



Our Valued People



Recycling Efforts



Growing with the Community



Youth Connect



State of Art Technology



Giving Back Purpose to Packaging



Women Empowerment

# ANNUAL REPORT 2018-2019

तेतिसौं वार्षिक प्रतिवेदन २०७५-२०७६



**Under our 'World Without Waste' vision, Bottlers Nepal Limited remains committed in driving improvement on our environmental performance by bringing in innovative solutions, sensitizing communities and minimizing our impact on the local environment. Together with our partners, we are encouraging self-sustaining ventures with decentralized waste management and building new infrastructure for packaging recovery.**

Pradip Pandey  
Chief Executive Officer, Bottlers Nepal (Terai) Limited

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# About us

Bottlers Nepal (Terai) Limited (hereinafter referred to as the "Company" or "BNTL") is a Public Limited Company with operation spanning over 33 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 Bottlers Nepal Limited (BNL).

Bottlers Nepal (Terai) Limited is engaged in the production, manufacture, sale, distribution and supply of soft drinks being carbonated non-alcoholic beverages and packaged drinking water under the brand names - Coca-Cola®, Sprite®, Fanta®, and Kinley®. The Company along with its holding company, Bottlers Nepal Limited are the only authorized bottlers and suppliers of "The Coca-Cola Company" ("TCCC"), in Nepal.

For over 33 years, Bottlers Nepal (Terai) Limited and its holding company has built success on a profound understanding of demand of the consumers. That success is based on a continuous, compelling strategy that leads to sustainable value creation. It is

also based on ability to change and adapt. 2075/76 was no exception. High standards of Corporate Governance, strong technical credentials, prudent risk management approach, a culture of dedication and a strong distribution network have been the key driving forces of the Company. The Company is considered as one of the most prestigious multinational companies in Nepal.

It believes the success of the Company depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our objective is to use our Company's assets, our brands, financial strength, unrivaled distribution system, global reach, talent and strong commitment of our management and associates to become more competitive and to accelerate growth in a manner that creates value for our shareowners.

## WE REPRESENT

### A leading bottler

Your Company is the authorized bottler of "The Coca-Cola Company" ("TCCC"), in Nepal and sells more than 17 MM unit cases annually.

It is operating through its bottling plants in Bharatpur. Your Company manages its business responsibly, sustainably, and with a passion to create value for their customers, shareholders, consumers and the communities, they serve.

### Capability to execute in the market

Building and maintaining a successful partnership with our customers, is critical to our success. By working with customers to satisfy consumer needs and maximise demand for our products, your Company helps grow its business and its own. Your Company does this by segmenting the market and determining the most

efficient and effective way to service each of the outlets. Your Company is looking to generate joint value in every aspect of its business with each of its customers, ranging from logistics and delivery, to market place execution and sustainability programmes.

### Leading brands and a diverse portfolio of beverages

Your Company produces, sells and distributes the world's most recognised beverage brands. Coca-Cola® Sprite®, Fanta® and Kinley® are some of the world's best-selling non-alcoholic ready-to-drink beverages. Your Company's overall sparkling value share in the markets was 71.5% in July 2019.

(Source: RSA Nielsen, YTD July, 2019).

### A sustainable business

Your Company recognizes that creating shared value for shareholders, employees, consumers,

customers and communities are critical to its long-term success. Over the last decade, your Company has integrated corporate social responsibility and sustainability into all aspects of its business management with long-term investments that aim to build value over time. More recently, your Company established a business resilience programme that enhances its approach to risk management and contingency response programmes.

### Lean manufacturing footprint

Your Company has been able to cater the increased market demand through its existing manufacturing plant through efficient manufacturing operations. Your Company believes there is ample scope to achieve further efficiencies, particularly in Nepalese market.



# 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



## Empowerment

Decisions are made at the lowest appropriate level



## Integrity

Be real



## Leadership

The courage to shape a better future



## Accountability

If it is to be, it's up to me



## Citizenship

Commitment to local stakeholders by consistent engagement & environmental practices



## Teamwork

Working together to support and inspire each other to win



## Passion for winning

Committed in heart and mind

# ETHICAL PRINCIPLES

We have a long-standing commitment of doing business with integrity, which means avoiding corruption in any forms, including bribery and complying with the anti-bribery corruption laws. The Code of Business Conduct and Anti- Bribery Policy provides us a guidance on how to conduct business in a fair, ethical and legal manner. All associates of the company are bound to follow the precepts of the Company's Code of Business Conduct, which includes anti-corruption expectation for all employees.

# Letter From Chairperson

**OUR ASPIRATION  
IS TO BE AMONGST  
THE MOST ADMIRIED,  
INNOVATIVE AND  
VALUE GENERATING  
CONSUMER PRODUCT  
COMPANIES IN  
NEPAL.**



**Dear Shareholders,**

At the outset, on behalf of the Board of Directors of the Company, I extend a warm welcome to all. This was a challenging year due to evolving regulatory changes. Despite that, I am happy to report that our results for FY 075-76 are encouraging.

During the review period, your Company have succeeded in recording growth of 0.71% in Volume. Likewise, drop of 1.15 % in Net Sales Revenue as compared to last year.

This year, your Company has upgraded its manufacturing plant by successfully installing a new Affordable Small Sparkling Pack (ASSP) line in Bharatpur with the capacity of 766 Bottling Per Minute (BPM) for 250 ml pack size and 600 Bottling Per Minute (BPM) for 500 ml pack size. We recently launched 250 ml Pack Size manufactured from this new line in Coke, Fanta and Sprite flavor in the market in June this year. It is a huge achievement for all of us. We are very hopeful that it will further strengthen our existing consumer base.

Your Company is continuously investing in modernization of its infrastructural development and automation in its business operation. Further, this year, we have also carried out investments towards strengthening our marketplace by launching Sales Force Automation for our sales force and Bottling Operation Solution for our distributors, which would make our business processes more efficient. In the coming year, we will continue investing in technology to ensure seamless operations.

Our aspiration is to be amongst the most admired, innovative and value generating consumer product companies in Nepal.

As the Chairperson of the Board, I would like to extend my gratitude to the countless number of esteemed customers, all of whom have contributed in successful partnerships to accomplish our achievements.

I would like to take this opportunity to express my sincere gratitude to our stakeholders, business partners, labor unions, statutory and government bodies, bankers and financial institutions, diplomatic officials, media, local community, TCCC representatives, and the entire team of the Company for their continued support.

Most importantly, I would like to thank you, our shareholders, for your overwhelming trust, support and confidence in Bottlers Nepal (Terai) Limited.

Warm regards,

With regards,  
**Shukla Wassan**

Date: 23rd September, 2019

# Board of Directors



**Ms. Shukla Wassan**  
(Chairperson)

Ms. Wassan is FCS (Fellow Company Secretary) from the Institute of Company Secretaries of India, LL.B., B. Com (Hons) with a total experience of over 36 years. She has been a Director and Chairperson of the Company since 2nd December, 2014.



**Mr. Mohamed Amin Ghoneim**  
(Director)

Mr. Ghoneim holds a Bachelor of Commerce in Accounting with a total experience of over 27 years. He has been nominated as a Director & Chairman of the Audit Committee of the Company w.e.f 2nd July, 2019.



**Mr. Surendra Silwal**  
(Director)

Mr. Silwal holds a Master in Business Administration with a total experience of over 23 years in various Companies. He was appointed as a Director of the Company from 27th June, 2017. Earlier, he was an Alternate Director to Mr. Soren Lauridsen since 14th September, 2012.





**Mr. Sundeep Bajoria**

*(Director)*

Mr. Sundeep Bajoria holds B.Com Honors & Chartered Accountant with experience over 21 years. He was appointed as a Director of the Company since 3rd May, 2018.



**Mr. Gunjan Dhawan**

*(Director)*

Mr. Gunjan Dhawan holds MFC with a total experience of over 21 years. He was appointed as the Director of the Company from 23rd November, 2016



**Mr. Neeraj Rimal**

*(Director)*

Mr. Rimal holds Bachelors in Business Studies. He has over a decade of working experience in commercial function. He is the Director of the Company since 12th January, 2019.



**Mr. Pramod Kumar Karki**

*(Independent Director)*

Mr. Karki holds multiple academic degrees including M.A and LL.M. He has 36 years of working experience in various governmental jobs. He is Director of the Company since 13th December, 2012.



## Management Committee

FROM TOP LEFT TO RIGHT:

- **SHAMBHU PRASAD KOIRALA** (Country Human Resource Manager) ● **RAJNISH SHARMA** (Country Commercial Manager)
- **K. DURAI MURUGAN** (Country Supply Chain Manager)

FROM BOTTOM LEFT TO RIGHT:

- **PRATIMA BURMA** (Company Secretary and Legal Manager) ● **PRADIP PANDEY** (Chief Executive Officer)



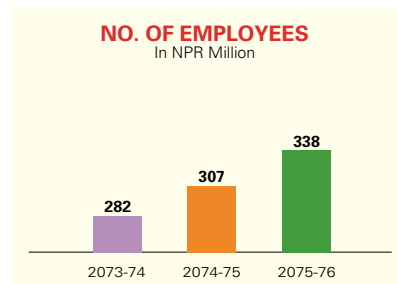
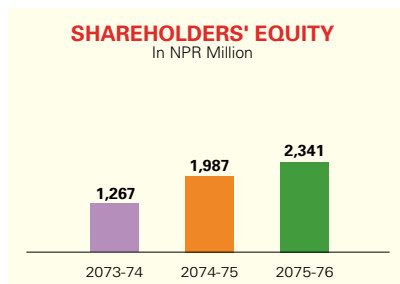
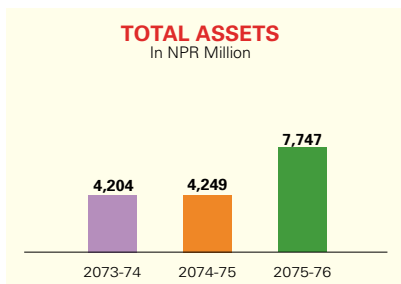
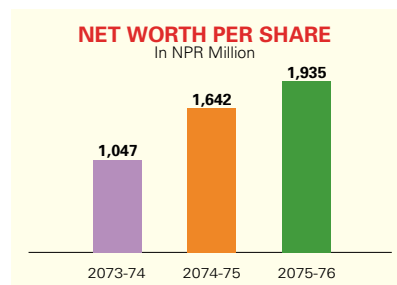
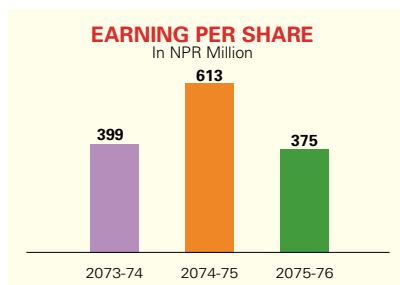
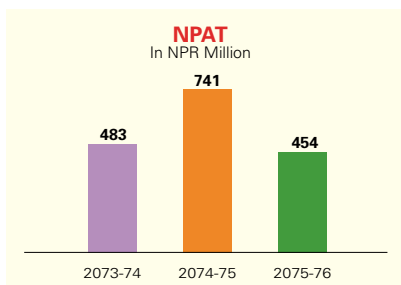
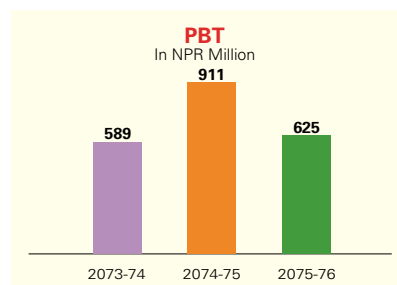
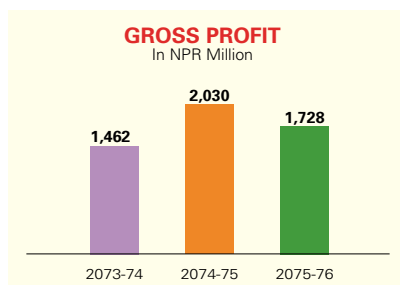
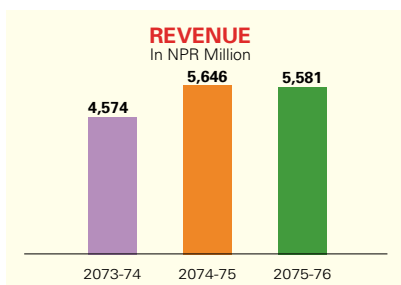
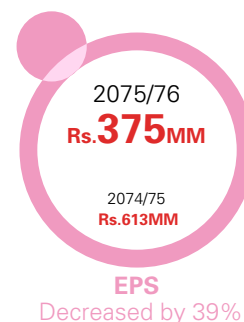
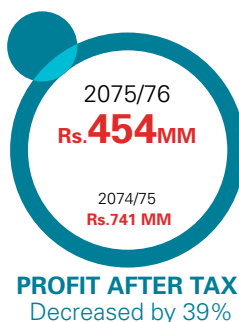
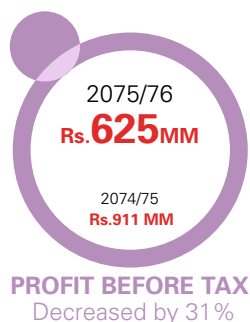
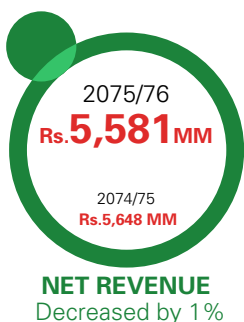
FROM TOP LEFT TO RIGHT:

- **ABHISHEK SINGH** (Country Sales Manager)
- **SUMIT GOYAL** (Country Finance Manager) ● **SACHIN SHRESTHA** (Country Manager-Key Accounts)

FROM BOTTOM LEFT TO RIGHT:

- **IRINA KARKI GURUNG** (Manager-Public Affairs, Communication and Sustainability)
- **HARI SHARMA NEUPANE** (Regional General Manager-BNTL)

# Performance Highlights



# Financial Analysis

Figures in NPR

VERTICAL ANALYSIS			
Particulars	For the year 2075-76	For the year 2074-75	For the year 2073-74
Revenue	5,581,385,389	5,646,299,718	4,574,001,380
Gross Profit	1,728,037,237	2,029,895,221	1,461,946,129
Operating Profit	668,428,859	941,708,646	649,898,602
Profit Before Tax	624,664,353	911,342,615	589,306,378
Profit After Tax	453,542,784	741,329,079	482,622,709

Figures in NPR

HORIZONTAL ANALYSIS			
Particulars	Year Ended 2076	Year Ended 2075	Year Ended 2074
No. of Shares	1,210,000	1,210,000	1,210,000
Total Assets	7,746,715,786	4,249,163,646	4,203,845,356
Plant Property and Equipment	6,076,197,779	2,887,897,469	2,776,232,218
Current Assets	1,623,645,895	1,296,134,832	1,355,337,901
Current Liabilities	3,950,026,228	1,889,639,986	2,588,696,537
Debt	2,558,248,457	496,608,770	810,574,979
Shareholder equity	2,340,948,429	1,987,033,423	1,266,778,572

RATIO ANALYSIS			
Particulars	Year Ended 2076	Year Ended 2075	Year Ended 2074
Gross Profit Ratio	31%	36%	32%
Profit Before Tax Ratio	11%	16%	13%
Current Ratio	0.4	0.7	0.5
Debt Equity Ratio	1.1	0.2	0.6
Assets Turnover Ratio	1.4	0.8	0.9
Return on Equity	19%	37%	38%
Return on Total Assets	6%	17%	11%
Earning Per Share	NPR 375	NPR 613	NPR 399
Market Value Per Share	NPR 6,890	NPR 6,813	NPR 6,085
Price Earning Ratio	18.4	11.1	15.3
Net Worth Per Share	NPR 1,935	NPR 1,642	NPR 1,047

# Statement of Value Added

**Value Created:** Your Company creates value for its stakeholders and business by carefully managing the use of and return on all capitals, or inputs.

