Policies

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed.

2.5 Accounting Estimates

The preparation of financial statements in line with NFRS which requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.

The estimates and the underlying assumptions are reviewed on ongoing basis. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates are reviewed periodically by the management.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.6 Financial periods

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date / Period	Gregorian Calendar Date / Period
SFP* Date	31 Ashadh 2073	15 July 2016
Current Reporting Period	1 Shrawan 2072 - 31 Ashadh 2073	17 July 2015 - 15 July 2016
Comparative SFP* Date	31 Ashadh 2072	16 July 2015
Comparative reporting period	1 Shrawan 2071 - 31 Ashadh 2072	17 July 2014 - 16 July 2015

*Statement of Financial Position

2.7 Presentation currency

The company's financial statement is presented in Nepalese Rupees which is also the company's functional currency.

2.8 Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss statement over the lease term. The Company has leased 3 plots of land ranging from 20-40 years from Balaju Industrial District (BID). These lease agreements are renewal with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however BID has right to review the lease payment in each 5 years. Future minimum rentals payable under non-cancellable operating leases as at balance sheet date are as follows:

Figures in NPR

Period	As at 31st Ashad 2073	As at 31st Ashad 2072
Less than one year	115,556	404,653
One to Five years	379,486	368,802
More than five years	4,978,143	4,463,041
Total	5,473,185	5,236,496

3 Intangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 31st Ashad 2072	15,064,450	-	15,064,450
Additions	2,598,000	5,485,219	8,083,219
Disposals/Adjustments	(12,491,134)	(2,598,000)	(15,089,134)
Closing balance at 31st Ashad 2073	5,171,316	2,887,219	8,058,535
Accumulated Amortisation			
Opening balance at 31st Ashad 2072	6,398,378	-	6,398,378
Charge for the year	2,312,292	-	2,312,292
Disposals/Adjustments	(6,301,592)	-	(6,301,592)
Closing balance at 31st Ashad 2073	2,409,078	-	2,409,078
Balance at 31st Ashad 2073	2,762,238	2,887,219	5,649,457
Balance at 31st Ashad 2072	8,666,072	-	8,666,072

Intangible assets are recognized on the basis of costs incurred to acquire and bring to use the specific intangible assets such as, software, where it is probable that such asset will generate future economic benefits in excess of its cost.

Computer software cost are amortized on the basis of expected useful life which is estimated as 5 years (the estimate is being reviewed periodically). Costs associated with maintaining software are recognised as and expenses as and when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being greater than its recoverable amount, the assets is considered to be impaired and is written down immediately.

The expenditure incurred in acquisition and installation of new software till the date of commissioning is recognized as intangible under development. Software is capitalized upon successful test run and after meeting recognition criteria.

The company has made a provision for missing/obsolesce assets of NPR 6,189,542 in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from FAR.

4 Property Plant and Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Balance at 31st Ashad 2072	189,080,902	779,365,890	21,734,842	329,211,860	429,699,167	99,395,334	15,399,785	1,863,887,780
Additions	2,718,085	41,637,396	7,796,783	80,301,499	125,810,541	6,974,135	338,427,303	603,665,742
Disposals/Adjustments	-	(34,374,328)	(511,551)	(36,603,122)	(163,265,059)	(25,639,238)	(265,238,439)	(525,631,737)
Balance at 31st Ashad 2073	191,798,987	786,628,958	29,020,074	372,910,237	392,244,649	80,730,231	88,588,648	1,941,921,785
Depreciation and Impairment Losses								
Balance at 31st Ashad 2072	33,129,936	345,445,434	18,352,206	125,465,701	319,187,617	53,711,760	-	895,292,654
Charge for the year	5,289,007	59,851,098	2,675,295	40,133,440	50,160,908	12,476,807	-	170,586,556
Disposals/Adjustments	-	(23,890,465)	(509,117)	(24,707,572)	(163,406,539)	(24,136,049)	-	(236,649,743)
Balance at 31st Ashad 2073	38,418,943	381,406,067	20,518,384	140,891,570	205,941,986	42,052,518	-	829,229,467

Net Block

Balance at 31st Ashad 2073	153,380,044	405,222,891	8,501,691	232,018,668	186,302,664	38,677,713	88,588,648	1,112,692,318
Balance at 31st Ashad 2072	155,950,966	433,920,456	3,382,636	203,746,158	110,511,551	45,683,574	15,399,785	968,595,126

Property, plant and equipment are initially measured at cost in the statement of financial position. These are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets. Property, plant and equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of property, plant and equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. If an item of property, plant and equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NFRS are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1. Management feels that such cost is not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognised impairment loss, if any. Depreciation on these assets will commence when these assets are ready for their intended use and classified under specific asset category.

The company has made a provision for missing/obsolesce assets of NPR 23,941,976 in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from FAR.

4.1 Depreciation

Depreciation on items of property plant and equipment is calculated on the straight-line method based on the useful life of the assets estimated by the management. Depreciation on additions to property plant and equipment is provided on pro-rata basis in the year of purchase when the asset is ready to use. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of property plant and equipment consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

4.1.1 Change in Accounting Estimate

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

During the year management felt the necessity to review the useful life of the assets and an independent assessment was conducted. Basis the recommendation of the assessment useful life of the assets has been revised. Had no changes been made the depreciation would be lesser by NPR 1,742,949.

The changes in the estimates of useful life of the property plant and equipment is given in the table below.

Particulars	Clubbed under following class of assets	Revised	Previous Assessed
		Useful Life (Years)	Useful Life (Years)
Building	Building	40	50
Plant and Machinery	Plant and Machinery	20	20
Cooler	Cooler	9	10
Office Equipment	Office Equipment	5	5
Computer Accessories	Office Equipment	4	4
Bottles	Containers	5	3
Crates	Containers	8	5
Wooden Pallets	Other Assets	1	2
Plastic Pallets	Other Assets	5	5
Furniture and Fixtures	Other Assets	10	6
Motor Vehicles	Other Assets	5	5
Other Assets*	Other Assets	10	10

*Other assets majorly includes transformers, electrical installations and soft drink analyzer.

4.2 De-recognition

An item of property plant and equipment is de-recognised on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognised in the statement of profit and loss.

4.3 Capital Work in Progress

The expenditure incurred in acquisition and installation of new systems and equipment till the date of commissioning or civil works under construction till the date of completion is recognized as Capital works-in-progress. Equipment are capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Machineries	48,952,158	9,054,088
Coolers	36,058,395	2,414,436
Others	3,578,095	3,931,261
Total	88,588,648	15,399,785

5 Income Taxes

5.1 Current Income Tax

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Current tax on profits for the year	53,969,078	20,654,419
Adjustment for under provision in prior periods	16,063,865	170,511,173
Total	70,032,943	191,165,592

5.2 Deferred Income Taxes

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Origination and reversal of temporary differences	9,610,626	17,968,374
Effect of change in the tax rates	(1,460,758)	
Recognition of previously unrecognized deferred tax assets		(11,522,362)
Total	8,149,868	6,446,012

5.3 Deferred tax assets

Deferred tax is calculated on temporary differences using the effective tax rate of 17% (2072: 18%). Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the management believe it is probable that these assets will be recovered.

FY : 72/73

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	1,024,103,670	876,977,259	(147,126,411)
2 Provisions for Expenses	(315,741,691)		315,741,691
3 Intangible Assets	2,762,237	6,697,515	3,935,278
Total Amount			172,550,558
Tax Rate		17%	29,333,595
Opening Deferred tax Assets/(Liability)			16,683,031
Deferred tax provision recognised			12,650,564
Closing Deferred tax Assets/(Liability)			29,333,595
Charge/(Credit) to OCI			(4,500,696)
Charge/(Credit) to PL			(8,149,868)

FY : 71/72

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	953,195,341	788,595,073	(164,600,268)
2 Provisions for Expenses	(258,719,014)		258,719,014
3 Intangible Assets	8,666,071	7,230,829	(1,435,242)
Total Amount			92,683,504
Tax Rate		18%	16,683,031
Opening Deferred tax Assets/(Liability)			4,905,101
Deferred tax provision recognised			11,777,930
Closing Deferred tax Assets/(Liability)			16,683,031
Charge/(Credit) to OCI			(5,331,918)
Charge/(Credit) to PL			(6,446,012)

5.4 Reconciliation

Reconciliation of tax expense and the accounting profit multiplied by Company's tax rate

Particulars	Figures in NPR	
	For the year 2072-73	For the year 2071-72
Accounting profit before income tax	243,564,610	85,030,620
Adjustment as per Income Tax Act 2058	56,263,604	29,716,152
Total profit as per Income Tax	299,828,213	114,746,772
Tax Rate	18%	18%
Tax Expenses	53,969,078	20,654,419

6 Investment in Subsidiaries

Particulars	Figures in NPR	
	For the year 2072-73	For the year 2071-72
Bottlers Nepal (Terai) Ltd., a subsidiary company 1,098,472 (previous year 1,098,472) ordinary shares of Rs. 100 each fully paid up. (including premium on 2,299 shares of Rs. 0.46 lakhs)	111,877,648	111,877,648
Troika Traders Pvt. Ltd., a wholly owned subsidiary company 7,500 (previous year 7,500) ordinary shares of Rs.100 each fully paid up.	750,000	750,000
Total	112,627,648	112,627,648

The Company has made an equity investment in M/s Bottlers Nepal (Terai) Ltd. (BNTL) and Troika Traders Pvt. Ltd., a wholly owned subsidiary company and the Company has invested 90.78 percent of the equity of M/s Bottlers Nepal (Terai) Ltd. (BNTL) and 100 percent of the equity Troika Traders Pvt. Ltd. respectively as promoter investor. Investment in subsidiaries are recognized at cost for the purpose of separate financial statements prepared under NAS 27. The subsidiaries are consolidated as per NFRS 3 and NFRS 10, as the company holds controlling interest in those companies.

The company holds controlling investment in the investees with regard to the representation on the board and the voting power at the AGM of those companies and these companies are treated as subsidiaries.

This financial statement is prepared as a separate financial statement under NAS 27 and the investments in subsidiaries are recognized at cost.

The financial statements have been consolidated under NFRS 3 and NFRS 10 under BNL(Group).

6.1 Investment in Subsidiaries

Investment in subsidiary are not tested for impairment as these are consolidated and assets of subsidiaries have been subject to impairment testing at the entity level.

6.2 Risks

Investment in subsidiaries is a long term investment. The risks associated with beverage industry in Nepal and long term investments returns are relevant for these investments.

7 Inventories

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Raw materials	416,673,165	399,429,606
Work-in-process	5,211,336	1,872,368
Finished goods	43,278,495	38,464,664
Consumables	143,451,169	142,492,173
Total	608,614,165	582,258,812

Inventories are carried at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses. The cost of obsolescence and other anticipated losses are also considered for determining the net realizable values.

In determining the cost of raw materials & packing materials, First In First Out (FIFO) method is used. Cost of inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost of consumables, stores and spares weighted average cost method is used.

Cost of finished goods and work in progress includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition.

Inventories are presented net of allowance for obsolescence and other possible depletion in value or other losses. Those allowances are estimated to approximate the net realizable value of such items. Allowance adjustments are made for those inventories identified by management as obsolete on the basis of 10 Year Aging or technical evaluation whichever is earlier.

Inventories have been pledged as lien for the purpose of availing bank overdraft facilities.

8 Other Assets

8.1 Prepayments

These are expenses paid for the period beyond the financial period covered under the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Prepayments	46,453,021	45,981,748
Total	46,453,021	45,981,748
Current	13,574,385	5,539,048
Non Current	32,878,636	40,442,700

8.2 Advances

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Capital Advances	7,597,971	1,817,840
Advances to Employees	972,031	2,897,822
Total	8,570,002	4,715,662

These advances are non-interest bearing and are expected to be settled in the normal course of operations.

8.3 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Security Deposits	955,159	1,106,245
Advance to suppliers	71,690,318	89,640,659
Advances to Employees	7,553,767	6,060,256
Balances with statutory/government authorities	28,512,000	7,240,000
VAT Receivable	12,980	14,045,441
Total	108,724,224	118,092,600

Financial Instruments: Financial Assets

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified under four categories as required by NAS 39, namely,

- Fair Value through Profit or Loss,
- Held to Maturity,
- Loans & Receivables and
- Available for Sale .

The company only holds financial assets meeting the recognition criteria of Loans & Receivables classification. These instruments are to be recognized at amortised cost using effective interest rate.

Financial assets of the company comprise of advances, other current assets, Trade Receivables and cash & cash equivalents. These instruments are mostly non-interest bearing and where interest component is present the implicit interest rate approximates effective interest rate. These instruments are expected to be settled or recovered within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of the assets.

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given is Note28

9 Trade Receivable

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade receivables		
Secured, considered good	26,968,960	28,494,860
Unsecured considered good	31,658,845	34,746,948
Less: Allowance for bad and doubtful debts	-	524,891
Receivables from other related parties	28,352,699	301,185,365
Other receivables	-	17,762,571
Total	86,980,504	381,664,853

Bank overdrafts are secured against all receivables.

9.1 Trade Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing and are generally on terms of 30 to 90 days.

Secured trade receivable are against Bank Guarantee provided by the customers.

9.2 Other Receivables

Other receivables are receivable from insurance companies against unsettled claims.

9.3 Related Parties Transaction

It includes transactions with group companies which are disclosed in Note 27.

9.4 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given is Note 28.

10 Cash and Cash Equivalent

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Balances with Banks		
– On current accounts	22,159,642	21,912,419
– Deposits accounts	1,040,607	1,385,363
Cash on hand	59,611	24,801
Total	23,259,860	23,322,583
Balances with banks comprises of amount held by the banks as margin money deposits against Letter of Credits	1,040,607	1,385,363

Cash at banks earns interest at floating rates based on daily balances.

Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Deposit with banks as margin against Letter of Credits have tenure of three months on an average and are included in Balances with Bank and considered as cash and cash equivalents.

The above balances are also considered as the cash & cash equivalents for Statement of Cash Flow purposes.

