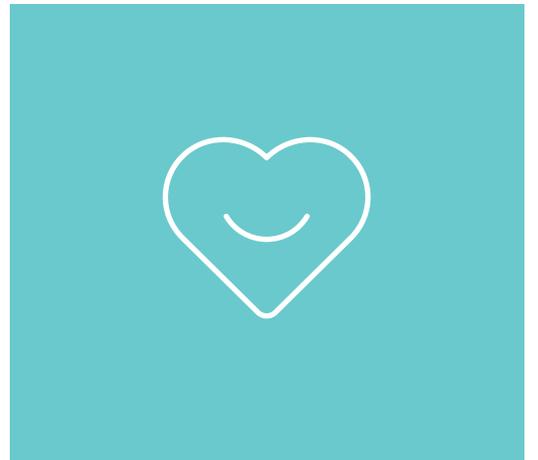




Coca-Cola BOTTLEERS NEPAL LIMITED
ANNUAL
REPORT 2020-2021
त्रिचालिसौं वार्षिक प्रतिवेदन २०७७-२०७८





"The challenges posed by the pandemic have emphasized the true value of identifying business strengths and weaknesses as well as recognizing and mitigating risks and challenges. We took this as an opportunity to look into creative digital solutions so that we could continue to function remotely and continue to serve our consumers and keep our employees safe. We are proud that as a team, we doubled down our strength during the toughest times. Given the current scenario, the pandemic has given rise to a "New Reality". While we collectively try to overcome this challenge and come to terms with the "New Reality", we will remain guided by our purpose, to refresh the world and make a difference."

Pradip Pandey
Managing Director

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SUBSIDIARIES

- Bottlers Nepal (Terai) Limited
- Troika Traders Private Limited

VISION



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

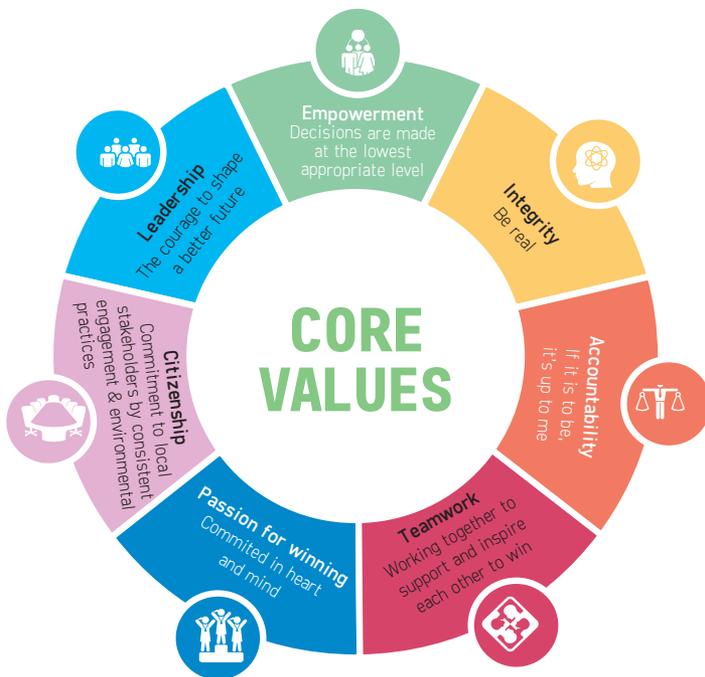
MISSION



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

STRATEGIC GOALS OF THE COMPANY

- Strategic Goals plays vital role for Bottlers Nepal Limited to become an Industry Leader and achieve excellency in various areas.
- Proactively monitor internal and external environmental changes, to acclimatize to the evolving business environment.
- Develop employees as an asset through competency assessment and capability development and provide our people with opportunities to pick right roles and path for their career growth, for ultimate growth of the Company.
- Driving the business forward by continually developing a QSE culture across the organization.
- Relentless effort to drive strong financial growth destined on reasonable return on investment maximizing better use of financial and operational assets and optimum resources utilization through zero based budgeting and workings (ZBW).
- Effective monitoring of market areas and try to respond quickly for business need ahead of Industry Speed.
- Develop cost effective distribution models for upcountry areas.
- Improve the business operation or increase productivity through world standard practices and procedures and also in line with Law of Land, and automation of various processes through latest IT tools at Company Side and also direct stakeholders side; i.e. distributors.
- Contribute to the Nation's socioeconomic development through our local approach to hiring, manufacturing, distribution and sourcing, and through the impact of our sustainability initiatives.



ETHICAL PRINCIPLES

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

COMPANY PROFILE

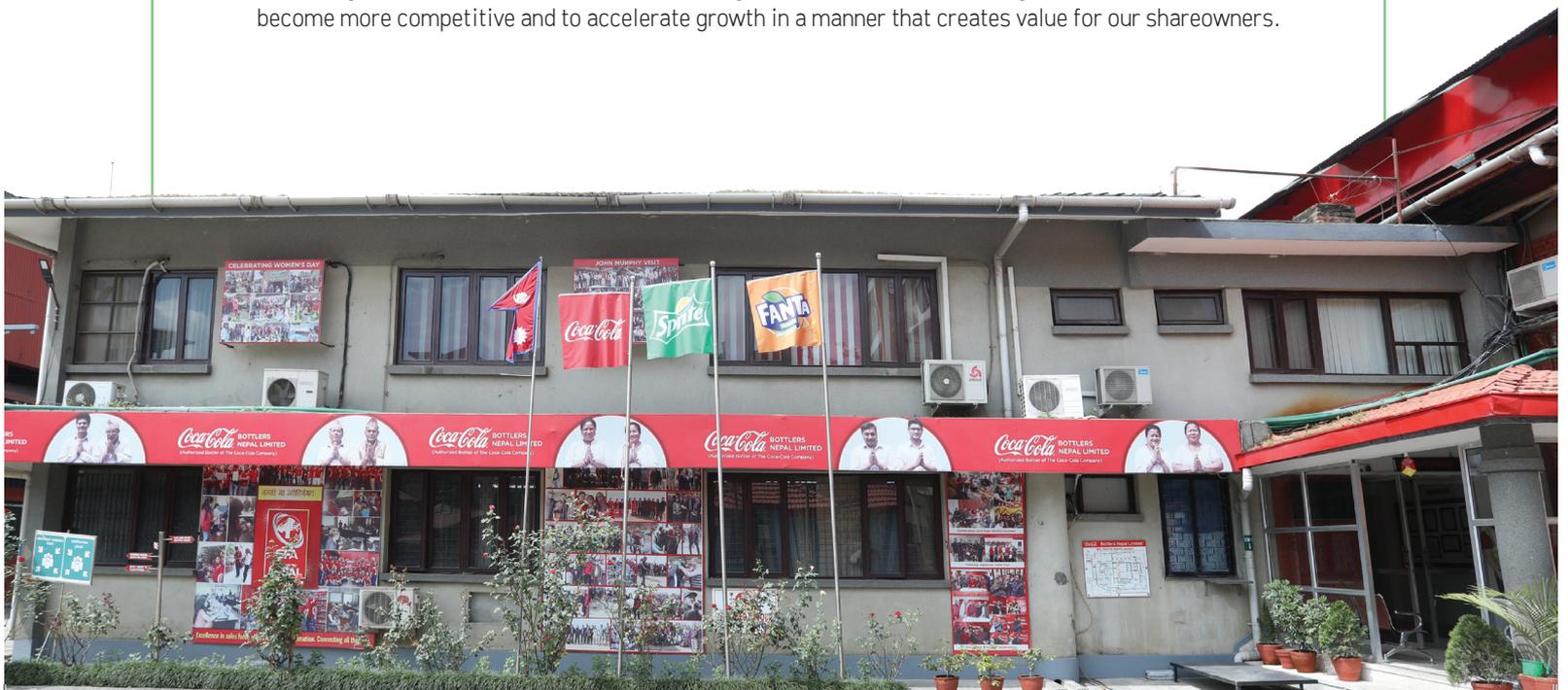
Bottlers Nepal Limited (hereinafter referred to as the “Company” or “BNL”) is a Public Limited Company, with operations spanning over 43 years. The shares of the Company are listed with the Nepal Stock Exchange Limited (NEPSE), and the majority of its shares are held by M/s Coca-Cola Southwest Asia Holdings Limited, [Formerly known as Coca-Cola SABCO (Asia) Limited].

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

For over 43 years, Bottlers Nepal Limited and its subsidiaries has built success on a profound understanding of demand of the consumers. That success is based on a continuous, compelling strategy that leads to sustainable value creation. It is also based on ability to change and adapt. 2077/78 was no exception. High standards of Corporate Governance, strong technical credentials, prudent risk management approach, a culture of dedication and a strong distribution network have been the key driving forces of the Group. The Group is considered as one of the most prestigious multinational companies in Nepal.

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

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





We Represent

A leading bottler

Your Company is the authorized bottler of “The Coca-Cola Company” (“TCCC”), in Nepal and sells more than 23 MM unit cases annually.

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

Capability to execute in the market

Building and maintaining a successful partnership with our customers, is critical to our success. By working with customers to satisfy consumer needs and maximise demand for our products, your company helps grow its business

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

Leading brands and a diverse portfolio of beverages

Your Company produces, sells and distributes the world’s most recognised beverage brands. Coca-Cola® Sprite®, Fanta®, Coke-Zero®, and Kinley® are some of the world’s best-selling non-alcoholic ready-to-drink beverages.

A sustainable business

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

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

Lean manufacturing footprint

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

Our Response to COVID - 19

Throughout our history, Bottlers Nepal Limited has persevered through turbulent times—emerging stronger from natural disasters, economic crises and more. As COVID-19 spread in 2077-78, we mobilized quickly to safeguard the health and well-being of our employees; maintain the continuity and safety of our beverage production and delivery operations; ensure resiliency of our supply chain (including supporting suppliers); assist customers; and support communities. We also pivoted our operations, commercial strategies and innovation priorities to meet fast-changing market dynamics, all while advancing our sustainability goals.



Our People

The safety and health of our people is always a top priority. We closely followed guidance from health authorities to protect our employees across office, production, distribution and retail facilities. Our production and distribution facilities continued to operate with significant safety adjustments, such as expanded cleaning and sanitization routines, reductions in person-to-person interactions and requirements for personal protective equipment (PPE).

Assisting Customers

We collaborated with retail and food service customers to weather the impact of the crisis and adapt to changing shopper behaviors, helping grocery stores meet elevated demand and supporting restaurants as they switched to takeout and delivery models. Lockdowns triggered a digital buying boom in 2077/78. To support the surge in e-commerce, we concentrated on package sizes that are fit-for-purpose for online sales; boosted investment in digital promotions; increased in-app visibility with e-delivery grocers; and piloted digitally enabled fulfillment methods to manage orders and deliveries.

Supporting Communities

As efforts accelerate nationwide to provide relief from the devastation of the second wave of the coronavirus, The Coca-Cola Foundation committed NPR 2.4 crores to help the nation by supporting communities at large through interventions in vaccination drives, providing safety relief materials (e.g., PPEs, mask, gloves sanitizers, etc) and awareness efforts to promote vaccination and sanitation practices, throughout the nation. In addition to that, The Coca-Cola Foundation is also supporting to set up an oxygen generating unit in a Public Hospital in Nepal to help the country overcome the worsening health crisis due to the second wave of the coronavirus pandemic.

Contactless Innovations

Safety and hygiene concerns fueled contactless innovations, including the nationwide rollout of integrated order taking system from Whatsapp.

Board of Directors



Ms. Shukla Wassan

(Chairperson)

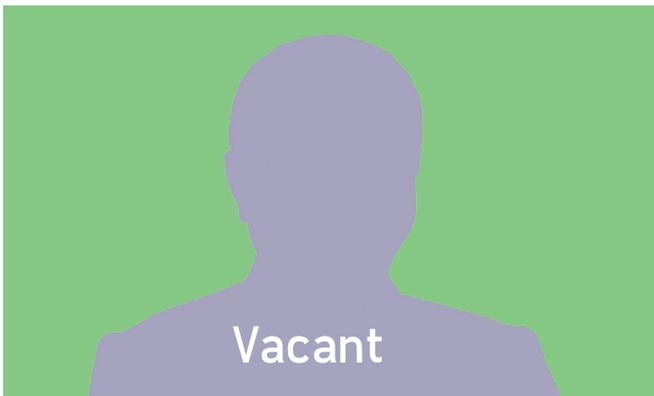
Ms. Wassan is FCS (Fellow Company Secretary) from the Institute of Company Secretaries of India, LL.B., B. Com (Hons) with a total experience of over 38 years. She has been a Director and Chairperson of the Company since December 2, 2014. She is also a Chairperson in Bottlers Nepal (Terai) Limited, its subsidiary Company.



Mr. Mohamed Amin Ghoneim ^{1,2,3}

(Director)

Mr. Ghoneim holds a Bachelor of Commerce in Accounting with a total experience of over 29 years. He has been nominated as a Director & Chairman of the Audit Committee of the Company with effect from July 2, 2019. He is also a Director in Bottlers Nepal (Terai) Limited, its subsidiary Company.



(Independent Director)



Mr. Narmadeshwar Narayan Singh

(Director)

Mr Singh holds the degree of Master of Arts in Political Science from India with a total experience of over 49 years. He was appointed as a Director of the Company from December 11, 2013 and re-appointed as the Director of the Company since December 11, 2017.

1. Audit Committee
2. Risk Management Committee
3. Property and Liability Committee

**Mr. Pradip Pandey**

(Managing Director)

Mr. Pandey holds a Bachelor's Degree of Science with a total experience of over 28 years. He has been appointed as Managing Director of the Company w.e.f. September 1, 2018. He is the Chief Executive Officer in Bottlers Nepal (Terai) Limited, its subsidiary company.

**Mr. Melvin Tan Chun Pin** ^{1,3}

(Director)

Mr. Melvin holds Bachelor of Arts and two Honors in Accountancy and Financing Management with experience over 21 years. He is the Director of the Company since April 9, 2020. He is also a Director in Bottlers Nepal (Terai) Limited, its subsidiary Company.