## Net Profit

NPR 454 MM (PY NPR 741 MM)

## Contribution To National Treasury

NPR 2,561,867,810/-

## Direct Employment

338 Nos

**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.

<b>Shareholders</b>	Through the process of managing all inputs to our business well, we create profits which benefit shareholders through dividend payments and share value.
<b>Suppliers</b>	As we create value, we support business throughout our value chains and support job creation beyond our business.
<b>Customers</b>	Our efforts to produce products efficiently and responsibly builds value for our customers' businesses.
<b>Communities</b>	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.
<b>Consumers</b>	We offer a range of beverages to satisfy evolving consumer preferences and active healthy lifestyles.
<b>Employees</b>	Developing, recognizing and rewarding our people secures a skilled and motivated workforce.



TASTE THE FEELING™



रमाऔँ उत्कृष्ट  
स्वादमा

"COCA-COLA" and "COKE" are registered trademarks of The Coca-Cola Company. Contains added ingredients. Contains 100% (100%)

# Being Consumer Centric Marketing Campaigns

The Coca-Cola Company (TCCC) is committed to Responsible Marketing of its brands.

In 2075-76, your Company continued their longstanding, global Responsible Marketing Policy, which includes not placing any of our brands' marketing in media that directly targets children under 12. This includes television shows, print media, websites, social media, movies and SMS/email marketing. In addition to media placement restrictions, we do not develop creative marketing material that primarily appeals to children under 12, regardless of where the material will be placed.

Carbonated beverages of your Company continue to be the most preferred beverages in Nepal resulting in a strong market presence during the FY 2075/76 as well. Some of the important marketing initiatives during the year under review, are as detailed below:

## "Man Kholaun Coke® Sanga": Touching Hearts with relationships

September - October, 2018

Your Company, on the auspicious occasion of Dashain, brought back its campaign "**Man Kholaun Coke Sanga**" by removing its traditional Coke labels and replacing them with labels that communicate feelings for relationships. Through this campaign, your Company encouraged people to express their feelings. The campaign featured the very popular and respected Husband-Wife duo of Nischal Basnet & Swastima Khadka. The communication focused on how a Coca-Cola can help a newly wed bride at home.



## Sprite Ko Double Dose Campaign

13<sup>th</sup> February 2019 to 31<sup>st</sup> April 2019

Your Company started the campaign for 13th February to 31st April in Returnable Glass Bottle (RGB) led by brand Sprite. Consumers got a chance to win Samsung Note 9 every day along with the recharge value of NPR 10 to 10,000/-.

Anmol KC, one of the most successful and celebrated actor of Nepali Cinema, was introduced as the Brand Ambassador for Sprite and he was launched with this campaign.

This was the most successful campaign in terms of consumer response where we got almost 10 lakh SMSs and the recharge redemption was 2 times the usual rate.





## Coca-Cola Momoutsav 2019

*(Our 4<sup>th</sup> Year of strengthening association of Coke and Momos)*  
1<sup>st</sup> Jan 2019 – 30<sup>th</sup> March 2019

2019 saw the roll out of the new Campaign “Coke and Momo – The Perfect Jodi”. To symbolise the perfect Jodi in all our communication, Coca-Cola’s brand ambassador – Priyanka Karki along with her fiancé – Ayushman Desraj Joshi played the central role.

To create 360 degrees – both of these celebrities also graced key outlets and interacted with consumers of Coca-Cola in-person during MomoUtsav celebrations inside the outlet.



wherever they go, whenever they want, and all this in an attractive price point once the pack is distributed across the country.



## Jigri Pack Launch

24<sup>th</sup> June, 2019, 1<sup>st</sup> July, 2019 and 4<sup>th</sup> July, 2019

Your Company is proud to launch new 250 ml pack, which is portable, easy to carry, and offers great drinking experience to consumers all across Nepal. This pack is so consumer friendly that your company is calling it 'Jigri Pack'.

Jigri Pack is made using the latest innovation in packaging industry. Your company invested in this state of art technology, putting Nepal amongst the first 3 countries worldwide to have this capability.

In addition to being consumer friendly Jigri pack is environment friendly as well, it's a ultra light bottle, and is also recyclable as other PET bottles. Your company plans to leverage this technology to offer beverages in a portable, re-sealable, lightweight and shatter-resistant bottle with an extended shelf life of 6 months.

Consumers will now be able to enjoy their favourite brands - Coca-Cola, Sprite & Fanta in the new 'Jigri pack',

## Other Events and Festival activation

Your company actively participated in many local events and festivals across the country, like Shivaratri, Holi, Shalindi mela and etc. Events like REBAN food festival, Attariya food festival, Valentines day, New year's events, Christmas, EID, Lhosar and etc. Some glimpses of the events and festival participation are captured in the pictures:



# Governance

## OUR COMMITMENT TO CORPORATE GOVERNANCE

Your Company believes that sound corporate governance practices are essential to create sustainable value and to safeguard the interest of stakeholders. 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. Over the years, your Company has strengthened the governance structure, practices and processes to meet.

## BOARD OF DIRECTORS

The Board of Directors is appointed by Shareholders to oversee the interest in the long-term health and overall success of the business and its financial strength. The Board of the Company has ultimate responsibility for direction, performance and long-term success of our business as a whole.

The Board appoints the Chief Executive Officer, who is charged by the Board with conducting the business of the Company. The Management Committee of the Company is headed by Chief Executive Officer and has function heads as its members, which looks after the management of the day to day affairs of the Company.

## Composition

The Board of Directors comprises such number of directors as the Board deems appropriate to function efficiently as a body, subject to the Company's Article of Association.

The Board comprises of Independent Directors and non-Executive Directors (including representation from public shareholders) and the Board considers this to be the appropriate structure.

During the year, the Board continued with its strength of 7 (seven) Members comprising of all 7 (seven) Non-executive Directors, who essentially have a supervisory role in the Company. The details of each member of the Board along with the number of shares held in the Company and date of joining the Board are provided herein below.

## Board Meetings

The Board meets at regular intervals to discuss and decide on various transactions of the company. The notice of the Board Meeting is given well in advance to all the Directors. The agenda and other relevant documents is circulated 10 days prior to the date of the meeting to ensure adequate and active discussion on the agenda(s) before arriving at the decisions.

During the year under review, a total of six (6) meetings of the Members of the Board were convened. The maximum interval between any two meeting was well within the maximum allowed gap of three months.

## Board Evaluation

In terms of the requirement of Good Governance Directives for Public Listed Company, 2074, annual performance evaluation of the Board is undertaken where the Board assess its own performance in order to improve the effectiveness of Board and Committees.

## BOARD INDEPENDENCE

Name	Date of Joining the Board	No. of Shares held in the Company
<b>Non-Executive Chairperson</b> Ms. Shukla Wassan	4 <sup>th</sup> December, 2014	Representing Bottlers Nepal Limited.
<b>Non-Executive Directors</b> Mr. Mohamed Amin Ghoneim Mr. Sundeep Bajoria Mr. Gunjan Dhawan Mr. Surendra Silwal (Alternate Director: Mr. Amar Baidya) Mr. Neeraj Rimal	2 <sup>nd</sup> July 2019 14 <sup>th</sup> May, 2018 23 <sup>rd</sup> November, 2016 27 <sup>th</sup> June, 2017 12 <sup>th</sup> January 2019	Representing Bottlers Nepal Limited. Representing Bottlers Nepal Limited. Representing Bottlers Nepal Limited. Representing Bottlers Nepal Limited.
<b>Independent Director</b> Mr. Pramod Kumar Karki	13 <sup>th</sup> December, 2012	Representing Public Shareholders.

The Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole and Self- Evaluation of the Directors. The exercise was led by the Chairman. The Evaluation process focused on various aspects of the functioning of the Board and Committees such as improving Board effectiveness, performance of Board Committees, Board knowledge session etc. Separate exercise was carried out to evaluate the self- performance of individual Directors on parameters such as contribution, knowledge and skills etc.

## COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company. The Board has three Committees evaluating every activities of the Company.

### Audit Committee

The Board has reformed an Audit Committee with defined terms of reference on 1st July, 2019. The duties and responsibilities of the Audit Committee are in congruence with the framework defined by the Companies Act 2063 (2006) and Good Governance Directives for Listed Companies, 2074. The Audit Committee is constituted with Non-Executive Directors; hence, all the Members of the Committee, including the Chairman, are Non-Executive, ensuring complete independence of the Committee. The Audit Committee comprises three members. The composition of the Audit Committee as at the end of the Fiscal Year 2075-76 was as below:

Mr. Mohamed Amin Ghoneim- Chairman  
Mr. Sundeep Bajoria- Member  
Mr. Surendra Silwal- Member

*\*Mr. Mohamed Amin Ghoneim was appointed as Member of Audit Committee w.e.f 2nd July, 2019 replacing Mr. Gaurav Khosla. Upon amendment in Good Governance Directives for Listed Companies, 2074 dated 2018 June 6, the earlier*

*nomination of Mr.Pramod Kumar Karki, Independent Director and Mr. Neeraj Rimal, Director representing Public Shareholders to the Audit Committee was revoked.*

Below are the terms of reference of Audit Committee Meeting:

- To review the accounts and financial statements of the Company and ascertain the truth of the facts mentioned in such statements;
- To review the internal financial control system and the risk management system of the Company;
- To supervise and review the internal auditing activity of the Company;
- To recommend the names of potential auditors for the appointment of the auditor of the Company, fix the remuneration and terms and conditions of appointment of the auditor and present the same in the general meeting for the ratification thereof;
- To review and supervise as to whether the auditor of the Company has observed such conduct, standards and directives determined by the competent body pursuant to the prevailing law as required to be observed in the course of doing auditing work;
- Based on the conduct, standard and directives determined by the competent body pursuant to the prevailing law, to formulate the policies required to be observed by the Company in respect of the appointment and selection of the auditor;
- To prepare the accounts related policy of the Company and enforce, or cause to be enforced, the same;
- Where any regulator body has provided for the long term audit report to be set out in the audit report of the Company, to comply with the terms required to prepare such report;
- To perform such other terms as prescribed by the Board of Directors in respect of the accounts, financial management and audit of the Company.
- To ensure that the accounts book, audit report, balance sheet or financial statement of accounts are maintained according to prevailing laws and as per the directive

## DETAILS OF REMUNERATION TO THE NON-EXECUTIVE DIRECTORS

The details of remuneration to the Non-Executive Directors for the financial year ended 16<sup>th</sup> July, 2019 are provided hereinafter:

Name	Sitting Fees (In NPR)
Prasad Gyawali	45,000
Neeraj Rimal	75,000
Pramod Kumar Karki	1,65,000

Note:

- Except Independent Director and Director representing Public Shareholder, all other Directors have waived their sitting fees.
- The sitting fees for serving on Committee and Board Meeting is NPR 15,000 (Fifteen Thousand) per sitting.

issued by the governing authority or as per the rules and regulation of the institution.

- k. To review the financial details of the Company and thereafter, to ensure that the evidences mentioned in the details are true and fact,
- l. To ensure that the work of internal auditing is effective and is executed and accomplished in an independent way.
- m. To monitor and ensure that the accounts, budget, internal control systems are properly and regularly maintained.
- n. To ensure that the accounts book, documents of internal audit record system or electronic record of auditing are kept in proper way.
- o. To provide opinion on the subject instructed by Board of Directors
- p. To ensure that the Company has followed the direction given by the governing authority or not.
- q. To inspect, monitor and ensure the purchasing system of the Company are appropriate and economical.
- r. To perform such or any other additional duties and responsibilities that may be ancillary and have financial implication on the Company to the aforementioned duties

During the Fiscal year 2075-76, the Members of the Audit Committee met three times i.e., on 20<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and on 6<sup>th</sup> May, 2019 for reviewing the financial statement of the Company including Internal Financial Control and Risk Management and other financial issues.

### Risk Management Committee

The Board has formed a Risk Management Committee with defined terms of reference. The duties and responsibilities of the Risk Management Committee are in congruence with the framework defined by Good Governance Directives for Listed Companies, 2074. The composition of Risk Management Committee at the end of the fiscal year 2075-76 was as below:

Mr. Pramod Kumar Karki- Chairman  
Mr. Gunjan Dhawan- Member  
Mr. Gaurav Khosla- Member

*\*Mr Gaurav Khosla's nomination was withdrawn and, in his place, Mr. Mohamed Amin Ghoneim was appointed as Member of Risk management Committee w.e.f 2<sup>nd</sup> July, 2019.*

Below are the term of reference of Risk Management Committee Meeting:

- To oversee the implementation of Risk management Systems and Framework;
- To assess risk and procedures to minimize the same;
- To frame, implementing and monitoring the risk management plan for the Company.

During the Fiscal year 2075-76, the Members of Risk Management Committee met Two (2) Times i.e., 14<sup>th</sup> November, 2018 and on 11<sup>th</sup> February, 2019.

### Property And Liability Committee

The Board has formed a Property and Liability Committee with defined terms of reference. The duties and responsibilities of the Property and Liability Committee are in congruence with the framework defined by and Good Governance Directives for Listed Companies, 2074. The composition of the Property and Liability Committee as at the end of the Fiscal Year 2075-76 was as below:

Mr. Gaurav Khosla- Chairman  
Mr. Gunjan Dhawan- Member  
Mr. Surendra Silwal- Member

*\*Mr Gaurav Khosla's nomination was withdrawn and, in his place, Mr. Mohamed Amin Ghoneim was appointed as Member of Property and Liability Committee w.e.f 2<sup>nd</sup> July, 2019.*

Below are the term of reference of Property & Liability Committee Meeting:

- To review the ownership documents of the property of the Company.
- To conduct due diligence of whether those properties are duly registered and the statutory dues in the form of duties and taxes has been paid to the concerned authorities.
- To ensure that the properties of the company are adequately insured.
- To review whether there is any pending litigation on the property of the company.
- To review contingent liabilities of the Company.

