





TASTE THE FEELING™



रमाऔं पलमा

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

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

मिति २०७४ कार्तिक २० गते, सोमबार (तदनुसार नोभेम्बर ०६, २०१७) बसेको संचालक समितिको बैठकको निर्णय अनुसार यस कम्पनीको एकतीसौं 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 : २०७४, मंसिर २५ (तदनुसार ११ डिसेम्बर, २०१७)

समय : १२:३० बजे।

स्थान : होटल अन्नपूर्ण, दरबारमार्ग काठमाडौं।

सभा ठीक तोकिएको समयमा संचालन हुने भएकोले उपस्थिति पुस्तिका ११:३० बजे देखि खुला राखिने छ।

छलफलका विषय सूची :

१. सामान्य प्रस्ताव :

(क) आर्थिक वर्ष २०७३/७४ को संचालकको प्रतिवेदन पारित गर्ने।

(ख) २०७४ आषाढ ३१ गते सम्मको वासलात, २०७४ आषाढ ३१ गतेसम्मको आय विवरण सोही मितिमा समाप्त भएको नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखापरिक्षण भएको वित्तीय विवरण र लेखापरिक्षकको प्रतिवेदन अनुमोदन गर्ने।

(ग) कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आर्थिक वर्ष २०७४/७५ को लागि लेखापरिक्षकको नियुक्ती र निजको पारिश्रमिक उपर छलफल गरी स्वीकृत गर्ने।

(घ) मुख्य कम्पनी बोटलर्स नेपाल लिमिटेडबाट ऋण लिने उपर छलफल गरी स्वीकृत गर्ने।

(ङ) आर्थिक वर्ष २०७३/७४ का लागि नगद लाभांश उपर छलफल गर्ने र पारित गर्ने।

२. विशेष प्रस्ताव :

(क) कम्पनी ऐनको, २०६३को दफा १०५ (१)(ग) बमोजिम व्यावसायिक सामाजिक जिम्मेवारी वहन गर्ने रकम उपर छलफल गर्ने र पारित गर्ने।

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

“औद्योगिक व्यवसाय ऐन, २०७३ बमोजिम व्यावसायिक सामाजिक जिम्मेवारी वहन गर्ने प्रयोगार्थ उद्योगको वार्षिक मुनाफाको कम्तीमा एक प्रतिशतसम्म चन्दा, अनुदान, दान वा सहयोगार्थ तथा समय-समयमा विभिन्न गतिविधि तथा कार्यक्रमहरू संचालन गर्न कम्पनी ऐनको, २०६३ को दफा १०५ (१)(ग) तथा अन्य उपयुक्त प्रावधान बमोजिम शेयरधनीहरूको सहमति प्रदान गरियो।”

३. विविध :

(क). विविध : अध्यक्षको अनुमति अनुसार।

संचालक समितिको आदेशानुसार

प्रतीमा बर्मा
कम्पनी सचिव

साधारण सभा सम्बन्धी सामान्य जानकारी

- 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 एकाउन्ट वा परिचय पत्र पेश गर्नहुन अनुरोध गरिन्छ।
- एकतीसौं वार्षिक साधारण सभालाई ध्यानमा राखि मिति २०७४।०८।११ गते देखि २०७४।०८।२५ सम्म कम्पनीको शेयर दाखिल स्वारेज दर्ता बन्द रहने जानकारी समेत यसै सूचनाद्वारा शेयरधनी महानुभावहरूमा सूचित गरिन्छ।
- कम्पनीको वार्षिक प्रतिवेदन, प्रतिनिधि (प्रोक्सी) फारम तथा वार्षिक साधारण सभासंग सम्बन्धित अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ।
- कुनै अर्को शेयरधनीको प्रतिनिधि (प्रोक्सी) को रूपमा भाग लिन र मतदान गर्न चाहने शेयरधनीले सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा आफुले पाएको प्रोक्सी दाखिल गरिसकेको हुनुपर्नेछ।
- सभामा उपस्थित हुनको लागि कुनै एक शेयरधनीको तर्फबाट एकभन्दा बढी व्यक्तिहरूको नाममा प्रोक्सी नियुक्त भएमा सबैभन्दा पछिल्लो मितिमा नियुक्त गरिएको प्रोक्सीले सभामा उपस्थित हुन र मतदान गर्न पाउने छ। कुनै शेयरधनीले एकै मितिमा एकभन्दा बढी प्रोक्सी नियुक्त गरेमा सबैभन्दा पहिले प्रोक्सी कम्पनीको कार्यालयमा दर्ता गर्ने व्यक्तिले सभामा उपस्थित हुन र मतदान गर्न पाउने छ।
- 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।
- संयुक्त रूपमा लिएको शेयरको हकमा शेयर लगत किताबमा पहिलो नाम उल्लेख भएको व्यक्ति वा सर्व सम्मतिबाट प्रतिनिधि नियुक्त भएको एक व्यक्तिले मात्र सभामा भाग लिन वा मतदान गर्न पाउने छ।
- 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 सहयोग मिल्नेछ।
- सुरक्षाको दृष्टिकोणले शेयरधनी महानुभावहरू सभा स्थलमा आउंदा भोला, ब्याग र लौरो जस्ता वस्तुहरू नलिई आउनुहुन अनुरोध गरिन्छ। आवश्यक देखिएमा सुरक्षाकर्मीले सुरक्षा जाँच गर्न सक्ने भएको हुँदा सो कार्यमा सहयोग गरिदिनु हुन र आफ्नो परिचयपत्र वा नागरिकता लिई आउनुहुन समेत अनुरोध गरिन्छ।
- अन्य कुनै जानकारीको लागि कृपया कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा अथवा फोन नं. ४३५०६०२ वा ४३५१८७१ ext. २०२ वा ११९ वा हाम्रो शेयर रजिष्ट्रार कार्यालय, नबिल ईन्भेष्टमेन्ट बैंकिङ्ग लिमिटेड, नारायणचौर नक्साल, फोन नं. ४४१०७३७ मा सम्पर्क गर्नु होला।

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VISION, MISSION & VALUES

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



COMPANY PROFILE

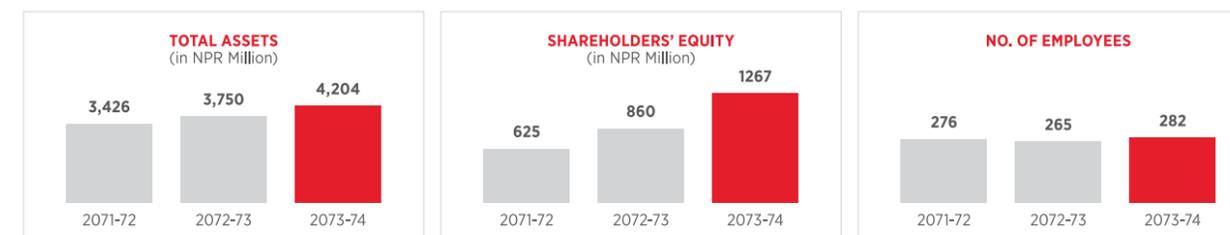
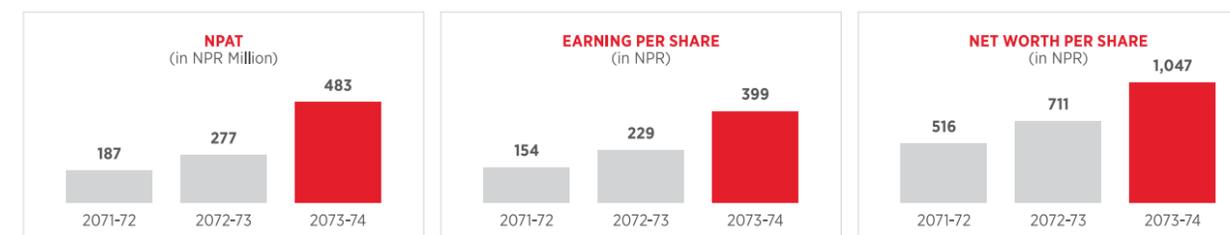
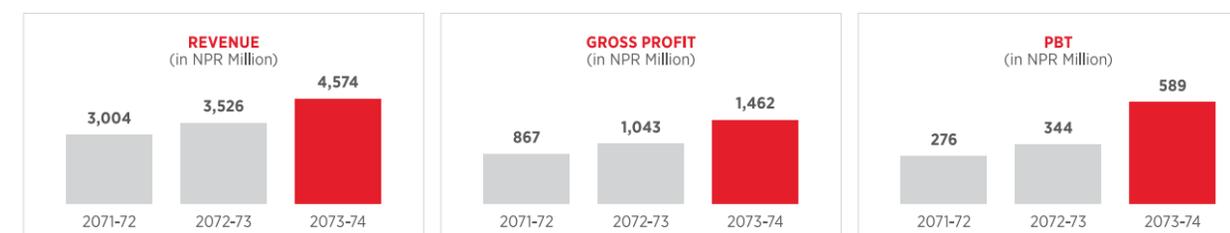
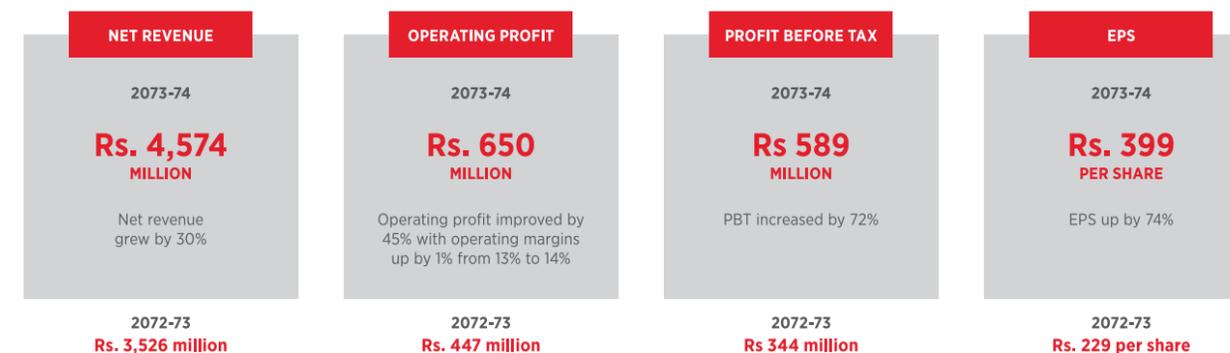
Bottlers Nepal (Terai) Limited (hereinafter also referred to as the "Company" or "BNTL") is a Public Limited Company, with operations spanning over 31 years. The shares of the Company are listed with the Nepal Stock Exchange Limited (NEPSE) and the majority of its shares are held by M/s Bottlers Nepal Limited (BNL).