11 Share Capital

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	4,300,000	430,000,000	4,300,000	430,000,000
Issued and Paid Up				
Ordinary shares of Rs. 100 each	1,948,887	194,888,700	1,948,887	194,888,700
At the beginning of the year	1,948,887	194,888,700	1,948,887	194,888,700
At the end of the year	1,948,887	194,888,700	1,948,887	194,888,700

The shareholding pattern on the company is as follows

Shareholder Category	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	No. of Shares	% of holding	No. of Shares	% of holding
Coca-cola Southwest	1,484,272	76.16%	1,484,272	76.16%
Gorkha Brewery	428,755	22.00%	428,755	22.00%
Other Shareholders	35,860	1.84%	35,860	1.84%
Total	1,948,887	100.00%	1,948,887	100.00%

Share issue expenses have not been netted off against capital collected as these pertain to periods of initial establishment of the company and such expenses have been charged off during those periods. The management considers that the cost of obtaining information is more than the benefits derived and the effect of such amounts to be immaterial.

12 Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Share Premium	165,087,020	165,087,020
Retained earnings (As per Statement of Changes in Equity)	653,668,559	493,961,013
Total	818,755,579	659,048,033

Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act.

- i) Premium of Rs. 100 each on 264,995 ordinary shares;
- ii) Premium of Rs.160 each on 866,172 ordinary shares issued as rights shares at the rate of 4 shares for 5 shares held

13 Employee Benefits

13.1 Current Employment Benefits

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Salaries, wages and other employee cost		
Cost of sales	97,672,274	86,478,263
Selling and distribution expenses	81,378,874	64,356,807
Administrative and operating expenses	152,578,226	120,035,603
Defined Contribution Plan Expenses		
Cost of sales	3,850,898	2,417,302
Selling and distribution expenses	1,997,892	1,907,888
Administrative and operating expenses	427,786	1,811,267
Defined Benefit Plan Cost		
Cost of sales	31,852,580	18,749,877
Selling and distribution expenses	7,438,000	6,278,401
Administrative and operating expenses	4,708,000	2,897,773
Total Employee Cost for the Period	381,904,530	304,933,181

13.2 Post-Employment Benefits

The company operates number of defined benefit and defined contribution plans for its employees of the company. The defined benefit plan of the company includes leave encashment expenses, expenses pertaining to gratuity and other retirement benefits.

FY 2072-73

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	181,195,815	7,264,850	65,335,524	253,796,189
Current Service cost	11,589,000	1,229,000	11,802,241	24,620,241
Interest Charge	13,934,000	565,000	4,878,000	19,377,000
Paid	(14,037,000)	(400,830)	(8,189,685)	(22,627,515)
Acturial (gain)/loss during the year (recognised in OCI)	(5,072,000)	(795,000)	32,341,685	26,474,685
Closing Liability	187,609,815	7,863,020	106,167,765	301,640,600
Charge for the period to SoPL	25,523,000	1,794,000	16,680,241	43,997,241
Charge to SoCI	(5,072,000)	(795,000)	32,341,685	26,474,685

FY 2071-72

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	156,962,752	5,570,561	55,431,214	217,964,527
Current Service cost	8,130,202	1,321,604	2,378,104	11,829,910
Interest Charge	11,691,179	445,644	4,032,278	16,169,100
Paid	(15,459,937)	-	(6,256,219)	(21,716,156)
Acturial (gain)/loss during the year (recognised in OCI)	19,871,619	(72,959)	9,750,148	29,548,808
Closing Liability	181,195,815	7,264,850	65,335,524	253,796,189
Charge for the period to SoPL	19,821,381	1,767,248	6,410,381	27,999,010
Charge to SoCI	19,871,619	(72,959)	9,750,148	29,548,808

13.3 Defined Benefit Plans

The defined benefit plan of the group includes Gratuity, Leave encashment Entitlements and Other Retirement benefits.

13.3.1 Gratuity

Gratuity for existing and retired employees have been provided as per the actuarial assessment. The assessed amount has been recognised as liabilities. The gratuity is computed on below basis: -

- Nil for Service up to 3 years
- Half months' salary for each year of service up to 7 years.
- Two third salary for each year of service for service between 7 and 15 years.
- One-month salary for each year of service for service between 15 and 17 years.
- 35 Days salary for each year of service for service over 17 years in case of retirement/death/disability service/early retirement and over 20 years in case of withdrawal.
- Tax is borne by company

This is in compliance with applicable legal requirements.

13.3.2 Leave Encashment

Leave encashment has been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period. Sick leave of 1.5 times the last drawn monthly basic salary is paid to employee. The maximum accumulation allowed is 30 days.

13.3.3 Other Retirement Benefits

Other retirement benefits include three days basic salary computed based on completion of 17 yrs. compulsory retirement or 20 years of completion of service for withdrawal and gold coin at compulsory retirement. Other retirement benefits have been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period. Sick Leave obligation was classified as other retirement benefit in previous year (2071/72) which has been reclassified as defined benefit plan in current year (2072/73).

13.3.4 Sensitivity Analysis

Figures in NPR

Particulars	Gratuity	Retirement Benefit	Sick Leave
Effect on DBO due to 0.5% increase in discount rate	(5,238,000)	(3,560,000)	(325,000)
Effect on DBO due to 0.5% decrease in discount rate	5,561,000	3,832,000	350,000
Effect on DBO due to 0.5% increase in salary escalation rate	4,998,000	3,505,000	324,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(4,757,000)	(3,290,000)	(303,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumption constant. In practice, this unlikely to occur and changes in some of the assumption is correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

13.3.5 Actuarial Assumptions

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Financial Assumptions		
Discount rate (%)	8.00%	8.00%
Salary escalation rate	10.00%	10.00%
Expected return on Plan Assets	Nil	Nil
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 6.61 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 6.61 years
Demographic Assumptions		
Mortality	In accordance with the standard table, Indian Assured Lives Mortality (1994-96) (modified) Ultimate Rates	In accordance with the standard table, Indian Assured Lives Mortality (1994-96) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%
Beneficiary Age		

13.3.6 Defined Benefit Plan Assets

Defined benefit obligations are not funded and there are no Defined Benefit Plan Assets. The group is in the process of creating a separate fund for meeting the defined benefit obligation.

13.4 Defined Contribution Plan

The defined contribution expenses include employer's contribution to provident fund. These amounts have been deposited in Employee Provident Fund, a 100% Government of Nepal undertaking.

14 Financial Instruments – Financial Liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The company classifies financial liabilities as Fair Value through Profit or Loss and those Held at Amortized Cost. All financial liabilities held by the company are classified as financial liabilities held at amortized cost using effective interest rate.

Financial liabilities held by the company are both interest bearing and non-interest bearing.

The non-interest bearing instruments' carrying value represents the amortized cost.

For interest bearing financial liabilities which comprises of the bank loans, interest charged by the bank approximates effective interest rate and the rate is considered for calculation of amortized cost of liability and the finance cost. The effect of initial charges and its impact on effective interest rate is considered not material and the carrying value is considered to approximate the amortized cost.

14.1 Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2073	As at 31st Ashad 2072
Bank overdrafts	6.00%	On demand	22,424,739	571,369,901
Total			22,424,739	571,369,901

Short term bank overdraft carries interest at the rate 6.00 to 6.75% p.a. during the year and repayable on demand.

Bank overdrafts are secured against all movable properties/current assets including inventory stocks and trade receivables.

14.2 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade Payable	398,184,045	374,456,146
Trade Payable to related parties	193,456,519	10,348,326
Total	591,640,564	384,804,471

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 28.

15 Other Financial Liabilities

Particulars	Figures in NPR	
	As at 31st Ashad 2073	As at 31st Ashad 2072
Interest payables	-	2,222,302
Container deposit liability	135,501,860	134,572,394
Trade Deposits	2,637,929	2,672,929
Advance received from distributors	12,878,793	14,453,093
Dividend payable	516,872	527,923
Statutory dues payable	34,328,396	35,162,336
Advance against unsettled Claims	12,216,385	-
Income tax payable	15,474,377	9,089,865
Total	213,554,612	198,700,841

Provisions are recognised when the company has a present obligation, legal or constructive, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation. If these conditions are not met, no provision is recognized.

The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date.

Changes in provision

Management reviews provisions at each reporting date and is adjusted to reflect the best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

16 Revenue

Particulars	Figures in NPR	
	For the year 2072-73	For the year 2071-72
Sale of goods	2,769,085,015	2,440,691,244
Less: Discount	(245,228,523)	(302,378,895)
Total	2,523,856,492	2,138,312,349

16.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the company that are recorded net off Value Added Taxes and Excise Duty collected from the customer that are remitted or are to be remitted to the government authorities.

The company generates revenue from sale of goods in the ordinary course of business.

17 Cost of Sales

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Material consumed		
Raw materials		
At 1st Shrawan	399,429,606	145,845,965
Purchase	1,241,471,993	1,361,496,857
Less: Transfer to Bottlers Nepal (Terai) Ltd.	(5,328,478)	(43,228,251)
At 31st Ashad	(416,673,165)	(399,429,606)
Raw material consumed total	1,218,899,956	1,064,684,965
Work in process		
At 1st Shrawan	1,872,368	2,506,810
At 31st Ashad	(5,211,336)	(1,872,368)
Net change in work-in-process	(3,338,968)	634,442
Production and manufacturing overheads	450,361,369	442,141,269
Finished goods stock		
At 1st Shrawan	38,464,664	27,412,411
At 31st Ashad	(43,278,495)	(38,464,664)
Net change in finished goods stock	(4,813,831)	(11,052,253)
Cost of sales	1,661,108,526	1,496,408,423

17.1 Production and manufacturing overheads

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	97,672,274	86,478,262
Sick Leave	1,048,000	731,263
Provident fund	3,850,898	2,417,302
Gratuity	17,483,000	13,422,785
Other retirement benefits	13,321,580	4,595,829
Travel and transport costs	1,421,708	883,747
Repair and maintainence	55,536,045	51,651,307
Consumables	36,154,182	30,949,186
Loss on sale/write off of Property plant equipment (net)	11,094,119	(2,573,134)
Office expenses	23,969,468	35,238,952
Power & Fuel	66,632,766	70,637,937
Depreciation on property, plant and equipment	122,090,370	120,721,390
Amortization of Intangible Assets	1,156,146	1,442,152
Exchange Gain/Loss	(1,069,188)	25,544,290
Total	450,361,369	442,141,269

18 Other Operating Income

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Product transfer fee	24,689,054	28,218,843
Sale of Scrap	4,311,719	2,782,757
Miscellaneous Income	3,046,750	27,399,137
Total	32,047,523	58,400,737

18.1 Product Transfer Fee

The Company and Bottlers Nepal (Terai) Ltd, its subsidiary Company, can sell their products in their respective market territories only. In respect of sales made by the Company and its subsidiary, in market territory of the other Company, a product transfer fee (gross) at the rate of 12 % (Previous year 12 %) of net liquid sales revenue is recovered/ paid. Product transfer service fee is recognized/ charged to income statement as and when sale of goods is effected as per above clause.

18.2 Sale of Scrap

Items includes under this income are towards sale amount realized from sale of scraps.

18.3 Miscellaneous Income

Income includes charges recovered from customer on account of handling loss of Glass Bottles. NPR 18,300,000 pertaining to customer deposit liability write-back was adjusted to miscellaneous income in previous year.

The company generates revenue from sale of goods in the ordinary course of business.

19 Selling and Distribution Expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	81,378,874	64,356,807
Sick Leave	453,000	709,487
Provident fund	1,997,892	1,907,888
Gratuity	4,710,000	4,273,095
Other retirement benefits	2,275,000	1,295,819
Travel and transport costs	8,866,245	6,204,061
Office expenses	5,859,553	4,365,413
Repair and maintainence	14,589,072	12,585,748
Communication expenses	1,600,000	676,791
Utilities	1,470,896	667,624
Freight Charges	119,918,442	90,479,028
Liquid leakages and damages	16,491,424	24,329,550
Sales promotion expenses	24,197,954	30,187,103
Other miscellaneous expenses	3,222,586	304,364
Depreciation on property, plant and equipment	43,145,351	29,872,183
Amortization of Intangible Assets	578,073	1,307,792
Bad debts	-	22,092,202
Loss on sale/write off of Property plant equipment (net)	11,895,549	-
Foregin exchange Gain/Loss	(534,594)	(3,814,109)
Product transfer fees	67,093,934	83,500,846
Total	409,209,251	375,301,692

20 Administrative and Operating expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	152,578,226	120,035,603
Sick Leave	293,000	253,539
Provident fund	427,786	1,811,267
Gratuity	3,330,000	2,125,501
Other retirement benefits	1,085,000	518,733
Travel and transport costs	9,298,072	6,448,954
Office expenses	22,686,617	33,908,224
Repair and maintainence	6,583,436	1,867,347
Bank charges	1,585,008	652,888
Audit fees	500,000	264,000
Legal and other professional fees	5,802,563	1,798,114
Communication expenses	17,287,275	40,264,127
Utilities	7,284,283	4,446,359
Depreciation on property, plant and equipment	5,350,835	7,287,759
Amortization of Intangible Assets	578,073	407,337
Loss on sale/write off of Property plant equipment (net)	6,191,976	-
Public Affairs and Communication (PAC) expenses	340,108	4,252,695
Security Expenses	6,294,028	4,834,358
Board and AGM expenses	722,031	748,122
Foregin exchange Gain/Loss	(534,594)	(717,269)
Other miscellaneous expenses	4,960,635	4,096,881
Total	252,644,357	235,304,539

20.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Statutory Audit Fee	500,000	264,000
Allowances	56,830	50,115
Total	556,830	314,115

21 Finance Cost

Finance costs comprises of interest on Term Loan and interest on short term borrowings in the form of bank overdrafts. All these cost are carried at amortized cost using effective interest rate as required by NAS 39.

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Interest on Debts	7,403,151	-
Interest on borrowings	9,805,468	29,377,910
Total	17,208,619	29,377,910

22 Finance Income

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Interest income	370,399	543,714
Dividend income from subsidiaries	27,460,949	24,166,384
Total	27,831,348	24,710,098

22.1 Interest Income

Interest income has been recognised using effective interest method as required by NAS 39.

22.2 Dividend income

Dividend is recognized when the right to receive the payment is established. Dividend income comprises of dividend received from investment made in the subsidiary companies inclusive of tax deducted at source.

23 Earnings Per Share

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Numerator		
Profit for the year and earnings used in basic EPS	181,681,535	(99,688,961)
Denominator		
Weighted average number of shares used in basic EPS	1,948,887	1,948,887
Basic Earning Per Share	93	(51)

EPS is calculated by dividing the profit attributable to ordinary equity holders of the company for the period by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares. Number of shares have not changed over the reported periods. There are no instruments that would impact dilution of basic EPS. Therefore, basic EPS and diluted EPS are the same.