During the Fiscal year 2075-76, the Members of Property and Liability Committee met once on 11<sup>th</sup> February, 2019.

### INTERNAL CONTROLS

The Company has robust system for Internal Control and Corporate Risk Assessment. 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 authorization limits and setting-up procedures for approving capital and investment expenditures. The Group has a strong internal control framework which is supported by risk & control matrix, Standard Operating Procedures, Policies, Guidelines, Governance Capsules and Self-Assessment exercised. These internal control frameworks are routinely tested by Statutory Auditors, Internal Auditors, Lawyers as well as Internal Assurance Team. Significant audit observations and follow up actions thereon are reported to the Management, Committees and the Board of Directors.

## ATTENDANCE OF DIRECTOR AT BOARD AND COMMITTEE MEETINGS

The attendance of the Board and Committee Members are as per below:

Board Members	Designation	Board Meeting	Audit Committee Meeting	Risk Management Committee	Property & Liability Committee
Ms. Shukla Wassan	Chairperson	6 (out of 6)	N/A	N/A	N/A
Mr. Gaurav Khosla*	Director	6 (out of 6)	3 (out of 3)	2 (out of 2)	1 (out of 1)
Mr. Sundeep Bajoria	Director	5 (out of 6)	3 (out of 3)	N/A	N/A
Mr. Gunjan Dhawan	Director	4 (out of 6)	N/A	1 (out of 2)	0 (out of 1)
Mr. Surendra Silwal	Director	4 (out of 6)	2 (out of 3)	N/A	1 (out of 1)
Mr. Prasad Gyawali*	Director	2 (out of 2)	1 (out of 2)	N/A	N/A
Mr. Neeraj Rimal	Director	4 (out of 4)	1 (out of 1)	N/A	N/A
Mr.Pramod Kumar Karki	Director	6 (out of 6)	3 (out of 3)	2 (out of 2)	N/A

\* Mr. Neeraj Rimal has been appointed as Director replacing Mr. Prasad Gyawali form 32nd Annual General Meeting w.e.f 12<sup>th</sup> January 2019.

\* Gaurav Khosla's nomination was withdrawn on 1st July, 2019 and in his place Mr. Mohamed Amin Ghoneim was nominated as Director w.e.f 2<sup>nd</sup> July, 2019.

## COMPANY POLICIES

### Code of Business Conduct

Your Company conducts its business with integrity and high standards of ethical behaviour, and in compliance with the laws and regulations that governs its business. Your Company has well established Code of Business Conduct that expects all employees to act transparently and with integrity. Mandatory training, availability of Ethics Line to report issues and, robust mechanism to investigate and take appropriate action ensures that values of Code of Business Conduct are put into practice. Your Company has Code of Business Conduct Training Program designed and trainings are imparted to the employees in person and web-based training in compliance with the principles laid down under Prevention of Corruption Act, 2002, The Foreign Corrupt Practices Act (FCPA), 1977 and UK Bribery Act, 2010.

### Global Anti-Bribery Policy

Our global Anti-Bribery Policy establishes the limitations we must adhere to when interacting with officials of various governments around the world. The policy provides information about anti-bribery laws in order to avoid inadvertent violations. Our Code of Business Conduct for Suppliers also includes similar expectations regarding bribery for business partners. Your Company conduct periodic anti-bribery assessments and audits of

our business to raise overall awareness, detect potential misconduct and monitor compliance with anti-corruption laws and policy.

Your Company aim to lead by example and to learn from experience. Your Company set high standards for their people at all levels and strive to consistently meet them. Your Company's sound business principles and practices foster its strong, innovative and collaborative culture, which is committed to ethical behavior, accountability and transparency.

Your Company is guided by its established standards of corporate governance and ethics. Your Company review its systems to ensure to achieve international best practices in terms of transparency and accountability.

### Ethics Codes and Principles for Non-Employee Directors and Suppliers

Non-employee directors are bound by a Code of Business Conduct for Non-Employee Directors that reflects the same principles and values as our employee Code, but focuses on matters of most relevance to non-employee directors. Our Supplier Code of Business Conduct and Supplier Guiding Principles set baseline expectations for how our suppliers conduct their business.



TASTE THE FEELING™



नयाँ  
जिगी प्याक  
रु 80  
250ml



जिगी  
प्याक हातैमा  
मज्जा साथैमा

## CORPORATE SOCIAL RESPONSIBILITY

### Growing Sustainably

Your Company strives to create value for the communities we serve in, by actively leveraging partnerships with Nepal government and the communities. When the company thinks of business, it thinks of it from a holistic lens: economic, community, consumer, sustainability, and environmental, among others. Your company believes that business and sustainability cannot have different goals. Most of the business initiatives are linked with the sustainability initiatives and highlights of the initiations by your company are stated as below:

### WATER STEWARDSHIP

**Your company is a beverage company, and the key ingredient for beverage is water. In efforts to safely return to communities and nature an amount of water equal to what is used in the finished beverages and their production, your company has collaborated to execute various innovative and integrated water management projects in the country.**

#### Restoring Bishazari and associate lake system:

With ongoing efforts to manage the watershed area of the BNTL plant in Bharatpur, The Coca-Cola Foundation has supported an integrated water resource management project at Bishazari and associated lakes in Bharatpur. With WWF Nepal as the implementing partner, the project aims to restore water to enhance the water-based livelihood of the local community. A total of 49,500 KL of water is recharged at the project site each year, which will benefit the communities on the long run by positively impacting the aquifer.





## WORLD WITHOUT WASTE (WWW)

On Jan 19, 2018, The Coca-Cola Company announced a bold, ambitious goal for a World Without Waste (WWW): to collect and recycle the equivalent of 100% of the packaging we sell by 2030. In Nepal, your Company aims to create green jobs for women, improve the livelihood of waste workers, and contribute to a cleaner environment of Nepal through an efficient and responsible mechanism by disposal of used PET bottles in the Country. Your Company ensures the impact is a positive one and the actions inspire others to help generate solutions that leave the world better for generations to come.



### Nepal WWW announcement:

Coca-Cola Nepal along with its sustainability partners, came together to officially pledge its joint commitment for a World Without Waste efforts in Nepal, at a Press Conference held in Kathmandu, marking World Environment Day, 2019. The press meet was attended by existing and potential partners involved in finding a waste management and packaging recycling solution in Nepal.

### Recycler Saathi—Giving back purpose to waste PET bottles:

Aiming to meet the WWW goal in Nepal, your Company has established a PET recovery project in bharatpur, appropriately named 'Recycler Saathi', in collaboration with an NGO, Centre for research and sustainable development Nepal (CREASION). The ethical and legal PET recollection, baling and recycling

facility is located in Bharatpur Metropolitan City-4 in Chitwan district; and recollection of the waste PET bottles are being done from Chitwan and the surrounding cities. The project, aims to recover and ultimately recycle approximately 1,000 MT of PET waste in the year 2019. CREASION have teamed up with government agencies, private companies, other NGOs and informal waste collection groups within one collaborative framework to facilitate the public private partnership model. This approach is consolidating the isolated efforts from both the government sector and the private sector to create a dynamic and resourceful mechanism of waste PET recollection to lead by example in moving towards a waste free Nepal and eventually a World Without Waste.

### Public Private Partnership for Nature Conservation:

On 1<sup>st</sup> January 2019, your Company marked the new year with a commitment in announcing the first National Park of Nepal, Chitwan National Park as a "Plastic Free Zone", in collaboration with the Government of Nepal and sustainability partners. In a three-day multi-stakeholder engagement program, your Company has committed to support in the collection mechanism of all PET and other plastic wastes from the entry points of Chitwan National Park, beyond which plastic packaging is restricted. your Company continues to its joint efforts to ensure packages do not end up in the wrong places, in the natural conservation areas, waterways or litter the communities where we operate and live.







**#CleanOurPride: Mt. Everest Clean up Campaign**

The Coca-Cola Foundation joined hands for one of the biggest sustainability campaigns, Clean our Pride. With ongoing concerns around Nepal's pride, Mount Everest and Realizing the importance of saving the Himalayas to sustain its environment and ecosystem and human livelihoods; your Company partnered with Nepal Government, Provincial and local government, Nepal Tourism board, WWF Nepal, Sagarmatha Pollution Control Committee (a community-based NGO established by the local Sherpa people of Khumbu in 1991); and other corporate houses for this symbolic attempt to keep the Himalayas clean. Through the campaign, a total of 10,000 kilograms of solid waste has been collected from Mount Everest. Your Company was acknowledged and appreciated by the Minister of defence and the Deputy Prime Minister and the Chief of Nepal Army for the support during a press conference held in Namche. In addition, your Company was felicitated by the Information & Technology Minister at the 12th Sagarmatha Day, for contribution towards a National cause.



**A Clean Community leads to a Healthy Community:**

In an effort towards making the plant community environment clean and green, your Company has been supporting local communities within the vicinity of the plant and central bus park of Bharatpur. Furthermore, your Company has been providing dust bins at local events such as Chitwan Mahotsab. Likewise, your company marked the celebration of World Environment Day and World Water Day by conducting various cleaning activities in and around the BNTL plant.



## WOMEN EMPOWERMENT

Women around the world have long been important contributors to the Coca Cola business system. Your Company realizes that better inclusion of women in the world economy propels growth and prosperity as studies show that the economic empowerment of women has positive multiplier effects on nutrition, health and education of families.



### A cross-cutting approach:

Your company continues its STAR (Shopkeepers Training And Resources) program through the 5by20 initiative, by imparting business skills training and by providing assets to the valued women retailers in our value chain, in various parts of the country. 5by20 is The Coca-Cola Company's global commitment to economically empower 5million women retailers across our global value chain by the end of 2020, with specific targets in different countries. Whilst your Company prioritizes women empowerment across

all its initiations, the STAR program provides Nepalese women retailers with the skills, techniques and tools required to succeed in the dynamic retail setup of Nepal and offers women with opportunities to form connections with their peers - along with the confidence that comes in building a successful business. In Nepal, we have been able to empower approximately 4,800 women till date and this year, hundreds of women retailers from the far-flung markets of Nepal have benefitted from this program.



### Revitalize Plant Community Schools:

As your Company believes in inclusive growth, this year, with an aim to create a healthy learning environment in schools near BNTL, your Company collaborated with a NGO partner; Splash (Prabhav) Nepal, to support with WASH (Water, Sanitation and Hygiene) facilities to government schools within close vicinity of BNTL and install water recharge systems for improved water management in the school premises. This initiation focuses on uplifting schools with the belief that a well-designed WASH facility in schools improve health, boost educational achievements and assist young children become agents of change in our society. This initiative aids to benefit approximately 1,500 students and teachers and after completion of projects, it has been successfully handed over to the management of Mohan Secondary School and Sharadpur Secondary School, in the presence of the Mayor of Bharatpur Metropolitan City and the Ward Chairpersons.





**Access to Education: Support Plant Community Students**

Your company has been supporting the community in various activities by building a platform of routine community meetings to optimize our contribution of inclusive growth. This year, your company, in alignment with the community leaders and the locally elected government officials, extended its support to 10 academically outstanding yet financially unstable students by providing education materials, school bags and uniform for a year.

**Access to Health: Preventative Health Check-up Clinic**

Your company has been supporting with the plant community for access to free preventive health check-ups in Bharatpur. Your Company has collaborated with a local private hospital, to provide fortnightly service to the Community members. Through this initiation, your company also provides health camps on a quarterly basis. The initiation has been successful due to joint efforts of community leaders and support of the Local government, to operate the clinic in an organised manner. Furthermore, this initiation has been able to benefit over 1,000 individuals this year.





## YOUTH CONNECT

Your Company continues to support young people on their journey towards a meaningful approach to life, by encouraging their developments through various programs, where they learn and build long-lasting peer networks.



### National and Provincial Youth engagement:

In realization of the Government's approach in supporting the Youth grow and retain the youth talent in the country, your Company has partnered with Nepal Youth Council, a proactive Youth group conducting a two-day National level conference in Kathmandu

and Provincial Youth Conferences at all 7 provinces of Nepal. The main objective of this engagement is to build the leadership capacity of the grass-root level youth across the country, by integrating their strengths to achieve sustainable development goals at a local level. The programs not only help build individual capacities but also support to prepare the present and future talents of Nepal towards economic prosperity. The Chief Ministers and Social Development Ministers, locally elected officials and other Sustainability partners attend the conferences to provide a platform for the Youth to enhance their capabilities. Till now, Sudurpashchim and Gandaki conferences have been successfully held, with a direct outreach to over 500 youth and indirectly to 1,800 youth during application process. The initiation is to continue through 2019.



## HUMAN CAPITAL

Your Company is committed to attract, develop and retain talented team members and to create a workplace that allows each team member to contribute to the collective success of the Company. Therefore, your Company endeavours in developing and creating talented and skilled work force with modern knowledge and competencies along with a proper mind set to cope up with the emerging business challenges and to gain a competitive advantage. Your Company believes that team work is the 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 make positive change. Your Company has been maintaining employee turnover of less than 3.61% which proves the level of employee satisfaction in the Company. Furthermore, your Company continuously assess for areas to enhance overall performance of its employees and necessary trainings are provided.

Your Company encourages a learning environment by stimulating integrated thinking, personal mastery and team learning. Simultaneously, the employees are encouraged and motivated to point out the areas where they require training to enhance their overall performance.

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 growth and opportunities to staff, regardless of their employment level and gender. Your Company has extended various trainings and exposure trips to its employees of various departments at all levels.

### Equal Employment Opportunity

It is the Company's policy to recruit candidates as per the manpower requirements derived through a focused and organized Human Resource Plan. All candidates are impartially assessed on objective criterion regardless of their race, gender, ethnicity, religion, language, or civil status as an Equal Employment Opportunity provider with a vision to attract, develop and retain a group of talented team Members and to create a workplace that allows each Team Member to contribute to the collective success of your Company. The programs and initiatives related to employment practices, compensation and benefits, talent management, diversity and inclusion, and Team Member relations are important to fulfil the commitment, especially in today's challenging economic climate.

The multi-cultural environment of your Company is warm and equitable ensuring that each member of the team is valued for their capabilities and respected for who they are. Your Company strives to create a happy and focused work atmosphere that celebrates the team and encourages innovation.

Your Company's goal is to provide a workplace where all employees can thrive and grow- A workplace where all employees feel included, safe and are given the opportunities to make valuable contribution to your Company.

### Freedom of Association

Your Company does not curtail the freedom of association of employees. Management is committed for discussions and negotiations with the employees who are unionized. Further, an open door policy is encouraged. There are three unions in function in the Group which represents the interests of 258 employees.

### Child Labour

As a part of the ongoing commitment, your Company advocates and upholds decent work practices and human rights. Your Company does not engage child labour and does not employ any person under the age of 18 years at the workplaces. This is inbuilt into policies and procedures of the Group. There is no direct risk of child labour deployment in any operation within the Company.