Your Company is engaged in the production, manufacture and sale of soft drinks being carbonated non-alcoholic beverages under the brand names - Coca-Cola®, Sprite®,

Fanta® and Kinley®. Your Company along with its holding company, Bottlers Nepal Limited, are the only authorized bottlers of "The Coca-Cola Company" ("TCCC") in Nepal.

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. Your Company is considered as prestigious multinational companies in Nepal.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS



WE REPRESENT

A LEADING BOTTLER

Your Company is the authorized bottler of “The Coca-Cola Company” (“TCCC”) in Nepal.

It operates through its bottling plant in Chitwan. Your Company manages its business responsibly, sustainably and with a passion to create value for its customers, shareholders, consumers and the communities it serves.

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 is 70.01%. (Source: RSA Nielsen, YTD July, 2017)

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 help grow their 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.

A SUSTAINABLE BUSINESS

Your Company recognizes that creating shared value for shareholders, employees, consumers, customers and communities is critical to its long-term success. Over the last decade, your Company has integrated corporate 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.

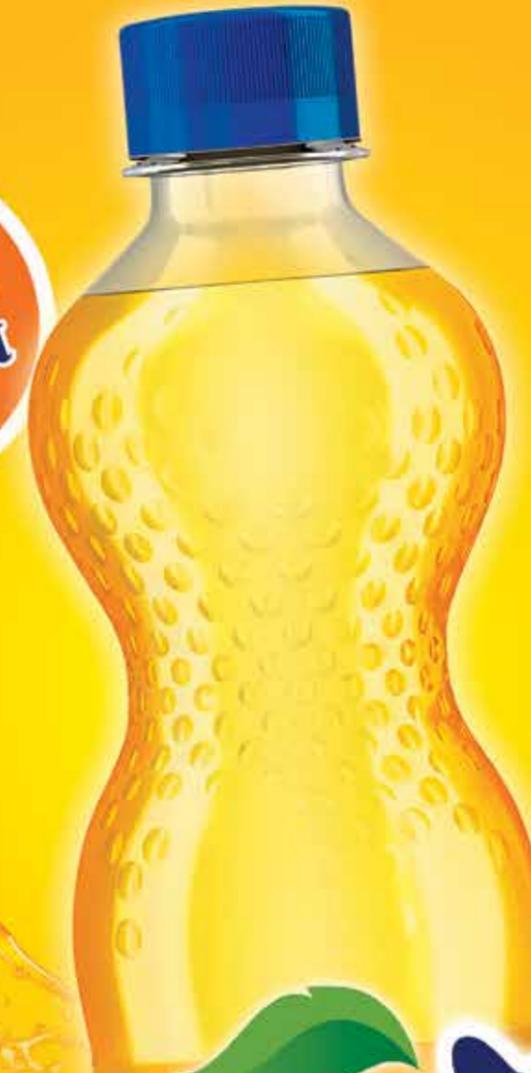
MANUFACTURING FOOTPRINT

Your Company have been able to cater to the increased market demand through its existing manufacturing plant at Bharatpur, Chitwan by way of efficient manufacturing operations. Your Company believes there is ample scope to achieve further efficiencies.



लेमनी चट्टका फानको नयाँ फट्टका

नयाँ
लेमन को
स्वादमा



Fanta®

LEMON FLAVOURED

Fanta is the registered trademark of The Coca-Cola Company. Contains no fruit. Contains added flavour.

MESSAGE FROM THE CHAIRPERSON

Dear Valued Shareholders,

On behalf of the Board of Directors, I am delighted to share that the Fiscal Year of 2073/74 has been another excellent year for us at Bottlers Nepal (Terai) Limited (BNTL).

Your Company succeeded in delivering excellent financial performance, the kind of performance that commensurates with the confidence that the shareholders and consumers have placed in the Company to steward this iconic cooperation. In a more enabling business environment, there is further momentum to be gained but your Company is certainly on a journey that is leading the business to a higher ground.

2073/74 was a pivotal and productive year in our journey, as we accelerated the transformation of our Company into a revenue-based business, focused on creating value, building our brands and meeting our consumers' evolving needs.

As the environment changes, we are also evolving the way we manage our business. Our consumers and customers are adopting new technologies rapidly, looking for increased choices in the products they have, are more demanding in their expectation on availability and quality and doing all this in a much faster manner than ever before. As a consumer-centric company, we are continuing to modernize our production & Information Technology (IT) systems, improve speed of execution and rapidly expand our range and availability. We need to do this while continuing to invest in building strong processes across functions that will allow us to lay the foundation of a strong Company with strong brands & business models. We have thus, implemented Coke One Plus Lite during the year 2073/74 to have operational efficiencies and to effectively respond to customers and market demand.

In Fiscal Year 2074/75 and beyond, we will focus on five strategic imperatives: accelerating the growth of our consumer-centric brand portfolio, driving revenue growth, strengthening our system, digitalizing our enterprise and unlocking the power of our people.

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

Best Regards,
Shukla Wassan

“

2073-74 was a pivotal and productive year in our journey, as we accelerated the transformation of our Company into a revenue-based business, focused on creating value, building our brands and meeting our consumers' evolving needs.

”

- SHUKLA WASSAN
Chairperson



PROFILE OF BOARD OF DIRECTORS



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

Mr. Gaurav Khosla
(Director)
Mr. Khosla is a Chartered Accountant from the Institute of Chartered Accountants of India with a total experience of over 23 years. He has been the Director of the Company since 25th April, 2016 and is also the Chairman of Audit Committee of the Company since 2nd May, 2016.

Mr. Debabrata Mukherjee
(Director)
Mr. Debabrata Mukherjee holds MBA with total experience of over 23 years in various Companies. He was appointed as a Director and a member of Audit Committee of the Company since 22nd August, 2017.

Mr. Surendra Silwal
(Director)
Mr. Silwal is a Master in Business Administration with a total experience of over 21-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.

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

Mr. Gunjan Dhawan
(Director)
Mr. Gunjan Dhawan holds MFC Degree with a total experience of over 19 years. He was appointed as a Director of the Company from 23rd November, 2016.

Mr. Prasad Gyawali
(Director)
Mr. Gyawali holds MBA and Msc Degree and has more than 12 years of experience handling various units in the beverage (beer) and noodles/snacks operations in India and Nepal. He is a Director of the Company since 12th January, 2015.

खोलौ
POP CAN

POP. CHILL.



यसमा पनि उपलब्ध छन्



१८० मि. लि. POP CAN

*Sprite, Coca-Cola, Diet Coke & Fanta is the registered trademark of The Coca-Cola Company. Contains added flavours. Contains no fruit.

MANAGEMENT STRUCTURE

The overall Company management is led by the Chief Executive Officer and the Country Leadership Team. The names and designations of the Management Team are as detailed below.



Puneet Varshney
Chief Executive Officer



Hari Sharma Neupane
Regional General Manager,
BNTL



Irina Karki Gurung
Manager - Public Affairs &
Communication



K. Durai Murugan
Country Supply Chain
Manager



Rajnish Sharma
Country Sales
Manager



Sachin Shrestha
Country Manager -
Key Accounts



Shambhu Pd. Koirala
Country Human Resources
Manager



Sumit Goyal
Country Finance
Manager

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors have the pleasure of presenting the Annual Report of your Company for FY 2073/74 to our esteemed shareholders on the occasion of this 31st Annual General Meeting.

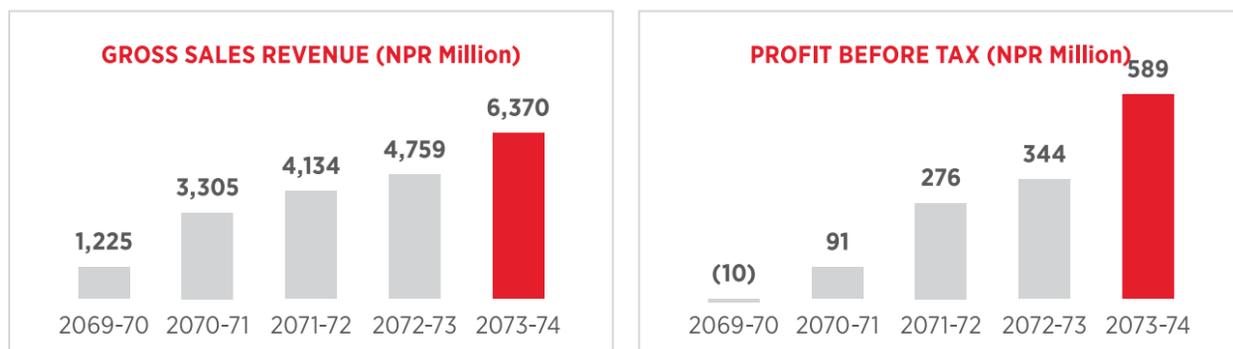
FINANCIAL HIGHLIGHTS

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

NPR Million

Particulars	2073-74	2072-73	% change
Gross Sales Revenue	6,370	4,759	34%
Gross Profit	1,462	1,043	40%
Net Profit Before Tax	589	344	72%
Net Profit After Tax	483	277	74%

The gross sales revenue trend as presented below, clearly shows that we are moving towards a more successful journey as a bottler of The Coca-Cola Company (TCCC) in Nepal.