24 Contingent Liabilities and Capital Commitment

24.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

24.1.1 Bank Guarantee

Bank Guarantee has been provided to the department of Customs for clearance of Sugar Dissolving Tank. The guarantee gets released when the tanks get installed in the plant and the same has been verified by custom officials. As at the reporting date the guarantee amount is NPR 3,400,000.

24.1.2 Corporate Tax Matters

i) LTO assessed the income tax, TDS and VAT liabilities of the company for 2066-67. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below: -

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	6,106,075	-	6,106,075
TDS	3,672,212	173,901	3,498,311
VAT	26,737,720	8,540,112	18,197,608

ii) LTO assessed the income tax, TDS and VAT liabilities of the company for 2067-68. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	17,850,617	-	17,850,617
TDS	26,531,605	444,027	26,087,578
VAT	10,189,874	516,194	9,673,680

iii) LTO assessed the income tax, TDS and VAT liabilities of the company for 2068-69. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below:-

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	11,314,019	-	11,314,019
TDS	47,604,066	467,790	47,136,276
VAT	6,480,279	-	6,480,279

24.2 Commitment

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets. These amounts are not recorded in the statement of financial position since the company has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

At end of financial year 2072/73, the Company had capital commitments of Rs. 12,862,155 (Previous Year 2071-72 Rs 74,784,532) relating to various small projects.

25 Interim Reporting

Interim reports have been publicly reported in accordance with the requirement of SEBON and NEPSE. These requirements are materially aligned with the requirements of NAS 34.

26 Segment Reporting

The Company has only one “business segment” i.e. dealing in “non-alcoholic beverage”. The non-alcoholic beverage business mainly consists of products like carbonated soft drinks in different flavors. All these products have similar risks and returns because of similar nature of products, common consumer segments, similar production processes and common distribution channel. Further, internal organizational and management structure and its system of internal financial reporting of the Company is not based on product or geographical differentiation.

27 Related Party Transactions

27.1 Relationship

The company identified related parties on the following lines

1. Part of the Group
 - a. Parent company, ultimate parent
 - b. Other Subsidiaries of the parent / ultimate parent
 - c. Subsidiaries of the company
2. Directors and their relatives
3. Key management personnel and their relatives
4. Employee benefit plan

The obligations are carried in the financial statements which the group is considering to fund separately.

27.1.1 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There have no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the company’s regulations.

Figures in NPR

Particulars	Remuneration	Allowances	Facilities
Directors's Fees & Facilities		150,000	
Managing Director	3,190,104	2,702,978	2,338,492
Key Managers	8,644,812	10,952,058	1,425,602
Total	11,834,915	13,805,036	3,764,094

Additional Information

- a) Key management personnel include 5 expatriate staffs including Managing Director.
- b) Key management personnel are also provided with following benefits:
 - i) All Manager of the Company are provided vehicle allowance as per Company Policy
 - ii) Furnished apartments are provided to all expatriate staffs.
 - iii) Performance bonus based on individual, overall Country and Division performance.
- c) Remuneration is net of 65% which was charged to Bottlers Nepal (Terai) Limited. Other costs are net of the 50% which was charged to Bottlers Nepal (Terai) Limited.
- d) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans excluding expatriates staff (i.e. gratuity and other retirement benefits) and leave encashment are provided on an actuarial basis for the company as a whole, so the amounts pertaining to the key management personnel are not included above

27.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the year 2072-73	For the year 2071-72
Sale to related parties		
Sale of various materials to Bottlers Nepal (Terai) Limited	5,328,478	44,804,348
Purchases from related parties		
Purchase of various materials from Bottlers Nepal (Terai) Limited	5,230,917	14,593,027
Purchase of concentrate from Atlantic Industries	398,709,990	405,512,351
Product transfer fee		
Received from Bottlers Nepal (Terai) Ltd.	24,689,053	28,218,843
Paid to Bottlers Nepal (Terai) Ltd.	67,093,934	83,500,846
Dividend received from Bottlers Nepal (Terai) Ltd.	27,460,949	24,166,384
Bad Debts Recongnised in respect of Receivables from Related Parties		
- Atlantic Industries-other related party	-	24,532,700
Amounts owed by related parties		
Bottlers Nepal (Terai) Limited-a subsidiary company	-	221,904,384
Troika Traders Pvt. Ltd.-a subsidiary company	28,352,699	79,280,981
Amounts owed to related parties		
Bottlers Nepal (Terai) Limited-a subsidiary company	2,296,808	-
Atlantic Industries-other related party	121,515,813	10,348,325
Soft Drink International	30,681,199	-
Hindustan CCBPL	45,378,247	-

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

28.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

28.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank overdraft and short term deposits.

The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

28.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The Company manages its foreign currency risk by not holding the receivables and payables in foreign currencies for longer duration.

28.4 Commodity price risk

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of raw materials and therefore require a continuous supply of the same.

The Company manages this risk by purchasing materials and supplies from the supplier identified by the group and the Company has long term relation with the supplier.

28.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

28.5.1 Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and shipments to major customers are generally covered by bank guarantees.

28.5.2 Cash deposits

Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

28.6 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through cash forecast.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

Shukla Wassan
Chairperson

Sumanta Datta
Director

Narmadeshwar Narayan Singh
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Puneet Varshney
Director

Dr. Trilochan Upreti
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants



**DIRECTOR'S REPORT &
FINANCIAL STATEMENT OF
SUBSIDIARY COMPANIES**



BOTTLERS NEPAL (TERAI) LIMITED

2072/73

(2015/16)



REPORT OF THE BOARD OF DIRECTORS

Dear Valued Shareholders,

Your Directors are pleased to present the 30th Annual Report of your company along with the statement of financial position, statement of profit or loss, statement of cash flow, statement of changes in equity and explanatory notes prepared as per the Nepal Financial Reporting Standard (NFRS) issued by Accounting Standard Board of Nepal (ASB-N) for the year ended 15th July 2016 (FY 2072/73) i.e. 31st Ashad, 2073.

Your company has been able to achieve yet another year of growth and profitability along with creating value for its stakeholders. Being a responsible corporate citizen, your company has given due consideration to the upliftment of the society around the areas of its operation and has undertaken various sustainability initiatives as well.

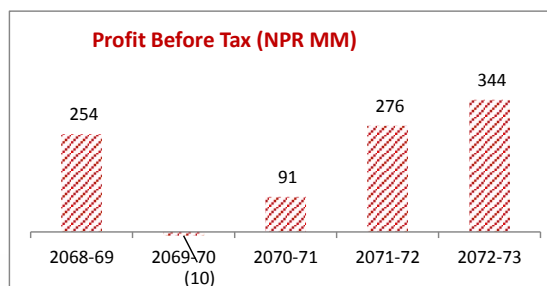
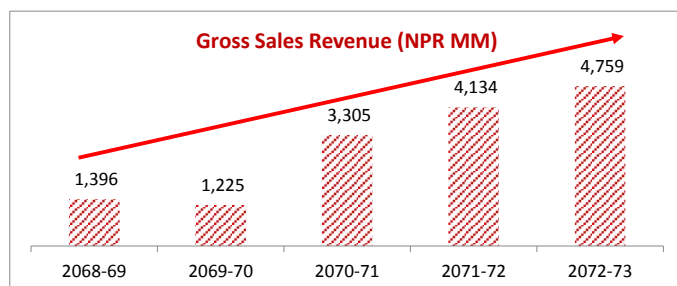


Financial Results

The summarised financial results of your Company for the year under review are as under:

Particulars	NPR MM		
	2072-73	2071-72	% increase
Gross Sales Revenue	4,759	4,134	15%
Gross Profit	1,043	867	20%
Net Profit Before Tax	344	276	24%
Net Profit After Tax	277	187	49%

The gross sales revenue trend, as has been presented below, clearly shows that we are making rapid progress towards building a strong foundation for a large scale business as a bottler of The Coca-Cola Company (TCCC) in Nepal.



Note: MM stands for Million

BUSINESS ENVIRONMENT

Global:

The global economic scenario continued to remain volatile across different geographies. The neighbouring countries China and India are progressing fast to become economic giants. The Group is presently operating in an increasingly dynamic economic environment. Inflation has been steady in emerging markets and developing economies as the exchange rates remained broadly stable.

Nepal

Nepal's economy remained subdued during the year under review. A series of challenges like the extended border unrest and the earthquake disaster aggravated the difficult economic conditions.

During the current Fiscal Year 2072/73, the Gross Domestic Production (GDP) of the Country is estimated to rise by 0.77 percent against its growth rate of 2.32 percent in the previous year. The consumer price index during the current year is 9.50% as against the previous year of 7.20%. During the year, the Nepalese Rupee depreciated by 5.7 percent against the US dollar between mid-July, 2015 and mid-March, 2016 while it had appreciated by 4.5 percent against US dollar during the same period of previous fiscal year. Nepal's economy continues to be heavily dependent on the remitted transfers from migrant labour working in the Middle-East and South-East Asia. The unstable political situation coupled with low capital investment in the country, widening trade deficit and high inflation continued to remain major challenges. During the year under review, the government struggled to meet its budgeted capital expenditure. Further, the expected Economic Reform has not been forthcoming as anticipated by potential investors.

(Source: Nepal Rastra Bank)

Enterprise Risk Management and Challenges

The Group's Enterprise Risk Management (ERM) system is robust and well placed to perceive, manage and mitigate the risks which gives us the ability to respond rapidly and decisively to an emerging crisis.

Future Outlook

The key focus for your company during the coming years will be on strengthening its Route To Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets, productivity, effective cost management and building strong capability to deliver medium and long term goals.

The Board of Directors of your company is of the view that, subject to the improvement in the operating environment arising out of socio-political stability in the country, the company is geared up to deliver strong business performance in the years to come. Your Directors have been closely monitoring the impact of the oil price movements, currency devaluation and global economy and have been mindful of any trickle-down impact thereof.

Despite the challenging environment, the future also holds opportunities. We will approach these opportunities with caution to derive benefit from them in a sustainable manner. Our differential capabilities stemming from the company expertise compared to other players in market enable us to anticipate and respond to the extraordinary changes that may take place in the future.

We will continue to invest in our people for their continuous development so as to optimize their performance and build relevant professional skills to drive the business. For our communities, we will endeavour to make a real and lasting difference through right engagement towards environmental and societal concerns. Your company will consciously drive and maintain its high level of governance and strive towards providing better return on its investment.

OTHER MATTERS

- **Corporate Governance**

Your Directors are committed to ensure that the Company adheres to the highest standards of Corporate Governance in the conduct of its business. Our governance framework comprises of six pillars namely – Internal Controls, Internal Audit, Authorisation Framework, Governance Routines, Business Risk Review and Statutory Compliances.

- **Corporate Social Responsibility**

Your Company is committed towards giving back to the society it operates in so that it can make a real and lasting difference through right engagement towards environmental and societal commitments. Your Directors believe that Corporate Social Responsibility (CSR) is a long-term approach to business that addresses the needs of the community, people and the company. We will continue to make significant contributions to the societies in which we operate through focused investment of our finances, time and expertise with meaningful community upliftment programs. Some of the CSR initiatives of the Company have been detailed in the CSR Section.

- **Environmental Concern and Sustainability**

Your Company has been engaged in multiple initiatives for positive environmental impact with an aspiration to grow sustainably. Furthermore, the business strategy of your Company has been aligned in consideration of the environmental and sustainability factors. Some of our initiatives have been separately elaborated in this Annual Report.

- **Human Resources**

Your Company enjoys one of the highest employment engagement status in the country year after year.

This demonstrates the degree of satisfaction and engagement delivered by the Company to its employees. Team work is a key factor in all of our achievements and the credit goes to all those employees who see their own future in the future of your Company and are dedicated to make a positive impact. Your Directors recognise that it is important to have a diverse, talented and engaged work force to drive the growth opportunities we have. Detailed description of our employee engagements is described in the specific section of this Annual Report.

- **Code of Business Conduct and Anti-Bribery Policy**

Your Company has a strict Code of Business Conduct (COBC) and Anti Bribery Policy which guides our business conduct requiring honesty and integrity in all matters. All of our associates, employees, directors and vendors are required to read and understand the Code and follow its precepts in the workplace and in the larger community. The Code is administered by our Ethics & Compliance Committee. We regularly monitor and audit our business to ensure compliance with the Code and the Law.

LEGAL REPORTING & DISCLOSURES

AS PER SEC 109 OF COMPANIES ACT, 2006 (2063)

- (a) **Review of the transactions of the Previous Year:**
As covered above under “Financial Results” section
- (b) **Impact, if any, caused on the transactions of the Company from National & International Situations;**
As covered above under “Business Environment” section.
- (c) **Achievements in the current year as on the date of report & opinions of the Board of Directors on matters to be done in the future;**
As covered above under “Financial Results” & “Future Outlook” section.
- (d) **Industrial or Professional Relations of the Company;**
During the year, the relationship of the Company with its employees was harmonious resulting in no strikes.
- (e) **Alterations in the Board of Directors and the reasons therefore;**
During the year under review, the holding Company, Bottlers Nepal Limited had withdrawn their earlier nomination of Mr. S.K Jawahar and in their place nominated Mr. Gaurav Khosla w.e.f 2nd May, 2016.
- (f) **Major things affecting the transactions;**
As covered above under “Business Environment” and “Risk & Challenges” section.
- (g) **If there are any remarks in the Audit Report, the comments of the Board of Directors on such remarks;**
None
- (h) **Amount recommended for payment by way of Dividend;**
The Board of Directors has proposed a cash dividend of NPR 25/- per share to the shareholders of the Company for the FY 2072/73.
- (i) **In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the Company for such shares prior to the forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares;**
NIL
- (j) **Progress of transactions of the Company and of its subsidiary company(ies) in the previous financial year and, review of the situation existing at the end of that financial year;**
As covered above under various sections.
- (k) **Major transactions completed by the Company and its subsidiary company(ies) in the financial year and any material changes taken place in the transaction of the Company during that period;**
None
- (l) **Disclosures made by the substantial shareholders of the Company to the Company in the previous financial year;**
None

- (m) **Details of shareholding taken by the directors and officers of the Company in the previous financial years and, in the event of their involvement in share transaction of the Company, details of information received by the Company from them in that respect;**

None

- (n) **Details of disclosures made about the personal interest of any director and his / her close relative in any agreement related with the Company during the previous financial year;**

None.