**Mr. Surendra Silwal** ^{1,2,3}

(Director)

Mr. Silwal holds a Master's in Business Administration with a total experience of over 25 years in various Companies. He was appointed as a Director of the Company from June 27, 2017. Earlier, he was an Alternate Director to Mr. Soren Lauridsen since September 14, 2012. He is also a Director in Bottlers Nepal (Terai) Limited, its subsidiary Company.

MANAGEMENT COMMITTEE



PRADIP PANDEY
(Managing Director)



HARI SHARMA NEUPANE
(Country Human Resource Director)



ABHISHEK SINGH
(Country Commercial Director)



K. DURAI MURUGAN
(Country Supply Chain Director)



RAJEEV TANDON
(Country Finance Director)



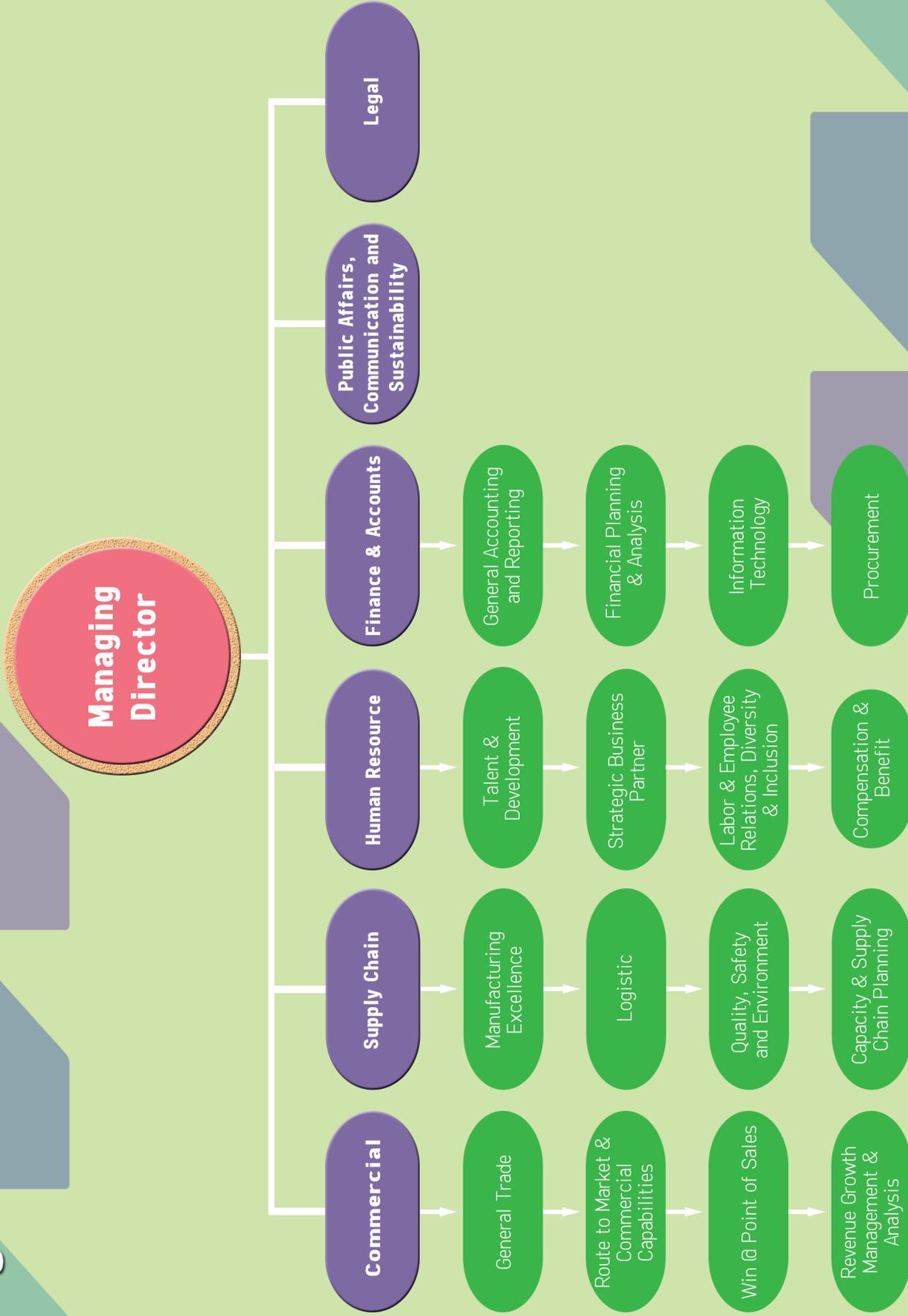
DILLI RAM SHRESTHA
(Country Legal Director)



(Country Public Affairs,
Communication &
Sustainability Director)

The overall Company Management is led by Managing Director and Country Leadership Team.

Organizational Structure



Note: 1. This Organizational Structure keeps evolving based on organizational strategies and needs.



Message from Chairperson

Dear Shareholders,

It is an honor and a privilege to present this 43rd Annual Report to our valued shareholders. COVID-19 is still casting a dark shadow since the year 2076/77. On behalf of the Board, let me start by saying that our thoughts goes out to all those who have suffered from the effects of this terrible pandemic. Equally, we remain deeply thankful to all the front-line workers - including those in our business who have worked tirelessly to help keep others safe and our economy moving forward.

The emergence of the third and more devastating wave of the pandemic in March 2021 tested the character of the organization all over again. As we stayed true towards our purpose, while working tirelessly towards serving all our stakeholders, the health and safety of our employees remained paramount. Your Company rolled out a series of initiatives across the operations to prevent the spread of infection within and outside the organization. Details of our various initiatives towards fighting the pandemic have been shared in the Corporate Social Responsibility and Sustainability Efforts section of this report.

Despite the inevitable and widespread disruption due to Pandemic, your Company responded with commendable resilience and ingenuity, delivering a good set of results in very challenging circumstances. With the hard work and dedication of our team, we have ensured to safely produce and deliver our products to the Stores and Communities during such difficult times. FY 2077-78 was an encouraging year with 21% increase in Gross Sales Revenue and 874% increase net profit versus our previous years performance. The Company showed a high degree of flexibility and engagement, adapting to the changing environment and operating conditions. Your Company had quickly reopened their operations after the initial shutdown and remained focused on strategic development of core businesses. That said, your Company is now better prepared to handle the pandemic as compared to last year. Your Company is also applying learnings from last year on streamlining the

supply chain to ensure minimal disruption in availability of our products. While this remains a evolving situation, your factories continue to operate on a relatively normal basis. I am confident that Bottlers Nepal Limited is well positioned to meet the challenges ahead and generate sustainable long-term growth.

Even though business conditions are expected to remain tough and volatile and we will be living with the effects of Covid-19 for some time to come, the Company has already shown it has the ability to withstand shocks and to emerge stronger. With its powerful category and brand portfolio, enviable position in the growth markets of the future, and recognised leadership in sustainable business, Bottlers Nepal Limited has exhibited enduring and unrivalled strengths.

Combined with its strong leadership team and outstanding workforce, I am confident that your Company is well-placed to continue to deliver competitive returns while meeting the needs of its multiple - and highly valued - stakeholders.

I would like to take this opportunity to thank all our colleagues once again. Bottlers Nepal's resilience in these challenging times is a testament to their dedication and commitment. I would also like to thank my fellow directors for their valuable guidance and support to the business.

In closing, I thank all our shareholders, investors, business associates, government authorities and consumers for the trust and confidence they have placed upon us. I look forward to your support in our endeavour to continue delivering value for all our stakeholders over the coming years.

Stay Safe. Stay Healthy.
Warm regards,


Shukla Wassan

Date: 30th November, 2021

Performance Highlights



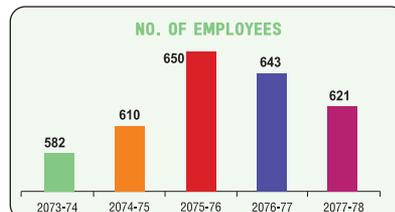
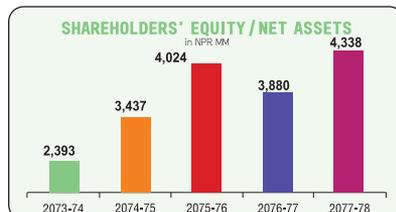
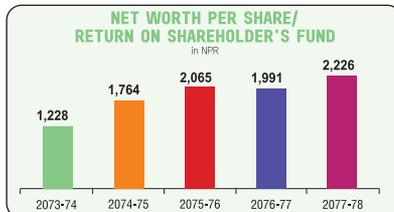
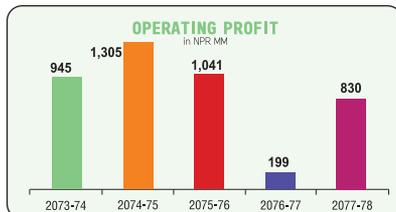
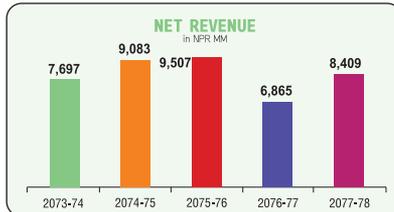
NET REVENUE
2077/78
Rs. 8,409 MM
2076/77 Rs. 6,865 MM
↑ 22%

PROFIT BEFORE TAX
2077/78
Rs. 594 MM
2076/77 Rs. (34) MM
↑ 1841%

PROFIT AFTER TAX
2077/78
Rs. 479 MM
2076/77 Rs. (62) MM
↑ 874%

EPS-BNL
2077/78
Rs. 31
2076/77 Rs. (9)
↑ 469%

EPS-BNTL
2077/78
Rs. 350
2076/77 Rs. 5
↑ 7427%



Financial Analysis

Figures in NPR

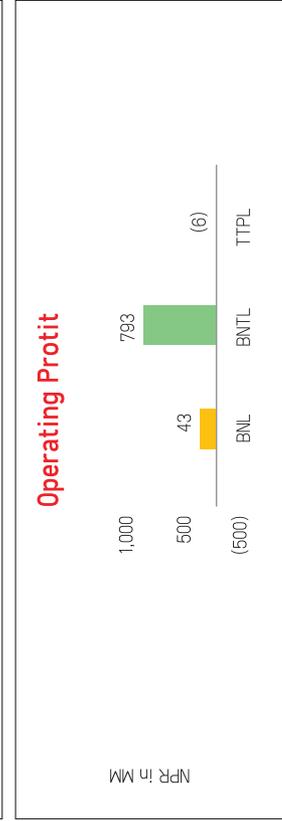
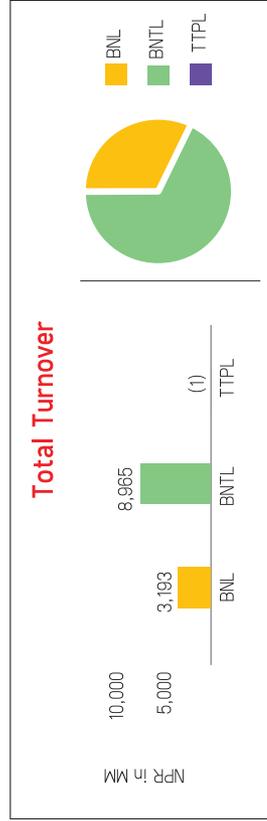
Profit or Loss Items					
Particulars	For the year 2077-78	For the year 2076-77	For the year 2075-76	For the year 2074-75	For the year 2073-74
Revenue	8,409,232,601	6,865,166,384	9,506,740,405	9,083,454,385	7,696,782,805
Gross Profit	2,474,342,812	1,770,360,293	3,009,264,240	3,160,682,807	2,400,690,761
Earning before Interest, Depreciation and Tax (EBIDT)	1,654,621,173	1,001,559,740	1,703,081,624	1,812,429,149	1,390,921,733
Operating Profit	829,623,995	199,127,567	1,040,797,909	1,304,683,191	945,314,406
Profit Before Tax	593,845,262	(34,104,755)	1,022,883,823	1,308,575,851	882,207,159
Profit After Tax	478,928,403	(61,854,742)	739,176,763	1,040,344,037	702,860,934
Earning Per Share	246	(32)	379	534	361
Balance Sheet Items					
Particulars	Year Ended 2078	Year Ended 2077	Year Ended 2076	Year Ended 2075	Year Ended 2074
No. of Shares	1,948,887	1,948,887	1,948,887	1,948,887	1,948,887
Total Assets	10,876,679,267	11,152,228,589	10,516,288,848	6,960,091,971	6,835,354,908
Plant Property and Equipment	7,215,128,703	7,663,507,959	7,574,155,058	4,219,041,255	3,945,801,850
Current Assets	3,516,927,325	3,279,709,596	2,807,498,276	2,593,016,334	2,714,347,693
Net Current Assets (-Ve)	850,675,283	1,334,496,679	1,858,447,277	222,218,379	1,060,313,458
Long Term Liabilities	2,170,986,882	2,658,518,010	1,826,292,033	707,848,070	667,602,259
Current Liabilities	4,367,602,608	4,614,206,275	4,665,945,553	2,815,234,713	3,774,661,152
Long Term Borrowings	1,130,407,009	1,700,407,009	958,958,221	707,848,070	667,602,259
Debt	2,945,095,531	3,642,917,528	2,115,755,383	496,608,770	810,574,979
Shareholder Equity/ Net Assets	4,338,089,777	3,879,504,304	4,024,051,262	3,437,009,187	2,393,091,498
Capital Employed	6,509,076,659	6,538,022,314	5,850,343,295	4,144,857,257	3,060,693,757
Market Capitalization	3,566,463,210	3,566,463,210	3,430,041,120	3,299,465,691	3,235,152,420