In FY 2073/74, your Company has made profit before tax of NPR 589 Million, which is 72% more compared with previous Fiscal Year 2072/73. Further, the sales revenue of the Company during the year under review was NPR 6,370 Million, which is 34% more compared with previous Fiscal Year FY 2072/73. This growth is primarily due to increase in Sales volume and efficiency. For further details, the financials of your Company are enclosed along with this report.

BUSINESS ENVIRONMENT

Global

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

Nepal

Nepal's economy remained subdued during the year under review.

During the Fiscal Year 2073/74, the Gross Domestic Production (GDP) of the Country is estimated to rise by 7.5 percent against its growth rate of 0.4 percent in the previous year. The consumer price index during the current year is 4.50% as against the previous year of 9.9%. Nepal's economy continues to be heavily dependent on the remitted transfers from migrant labours working in the Middle-East and South East Asia. The unstable political situation coupled with low capital investment in the Country, widening trade deficit continued to remain the major challenges. During the year under review, the government struggled to meet its budgeted capital expenditures. Further, the expected Economic Reform has not been forthcoming as anticipated by the potential investors.

(Source: Nepal Rastra Bank)

Enterprise Risk Management & Challenges

The Group's Enterprise Risk Management (ERM) system is robust and well placed to perceive, manage and mitigate the risks, which gives us the ability to respond rapidly and decisively to an emerging crisis. Risk management is a strategic priority within the Company and is considered essential for delivering value for the business. Risk taking in an appropriate manner, is thus a fundamental part of the Company's business activity and an essential component of its planning process.

Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, Financial, external and operational risks to achieve the Company's key business objectives. ERM seeks to minimize the adverse impact of these risks, thus enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage.

Future Outlook

We are clearly living in a time of transformation. The world is moving faster and the magnitude of the changes and their influence on the business are phenomenal. Consumption trends made possibly by technology are fundamentally transforming the food and beverage industry. These changes are creating compelling ways of customers to save time and gain easy access to product and services they did not have before. Therefore, the key focus for your Company, during the coming years, will be on strengthening its Route to Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets, productivity, effective cost management and building strong capability to deliver medium and long-term goals.

The Board of Directors of your Company are of the view that, subject to the improvement in the operating environment arising out of socio-political stability in the Country, the Group is geared up to deliver strong business performance in the years to come.

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

Other matters

Corporate Governance

The success of any company depends on the Good Corporate Governance followed by that company. With this spirit, your Directors are committed to a sound corporate governance principle and constantly strive to embrace emerging best practices adopted worldwide. Over the years, your company has strengthened the governance structure, practices and processes to meet the evolving governance need propelled by the rapid changes in the business environment. Your Directors are committed to ensure that the Group adheres to the highest standards of Corporate Governance in the conduct of its business. Our governance framework comprises of six pillars namely – Internal Controls, Internal Audit, Authorization framework, Governance Routines, Business Risk Review and Statutory Compliances.

Corporate Social Responsibilities

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

Environmental Concern and Sustainability

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

Human Resources

Your Company has strong employment engagements year after year. This demonstrates the degree of satisfaction and engagement delivered by the Company to its employees. Team work is a key factor in all of our achievements and the credit goes to all those employees who see their own future in the future of your company and are dedicated to make a positive impact. Your Directors recognize that it is important to have a diverse, talented and engaged work force to drive the growth opportunities we have.

Code of Business Conduct and Anti-Bribery Policy

Your Company has a strict Code of Business Conduct (COBC) and Anti Bribery Policy, which guides our business conduct, requiring honesty and integrity in all matters. All of our employees, directors and vendors are required to read and understand the Code and follow its precepts in the workplace and in the larger community. We regularly monitor and audit our business to ensure compliance with the Code and the law. Detailed description on our Code of Business Conduct are described in the specific section of this Annual Report.

LEGAL REPORTING & DISCLOSURES

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

(a) Review of the transactions of the Previous Year:

As covered above under the "Financial Highlights" sections.

(b) Impact, if any, caused on the transactions of the Company from National & International Situations;

As covered above under the "Business Environment" section.

(c) Achievements in the current year as 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, the holding company, Bottlers Nepal Limited, had withdrawn their earlier nomination of Mr. Sanket Ray and Mr. Ashutosh Singh and in their place nominate Mr. Sumanta Datta and Mr. Gunjan Dhawan w.e.f 26th August, 2016 and 23rd November, 2016 respectively. Both Mr. Ray and Mr. Singh was in the Board since 2nd December, 2014.

(f) Major things affecting the transactions;

As covered above under "Business Environment" and "Enterprise Risk Management & Challenges" sections.

(g) If there are any remarks in the Audit Report, the comments of the Board of Directors on such remarks;

None

(h) Amount recommended for payment by way of Dividend;

The Board of Directors has proposed a cash dividend of NPR 25/- per share to the shareholders of the Company for the FY 2073/74.

(i) In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the Company for such shares prior to the forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares;

NIL

(j) Progress of transactions of the Company and of its subsidiary company(ies) in the previous financial year and, review of the situation existing at the end of that financial year;

As covered above under various Sections.

(k) Major transactions completed by the Company and its subsidiary company(ies) in the financial year and any material changes taken place in the transaction of the Company during that period;

None

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

None

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

None

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

None

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

None

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

As covered under the "Internal Control Disclosure" Section.

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

Particulars(FY 2073/74)	NPR Million
Salaries, wages and other employee costs	43
Administrative expenses	111
Total	154

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

Please refer to Audit Committee details under Corporate Governance Section.

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

None

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

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

	NPR Million			
	Remuneration	Allowances	Facilities	Total
Director's fee	-	0.14	-	0.14
Chief Executive Officer	-	-	-	-
Managers	15.19	16.74	4.07	36.00
Total	15.19	16.88	4.07	36.13

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, 2074 (15th July, 2017) for the last 5 years is NPR 39,22,409. All these unclaimed dividends are transferred to our Share Registrar, M/s Nabil Investment Banking 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. 32

(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 the 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.

Fiscal Year	Amount(NPR)	Paid by
2070/71- 2071/72	17,400	Company
2072/73	5,000	Official

On behalf of the Board of Directors,

Shukla Wassan Chairperson
Pramod Kumar Karki Director

Date: 6th November, 2017

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 the 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 the evolving governance need propelled by the rapid changes in the business environment.

Board of the Company

The Board of the Company has ultimate responsibility for direction, performance and long-term success of our business as a whole. 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 Director, Non-Executive Directors including representation from Public Shareholder 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 6 (six) Non-executive Directors, who essentially have a supervisory role and, 1 (one) Independent Director. A list of our current Directors and their dates of appointments is set out on page 12.

Board's Independence

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

Board Meetings

During the year under review, a total of six (6) meetings of the Members of the Board were convened. The notice, agenda and other relevant documents were circulated to the Members well ahead of the meetings to ensure adequate and active discussion on the agenda(s) before arriving at decisions. The attendance of the Directors in the Board meetings convened during the FY 73/74 are as follows:

"We believe that sound corporate governance practices are essential to create sustainable value and to safeguard the interest of the stakeholders."

Board Members	Designation	Meetings Attended
Ms. Shukla Wassan	Chairperson	6/6
Mr. Sumanta Datta	Director	2/6
Mr. Gaurav Khosla	Director	6/6
Mr. Surendra Silwal	Director	5/6
Mr. Gunjan Dhawan	Director	4/4
Mr. Prasad Gyawali	Director	3/6
Mr. Pramod Kumar Karki	Independent Director	6/6
Mr. Ashutosh Singh	Director	0/2

Note:

1. Mr. Surendra Silwal has been appointed as Director replacing Mr. Soren Lauridsen since 27th June, 2017.
2. Mr. Gunjan Dhawan had joined the Board on 25th December, 2016 replacing Mr. Ashutosh Singh.

Audit Committee

The Board has formed an Audit Committee with defined terms of reference. The duties and responsibilities of Audit Committee are in congruence with the framework defined by the Companies Act 2063 (2006). The Audit Committee is constituted with Non-Executive Directors including the Chairman, which ensures complete independence. The

composition of the Audit Committee as at the end of the fiscal year 2073-74 were as per below:

Mr. Gaurav Khosla – Chairman
Mr. Sumanta Datta - Member
Mr. Surendra Silwal – Member

Names	Designation	Meetings Attended
Mr. Gaurav Khosla	Chairperson	3
Mr. Sumanta Datta	Member	2
Mr. Surendra Silwal	Member	3

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

- The Committee shall comprise of at least three members, each of whom shall be appointed by the board.
- Where possible at least two members of the Audit Committee, one of which should act as the Chairperson, should be a non-executive director with financial expertise. If this is not possible, the Committee should include Group representatives or other Country Team members who have financial expertise. But in both case the chairperson of Audit Committee must be a non-office bearing director of the company.
- The primary responsibility of the Committee is to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with applicable legal requirements and accounting standards.
- Review and recommend the appointment and retention of the external auditor and the audit fee, in addition to deliberating on the resignation or recommending the dismissal of the external auditor.
- Examine and review the quality of the annual financial statements of the company, prior to submission to and approval by the board.
- Consider the appropriateness of the accounting policies adopted and any changes to them, the accounting treatment of significant unusual transactions and significant adjustments arising from the audit.
- Ensure that the company is in full compliance with all statutory issues related to regulatory bodies, and to advise the board of any issues arising.
- The Committee shall meet as frequently as required but not less than three times a year.

During the fiscal year 2073/74, the Members of the Audit Committee met three times i.e, on 26th August, 2016, 22nd November, 2016 and 24th March 2017 for reviewing the financial statement of the Company including Internal Financial Control and Risk Management and other financial issues. The following table indicates the attendance of Audit Committee meeting held during the FY 2073-74.