- (o) **In the event that the Company has bought its own shares (buy-back), the reasons for such buy-back, number & face value of such shares, and amount paid by the Company for such buy-back;**

None

- (p) **Whether there is an internal control system in place or not and, details of such system, if it is in place;**

As covered under Internal Control Disclosure section

- (q) **Details of total management expenses during the previous financial year;**

Particulars (FY 2072/73)	NPR MM
Salaries, wages and other employee costs	138
Administrative expenses	168
Total	307

- (r) **Name list of the members of Audit Committee, remuneration, Allowances and facilities received by them, details of the functions performed by that committee, and details of suggestions, if any, made by that committee;**

Please refer to Audit Committee details under "Corporate Governance" section

- (s) **Amount, if any, outstanding & payable to the Company by any director, managing director, chief executive, substantial shareholders or, his/her close relative or, by any firm, company, corporate body in which he/she is involved;**

None

- (t) **Amount of remuneration, allowances & facilities paid to the directors, managing director, chief executive & officer;**

Remuneration, allowances and facilities given to Directors, Chief Executive Officer and Managers during the year:

	NPR MM			
	Remuneration	Allowances	Facilities	Total
Director's fee	-	0.12	-	0.12
Chief Executive Officer	5.92	5.02	4.34	15.29
Managers	21.67	25.50	2.65	49.81
Total	27.59	30.52	6.99	65.09

Notes: Chief Executive Officer, Country Sales Manager, Channel & Key Accounts Manager, Country Finance Manager and Country Supply Chain Manager were also provided furnished

accommodation and rented car. 35% of cost was charged to its holding Company, Bottlers Nepal Ltd. All manager of the company are provided with vehicle allowance as per Company Policy.

- (a) **Amount of Dividends remaining unclaimed by the shareholders;**
Total unclaimed dividend as on Ashad 31, 2073 (15th July, 2016) is NPR 4,070,855.
- (b) **Details of sale and purchase of properties pursuant to Section-141:**
None
- (c) **Details of transactions carried on between the Associated Companies pursuant to Section-175;**
Following transactions were carried out with following Associated Company in the Fiscal Year 2072/73.

Associated Company	Details of transactions	Amount (In NPR)
Bottlers Nepal Limited	Payment of Manpower Cost	54,819,801/-
Bottlers Nepal Limited	Sale/Purchase of Raw Materials such as Preform, Crowns	5,230,917.15/-
Bottlers Nepal Limited	Payment of Product transfer fee on account of sales made in their respective territories;	24,689,054/-

- (d) **Any Other matters required to be said out in the report of Board of directors under this Act and the prevailing laws;**
None
- (e) **Other necessary matters;**
None

On behalf of the Board of Directors,

Shukla Wassan
Chairperson

Pramod Kumar Karki
Independent Director

Date: 23rd November, 2016

BOARD OF DIRECTORS



Ms. Shukla Wassan
(Chairperson)

Ms Wassan is a FCS (Fellow Company Secretary) from the Institute of Company Secretaries of India, LLB and B.Com (Hons) with a total experience of over 33 years. She has been a Director and Chairperson of the Company since 4th December, 2014.



Mr. Gaurav Khosia
(Director)

Mr. Khosla is a Chartered Accountant from the Institute of Chartered Accountants of India with a total experience of over 22 years. He has been a Director of the Company since

2nd May, 2016 and is also the Chairman of Audit Committee of the Company since 2nd May, 2016.



Mr. Sumanta Datta
(Director)

Mr Datta holds a Masters of Business Administration degree and has more than 23 years of experience. He has been a Director of the Company since 26th August, 2016. He is also a Member

of the Audit Committee of the Company



Mr. Ashutosh Singh
(Director)

Mr. Singh holds B.Sc Degree and has an experience of 22 years. He has been a Director of the Company since 4th December, 2014.



Mr. Surendra Silwal

(Alternate Director on behalf of Mr. Soren Lauridsen)

Mr. Silwal holds a Masters of Business Administration degree with a total experience of over 20 years in various Companies. He has been a Alternate Director to Mr. Soren Lauridsen since 14th September, 2012.



Mr. Prasad Gyawali
(Director)

Mr Gyawali holds MBA and Msc degrees and has more than 12 years of experience handling various units in the beverage (beer) and noodles/ snacks operations in India and Nepal.

He has been a Director of the Company since 12th January, 2015.



Mr. Pramod Kumar Karki
(Independent Director)

Mr Karki holds multiple academic degrees including M.A and LL.M. He has 34 years of working experience in various governmental jobs.. He is a Director of the Company since 13th December, 2012



Mr. S.K. Jawahar
(Director)

Mr. Jawahar holds Bachelor of Commerce, LL.B. degrees and is an Associate Member of Institute of Cost & Management Accountants of India

with a total experience of over 26 years. He was Director of the Company from 4th December, 2014 till 2nd May, 2016.



Mr. Sanket Ray
(Director)

Mr. Ray holds Post Graduate Diploma in Marketing & Sales, B.E. degree in Mechanical Engineering with a total experience of over 18 years. He was

a Director of the Company from 4th December, 2014 till 26th August, 2016.

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Board is committed to ensure that the Company adheres to the highest standards of Corporate Governance in the conduct of its business. Our commitment to best practices in Corporate Governance plays a key role in managing our risks and opportunities and maintaining the trust of our stakeholders.

Board of the Company

The Board of the Company has ultimate responsibility for direction, performance and long-term success of our business as a whole. During the year, the Board continued with its strength of 7 (seven) Members comprising of 7 (seven) Non-executive Directors, who essentially have a supervisory role. A list of our current Directors and their dates of appointments is set out on page 125.

Board's independence

Non-Executive Directors (NEDs)	6
Independent (Non-executive)	1
Managing Director (Executive Director)	0
Total	7

Board Meetings

During the year under review, a total of six (6) meetings of the Members of the Board were convened. The notice, agenda and other relevant documents were circulated to the Members well ahead of the meetings to ensure adequate and active discussion on the agenda(s) before arriving at decisions. The attendance of the Directors in the Board meetings convened during the FY 72/73 are as follows:

Board Members	Designation	No. of Meeting held during the tenure	Meetings Attended	Remarks
Shukla Wassan	Chairperson	6	6	
Ashutosh Singh	Director	6	5	
Gaurav Khosla	Director	2	1	Joined the Board on 2 nd May, 2016.
Surendra Silwal	Alternate Director	6	5	(Alternate Director on behalf of Mr. Soren Lauridsen)
Prasad Gyawali	Director	6	3	
Pramod Karki	Independent Director	6	6	
Sumanta Datta	Director	0	0	Joined the Board on 26 th August, 2016
S. K Jawahar	Director	4	3	Resigned from the Board w.e.f. 25 th April, 2016.
Sanket Ray	Director	6	5	Resigned from the Board w.e.f. 26 th August, 2016

Audit Committee

The Board has formed an Audit Committee with defined terms of reference. The duties and responsibilities of Audit Committee are in congruence with the framework defined by the Companies Act 2063 (2006). The Audit Committee is constituted with Non-Executive Directors and hence, all the Members of the Committee, including the Chairman, are Non-Executive which ensures complete independence. The composition of the Audit Committee as at the end of the financial year 2072-73 was as below:

Mr. Gaurav Khosla	–	Chairman
Mr. Surendra Silwal	–	Member
Mr. Sanket Ray	–	Member

In pursuance to the resignation of Mr. Sanket Ray, Mr. Sumanta Datta was appointed as new Member of the Committee with effect from 26th August, 2016.

The Audit Committee is governed by the “Terms of Reference” duly approved by the Members of the Board. The salient features of the “Terms of Reference” of the Committee are as below:

- The Committee shall comprise at least three members, each of whom shall be appointed by the board.
- Where possible at least two members of the Audit Committee, one of which should act as the Chairperson, should be non-executive Directors with financial expertise. If this is not possible, the Committee should include Group representatives or other Country Team

members who have financial expertise. But in both case the chairperson of Audit Committee must be a non-office bearing director of the company.

- The primary responsibility of the Committee is to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with applicable legal requirements and accounting standards.
- Review and recommend the appointment and retention of the external auditor and the audit fee, in addition to deliberating on the resignation or recommending the dismissal of the external auditor.
- Examine and review the quality of the annual financial statements of the company, prior to submission to and approval by the board.
- Consider the appropriateness of the accounting policies adopted and any changes to them, the accounting treatment of significant unusual transactions and significant adjustments arising from the audit.
- Ensure that the company is in full compliance with all statutory issues related to regulatory bodies and to advise the board of any issues arising.
- The Committee shall meet as frequently as required but not less than three times a year.

During the Fiscal Year 2072/73, the Members of the Audit Committee met three times i.e, on 2nd December, 2015, 4th February, 2016 and 2nd May, 2016 for reviewing the financial statement of the Company including Internal Financial Control and Risk Management and other financial issues. The following table indicates the attendance of Audit Committee meeting held during the FY 2072-73.

Name	Designation	Number of Meetings held during their tenure	Meeting attended	Remarks
S.K Jawahar	Chairman	3	2	Resigned from the Committee w.e.f. 2nd May, 2016
Sanket Ray	Member	3	3	Resigned from the Committee w.e.f. 26th August, 2016
Surendra Silwal	Member	3	3	
Gaurav Khosla	Member	0	0	Appointed as the Audit Committee Member on 2nd May, 2016

None of the Members received any remuneration/sitting fees for serving on the Audit Committee.

Internal Control Disclosures

The Audit Committee has been instrumental for the Board of Directors of your Company to ensure that the Company has all adequate systems of financial control in place. The Audit Committee periodically conducts review of the effectiveness of our risk management and Internal Control systems. The Audit Committee oversees the design of our Internal Control Systems along with the effectiveness of the Internal Audit Function throughout the year.

The Group has adopted a “Chart of Authority (COA)” defining financial and other authorisation limits and setting procedures for approving capital and investment expenditures. The Group has carried out a review of the operation of its Internal Control Framework for the fiscal year 2072-73, concluding that all material, financial, operational and compliance controls were effective.

T.R. Upadhy & Co.
Chartered Accountants

124 Lal Colony Marg
Lal Durbar
Post Box No. 4414
Kathmandu, Nepal

Telephone: 977 (1) 4410927, 4420026
Fax : 977 (1) 4413307
E-mail : trunco@ntc.net.np

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDER OF BOTTLERS NEPAL (TERAI) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Bottlers Nepal (Terai) Limited (the "Company"), which comprise the statement of financial position as at 15 July 2016, and the statements of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bottlers Nepal (Terai) Limited as at 15 July 2016, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Companies Act 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statements of financial position, profit or loss, comprehensive income, cash flows and the changes in equity have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.



Sanjeev Kumar Mishra
Partner

T R Upadhy & Co.
Chartered Accountants

Kathmandu
23 November 2016

BOTTLERS NEPAL (TERAI) LIMITED

Statement of Financial Position

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	As at 31st Ashad 2073	As at 31st Ashad 2072
ASSETS			
Non-Current Assets			
Intangibles	3	1,826,145	2,630,203
Property, Plant and Equipment	4	2,611,062,810	2,658,509,789
Current Assets			
Inventories	6	855,254,369	514,446,584
Non Financial Current Assets			
Prepayments	7.1	20,950,521	8,381,745
Financial Assets			
Advances	7.2	6,368,374	15,819,988
Other Current Assets	7.3	151,946,604	52,384,486
Trade receivables	8	81,679,220	143,875,324
Cash and cash equivalents	9	20,828,867	30,099,552
Total Assets		3,749,916,910	3,426,147,672
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	121,000,000	121,000,000
Reserve and Surplus	11	739,206,200	503,775,187
Non-current liabilities			
Retirement Benefit Obligation	12.2	236,365,920	196,571,001
Deferred Tax Liability	5.3	32,433,216	18,346,465
Financial Liabilities			
Borrowings	13.1	376,000,000	546,000,000
Current liabilities			
Financial Liabilities			
Borrowings	13.2	978,743,136	737,570,755
Trade payables	13.3	864,071,865	938,286,739
Other Financial Liabilities	14	402,096,573	364,597,524
Total Equity and Liabilities		3,749,916,910	3,426,147,672

Shukla Wassan
Chairperson

Sumanta Datta
Director

Prasad Gyawali
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Pramod Kumar Karki
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

BOTTLERS NEPAL (TERAI) LIMITED

Statement of Profit or Loss

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Revenue from operations	15	3,525,802,032	3,004,162,725
Cost of sales	16	(2,482,364,421)	(2,137,275,626)
Gross Profit		1,043,437,612	866,887,099
Other operating income	17	75,525,171	226,719,592
Selling and distribution expenses	18	(553,271,470)	(524,141,008)
Administrative and operating expenses	19	(118,751,280)	(150,863,483)
Profit from Operations		446,940,032	418,602,201
Finance Costs	20	(103,563,180)	(142,984,315)
Finance Income	21	205,349	516,289
Profit Before Tax		343,582,201	276,134,176
Income Tax Expense			
Current Tax	5.1	(50,528,436)	(64,992,561)
Deffered Tax	5.2	(16,345,372)	(24,381,360)
Net Profit for the year		276,708,392	186,760,255
Basic Earnings per share	22	229	154

Shukla Wassan
Chairperson

Sumanta Datta
Director

Prasad Gyawali
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Pramod Kumar Karki
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

BOTTLERS NEPAL (TERAI) LIMITED

Statement of Other Comprehensive Income

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Net Profit for the year as per Statement of Profit or Loss	276,708,392	186,760,255
Items that will not be reclassified to Statement of Profit or Loss		
Acturial Gain/(Loss) on defined benefit plan schemes	(13,286,000)	(28,854,850)
Deffered Tax on Acturial Gain	2,258,620	5,195,073
Other comprehensive gain/(loss) for the year, net of tax	(11,027,380)	(23,659,777)
Total Comprehensive gain/(loss) for the year, net of tax	265,681,012	163,100,477

Shukla Wassan
Chairperson

Sumanta Datta
Director

Prasad Gyawali
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Pramod Kumar Karki
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