Ratio Analysis					
Particulars	Year Ended 2078	Year Ended 2077	Year Ended 2076	Year Ended 2075	Year Ended 2074
Gross Profit Ratio	29%	26%	32%	35%	31%
EBIDT Ratio	19.7%	14.6%	17.9%	20.0%	18.1%
Operating Profit Ratio	10%	3%	11%	14%	12%
Profit Before Tax Ratio	7.1%	-0.5%	11%	14%	11%
Current Ratio	0.8	0.7	0.6	0.9	0.7
Debt Equity Ratio	0.7	0.9	0.5	0.1	0.3
Assets Turnover Ratio	1.3	1.6	1.1	0.8	0.9
Return on Equity	11%	-2%	18%	30%	29%
Return on Total Assets	4%	-1%	7%	15%	10%
Earning Per Share	246	(32)	358	499	338
Market Value Per Share (NPR)	1,830	1,830	1,760	1,693	1,660
Price Earning Ratio	7.4	(57.2)	4.9	3.4	4.9
Net Worth Per Share/Return on Shareholders Fund (NPR)	2,226	1,991	2,065	1,764	1,228
Return on Capital Employed	13%	3%	18%	31%	31%

Segment Reporting

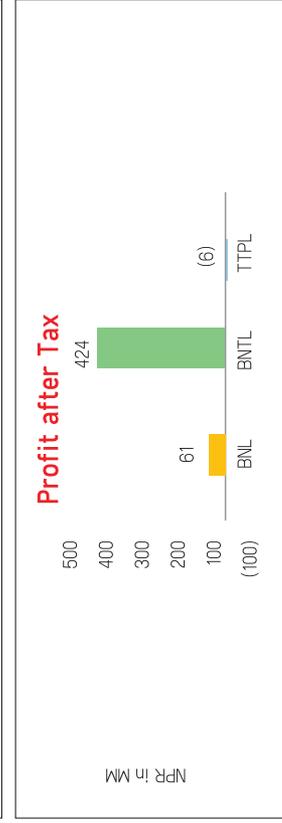
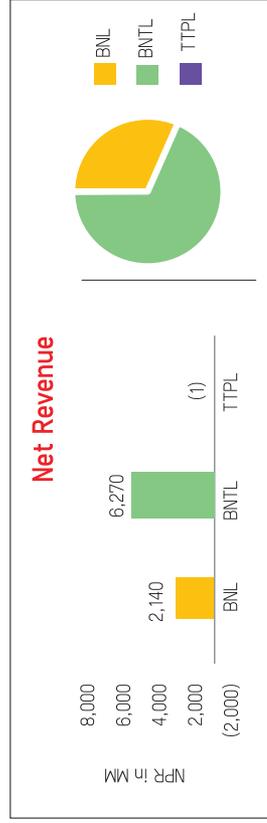
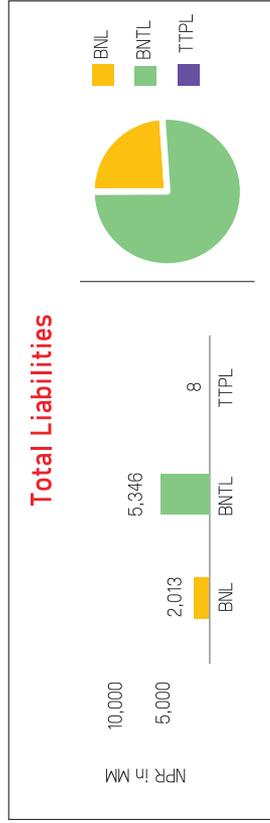
FY 2077/78

Particulars	BNL	BNTL	TTPL
Total Assets	3,771,235,228	8,038,254,694	6,587,856
Total Liabilities	2,012,963,402	5,346,427,625	7,955,762
Total Turnover	3,193,077,540	8,965,169,529	(1,442,889)
Total Revenue	2,140,253,159	6,270,256,335	(1,276,893)
Total Expenditure	2,079,103,869	5,846,533,012	4,667,317
Profit after Tax	61,149,290	423,723,323	(5,944,210)
Operating Profit	42,759,232	792,809,322	(5,944,559)



FY 2076/77

Particulars	BNL	BNTL	TTPL
Total Assets	3,628,423,694	8,323,076,209	10,763,477
Total Liabilities	1,906,708,323	6,057,025,423	6,187,173
Total Turnover	3,220,039,006	6,796,368,581	5,836,935
Total Revenue	2,164,980,338	4,693,349,428	6,836,618
Total Expenditure	2,181,557,442	4,687,719,721	16,002,027
Profit after Tax	(16,577,104)	5,629,707	(9,165,409)
Operating Profit	(85,078,290)	291,242,664	(7,036,807)



HORIZONTAL ANALYSIS OF BALANCE SHEET
Bottlers Nepal Limited (Group)
Statement of Financial Position
As at 31st Ashad, 2078 (15th July, 2021)

Financial Year	As at 31st Ashad 2078		As at 31st Ashad 2077		As at 31st Ashad 2076		As at 32nd Ashad 2075		As at 31st Ashad 2074		
	Particulars	Figures in NPR	Percentage	Figures in NPR	Percentage						
ASSETS											
Non-current assets:											
Non Financial											
Intangible Assets	62,514,990	43%	110,277,143	76%	88,014,276	61%	118,270,950	82%	144,663,270	100%	100%
Property, Plant and Equipment	7,215,128,703	183%	7,663,507,959	194%	7,574,155,058	192%	4,219,041,255	107%	3,945,801,849	100%	100%
Deferred Tax Assets	48,693,545		62,475,924		-		-				
Prepayments	26,471,639	87%	28,117,535	92%	28,940,483	95%	29,763,431	97%	30,552,094	100%	100%
Financial Assets											
Advances	6,943,065		8,140,432		17,680,755		13,760,370				
Current Assets:											
Non Financial Assets											
Inventories	1,585,860,277	105%	1,572,951,713	104%	1,379,124,602	91%	1,636,745,333	108%	1,516,851,758	100%	100%
Prepayments	67,565,967	220%	88,552,067	288%	74,736,729	243%	29,573,451	96%	30,731,576	100%	100%
Advances	825,394,151	6637%	899,479,555	7233%	583,490,513	4692%	331,345,571	2664%	12,436,045	100%	100%
Other Current Assets	-	0%	19,578,467	0%	2,887,216	2%	12,162,775	7%	165,847,511	100%	100%
Income Tax Receivable	15,262,103				28,554,512		15,999,396				
Financial Assets											
Other Current Assets	26,559,509		16,719,123		7,961,479		5,830,759				
Trade Receivables	496,232,874	397%	221,507,342	177%	194,405,540	155%	318,395,799	255%	125,043,053	100%	100%
Cash and Cash Equivalents	500,052,444	58%	460,921,329	53%	536,337,685	62%	229,202,881	27%	863,437,751	100%	100%
Total Assets	10,876,679,267	159%	11,152,228,569	163%	10,516,288,848	154%	6,960,091,971	102%	6,835,354,907	100%	100%
EQUITY AND LIABILITIES											
Equity:											
Equity Share Capital	194,888,700	100%	194,888,700	100%	194,888,700	100%	194,888,700	100%	194,888,700	100%	100%
Reserve and Surplus	3,892,921,650	187%	3,473,564,935	167%	3,611,729,902	174%	3,058,399,674	147%	2,080,609,983	100%	100%
Non Controlling Interest	250,279,427	213%	211,050,669	179%	217,432,660	185%	183,720,814	156%	117,592,932	100%	100%
Non-current Liabilities:											
Retirement Benefit Obligation	1,040,579,873	158%	958,111,001	145%	830,631,023	126%	691,067,895	105%	660,434,291	100%	100%
Deferred Tax Liability	-	0%	-	0%	36,702,789	512%	16,780,175	234%	7,167,968	100%	100%
Financial Liabilities											
Non current Borrowing	1,130,407,009		1,700,407,009		958,958,221		-				
Current Liabilities:											
Financial Liabilities											
Retirement Benefit Obligation	160,381,000		121,160,000		66,981,000		496,608,770		810,574,979		100%
Borrowings	1,814,688,522	224%	1,942,510,519	240%	1,156,797,162	143%	645,401,102	29%	2,249,426,036	100%	100%
Trade Payables	688,496,990	31%	1,184,806,157	53%	1,980,868,172	88%	1,635,180,174	229%	714,660,018	100%	100%
Other Financial Liabilities	1,578,352,583	221%	1,329,722,984	186%	1,424,137,633	199%	38,044,667				
Non Financial Liabilities	119,747,555		25,084,251		27,147,036		-				
Income Tax Payable	5,935,958		10,922,364		10,014,550		-				
Total Equity and Liabilities	10,876,679,267	159%	11,152,228,569	163%	10,516,288,848	154%	6,960,091,971	102%	6,835,354,907	100%	100%

Elements are a percent of base year. Base year is considered 31st Ashad 2074.

HORIZONTAL ANALYSIS OF PROFIT OR LOSS STATEMENT
Bottlers Nepal Limited (Group)
Statement of Profit or Loss
As at 31st Ashad, 2078 (15th July, 2021)

Financial Year Particulars	For the Year 2077-78		For the Year 2076-77		For the Year 2075-76		For the Year 2074-75		For the Year 2073-74	
	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage
Revenue from operations	8,409,232,601	109%	6,865,166,384	89%	9,506,740,405	124%	9,083,454,385	118%	7,696,782,805	100%
Cost of goods sold	(5,934,889,789)	112%	(5,094,806,091)	96%	(6,497,475,845)	123%	(5,922,771,578)	112%	(5,296,092,044)	100%
Gross Profit	2,474,342,812	103%	1,770,360,293	74%	3,009,264,560	125%	3,160,682,807	132%	2,400,690,760	100%
Other operating income	32,289,216	61%	128,552,483	245%	174,702,518	333%	21,228,399	40%	52,526,164	100%
Selling and distribution expenses	(1,296,635,790)	114%	(1,298,338,455)	115%	(1,697,205,652)	150%	(1,483,017,604)	131%	(1,133,908,817)	100%
Administrative and operating expenses	(380,372,243)	102%	(401,446,754)	107%	(445,963,517)	119%	(394,210,412)	105%	(373,993,703)	100%
Profit from Operations	829,623,995	88%	199,127,567	21%	1,040,797,909	110%	1,304,683,191	138%	945,314,405	100%
Finance Costs	(257,123,928)	387%	(268,128,819)	404%	(79,007,379)	119%	(54,534,323)	82%	(66,392,102)	100%
Finance Income	21,345,195	650%	34,896,497	1062%	61,093,293	1860%	58,426,983	1779%	3,284,855	100%
Profit Before Tax	593,845,262	67%	(34,104,755)	-4%	1,022,883,823	116%	1,308,575,851	148%	882,207,158	100%
Income Tax Expense										
Income Tax	(88,686,410)	58%	(112,689,580)	74%	(224,420,507)	147%	(259,340,200)	170%	(152,739,029)	100%
Prior period tax adjustments	(8,252,000)	195%	(884,561)	21%	(17,961,000)	425%	(954,000)	23%	(4,230,019)	100%
Deferred Tax	(17,978,449)	80%	85,824,154	384%	(41,325,553)	185%	(7,937,614)	35%	(22,377,177)	100%
Net Profit for the year	478,928,403	68%	(61,854,742)	-9%	739,176,763	105%	1,040,344,037	148%	702,860,933	100%
Owners of the Company	439,888,870	67%	(62,349,202)	-9%	697,435,967	106%	972,014,328	148%	658,376,681	100%
Non Controlling Interest	39,039,533	88%	494,460	1%	41,740,796	94%	68,329,709	154%	44,484,252	100%

Elements are a percent of Base year. Base year is considered 2073-74.

VERTICAL ANALYSIS OF BALANCE SHEET
Bottlers Nepal Limited (Group)
Statement of Financial Position
As at 31st Ashad, 2078 (15th July, 2021)

Financial Year Particulars	As at 31st Ashad 2078		As at 31st Ashad 2077		As at 31st Ashad 2076		As at 32nd Ashad 2075		As at 31st Ashad 2074	
	Figures in NPR	Percentage								
ASSETS										
Non-current assets:										
Non Financial										
Intangible Assets	62,514,990	0.6%	110,277,143	1.0%	88,014,276	0.8%	118,270,950	1.7%	144,653,270	2.1%
Property, Plant and Equipment	7,215,128,703	66.3%	7,663,507,959	68.7%	7,574,155,058	72.0%	4,219,041,255	60.6%	3,945,801,849	57.7%
Deferred Tax Assets	48,693,545	0.4%	62,475,924	0.6%	-	0.0%	-	0.0%	-	0.0%
Prepayments	26,471,639	0.2%	28,117,535	0.3%	28,940,483	0.3%	29,763,431	0.4%	30,552,094	0.4%
Financial Assets										
Advances	6,943,065	0.1%	8,140,432	0.1%	17,680,755	0.2%	13,760,370	0.2%	-	0.0%
Current Assets:										
Non Financial Assets										
Inventories	1,585,860,277	14.6%	1,572,951,713	14.1%	1,379,124,602	13.1%	1,636,745,333	23.5%	1,516,851,758	22.2%
Prepayments	67,565,967	0.6%	88,552,067	0.8%	74,736,729	0.7%	29,573,451	0.4%	30,731,576	0.4%
Advances	825,394,151	7.6%	899,479,555	8.1%	583,490,513	5.5%	331,345,571	4.8%	12,436,045	0.2%
Other Current Assets	-	0.0%	-	0.0%	2,887,216	0.0%	12,162,775	0.2%	165,847,511	2.4%
Income Tax Receivable	15,262,103	0.1%	19,578,467	0.2%	28,554,512	0.3%	15,999,396	0.2%	-	0.0%
Financial Assets										
Other Current Assets	26,559,509	0.2%	16,719,123	0.1%	7,961,479	0.1%	5,830,759	0.1%	-	0.0%
Trade Receivables	496,232,874	4.6%	221,507,342	2.0%	194,405,540	1.8%	318,395,799	4.6%	125,043,053	1.8%
Cash and Cash Equivalents	500,052,444	4.6%	460,921,329	4.1%	536,337,685	5.1%	229,202,881	3.3%	863,437,751	12.6%
Total Assets	10,876,679,267	100.0%	11,152,228,589	100.0%	10,516,288,848	100.0%	6,960,091,971	100.0%	6,835,354,907	100.0%
EQUITY AND LIABILITIES										
Equity:										
Equity Share Capital	194,888,700	1.8%	194,888,700	1.7%	194,888,700	1.9%	194,888,700	2.8%	194,888,700	2.9%
Reserve and Surplus	3,892,921,650	35.8%	3,473,564,935	31.1%	3,611,729,902	34.3%	3,058,399,674	43.9%	2,080,609,983	30.4%
Non Controlling Interest	250,279,427	2.3%	211,050,669	1.9%	217,432,660	2.1%	183,720,814	2.6%	117,592,932	1.7%
Non-current Liabilities:										
Retirement Benefit Obligation	1,040,579,873	9.6%	958,111,001	8.6%	830,631,023	7.9%	691,067,895	9.9%	660,434,291	9.7%
Deferred Tax Liability	-	0.0%	-	0.0%	36,702,789	0.3%	16,780,175	0.2%	7,167,968	0.1%
Financial Liabilities										
Non current Borrowing	1,130,407,009	10.4%	1,700,407,009	15.2%	958,958,221	9.1%	-	0.0%	-	0.0%
Current Liabilities:										
Financial Liabilities										
Retirement Benefit Obligation	160,381,000	1.5%	121,160,000	1.1%	66,981,000	0.6%	496,608,770	7.1%	810,574,979	11.9%
Borrowings	1,814,688,522	16.7%	1,942,510,519	17.4%	1,156,797,162	11.0%	645,401,102	9.3%	2,249,426,036	32.9%
Trade Payables	688,496,990	6.3%	1,184,806,157	10.6%	1,980,868,172	18.8%	1,635,180,174	23.5%	714,660,018	10.5%
Other Financial Liabilities	1,578,352,583	14.5%	1,329,722,984	11.9%	1,424,137,633	13.5%	38,044,667	0.5%	-	0.0%
Non Financial Liabilities	119,747,555	1.1%	25,084,251	0.2%	27,147,036	0.3%	-	0.0%	-	0.0%
Income Tax Payable	5,935,958	0.1%	10,922,364	0.1%	10,014,550	0.1%	-	0.0%	-	0.0%
Total Equity and Liabilities	10,876,679,267	100.0%	11,152,228,589	100.0%	10,516,288,848	100.0%	6,960,091,971	100.0%	6,835,354,907	100.0%