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

Internal Controls

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 Audit Committee of your Company reviews the Internal Audit reports containing details of the audit coverage, compliance to the laws, regulations, established policies and procedures.

Your Company has adopted a "Chart of Authority (COA)" defining financial and other authorisation limits and setting-up procedures for approving capital and investment expenditures. Your Company 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 and Board of Directors.

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 Anti-bribery Training Program designed and trainings are imparted to the associates 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.

MARKETING ACTIVITIES — Reaching the Consumer

The Coca-Cola Company (TCCC) is committed to the responsible marketing of its brands and has a history of aligning its commercial practices with its sustainability goals and values. Our Responsible Marketing Policy sets forth our guidelines in this regard. The Policy states that we respect the role of parents and caregivers by not designing our marketing communications directly appealing to children nor do we advertise in any media which directly targets children under the age of 12. Also, as a global business, we respect and recognize the unique learning environment of schools and therefore believe in commercial-free classrooms and do not advertise there as well.

Your Company focuses on the right interventions coupled with the right consumption occasions to effectively market the products. Carbonated beverages of your Company continue to be the most preferred beverages in Nepal resulting in a strong market presence during the FY 2073-74 as well. Some of the important marketing initiatives that your Company undertook during the year under review, are as detailed below:

Campaign that Created History for your Company in Nepal: Man Kholauin Coke® Sanga: Open your Hearts with a Coca-Cola
1st October, 2016



For the first time in the history of The Coca-Cola Company operations in Nepal, your Company on the most auspicious and much awaited festival of Dashain, launched a One-of-a-Kind campaign named **Man Kholauin Coke® Sanga**. Your Company removed its traditional Coca-Cola branding on the label of the bottle and replaced it with the most meaningful relationships in one's life. There were 15 of the most significant relationships like Aama, Buwa, Dai, Bhai, Didi, Bahini, Hajurbuwa, Hajuraama, Saathi among others. Through this campaign, your Company encouraged people to gift a Coca-Cola and express their feelings and pay respect to the most beloved relationships that influence each individual's lives.

Coca-Cola Momoutsav: Coca-Cola ra Mo:Mo, Manaun Mitratako Utsav

8th February, 2017 - 21st March, 2017

कोका-कोला र म:म: मनाऔं मित्रताको उत्सव



This campaign was re-created by your Company in 2017 and it is unlike anything ever done in Nepal before.

To strengthen the association of Coke and Nepal's favorite food - momos and the success of Coca-Cola Momoutsav 2016, your Company brought back its much loved campaign in 2017 as well, which has strongly helped to create Coke consumption occasion with momos.

Your Company hosted this campaign for 41 days from 8th February to 21st March, 2017 with the tagline **Coca-Cola ra Mo:Mo, Manaun Mitratako Utsav** where, more than 3,000 Coke selling mo:mo outlets partnered with your Company, making it the biggest "in-shop" food festival of its kind. Popular celebrities like Priyanka Karki and Nepal's national football team like Biraj Maharjan, Anil Gurung, Bishal Shrestha, Bishal Rai, Rabin Shrestha among others endorsed the campaign and participated in Meet & Greet events in more than 200 outlets to meet over 1,000 consumers to promote the campaign.

New Product Launch- Coke Zero

20th August, 2016



It is a great honor for your Company to introduce a new brand in the Nepal market. Your Company launched the globally acclaimed Billion Dollar Brand - Coca-Cola Zero, available in more than 150 countries. The launch added to the suite of Sparkling and Still brands that are currently available in Nepal - Coca-Cola, Diet Coke, Sprite, Fanta, Maaza, Schweppes, Kinley and Minute Maid range of juices.

The uniqueness of Coca-Cola Zero is that it offers the 'Same Great Taste of Coke, with Zero Sugar'. Coca-Cola Zero or popularly called Coke Zero is one of the fastest to reach billion-dollar brand status amongst the 20 billion dollar brands of The Coca-Cola Company in revenue terms.

In keeping with the bold, distinctive and individualistic character of Coca-Cola Zero, the first sip of the product at the launch venue was enjoyed by actress and singer Priyanka Karki, singer and performer Indira Joshi, singer Sabin Rai, Ex-Region Director, Bottling Investments Group T. Krishnakumar, The Coca-Cola Company and the then President, Coca-Cola India and South West Asia Mr. Venkatesh Kini.

Sprite Label Ko Pachadi Hernuhos, Harek Ghanta Samsung J2 Pro Jeetnuhos Campaign 2017

1st July to 31st August, 2017



With this Campaign aptly titled **Label Ko Pachadi Hernuhos, Harek Ghanta Samsung J2 Pro Jeetnuhos**, the consumers could stand to win a Samaung J2 Pro smartphone every hour by sending an SMS of the unique code printed at the back of the label. In addition, they could stand to win Sprite Branded T-Shirts and Caps, if not a smartphone. This promotion was valid on purchase of any brand - Coca-Cola, Sprite and Fanta PET bottles. Your Company received an overwhelming success for this campaign with over 2 Lakh people sending in their entries from across 52 towns in Nepal. It was organized for 49 days'.

Coca-Cola Rock and Roll Night: Reloaded

6th August, 2016 -3rd September, 2016



Your Company's new brand Coca-Cola Zero sponsored Coca-Cola Rock and Roll Night: Reloaded where, "ABHAYA & THE STEAM INJUNS" - a renowned rock band of the country performed for a launch of Coke Zero in the market, which was hosted in 7 different towns of the country.

Pheri Uthne Cha Nepal- Nepathya Live in Concert

25th February, 2017 and 8th April, 2017



Your Company had launched **Pheri Uthne Cha Nepal** campaign in August 2015 to salute the youthful resilient Nepali spirit to entouse positivity after the devastating earthquake of 2015. In 2017, your Company continued with Nepathya; one of the biggest bands of all times in the country who shared a similar spirit, to perform a concert and send the proceeds to a charitable organization to help the earthquake victims. Your Company organized these concerts in Butwal and Pokhara, on 25th February, 2017 and 8th April, 2017 respectively.

Maha Shivratri Mela

24th February, 2017



Mahashivaratri also known as “The Night of Shiva” is celebrated with devotion and religious fervor in honor of Lord Shiva; one of the deities of Hindu Trinity. Every year for this occasion, hundreds of thousands of devotees visit Pashupatinath Temple, a pilgrimage for Hindus.

This year, your Company partnered with the local body for the ‘Mela’ through our brand Maaza, by working on permanent branding of the peripheral outlets, where we placed signage and set up kiosks to sell Coca-Cola products.

Coca-Cola Indoor Corporate Cricket Tournament

8th September 2016



Your Company in collaboration with Nepal Sports Management Private Limited, organized a corporate tournament at Velocity Arena; an Indoor Cricket Hall, at Ratopul in Kathmandu. The tournament started off with a celebrity match, where various celebrities took part including Paras Khadka, Sharad Veswakar, Reema Biswokarma, Nagma Shrestha to name a few.



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 mindset 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 2%, 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 training 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 notwithstanding 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 strive 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 which represents the interests of all the 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.

TECHNOLOGY IMPROVEMENT

Inappropriate systems or failure of key systems could have a significant impact on the business of the Company. Therefore, realizing the risk and to mitigate such jeopardy, your Company has launched a new system to drive the Company to achieve its ambitious growth and further expansion plan. And also, introduced new technology to execute the business operation of the Company more efficiently.

Launch of Coke one^{lite}



Your Company recognises the fact that technology has become an integral part of business operations, as it is fundamental for the business processes, sustainability and growth of the business of the Company, adopting new technology establishes a framework for the governance and management of business operation. Realizing the challenges of getting complete visibility across its entire business network and in order to conduct the business efficiently, your Company had successfully implemented Coke One Plus Lite (SAP) system with an aim to have:

- A single version of the truth across the extended enterprise to enhance strategic planning, governance and compliance;
- Standardized and unified business processes to gain operational efficiency across the enterprise.
- Improved ability to manage costs.
- Improved collaboration across the network, increasing management's ability to respond effectively to customer and market demands.

Human Resource Information System (HRIS)

With the aim to automate and manage the Human Resource, management and performance activities, your company implemented a software solution Human Resource Information System (HRIS), which is basically an intersection of human resources and information technology through HR software.

The efficiency advantages conferred by HRIS systems, includes flexible designs which structure databases that are integrated within a wide range of features available.

The implementation of HRIS has well-assisted the system of the company to become more flexible and accurate. The system includes the ability to create reports and analyse information quickly and accurately, in order to make the workforce easier to manage. In addition, it has boosted the system visibility and provided clarity in the information recorded which saves time and efficiency and further supports in maintaining the history of all the associates in the system. Similarly, HRIS allows employees to exchange information with greater ease and without the need for paper through the provision of a single location.

ENVIRONMENT & SUSTAINABILITY

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

Maintaining a sound balance between economic success, protection of the environment and being socially responsible has been fundamental to your company's corporate culture for decades. Your Company is committed to serve consumers in a responsible way, reducing environmental impact and improving the communities where your Company operate.

The sustainability strategy of your company is making social responsibility an integral part of everything that your company does. It is the Company's wide commitment that channels the expertise and knowledge to create sustainable value for every direct and indirect stakeholder that the company interacts with. Your Company is passionate about the goal to be a leader in nourishing people and operating responsibly across industrial and financial markets that your company serves.

Every drop of water counts - Water Stewardship



Water quality and availability are key to your Company's vision for a water-sustainable business. Your Company has committed to safely return to communities and nature an amount of water equal to what is used in the finished beverages. The concept of Rain water harvesting and Ground water recharge, both started with the global commitment of your company to return the amount of water used in its finished beverage by the end of 2020 AD. The main objective of the company is to reach water neutrality by recharging water through rain water harvesting, ground water recharge and lakes and ponds restoration by partnering with NGO's and INGO's in Kathmandu and Chitwan. WWF, wateraid and Smart Paani are some of our implementing partners.