### 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.

### Prevention of Sexual Harassment at Workplace Policy

Your Company is committed to provide a work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. Your Company is also committed to promote a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity. Your Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment. Sexual Harassment at Work place Policy has been framed w.e.f 1<sup>st</sup> December, 2017 in accordance with the provisions of The Sexual Harassment at Workplace Prevention Act, 2015 (2071).

# Employee Engagement Activities





New Affordable Single Serve Pack (ASSP) Line

Sales Force Automation (SFA) and Bottling Operation Solution (BOS)

# Innovation and Digitization

## NEW AFFORDABLE SINGLE SERVE PACK (ASSP) LINE

Your Company recently launched its newest production line called the "Affordable Small Sparkling Package" (ASSP) bottle in Nepal. The technology that was developed in partnership with KHS GmbH, Germany enables Coca-Cola to produce the first high quality – lighter plastic bottles of its kind in Nepal and reduce plastic usage. This is the latest hi-tech equipment introduced in beverage manufacturing industry which extends the shelf life of products in package by the application of Plasmax coating technology.

Your Company's sustainable packaging vision has two folds. The first fold starts with the consumers end. Consumers want packaging that is portable, re-sealable, light weight and shatter-resistant in line with their modern lifestyle. The second folds of the vision is looking at it from a sustainable perspective. The amount of plastic material used is only what is required, and technological boundaries are pushed to reduce the amount of plastic that is used. The goal is to prevent waste while delivering products safely with high quality.

The ASSP line has the capacity to produce 46,000 Bottling Per Hour (BPH) in 250 ml and 32,000 BPH in 500 ml. The 500 ml pack is the first in the world with Plasmax coating introduced by The Coca-Cola system. The complete line equipment has already been installed and commissioned at Bharatpur Plant. The commercial production was started from June 19th, 2019 and the products are now available in key markets.



1



2



3



4

1. Blowmax
2. Plasmax
3. Filler
4. Mixer
5. Shrink Packer
6. New Utility Building



5



6



New Affordable Single Serve Pack (ASSP) Line

Sales Force Automation (SFA) and Bottling Operation Solution (BOS)

### SALES FORCE AUTOMATION AND BOTTLING OPERATION SOLUTION

As technology and e-commerce continues to evolve, your Company adapts and partnerszxc in new ways with our customers. We are reconstructing our business in the virtual world by investing in digital platforms, building foundational infrastructure to support our leaner operating environment and working to improve the employee experience.

Aligning with our vision to march towards digitalization, your Company has attained another milestones by launching Sales Force Automation (SFA) for its sales force and Bottlers Operation Solution (BOS) for its distributors in order to streamline the process of doing business this year.

Sales Force Automation (SFA) is an android based app which automates the order taking process. With this new technology, our frontline sales team will now be taking outlets order in the tablets. This is the transformation from manual order taking to digitalization making it more effective. In conjunction with this SFA, BOS is a web application which prints digital invoices, store inventories. The orders taken by Sales Team through their tablet would then be processed in this BOS, which will let the distributors print outlet order, invoicing and send it for distribution.



# Director's Report

(FOR THE YEAR 2075-2076)

Dear Shareholders,

It is an honor and privilege to deliver this Report on behalf of the Board of Directors of the Company. I am delighted to report that Bottlers Nepal (Terai) Limited has delivered encouraging performance in the Fiscal Year 2075-76.

## FINANCIAL HIGHLIGHTS

The Financial Statements of Company is based on generally accepted accounting principles and are true and fair.

### Overview

Despite the regulatory challenges, your Company has made good progress in the FY 2075/76. The Gross Sales Revenue of your Company has crossed NPR 8,034 Million. Further, the net Profit has decreased by NPR 287 Million, which is 31% lesser than the previous years majorly due to Bharatpur Plant shut down for new Project Work and due to taxation impacts.

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

Particulars	NPR in Million		
	2074-75	2075-76	%change
Gross sales Revenue	7,865	8,034	2%
Gross Profit	2,030	1,728	-15%
Net Profit Before Tax	911	625	-31%
Net Profit after Tax	741	454	-39%

## Key Business Challenges

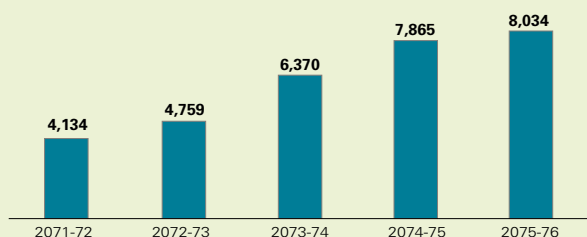
### GLOBAL:

The global economic scenario continued to remain volatile across different geographies. The Group is presently operating in an increasingly dynamic economic environment. Crude Oil Price internationally is on increasing trend, which has impacted cost of Resin, Preforms, and transportation. Similarly, strong forex mainly US Dollar has impacted most of our imports. Despite all of these, your Company has steadily grown both in volume and revenue.

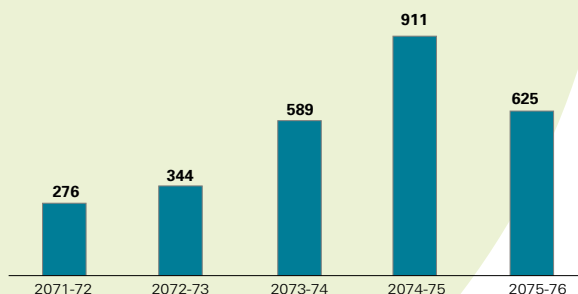
### NEPAL

Following local, provincial, and national elections through late 2017, Honorable Prime Minister Khadga Prasad Oli of the Unified Marxist-Leninist party was sworn in as Nepal's new Prime Minister in February 2018. Since our Country now has a stable government we expect better and trajectory in the industrial growth. During this year under review, various new governance has been formulated and has been implemented by various authorities. Despite challenges faced by industries in implementing these governances, your Company has ensured full compliance. The Government has recently implemented Finance Bill, 2076 which has resulted in significant increase in taxes & duties. Mainly increase in import duty for sugar and other major imports and with consequent increase in excise duty in carbonated soft drinks. Furthermore, despite having several favorable macroeconomic fundamentals, the Nepali Rupee (NPR)

GROSS SALES REVENUE (NPR MM)



PROFIT BEFORE TAX (NPR MILLION)



## Report of Board of Directors

Disclosure under Section 109(4) of Companies Act, 2063

Disclosure under Rule 26(2) of Securities Registration and Issue Regulation, 2073

Disclosure under Rule 20(4) of Directives Related to Corporate Governance for Listed Companies, 2074.

has been experiencing excessive volatility against foreign currencies, especially the US Dollar (USD), largely due to the sudden and sharp depreciation of the Indian Rupee (INR) against USD. Since NPR is pegged to the INR, the future value of NPR rests solely on the fate of INR in the foreign exchange market and this excessive volatility is impacting our sourcing of raw material and packaging material.

### DIVIDEND

This Year, your Directors recommended a final dividend of NPR 40/- Per share for your approval.

### STATUTORY AUDITORS.

M/s B. K Agrawal & Co. Chartered Accountants (Firm Registration No. 02), hold office until the conclusion of 33rd Annual General Meeting. Your Directors, with the recommendation of Audit Committee Meeting have proposed to re-appoint M/s B.K Agrawal & Co. Chartered Accountants, as Statutory Auditor for FY 2076-77 with a remuneration of NPR 4,00,000/-(Four Lakhs) (excluding VAT and out-of-pocket expenses).

### HUMAN RESOURCES

The total number of Associates as of 31st Ashad 2076 is 338, as against 307 on 32nd Ashad 2075. Your Company believes that today a major HR challenges for your Company are training & development, talent development and Employee Engagement. Your Company continued to work towards these areas through its various initiatives. Some of its initiatives is briefly elaborated in this Annual Report.

### INFRASTRUCTURE

During the year under review, your Company continued to create best-in-class infrastructure facilities to support its growth strategies. Your Company continuously focuses on upgrading its infrastructure. This year, your Company had started Affordable Single Serve Pack (ASSP) Line with 766 Bottling Per Minute (BPM) capacity for 250 ml and 600 Bottling Per Minute (BPM) for 500 ml pack size which will further help to increase market share as well as profit of company. Further details are elaborated in the later part of the Annual Report.

### CORPORATE GOVERNANCE

Your Company is committed towards adherence to good corporate governance. We strive to keep the trust of its stakeholders by being ethical, honest and transparent while doing its business. Your Company has a strict Code of Business Conduct (COBC) and Anti Bribery Policy, which guides its business conduct, requiring honesty and integrity in all matters. All of its employees, directors and vendors are required to read and understand the Code and ensure adherence in the workplace and in the larger community. Your Company regularly monitors its business to ensure compliance with the Code and the law.

A Report on Corporate Governance is detailed, in the later part of the Annual Report separately.

### CORPORATE SUSTAINABILITY

Your Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner while continuously working towards creating social value. The Corporate Sustainability activities of your Company are implemented in accordance with the core priorities of your Company, whilst protecting stakeholder interest, proactively engaging with the local community and striving towards inclusive development.

The Corporate Social Responsibility (CSR) vision of your Company is enshrined in three pillars; 3W's i) Water Stewardship ii) Women's Economic Empowerment and iii) Waste Management. Your Company has intensified activities to bring about long term sustainable solutions in your Company's CSR agenda, while pursuing the growth of its business.

The details of some of the initiatives undertaken by your Company during the year are contained in the Corporate Sustainability report, in the later part of the Annual Report.

### INTERNAL CONTROL FRAMEWORK

Your Company has an efficient and robust system of internal controls, in place. These controls include internal checks and audits, along with financial and other control, which is required to carry on the business smoothly and lawfully, whilst safeguarding your Company's assets in a secure, practical, accurate and reliable manner.

### 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 through automation. Your Company will continue to invest in its people for their continuous development so as to optimize their performance and build relevant professional skills to drive the business. For its communities, your Company will endeavor 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 returns on its investment.

### ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the continued support being received from all investors, customers, vendors, banks and other service providers as well as regulatory and government authorities in the initiatives of your Company. Your Directors specially thanks employees

Report of Board of  
DirectorsDisclosure under  
Section 109(4) of  
Companies Act, 2063Disclosure under Rule 26(2)  
of Securities Registration  
and Issue Regulation, 2073Disclosure under Rule 20(4) of  
Directives Related to Corporate Gov-  
ernance for Listed Companies, 2074.

of your Company for their focused contributions in realizing the growth strategies of your Company.

Your Directors also places a special thanks to the Government of Nepal, particularly Department of Industry, Office of Company Registrar, Securities Board of Nepal, Nepal Stock Exchange, Office of Company Registrar and Inland Revenue Department.

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

- (a) **Review of the transactions of the Previous Year:**  
As covered above under the "Financial Highlights" sections.
- (b) **Impact, if any, caused on the transactions of the Company from National & International Situations;**  
As covered above under the "Key Business Challenges" section.
- (c) **Achievements in the current year as at the date of report & opinions of the Board of Directors on matters to be done in the future;**  
As covered above under "Financial Highlights" and "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 strike.
- (e) **Alterations in the Board of Directors and the reasons therefore;**  
During the year under review, Mr. Neeraj Rimal has been elected as a Director (Director Representing Shareholders) through the election in 32nd Annual General Meeting w.e.f 12th January, 2019. Subsequently, the holding Company, Bottlers Nepal Limited had withdrawn their earlier nomination of Mr. Gaurav Khosla and in their place nominated Mr. Mohamed Amin Ghoneim w.e.f 2nd July, 2019.
- (f) **Major things affecting the transactions;**  
As covered above under "Key Business Challenges"
- (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 NPR 40/- per share as dividend to the shareholders of the Company for the Fiscal Year 2075/76.

- (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:**

Holding Company	Transactions	NPR
Bottlers Nepal Limited	Sale/Purchase of Raw Materials	111,404,698
Bottlers Nepal Limited	Payment of Product transfer fee on account of sales made in their respective territories	105,779,430

- (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

Report of Board of Directors

Disclosure under Section 109(4) of Companies Act, 2063

Disclosure under Rule 26(2) of Securities Registration and Issue Regulation, 2073

Disclosure under Rule 20(4) of Directives Related to Corporate Governance for Listed Companies, 2074.

**(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 Framework" Section.

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

Particulars	NPR MM
Salaries, wages and other employee costs	43
Administrative expenses	111
<b>Total</b>	<b>154</b>

**(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 Key Managers during the year:

NPR (in MM)

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & Facilities	-	0.14	-	0.14
CEO	-	-	-	-
Key Managers	6.93	6.21	0.20	13.35
<b>Total</b>	<b>6.93</b>	<b>6.35</b>	<b>0.20</b>	<b>13.48</b>

Notes: All the facilities provided to the Managers are as per the policy of the Company.

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

Unclaimed dividend that has crossed the period of 5 years is transferred to Investor Protection Fund. The Total Unclaimed dividend as on Ashad 31, 2076 (16 July, 2019) is NPR 4,493,119/-. All these unclaimed dividends are transferred to your Company's Share Registrar, M/s Nabil Investment Banking limited for distribution to Shareholders.

**(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;**

None

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

As per page no. 38

**(y) Other necessary matters;**

i. Information (if any) regarding existence of any relative of Companies director or official currently working in Office of the Company's Registrar ("OCR"), Securities Board or any other regulatory body concerning the Company in Officer or higher capacity.

We have not received any such information from any of the official or director of your Company.

ii. Information (if any) regarding any fines paid by any directors, officers or shareholders of the Company to OCR in violation of Sec. 82 of the Act including information about the amount paid.

None

On behalf of the Board of Directors,



Shukla Wassan  
Chairperson

Date: 23rd September 2019



Pramod Kumar Karki  
Director

## DISCLOSURE UNDER RULE 26(2) OF SECURITIES REGISTRATION AND ISSUE REGULATION, 2073

### 1. Report of the Board of Directors:

Covered in Directors Report of this Annual Report (page 34-37)

### 2. Auditor's Report:

Included in Annual Report (page 44-45)

### 3. Audited Financial Statements:

Included in Annual Report (page 46-78)

### 4. Legal Proceedings:

No any legal cases (except taxation related cases) was filed by or against the Company.

### 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:

Quarter	Maximum Price (in NPR)	Minimum Price (in NPR)	Closing Price (in NPR)	No. of trades	Days of trading
Q1	7,339	5,243	6,750	10,693	51
Q2	6,937	6,370	6,579	3,020	35
Q3	6,710	6,279	6,600	986	41
Q4	7,384	6,474	6,890	4,862	25

### 6. Problems and Challenges

#### INTERNAL

1. Rise in cost of operations with inflation.
2. Rural distribution at effective cost.

#### EXTERNAL

1. Unstable tax regime under Federal State.
2. Fluctuation in international fuel prices impacting packaging material cost and transportation cost.

#### STRATEGY

1. Proactively monitor the internal and external environmental changes.
2. Develop cost effective distribution models for upcountry areas.

### 7. Corporate Governance

Incorporated in detail under Corporate Governance section in this Annual Report.