BOTTLERS NEPAL (TERAI) LIMITED

Statement of Cash Flow

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	343,582,201	276,134,176
Adjustments for non cash and non operating:		
Depreciation on property, plant and equipment	255,386,962	273,075,779
Amortization of Intangible Assets	714,111	997,064
Loss/ (gain) on sale/write off of Property, plant and equipment	28,337,863	10,417,484
Finance income	(205,349)	(516,289)
Finance costs	103,563,180	142,984,315
Gain on sales proceeds from Property, plant and Equipment	(3,850,921)	(834,282)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	(35,181,823)	367,746,705
Increase / (Decrease) in provisions	26,508,919	12,825,357
Decrease / (Increase) in trade and other receivables	(35,549,557)	196,488,289
Decrease / (Increase) in loans and advances	(3,117,162)	(11,968,824)
Decrease / (Increase) in inventories	(340,807,785)	(93,455,140)
Cash generated from operations	339,380,639	1,173,894,633
Direct taxes paid (net of refunds)	(52,344,894)	(31,377,474)
NET CASH FLOWS FROM OPERATING ACTIVITIES	287,035,745	1,142,517,159
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, plant and Equipment	(234,867,416)	(356,602,071)
Purchase of Intangibles	(1,320,483)	-
Proceeds from sale of Property, Plant and Equipment	3,850,921	1,792,410
Interest Received	205,349	516,289
NET CASH FLOWS FROM OPERATING ACTIVITIES	(232,131,629)	(354,293,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	71,172,381	(641,461,320)
Interest paid	(104,993,222)	(138,114,724)
Dividend paid	(30,353,961)	(26,044,646)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(64,174,803)	(805,620,690)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,270,686)	(17,396,903)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	30,099,552	47,496,455
CASH AND CASH EQUIVALENTS, End of Period	20,828,867	30,099,552

Shukla Wassan
Chairperson

Sumanta Datta
Director

Prasad Gyawali
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Pramod Kumar Karki
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

BOTTLERS NEPAL (TERAI) LIMITED

Statement of Changes in Equity

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
Balance at 31st Ashad 2072	121,000,000	952,000	502,823,187	624,775,187
Changes in accounting policy				
Other Adjustments				
Restated Balance	121,000,000	952,000	502,823,187	624,775,187
Profit for the year			276,708,392	276,708,392
Other comprehensive income			(11,027,380)	(11,027,380)
Dividends	-	-	(30,250,000)	(30,250,000)
Balance at 31st Ashad 2073	121,000,000	952,000	738,254,200	860,206,200

Shukla Wassan
Chairperson

Sumanta Datta
Director

Prasad Gyawali
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Pramod Kumar Karki
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
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Bottlers Nepal (Terai) Limited

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 15 July 2016

1 Corporate Information

Bottlers Nepal (Terai) Limited ("Company") is a public limited Company listed on the Nepal Stock Exchange Ltd incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Bharatpur, Chitwan, Nepal.

Bottlers Nepal (Terai) Limited is a licensed bottler, marketer and distributor of non-alcoholic beverages products of the Coca-Cola Company. The Board of Directors has approved the financial statements for issue on its meeting held on 8th Mangsir 2073 (23rd Nov 2016) and has recommended for approval of shareholders in the Annual General Meeting.

2 Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal. These confirm, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis. The term NFRS, which includes all the standards and the related interpretations is consistently used.

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.1 Accounting Pronouncements

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by Accounting Standards Board Nepal, effective as on 13 September 2013.

2.2 Accounting Convention

The financial statements are prepared on a historical cost basis except for certain financial and equity instruments that are measured at fair value.

2.3 Presentations

The financial statements are prepared in Nepalese Rupees and rounded off to the nearest rupee. The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities. Net defined benefit obligation is also classified as not current liabilities.

The company operating cycle has been defined as twelve-month period.

The statement of profit or loss has been prepared using classification ‘by function’ method.

The statement of cash flows has been prepared using indirect method. Cash flows from operating activities, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes, separately include cash flows relating to employee bonus and retirement benefits.

2.4 Accounting Policies

NFRS requires adoption of accounting policies that are most appropriate to the company’s circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company’s reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

2.5 Accounting Estimates

The preparation of financial statements in line with NFRS which requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.

The estimates and the underlying assumptions are reviewed on ongoing basis. Although these estimates are based on management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates are reviewed periodically by the management.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.6 Financial periods

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date / Period	Gregorian Calendar Date / Period
SFP* Date	31 Ashadh 2073	15 July 2016
Current Reporting Period	1 Shrawan 2072 - 31 Ashadh 2073	17 July 2015 - 15 July 2016
Comparative SFP* Date	31 Ashadh 2072	16 July 2015
Comparative reporting period	1 Shrawan 2071 - 31 Ashadh 2072	17 July 2014 - 16 July 2015

*Statement of Financial Position

2.7 Presentation currency

The company's financial statement is presented in Nepalese Rupees which is also the company's functional currency.

3 Intangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 31st Ashad 2072	7,035,428	-	7,035,428
Additions	1,320,483	1,320,483	2,640,967
Disposals/Adjustments	(2,918,132)	(1,320,483)	(4,238,616)
Closing balance at 31st Ashad 2073	5,437,779	-	5,437,779
Accumulated Amortisation			
Opening balance at 31st Ashad 2072	4,405,224	-	4,405,224
Charge for the year	714,111	-	714,111
Disposals/Adjustments	(1,507,702)	-	(1,507,702)
Closing balance at 31st Ashad 2073	3,611,634	-	3,611,634
Balance at 31st Ashad 2073	1,826,145	-	1,826,145
Balance at 31st Ashad 2072	2,630,203	-	2,630,203

Intangible assets are recognized on the basis of costs incurred to acquire and bring to use the specific intangible assets such as, software, where it is probable that such asset will generate future economic benefits in excess of its cost.

Computer software cost are amortized on the basis of expected useful life which is estimated as 5 years (the estimate is being reviewed periodically). Costs associated with maintaining software are recognised as and expenses as and when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being greater than its recoverable amount, the assets is considered to be impaired and is written down immediately.

The expenditure incurred in acquisition and installation of new software till the date of commissioning is recognized as intangible under development. Software is capitalized upon successful test run and after meeting recognition criteria.

The company has made a provision for missing/obsolesce assets of NPR 1,410,430 in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from FAR.

4 Property Plant and Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Balance at 31st Ashad 2072	579,625,409	1,924,734,311	9,270,318	258,741,874	511,123,058	48,343,709	180,190,987	3,512,029,666
Additions	12,491,692	119,125,633	2,706,982	78,267,365	113,025,132	2,665,291	332,087,074	660,369,170
Disposals/Adjustments	(677,821)	(24,885,486)	(390,493)	(44,854,874)	(38,828,874)	(18,501,630)	(425,501,754)	(553,640,933)
Balance at 31st Ashad 2073	591,439,280	2,018,974,457	11,586,807	292,154,365	585,319,317	32,507,370	86,776,307	4,726,039,768
Depreciation and impairment losses								
Balance at 31st Ashad 2072	34,541,293	383,449,401	6,418,061	106,333,896	294,044,255	28,732,971	-	853,519,876
Charge for the year	14,761,164	129,221,885	1,754,854	30,477,127	65,115,842	14,056,090	-	255,386,962
Disposals/Adjustments	(95,097)	(23,050,218)	(180,614)	(20,858,928)	(38,828,874)	(18,198,015)	-	(101,211,745)
Balance at 31st Ashad 2073	49,207,359	489,621,069	7,992,301	115,952,096	320,331,223	24,591,046	-	1,210,118,584
Net Block								
Balance at 31st Ashad 2073	542,231,921	1,529,353,389	3,594,506	176,202,269	264,988,094	7,916,324	86,776,307	2,611,062,810
Balance at 31st Ashad 2072	545,084,116	1,541,284,910	2,852,258	152,407,978	217,078,803	19,610,739	180,190,987	2,658,509,789

Property, plant and equipment are initially measured at cost in the statement of financial position. These are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets. Property, plant and equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of property, plant and equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. If an item of property, plant and equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NFRS are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1. Management feels that such cost are not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognised impairment loss, if any. Depreciation on these assets will commence when these assets are ready for their intended use and classified under specific asset category.

The company has made a provision for missing/obsolesce assets of NPR 26,927,425 in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from FAR.

4.1 Depreciation

Depreciation on items of property plant and equipment is calculated on the straight-line method based on the useful life of the assets estimated by the management. Depreciation on additions to property plant and equipment is provided on pro-rata basis in the year of purchase when the asset is ready to use. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of property plant and equipment consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

4.1.1 Change in Accounting Estimate

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

During the year management felt the necessity to review the useful life of the assets and an independent assessment was conducted. Basis recommendation of the assessment useful life of the assets has been revised. Had no changes been made the depreciation would be lesser by NPR 27,648,439.

The changes in the estimates of useful life of the property plant and equipment is given in the table below.

Particulars	Clubbed under following class of assets	Revised	Previous Assessed
		Useful Life (Years)	Useful Life (Years)
Building	Building	40	50
Plant and Machinery	Plant and Machinery	20	20
Cooler	Cooler	9	10
Office Equipment	Office Equipment	5	5
Computer Accessories	Office Equipment	4	4
Bottles	Containers	5	3
Crates	Containers	8	5
Wooden Pallets	Other Assets	1	2
Plastic Pallets	Other Assets	5	5
Furniture and Fixtures	Other Assets	10	6
Motor Vehicles	Other Assets	5	5
Other Assets*	Other Assets	10	10

*Other assets majorly includes transformers, electrical installations and soft drink analyzer.

4.2 De-recognition

An item of property plant and equipment is de-recognised on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognised in the statement of profit and loss.

4.3 Capital Work in Progress

The expenditure incurred in acquisition and installation of new systems and equipment till the date of commissioning or civil works under construction till the date of completion is recognized as Capital works-in-progress. Equipment are capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Water Line	-	73,816,483
PET Project	-	106,374,504
Raw Water Tank	7,320,212	-
Borewell	984,000	-
Cooler	36,476,292	-
Palletizer	41,995,803	-
Total	86,776,307	180,190,987

5 Income Taxes

5.1 Current Income Tax

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Current tax on profits for the year	47,893,587	19,256,070
Adjustment for under provision in prior periods	2,634,850	45,736,491
Total	50,528,436	64,992,561

5.2 Deferred Taxes

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Origination and reversal of temporary differences	18,386,068	16,279,457
Effect of change in the tax rates	(2,040,696)	-
Recognition of previously unrecognized deferred tax assets	-	8,101,903
Total	16,345,372	24,381,360

5.3 Deferred tax Liability

Deferred tax is calculated on temporary differences using the effective tax rate of 17% (2072: 18%). Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the management believe it is probable that these assets will be recovered.

FY : 72/73

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	2,524,286,503	2,076,447,566	(447,838,937)
2 Provisions for Expenses	(256,257,523)		256,257,523
3 Intangible Assets	1,826,145	2,623,935	797,790
Total Amount			(190,783,625)
Tax Rate		17%	(32,433,216)
Opening Deferred tax Assets/(Liability)			(18,346,465)
Deferred tax provision recognised			(14,086,752)
Closing Deferred tax Assets/(Liability)			(32,433,216)
Charge/(Credit) to OCI			(2,258,620)
Charge/(Credit) to PL			16,345,372

FY : 71/72

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	2,477,211,037	2,162,689,096	(314,521,941)
2 Provisions for Expenses	(212,557,716)		212,557,716
3 Intangible Assets	2,630,204	2,669,626	39,422
Total Amount			(101,924,803)
Tax Rate		18%	(18,346,465)
Opening Deferred tax Assets/(Liability)			839,824
Deferred tax provision recognised			(19,186,289)
Closing Deferred tax Assets/(Liability)			(18,346,465)
Charge/(Credit) to OCI			(5,195,073)
Charge/(Credit) to PL			24,381,360

5.4 Reconciliation

Reconciliation of tax profit and the accounting profit :-

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Accounting profit before income tax	343,582,201	276,134,176
Adjustment as per Income Tax Act 2058	(77,506,719)	(169,156,004)
Total profit as per Income Tax	266,075,482	106,978,172
Tax Rate	18%	18%
Tax Expenses	47,893,587	19,256,071

6 Inventories

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Raw materials	604,803,739	353,707,096
Work-in-process	589,550	828,445
Finished goods	94,861,891	38,327,198
Consumables	154,999,189	121,583,845
Total	855,254,369	514,446,584

Inventories are carried at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses. The cost of obsolescence and other anticipated losses are also considered for determining the net realizable values.

In determining the cost of raw materials and packing materials, First In First Out (FIFO) method is used. Cost of inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost of consumables, stores and spares weighted average cost method is used.

Cost of finished goods and work in progress includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition.

Inventories are presented net of allowance for obsolescence and other possible depletion in value or other losses. Those allowances are estimated to approximate the net realizable value of such items. Allowance adjustments are made for those inventories identified by management as obsolete on the basis of 10 Year Aging or technical evaluation whichever is earlier.

Inventories have been pledged as lien for the purpose of availing bank overdraft facilities.

7 Other Assets

7.1 Prepayments

These are expenses paid for the period beyond the financial period covered under the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Prepaid Expenses	20,950,521	8,381,745
Total	20,950,521	8,381,745

7.2 Advances

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Capital Advances	1,033,600	14,075,394
Advances to Employees	5,334,774	1,744,593
Total	6,368,374	15,819,988

These advances are non-interest bearing and are expected to be settled in the normal course of operations.

7.3 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Security Deposits	108,300	647,149
Advance to suppliers	109,648,628	18,343,494
Advances to Employees	2,384,912	13,187,331
Balances with statutory/government authorities	13,948,000	4,692,000
VAT Receivable	16,306,038	7,780,243
Advance Income Tax	9,550,726	7,734,268
Total	151,946,604	52,384,486

Financial Instruments: Financial Assets

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified under four categories as required by NAS 39, namely,

- Fair Value through Profit or Loss,
- Held to Maturity,
- Loans & Receivables and
- Available for Sale .

The company only holds financial assets meeting the recognition criteria of Loans & Receivables classification. These instruments are to be recognized at amortised cost using effective interest rate.

Financial assets of the company comprise of advances, other current assets, Trade Receivables and cash & cash equivalents. These instruments are mostly non-interest bearing and where interest component is present the implicit interest rate approximates effective interest rate. These instruments are expected to be settled or recovered within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of the assets.

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given in section 28

8 Trade Receivable

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade receivables		-
Secured, considered good	71,484,124	82,995,850
Unsecured considered good	7,246,425	60,879,474
Doubtful	-	-
Less: Allowance for bad and doubtful debts	-	-
Receivables from other related parties	2,296,802	-
Other receivables	651,869	-
Total	81,679,220	143,875,324

Bank overdrafts are secured against all receivables.