A cleaner environment through PET Collection and Recycling



PET, as a package, has played a vital role in ensuring safe, hygienic, standardized products to consumers in a convenient way. Consumers across the world are benefitting from the industries that use PET packaging as it provides the flexibility of weight and shape. Simultaneously, your Company believes in contributing to the circular economy, in which materials are used and reused to provide ongoing value.

In its endeavor towards protection of the environment, your Company has been extending an effective support to the project through a partnership with a Social Enterprise, HCI (Himalayan Climate Initiative) and its various stakeholders to contribute towards creating a greener Kathmandu. So far, through this initiative; your Company has been able to recycle over 550 metric tons of PET waste till date.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

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

Access to Drinking Water for the community in Bharatpur



Water being the driving force of all nature, is the most essential element for survival. As per the need of the community residing in ward no. 9, where the Bottlers Nepal (Terai) Limited (BNTL) plant is situated; your company collaborated with Bharatpur Water Supply Management Board to support the community in Bharatpur with access to drinking water. Support was extended to lay 5km long pipeline for drinking water supply and the outreach through this initiative is over 500 households with approx. 2,500 Community members as direct beneficiaries.

Empower Women, Empower the Nation-5by20



Your Company is committed in encouraging and enhancing skilled and technical human resources whether it is the employees of the Company or the retailers out in the market. The retailers play a major role in meeting the expectation of the consumers and the Company seeks to foster this through transparency, knowledge and resource sharing that enables long term value creation. Therefore, with an aim to provide special skills, tools and techniques to the traditional women retailers in Nepal's constantly changing retail scenario, your Company has been providing Business Skills Training, called "Shopkeeper Training and Resources (STAR)", to Nepal's women retailers since 2013.

Training women in retail skills, is a step forward to economically empower women under the Coca-Cola Company's global 5by20 initiative. Under this initiative, the Company is extending its significant support to empower 5 million women across our global value chain by 2020. This initiative aims to empower women in our global business system by providing access to business skills, assets, support network of peers and mentors. The program is focused on driving women empowerment through entrepreneurship for inclusive growth.

So far, your company has been able to empower approximately 3,500 women with this initiative, whilst increasing footprints through top towns, under various regions.

A step towards a better tomorrow - Support My School



The Coca Cola Company and UN-Habitat, together with other partners initiated the "Support My School" campaign in Nepal in 2013 with a belief that Safe water, Sanitation and hygiene (WASH) in schools improves health, boosts educational achievement, promotes gender equity and has a positive impact on communities with an aim to create learning environment in schools and also assist young children become agents of change in our society. The Coca Cola Company, UN-Habitat and Teach for Nepal (TFN) have initiated the "Support My School" program in Nepal since 2013, with the focus of uplifting schools by providing separate toilets, green surroundings and reduce absenteeism and girl child dropout rate. This year, 20 schools have already started construction work with UN-Habitat and TFN since April 2017 and are in the verge of completion.

Access to Health - Free Health Clinic



For over a decade now, your Company has been supporting to provide weekly free preventive health check-ups for the community in Bharatpur. Your Company, in partnership with a local private hospital, Shree Pushpanjali Hospital; provides health service to the community members. In addition, a specialized doctor visits the clinic to provide further health consultation to the patients. Through this initiative, your Company has been able to provide access to health to over 2,500 individuals of the local community.

OTHER INFORMATION

Stakeholder 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. Your 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, M/s Nabil Investment Banking Limited has been re-appointed as "Registrar to Shares".

Share prices

Bottlers Nepal (Terai) Limited

Year	Maximum (In NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2014-15	2,380	1,678	2,209	48	24
2015-16	5,936	2,160	5,936	85	30
2016-17	9,999	3,382	6,085	21,856	44

STATEMENT OF VALUE ADDED

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

Net Profit: NPR 483 MM (P/Y -277 MM)

Contribution to National Treasury: NPR 1,819,127,065/-

Direct Employment: 282

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

Shareholders	Through the process of managing all inputs to our business well, we create profits which benefit shareholders through dividend payments and share value.
Suppliers	As we create value, we support businesses throughout our value chains, and support job creation beyond our business.
Customers	Our efforts to produce products efficiently and responsibly builds value for our customers' businesses.
Communities	When our business is sustainable and responsible, the communities where we operate, benefit through job creation, tax payments to governments, useful products and services and minimisation of environmental impact.
Consumers	We offer a range of beverages to satisfy evolving consumer preferences and active, healthy lifestyles.
Employees	Developing, recognizing and rewarding our people secures a skilled and motivated workforce.

FINANCIAL ANALYSIS

Vertical Analysis

Particulars	For the year 2073-74	For the year 2072-73	For the year 2071-72
Revenue	4,574,001,380	3,525,802,032	3,004,162,725
Gross Profit	1,461,946,129	1,043,437,612	866,887,099
Operating Profit	649,898,603	446,940,032	418,602,201
Profit Before Tax	589,306,379	343,582,201	276,134,176
Profit After Tax	482,622,709	276,708,392	186,760,255

Horizontal Analysis

Particulars	Year Ended 2074	Year Ended 2073	Year Ended 2072
Total Assets	4,203,845,356	3,749,916,910	3,426,147,672
Plant Property and Equipment	2,776,232,218	2,611,062,810	2,658,509,789
Current Assets	1,355,337,901	1,137,027,955	765,007,679
Current Liabilities	2,588,696,431	2,244,911,573	2,040,455,019
Debt	810,574,979	1,354,743,136	1,283,570,755
Shareholder equity	1,266,778,679	860,206,200	624,775,187

Ratio Analysis

Particulars	Year Ended 2074	Year Ended 2073	Year Ended 2072
Gross Profit Ratio	32%	30%	29%
Profit Before Tax Ratio	13%	10%	9%
Current Ratio	0.5	0.5	0.4
Debt Equity Ratio	0.6	1.6	2.1
Assets Turnover Ratio	0.9	1.1	1.1
Return on Equity	38%	32%	30%
Return on Total Assets	11%	7%	5%
Earning Per Share	399	229	154
Market Value Per Share	6,085	5,936	2,209
Price Earning Ratio	15.3	26.0	14.3
Net Worth Per Share	1,047	711	516

ADDITIONAL DISCLOSURES

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

Information to be disclosed in the Annual Report

1. **Report of the Board of Directors:**
Refer page no. 16 to 19 of this report.
2. **Auditor's Report**
Refer page no. 34 of this report.
3. **Audited Financial Reports**
Refer page no. 35 to 63 of this report.
4. **Legal Proceedings:**
No legal cases were filed by or against the company during this year.
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. Management's 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	Max. Price	Min. Price	Closing Price	No. of trades	Days of trading
Q1	NPR 9,999	NPR 4,831	NPR 5,300	265	40
Q2	NPR 5,280	NPR 4,000	NPR 4,144	1,118	15
Q3	NPR 4,088	NPR 3,382	NPR 4,010	2,137	15
Q4	NPR 7,453	NPR 3,891	NPR 6,085	18,336	44

6. Problems and Challenges

INTERNAL

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

EXTERNAL

1. Unstable socio-political environment.
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 (page no. 20 to 21) in this Annual Report.



FINANCIAL STATEMENT BOTTLERS NEPAL (TERAI) LIMITED 2073-74 (2016-17)

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDER OF BOTTLERS NEPAL (TERAI) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Bottlers Nepal (Terai) Limited (the "Company"), which comprise the statement of financial position as at 15 July 2017, and the statements of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

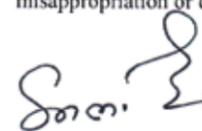
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bottlers Nepal (Terai) Limited as at 15 July 2017, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Companies Act 2063

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

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


Sanjeev Kumar Mishra
Partner

Kathmandu

6 November 2017

STATEMENT OF FINANCIAL POSITION

As at Ashad 31st, 2074 (July 15, 2017)

Figures in NPR

Particulars	Note No.	As at 31st Ashad 2074	As at 31st Ashad 2073
ASSETS			
Non-Current Assets			
Intangible Assets	3	72,275,237	1,826,145
Property, Plant and Equipment	4	2,776,232,218	2,611,062,810
Current Assets			
Inventories	6	858,816,554	855,254,369
Non Financial Current Assets			
Prepayments	7.1	19,327,718	20,950,521
Financial Assets			
Loans and advances	7.2	10,629,584	6,368,374
Other Current Assets	7.3	87,619,951	151,946,604
Trade receivables	8	69,389,872	81,679,220
Cash and cash equivalents	9	309,554,222	20,828,867
Total Assets		4,203,845,356	3,749,916,910
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	121,000,000	121,000,000
Reserve and Surplus	11	1,145,778,679	739,206,200
Non-current liabilities			
Retirement Benefit Obligation	12.2	306,985,198	236,365,920
Deferred Tax Liability	5.3	41,385,048	32,433,216
Financial Liabilities			
Borrowings	13.1	-	376,000,000
Current liabilities			
Financial Liabilities			
Borrowings	13.2	810,574,979	978,743,136
Trade payables	13.3	1,275,819,518	864,071,865
Other Financial Liabilities	14	502,301,934	402,096,573
Total Equity and Liabilities		4,203,845,356	3,749,916,910

Shukla Wassan
Chairperson

Debabrata Mukherjee
Director

Prasad Gyawali
Director

Gunjan Dhawan
Director

Gaurav Khosla
Director

Surendra Silwal
Director

Pramod Kumar Karki
Independent Director

Puneet Varshney
Chief Executive Officer

Sumit Goyal
Country Finance Manager

As per our attached report on even date

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

Place: Kathmandu, Nepal
Date: 20th Kartik 2074 (6th Nov 2017)

STATEMENT OF PROFIT OR LOSS

For the year ended 31st Ashad 2074 (July 15, 2017)