## DISCLOSURE UNDER RULE 20(4) OF DIRECTIVES RELATED TO CORPORATE GOVERNANCE FOR LISTED COMPANIES, 2074

The Board of Directors had approved the Corporate Governance Report as per the prescribed format on 24<sup>th</sup> September 2019 and the signed copy of same has been sent to Securities Board of Nepal for recording.

### Brief Excerpts of the Corporate Governance Report

1. Compliance to the Directions and Directives issued by the regulatory body from time to time and all the requirement of prevailing Acts and Regulations including Directions:  
*Complied*

2. Compliance to the terms and conditions prescribed by the regulator at the time of issuing license.  
*Complied*
3. Compliance to the directions given by the regulatory body during review, inspection and supervision:  
*Complied*

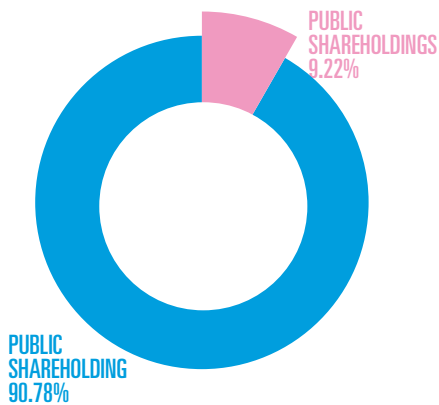
Certified By:

Pratima Burma  
Compliance Officer

# Shareholder Information

## SHARE STRUCTURE

- **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.



### Representation of Bottlers Nepal Limited

1. Ms. Shukla Wassan
2. Mr. Mohamed Amin Ghoneim
3. Mr. Sundeep Bajoria
4. Mr. Gunjan Dhawan
5. Mr. Surendra Silwal

### Representation of Public Shareholders

1. Mr. Neeraj Rimal

### Independent Director

1. Mr. Pramod Kumar Karki



## UNCLAIMED DIVIDEND/ UNPAID DIVIDEND

In accordance with the provisions of Companies Act, 2006 (including amendment) and Investor Protection Fund Operation and Management Procedures, 2016, dividend not encashed/claimed within 5 years from the date of declaration are to be transferred to Investor Protection Fund. The Total Unclaimed dividend as on Ashad 31, 2076 (16 July, 2019) for the last 5 years is NPR 4,493,119/- All these Unclaimed dividends are transferred to our Share Registrar, M/s Nabil Investment Banking Limited for distribution to Shareholders. The details of unclaimed dividends can be obtained from our Share Registrar, M/s Nabil Investment Banking Limited.



## CATEGORIES OF SHAREHOLDERS

Category	No. of Shareholders	No. of Shareholding
Demat Account Holders	447	1,188,801
Physical Account Holders	179	21,199
<b>Total Shareholders</b>	<b>636</b>	<b>1,210,000</b>

## SHARE PRICES

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
2016-17	9,999	3,382	6,085	21,856	44
2017-18	8,287	5,336	5,872	27,431	166
2018-19	7,384	5,243	6,890	19,561	137



## SHAREHOLDER RELATIONSHIP

The Board values the Company's stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also helps it identify new business opportunities and improve Company's relationship with its stakeholders.

The shareholders are given the opportunity at the AGM to get updates from the Chairperson and to ask questions, and to express a view and vote on the various matters of

Company's Business on the agenda. Shareholders may also ask questions to the Company's external auditors at the meeting. The Company encourages its shareholders to attend its AGM and is committed to dealing with shareholder queries in a respectful and timely manner whenever they are received by the Company.

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



### Communication to Shareholder

Effective communication of information is an essential component of Corporate Governance. With this the company regularly interacts with shareholders through multiple channel of communication such as annual report and media notices

The Quarterly Report of the Company's performance are published in national daily.

The Quarterly and Annual Financial Reports are reported to regulatory authorities like Securities Board of Nepal (SEBON) and Nepal Stock Exchange (NEPSE).

### Address for Correspondence

All shareholders' correspondence should be forwarded to Nabil Investment Banking Limited, the share registrar of the Company at the address mentioned below:

#### Nabil Investment Banking Limited

3<sup>rd</sup> Floor, Central Plaza  
Narayanchaur, Naxal, Kathmandu  
Email :- info@nabilinvest.com.np  
Phone Numbers: - +977-01-4411604, 4411733,  
RTS/RTA : Ext. 140, 152

OR

#### Company Secretary/Compliance Officer

Ms. Pratima Burma  
Manager- Legal & Company Secretary  
E-mail: prburma@coca-cola.com.np  
Phone: +977-1-4350602 Ext 202, 131

## बोटलर्स नेपाल (तराई) लिमिटेडका शेयरधनी महानुभावहरूलाई तेत्तिसौं वार्षिक साधारण सभाको सूचना

मिति २०७६ असोज ६, सोमबार (तदनुसार सेप्टेम्बर २३, २०१९) बसेको संचालक समितिको बैठकको निर्णय अनुसार यस कम्पनीको तेत्तिसौं 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 उपस्थितीको लागि यो सूचना प्रकाशित गरिएको छ ।

### मिति, समय र स्थान :

मिति : २०७६, कार्तिक २८, बिहीबार (तदनुसार १४ नोभेम्बर, २०१९)

समय : ११:०० बजे

स्थान : होटल अन्नपूर्ण, दरबारमार्ग काठमाडौं ।

सभा ठीक तोकिएको समयमा संचालन हुने भएकोले उपस्थिति पुस्तिका १०:०० बजे देखि खुला राखिने छ ।

### छलफलका विषय सूची :

#### १. सामान्य प्रस्ताव :

- (क) आर्थिक वर्ष २०७५/७६ को संचालकको प्रतिवेदन पारित गर्ने ।
- (ख) २०७६ असार ३१ गते सम्मको वासलात, २०७६ असार ३१ गते सम्मको आय विवरण सोही मितिमा समाप्त भएको नाफा नोक्सान हिसाब तथा नगत प्रवाह विवरण सहितको लेखापरिक्षण भएको वित्तीय विवरण र लेखापरिक्षकको प्रतिवेदन स्वीकृत गर्ने ।
- (ग) कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आर्थिक वर्ष २०७६/७७ को लेखापरिक्षण गर्न लेखापरिक्षण समितिको सिफारिश बमोजिम लेखापरिक्षकको नियुक्ती गर्ने र निजको पारिश्रमिक उपर छलफल गरी स्वीकृत गर्ने ।

(नोट: कम्पनी ऐनको दफा १११(३) बमोजिम, श्री बि. के. अग्रवाल एण्ड कम्पनी चार्टर्ड एकाउन्टेन्स (फर्म रजिष्ट्रेशन नं. २) (श्री विजय कुमार अग्रवाल, पार्टनर) लाई पुनः नियुक्त गर्न सकिनेछ ।)

- (घ) संचालक समितिले प्रस्ताव गरे बमोजिम प्रति शेयर रु ४०/- (अक्षरूपी रु चालीस) का दरले आर्थिक वर्ष २०७५/७६ का लागि नगद लाभांश उपर छलफल गरी पारित गर्ने ।
- (ङ) कम्पनी र यसका मुख्य कम्पनी, बोटलर्स नेपाल लिमिटेड बिच भएको वा हुने कारोबार उपर छलफल गरी स्वीकृत गर्ने ।

#### २. विविध :

- (क) विविध : अध्यक्षको अनुमति अनुसार ।

द्रष्टव्य:तेत्तिसौं वार्षिक साधारण सभालाई ध्यानमा राखि मिति २०७६/०७/१४ गते देखि मिति २०७६/०७/२८ 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

.....  
प्रतीमा बर्मा  
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 । शेयर अभौतिकरण गराइसक्नु भएका शेयरधनी महानुभावलाई निजको डिम्याट अकाउन्ट वा परिचय पत्र पेश गर्नहुन अनुरोध गरिन्छ ।
२. तेत्तिसौं वार्षिक साधारण सभालाई ध्यानमा राखि मिति २०७६।०७।१४ गते देखि मिति २०७६।०७।२८ सम्म कम्पनीको शेयर दाखिल खारेज दर्ता बन्द रहने जानकारी समेत यसै सूचनाद्वारा शेयरधनी महानुभावहरूमा सूचित गरिन्छ ।
३. कम्पनीको वार्षिक प्रतिवेदन, प्रतिनिधि (प्रोक्सी) फारम तथा वार्षिक साधारण सभासँग सम्बन्धित अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ ।
४. 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 ।
५. 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 सबै भन्दा पहिले प्रोक्सी कम्पनीको कार्यालयमा दर्ता गर्ने व्यक्तिले सभामा उपस्थित हुन र मतदान गर्न पाउने छ ।
६. नाबालक 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 ।
७. 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 पाउनेछ ।
८. 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 ।
९. 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 ।
१०. अन्य कुनै जानकारीको लागि कृपया कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा अथवा फोन नं. ४३५०६०२ वा ४३५१८७१ Ext. २०२ वा १३१ वा हाम्रो शेयर रजिष्ट्रार कार्यालय, नबिल ईन्भेष्टमेन्ट बैंकिङ्ग लिमिटेड, नारायण चौर नक्साल, फोन नं. ४४११६०४ Ext. १४० वा १५२ मा सम्पर्क गर्नुहोला ।

**B.K. AGRAWAL & CO.**  
CHARTERED ACCOUNTANTS  
MEMBER CROWE GLOBAL

Saraswati Vatika  
122 Pannahiti Marg,  
Sifal - Ward No. 7  
P.O. Box 3761, Kathmandu, Nepal.  
T: +977-1-4481865, 4467694  
F: +977-1-4480065  
E: bkag@crowe.com.np  
W: www.crowe.com/np

## Independent Auditors' Report to the Shareholders' of Bottlers Nepal (Terai) Limited

### Report on the Financial Statements

We have audited the accompanying Statement of Financial Position of M/s Bottlers Nepal (Terai) Limited as of Ashad 31, 2076 (July 16, 2019) and Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity attached thereto, for the year ended on that date and a summary of Significant Accounting Policies and other 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' 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 of 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 auditors 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 the 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 reasonable basis for our audit opinion.

### Report on requirement of Companies Act, 2063, other legal and regulatory matters

- a. We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity with Explanatory Notes dealt with by this report are in compliance with the provisions of the Company Act, 2063 and are in agreement with the books of account maintained by the company;



**B.K. Agrawal & Co.***Chartered Accountants*

- d. In our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- e. To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Company necessary for the purposes of the audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused loss or damage to the company.

**Auditors' Opinion**

In our opinion, the Financial Statements, read together with Significant Accounting Policies and Explanatory Notes forming part of the accounts, give a true and fair view of the financial position of the Company as at Ashad 31, 2076 (July 16, 2019) and the financial performance, changes in equity and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards and comply with provisions of the Companies Act, 2063.

Kathmandu  
Date: 8<sup>th</sup> Ashwin, 2076 (25<sup>th</sup> September, 2019)



**B.K. Agrawal, FCA**  
*Managing Partner*

**For: B.K. Agrawal & Co.**  
Chartered Accountants  
UDIN: 190925CA00018HF1FS



## BOTTLERS NEPAL (TERAI) LIMITED

### STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2076 (16th July, 2019)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2076	As at 32nd Ashad 2075
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
<b>Non Financial</b>			
Intangible Assets	3	40,234,707	57,905,155
Property, Plant and Equipment	4	6,076,197,779	2,887,897,469
<b>Financial Assets</b>			
Advances	6	6,637,405	7,226,190
<b>Current Assets:</b>			
<b>Non Financial</b>			
Inventories	7	861,125,131	884,929,294
Prepayments	8	61,957,795	21,505,927
Advances	8.1	285,796,278	165,371,509
Other Current Assets	8.2	2,887,216	27,017,044
Income Tax Receivable	9	23,187,133	12,138,444
<b>Financial Assets</b>			
Other Current Assets	8.3	3,042,444	1,078,042
Trade Receivables	10	134,456,733	159,498,307
Cash and Cash Equivalents	11	251,193,165	24,596,265
<b>Total Assets</b>		<b>7,746,715,786</b>	<b>4,249,163,646</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Equity Share Capital	12	121,000,000	121,000,000
Reserve and Surplus	13	2,219,948,429	1,866,033,423
<b>Non-Current Liabilities:</b>			
Retirement Benefit Obligation	14.1	417,463,083	327,710,533
Deferred Tax Liability	5.3	79,319,825	44,779,704
<b>Financial Liabilities:</b>			
Non current Borrowing	15.1	958,958,221	-
<b>Current Liabilities:</b>			
<b>Financial Liabilities</b>			
Borrowings	15.2	1,599,290,236	496,608,770
Trade Payables	15.3	1,437,273,968	269,551,965
Other Financial Liabilities	16	887,413,843	1,102,322,255
<b>Non Financial Liabilities</b>			
	17	26,048,181	21,156,996
<b>Total Equity and Liabilities</b>		<b>7,746,715,786</b>	<b>4,249,163,646</b>

Notes 1 to 31 form an integral part of this Financial Statements

For & Behalf of the Board

As per our attached  
report of even date

**Shukla Wassan**  
Chairperson

**Mohamed Ghoneim**  
Director

**Sundeep Bajoria**  
Director

**B.K. Agrawal, FCA**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

**Gunjan Dhawan**  
Director

**Surendra Silwal**  
Director

**Pramod Kumar Karki**  
Independent Director

**Pradip Pandey**  
Chief Executive Officer

**Sumit Goyal**  
Country Finance Manager

Place: Kathmandu, Nepal  
Date: 6th Ashwin, 2076 (23rd September, 2019)

BOTTLERS NEPAL (TERAI) LIMITED  
**STATEMENT OF PROFIT OR LOSS**  
For the year ended 31st Ashad, 2076 (16th July, 2019)

Figures in NPR

Particulars	Note	For the Year 2075-76	For the Year 2074-75
Revenue from operations	18	5,581,385,389	5,646,299,718
Cost of sales	19	(3,853,348,152)	(3,616,404,497)
<b>Gross Profit</b>		<b>1,728,037,237</b>	<b>2,029,895,221</b>
Other operating income	20	229,794,500	59,798,834
Selling and distribution expenses	21	(1,128,079,800)	(989,068,154)
Administrative and operating expenses	22	(161,323,078)	(158,917,255)
<b>Profit from Operations</b>		<b>668,428,859</b>	<b>941,708,646</b>
Finance Costs	23	(60,172,668)	(40,174,267)
Finance Income	24	16,408,162	9,808,237
<b>Profit Before Tax</b>		<b>624,664,353</b>	<b>911,342,615</b>
<b>Income Tax Expense</b>			
Income Tax	5.1	(126,905,958)	(167,884,545)
Deffered Tax	5.2	(44,215,611)	(2,128,991)
<b>Net Profit for the year</b>		<b>453,542,784</b>	<b>741,329,079</b>
<b>Basic/Diluted Earning Per Share</b>		<b>375</b>	<b>613</b>