8.1 Trade Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing and are generally on terms of 30 to 90 days.

Secured trade receivable are against Bank Guarantee provided by the customers.

8.2 Other Receivables

Other receivables are receivable from insurance companies against unsettled claims.

8.3 Related Parties Transaction

It includes transactions with group companies which are disclosed in Note 28.

8.4 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given in section 28.

9 Cash and Cash Equivalent

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Balances with Banks		
– On current accounts	20,636,202	28,319,343
– Deposits accounts	-	1,713,539
Cash on hand	192,665	66,670
Total	20,828,867	30,099,552
Balances with banks comprises of amount held by the banks as margin money deposits against Letter of Credits	-	1,713,539

Cash at banks earns interest at floating rates based on daily balances.

Short-term deposits are made for varying from one day to three months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Deposits with banks as margin against Letter of Credits have tenure of three months on an average and are included in Balances with Bank and considered as cash and cash equivalents.

The above balances are also considered as the cash & cash equivalents for Statement of Cash Flow purposes.

10 Share Capital

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	312,100,000	31,210,000,000	312,100,000	31,210,000,000
Issued and Fully paid				
Ordinary shares of Rs. 100 each	1,210,000	121,000,000	1,210,000	121,000,000
At the beginning of the year	1,210,000	121,000,000	1,210,000	121,000,000
At the end of the year	1,210,000	121,000,000	1,210,000	121,000,000

The shareholding pattern of the company is as follows

Shareholder Category	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	No. of Shares	% of holding	No. of Shares	% of holding
Bottler's Nepal Limited	1,098,438	90.78%	1,098,438	90.78%
Other Shareholders	111,562	9.22%	111,562	9.22%
Total	1,210,000	100.00%	1,210,000	100.00%

Share issue expenses have not been netted off against the capital collected as these pertain to periods of initial establishment of the company and such expenses have been charged off during those periods. The management considers that the cost of obtaining information is more than the benefits derived and the effect of such the amounts to be immaterial.

11 Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Share Premium	952,000	952,000
Retained earnings (As per Statement of Changes in Equity)	738,254,200	502,823,187
Total	739,206,200	503,775,187

Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act.

- i) Premium of Rs. 20 each on 47,600 ordinary shares;

12 Employee Benefits

12.1 Current Employment Benefits

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Salaries, wages and other employee cost		
Cost of sales	212,408,628	162,984,286
Selling and distribution expenses	95,689,928	77,840,651
Administrative and operating expenses	42,702,973	47,158,346
Defined Contribution Plan Expenses		
Cost of sales	3,272,424	3,029,251
Selling and distribution expenses	1,306,704	1,079,421
Administrative and operating expenses	172,582	166,844
Defined Benefit Plan Cost		
Cost of sales	24,296,903	16,846,990
Selling and distribution expenses	4,684,589	2,867,905
Administrative and operating expenses	6,200,766	3,504,637
Total Employee Cost for the Period	390,735,497	315,478,332

12.2 Post-Employment Benefits

The company operates number of defined benefit and defined contribution plans for its employees of the company. The defined benefit plan of the company includes leave encashment expenses, expenses pertaining to gratuity and other retirement benefits.

FY 2072-73

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	142,957,189	6,948,322	46,665,490	196,571,001
Current Service cost	9,535,000	859,000	9,408,258	19,802,258
Interest Charge	11,240,000	533,000	3,607,000	15,380,000
Paid	(4,922,044)	(567,280)	(3,184,016)	(8,673,340)
Acturial (gain)/loss during the year (recognised in OCI)	(6,278,000)	(580,000)	20,144,000	13,286,000
Closing Liability	152,532,145	7,193,042	76,640,732	236,365,920
Charge for the period to SoPL	20,775,000	1,392,000	13,015,258	35,182,258
Charge to SoCI	(6,278,000)	(580,000)	20,144,000	13,286,000

FY 2071-72

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	118,263,068	3,517,108	38,305,690	160,085,866
Current Service cost	8,644,131	1,058,369	1,744,451	11,446,951
Interest Charge	8,780,358	281,368	2,710,856	11,772,582
Paid	(10,591,176)	-	(4,996,609)	(15,587,785)
Acturial (gain)/loss during the year (recognised in OCI)	17,860,809	2,091,477	8,901,101	28,853,387
Closing Liability	142,957,189	6,948,322	46,665,490	196,571,001
Charge for the period to SoPL	17,424,489	1,339,737	4,455,307	23,219,533
Charge to SoCI	17,860,809	2,091,477	8,901,101	28,853,387

12.3 Defined Plan Benefit

The defined benefit plans of the group include Gratuity, Leave Encashment Entitlements and Other Retirement benefits.

12.3.1 Gratuity

Gratuity for existing and retired employees have been provided as per the actuarial assessment. The assessed amounts have been recognised as liabilities. The gratuity is computed on below basis: -

- Nil for Service up to 3 years
- Half months' salary for each year of service up to 7 years.
- Two third salary for each year of service for service between 7 and 15 years.
- One-month salary for each year of service for service between 15 and 17 years.
- 35 Days salary for each year of service for service over 17 years in case of retirement/death/disability service/early retirement and over 20 years in case of withdrawal.
- Tax is borne by the company

This is in compliance with applicable legal requirements.

12.3.2 Leave Encashment

Leave encashment has been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period. Sick leave of 1.5 times the last drawn monthly basic salary is paid to employee. The maximum accumulation allowed is 30 days.

12.3.3 Other Retirement Benefits

Other retirement benefits include three days basic salary computed based on completion of 17 yrs. compulsory retirement or 20 years of completion of service for withdrawal and gold coin at compulsory retirement. Other retirement benefits have been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period. Sick Leave obligation was classified as other retirement benefit in the previous year (2071/72) which has been reclassified as defined benefit plan in the current year (2072/73).

12.3.4 Sensitivity Analysis

Figures in NPR

Particulars	Gratuity	Retirement Benefits	Sick Leave
Effect on DBO due to 0.5% increase in discount rate	(4,136,000)	(2,494,000)	(251,000)
Effect on DBO due to 0.5% decrease in discount rate	4,367,000	2,675,000	268,000
Effect on DBO due to 0.5% increase in salary escalation rate	3,914,000	2,528,000	246,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(3,746,000)	(2,302,000)	(232,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumption constant. In practice, this unlikely to occur and changes in some of the assumption is correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

12.3.5 Actuarial Assumptions

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Financial Assumptions		
Discount rate (%)	8.00%	8.00%
Salary escalation rate	10.00%	10.00%
Expected return on Plan Assets	Nil	Nil
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 6.61 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 6.61 years
Demographic Assumptions		
Mortality	In accordance with the standard table, Indian Assured Lives Mortality (1994-96) (modified) Ultimate Rates	In accordance with the standard table, Indian Assured Lives Mortality (1994-96) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%
Beneficiary Age		

12.3.6 Defined Benefit Plan Assets

Defined benefit obligations are not funded and there are no Defined Benefit Plan Assets. The company is in the process of creating a separate fund for meeting the defined benefit obligations.

12.4 Defined Contribution Plan

The defined contribution expenses includes employer's contribution to provident fund. These amounts have been deposited in Employee Provident Fund, a 100% Government of Nepal undertaking.

13 Financial Instruments – Financial Liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The company classifies financial liabilities as Fair Value through Profit or Loss and those Held at Amortized Cost. All financial liabilities held by the company are classified as financial liabilities held at amortized cost using effective interest rate.

Financial liabilities held by the company are both interest bearing and non-interest bearing.

The non-interest bearing instruments' carrying value represents the amortized cost.

For interest bearing financial liabilities which comprises of the bank loans, interest charged by the bank approximates effective interest rate and the rate is considered for calculation of amortized cost of liability and the finance cost. The effect of initial charges and its impact on effective interest rate is considered not material and the carrying value is considered to approximate the amortized cost.

13.1 Non-Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2073	As at 31st Ashad 2072
Term Loan From Bank				
Secured bank loan	7.25%	16-Nov-17	376,000,000	546,000,000
Total			376,000,000	546,000,000

13.2 Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2073	As at 31st Ashad 2072
Bank overdrafts	6.00%	On demand	479,743,136	373,570,755
Secured bank loan	7.25%	7-Nov-16	499,000,000	364,000,000
Total			978,743,136	737,570,755

Short term bank overdraft carries interest at the rate 6.0 to 6.75% p.a. during the year and repayable on demand.

Bank overdrafts are secured against all movable properties/current assets including inventory stocks and trade receivables.

13.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade Payable	501,702,775	529,753,047
Trade Payable to related parties	362,369,090	408,533,693
Total	864,071,865	938,286,739

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risks. The risk management framework is given in Note 28

14 Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Interest payables	3,439,664	4,869,706
Container deposit liability	348,098,993	302,340,456
Trade Deposits	1,759,430	1,944,430
Advance received from distributors	11,213,619	4,475,513
Dividend payable	4,070,855	4,174,816
Statutory dues payable	27,158,791	46,179,939
Advance against unsettled Claims	6,355,221	612,664
Total	402,096,573	364,597,524

Provisions are recognised when the company has a present obligation, legal or constructive, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation. If these conditions are not met, no provision is recognized.

The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date.

Changes in provision

Management reviews provisions at each reporting date and is adjusted to reflect the best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

15 Revenue

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Sale of goods	3,840,979,040	3,333,607,380
Less: Discount	(315,177,008)	(329,444,655)
Total	3,525,802,032	3,004,162,725

15.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the company that are recorded net off Value Added Taxes and Excise Duty collected from the customer that are remitted or are to be remitted to the government authorities.

The company generates revenue from sale of goods in the ordinary course of business.

16 Cost of Sales

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Material consumed		
Raw materials		
At 1st Shrawan	353,707,096	309,702,893
Purchase	2,129,171,771	1,578,089,349
Less: Transfer to Bottlers Nepal Ltd.	(5,230,917)	(14,593,027)
At 31st Ashad	(604,803,739)	(353,707,096)
Raw material consumed total	1,872,844,212	1,519,492,118
Work in process		
At 1st Shrawan	828,445	1,085,705
At 31st Ashad	(589,550)	(828,445)
Net change in work-in-process	238,896	257,260
Production and manufacturing overheads	665,816,007	629,464,112
Finished goods stock		
At 1st Shrawan	38,327,198	26,389,333
At 31st Ashad	(94,861,891)	(38,327,198)
Net change in finished goods stock	(56,534,694)	(11,937,864)
Cost of sales	2,482,364,421	2,137,275,626

16.1 Production and manufacturing overheads

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Salaries, wages and other employee cost	212,408,628	162,984,286
Sick Leave	894,000	2,316,101
Provident fund	3,272,424	3,029,251
Gratuity	14,803,000	10,969,335
Other retirement benefits	8,599,903	3,561,554
Travel and transport costs	4,876,695	5,972,539
Repair and maintainence	71,368,740	51,197,954
Communication expenses	287,864	414,204
Consumables	30,415,362	26,761,710
Loss on sale/write off of Property plant equipment (net)	(927,439)	9,583,202
Stock Adjustment	8,078,864	5,237,801
Office expenses	4,649,775	4,784,790
Power & Fuel	81,981,227	90,463,653
Legal and other professional fees	1,060,644	1,285,746
Depreciation on property, plant and equipment	218,690,984	246,875,673
Amortization of Intangible Assets	249,939	364,422
Testing & Sampling	4,645,753	3,760,527
Exchange Gain/Loss	459,644	(98,639)
Total	665,816,007	629,464,112

17 Other Operating Income

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Product transfer fee	67,093,934	83,500,846
Sale of Scrap	8,042,518	6,598,654
Miscellaneous Income	388,719	136,620,092
Total	75,525,171	226,719,592

17.1 Product Transfer Fee

The Company and Bottlers Nepal Ltd, its Parent Company, can sell their products in their respective market territories only. In respect of sales made by the Company and its subsidiary, in market territory of the other Company, a product transfer fee (gross) at the rate of 12 % (Previous year 12 %) of net liquid sales revenue is recovered/ paid. Product transfer service fee is recognized/ charged to income statement as and when sale of goods is effected as per above clause.

17.2 Sale of Scrap

Items included under this income are towards sale amount realized from sale of scraps.

17.3 Miscellaneous Income

Income includes charges recovered from customer on account of handling loss of Glass Bottles. NPR 130,360,448 pertaining to customer deposit liability write-back was adjusted to miscellaneous income in previous year.

The company generates revenue from sale of goods in the ordinary course of business.

18 Selling and Distribution Expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	95,689,928	77,840,651
Sick Leave	214,000	720,056
Provident fund	1,306,704	1,079,421
Gratuity	2,641,000	1,774,246
Other retirement benefits	1,829,589	373,604
Travel and transport costs	6,734,117	4,051,708
Office expenses	3,944,925	1,987,502
Repair and maintainence	12,078,320	9,436,155
Communication expenses	716,427	689,182
Utilities	12,725,561	11,604,668
Freight Charges	236,776,293	262,111,900
Liquid leakages and damages	52,364,828	37,531,573
Sales promotion expenses	29,318,015	39,215,573
Other miscellaneous expenses	14,877,579	403,670
Depreciation on property, plant and equipment	31,936,950	21,991,121
Amortization of Intangible Assets	428,467	578,435
Bad debts	-	24,532,700
Loss on sale/write off of Property plant equipment (net)	24,999,712	-
Product transfer fees	24,689,055	28,218,843
Total	553,271,470	524,141,008

19 Administrative and Operating expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Salaries, wages and other employee cost	42,702,973	47,158,346
Sick Leave	284,000	395,057
Provident fund	172,582	166,844
Gratuity	3,331,000	2,589,431
Other retirement benefits	2,585,766	520,149
Travel and transport costs	8,244,872	5,058,527
Office expenses	22,280,293	44,341,517
Repair and maintainence	2,811,949	2,398,139
Bank charges	2,632,406	930,980
Audit fees	300,000	242,000
Legal and other professional fees	3,977,944	1,556,694
Communication expenses	14,280,807	33,657,961
Utilities	3,857,375	2,645,836
Depreciation on property, plant and equipment	4,759,028	4,208,985
Amortization of Intangible Assets	35,706	54,207
Loss on sale/write off of Property plant equipment (net)	414,674	-
Public Affairs and Communication (PAC) expenses	88,525	511,095
Security Expenses	5,517,875	4,275,905
Board and AGM expenses	121,500	83,136
Other miscellaneous expenses	352,006	68,673
Total	118,751,280	150,863,483

19.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Statutory audit fee	300,000	242,000
Allowances	392,500	367,700
Total	692,500	609,700

20 Finance Cost

Finance costs comprises of interest on Term Loan and interest on short term borrowings in the form of bank overdrafts. All these costs are carried at amortized cost using effective interest rate as required by NAS 39.