Figures in NPR

Particulars	Note No.	For the year 2073-74	For the year 2072-73
Revenue from operations	15	4,574,001,380	3,525,802,032
Cost of sales	16	(3,112,055,251)	(2,482,364,421)
Gross Profit		1,461,946,129	1,043,437,612
Other operating income	17	65,135,751	75,525,171
Selling and distribution expenses	18	(722,892,893)	(553,271,470)
Administrative and operating expenses	19	(154,290,384)	(118,751,280)
Profit from Operations		649,898,603	446,940,032
Finance Costs	20	(62,074,247)	(103,563,180)
Finance Income	21	1,482,023	205,349
Profit Before Tax		589,306,379	343,582,201
Income Tax Expense			
Current Tax	5.1	(88,351,068)	(50,528,436)
Deffered Tax	5.2	(18,332,602)	(16,345,372)
Net Profit for the year		482,622,709	276,708,392
Basic Earnings per share	22	399	229

Shukla Wassan
Chairperson

Debabrata Mukherjee
Director

Prasad Gyawali
Director

Gunjan Dhawan
Director

Gaurav Khosla
Director

Surendra Silwal
Director

Pramod Kumar Karki
Independent Director

Puneet Varshney
Chief Executive Officer

Sumit Goyal
Country Finance Manager

As per our attached report on even date

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

Place: Kathmandu, Nepal
Date: 20th Kartik 2074 (6th Nov 2017)

STATEMENT OF COMPREHENSIVE INCOME

As at Ashad 31st, 2074 (July 15, 2017)

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Net Profit for the year as per Statement of Profit or Loss	482,622,709	276,708,392
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes	(55,181,000)	(13,286,000)
Deffered Tax on Actuarial Gain		
Items that may be reclassified to Statement of Profit or Loss	9,380,770	2,258,620
Other comprehensive gain/(loss) for the year, net of tax	(45,800,230)	(11,027,380)
Total Comprehensive gain/(loss) for the year, net of tax	436,822,479	265,681,012

Shukla Wassan
Chairperson

Debabrata Mukherjee
Director

Prasad Gyawali
Director

Gunjan Dhawan
Director

Gaurav Khosla
Director

Surendra Silwal
Director

Pramod Kumar Karki
Independent Director

Puneet Varshney
Chief Executive Officer

Sumit Goyal
Country Finance Manager

As per our attached report on even date

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

Place: Kathmandu, Nepal
Date: 20th Kartik 2074 (6th Nov 2017)

STATEMENT OF CASH FLOW

As at Ashad 31st, 2074 (July 15, 2017)

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	589,306,379	343,582,201
Adjustments for non cash and non operating:		
Depreciation on property, plant and equipment	269,024,887	255,386,962
Amortization of Intangible Assets	7,816,357	714,111
Loss/ (gain) on sale/write off of property, plant and equipment	802,246	28,337,863
Finance income	(1,482,023)	(205,349)
Finance costs	62,074,247	103,563,180
Gain on sales proceeds from property, plant and equipment	(5,393,622)	(3,850,921)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	500,610,083	(35,181,823)
Increase / (Decrease) in provisions	15,438,163	26,508,919
Decrease / (Increase) in trade and other receivables	77,370,111	(35,549,557)
Decrease / (Increase) in loans and advances	(2,638,407)	(3,117,162)
Decrease / (Increase) in inventories	(3,562,185)	(340,807,785)
Cash generated from operations	1,509,366,235	339,380,639
Direct taxes paid (net of refunds)	(71,117,934)	(52,344,894)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	1,438,248,301	287,035,745
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, plant and Equipment	(434,996,530)	(234,867,416)
Purchase of Intangibles	(78,265,449)	(1,320,483)
Proceeds from sale of Property, Plant and Equipment	5,393,622	3,850,921
Interest Received	727,913	205,349
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(507,140,445)	(232,131,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(544,168,157)	71,172,381
Interest paid	(63,893,487)	(104,993,222)
Dividend paid	(34,320,855)	(30,353,961)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	(642,382,500)	(64,174,803)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	288,725,355	(9,270,686)
CASH AND CASH EQUIVALENTS, Beginning of Year	20,828,867	30,099,552
CASH AND CASH EQUIVALENTS, End of Period	309,554,222	20,828,867

Shukla Wassan Chairperson	Debabrata Mukherjee Director	Prasad Gyawali Director	Gunjan Dhawan Director	Gaurav Khosla Director
Surendra Silwal Director	Pramod Kumar Karki Independent Director	Puneet Varshney Chief Executive Officer	Sumit Goyal Country Finance Manager	

As per our attached report on even date

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

Place: Kathmandu, Nepal
Date: 20th Kartik 2074 (6th Nov 2017)

STATEMENT OF CHANGES IN EQUITY

As at Ashad 31st, 2074 (July 15, 2017)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
Balance at 31st Ashad 2073	121,000,000	952,000	738,254,200	860,206,200
Restated Balance	121,000,000	952,000	738,254,200	860,206,200
Profit for the year			482,622,709	482,622,709
Other comprehensive income			(45,800,230)	(45,800,230)
Dividends			(30,250,000)	(30,250,000)
Balance at 31st Ashad 2074	121,000,000	952,000	1,144,826,679	1,266,778,679

Shukla Wassan Chairperson	Debabrata Mukherjee Director	Prasad Gyawali Director	Gunjan Dhawan Director	Gaurav Khosla Director
Surendra Silwal Director	Pramod Kumar Karki Independent Director	Puneet Varshney Chief Executive Officer	Sumit Goyal Country Finance Manager	

As per our attached report on even date

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

Place: Kathmandu, Nepal
Date: 20th Kartik 2074 (6th Nov 2017)

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.

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

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 2074	15th July 2017
Current Reporting Period	1st Shrawan 2073 - 31st Ashad 2074	16th July 2016 - 15th July 2017
Comparative SFP* Date	31st Ashad 2073	15th July 2016
Comparative reporting period	1st Shrawan 2072 - 31st Ashad 2073	17th July 2015 - 15th July 2016

*Statement of Financial Position

2.7 Presentation currency

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

3. INTANGIBLE ASSETS

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 31st Ashad 2073	5,437,779	-	5,437,779
Additions	78,265,449	78,265,449	156,530,897
Disposals/Adjustments	-	(78,265,449)	(78,265,449)
Closing balance at 31st Ashad 2074	83,703,228	-	83,703,228
Accumulated Amortisation			
Opening balance at 31st Ashad 2073	3,611,634	-	3,611,634
Charge for the year	7,816,357	-	7,816,357
Disposals/Adjustments	-	-	-
Closing balance at 31st Ashad 2074	11,427,991	-	11,427,991
Balance at 31st Ashad 2074	72,275,237	-	72,275,237
Balance at 31st Ashad 2073	1,826,145	-	1,826,145

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 and expenses as and when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being greater than its recoverable amount, the assets is considered to be impaired and is written down immediately.

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

The company has made a provision for missing/obsolesce assets of 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 FAR.

4. PROPERTY PLANT AND EQUIPMENT

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Balance at 31st Ashad 2073	591,439,280	2,018,974,457	11,586,807	292,154,365	585,319,317	32,507,370	86,776,307	3,618,757,903
Adjustment (ReClassification)	1,168,375	9,923,584	6,940,941	-	-	(18,032,900)	-	-
Additions	50,101,559	71,432,705	6,270,709	117,662,901	215,608,843	1,038,064	434,996,530	897,111,312
Disposals/Adjustments	-	-	-	-	(70,349,552)	-	(462,114,782)	(532,464,334)
Balance at 31st Ashad 2074	642,709,215	2,100,330,746	24,798,457	409,817,266	730,578,608	15,512,533	59,658,055	3,983,404,881
Depreciation and impairment losses								
Balance at 31st Ashad 2073	49,207,359	489,621,069	7,992,301	115,952,096	320,331,223	24,591,046	-	1,007,695,093
Adjustment (ReClassification)	119,293	8,636,690	6,855,091	-	-	(15,611,075)	-	-
Charge for the year	15,710,744	133,134,837	2,513,736	38,815,271	76,407,384	2,442,915	-	269,024,876
Disposals/Adjustments	-	-	-	-	(69,547,306)	-	-	(69,547,306)
Balance at 31st Ashad 2074	65,037,396	631,392,595	17,361,128	154,767,367	327,191,301	11,422,886	-	1,207,172,663
Net Block								
Balance at 31st Ashad 2074	577,671,818	1,468,938,151	7,437,329	255,049,899	403,387,307	4,089,647	59,658,055	2,776,232,218
Balance at 31st Ashad 2073	542,231,921	1,529,353,389	3,594,506	176,202,269	264,988,094	7,916,324	86,776,307	2,611,062,810

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 of 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 FAR.

4.1 Depreciation

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

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.

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 works-in-progress. Equipment are capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used.

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Raw Water Tank	-	7,320,212
Borewell	-	984,000
Cooler	-	36,476,292
Palletizer	-	41,995,803
ETP Upgradation	15,193,213	-
DG Accessories	7,010,952	-
CIP	9,435,504	-
Laptops	380,000	-
Coolers	27,367,228	-
Shed	271,158	-
Total	59,658,055	86,776,307

5. INCOME TAXES

5.1 Current Income Tax

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Current tax on profits for the year	84,975,300	47,893,587
Differential Tax for Previous Years	3,375,768	2,634,850
Total	88,351,068	50,528,436

5.2 Deferred Taxes

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Origination and reversal of temporary differences	18,332,602	18,386,068
Effect of Change in Tax Rate	-	(2,040,696)
Total	18,332,602	16,345,372

5.3 Deferred tax Liability

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

FY : 73/74

Figures in NPR

Particulars	Carrying Amount	Tax Base	Tenprorary Diff
1 Property, Plant & Equipment	2,695,440,805	2,113,608,474	(581,832,331)
2 Provisions for Expenses	(341,447,559)	-	341,447,559
3 Intangible Assets	72,275,237	69,218,552	(3,056,685)
Total Amount			(243,441,457)
Tax Rate		17%	(41,385,048)
Opening Deferred tax Assets/(Liability)			(32,433,216)
Deferred tax provision recognized in profit or loss			(8,951,832)
Closing Deferred tax Assets/(Liability)			(41,385,048)
Charge/(Credit) to OCI			(9,380,770)
Charge/(Credit) to PL			18,332,602

FY : 72/73

Figures in NPR

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

5.4 Reconciliation

Reconciliation of tax profit and the accounting profit: -

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Accounting profit before income tax	589,306,378	343,582,201
Adjustments as per Income Tax Act 2058	(89,451,674)	(77,506,719)
Total Profit as per Income Tax	499,854,704	266,075,482
Tax Rate	17%	18%
Total Profit as per Income Tax	84,975,300	47,893,587

6. INVENTORIES

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Raw materials	560,035,700	604,803,739
Work-in-process	4,987,466	589,550
Finished goods	100,429,490	94,861,891
Consumables	193,363,898	154,999,189
Total	858,816,554	855,254,369

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.