Elements are a percent of total assets.

VERTICAL ANALYSIS OF PROFIT OR LOSS STATEMENT
Bottlers Nepal Limited (Group)
Statement of Profit or Loss
For the year ended 31st Ashad, 2078 (15th July, 2021)

Financial Year Particulars	For the Year 2077-78		For the Year 2076-77		For the Year 2075-76		For the Year 2074-75		For the Year 2073-74	
	Figures in NPR	Percentage								
Revenue from operations	8,409,232,601	100%	6,865,166,384	100%	9,506,740,405	100%	9,083,454,385	100%	7,696,782,805	100%
Cost of goods sold	(5,934,889,789)	-71%	(5,094,806,091)	-74%	(6,497,475,845)	-68%	(5,922,771,578)	-65%	(5,296,092,044)	-69%
Gross Profit	2,474,342,812	29%	1,770,360,293	26%	3,009,264,560	32%	3,160,682,807	35%	2,400,690,760	31%
Other operating income	32,289,216	0%	128,552,483	2%	174,702,518	2%	21,228,399	0%	52,526,164	1%
Selling and distribution expenses	(1,296,635,790)	-15%	(1,298,338,455)	-19%	(1,697,205,652)	-18%	(1,483,017,604)	-16%	(1,133,908,817)	-15%
Administrative and operating expenses	(380,372,243)	-5%	(401,446,754)	-6%	(445,963,517)	-5%	(394,210,412)	-4%	(373,993,703)	-5%
Profit from Operations	829,623,995	10%	199,127,567	3%	1,040,797,909	11%	1,304,683,191	14%	945,314,405	12%
Finance Costs	(257,123,928)	-3%	(268,128,819)	-4%	(79,007,379)	-1%	(54,534,323)	-1%	(66,392,102)	-1%
Finance Income	21,345,195	0%	34,896,497	1%	61,093,293	1%	58,426,983	1%	3,284,855	0%
Profit Before Tax	593,845,262	7%	(34,104,755)	0%	1,022,883,823	11%	1,308,575,851	14%	882,207,158	11%
Income Tax Expense										
Income Tax	(88,686,410)	-1%	(112,689,580)	-2%	(224,420,507)	-2%	(259,340,200)	-3%	(152,739,029)	-2%
Prior period tax adjustments	(8,252,000)	0%	(884,561)	0%	(17,961,000)	0%	(954,000)	0%	(4,230,019)	0%
Deferred Tax	(17,978,449)	0%	85,824,154	1%	(41,325,553)	0%	(7,937,614)	0%	(22,377,177)	0%
Net Profit for the year	478,928,403	6%	(61,854,742)	-1%	739,176,763	8%	1,040,344,037	11%	702,860,933	9%
Owners of the Company	439,888,870	5%	(62,349,202)	-1%	697,435,967	7%	972,014,328	11%	658,376,681	9%
Non Controlling Interest	39,039,533	0%	494,460	0%	41,740,796	0%	68,329,709	1%	44,484,252	1%

Elements are a percent of Net Revenue

Statement of Value Added

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

Net Profit

NPR 479 MM (PY(-)NPR 62 MM)

Contribution To National Treasury

NPR 3,638,844,454/-

Total expense allocated for Corporate Social Responsibility

NPR 6,058,479/-

Direct Employment

Company	No. of Employees
BNL	299
BNTL	322
Total	621

Total expense to be paid to the Employees as Bonus

NPR 67,316,438/-

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 business 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.

Marketing Campaigns

The Coca-Cola Company (TCCC) is committed to the Responsible Marketing of its brands. In 2077-78, we continued our longstanding, global Responsible Marketing Policy, which includes not placing any of our brands' marketing in media that directly targets children under 12. This includes television shows, print media, websites, social media, movies and SMS/email marketing. In addition to media placement restrictions, we do not develop creative marketing material that primarily appeals to children under 12, regardless of where the material will be placed.

Carbonated beverages of your Company continue to be the most preferred beverages in Nepal resulting in a strong market presence during the FY 2077-78 as well. Some of the important marketing initiatives during the year under review, are as detailed below:

Launch of 175 ml pack size Returnable Glass Bottle (RGB) :

This year, your Company have launched new pack size of 175 ml in RGB bottle on Coca-Cola, Sprite and Fanta in grocery outlets. This is the first time in Nepal that the label on bottle is on Nepali font.



Other Events and Festival Activation

Your Company actively participated in many local events and festivals across the country like Valentine's Day, New Year's Events, REBAN Food Festival (Sauraha and Pokhara), Aaha Gold Cup, Holi, Tharu Community Festival, National Super League, etc. Some glimpses of the events and festival participation are as follows Shalinadi Mela etc. Events like REBAN Food Festival, Damak Food Festival, Valentine's Day, New Year's Events, Christmas, Prime Minister Cup etc. Some glimpses of the events and festival participation are as follows:



Corporate Governance

Your Company believes that sound corporate governance practices are essential to create sustainable value and to safeguard the interest of stakeholders. Our commitment to best practices in Corporate Governance plays a key role in managing our risks and opportunities and maintaining the trust of our stakeholders. Over the years, your Company has strengthened the governance structure, practices and processes.

Board of Directors

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

The Board appoints the Managing Director, who is charged by the Board with conducting the business of the Company.

The Management Committee of the Company is headed by Managing Director and has function heads as its members, which looks after the management of the day to day affairs of the Company.

Compliance with Good Governance Directives for Public Listed Companies 2074

As required under the Directives, the Board has designated Ms. Pratima Burma, who is also a Company Secretary as Compliance Officer. Your Company has prepared the Annual Corporate Governance Report for FY 2077-78 as per the prescribed format of Securities Board of Nepal (SEBON) and submitted to SEBON.

Composition

The Board of Directors comprises such number of directors as the Board deems appropriate to function efficiently as a body, subject to the Company's Article of Association. The Board comprises of Independent Directors, non-Executive Directors (including representation from public shareholders) and Executive Director 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) Managing Director. The details of each member of the Board along with the number of shares held in the Company and date of joining the Board are provided herein table below.

Board Independence

Name	Date of Joining the Board	No. of Shares held in the Company
Executive Director Mr. Pradip Pandey	1st September, 2018	Representing Coca-Cola Southwest Asia Holdings Ltd.
Non-Executive Chairperson Ms. Shukla Wassan	2nd December, 2014	Representing Coca-Cola Southwest Asia Holdings Ltd.
Non-Executive Directors Mr. Mohamed Amin Ghoneim	2nd July, 2019	Representing Coca-Cola Southwest Asia Holdings Ltd.
Mr. Melvin Tan Chun Pin	9th April, 2020	Representing Coca-Cola Southwest Asia Holdings Ltd.
Mr. Surendra Silwal (Alternate Director: Mr. Amar Baidya)	27th June, 2017	Representing Gorkha Brewery Private Ltd.
Mr. Narmadeshwar Narayan Singh	Re-appointed on 11th December, 2017	5,000 unit shares individually owned and 3,730 unit shares owned by his relatives.
Independent Director Dr. Trilochan Upreti*	14th December, 2012	N/A

* Dr. Trilochan Upreti had resigned from the post w.e.f 30th September, 2021

Board Meetings

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

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

Board Evaluation

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

The Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole and Self-Evaluation of the Directors. The exercise was led by the Chairman. The Evaluation process focused on various aspects of the functioning of the Board and Committees such as improving Board effectiveness, performance of Board Committees, Board knowledge session etc. Separate exercise was carried out to evaluate the self-performance of individual Directors on parameters such as contribution, knowledge and skills etc. Annual Directors' Refresher Training was also conducted on 29th July, 2021.

COMMITTEES OF THE BOARD

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

Audit Committee

The Board has reformed an Audit Committee with defined terms of reference on 1st July, 2019. The duties and responsibilities of the Audit Committee are in congruence with the framework defined by the Companies Act 2063 (2006) and Good Governance Directives for Listed Companies, 2074.

The Audit Committee is constituted with Non-Executive Directors; hence, all the Members of the Committee, including the Chairman, are Non-Executive, ensuring complete independence of the Committee. The Audit Committee comprises three members. The composition of the Audit Committee as at the end of the Fiscal Year 2077-78 was as below:

Mr. Mohamed Amin Ghoneim- Chairman

Mr. Melvin Tan Chun Pin- Member

Mr. Surendra Silwal- Member

Below are the terms of reference of Audit Committee Meeting:

- a. To review the accounts and financial statements of the Company and ascertain the truth of the facts mentioned in such statements.
- b. To review the internal financial control system and the risk management system of the Company.
- c. To supervise and review the internal auditing activity of the Company.
- d. To recommend the names of potential auditors for the appointment of the auditor of the Company, fix the remuneration and terms and conditions of appointment of the auditor and present the same in the general meeting for the ratification thereof.
- e. To review and supervise as to whether the auditor of the Company has observed such conduct, standards and directives determined by the competent body pursuant to the prevailing law as required to be observed in the course of doing auditing work.
- f. Based on the conduct, standard and directives determined by the competent body pursuant to the prevailing law, to formulate the polices required to be observed by the Company in respect of the appointment and selection of the auditor.
- g. To prepare the accounts related policy of the Company and enforce, or cause to be enforced, the same.
- h. Where any regulator body has provided for the long term audit report to be set out in the audit report of the Company, to comply with the terms required to prepare such report.
- i. To perform such other terms as

prescribed by the Board of Directors in respect of the accounts, financial management and audit of the Company.

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

During the Fiscal year 2077-78, the Members of the Audit Committee met three times i.e., on 10th November, 2020, 15th March, 2021 and on 25th May, 2021 for reviewing the financial statement of the Company including Internal Financial Control and Risk Management and other financial issues.

Risk Management Committee

The Board has formed a Risk Management Committee with defined terms of reference. The duties and responsibilities of the Risk Management Committee are in congruence with the framework defined

by Good Governance Directives for Listed Companies, 2074. The composition of Risk Management Committee at the end of the Fiscal year 2077-78 was as below:

Dr. Trilochan Upreti*- Chairman

Mr. Surendra Silwal- Member

Mr. Mohamed Amin Ghoneim- Member

* Dr. Trilochan Upreti had resigned from the post w.e.f 30th September, 2021

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

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

During the Fiscal year 2077-78, the Members of Risk Management Committee met Two (2) Times i.e., 7th January, 2021 and on 25th May, 2021.

Property And Liability Committee

The Board has formed a Property and Liability Committee with defined terms of reference. The duties and responsibilities of the Property and Liability Committee are in congruence with the framework defined by and Good Governance Directives for Listed

Companies, 2074. The composition of the Property and Liability Committee as at the end of the Fiscal Year 2077-78 was as below:

Mr. Mohamed Amin Ghoneim- Chairman

Mr. Melvin Tan Chun Pin- Member

Mr. Surendra Silwal- Member

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

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

During the Fiscal year 2077-78, the Members of Property and Liability Committee met once on 15th March, 2021.

The details of remuneration paid to the Executive Directors and Non-Executive Directors for the financial year ended 15th July, 2021 are provided hereinafter:

Details of Remuneration to the Executive Director

Name	Salary and Allowances	Perquisite	Total
Pradip Pandey	NPR 56,405,995	NPR 3,439,576	NPR 59,845,571

Details of Remuneration to the Non-Executive Directors

Name	Sitting Fees (In NPR)
Shukla Wassan	90,000
Trilochan Upreti	105,000
Narmadeshwar Narayan Singh	75,000

Note:

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

Attendance of Director at Board and Committee Meetings

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

Board Members	Designation	Board Meeting	Audit Committee Meeting	Risk Management Committee	Property & Liability Committee
Ms. Shukla Wassan	Chairperson	6 (out of 6)	N/A	N/A	N/A
Mr. Pradip Pandey	Managing Director	6 (out of 6)	N/A	N/A	N/A
Mr. Mohamed Amin Ghoneim	Director	6 (out of 6)	3 (out of 3)	2 (out of 2)	1 (out of 1)
Mr. Melvin Tan Chun Pin	Director	6 (out of 6)	3 (out of 3)	N/A	1 (out of 1)
Mr. Narmadeshwar Narayan Singh	Director	5 (out of 6)	N/A	N/A	N/A
Dr. Trilochan Upreti	Independent Director	5 (out of 6)	N/A	2 (out of 2)	N/A
Mr. Surendra Silwal	Director	4 (out of 6)	1 (out of 3)	0 (out of 2)	0 (out of 1)

Internal Controls

The Company has robust system for Internal Control. 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 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.