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Interest on Overdraft	24,849,271	39,975,538
Interest on Term Loan	78,713,909	103,008,776
Total	103,563,180	142,984,315

21 Finance Income

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Interest income	205,349	516,289
Total	205,349	516,289

21.1 Interest Income

Interest income has been recognised using effective interest method as required by NAS 39.

22 Earnings Per Share

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Numerator		
Profit for the year and earnings used in basic EPS	276,708,392	186,760,255
Earnings used in Basic and diluted EPS		
Denominator		
Weighted average number of shares used in basic EPS	1,210,000	1,210,000
Basic and diluted earnings per share	229	154

EPS is calculated by dividing the profit attributable to ordinary equity holders of the company for the period by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares. Number of shares have not changed over the reported periods. There are no instruments that would impact dilution of basic EPS. Therefore, basic EPS and diluted EPS are the same.

23 Dividend Paid and Proposed

The Board has recommended 25% (PY 25%) as cash dividend for the reported year 2015/16. This proposal of the Board of Director is subject to the ratification by the Annual General meeting of the Shareholders, therefore liability has not been recognised. When approved the cash outflow will be NPR 30,250,000 (PY NPR 30,250,000).

24 Contingent Liabilities and Capital Commitment

24.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

24.2 Corporate Tax Matters

- i. LTO assessed the income tax, TDS and VAT liabilities of the company for 2066-67. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below: -

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	5,393,862	14,164	5,379,697
TDS	4,510,857	255,194	4,255,663
VAT	20,397,706	12,172,084	8,225,621

- ii. LTO assessed the income tax, TDS and VAT liabilities of the company for 2067-68. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below :-

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	11,469,425	-	11,469,425
TDS	24,018,811	121,490	23,897,321
VAT	3,869,900	-	3,869,900

- iii. LTO assessed the income tax, TDS and VAT liabilities of the company for 2068-69. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below:-

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand
Income-Tax	30,782,794	238,286	30,544,508
TDS	39,993,762	100,687	39,893,075
VAT	830,566	830,566	-

24.2.1 Commitment

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets. These amounts are not recorded in the statement of financial position since the company has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

At end of financial year 2072/73, the Company had capital commitments of Rs. 39,068,171 (Previous Year 2071/72 Rs 39,490,194) relating to various small projects.

25 Interim Reporting

Interim reports have been publicly reported in accordance with the requirement of SEBON and NEPSE. These requirements are materially aligned with the requirements of NAS 34.

26 Segment Reporting

The Company has only one “business segment” i.e. dealing in “non-alcoholic beverage”. The non-alcoholic beverage business mainly consists of products like carbonated soft drinks in different flavors. All these products have similar risks and returns because of similar nature of products, common consumer segments, similar production processes and common distribution channel. Further, internal organizational and management structure and its system of internal financial reporting of the Company is not based on product or geographical differentiation.

27 Related Party Transactions

27.1 Relationship

The company identified related parties on the following lines

1. Part of the Group
 - a. Parent company, ultimate parent
 - b. Other Subsidiaries of the parent / ultimate parent
 - c. Subsidiaries of the company
2. Directors and their relatives
3. Key management personnel and their relatives
4. Employee benefit plan

The obligations are carried in the financial statements which the group is considering to fund separately.

27.1.1 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There have no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the company’s regulations.

Figures in NPR

Particulars	Remuneration	Allowances	Facilites
Directors's Fees & Facilites		120,000	
CEO	5,924,479	5,019,817	4,342,915
Key Managers	21,663,102	25,501,307	2,647,546
Total	27,587,581	30,641,123	6,990,460

Additional Information

- a) Key management personnel include 5 expatriate staffs including CEO.
- b) Key management personnel are also provided with following benefits:
 - i) All Manager of the Company are provided vehicle allowance as per Company Policy
 - ii) Furnished apartments are provided to all expatriate staffs.
 - iii) Performance bonus based on individual, overall Country and Division performance.

- c) Remuneration is net of 35% which have been borne by Bottlers Nepal Limited. Other costs are net of the 50% which have been borne by Bottlers Nepal Limited.
- d) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans excluding expatriates staff (i.e. gratuity and other retirement benefits) and leave encashment are provided on an actuarial basis for the company as a whole, so the amounts pertaining to the key management personnel are not included above

27.2 Other Related Party Transaction and Balances

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Sale to related parties		
Sale of various raw materials to Bottlers Nepal Limited	5,230,917	14,593,027
Purchases from related parties		
Purchase of various raw materials from Bottlers Nepal Limited	5,328,478	44,804,348
Purchase of concentrate from Atlantic Industries	771,238,753	511,401,387
Product transfer fee		
Received from Bottlers Nepal Limited	67,093,934	83,500,846
Paid to Bottlers Nepal Limited	24,689,053	28,218,843
Dividend paid to Bottlers Nepal Limited	27,461,800	24,166,384
Bad Debts Recongnised in respect of Receivables from Related Parties		
- Atlantic Industries-other related party	-	24,532,700
Amounts owned by related parties		
- Bottlers Nepal Limited, parent Company	2,296,808	
- Atlantic Industries-other related party	Nil	Nil
-Troika Traders Pvt. Ltd, other related party	Nil	Nil
Amounts owed to related parties		
- Bottlers Nepal Limited, parent Company	Nil	221,904,384
- Atlantic Industries-other related party	358,579,633	77,063,431
-Troika Traders Pvt. Ltd, other related party	3,789,457	109,565,877

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

28.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

28.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank overdraft and short term deposits.

The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

28.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The Company manages its foreign currency risk by not holding the receivables and payables in foreign currencies for long durations.

28.4 Commodity price risk

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of raw materials and therefore require a continuous supply of the same.

The Company manages this risk by purchasing materials and supplies from the suppliers identified by the group and the Company has long term relation with the suppliers.

28.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

28.5.1 Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and shipments to major customers are generally covered by bank guarantees.

28.5.2 Cash deposits

Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

28.6 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through cash forecast.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

Shukla Wassan
Chairperson

Sumanta Datta
Director

Prasad Gyawali
Director

Gaurav Khosla
Director

Surendra Silwal
Alternate Director

Pramod Kumar Karki
Independent Director

Sumit Goyal
Country Finance Manager

As per our attached report of even date

Kathmandu
Date: 8th Mangsir 2073 (23rd Nov 2016)

Sanjeev Kumar Mishra
Partner
For T.R. Upadhy & Co.
Chartered Accountants



TROIKA TRADERS PVT. LTD.

2072/73

(2015/16)



maaza™ mango



आँपको रसिलो स्वाद नयाँ **maaza**™ mango को साथ



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TROIKA TRADERS PRIVATE LIMITED

Report of the Board of Directors to the Shareholders for the Fiscal Year 2072/73

Registration No. 836

The Board of Directors are pleased to present the Annual Report of your Company together with the Audited Financial Statement for the Fiscal Year 2072/73 as below:

1. Overview of the transaction of the previous fiscal years of the Company:

Particulars	NPR MM		
	2072-73	2071-72	% change
Gross Sales Revenue	403	165	145%
Gross Profit	24	23	6%
Net Profit Before Tax	3	18	-81%
Net Profit After Tax	3	15	-81%

2. Impact, if any, caused on the transactions of the Company from national and international situation:

Global:

The global economic scenario continued to remain volatile across different geographies. The neighbouring countries China and India are progressing fast to become economic giants. The Group is presently operating in an increasingly dynamic economic environment. Inflation has been steady in emerging markets and developing economies as the exchange rates remained broadly stable.

Nepal

Nepal's economy remained subdued during the year under review. A series of challenges like the extended border unrest and the earthquake disaster aggravated the difficult economic conditions.

During the current Fiscal Year 2072/73, the Gross Domestic Production (GDP) of the Country is estimated to rise by 0.77 percent against its growth rate of 2.32 percent in the previous year. The consumer price index during the current year is 9.50% as against the previous year of 7.20%. During the year, the Nepalese Rupee depreciated by 5.7 percent against the US dollar between mid-July, 2015 and mid-March, 2016 while it had appreciated by 4.5 percent against US dollar during the same period of previous fiscal year. Nepal's economy continues to be heavily dependent on the remitted transfers from migrant labour working in the Middle-East and South-East Asia. The unstable political situation coupled with low capital investment in the country, widening trade deficit and high inflation continued to remain major challenges. During the year under review, the government struggled to meet its budgeted capital expenditure. Further, the expected Economic Reform has not been forthcoming as anticipated by potential investors.

(Source: Nepal Rastra Bank)

Enterprise Risk Management and Challenges

The Group's Enterprise Risk Management (ERM) system is robust and well placed to perceive, manage and mitigate the risks which gives us the ability to respond rapidly and decisively to an emerging crisis.

3. Achievements made in the current fiscal years as of the date of the report and view of the Board of Directors on the matters to be done in the future:

During the year under review, your Company was able to achieve a gross sales revenue of NPR 403.0 MM as against the previous year's figure of 164.6 MM recording a growth 145 %.

Nepal, which holds a huge potential to be a popular tourist destination, has witnessed short term decline in tourism because of border unrest and other challenging environment. However, long term macro indicators are positive for the country and the future holds several opportunities. The Board of Directors of your Company will approach these opportunities with cautious optimism.

4. Industrial or professional relations of the Company:

During the year under review, the relationship of Company with its stakeholders was harmonious.

5. Alterations in the Board of Directors and the reasons therefore:

During the year under review, the holding Company, Bottlers Nepal Limited had withdrawn their earlier nomination of Mr. Salman Latif Rawn and in their place nominated Mr. Rajnish Sharma w.e.f 2nd May, 2016 respectively.

6. Key factors affecting the transactions:

The global and national environment factors highlighted in section 2 earlier, are the key factors affecting the transaction.

The Company's Risk Management System is robust and well placed to perceive, manage and mitigate identified risks. The Company is continuously working toward diversification of its product range.

7. The comment of the Board of Directors on the remarks stated in the report of the auditor, if any:

None

8. Amount recommended for payment by way of dividend:

Your Directors feel that it is prudent to re-invest the profits for future growth of the Company and with a view to conserve the resources, your Director do not recommend any dividend for the year ended as of 15th July, 2016 (FY 2072/73).

9. If the shares are forfeited, details of such forfeiture including the number of shares forfeited, face value of such shares, total amount received by the Company for such shares prior to the forfeiture, proceeds received from sale of such shares, money refunded in respect of such forfeited shares, if any:

None

10. Progress of transactions of the Company in the previous fiscal years and review of the situation existing at the end of that financial year :

As mentioned above in Point No. 1 & 6

11. Major transactions completed by the Company in the fiscal years and its subsidiary company(ies) in the financial year and any material changes taken place in the transactions of the Company during that period:

None. Your Company does not have any subsidiary Company.

12. Disclosures made by the substantial shareholders of the Company to the Company in the previous fiscal years:

None

13. Details of shareholding taken by the directors and officers of the Company in the previous fiscal years and, in the event of their involvement in share transaction of the Company, details of information received by the Company from them in that respect:

None

14. Details of disclosure made about the personal interest of any director and his close relative in any agreements

related with the Company during the previous fiscal years:

None

- 15. In the event that the Company has bought its own shares (buy-back), the reasons for such buy-back, number and face value of such shares and amount not paid by the Company for such buy-back:**

None

- 16. Whether there is an internal control system in place or not, and details of such system, if applicable:**

Your Company follows the Internal Control Systems of the Group.

We review our systems of financial control regularly in order to minimize losses. Your Company has adopted a Chart of Authority defining financial and other authorization limits and setting procedures for approving capital and investment expenditure.

- 17. Details of total management expenses during the previous fiscal years:**

None

- 18. Name list of the members of audit committee, remuneration, allowance and facilities received by them, details of the functions performed by the audit committee and details of suggestion, if any made by that committee:**

Your Company is not required to form an Audit Committee pursuant to the Companies Act 2006 (2063).

- 19. Amount, if any, outstanding and payable to the Company by any director, chief executive, substantial shareholder or his close relative or by any firm, company, corporate body in which he is involved:**

None

- 20. Amount of remuneration, allowance and facilities paid to the director, managing director, chief executive officer:**

None

- 21. Amount of dividend not claimed by the shareholders:**

None

- 22. Details of sale and purchase of properties pursuant to Section 141 of the Companies Act 2006:**

None

- 23. Details of transaction carried on between the related Companies pursuant to Section 175 of the Companies Act, 2006 (2063):**

None

- 24. Any other matter required to be set out in the report of the Board of Directors under the Companies Act 2006 (2063) and the existing laws :**

None

- 25. Other necessary matter, if any:**

None

On behalf of the Board of Directors,

Rajnish Sharma
Director

Sumit Goyal
Director

Date: 21st November, 2016

T.R. Upadhy & Co.
Chartered Accountants

124 Lal Colony Marg
Lal Durbar
Post Box No. 4414
Kathmandu, Nepal

Telephone: 977 (1) 4410927, 4420026
Fax : 977 (1) 4413307
E-mail : trunco@ntc.net.np

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDER OF TROIKA TRADERS PVT LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Troika Traders Pvt Ltd (the "Company"), which comprise the statement of financial position as at 15 July 2016, and the statements of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

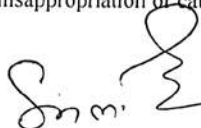
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Troika Traders Pvt Ltd as at 15 July 2016, and its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

Report on the Requirements of the Companies Act 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statements of financial position, profit or loss, comprehensive income, cash flows and the changes in equity have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.


Sanjeev Kumar Mishra
Partner



T R Upadhy & Co.
Chartered Accountants

Kathmandu
21 November 2016

TROIKA TRADERS PVT. LTD.