7. OTHER ASSETS

7.1 Prepayments

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

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Prepaid Expenses	19,327,718	20,950,521
Total	19,327,718	20,950,521

7.2 Advances

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Capital Advances	9,542,092	1,033,600
Advances to Employees	1,087,492	5,334,774
Total	10,629,584	6,368,374

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

7.3 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Security Deposits	108,300	108,300
Advance to suppliers	12,368,939	109,648,628
Advances to Employees:	4,416,014	2,384,912
Balances with statutory/government authorities	40,964,000	13,948,000
VAT Receivable	29,762,699	16,306,038
Advance Income Tax	-	9,550,726
Total	87,619,951	151,946,604

Financial Instruments: Financial Assets

Financial asset is any asset that is:

- cash
- an equity instrument of another entity;
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - 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
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

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

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

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

Risks associated with Financial Instrument- Financial Assets

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

8. TRADE RECEIVABLE

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Trade receivables		
Secured, considered good	55,252,626	71,484,124
Unsecured considered good	13,157,968	7,246,425
Receivables from other related parties	-	2,296,802
Interest Receivable	754,110	-
Other receivables	225,169	651,869
Total	69,389,872	81,679,220

Bank overdrafts are secured against all receivables.

8.1 Trade Receivables

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

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

8.2 Other Receivables

Other receivables are receivable from insurance companies against unsettled claims.

8.3 Related Parties Transaction

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

8.4 Impairment

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

9. CASH AND CASH EQUIVALENT

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Balances with Banks		
- On current accounts	39,340,287	20,636,202
- Deposits accounts	270,000,000	-
Cash on hand	213,935	192,665
Total	309,554,222	20,828,867
Balances with banks comprises of amount held by the banks as margin money deposits against Letter of Credits	258,156	-
Balances with banks comprises of amount held as Fixed Deposit	270,000,000	-

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.

10. SHARE CAPITAL

Particulars	As at 31st Ashad 2074		As at 31st Ashad 2073	
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	31,210,000	3,121,000,000	31,210,000	3,121,000,000
Issued and Fully paid				
Ordinary shares of Rs. 100 each	1,210,000	121,000,000	1,210,000	121,000,000
At the beginning of the year	1,210,000	121,000,000	1,210,000	121,000,000
At the end of the year	1,210,000	121,000,000	1,210,000	121,000,000

The shareholding pattern on the Company is as follows

Shareholder Category	As at 31st Ashad 2074		As at 31st Ashad 2073	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottler's Nepal Limited	1,098,472	90.78%	1,098,472	90.78%
Other Shareholders	111,528	9.22%	111,528	9.22%
Total	1,210,000	100.00%	1,210,000	100.00%

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

11. RESERVE AND SURPLUS

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Share Premium	952,000	952,000
Retained earnings (As per Statement of Changes in Equity)	1,144,826,679	738,254,200
Total	1,145,778,679	739,206,200

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

i) Premium of Rs. 20 each on 47,600 ordinary shares;

12. EMPLOYEE BENEFITS

12.1 Current Employment Benefits

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Salaries, wages and other employee cost		
Cost of sales	265,877,882	212,408,628
Selling and distribution expenses	127,623,048	95,689,928
Administrative and operating expenses	42,826,714	42,702,973
Defined Contribution Plan Expenses		
Cost of sales	3,494,051	3,272,424
Selling and distribution expenses	1,521,772	1,306,704
Administrative and operating expenses	228,854	172,582
Defined Benefit Plan Cost		
Cost of sales	18,868,896	24,296,903
Selling and distribution expenses	9,955,348	4,684,589
Administrative and operating expenses	7,422,011	6,200,766
Total Employee Cost for the Period	477,818,575	390,735,497

12.2 Post-Employment Benefits

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

2073-74

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	152,532,145	7,193,042	76,640,732	236,365,920
Current Service cost	9,826,000	885,000	7,734,255	18,445,255
Interest Charge	11,684,000	567,000	5,550,000	17,801,000
Paid	(12,953,424)	(218,725)	(7,635,828)	(20,807,977)
Actuarial (gain)/ loss during the year (recognised in OCI)	19,146,000	1,960,000	34,075,000	55,181,000
Closing Liability	180,234,721	10,386,317	116,364,159	306,985,198
Charge for the period to SoPL	21,510,000	1,452,000	13,284,255	36,246,255
Charge to SoCI	19,146,000	1,960,000	34,075,000	55,181,000

2072-73

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	142,957,189	6,948,322	46,665,490	196,571,001
Current Service cost	9,535,000	859,000	9,408,258	19,802,258
Interest Charge	11,240,000	533,000	3,607,000	15,380,000
Paid	(4,922,044)	(567,280)	(3,184,016)	(8,673,340)
Actuarial (gain)/ loss during the year (recognised in OCI)	(6,278,000)	(580,000)	20,144,000	13,286,000
Closing Liability	152,532,145	7,193,042	76,640,732	236,365,920
Charge for the period to SoPL	20,775,000	1,392,000	13,015,258	35,182,258
Charge to SoCI	(6,278,000)	(580,000)	20,144,000	13,286,000

12.3 Defined Plan Benefit

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

12.3.1 Gratuity

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

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

This is in compliance with applicable legal requirements.

12.3.2 Leave Encashment

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

12.3.3 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 17 yrs. compulsory retirement or 20 years of completion of service for withdrawal and gold coin at compulsory retirement. Other retirement benefits have been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long term obligations at the end of each reporting period.

12.3.4 Sensitivity Analysis

Figures in NPR

Particulars	Gratuity	Retirement Benefits	Sick Leave
Effect on DBO due to 0.5% increase in discount rate	(5,040,000)	(3,947,000)	(403,000)
Effect on DBO due to 0.5% decrease in discount rate	5,357,000	4,249,000	434,000
Effect on DBO due to 0.5% increase in salary escalation rate	4,791,000	3,870,000	398,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(4,555,500)	(3,635,000)	(373,000)

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.

12.3.5 Actuarial Assumptions

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Financial Assumptions		
Discount rate (%)	7.50%	8.00%
Salary escalation rate	10.00%	10.00%
Expected return on Plan Assets	Nil	Nil
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years
Demographic Assumptions		
Mortality	In accordance with the standard table, Indian Assured Lives Mortality (2006-2008) (modified) Ultimate Rates 3.50%	In accordance with the standard table, Indian Assured Lives Mortality (2006-2008) (modified) Ultimate Rates 3.50%
Withdrawal rate		

12.3.6 Defined Benefit Plan Assets

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

12.4 Defined Contribution Plan

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

13. FINANCIAL INSTRUMENTS - FINANCIAL LIABILITIES

A financial liability is any liability that is:

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

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

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

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

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

13.1 Non-Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2074	As at 31st Ashad 2073
Term Loan From Bank Secured bank loan	7.25%		-	376,000,000
Total			-	376,000,000

13.2 Current Borrowings

Figures in NPR

Particulars	Rate of Interest (%)	Maturity	As at 31st Ashad 2074	As at 31st Ashad 2073
Bank overdrafts Secured bank loan	7.25% 7.25%	On demand	434,574,979 376,000,000	479,743,136 499,000,000
Total			810,574,979	978,743,136

Short term bank overdraft carries interest at the rate 6.00 % to 7.25% p.a. during the year and repayable on demand.

Bank overdrafts are secured against all movable properties/current assets including inventory stocks & trade receivables were as Term Loan has been secured against immovable properties, with Standard Chartered Bank Limited, Nepal.

**Secured Bank Loan carries interest at the rate 7.25% p.a. during the year & repayable on due date. (19th Nov 2017: NPR 18,20,00,000 and 30th Nov 2017: NPR 19,40,00,000).

13.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Trade Payable	702,780,635	501,702,775
Trade Payable to related parties (Note 27.2)	573,038,883	362,369,090
Total	1,275,819,518	864,071,865

Risks associated with Financial Instrument- Financial Liabilities

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

14. OTHER FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Interest payables	1,620,424	3,439,664
Container deposit liability	404,540,922	348,098,993
Corporate Social Responsibility	6,962,093	-
Trade Deposits	1,759,430	1,759,430
Advance received from distributors	12,772,126	11,213,619
Employee related accruals	826,892	-
Dividend payable	-	4,070,855
Statutory dues payable	59,782,419	27,158,791
Advance against unsettled Claims	6,355,221	6,355,221
Income tax payable	7,682,408	-
Total	502,301,934	402,096,573

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.