Notes 1 to 31 form an integral part of this Financial Statements

For & Behalf of the Board

As per our attached  
report of even date

**Shukla Wassan**  
Chairperson

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**Sundeep Bajoria**  
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Independent Director

**Pradip Pandey**  
Chief Executive Officer

**Sumit Goyal**  
Country Finance Manager

Place: Kathmandu, Nepal

Date: 6th Ashwin, 2076 (23rd September, 2019)

## BOTTLERS NEPAL (TERAI) LIMITED

# STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st Ashad, 2076 (16th July, 2019)

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Net Profit for the year as per Statement of Profit or Loss	453,542,784	741,329,079
<b>Items that will not be reclassified to Statement of Profit or Loss</b>		
Actuarial Gain/(Loss) on defined benefit plan schemes	(44,651,000)	7,910,000
Deferred Tax on Actuarial Gain/(Loss)	7,144,160	1,265,665
<b>Other comprehensive gain/(loss) for the year, net of tax</b>	<b>(37,506,840)</b>	<b>9,175,665</b>
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>	<b>416,035,944</b>	<b>750,504,744</b>

For & Behalf of the Board

As per our attached  
report of even date

**Shukla Wassan**  
Chairperson

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Director

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Director

**Pramod Kumar Karki**  
Independent Director

**Pradip Pandey**  
Chief Executive Officer

**Sumit Goyal**  
Country Finance Manager

Place: Kathmandu, Nepal

Date: 6th Ashwin, 2076 (23rd September, 2019)



BOTTLERS NEPAL (TERAI) LIMITED  
**STATEMENT OF CASH FLOWS**  
For the year ended 31st Ashad, 2076 (16th July, 2019)

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	624,664,353	911,342,615
Depreciation on property, plant and equipment	416,325,057	284,917,786
Amortization of Intangible Assets	16,961,616	18,081,676
Loss/ (gain) on sale/write off of Property, plant and equipment	(3,513,662)	8,423,389
Finance income	(16,408,162)	(9,808,237)
Finance costs	60,172,668	40,174,267
Prior Period Items	(13,720,938)	-
<b>Working capital adjustments:</b>		
Increase / (Decrease) in trade payable and other liabilities	959,369,840	(370,360,009)
Increase / (Decrease) in provisions	45,101,550	28,635,221
Decrease / (Increase) in trade and other receivables	36,846,749	(131,096,075)
Decrease / (Increase) in loans and advances	(160,287,852)	(76,526,372)
Decrease / (Increase) in inventories	23,804,163	(26,112,740)
<b>Cash generated from operations</b>	<b>1,989,315,382</b>	<b>677,671,521</b>
Direct taxes paid (net of refunds)	(137,954,651)	(180,022,989)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>1,851,360,731</b>	<b>497,648,532</b>
<b>B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of Property, plant and Equipment	(3,619,191,676)	(405,006,438)
Purchase of Intangibles	(431,690)	(3,711,593)
Proceeds from sale of Property, Plant and Equipment	19,220,492	-
Interest Received	15,719,724	10,562,347
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	<b>(3,584,683,150)</b>	<b>(398,155,684)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	2,061,639,687	(313,966,209)
Interest paid	(53,320,368)	(40,234,596)
Dividend paid	(48,400,000)	(30,250,000)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>1,959,919,319</b>	<b>(384,450,805)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>226,596,900</b>	<b>(284,957,957)</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
Beginning of Year	24,596,265	309,554,222
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<b>251,193,165</b>	<b>24,596,265</b>

For &amp; Behalf of the Board

As per our attached  
report of even date

**Shukla Wassan**  
Chairperson

**Mohamed Ghoneim**  
Director

**Sundeep Bajoria**  
Director

**B.K. Agrawal, FCA**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

**Gunjan Dhawan**  
Director

**Surendra Silwal**  
Director

**Pramod Kumar Karki**  
Independent Director

**Pradip Pandey**  
Chief Executive Officer

**Sumit Goyal**  
Country Finance Manager

Place: Kathmandu, Nepal  
Date: 6th Ashwin, 2076 (23rd September, 2019)

BOTTLERS NEPAL (TERAI) LIMITED  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31st Ashad, 2076 (16th July, 2019)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
<b>Balance as at 1st Shrawan 2074</b>	<b>121,000,000</b>	<b>952,000</b>	<b>1,144,826,679</b>	<b>1,266,778,679</b>
Profit for the year	-	-	741,329,079	741,329,079
Other comprehensive income	-	-	9,175,665	9,175,665
Dividends	-	-	(30,250,000)	(30,250,000)
<b>Balance as at 32nd Ashad 2075</b>	<b>121,000,000</b>	<b>952,000</b>	<b>1,865,081,423</b>	<b>1,987,033,423</b>
Profit for the year	-	-	453,542,784	453,542,784
Other comprehensive income	-	-	(37,506,840)	(37,506,840)
Dividends	-	-	(48,400,000)	(48,400,000)
<b>Prior Period Items:</b>				
Interest and Penalty of VAT on CDL	-	-	(13,720,938)	(13,720,938)
<b>Balance as at 31st Ashad 2076</b>	<b>121,000,000</b>	<b>952,000</b>	<b>2,218,996,429</b>	<b>2,340,948,429</b>

For & Behalf of the Board

As per our attached  
report of even date

**Shukla Wassan**  
Chairperson

**Mohamed Ghoneim**  
Director

**Sundeep Bajoria**  
Director

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Director

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Independent Director

**Pradip Pandey**  
Chief Executive Officer

**Sumit Goyal**  
Country Finance Manager

Place: Kathmandu, Nepal

Date: 6th Ashwin, 2076 (23rd September, 2019)

**BOTTLERS NEPAL (TERAI) LIMITED**  
**Significant Accounting Policies and Explanatory Notes**  
**For the Year ended 31st Ashad, 2076 (16th July, 2019)**

## 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 is located at Balaju Industrial District, Balaju, Kathmandu, Nepal and regional office 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, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 22<sup>nd</sup> September, 2019 (05<sup>th</sup> Ashwin, 2076) and has recommended for approval of shareholders in the forthcoming 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 The Institute of Chartered Accountants of Nepal.

### 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

**BOTTLERS NEPAL (TERAI) LIMITED**  
**Significant Accounting Policies and Explanatory Notes**  
**For the Year ended 31st Ashad, 2076 (16th July, 2019)**

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	31st Ashad 2076	16 <sup>th</sup> July 2019
Current Reporting Period	1 <sup>st</sup> Shrawan 2075 - 31 <sup>st</sup> Ashad 2076	17 <sup>th</sup> July 2018- 16 <sup>th</sup> July 2019
Comparative SFP* Date	32nd Ashad 2075	16 <sup>th</sup> July 2018
Comparative reporting period	1 <sup>st</sup> Shrawan 2074 - 32 <sup>nd</sup> Ashad 2075	16 <sup>th</sup> July 2017 - 16 <sup>th</sup> July 2018

\*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.

**BOTTLERS NEPAL (TERAI) LIMITED**  
**Significant Accounting Policies and Explanatory Notes**  
**For the Year ended 31st Ashad, 2076 (16th July, 2019)**

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 1 plot of Godown for 10 years from Green Hand Nepal Pvt. Ltd., Kathmandu. 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 both party has right to review the lease term after the end lease period. Future minimum lease payable under noncancellable operating leases as at balance sheet date are as follows:

Figures in NPR

Period	As at 31st Ashad 2076	As at 32nd Ashad 2075
Less than One Year	32,376,292	12,528,000
One year to Five years	140,364,931	65,656,868
More than Five years	45,314,712	76,180,898
<b>Total</b>	<b>218,055,935</b>	<b>154,365,766</b>

### 3. INTANGIBLE ASSETS

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
<b>Cost</b>			
Balance at 32nd Ashad 2075	87,414,821	-	87,414,821
Additions	431,690	431,690	863,380
Disposals/Adjustments	(2,918,132)	(431,690)	(3,349,822)
Closing balance at 31st Ashad 2076	84,928,379	-	84,928,379
<b>Accumulated Amortisation</b>			
Balance at 32nd Ashad 2075	29,509,666	-	29,509,666
Charge for the year	16,961,616	-	16,961,616
Disposals/Adjustments	(1,777,610)	-	(1,777,610)
Closing balance at 31st Ashad 2076	44,693,672	-	44,693,672
<b>Balance at 31st Ashad 2076</b>	<b>40,234,707</b>	-	<b>40,234,707</b>
<b>Balance at 32nd Ashad 2075</b>	<b>57,905,155</b>	-	<b>57,905,155</b>

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 costs 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 recognized as 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 during previous financial years and its carrying gross value together with the relevant accumulated depreciation has been adjusted in the opening specific block of assets wherever required. Post appropriate approval, the individual item of assets is/will be written off from Fixed Assets Register (FAR).

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## 4. PROPERTY, PLANT & EQUIPMENT

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
<b>Cost</b>								
Balance at 32nd Ashad 2075	662,999,087	2,172,717,297	54,456,137	419,117,352	864,068,791	18,541,069	103,414,754	4,295,314,489
Adjustment (ReClassification) Additions	42,308,483	2,579,854,976	14,634,969	288,160,048	262,574,696	339,369	3,619,191,676	6,807,064,217
Disposals/Adjustments	(5,416,468)	(37,067,076)	(2,015,196)	(28,106,314)	(19,555,426)	(1,289,428)	(3,187,872,541)	(3,281,322,449)
<b>Balance at 31st Ashad 2076</b>	<b>699,891,102</b>	<b>4,715,505,197</b>	<b>67,075,910</b>	<b>679,171,086</b>	<b>1,107,088,061</b>	<b>17,591,010</b>	<b>534,733,889</b>	<b>7,821,056,257</b>
<b>Depreciation and impairment losses</b>								
Balance at 32nd Ashad 2075	81,592,084	740,491,922	21,042,701	134,965,241	416,819,518	12,505,554	-	1,407,417,020
Adjustment (ReClassification) Charge for the year	60,272,903	151,484,467	3,890,178	64,310,943	135,027,351	1,339,215	-	416,325,057
Disposals/Adjustments	(2,899,694)	(28,273,807)	(2,337,530)	(27,017,749)	(15,728,004)	(2,626,815)	-	(78,883,599)
<b>Balance at 31st Ashad 2076</b>	<b>138,965,293</b>	<b>863,702,582</b>	<b>22,595,349</b>	<b>172,258,435</b>	<b>536,118,865</b>	<b>11,217,954</b>	<b>-</b>	<b>1,744,858,478</b>
<b>Net Block</b>								
<b>Balance at 31st Ashad 2076</b>	<b>560,925,809</b>	<b>3,851,802,615</b>	<b>44,480,561</b>	<b>506,912,651</b>	<b>570,969,196</b>	<b>6,373,056</b>	<b>534,733,889</b>	<b>6,076,197,779</b>
<b>Balance at 32nd Ashad 2075</b>	<b>581,407,003</b>	<b>1,432,225,375</b>	<b>33,413,436</b>	<b>284,152,111</b>	<b>447,249,273</b>	<b>6,035,515</b>	<b>103,414,754</b>	<b>2,887,897,469</b>

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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 determines that such cost is 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 during previous financial years and its carrying gross value together with the relevant accumulated depreciation has been adjusted in the opening specific block of assets wherever required. Post appropriate approval, the individual item of assets is/will be written off from Fixed Assets Register.

The company has registered first legal mortgage covering all fixed assets including the land and building owned by the company at Plot No. 22, 97, 99, 341, 335, 337 339, 97, 999, 1001 and 1003 at ward No. 6 Bharatpur Municipality, Chitwan, Nepal in order to avail banking facilities including term loan, Overdraft, Letter of credit etc. Also, the company has provided hypothecation of specific charge over plant and machineries to bank.

#### 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

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

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

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#### 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.

#### 4.2 De-recognition

An item of property plant and equipment is de-recognized 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 recognized 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 work-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 2076	As at 32nd Ashad 2075
Coolers	36,335,388	40,035,579
Bottles	-	8,769,913
Furniture & Fixtures	-	265,090
IT Equipments	24,324,267	1,591,608
Machinery	350,571,470	52,752,564
Construction of Office Block	115,274,846	-
Design - Civil (ASSP Line)	7,835,200	-
Plastic Pallets	392,718	-
<b>Total</b>	<b>534,733,889</b>	<b>103,414,754</b>

#### 4.4 Borrowing Cost

The Company has capitalized borrowing cost amounting to NPR 91,454,668 to fixed assets for the year ending 16-July-2019. The asset wise details of borrowing cost included in the costs of major heads of Property, Plant and Equipment are as follows:

Figures in NPR

Particulars	For the year 2075-76
Plant and Machinery	88,276,080
Building	337,936
Office equipment	20,580
Capital Work in Progress	2,820,072
<b>Total</b>	<b>91,454,668</b>

## 5. INCOME TAXES

### 5.1 Tax expenses

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Current tax on profits for the year	110,273,958	167,884,545
Adjustment for prior periods	16,632,000	-
<b>Total</b>	<b>126,905,958</b>	<b>167,884,545</b>



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## 5.2 Deferred Taxes

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Origination and reversal of temporary differences	44,215,611	2,128,991
Effect of change in the tax rates	-	-
<b>Total</b>	<b>44,215,611</b>	<b>2,128,991</b>

## 5.3 Deferred Tax Liability

Deferred tax is calculated on temporary differences using the effective tax rate of 16% (PY 16%). Deferred tax liability have been recognized in respect of all tax gain and other temporary differences giving rise to deferred tax liability where the management believe it is probable that these liability will be adjusted.

FY : 75/76

Fig ures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	5,541,463,890	4,626,862,616	(914,601,274)
2 Provisions for Expenses	(417,463,083)	-	417,463,083
3 Intangible Assets	40,234,707	41,623,989	1,389,282
<b>Total Amount</b>			<b>(495,748,909)</b>
<b>Tax Rate</b>		<b>16%</b>	<b>(79,319,825)</b>
Opening Deferred tax Assets/(Liability)			(44,779,704)
Deferred tax provision recognised			(34,540,121)
Closing Deferred tax Assets/(Liability)			(79,319,825)
Adjustment of PY			2,531,329
Charge/(Credit) to OCI			(7,144,160)
Charge/(Credit) to PL			44,215,610

FY : 74/75

Fig ures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	2,716,574,164	2,063,508,762	(653,065,401)
2 Provisions for Expenses	(378,332,916)	-	378,332,916
3 Intangible Assets	60,291,613	55,150,949	(5,140,663)
<b>Total Amount</b>			<b>(279,873,148)</b>
<b>Tax Rate</b>		<b>16%</b>	<b>(44,779,704)</b>
Opening Deferred tax Assets/(Liability)			(41,385,048)
Deferred tax provision recognised			(3,394,656)
Closing Deferred tax Assets/(Liability)			(44,779,704)
Charge/(Credit) to OCI			(1,265,665)
Adjustment			(2,531,329)
Charge/(Credit) to PL			2,128,991

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## 5.4 Reconciliation

Reconciliation of tax profit and the accounting profit:

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Accounting profit before income tax	624,664,353	911,342,615
Adjustment as per Income Tax Act 2058	168,497,885	75,325,297
<b>Total profit as per Income Tax</b>	<b>793,162,238</b>	<b>986,667,912</b>
Tax Rate	16%	17%
<b>Tax Expenses</b>	<b>126,905,958</b>	<b>167,733,545</b>

## 6. NON - CURRENT FINANCIAL ADVANCES

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Advances to Employees	6,637,405	7,226,190
<b>Total</b>	<b>6,637,405</b>	<b>7,226,190</b>

## 7. INVENTORIES

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Raw materials	451,351,638	480,621,674
Work-in-process	5,487,144	6,250,417
Finished goods	148,197,508	79,454,252
Consumables	256,088,841	318,602,951
<b>Total</b>	<b>861,125,131</b>	<b>884,929,294</b>

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 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. 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.