Statement of Financial Position

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	As at 31st Ashad 2073	As at 31st Ashad 2072
ASSETS			
Current Assets			
Inventories	3	33,009,526	2,108,617
Non Financial Current Assets			
Prepayments	4.1	1,255,966	-
Financial Assets			
Other Current Assets	4.2	38,094,378	-
Trade receivables	5	3,789,457	109,565,877
Cash and Cash Equivalents	6	10,924,908	78,350
Total Assets		87,074,235	111,752,844
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	7	750,000	750,000
Reserve and Surplus	8	20,437,065	17,530,408
Current liabilities			
Financial Liabilities			
Trade payables	9	64,897,297	92,749,455
Other Financial liabilities	10	989,873	722,981
Total Equity and Liabilities		87,074,235	111,752,844

Sumit Goyal
Director

Rajnish Sharma
Director

As per our attached report of even date

Sanjeev Kumar Mishra
Partner

For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu

Date: 6th Mangsir 2073 (21st Nov 2016)

TROIKA TRADERS PVT. LTD.

Statement of Profit or Loss

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Note No.	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Revenue from operations	11	348,570,565	139,183,067
Cost of sales	12	(324,238,811)	(116,174,127)
Gross Profit		24,331,755	23,008,940
Selling and distribution expenses	13	(20,312,781)	(4,602,927)
Administrative and operating expenses	14	(583,062)	(214,540)
Profit from Operations		3,435,912	18,191,473
Profit Before Tax		3,435,912	18,191,473
Income Tax Expense			
Current Tax	15.1	(529,255)	(3,120,425)
Net Profit for the year		2,906,657	15,071,048
Basic Earnings per share	16	388	2,009

Sumit Goyal
Director

Rajnish Sharma
Director

As per our attached report of even date

Sanjeev Kumar Mishra
Partner

For T.R. Upadhyaya & Co.
Chartered Accountants

Kathmandu

Date: 6th Mangsir 2073 (21st Nov 2016)

TROIKA TRADERS PVT. LTD.

Statement of Other Comprehensive Income

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	For the period ended 31st Ashad 2073	For the period ended 31st Ashad 2072
Net Profit for the year as per Profit of Loss Statement	2,906,657	15,071,048
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes		
Deffered Tax on Actuarial Gain	-	-
Items that may be reclassified to Statement of Profit or Loss		
Other comprehensive gain/(loss) for the year, net of tax	-	-
Total Comprehensive gain/(loss) for the year, net of tax	2,906,657	15,071,048

Sumit Goyal
Director

Rajnish Sharma
Director

As per our attached report of even date

Sanjeev Kumar Mishra
Partner

For T.R. Upadhya & Co.

Chartered Accountants

Kathmandu

Date: 6th Mangsir 2073 (21st Nov 2016)

TROIKA TRADERS PVT. LTD.

Statement of Cash Flow

As at Ashadh 31st, 2073 (July 15, 2016)

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	3,435,912	18,191,473
Adjustments for non cash and non operating:	-	-
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	(27,894,095)	49,411,116
Decrease / (Increase) in trade and other receivables	67,682,042	(111,981,551)
Decrease / (Increase) in loans and advances	(1,255,966)	-
Decrease / (Increase) in inventories	(30,900,910)	-
Cash generated from operations	11,066,982	(44,378,962)
Direct taxes paid (net of refunds)	(220,425)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,846,557	(44,378,962)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,846,557	(44,378,962)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	78,350	44,457,312
CASH AND CASH EQUIVALENTS, End of Period	10,924,908	78,350

Sumit Goyal
Director

Rajnish Sharma
Director

As per our attached report of even date

Sanjeev Kumar Mishra
Partner

For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu

Date: 6th Mangsir 2073 (21st Nov 2016)

TROIKA TRADERS PVT. LTD.

Statement of Changes in Equity

For the year ended 31st Ashad 2073 (July 15, 2016)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2072	750,000		17,530,408	18,280,408
Changes in accounting policy	-		-	-
Other Adjustments	-		-	-
Restated Balance	750,000	-	17,530,408	18,280,408
Profit for the year			2,906,657	2,906,657
Other comprehensive income			-	-
Dividends			-	-
Balance at 31st Ashad 2073	750,000	-	20,437,065	21,187,065

Sumit Goyal
Director

Rajnish Sharma
Director

As per our attached report of even date

Sanjeev Kumar Mishra

Partner

For T.R. Upadhya & Co.

Chartered Accountants

Kathmandu

Date: 6th Mangsir 2073 (21st Nov 2016)

TROIKA TRADERS PRIVATE LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 15 July 2016

1 Corporate information

Troika Traders Pvt. Ltd. ("Company") is a private limited Company incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Balaju Industrial District, Balaju, Kathmandu, Nepal.

Troika Traders Pvt. Ltd is a licensed distributor of non-alcoholic beverages products of The Coca-Cola Company. The Board of Directors has approved the financial statements for issue on its meeting held on 6th Mangsir 2073 (21st Nov 2016) and has recommended for approval of shareholders in the Annual General Meeting.

2 Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Accounting Standards (NAS) issued by the Accounting Standards Board Nepal. The financial statements have been prepared on a going concern basis. The term NAS, which includes all the standards and the related interpretations is consistently used.

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.1 Accounting Pronouncements

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by Accounting Standards Board Nepal, effective as on 13 September 2013.

2.2 Accounting Convention

The financial statements are prepared on a historical cost basis except for certain financial and equity instruments that are measured at fair value.

2.3 Presentations

The financial statements are prepared in Nepalese Rupees and rounded off to the nearest rupee. The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities. Net defined benefit obligation is also classified as not current liabilities.

The company operating cycle has been defined as twelve-month period.

The statement of profit or loss has been prepared using classification ‘by function’ method.

The statement of cash flows has been prepared using indirect method. Cash flows from operating activities, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes, separately include cash flows relating to employee bonus and retirement benefits.

2.4 Accounting Policies

NAS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed.

2.5 Accounting Estimates

The preparation of financial statements in line with NAS which requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.

The estimates and the underlying assumptions are reviewed on ongoing basis. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. The estimates are reviewed periodically by the management.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.6 Financial periods

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date / Period	Gregorian Calendar Date / Period
SFP Date*	31 Ashadh 2073	15 July 2016
Current Reporting Period	1 Shrawan 2072 - 31 Ashadh 2073	17 July 2015 - 15 July 2016
Comparative SFP* Date	31 Ashadh 2072	16 July 2015
Comparative reporting period	1 Shrawan 2071 - 31 Ashadh 2072	17 July 2014 - 16 July 2015

*Statement of Financial Position

2.7 Presentation currency

The company's financial statement is presented in Nepalese Rupees which is also the company's functional currency.

3 Inventories

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Finished goods	33,009,526	2,108,617
Total	33,009,526	2,108,617

Inventories are carried at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses. The cost of obsolescence and other anticipated losses are also considered for determining the net realizable values. Inventories are valued on FIFO basis.

4 Other Assets

4.1 Prepayments

These are expenses paid for the period beyond the financial period covered under the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to.

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Prepayments	1,255,966	-
Total	1,255,966	-

4.2 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Advance to Suppliers	34,897,060	-
VAT Receivable	3,197,318	-
Total	38,094,378	-

Financial Instruments: Financial Assets

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified under four categories as required by NAS 39, namely,

- Fair Value through Profit or Loss,
- Held to Maturity,
- Loans & Receivables and
- Available for Sale .

The company only holds financial assets meeting the recognition criteria of Loans & Receivables classification. These instruments are to be recognized at amortized cost using effective interest rate.

Financial assets of the company comprises of advances, other current assets and cash & cash equivalents. These instruments are mostly non-interest bearing and where interest component is present the implicit interest rate approximates effective interest rate. These instruments are expected to be settled or recovered within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of the assets.

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given is Note 20

5 Trade Receivable

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Receivables from other related parties	3,789,457	109,565,877
Total	3,789,457	109,565,877

5.1 Related Parties Transaction

It includes transactions with group companies which are disclosed in Note 19.

5.2 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given in Note 20

6 Cash and Cash Equivalent

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Balances with Banks		
– On current accounts	10,924,908	78,350
Total	10,924,908	78,350

The above balances are also considered as the cash & cash equivalents for Statement of Cash Flow purposes.

7 Share Capital

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	7,500	750,000	7,500	750,000
Issued and Fully paid				
Ordinary shares of Rs. 100 each	7,500	750,000	7,500	750,000
At the beginning of the year	7,500	750,000	7,500	750,000
At the end of the year	7,500	750,000	7,500	750,000

The shareholding pattern on the company is as follows

Shareholder Category	As at 31st Ashad 2073	As at 31st Ashad 2073	As at 31st Ashad 2072	As at 31st Ashad 2072
	No. of Shares	% of holding	No. of Shares	% of holding
Bottler's Nepal Limited	7,500	100.00%	7,500	100.00%
Total	7,500	100.00%	7,500	100.00%

Share issue expenses have not been netted off against capital collected as these pertain to periods of initial establishment of the company and such expenses have been charged off during those periods. The management considers that the cost of obtaining information is more than the benefits derived and the effect of such amounts to be immaterial.

8 Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Retained earnings (As per Statement of Changes in Equity)	20,437,065	17,530,408
Total	20,437,065	17,530,408

9 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Trade Payable	36,544,599	13,468,474
Trade Payable to related parties	28,352,699	79,280,981
Total	64,897,297	92,749,455

Financial Instruments – Financial Liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The company classifies financial liabilities as Fair Value through Profit or Loss and those Held at Amortized Cost. All financial liabilities held by the company are classified as financial liabilities held at amortized cost using effective interest rate.

Financial liabilities held by the company are both interest bearing and non-interest bearing.

The non-interest bearing instruments' carrying value represents the amortized cost.

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risks this risk management framework is given in Note 21

10 Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Statutory dues payable	170,876	212,814
Income tax payable	818,997	510,167
Total	989,873	722,981

Provisions are recognised when the company has a present obligation, legal or constructive, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation. If these conditions are not met, no provision is recognized.

The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date.

Changes in provision

Management reviews provisions at each reporting date and is adjusted to reflect the best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

11 Revenue

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Sale of goods	356,680,297	145,658,958
Less: Discount	(8,109,732)	(6,475,891)
Total	348,570,565	139,183,067

11.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the company that are recorded net off Value Added Taxes collected from the customer that are remitted or are to be remitted to the government authorities.

The company generates revenue from sale of goods in the ordinary course of business.

12 Cost of Sales

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Finished goods stock		
At 1st Shrawan	2,108,617	656,443
Purchase	355,139,720	117,626,301
At 31st Ashad	(33,009,526)	(2,108,617)
Net change in finished goods stock	324,238,811	116,174,127
Cost of sales	324,238,811	116,174,127

13 Selling and Distribution Expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Freight Charges	15,709,328	3,969,522
Liquid leakages and damages	3,560,282	81,954
Other miscellaneous expenses	1,043,171	551,451
Total	20,312,781	4,602,927

14 Administrative and Operating expenses

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Travel and transport costs	35,840	179,540
Office expenses	31,380	-
Repair and maintainence	127,632	-
Bank charges	348,210	-
Audit fees	40,000	35,000
Total	583,062	214,540

14.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Statutory Audit Fee	40,000	35,000
Total	40,000	35,000

15 Income Taxes

15.1 Current Income Tax

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Current tax on profits for the year	529,255	3,120,425
Total	529,255	3,120,425

15.2 Reconciliation

Reconciliation of tax profit and the accounting profit :-

Figures in NPR

Particulars	For the year 2072-73	For the year 2071-72
Accounting Profit before Income Tax	3,435,912	18,191,473
Adjustment as per Income Tax Act 2058	(1,318,892)	(5,709,773)
Total Profit as per Income Tax	2,117,019	12,481,700
Tax Rate	25%	25%
Tax Expenses	529,255	3,120,425

16 Earnings Per Share

Figures in NPR

Particulars	As at 31st Ashad 2073	As at 31st Ashad 2072
Numerator		
Profit for the year and earnings used in basic EPS	2,906,657	15,071,048
Denominator		
Weighted average number of shares used in basic EPS	7,500	7,500
Basic earnings per share	388	2,009

EPS is calculated by dividing the profit attributable to ordinary equity holders of the company for the period by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares. Number of shares have not changed over the reported periods. There are no instruments that would impact dilution of basic EPS. Therefore, basic EPS and diluted EPS are the same.

17 Contingent Liabilities and Capital Commitment

17.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

17.2 Corporate Tax Matters

LTO assessed the income tax, TDS and VAT liabilities of the company for 2068-69. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below :-

Figures in NPR

Particulars	Additional Demand	Accepted Amount	Appeal against Demand
Income - Tax	4,684,602	-	4,684,602
VAT	1,974,572	-	1,974,572

18 Segment Reporting

The Company has only one “business segment” i.e. dealing in “non-alcoholic beverage”. The non-alcoholic beverage business mainly consists of products like carbonated soft drinks in different flavors, fruit pulp based beverages and water. All these products have similar risks and returns because of similar nature of products, common consumer segments, similar production processes and common distribution channel. Further, internal organizational and management structure and its system of internal financial reporting of the Company is not based on product or geographical differentiation.

19 Related Party Transactions

19.1 Relationship

The company identified related parties on the following lines

1. Part of the Group
 - a. Parent company, ultimate parent
 - b. Other Subsidiaries of the parent / ultimate parent
 - c. Subsidiaries of the company
2. Directors and their relatives

The Company is controlled by Bottlers Nepal Limited which owns 100% of the company's share.

19.1.1 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There have no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the company's regulations.

19.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the year 2072-73	For the year 2071-72
Amounts owed to related parties		
Bottlers Nepal Limited	28,352,699	79,280,981
Amounts owed by related parties		
Bottlers Nepal(Terai) Limited	3,789,457	109,565,877

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 15 July 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

20 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

20.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

20.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank overdraft and short term deposits.

The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

20.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The Company manages its foreign currency risk by not holding the receivables and payables in foreign currencies for longer duration.

20.4 Commodity price risk

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of raw materials and therefore require a continuous supply of the same.

The Company manages this risk by purchasing materials and supplies from the supplier identified by the group and the Company has long term relation with the supplier.

20.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

20.5.1 Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and shipments to major customers are generally covered by bank guarantees.

20.5.2 Cash deposits

Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

20.6 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through cash forecast.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

Sumit Goyal
Director

Rajnish Sharma
Director

As per our attached report of even date

Sanjeev Kumar Mishra
Partner

For T.R. Upadhy & Co.
Chartered Accountants

Kathmandu

Date: 6th Mangsir 2073 (21st Nov 2016)