Changes in provision

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

15. REVENUE

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Sale of goods	5,106,141,738	3,840,979,040
Less: Discount	(532,140,358)	(315,177,008)
Total	4,574,001,380	3,525,802,032

15.1 Sale of Goods

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

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

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

16. COST OF SALES

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Material consumed		
Raw materials		
At 1st Shrawan	604,803,739	353,707,096
Purchase	2,369,752,842	2,129,171,771
Less: Transfer to Bottlers Nepal Ltd.	(4,483,360)	(5,230,917)
At 31st Ashad	(560,035,700)	(604,803,739)
Raw material consumed total	2,410,037,520	1,872,844,212
Work in process		
At 1st Shrawan	589,550	828,445
At 31st Ashad	(4,987,466)	(589,550)
Net change in work-in-process	(4,397,917)	238,896
Production and manufacturing overheads	711,983,246	665,816,007
Finished goods stock		
At 1st Shrawan	94,861,891	38,327,198
At 31st Ashad	(100,429,490)	(94,861,891)
Net change in finished goods stock	(5,567,599)	(56,534,694)
Cost of sales	3,112,055,251	2,482,364,421

16.1 Production and manufacturing overheads

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Salaries, wages and other employee cost	265,877,882	212,408,628
Sick Leave	913,000	894,000
Provident fund	3,494,051	3,272,424
Gratuity	15,152,000	14,803,000
Other retirement benefits	2,803,896	8,599,903
Travel and transport costs	5,699,880	4,876,695
Repair and maintainence	70,721,874	71,368,740
Communication expenses	84,281	287,864
Consumables	34,841,183	30,415,362
Loss on sale/write off of Property plant equipment (net)	(4,591,376)	(927,439)
Stock Adjustment	2,999,396	8,078,864
Office expenses	8,565,899	4,649,775
Power & Fuel	97,500,633	81,981,227
Legal and other professional fees	1,683,698	1,060,644
Depreciation on property, plant and equipment	222,652,406	218,690,984
Amortization of Intangible Assets	2,735,725	249,939
Testing & Sampling	1,870,919	4,645,753
Exchange Gain/Loss	(21,022,101)	459,644
Total	711,983,246	665,816,007

17. OTHER OPERATING INCOME

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Product transfer fee	53,294,183	67,093,934
Sale of Scrap	10,784,047	8,042,518
Miscellaneous Income	1,057,521	388,719
Total	65,135,751	75,525,171

17.1 Product Transfer Fee

The Company and Bottlers Nepal Ltd, its Parent Company, can sell their products in their respective market territories only. In respect of sales made by the Company and its 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.

17.2 Sale of Scrap

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

17.3 Miscellaneous Income

Income includes charges recovered from customer on account of handling loss of Glass Bottles. NPR 5,06,927 pertaining to customer deposit liability write-back was adjusted to miscellaneous income in previous year.

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

18. SELLING AND DISTRIBUTION EXPENSES

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Salaries, wages and other employee cost	127,623,048	95,689,928
Sick Leave	239,000	214,000
Provident fund	1,521,772	1,306,704
Gratuity	3,060,000	2,641,000
Other retirement benefits	6,656,348	1,829,589
Travel and transport costs	10,904,504	6,734,117
Office expenses	2,623,155	3,944,925
Repair and maintainence	11,405,732	12,078,320
Communication expenses	601,726	716,427
Utilities	24,144,185	12,725,561
Freight Charges	294,530,231	236,776,293
Liquid leakages and damages	101,070,560	52,364,828
Sales promotion expenses	35,433,581	29,318,015
Other miscellaneous expenses	23,279,369	14,877,579
Depreciation on property, plant and equipment	40,466,887	31,936,950
Amortization of Intangible Assets	4,689,814	428,467
Loss on sale/write off of Property plant equipment (net)	-	24,999,712
Product transfer fees	34,642,981	24,689,055
Total	722,892,893	553,271,470

19. ADMINISTRATIVE AND OPERATING EXPENSES

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Salaries, wages and other employee cost	42,826,714	42,702,973
Sick Leave	300,000	284,000
Provident fund	228,854	172,582
Gratuity	3,298,000	3,331,000
Other retirement benefits	3,824,011	2,585,766
Travel and transport costs	13,541,984	8,244,872
Office expenses	25,825,542	22,280,293
Repair and maintainence	3,076,064	2,811,949
Bank charges	3,299,750	2,632,406
Audit fees	300,000	300,000
Legal and other professional fees	4,850,930	3,977,944
Communication expenses	27,139,384	14,280,807
Utilities	2,444,441	3,857,375
Depreciation on property, plant and equipment	5,905,657	4,759,028
Amortization of Intangible Assets	390,818	35,706
Loss on sale/write off of Property plant equipment (net)	-	414,674
Corporate Social Responsibility	6,962,093	-
Public Affairs and Communication (PAC) expenses	2,400,410	88,525
Security Expenses	7,442,562	5,517,875
Board and AGM expenses	119,000	121,500
Other miscellaneous expenses	114,170	352,006
Total	154,290,384	118,751,280

19.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Statutory Audit Fee	300,000	300,000
Other Allowances	416,000	392,500
Total	716,000	692,500

20. FINANCE COST

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

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Interest on Overdraft	18,031,693	24,849,271
Interest on Term Loan	44,042,554	78,713,909
Total	62,074,247	103,563,180

Mismatched with Letter, to be checked.

21. FINANCE INCOME

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Interest income	1,482,023	205,349
Total	1,482,023	205,349

21.1 Interest Income

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

22. EARNINGS PER SHARE

Figures in NPR

Particulars	For the year 2073-74	For the year 2072-73
Numerator		
Profit for the year and earnings used in basic EPS	482,622,709	276,708,392
Earnings used in Basic and diluted EPS		
Denominator		
Weighted average number of shares used in basic EPS	1,210,000	1,210,000
Basic and diluted earnings per share	399	229

Basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the company for the period by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares. Number of shares have not changed over the reported periods. There are no potential ordinary shares that would dilute basic earnings per share, hence diluted EPS is same as basic EPS

23. DIVIDEND PAID AND PROPOSED

Figures in NPR

Particulars	As at 31st Ashad 2074	As at 31st Ashad 2073
Declared and paid during the year:		
Dividends on ordinary shares: Final dividend for 2072-73: Rs. 25 per share for 71-72: Rs 25 Per Share	30,250,000	30,250,000
Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):		
Dividends on ordinary shares:		
2072-73: Rs 25 per Share	30,250,000	30,250,000
2073-74: Rs 25 per Share	-	-

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

24.1 Contingent Liabilities

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

24.2 Corporate Tax Matters

- 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
Income-Tax	5,393,862	14,164	5,379,697
TDS	4,510,857	255,194	4,255,663
VAT	20,397,706	12,172,084	8,225,621

- LTO assessed the income tax, TDS and VAT liabilities of the company for 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
Income-Tax	11,469,425	-	11,469,425
TDS	24,018,811	121,490	23,897,321
VAT	3,869,900	-	3,869,900

- iii. LTO assessed the income tax, TDS and VAT liabilities of the company for 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
Income-Tax	30,782,794	238,286	30,544,508
TDS	39,993,762	100,687	39,893,075
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
Income-Tax	66,361,558	-	66,361,558
TDS	75,154,450	123,929	75,030,521
VAT	26,523	26,523	-

24.2.1 Commitment

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

At the end of Current FY 2073/74, the Company had capital commitments of NPR 43,614,442 (Previous FY 2072/73 NPR 39,068,171) relating to various small projects.

25. INTERIM REPORTING

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

26. SEGMENT REPORTING

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

27. RELATED PARTY TRANSACTIONS

Relationship

The Company identified related parties on the following lines

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

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

27.1 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	15,191,167	16,742,875	4,065,822
Total	15,191,167	16,877,875	4,065,822

Additional Information

- a) Key management personnel include 5 expatriate staffs including CEO.
- b) Key management personnel are also provided with following benefits:
 - i) All Manager of the Company are provided vehicle allowance as per Company Policy
 - ii) Furnished apartments are provided to all expatriate staffs.
 - iii) Performance bonus based on individual, overall Country and Division performance.
- c) Remuneration is net of 35% which have been borne by Bottlers Nepal Limited till December 2016. Other costs are net of the 50% which have been borne by Bottlers Nepal Limited till December 2016.
- d) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans excluding expatriates staff (i.e. gratuity and other retirement benefits) and leave encashment are provided on an actuarial basis for the Company as a whole, so the amounts pertaining to the key management personnel are not included above.

27.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the year 2073-74	For the year 2072-73
Sale to related parties		
Sale of various materials to Bottlers Nepal Limited	4,483,360	5,230,917
Purchases from related parties		
Purchase of various materials from Bottlers Nepal Limited	-	5,328,478
Purchase of concentrate from Atlantic Industries	923,601,509	771,238,753
Product transfer fee		
Received from Bottlers Nepal Limited	53,294,183	67,093,934
Paid to Bottlers Nepal Limited	34,642,981	24,689,053
Management Fee Paid to Bottlers Nepal Limited	62,221,803	-
Dividend paid to Bottlers Nepal Limited	27,461,800	27,461,800
Bad Debts Recognised in respect of Receivables from Related Parties		
- Atlantic Industries-other related party	-	-
Amounts owed by related parties		
Bottlers Nepal Limited-parent Company	-	2,296,808
Troika Traders Pvt. Ltd.-Other related party	-	-
Amounts owed to related parties		
Bottlers Nepal Limited-parent Company	45,206,992	-
Troika Traders Pvt. Ltd.-Other related party	9,839,329	3,789,457
Atlantic Industries-other related party	517,992,563	358,579,633

Terms and conditions of transactions with related parties

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

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

28.1 Market risk

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

28.1.1 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.

28.1.2 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.

28.1.3 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.

28.2 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.

28.2.1 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.

28.2.2 Cash deposits

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

28.3 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.

Shukla Wassan
Chairperson

Debabrata Mukherjee
Director

Prasad Gyawali
Director

Gunjan Dhawan
Director

Gaurav Khosla
Director

Surendra Silwal
Director

Pramod Kumar Karki
Independent Director

Puneet Varshney
Chief Executive Officer

Sumit Goyal
Country Finance Manager

As per our attached report on even date

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

Place: Kathmandu, Nepal
Date: 20th Kartik 2074 (6th Nov 2017)

Coca-Cola BOTTLEDERS NEPAL
(TERAI) LIMITED
(Authorized Bottler of The Coca-Cola Company)

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