The Group has adopted a "Chart of Authority (COA)" defining financial and other authorization limits and setting-up procedures for approving capital and investment expenditures. The Group has a strong internal control framework which is supported by risk & control matrix, Standard Operating Procedures, Policies, Guidelines, Governance Capsules and Self-Assessment exercised. These internal control frameworks are routinely tested by Statutory Auditors, Internal Auditors, Lawyers as well as Internal Assurance Team. Significant audit observations and follow up actions thereon are reported to the Management and Board of Directors.

Enterprise Risk Management

Bottlers Nepal Limited has implemented the Enterprise Risk Management System (ERM). It broadly covers Strategic & Reputational Risk, Sustainable Risk, People Risk, Operational Risk including Demand & Supply Chain Risk, Catastrophe Risk, Pandemic Risk, Political & Regulatory Risk and Macro/Economic Risk. The approach also includes managing risks through the process of thorough risk identification along with identifying and supporting risk owner. It further includes detailed assessment considering severity of risks and provide ranking based likelihood and consequences of identified risks, mitigation through right approach and periodic monitoring of the risks associated with the activities being carried out by the different Functions across the Company. It also assesses the hygiene/health of actions/approach to mitigate the risks. Risk Tracker has been maintained with risk categories based on risk weightage, regularly updated, and detailed action taken/considered as required and situation changes based on work done noted and monitored on a periodic basis and flagged/reported to the Committee. A Risk Management Committee has been formed at Board level for monitoring the risk management activities flagged, for effective risk management in the Company.

The assets of the Company are adequately insured against Operation Risk (covering Fire and allied perils, Company Assets, Transit, Money, Fidelity, Burglary etc.) and Revenue Risk (covering Loss of Profit, 3rd party liability through Combined General Liability Policy and also covers Directors & Officers Liability). The repair and maintenance work of power plants and distribution lines have been carried out timely as per the maintenance schedule. Good relation is maintained with the local plant community within the project vicinity.

COMPANY POLICIES

Code of Business Conduct

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

Global Anti-Bribery Policy

Our Global Anti-Bribery Policy establishes the limitations we must adhere to when interacting with officials of various governments around the world. The policy provides information about anti-bribery laws in order to avoid inadvertent violations. Our Code of Business Conduct for Suppliers also includes similar expectations regarding bribery for business partners. Your Company conducts periodic anti-bribery assessments and audits of our business to raise overall awareness, detect potential misconduct and monitor compliance with anti-corruption laws and policy.

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

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

Ethics Codes and Principles for Non-Employee Directors and Suppliers

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

Document Retention Policy

Your Company have Document Retention Policy which lays ground rules for how your company will manage documents and records from creation to destruction, including both physical and digital records. The said policy also provides a guideline regarding the retention period and custody of various records and documents that needs to be stored.

Corporate Social Responsibility and Sustainability Efforts

Your Company views sustainability as a prerequisite for business growth. For over 43 years, aligning with its global sustainability agenda, your company has strived to build a community-driven, customer-focused and sustainable business that is profitable while being socially responsible. As industry pioneers, your company have a history of leadership, resilience, and of doing the right thing. Through collaborative action, your company have created and practiced initiatives that are aligned with the United Nation’s Sustainable Development Goals and Nepal Government’s vision while upholding The Coca-Cola Company’s sustainable business priorities.

World Without Waste:

To take a fresh look at the problem of packaging waste recyclability, the Coca-Cola Company launched an ambitious initiative, World Without Waste in 2018 with the purpose to make the world’s packaging waste problem a thing of the past. In Nepal, the company is trying to achieve the global vision and targets by using a local approach and by building long-term partnerships with the government, NGOs, industry peers, and local communities using the Design-Collect-Partner framework. This year, with the efforts of it’s existing projects Nagarmitra and Recycler Saathi, Coca-Cola in Nepal has recovered over 1400 MT/ 1,400,000 Kgs of PET waste.



Refresh & Recycle

To create awareness and educate the community on giving a new life to PET bottles through a recycling process, Bottlers Nepal Limited teamed up with Doko Recyclers (social enterprise that manages and recycles dry waste) and launched the “Refresh & Recycle” campaign and placed 10 informative PET collection Bins in different prominent public locations of the Kathmandu valley. The bins have been placed in populous areas where PET bottles are frequently disposed including Soyambhunath Stupa, Bouddha Stupa, Patan Hospital, Patan Dhoka, Patan Durbar Square, Tribhuvan University, and the Lalitpur Municipality Public Park.



Water Stewardship

Water, being a scarce and critical resource for our business, takes priority in our sustainability goals and the company is taking bold steps to achieve our water neutrality goal of 100% through its Water Stewardship program. Your company have achieved a water replenishment potential of over 200% in 2021 through water replenishment projects like rainwater harvesting, groundwater recharge and watershed restoration.



COVID-19 Response #StopTheSpread

Like many other countries globally, the second wave of COVID-19 showed a severe impact among the most vulnerable people in Nepal in aspects such as their livelihood, food security and nutrition, health, and education. To stand in support of the COVID-19 pandemic, The Coca-Cola Company created a special 'Stop the Spread' fund worldwide which was channelized towards facilitating vaccine distribution, COVID safety kits (PPE, masks, gloves, sanitizer) and creating awareness around vaccination and sanitary practices to contain the spread of pandemic. As a part of this campaign The Coca-Cola System in Nepal partnered with Nepal Red Cross Society and provided the fund of Rs 2.4 crores to help the nation's effort in combating the crisis and containing the spread of the pandemic.

Coca-Cola in Nepal and Nepal Red Cross Society (NRCS) has been continuously distributing safety equipment to ensure safety and well-being of all health care workers and volunteers who have been actively carrying out their duties despite the Covid-19 pandemic. As a part of the ongoing efforts, safety equipment including N-95 mask, safety boots and sanitizers were distributed to ambulance drivers, blood transfusion technicians and volunteers of NRCS who have been dedicatedly working on the frontlines to curtail the spread of Covid-19.

The distribution programme commenced from 30 June and aims to reach to all targeted health care workers and volunteers across the country ensuring their safety. Till date, safety equipment have already been handed over to the Red-Cross's representatives in all districts and several public hospitals.

#STOPHESPREAD

Supporting 50 vaccination centers in 10 districts



VACCINE ROUTE

Kathmandu	Chitwan	Tanahun
Bhaktapur	East	kaski
Lalitpur	Nawalparasi	
Dhading	Lamjung	



Human Capital

Your Company is committed to attract, develop and retain talented team members and to create a workplace that allows each team member to contribute to the collective success of the Company. Therefore, your Company endeavours in developing and creating talented and skilled work force with modern knowledge and competencies along with a proper mind set to cope up with the emerging business challenges and to gain a competitive advantage. Your Company believes that team work is the key factor in all of the Company's achievements and the credit goes to all those employees who see their own future in the future of the Company and are dedicated to make positive change. Your Company has been maintaining employee turnover of 1%, which proves the level of employee satisfaction in the Company. Furthermore, your Company continuously assesses for areas to enhance overall performance of its employees and necessary trainings are provided.

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

Your Company strives for development of its employees at all levels. The learning and development goals are aimed at providing world class individual and organizational capability development growth and opportunities to staff, regardless of their employment level and gender. Your Company has extended various trainings and exposure trips to its employees of various departments at all levels.

Equal Employment Opportunity

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

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

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

Freedom of Association

Your Company does not curtail the freedom of association of employees. Management is committed for discussions and negotiations with the employees who are unionized. Further, an open door policy is encouraged. There are three unions in function in the Company which represents the interests of 208 employees.

Child Labour

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

Workplace Rights Policy

Your Company's Workplace Rights Policy is designed to provide all stakeholders with clear guidelines and internally accepted standards for the way in which we treat our employees. The adherence to our workplace policies is audited on a regular basis. The Workplace Rights Policy is guided by the Labor Act of the Country and also by the International Human Rights Standards. An inclusive

workplace in which all members of the community has equal opportunities for employment and development regardless of race, gender, religion or disability is ensured at your Company.

Prevention of Sexual Harassment at Workplace Policy

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

**DIRECT
EMPLOYMENT**
BNL: 299 employees
BNTL: 322 employees

Quality, Health and Safety

Your Company operates in a World Class Supply Chain Organization wherein Quality, Health and Environment plays a paramount importance.

As a part of Integrated Management System, your Company had successfully recertified to the new standards of all four (4) International management system i.e. ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management Systems, FSSC 22000 Ver 5.1 Food Safety System Certification and ISO 45001:2018 Occupational Health and Safety Management Systems.

We believe in our "Safety First" norms in all our routine tasks and people safety is one of the top priorities. With a constant attempt to enhance Occupational Health and Safety, your Company periodically conducts pre-work risk assessment, orientation, On-the-Job Training, in-house and external training to relevant staffs. It also follows scientific approach in safety management system comprising HIRA (Hazard Identification and Risk Assessment), safety orientation, ongoing supervision, trend analysis and devising management action plan. On the top of it your company has been emphasizing on life saving rules. Your Company has been providing all relevant personal protective equipment based on the job nature to all its associates mandated by HIRA.

In line with the ongoing initiatives to strengthen your Safety programs to improve safety culture across operations, your Company has implemented Behavior Based Safety (BBS) and QSE Culture Safety Survey input with an objective to increase the participation of employees of all levels in the safety process and provide feedback on behaviors that affect safety. BBS goes beyond compliance by engaging and inspiring associates at all levels to take personally responsibility in daily efforts.

With the objectives of creating "ZERO ACCIDENT", your Company has focused on Zero Hand and Foot Injury through teamwork and active participation of shop floor employees. Your Company has also adopted the practices of "Measuring Total Safety Index", "Toolbox Talk" and "Gemba Walk", which in turn contribute to improved safety culture in the plant.

Furthermore, with the ongoing COVID-19 pandemic which has caused unprecedented, far-reaching impact on the health, social and economic well-being of communities around the world, your Company has been prioritizing safety in production and warehouse facilities by implementing additional cleaning and sanitization routines, split shifts to avoid shift-to-shift contact, focusing on high-touch surfaces, and have taken steps to restrict visitors to the facilities. In order to ensure product safety and availability, your Company has provided employees with alcohol wipes and hand sanitizers at various locations; installed temperature screening in offices and manufacturing facilities.

Environment

Your Company believes that profitable growth and sustainability go hand-in-hand, which is the reason 'sustainability-minded' innovations are woven into every aspect of our operation. In our manufacturing facilities, we are improving efficiency in usage of natural resources, promoting green building and increasing alternative energy.

Water risk management, improving water use efficiency, wastewater treatment and returning water to communities and nature through our replenishment programs, are all engraved in our regular activities. Your Company facility has effluent treatment plant, which ensures that wastewater generated at our unit is treated prior to discharge to municipal drain complying with our internal and Government of Nepal requirement. Such treated water is also effectively reused for general cleaning purpose within the plant premises. Your Company is one of the pioneer companies in installing and operating Effluent treatment facility in the entire Industrial District and are well acknowledged by the Government and Industrial Management Board.

Supporting The Coca-Cola Company's World Without Waste commitment, your company has continuously worked towards making all our packaging more sustainable. From light weighting and using recyclable materials to manufacturing refillable glass bottles, your company endeavors to reuse and recycle packaging materials to minimize environmental impacts. Your Company has robust solid waste management system in place. Your Company has always focused the basic approach to manage solid waste by trying to avoid generating such waste in the first place through resource optimization and technological transformation. All the generated waste are further categorized as commercial and non-commercial waste. Those of the commercial waste are sent for recycling purpose and non-commercial waste are disposed and managed through Government approved Waste Management vendors.

Energy efficiency and usage is an integral part of our manufacturing process, where we set ambitious targets for our energy requirements at the Plant through green or renewable energy. Your Company has been achieving this by investing in new technologies and through other initiatives such as improvement of heating, repair leakages etc.

With the employment of Science Based Target Tool, your company has meticulously looked into processes, requirements, strategy planning and details of key interventions with an aim of enabling your system to accelerate the sustainability journey and to achieve 2030 goals taking scientific approach- A commitment to work towards goals of WWW, Carbon and Water by focusing on "What we should do" for sustainable environment.



Awards & Recognition

Your Company had been awarded as “Best-Presented Annual Report Award 2020” in the General sector for excellence in the presentation of its annual report 2020, organized by the Institute of Chartered Accountants of Nepal (ICAN) held on August 29th 2021 (Sunday), Bhadra, 13, 2078.



Given the potential for energy efficiency in the Nepalese industry, German Federal Ministry for Economic Cooperation and Development (BMZ) had designed “Nepal Energy Efficiency Programme” (NEEP). In the framework of the Financial Cooperation (FC), in collaboration with Nepalese Ministry of Finance (MOF) and Rastriya Banijya Bank Limited (RBBL), a grant of NPR 5.2 Million was offered to Bottlers Nepal Limited for contributing in Energy Efficiency initiatives.

The grant was distributed in Rastriya Banijya Bank Limited premises in 14th Dec. 2020 by CEO, Mr. Kiran Kumar Shrestha.



DIRECTOR'S REPORT

(For the Year 2077-2078)

Dear Shareholders,

We are delighted to present the Report on your Company's business operations, along with the audited financial statement, for the year ended 31st Ashad, 2078. This has been a successful year in terms of business growth and value creation for the Company despite the continuing impact of COVID-19. During this crisis, your management team/associates/business partners/suppliers have worked tirelessly to protect the long-term health of your Company's business.