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## 8. CURRENT NON-FINANCIAL ASSETS - 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 2076	As at 32nd Ashad 2075
Prepaid Expenses	61,957,795	21,505,927
<b>Total</b>	<b>61,957,795</b>	<b>21,505,927</b>

### 8.1 Current Non-Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Capital Advances	26,312,710	-
Advance to suppliers	164,448,818	99,423,509
Balances with statutory/government authorities	95,034,750	65,948,000
<b>Total</b>	<b>285,796,278</b>	<b>165,371,509</b>

Receivable against unsettled claim consist of amount receivable from tax authorities pertaining to Vat and Excise duty claim of Finished goods stock write off during the year.

### 8.2 Current Non-Financial Other Assets

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Receivable against unsettled Claims	2,887,216	-
VAT Receivable (Net)	-	27,017,044
<b>Total</b>	<b>2,887,216</b>	<b>27,017,044</b>

### 8.3 Current Financial Other Assets

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Advances to Employees	2,926,394	961,992
Security Deposits	116,050	116,050
<b>Total</b>	<b>3,042,444</b>	<b>1,078,042</b>

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

### 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 favorable 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.

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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 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 Note 28.

## 9. INCOME TAX RECEIVABLES

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Advance Income Tax (Net)	23,187,133	12,138,444
<b>Total</b>	<b>23,187,133</b>	<b>12,138,444</b>

## 10. TRADE RECEIVABLE

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
<b>Trade receivables:</b>		
Secured, considered good	85,138,851	92,087,120
Unsecured considered good	43,709,728	56,810,648
Receivables from other related parties	4,919,716	10,600,539
Interest Income Receivables	688,438	-
<b>Total</b>	<b>134,456,733</b>	<b>159,498,307</b>

Bank overdrafts are secured against all receivables.

### 10.1 Trade Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing and are generally on terms of 15 to 90 days.

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

### 10.2 Related Parties Transaction

It includes transactions with group companies and key management personnel which are disclosed in Note 27.

### 10.3 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.

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## 11. CASH AND CASH EQUIVALENTS

Fig ures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
<b>Balances with Banks</b>		
- On current accounts	48,963,353	24,525,330
- Deposits accounts	201,998,822	-
Cash on hand	230,990	70,935
<b>Total</b>	<b>251,193,165</b>	<b>24,596,265</b>
Balances with banks comprises of amount held by the banks as margin money deposits against Letter of credits	13,066,639	-
Balances with banks comprises of amount held by the banks as Fixed Deposit	188,932,183	-

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

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

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

## 12. SHARE CAPITAL

Particulars	As at 31st Ashad 2076		As at 32nd Ashad 2075	
	Number	NPR	Number	NPR
<b>Authorized</b>				
Ordinary shares of Rs. 100 each	31,210,000	3,121,000,000	31,210,000	3,121,000,000
<b>Issued and Paid Up</b>				
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 2076		As at 32nd Ashad 2075	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottlers's Nepal Limited	1,098,472	90.78%	1,098,472	90.78%
Other Shareholders	111,528	9.22%	111,528	9.22%
<b>Total</b>	<b>1,210,000</b>	<b>100.00%</b>	<b>1,210,000</b>	<b>100.00%</b>

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.

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## 13. RESERVE AND SURPLUS

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Share Premium	952,000	952,000
Retained earnings (As per Statement of Changes in Equity)	2,218,996,429	1,865,081,423
<b>Total</b>	<b>2,219,948,429</b>	<b>1,866,033,423</b>

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;

## 14. EMPLOYEE BENEFITS

### Current Employment Benefits

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
<b>Salaries, wages and other employee cost</b>		
Cost of sales	342,476,484	313,975,382
Selling and distribution expenses	162,839,114	148,852,134
Administrative and operating expenses	51,352,793	47,105,549
<b>Defined Contribution Plan Expenses</b>		
Cost of sales	4,633,772	3,926,679
Selling and distribution expenses	2,572,072	2,039,338
Administrative and operating expenses	173,941	159,661
<b>Defined Benefit Plan Cost</b>		
Cost of sales	34,798,047	27,561,079
Selling and distribution expenses	8,291,435	4,048,351
Administrative and operating expenses	5,714,068	3,248,571
<b>Total Employee Cost for the Period</b>	<b>612,851,726</b>	<b>550,916,744</b>

### 14.1 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 2075-76

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
<b>Opening Liability</b>	<b>188,932,183</b>	<b>9,745,000</b>	<b>129,033,350</b>	<b>327,710,533</b>
Current Service cost	10,145,000	1,973,000	12,621,550	24,739,550
Interest Charge	14,080,000	727,000	9,257,000	24,064,000
Paid	(2,396,000)	(102,000)	(1,204,000)	(3,702,000)
Actuarial (gain)/loss during the year (recognised in OCI)	20,318,000	1,195,000	23,138,000	44,651,000
<b>Closing Liability</b>	<b>231,079,183</b>	<b>13,538,000</b>	<b>172,845,900</b>	<b>417,463,083</b>
Charge for the period to SoPL	24,225,000	2,700,000	21,878,550	48,803,550
Charge to SoCI	20,318,000	1,195,000	23,138,000	44,651,000

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FY 2074-75

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
<b>Opening Liability</b>	<b>180,234,721</b>	<b>10,386,317</b>	<b>116,364,090</b>	<b>306,985,128</b>
Current Service cost	4,200,000	1,503,000	6,673,260	12,376,260
Interest Charge	13,367,000	777,000	8,269,000	22,413,000
Paid	(4,011,538)	(61,317)	(2,081,000)	(6,153,855)
Actuarial (gain)/loss during the year (recognised in OCI)	(4,858,000)	(2,860,000)	(192,000)	(7,910,000)
<b>Closing Liability</b>	<b>188,932,183</b>	<b>9,745,000</b>	<b>129,033,350</b>	<b>327,710,533</b>
Charge for the period to SoPL	17,567,000	2,280,000	14,942,260	34,789,260
Charge to SoCI	(4,858,000)	(2,860,000)	(192,000)	(7,910,000)

### Defined Plan Benefit

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

#### 14.1.1 Gratuity

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

#### A. Gratuity Benefit till 3<sup>rd</sup> September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting Schedule	3 years
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/ death/ disability in service	Nil for each year of service up to 3 years 1/2 months' salary of each year of service up to 7 years. 2/3 months' salary for each year of service for service between 7 and 15 years. 1 month salary for each year of service for service between 15 and 17 years. 1 month 5 days' salary for each year of service for the service over 17 years.
Benefit on withdrawal	Nil for each year of service up to 3 years 1/2 months' salary of each year of service up to 7 years. 2/3 months' salary for each year of service for service between 7 and 15 years. 1 month salary for each year of service for service between 15 and 17 years. 1 month 5 days' salary for each year of service for the service over 17 years.
Maximum Limit	No Limit
Tax on Gratuity*	15%, borne by the company

\*The tax under gratuity scheme is applicable to the accrued service post 31<sup>st</sup> March 2002 and is payable at a flat rate of 15% of the benefit using gross up approach. Hence, any service prior to 31<sup>st</sup> March 2002 does not attract any tax.

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## B. Gratuity Benefit on or after 4th September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting Schedule	No vesting available
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/ death/ disability in service	8.33 % of Basic Salary per month for each year of service
Benefit on withdrawal	8.33 % of Basic Salary per month for each year of service
Maximum Limit	Accumulated Corpus

*No actuarial valuation has been carried out for benefit accruing after 3rd September 2017, as it will be Defined Contribution Scheme.*

### 14.1.2 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.

### 14.1.3 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.

### 14.1.4 Sensitivity Analysis

2075-76

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(5,681,000)	(585,000)	(7,287,000)
Effect on DBO due to 0.5% decrease in discount rate	5,974,000	644,000	7,902,000
Effect on DBO due to 0.5% increase in salary escalation rate	5,318,000	595,000	7,286,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(5,112,000)	(554,000)	(6,796,000)

2074-75

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(5,510,000)	(416,000)	(5,605,000)
Effect on DBO due to 0.5% decrease in discount rate	5,807,000	449,000	6,069,000
Effect on DBO due to 0.5% increase in salary escalation rate	5,224,000	414,000	5,605,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(5,013,000)	(387,000)	(5,237,000)

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 recognized in the balance sheet.



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### 14.1.5 Actuarial Assumptions

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
<b>Financial Assumptions</b>		
Discount rate (%)	7.50%	7.50%
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 58 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 58 years
<b>Demographic Assumptions</b>		
Mortality	In accordance with the standard table, Indian Assured Lives Mortality (2006-08) (modified) Ultimate Rates	In accordance with the standard table, Indian Assured Lives Mortality (2006-08) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%

### 14.1.6 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.

### 14.2 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.

## 15. 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.

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## FINANCIAL LIABILITIES

### 15.1 Non-Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Secured Bank Loan	1,528,958,221	-
Less: Current Maturity Portion	(570,000,000)	-
<b>Total</b>	<b>958,958,221</b>	<b>-</b>

### 15.2 Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Bank Overdrafts	529,290,236	496,608,770
Loan from BNL	500,000,000	-
Current Portion of Term Loan	570,000,000	-
<b>Total</b>	<b>1,599,290,236</b>	<b>496,608,770</b>

Short term bank overdraft carries interest at the rate 9.20% to 9.78% Pa. during the year and repayable on demand.

Bank Overdraft are secured against all movable properties/Current assets including inventory stocks & trade Receivables.

The Company has entered in to Inter Company Loan from Bottlers Nepal Limited as per Agreement made on 12<sup>th</sup> Feb 2018. Interest on Outstanding Principal amount of loan shall initially accrue at the rate of base rate of Standard Chartered Bank, Nepal + 2.00% premium over base rate

### 15.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Trade Payable	1,021,158,785	178,463,465
Trade Payable to related parties	416,115,183	91,088,500
<b>Total</b>	<b>1,437,273,968</b>	<b>269,551,965</b>

#### 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 31.

## 16. OTHER FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Container deposit liability	480,256,106	461,976,026
Corporate Social Responsibility	10,789,706	16,739,469
Trade Deposits	1,974,430	1,659,430
Employee related accruals	8,668,708	16,098,771
Bonus Payable	63,136,186	96,796,025
Provision for Expenses	193,581,753	416,508,182
Statutory dues payable	118,617,136	83,952,774
Advance against unsettled Claims	-	7,031,483
Interest Payables	8,412,395	1,560,095
VAT Payable (Net)	1,977,423	-
<b>Total</b>	<b>887,413,843</b>	<b>1,102,322,255</b>

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Provisions are recognized 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.

### Corporate Social Responsibility

CSR Provision is accounted as per Industrial Enterprises Act 2016 (2073 BS) (the "Act") has been introduced with effect from November 22, 2016 repealing the Industrial Enterprises Act 1992 (2049 BS) (the "Previous Act").

Section 48 Industrial Enterprises Act 2016 (2073 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors that are prescribed under the Act however, such sectors are yet to be specified by the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the relevant government authorities registered within three months from expiry of the financial year.

The company has submitted the report to department of industry on 2076/05/13 vide Letter Regd. No. 343 for FY 2073/74 & FY 2074/75. Accordingly the provision made for the FY 2073/74 & FY 2074/75 has been adjusted with expense provision of CSR made during the year.

### 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.

## 17. OTHER NON- FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2076	As at 32nd Ashad 2075
Advance received from distributors	26,048,181	21,156,996
<b>Total</b>	<b>26,048,181</b>	<b>21,156,996</b>

## 18. REVENUE

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Sales of goods	6,274,168,758	6,320,143,060
Less: Discount	(692,783,369)	(673,843,342)
<b>Total</b>	<b>5,581,385,389</b>	<b>5,646,299,718</b>

### 18.1 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 of 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.

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## 19. COST OF SALES

Fig ures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
<b>Material consumed</b>		
<b>Raw materials</b>		
At 1st Shrawan	480,621,674	560,035,700
Purchase	2,928,418,087	2,627,618,395
Less: Transfer to Bottlers Nepal Ltd.	(111,404,698)	(45,468,268)
At 31st Ashad	(451,351,638)	(480,621,674)
<b>Raw material consumed total</b>	<b>2,846,283,425</b>	<b>2,661,564,153</b>
<b>Work in process</b>		
At 1st Shrawan	6,250,417	4,987,466
At 31st Ashad	(5,487,144)	(6,250,417)
<b>Net change in work-in-process</b>	<b>763,273</b>	<b>(1,262,951)</b>
<b>Production and manufacturing overheads</b>	<b>1,075,044,710</b>	<b>935,128,058</b>
<b>Finished goods stock</b>		
At 1st Shrawan	79,454,252	100,429,490
At 31st Ashad	(148,197,508)	(79,454,252)
<b>Net change in finished goods stock</b>	<b>(68,743,256)</b>	<b>20,975,238</b>
<b>Cost of sales</b>	<b>3,853,348,152</b>	<b>3,616,404,497</b>

### 19.1 Production and Manufacturing Overheads

Fig ures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Salaries, wages and other employee cost	342,476,484	313,975,382
Sick Leave	1,868,000	1,483,000
Provident fund	4,633,772	3,926,679
Gratuity	16,796,000	11,991,000
Other retirement benefits	16,134,047	14,087,079
Travel and transport costs	12,743,589	7,738,646
Repair and maintainence	126,450,641	111,745,556
Office expenses	20,938,430	16,163,686
Consumables	57,264,553	48,675,785
Communication expenses	320	93,653
Loss on sale/write off of Property plant equipment (net)	1,983,029	8,423,389
Stock Adjustment	-	1,012,155
Power & Fuel	131,328,130	107,828,180
Legal and other professional fees	772,321	1,610,748
Depreciation on property, plant and equipment	346,884,076	237,394,895
Amortization of Intangible Assets	16,166,473	17,234,026
Testing & Sampling	-	9,523
Exchange Gain/Loss	(21,395,155)	31,734,676
<b>Total</b>	<b>1,075,044,710</b>	<b>935,128,058</b>

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## 20. OTHER OPERATING INCOME

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Product transfer fee	105,779,430	46,683,707
Sale of Scrap	19,348,521	11,317,193
Miscellaneous Income	104,666,549	1,797,934
<b>Total</b>	<b>229,794,500</b>	<b>59,798,834</b>

### 20.1 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 holding, 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.