Financial Highlights

Despite the regulatory challenges, your Company, as a group has made good progress in the FY 2077/78. Nepal Government announced nationwide lockdown for two months in FY 2077-78, the business was making good progress with higher growth in net revenue. May and June have historically been biggest growth months and peak season but owing to this nationwide lockdown announced by the Government of Nepal, your Company had major setback, however team has bounced back and demonstrated a solid fight back. Despite these challenges, your Company was able to achieve 121% of last year's revenue.

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

Particulars	NPR in million		
	2077-78	2076-77	% Change
Gross Sales Revenue	12,157	10,022	21%
Gross Profit	2,474	1,770	40%
Net Profit Before Tax	594	(34)	1841%
Net Profit After Tax	479	(62)	874%

Standalone Performance (along with its subsidiaries)

Bottlers Nepal Limited

In FY 2077/78, Your Company has made profit before tax of NPR 87.1 Million. Further, the Gross Sales Revenue of your Company during the year under review was NPR 3,193 Million which is 0.8% less than previous year. This is primarily due to COVID 19 impact during peak season. For further details, the financials of BNL are enclosed along with this report.

Bottlers Nepal (Terai) Limited

In FY 2077/78, BNTL has made profit before tax of NPR 512.6 Million which is 6108% more than previous Financial Year 2076/77. Further, the gross sales revenue of your Company during the year under review was NPR 8,965 Million. Revenue has increased by 32% as compared to previous year. Cost Saving initiatives, increase in improved pack mix sales and efficiency has resulted in increment in sales and profit. For further details, the financials of BNTL are enclosed along with this report.

Troika Traders Private Ltd

During the year under review, your Company has made loss before tax of NPR 5.9 Million.

For further details, the financials of TTPL are enclosed along with this report.

Responding with Speed and Agility

The COVID -19 pandemic has swamped our lives and the way we operate our business. The lockdown and restrictions tested the agility, resilience, and adaptability to the new normal. Your Company responded to the challenges with speed and agility and has emerged stronger. All businesses worldwide including your Company is now operating in ways that it has never operated before. Your Company has increased hygiene across the manufacturing units, distributor points and sales force. Your associates have been facing challenges and acting with pace and agility. This gives us confidence that your Company can emerge stronger and faster and create a more streamlined business.

Key Business Challenges

Global:

World Economic Outlook (October forecast) has projected the global economy to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percentage point lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. Your Company has steadily grown both in volume and revenue. The Group is presently operating in an increasingly dynamic economic environment. Also, impact of COVID-19 is still under influence. Crude Oil Price internationally is on increasing trend, which has impacted the cost of Resin, Preforms, and transportation. Similarly, strong forex mainly US Dollar has impacted most of our imports. Despite all of these, your Company has steadily grown both in volume and revenue.

Nepal

The Central Bureau of Statistics (CBS) has estimated the Nepalese economy to grow by 4.01 percent in 2020/21 compared to the contraction of 2.09 percent in 2019/20. World Bank has estimated the economic growth rate at 1.8 percent in 2021, below previous expectations, and is projected to rise to 3.9 percent in 2022. Poverty is expected to increase, despite increased coverage

of social protection in 2022 (from a low base). Further, Asian Development Bank has predicted that Nepal's Gross Domestic Product growth rate at 3.1% for 2021 and 5.1% for 2022. The Asian Development Outlook 2021 forecasts inflation from moderate to an average of 5.0% in FY 2021, down from 6.2% in FY 2020, on the back of a good harvest, smoother supply chains, and subdued non-food prices and gradual upliftment of prohibitory orders. The current account deficit is expected to widen from 0.9% of GDP in FY2020 to 2.5% in FY2021, owing to increased import growth. As outlined by monetary policy delivered by Central Bank in August 2021, Nepalese currency vis-à-vis the USD appreciated 1.12 percent in mid-July 2021 as compared to mid-July 2020 which will see a hit on the balance of payments and imports.

Dividend

Due to this on-going Pandemic, your Directors do not recommend any dividend for the FY 2077/78.

Statutory Auditors.

M/s CSC & Co. Chartered Accountants (Firm Registration No. 57) hold office until the conclusion of the 43rd Annual General Meeting. Your Directors, with the recommendation of the Audit Committee Meeting have proposed to appoint M/s CSC & Company, as Statutory Auditor for FY 2078-79 with a remuneration of NPR 5,00,000 (excluding VAT and out-of-pocket expenses) (including consolidation), alike last year.

Human Resources

There has been no increase in the total number of associates - they were 311 on 31st day of Ashad 2077 and are 299 on 31st day of Ashad 2078. Your Company has been continuously dealing with the challenges faced as a consequence of pandemic, particularly in, ensuring safety, health and wellbeing of the employees. Your Company has through innovative solution, has been building capabilities of its frontline and support associates through virtual learnings. Some of the initiative undertaken are briefly expanded in this Annual Report.

Corporate Governance

Your Company is committed towards adherence to good corporate governance. Your Company continues to strive to keep the trust of its stakeholders by being ethical, honest and transparent while doing business. Your Company has a strict Code of Business Conduct and Anti Bribery Policy, which guides its business conduct, requiring honesty and integrity in all matters. Your Company's employees, directors and vendors are required to strictly adhere to the Code of Business Conduct in the workplace and in the larger community. Your Company regularly monitors its business to ensure compliance with the Code and the Laws of the Country. Your Directors also regularly undergo Annual Refresher Training to update themselves with the Laws of the Country. A Report on Corporate Governance is detailed, in the later part of the Annual Report separately.

Corporate Sustainability

Your Company is committed to system's overall purpose 'To refresh the world and make a difference', which includes our

beverages and the work we do to enhance interconnections with our communities and the activities we do. The Corporate Sustainability activities of your Company continue to resonate with the Nation's priorities and the sustainability strategy ensures to adopt the right approach to serve our stakeholders better. The Pandemic has reinforced the importance of Sustainability and why it matters now, more than ever. Your company continues to implement projects and process improvements despite all the Covid-19 restrictions, with required precautions. Your company will continue to nurture existing partnerships and build new collaborations, to modify/amplify efforts to the changing needs of our communities and environment. Details of your company's contribution in shaping the sustainability vision are in the Corporate Sustainability report, in the later part of the Annual Report.

Internal Control Framework

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

Future Outlook

Despite the economic downturn and uncertainties that surrounds your Company, it will continue to take actions to protect Company's performance, conserve cash and plan for the future growth. The key focus for your Company, during the coming years, would be on strengthening its Route to Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets, productivity, effective cost management and building strong capability to deliver medium and long-term goals through automation. Your Company will continue to invest in its people for their continuous development, as to optimize their performance and build relevant professional skills to drive the business. Your Company will be staying close to their customers, aligning themselves to their evolving priorities, staying lean and nimble, finding newer ways to create value and possibly expand new packs and categories that address current imperatives. For its communities, your Company will endeavor to make a real and lasting difference through right engagement towards environmental and societal concerns. Your Company will consciously drive scale, consistency, and effectiveness by connecting our functions and integrated business services as a disciplined orchestrated network and maintain its high level of governance and strive towards providing better returns on its investment.

Acknowledgement

Your Directors thank all of the associates for their tenacity, perseverance and dedication in one of the toughest years in our history. Your Directors also place a special thanks to the Government of Nepal, particularly Ministry of Industry, Commerce & Supplies, Ministry of Health & Population, Department of Industry, Department of Commerce and Supply Management, Nepal Police, Armed Police Force, District Administration Office,

Securities Board of Nepal, Nepal Stock Exchange, Office of Company Registrar and Inland Revenue Department. It has been a tough year, with the increasing number of COVID-19 cases globally and in Nepal, your Company continues to strive to achieve and grow its business. We appreciate your patience and are determined to accelerate the changes we committed to.

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 "Key Business Challenges" section.

(c) Achievements in the current year as at the date of report & opinions of the Board of Directors on matters to be done in the future;

As covered above under "Financial Highlights" and "Future Outlook" section.

(d) Industrial or Professional Relations of the Company;

During the year, the relationship of your Company with its employees was harmonious resulting in no strike.

(e) Alterations in the Board of Directors and the reasons therefore;

During FY 2077/78, there were no any changes/alteration in the Board of Directors.

(f) Major things affecting the transactions;

As covered above under "Key Business Challenges"

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

None

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

The Board of Directors has not proposed any dividend to the shareholders of the Company for the Fiscal Year 2077/78.

(i) In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by your 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:

Subsidiary Company	Transactions	NPR
Bottlers Nepal (Terai) Limited	Recovery of Manpower Cost	136,478,261/-
Bottlers Nepal (Terai) Limited	Sale of Raw Materials	44,552,312/-
Bottlers Nepal (Terai) Limited	Purchase of Raw Materials	64,745,461/-
Bottlers Nepal (Terai) Limited	Payment of Product transfer fee on account of sales made in their respective territories	74,863,186/-

(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 Framework" Section.

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

Particulars	NPR MM
Salaries, wages and other employee cost	129
Administrative Expenses	94
Total	223

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

Please refer to Audit Committee details under Corporate Governance Section.

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

None

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

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

NPR MM

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	0.27	-	0.27
Managing Director	26.2	30.2	3.4	59.8
Key Managers	45.6	50.6	17.4	113.6
Total	71.8	81.1	20.8	173.7

Notes: All the facilities provided to the Managers are as per the policy of your 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, 2078 (15 July, 2021) for the last 5 years is NPR 57,912/-. All these unclaimed dividends have been transferred to your Company's Share Registrar, M/s Nabil Investment Banking limited for distribution to Shareholders. The dividend amounts payable to M/s Coca-Cola Southwest Asia Holdings Limited as on Ashad 31st, 2078 is NPR 28,201,720/ which is in process of obtaining approval from Central Bank for repatriation.

- (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. 35

- (y) Other necessary matters;

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

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

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

None

On behalf of the Board of Directors,



Shukla Wassan
Chairperson



Pradip Pandey
Managing Director

Date: 30th November, 2021

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

1. Report of the Board of Directors:

Covered in Directors Report of this Annual Report (page 31-34)

2. Auditor's Report:

Included in Annual Report (page 41-43 and page 82-84)

3. Audited Financial Statements:

Included in Annual Report (page 44-81 and Page 85-121)

4. Legal Proceedings:

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

5. Analysis of Stock Performance of the Body Corporate:

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

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

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

Quarter	Maximum Price (in NPR)	Minimum Price (in NPR)	Closing Price (in NPR)	No. of trades	Days of trading
Q1	None	None	None	None	None
Q2	None	None	None	None	None
Q3	None	None	None	None	None
Q4	None	None	None	None	None

6. Problems and Challenges

Internal

1. Rise in cost of operations with inflation.
2. Reduced efficiency in business due to COVID Pandemic

External

1. Market and economic recovery in progress from Covid-19.
2. Fluctuation in foreign currency exchange rates impacting raw materials and packaging materials cost.
3. Rise in cost of operations due to increase in indirect tax, commodity prices and energy price hikes caused by inflationary pressures.

Strategy

1. Proactively monitor the internal, external environments and consumer behaviour patterns, particularly due to COVID Pandemic.
2. Develop cost effective distribution models for upcountry areas.

7. Corporate Governance

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

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

The Board of Directors had approved the Corporate Governance Report as per the prescribed format on 30th November 2021 and the signed copy of same has been sent to Securities Board of Nepal for recording.

Brief Excerpts of the Corporate Governance Report

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

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

Certified By:



Pratima Burma

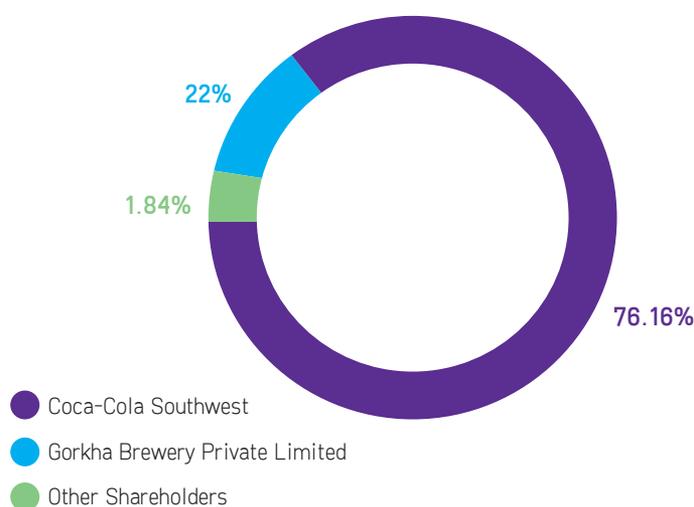
Compliance Officer

Date: 30th November, 2021

Shareholder Information

GROUP STRUCTURE

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



Representation of Coca-Cola Southwest Asia Holdings Limited

1. Ms. Shukla Wassan
2. Mr. Pradip Pandey
3. Mr. Mohamed Amin Ghoneim
4. Mr. Melvin Tan Chun Pin

Representation of Gorkha Brewery Private Limited

1. Mr. Surendra Silwal

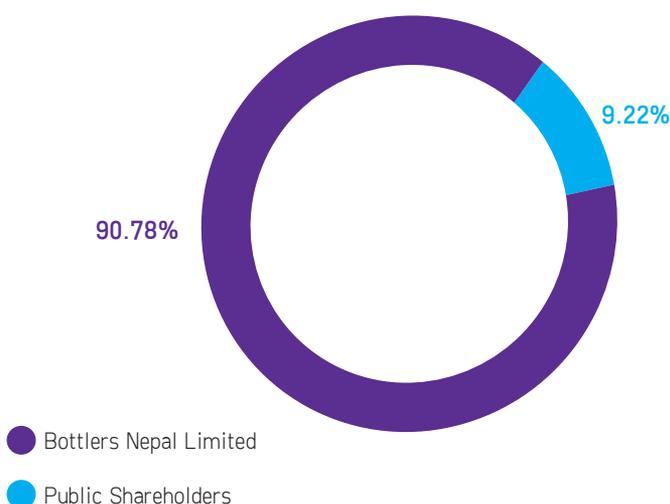
Representation of Public Shareholders

1. Mr. Narmadeshwar Narayan Singh

Independent Director

(Vacant)

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



Representation of Bottlers Nepal Limited

1. Ms. Shukla Wassan
2. Mr. Mohamed Amin Ghoneim
3. Mr. Melvin Tan Chun Pin
4. Mr. Gunjan Dhawan
5. Mr. Surendra Silwal

Representation of Public Shareholders

1. Mr. Neeraj Rimal

Independent Director

1. Mr. Pramod Kumar Karki

- **Troika Traders Private Limited (Subsidiary Company)**

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

Representation from Bottlers Nepal Limited

1. Mr. Ashok Kumar Mandal
2. Ms. Pratima Burma

Unclaimed Dividend/ Unpaid Dividend

In accordance with the provisions of Companies Act, 2006 (including amendment) and Investor Protection Fund Operation and Management Procedures, 2016, dividend not encashed/claimed within 5 years from the date of declaration are to be transferred to Investor Protection Fund.