### 20.2 Sale of Scrap

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

### 20.3 Miscellaneous Income

Miscellaneous income includes charges recovered from customer on account of handling loss of Glass bottles, Container deposit liability Write-off amount and Liquidated damages receivable from vendor. The company generates revenue from sale of goods in the ordinary course of business.

## 21. SELLING AND DISTRIBUTION EXPENSES

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Salaries, wages and other employee cost	162,839,114	148,852,134
Sick Leave	516,000	451,000
Provident fund	2,572,072	2,039,338
Gratuity	3,601,000	2,999,000
Other retirement benefits	4,174,435	598,351
Travel and transport costs	21,431,470	13,399,426
Repair and maintainence	20,148,269	10,622,038
Office expenses	17,373,453	14,103,911
Communication expenses	1,124,371	620,707
Utilities	52,335,294	29,345,556
Freight Charges	415,598,410	393,553,746
Liquid leakages and damages	185,525,516	71,179,216
Sales promotion expenses	95,983,531	202,916,394
Other miscellaneous expenses	27,049,281	15,483,671
Depreciation on property, plant and equipment	60,597,502	41,470,735
Amortization of Intangible Assets	38,187	40,709
Product transfer fees	57,171,895	41,392,222
<b>Total</b>	<b>1,128,079,800</b>	<b>989,068,154</b>

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## 22. ADMINISTRATIVE AND OPERATING EXPENSES

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Salaries, wages and other employee cost	51,352,793	47,105,549
Sick Leave	316,000	346,000
Provident fund	173,941	159,661
Gratuity	3,828,000	2,577,000
Other retirement benefits	1,570,068	325,571
Travel and transport costs	7,369,337	3,582,630
Repair and maintenance	5,257,491	6,217,039
Office expenses	33,568,670	30,518,183
Bank charges	5,252,698	6,037,731
Audit fees	300,000	300,000
Legal and other professional fees	11,402,815	11,942,557
Communication expenses	8,913,452	21,441,109
Utilities	1,266,362	441,679
Depreciation on property, plant and equipment	8,843,480	6,052,157
Amortization of Intangible Assets	756,956	806,942
Corporate Social Responsibility	5,682,257	9,777,376
Public Affairs and Communication (PAC) expenses	(3,041,453)	1,505,546
Security Expenses	15,980,505	9,221,672
Board and AGM expenses	135,000	135,000
Other miscellaneous expenses	2,394,706	423,853
<b>Total</b>	<b>161,323,078</b>	<b>158,917,255</b>

### 22.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
Statutory Audit Fees	300,000	300,000
Allowances	416,000	416,000
<b>Total</b>	<b>716,000</b>	<b>716,000</b>

## 23. 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 2075-76	For the Year 2074-75
Interest on Overdraft	46,720,476	40,174,267
Interest on Term Loan	13,452,192	-
<b>Total</b>	<b>60,172,668</b>	<b>40,174,267</b>

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## 24. FINANCE INCOME

Particulars	For the Year 2075-76	For the Year 2074-75
Interest income	16,408,162	9,808,237
<b>Total</b>	<b>16,408,162</b>	<b>9,808,237</b>

### 24.1 Interest Income

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

## 25. EARNINGS PER SHARE

'Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
<b>Numerator</b>		
Profit for the year and earnings used in basic EPS (NPR)	453,542,784	741,329,079
<b>Earnings used in Basic and diluted EPS</b>		
<b>Denominator</b>		
Weighted average number of shares used in basic EPS (Nos)	1,210,000	1,210,000
<b>Basic and diluted earnings per share (NPR)</b>	<b>375</b>	<b>613</b>

## 26. DIVIDEND PAID AND PROPOSED

Figures in NPR

Particulars	For the Year 2075-76	For the Year 2074-75
<b>Declared and paid during the year:</b>		
Dividends on ordinary shares: Final dividend for 2074-75: Rs. 40 per share, for 73-74: Rs 25 Per Share	48,400,000	30,250,000
<b>Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):</b>		
Dividends on ordinary shares:		
2074-75: Rs 40 per Share	-	48,400,000
2075-76: Rs 40 per Share	48,400,000	-

## 27. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

### 27.1 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.

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## 27.2 Corporate Tax Matters

- i. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 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	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	5,393,862	14,164	5,379,698	458,691
TDS	4,510,857	255,194	4,255,663	738,921
VAT	20,397,706	12,172,084	8,225,622	-

- ii. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 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	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	11,469,425	-	11,469,425	-
TDS	24,018,811	121,490	23,897,321	2,031,793
VAT	3,869,900	-	3,869,900	56,454

- iii. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 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	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	30,782,794	238,286	30,544,508	1,265,842
TDS	39,993,762	100,687	39,893,075	2,566,897
VAT	830,566	830,566	-	-

- iv. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2069/70. 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	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	50,128,084	1,032,171	49,095,913	-
TDS	75,154,450	123,929	75,030,521	7,523,608
VAT	26,523	26,523	-	-



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- v. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2070/71. 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	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	47,213,938	22,776,663	24,437,275	1,195,083
TDS	9,238,997	483,000	8,755,997	606,840
VAT	35,661,144	2,109,057	33,552,087	2,461,100

- vi. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2071/72. 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	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	159,844,396	5,254,246	154,590,150	381,181
TDS	68,550,836	24,213	68,526,623	168,970
VAT	43,900,619	4,895,328	39,005,291	96,177

### 27.3 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 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.

The Capital Commitments of the company for the FY 2075/76 is shown below:

At end of financial year 2075/76, the Company has capital commitments of Rs. 279,945,013 (Previous FY 2074/75 Rs. 111,199,740) relating to various small projects.

## 28. 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.

## 29. 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.

**BOTTLERS NEPAL (TERAI) LIMITED**  
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**For the Year ended 31st Ashad, 2076 (16th July, 2019)**

## 30. RELATED PARTY TRANSACTIONS

### 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.

### 30.1 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
Director's Fees & Facilities	-	135,000	-
CEO	-	-	-
Key Managers	6,930,042	6,213,534	202,396
<b>Total</b>	<b>6,930,042</b>	<b>6,348,534</b>	<b>202,396</b>

### 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) 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.

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### 30.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the year 2075-76	For the year 2074-75
<b>Sale to related parties:</b>		
Sale of various materials to Bottlers Nepal Limited (at cost)	111,404,698	45,468,268
<b>Purchases from related parties:</b>		
Purchase of various materials from Bottlers Nepal Limited (at Cost)	74,460,036	18,332,564
Purchase of concentrate from Atlantic Industries	-	1,117,231,357
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	1,457,943,737	-
<b>Product transfer fee:</b>		
Received from Bottlers Nepal Limited	105,779,430	46,683,707
Paid to Bottlers Nepal Limited	57,171,895	41,392,222
<b>Management Fee Paid to Bottlers Nepal Limited</b>	<b>114,871,021</b>	<b>114,871,021</b>
<b>Dividend paid to Bottlers Nepal Limited</b>	<b>41,741,936</b>	<b>27,461,800</b>
<b>Bad Debts Recognised in respect of Receivables from Related Parties:</b>		
- Atlantic Industries-other related party	-	-
<b>Amounts owed by related parties:</b>		
Bottlers Nepal Limited - Parent company	4,919,716	10,600,539
Troika Traders Pvt. Ltd - Other related party	-	-
<b>Amounts owed to related parties:</b>		
Bottlers Nepal Limited - Parent company	-	-
Troika Traders Pvt. Ltd.- Other related party	354,755	527,087
Atlantic Industries - other related party	-	52,695,483
Pacific Refreshment - other related party	415,760,428	37,865,929

#### 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.

### 31. 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.

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### 31.1 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.

#### 31.1.1 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.

#### 31.1.2 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.

#### 31.1.3 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.

### 31.2 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.

#### 31.2.1 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.

#### 31.2.2 Cash Deposits

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

### 31.3 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.

**BOTTLERS NEPAL (TERAI) LIMITED**  
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### 31.4 Risk Management Framework

Contractual maturities of undiscounted cash flows of financial assets and financial liabilities are provided below.

As at 31st Ashad 2076

Figures in NPR

Particulars	Within 1 Year Rs.	1-5 Years Rs.	More than 5 Years Rs.	No stated Maturity Rs.	Total Rs.
Financial Assets:					
Advances to Employees	2,926,394	6,637,405	-	-	9,563,799
Security Deposits	-	-	-	116,050	116,050
Interest Receivable(FD)	688,438	-	-	-	688,438
Trade receivables	133,768,295	-	-	-	133,768,295
Cash and Cash Equivalents	251,193,165	-	-	-	251,193,165
<b>Total</b>	<b>388,576,292</b>	<b>6,637,405</b>	<b>-</b>	<b>116,050</b>	<b>395,329,747</b>
<b>Financial liabilities</b>					
Bank overdrafts	529,290,236	-	-	-	529,290,236
Loan from BNL	500,000,000	-	-	-	500,000,000
Secured Bank Loan	570,000,000	958,958,221	-	-	1,528,958,221
Trade Payable	1,437,273,968	-	-	-	1,437,273,968
Container deposit liability	-	-	-	480,256,106	480,256,106
Corporate Social Responsibility	10,789,706	-	-	-	10,789,706
Trade Deposits	-	-	-	1,974,430	1,974,430
Employee related accruals	8,668,708	-	-	-	8,668,708
Bonus Payable	63,136,186	-	-	-	63,136,186
Provision for Expenses	193,581,753	-	-	-	193,581,753
Stautory dues payable	118,617,136	-	-	-	118,617,136
Interest payables	8,412,395	-	-	-	8,412,395
VAT Payable (Net)	1,977,423	-	-	-	1,977,423
Gratuity	-	-	-	231,079,183	231,079,183
Leave Encashment	-	-	-	13,538,000	13,538,000
Other Retirement Benefits	-	-	-	172,845,900	172,845,900
<b>Total</b>	<b>3,441,747,511</b>	<b>958,958,221</b>	<b>-</b>	<b>899,693,619</b>	<b>5,300,399,351</b>
<b>Net Financial Assets</b>	<b>(3,053,171,219)</b>	<b>(952,320,816)</b>	<b>-</b>	<b>(899,577,569)</b>	<b>(4,905,069,604)</b>

**BOTTLERS NEPAL (TERAI) LIMITED**  
**Significant Accounting Policies and Explanatory Notes**  
**For the Year ended 31st Ashad, 2076 (16th July, 2019)**

As at 32nd Ashad 2075

Figures in NPR

Particulars	Within 1 Year Rs.	1-5 Years Rs.	More than 5 Years Rs.	No stated Maturity Rs.	Total Rs.
Financial Assets:					
Advances to Employees	961,992	7,226,190	-	-	8,188,182
Security Deposits	-	-	-	116,050	116,050
Interest Receivable(FD)	-	-	-	-	-
Trade receivables	159,498,307	-	-	-	159,498,307
Cash and Cash Equivalents	24,596,265	-	-	-	24,596,265
<b>Total</b>	<b>185,056,564</b>	<b>7,226,190</b>	<b>-</b>	<b>116,050</b>	<b>192,398,804</b>
<b>Financial liabilities</b>					
Bank overdrafts	496,608,770	-	-	-	496,608,770
Trade Payable	269,551,965	-	-	-	269,551,965
Container deposit liability	-	-	-	461,976,026	461,976,026
Corporate Social Responsibility	16,739,469	-	-	-	16,739,469
Trade Deposits	-	-	-	1,659,430	1,659,430
Employee related accruals	16,098,771	-	-	-	16,098,771
Bonus Payable	96,796,025	-	-	-	96,796,025
Provision for Expenses	416,508,182	-	-	-	416,508,182
Statutory dues payable	83,952,774	-	-	-	83,952,774
Advance against unsettled Claims	7,031,483	-	-	-	7,031,483
Interest payables	1,560,095	-	-	-	1,560,095
Gratuity	-	-	-	188,932,183	188,932,183
Leave Encashment	-	-	-	9,745,000	9,745,000
Other Retirement Benefits	-	-	-	129,033,350	129,033,350
<b>Total</b>	<b>1,404,847,534</b>	<b>-</b>	<b>-</b>	<b>791,345,989</b>	<b>2,196,193,523</b>
<b>Net Financial Assets</b>	<b>(1,219,790,970)</b>	<b>7,226,190</b>	<b>-</b>	<b>(791,229,939)</b>	<b>(2,003,794,719)</b>

For &amp; Behalf of the Board

As per our attached  
report of even date

**Shukla Wassan**  
Chairperson

**Mohamed Ghoneim**  
Director

**Sundeep Bajoria**  
Director

**B.K. Agrawal, FCA**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

**Gunjan Dhawan**  
Director

**Surendra Silwal**  
Director

**Pramod Kumar Karki**  
Independent Director

**Pradip Pandey**  
Chief Executive Officer

**Sumit Goyal**  
Country Finance Manager

Place: Kathmandu, Nepal

Date: 6th Ashwin, 2076 (23rd September, 2019)

# CORPORATE INFORMATION

COMPANY NAME:  
**Bottlers Nepal (Terai) Limited**

REGISTRATION NUMBER:**98818**

LEGAL FORM:  
**Listed Public Company**

STOCK EXCHANGE LISTING:  
**Nepal Stock Exchange as "BNTL"**

REGISTERED ADDRESS:  
**Balaju Industrial District, Balaju, Kathmandu, Nepal**

INDUSTRY ADDRESS:  
**Gondrang, Bharatpur, Nepal**

BOARD OF DIRECTORS:  
**Ms. Shukla Wassan- Chairperson**  
**Mr. Mohamed Amin Ghoneim- Director**  
**Mr. Sundeep Bajoria- Director**  
**Mr. Gunjan Dhawan- Director**  
**Mr. Surendra Silwal- Director**  
**Mr. Neeraj Rimal- Director**  
**Mr. Pramod Kumar Karki- Independent Director**

COMPANY SECRETARY:  
**Ms. Pratima Burma**

STATUTORY AUDITORS:  
**M/s B.K. Agrawal &Co. Chartered Accountants**

SHARE REGISTRAR:  
**M/s Nabil Investment Banking Limited**

BANKING PARTNERS:  
**M/s Standard Chartered Nepal Limited**  
**M/s NMB Bank Limited**  
**M/s Nepal Bank Limited**  
**M/s NIC Asia Bank Limited**  
**M/s Everest Bank Limited**  
**M/s Nepal Bangladesh Bank Limited**  
**M/s Rastriya Banijya Bank Limited**



*Coca-Cola* BOTTLERS NEPAL  
(TERAI) LIMITED



Registration No. 98818, Regd. Office: Balaju Industrial District, Balaju, Kathmandu  
Industry Address: Gondrang, Bharatpur-9, Chitwan, P.O. Box: 20  
Tel: +977-56-420216, +977 56-420276