The Total Unclaimed dividend as on Ashad 31, 2078 (15 July, 2021) for the last 5 years is NPR 57,912/- All these Unclaimed dividends are transferred to our Share Registrar, M/s Nabil Investment Banking Limited for distribution to Shareholders. The details of unclaimed dividends can be obtained from our Share Registrar, M/s Nabil Investment Banking Limited.

Categories of Shareholders

Category	No. of Shareholders	No. of Shareholding
Demat Account Holders	54	25,246
Physical Account Holders	29	1,923,641
Total Shareholders	83	1,948,887

Share prices Bottlers Nepal Limited

Year	Maximum (in NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2016-17	None	None	1,660	None	None
2017-18	1,693	1,693	1,693	100	1
2018-19	1,760	1,726	1,760	20	1
2019-20	1,830	1,795	1,830	134	1
2020-21	None	None	1,830	None	None

Note- 98.16% of the Shares are held by two institutional Shareholders. The rest 1.84% shares held by the public is rarely traded.

Bottlers Nepal (Terai) Limited

Year	Maximum (in NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2016-17	9,999	3,382	6,085	21,856	44
2017-18	8,287	5,336	5,872	27,431	166
2018-19	7,384	5,243	6,890	19,561	137
2019-20	9,274	5,847	6,200	9,035	101
2020-21	12,178	6,099	10,262	29,898	222

Shareholder Relationship

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

The shareholders are given the opportunity at the AGM to get updates from the Chairperson and to ask questions, and to express a view and vote on the various matters of Company's Business on the agenda. Shareholders may also ask questions to the Company's external auditors at the meeting. The Company encourages its shareholders to attend its AGM and is committed to dealing with shareholder queries in a respectful and timely manner whenever they are received by the Company.

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

Communication to Shareholder

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

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

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

Redressal of Shareholder's Complaint

Any complaints or queries or correspondence can be filed at Nabil Investment Banking Limited, Share Registrar or to Company Secretary/ Compliance Officer in the address mentioned below:

Nabil Investment Banking Limited

3rd Floor, Central Plaza
Narayanchaur, Naxal, Kathmandu
Email :- info@nabilinvest.com.np
Phone Numbers: - +977-01-4411604, 4411733,
RTS/RTA : Ext. 116

OR

Company Secretary/Compliance Officer

Ms. Pratima Burma
Manager- Legal & Company Secretary
E-mail: prburma@coca-cola.com.np
Phone: +977-1-4350602 Ext. 202, 253

In the year 2077/78, no any complaint were received from any shareholders.

बोटलर्स नेपाल लिमिटेडका शेयरधनी महानुभावहरूलाई त्रिचालिसौं वार्षिक साधारण सभाको सूचना

मिति २०७८ साल मंसिर १४ गते, मंगलवार (तदनुसार नोभेम्बर ३०, २०२१) बसेको संचालक समितिको बैठकको निर्णय अनुसार यस कम्पनीको त्रिचालिसौं वार्षिक साधारण सभा निम्न लिखित मिति, स्थान तथा समयमा तपसिलका विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्बन्धित सबै शेयरधनी महानुभावहरूलाई जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

मिति, समय र स्थान :

मिति : २०७८, पौष २८ गते (तदनुसारजनवरी १२, २०२२)

समय : ४:०० बजे ।

स्थान : होटल ग्याडिसन, लाजिम्पाट, काठमाण्डौं ।

कोभिड १९ (कोरोना महामारी) को जोखिम अझै जारी नै रहेको हुँदा सम्पूर्ण शेयरधनी महानुभावलाई सकेसम्म भर्चुअल माध्यम एम.एस. टिम्सबाट नै सभामा सहभागी भई दिनु हुन अनुरोध छ । सभा तोकिएको समयमा संचालन हुने भएकोले शेयरधनी उपस्थिति पुस्तिका र/वा भर्चुअल प्लेटफम ठिक ३:०० बजे खुल्ला गरिनेछ ।

छलफलका विषय सूची :

१ सामान्य प्रस्ताव :

- आर्थिक वर्ष २०७७/७८को संचालक समितिको वार्षिक प्रतिवेदन पारित गर्ने ।
- प्रबन्ध संचालकको पारिश्रमिक तथा अन्य सुविधा उपर छलफल गरी पारित गर्ने ।
- एक जना स्वतन्त्र संचालक र एक जना सर्वसाधारणको प्रतिनिधित्व गर्ने संचालकको नियुक्ति गर्ने ।

२. विशेष प्रस्ताव :

- एकिकृत वित्तिय विवरण, सम्वत् २०७८ असार ३१ गते सम्मको वासलात, आय विवरण, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखापरीक्षण भएको वित्तीय विवरण र लेखापरीक्षकको प्रतिवेदन स्वीकृत गर्ने ।

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

“एकिकृत वित्तिय विवरण, सम्वत् २०७८ असार ३१ गते सम्मको वासलात, आय विवरण, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखा परीक्षण भएको वित्तीय विवरण र लेखा परीक्षकको प्रतिवेदन प्राप्त गरी, त्यस उपर छलफल गरी पारित गर्ने ।”

- कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आर्थिक वर्ष २०७८/७९ को लेखा परीक्षण गर्न लेखा परीक्षकको नियुक्ती गर्ने र निजको पारिश्रमिक स्वीकृत गर्ने ।

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

“श्री सी. एस. सी एण्ड को चाटर्ड एकाउन्टेन्स (फर्म रजिष्ट्रेशन नं. ५७) (श्री विकेश माधिकर्मी, पार्टनर) लाई कम्पनीको लेखा परिक्षकको रूपमा आ.व २०७८/७९ को लागि पुनः नियुक्ति गर्ने र निजको पारिश्रमिक रु. ५००,०००/- (अक्षरेपी पाँच लाख मात्र) (एकिकृत सहित) (लाग्ने खर्च बाहेक) (सम्पूर्ण कर सहित तर भ्याट बाहेक) लेखापरिक्षण शुल्कको रूपमा प्रदान गर्ने निर्णय गर्ने ।”

३. विविध :

द्रष्टव्य : त्रिचालिसौं वार्षिक साधारण सभालाई ध्यानमा राखि मिति २०७८/०९/२१ गते देखि मिति २०७८/०९/२८ सम्म कम्पनीको शेयर दाखिल खारेज दर्ता बन्द रहने जानकारी समेत यसै सूचनाद्वारा शेयरधनी महानुभावहरूमा सूचित गरिन्छ । साधारण सभा सम्बन्धी अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ ।

संचालक समितिको आदेशानुसार



प्रतीमा बर्मा
कम्पनी सचिव

साधारण सभा सम्बन्धी सामान्य जानकारी

१. कम्पनीको वार्षिक प्रतिवेदन, प्रतिनिधि (प्रोक्सी) फारम तथा वार्षिक साधारण सभासँग सम्बन्धित अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ। कुनै कारणवश, यदि कुनै शेयरधनी महानुभावले वार्षिक प्रतिवेदन प्राप्त नगरेको खण्डमा कम्पनीको रजिष्टर्ड कार्यालय, बालाजु औद्योगिक क्षेत्र, बालाजु, काठमाडौंमा सम्पर्क गर्नुहुन सक्नुहुनेछ वा उक्त वार्षिक प्रतिवेदन कम्पनीको वेबसाईट www.bnl.com.np मा पनि राखिएको छ।
२. सभामा भर्चुअल माध्यमबाट भाग लिन चाहने महानुभावहरूले चन्द्र भास डङ्गोल chandra.dangol@nabilinvest.com.np / rta@nabilinvest.com.np मा ईमेल वा फोन नं. ०१ ४४११६०४ ext. ११६ मा फोन मार्फत अनुरोध गर्न सक्नुहुनेछ र उक्त शेयरधनी महानुभावलाई साधारण सभाको बैठकमा भाग लिनका लागि चाहिने लिङ्क शेयरधनी महानुभावको ईमेलमा पठाईनेछ।
३. सभामा भौतिक रूपमा भाग लिन चाहने महानुभावहरूले प्रवेश पत्र वा शेयर प्रमाणपत्र अनिवार्य रूपले लिई आउनु हुन अनुरोध गरिन्छ। कुनै शेयरधनी महानुभावहरूले कुनै कारणवश सो सूचना नपाउनु भएमा यसैलाई सूचना सरह मानी आफ्नो कुनै एक परिचयपत्र र शेयरको सक्कल प्रमाण पत्र साथमा लिई सभामा भाग लिन आउनु हुने अनुरोध गरिएको छ। शेयर अभौतिकरण गराइसक्नु भएका शेयरधनी महानुभावलाई निजको डिम्याट अकाउन्ट वा परिचय पत्र पेश गर्नहुन अनुरोध गरिन्छ।
४. सभामा कुनै प्रश्न/सल्लाह/सुझाव राख्न चाहनुहुने शेयरधनी महानुभावले सभा सुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै investorrelations@coca-cola.com.np मा ईमेल मा अनुरोध गर्नु पर्नेछ।
५. कुनै अर्को शेयरधनीको प्रतिनिधि (प्रोक्सी) को रूपमा भाग लिन र मतदान गर्न चाहने शेयरधनीले सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै प्रोक्सी फारम ईमेल मार्फत चन्द्र भास डङ्गोल chandra.dangol@nabilinvest.com.np वा नविल इन्भेष्टमेन्ट बैङ्किङ लिमिटेड, नारायणचौर, नक्साल (कम्पनीको शेयर रजिष्ट्रार) मा पेश गर्नु पर्नेछ।
६. सभामा उपस्थित हुनको लागि कुनै एक शेयरधनीको तर्फबाट एक भन्दा बढी व्यक्तिहरूको नाममा प्रोक्सी नियुक्त भएमा सबैभन्दा पछिल्लो मितिमा नियुक्त गरिएको प्रोक्सीले सभामा उपस्थित हुन र मतदान गर्न पाउने छ। कुनै शेयरधनीले एकै मितिमा एक भन्दा बढी प्रोक्सी नियुक्त गरेमा सबै भन्दा पहिले प्रोक्सी कम्पनीको कार्यालयमा दर्ता गर्ने व्यक्तिले सभामा उपस्थित हुन र मतदान गर्न पाउने छ।
७. 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।
८. संयुक्त रूपमा धारण गरेको शेयरको हकमा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्व सम्मतिबाट प्रतिनिधि नियुक्त भएको एक व्यक्तिले मात्र सभामा भाग लिन वा मतदान गर्न पाउने छ।
९. अन्य कुनै जानकारीको लागि कृपया कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा अथवा फोन नं. ४३५०६०२ वा ४३५१८७१ ext.२०२ वा २५३ वा हाम्रो शेयर रजिष्ट्रार कार्यालय, नविल इन्भेष्टमेन्ट बैङ्किङ लिमिटेड, नारायण चौर नक्साल, फोन नं. ४४११६०४ ext.११७ वा १५२ मा सम्पर्क गर्नु होला।

निर्वाचन सम्बन्धि अन्य जानकारी

१०. संचालक पदको निर्वाचनमा उम्मेदवार हुने शेयरधनी प्रचलितकानून तथा कम्पनीको प्रवन्ध पत्र र नियमावली बमोजिम संचालक हुन योग्य भएको हुनुपर्नेछ।
११. संचालक निर्वाचन सम्बन्धी सम्पूर्ण कार्यक्रम कम्पनीको रजिष्टर्ड कार्यालय बालाजु औद्योगिक क्षेत्र, काठमाडौंको सूचना पार्टीमा प्रकाशित हुने भएकोले त्यस सम्बन्धमा थप जानकारी राख्नइच्छुक शेयरधनी तथा उम्मेदवार समेतले कार्यालय समय भित्रसम्पर्क राख्न हुन अनुरोध गरिन्छ।
१२. निर्वाचन सम्बन्धि अन्य जानकारी निर्वाचन अधिकृतद्वारा छुट्टै कम्पनीको कार्यालयभित्रको सूचना पार्टीमा प्रेषित गरिनेछ।

CSC & Co

Chartered Accountants

Mahamati Bhawan
175, Gairidhara Marg, Gairidhara
PO Box : 4861, Kathmandu, Nepal
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Fax: +977-1-4004578
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Web: www.cscnepal.com

Independent Auditor's Report To the Shareholders of Bottlers Nepal Limited

Opinion

We have audited the accompanying consolidated financial statements of Bottlers Nepal Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 Ashad 2078 (15th July 2021), the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as on 15th July 2021, and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended on 31 Ashad 2078 (15 July 2021). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue recognition</p> <p>(Refer Note 18 "Revenue" of the consolidated financial statements)</p>	
<p>Revenue is recognised when significant risks and rewards are transferred to the customer. Revenue from the sale of goods is measured net off discounts and rebates that are given to the customers as a part of sales promotion, net of Value Added Tax and Excise Duty.</p> <p>Rebates and discounts under various schemes are material and have arrangements with varying terms which are based on annual contract or shorter-term arrangements. Measurement of estimated rebates and discounts accruals relating to these schemes requires judgement, based on sales made during the year.</p> <p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> inherent risk involved around revenue recognition and measurement as the performance of the group highly depends on the revenue, and accrual of rebates and discounts under various schemes requires significant judgement of management. 	<p>Our audit procedures:</p> <ul style="list-style-type: none"> We assessed the Group's revenue recognition and measurement accounting policies including those relating to discounts and rebates for sales. We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the identification, recognition and measurement of discounts and rebates for schemes. We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives. We tested on sample basis, the subsequent claims accounted by the group, to assess the appropriateness of accruals outstanding as at year end. We performed detailed analysis of revenue, analytical testing with monthly sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the revenue transactions. We tested cut-off date sales transaction as well as subsequent receipts after the year end date. We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NAS 18. <p>Our results</p> <p>No material exceptions were noted.</p>

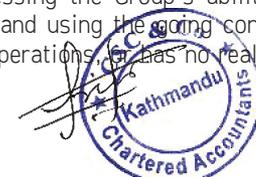
Other Information

The management is responsible for the other information presented in the Bottlers Nepal Limited Annual Report and Accounts 2077-78 (2020-21) together with the Consolidated financial statements. This report is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with NSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bottlers Nepal Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bottlers Nepal Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Bottlers Nepal Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Place: Kathmandu
Date: November 30, 2021
UDIN: 211206CA01391yB3GM


Bikesh Madhikarmi
Partner



Bottlers Nepal Limited (Group)
STATEMENT OF FINANCIAL POSITION

As at 31st Ashadh, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2078	As at 31st Ashad 2077
ASSETS			
Non-current assets:			
Non Financial			
Intangible Assets	3	62,514,990	110,277,143
Property, Plant and Equipment	4	7,215,128,703	7,663,507,959
Deferred Tax Assets	5.3	48,693,545	62,475,924
Prepayments	6.1	26,471,639	28,117,535
Financial Assets			
Advances	6.2.1	6,943,065	8,140,432
Current Assets:			
Non Financial Assets			
Inventories	7	1,585,860,277	1,572,951,713
Prepayments	6.1	67,565,967	88,552,067
Advances	6.2.2	825,394,151	899,479,555
Income Tax Receivable	8	15,262,103	19,578,467
Financial Assets			
Other Current Assets	6.2.3	26,559,509	16,719,123
Trade Receivables	9	496,232,874	221,507,342
Cash and Cash Equivalents	10	500,052,444	460,921,329
Total Assets		10,876,679,267	11,152,228,589
EQUITY AND LIABILITIES			
Equity:			
Equity Share Capital	11	194,888,700	194,888,700
Reserve and Surplus	12	3,892,921,650	3,473,564,935
Non Controlling Interest	13	250,279,427	211,050,669
Non-current Liabilities:			
Retirement Benefit Obligation	14.1	1,040,579,873	958,111,001
Financial Liabilities			
Non current Borrowing	15.1	1,130,407,009	1,700,407,009
Current Liabilities:			
Financial Liabilities			
Retirement Benefit Obligation	14.1	160,381,000	121,160,000
Borrowings	15.2	1,814,688,522	1,942,510,519
Trade Payables	15.3	688,496,990	1,184,806,157
Other Financial Liabilities	16	1,578,352,583	1,329,722,984
Non Financial Liabilities	17	119,747,555	25,084,251
Income Tax Payable	8	5,935,958	10,922,364
Total Equity and Liabilities		10,876,679,267	11,152,228,589

Notes 1 to 31 form an integral part of this consolidated Financial Statement

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

CSC & Co.
Chartered Accountants

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited (Group)
STATEMENT OF PROFIT OR LOSS
 For the year ended 31st Ashadh, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	For the Year 2077-78	For the Year 2076-77
Revenue from operations	18	8,409,232,601	6,865,166,384
Cost of goods sold	19	(5,934,889,789)	(5,094,806,091)
Gross Profit		2,474,342,812	1,770,360,293
Other operating income	20	32,289,216	128,552,483
Selling and distribution expenses	21	(1,296,635,790)	(1,298,338,455)
Administrative and operating expenses	22	(380,372,243)	(401,446,754)
Profit from Operations		829,623,995	199,127,567
Finance Costs	23	(257,123,928)	(268,128,819)
Finance Income	24	21,345,195	34,896,497
Profit Before Tax		593,845,262	(34,104,755)
Income Tax Expense			
Income Tax	5.1	(88,686,410)	(112,689,580)
Prior period tax adjustments	5.1	(8,252,000)	(884,561)
Deferred Tax	5.2	(17,978,449)	85,824,154
Net Profit for the year		478,928,403	(61,854,742)
Basic/Diluted Earning Per Share	25	226	(32)
Owners of the Company		439,888,870	(62,349,202)
Non Controlling Interest		39,039,533	494,460

Notes 1 to 31 form an integral part of this consolidated Financial Statement

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited (Group)

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st Ashadh, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Net Profit/(Loss) for the year as per Statement of Profit or Loss	478,928,403	(61,854,742)
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes	(24,539,000)	(83,466,000)
Deferred Tax on Actuarial Gain/(Loss)	4,196,070	13,354,560
Items that may be reclassified to Statement of Profit or Loss	-	-
Other comprehensive gain/(loss) for the year, net of tax	(20,342,930)	(70,111,440)
Total Comprehensive gain/(loss) for the year, net of tax	458,585,473	(131,966,182)
Owners of the Company	419,356,715	(130,045,311)
Non Controlling Interest	39,228,758	(1,920,871)

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited (Group)
STATEMENT OF CASH FLOWS

For the year ended 31st Ashadh, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	593,845,262	(34,104,755)
Adjustments for non cash and non operating:		
Depreciation on Property, Plant and Equipment	777,235,025	758,166,143
Amortization of Intangible Assets	47,762,153	44,266,031
Loss/ (gain) on sale/write off of Property, Plant and Equipment	(5,365)	(4,127,157)
Finance Income	(21,345,195)	(34,896,497)
Finance Costs	257,123,928	268,128,819
Prior Period Items	-	(5,922,711)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	(143,622,322)	(902,490,615)
Increase / (Decrease) in provision of retirement benefit obligations	92,164,466	96,903,847
Decrease / (Increase) in trade and other receivables	(280,892,090)	(29,498,617)
Decrease / (Increase) in loans and advances	97,914,767	(319,441,109)
Decrease / (Increase) in inventories	(12,908,564)	(193,827,111)
Cash generated from operations	1,407,272,065	(356,843,732)
Direct taxes paid (net of refunds)	(97,608,452)	(105,887,227)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	1,309,663,613	(462,730,959)
(B) CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(330,358,130)	(865,070,512)
Purchase of Intangibles	-	(67,123,705)
Proceeds from sale of Property, Plant and Equipment	1,507,726	22,273,433
Interest Received	22,657,773	32,712,015
Dividends Received	-	(4,461,120)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(306,192,631)	(881,669,889)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	(697,821,997)	1,527,162,145
Interest Paid	(266,517,870)	(258,177,653)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	(964,339,867)	1,268,984,492
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	39,131,115	(75,416,356)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	460,921,329	536,337,685
CASH AND CASH EQUIVALENTS, End of Year	500,052,444	460,921,329

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited (Group)
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st Ashadh, 2078 (15th July, 2021)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2076	194,888,700	165,087,020	(91,307,312)	3,537,950,194	3,806,618,602
Profit for the year	-	-	-	(62,349,202)	(62,349,202)
Other comprehensive income	-	-	(67,696,109)	-	(67,696,109)
Dividends	-	-	-	-	-
Dividend Tax *	-	-	-	(2,196,945)	(2,196,945)
Interest and Penalty on Tax	-	-	-	(5,922,711)	(5,922,711)
Balance as at 1st Shrawan 2077	194,888,700	165,087,020	(159,003,421)	3,467,481,336	3,668,453,635
Profit for the year	-	-	-	439,888,870	439,888,870
Other comprehensive income	-	-	(20,532,155)	-	(20,532,155)
Dividends	-	-	-	-	-
Balance as at 31st Ashad 2078	194,888,700	165,087,020	(179,535,576)	3,907,370,206	4,087,810,350

* Dividend tax of financial year 2075-76 has been eliminated in the consolidated financial statement on retrospective effect.

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the year ended 31st Ashadh, 2078 (15th July, 2021)

1. Corporate Information

The consolidated financial statements of Bottlers Nepal Limited (Group), which includes Statement of Financial Position as at 31st Ashad 2078 (15th July 2021) and Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 31st Ashad 2078 (15th July 2021) and related Significant Account Policies and Notes were authorized for issue in accordance with a resolution of the Board of Directors dated 14th Mangsir, 2078 (30th November, 2021).

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

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

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.

Troika Traders Private Ltd. ("Company") is a private limited Company incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Balaju Industrial District, Balaju, Kathmandu, Nepal. Troika Traders Private Ltd is a licensed 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 conform, in material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis.

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

2.1 Accounting Pronouncements

The group for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal.

2.2 Accounting Convention

The financial statements are prepared on a historical cost basis.

2.3 Going Concern

The financial statements are prepared on the assumption that the Company is a going concern.

2.4 Presentations

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

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

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

All other assets are classified as non-current.

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

The Group classifies a liability as current when it is:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

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

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

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

2.5 Accounting Policies

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

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

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

2.6 Accounting Estimates

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

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

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

2.6.1 Change in Accounting Estimates

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.

2.7 Financial periods

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

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31 st Ashad, 2078	15 th July, 2021
Current Reporting Period	1 st Shrawan 2077- 31 st Ashad 2078	16 th July 2020 - 15 th July 2021
Comparative SFP* Date	31 st Ashad, 2077	15 th July, 2020
Comparative reporting period	1 st Shrawan 2076- 31 st Ashad 2077	17 th July 2019 - 15 th July 2020

*Statement of Financial Position

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2.8 Presentation currency

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

2.9 New Standards issued and not yet effective

The group has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose application was not mandatory for financial year 2077-78 (2020-21). These standards include:

NFRS 9 "Financial Instruments" (Revised), NFRS 14 "Regulatory Deferral Accounts", NFRS 15 "Revenue from Contracts with Customers", NFRS 16 "Leases", NFRS 17 "Insurance Contracts" & NAS 29 "Financial Reporting in Hyperinflationary Economies" applicable from 16th July 2021, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

NFRS 15 "Revenue from Contracts with Customers" is the new NFRS standard governing the accounting principles for revenue. It replaces standards NAS 11 "Construction Contracts" and NAS 18 "Revenue", as well as the different existing interpretations SIC 31 "Revenue - Barter Transactions Involving Advertising Services", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate" and IFRIC 18 "Transfers of Assets from Customers".

NFRS 9 "Financial Instruments" is the new NFRS standard introducing new provisions regarding Impairment of financial assets and hedging. It replaces standards NAS 39 "Financial Instruments: Recognition and Measurement" and NFRS 9 (2013) "Financial Instruments".

NFRS 16 "Leases" changes the recognition of leases by lessees. It replaces NAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

2.10 Foreign Currency Translations

Transactions entered by the group in a currency other than the currency of primary economic environment in which it operates are recorded at the rates prevailing when the transactions occur. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit or Loss. Unsettled foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized in statement of profit or loss.

2.11 Lease

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

i. Bottlers Nepal Limited

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

Figures in NPR

Period	As at 31st Ashad 2078	As at 31st Ashad 2077
Less than One Year	462,556	462,556
One year to Five years	2,312,780	2,312,780
More than Five years	12,489,012	12,951,565
Total	15,264,348	15,726,901

ii. Bottlers Nepal (Terai) Limited

When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss statement over the lease term. The Company has leased one plot of godown for 10 years from Green Hand Nepal Private Ltd., Kathmandu. These lease agreements can be extended with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however both parties have right to review the lease term after the end lease period. Future minimum lease payable under non-cancellable operating leases as at balance sheet date are as follows:

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Period	As at 31st Ashad 2078	As at 31st Ashad 2077
Less than One Year	41,437,680	38,635,110
One Year to Five Years	158,662,615	167,191,552
More than Five Years	35,648,042	120,699,739
Total	235,748,337	326,526,401

Principle of Consolidation

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

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

Name	Country of Incorporation	As at 31 st Ashad, 2078	As at 31 st Ashad, 2077
Bottlers Nepal (Terai) Ltd.	Nepal	90.78%	90.78%
Troika Traders Private Ltd.	Nepal	99.73%	99.73%

- f) The financial statements of the subsidiary used for consolidation are drawn for the same reporting period as that of the parent Company i.e. year ended 31st Ashad, 2078.
- g) The parent Company has acquired the shares in the subsidiaries in fair values at the date of acquisition therefore no goodwill is recognized.

Non-Controlling Interest

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

Details of Non-Controlling interest are:

Figures in NPR

Particulars	"As at 31st Ashad 2078"	"As at 31st Ashad 2077"
Share Capital	11,154,800	11,154,800
Opening Reserve	199,895,869	206,277,860
Profit for the year	39,039,533	494,460
Other Comprehensive Income for the year	189,225	(2,415,331)
Dividend Income	-	(4,461,120)
Total	250,279,427	211,050,669

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3. Intangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 1st Shrawan 2076	173,415,929	-	173,415,929
Adjustment (Reclassification)	1,180,611	-	1,180,611
Additions	67,123,705	67,123,705	134,247,410
Disposals/Adjustments	(673,367)	(67,123,705)	(67,797,072)
Closing balance at 31st Ashad 2077	241,046,878	-	241,046,878
Additions	-	-	-
Disposals/Adjustments	-	-	-
Closing balance at 31st Ashad 2078	241,046,878	-	241,046,878
Accumulated Amortisation			
Opening balance at 1st Shrawan 2076	85,401,653	-	85,401,653
Adjustment (Reclassification)	1,180,611	-	1,180,611
Charge for the year	44,266,031	-	44,266,031
Disposals	(78,560)	-	(78,560)
Adjustments	-	-	-
Closing balance at 31st Ashad 2077	130,769,735	-	130,769,735
Adjustment (Reclassification)	-	-	-
Charge for the year	47,762,153	-	47,762,153
Disposals/Adjustments	-	-	-
Closing balance at 31st Ashad 2078	178,531,888	-	178,531,888
Net Block			
Closing Balance at 31st Ashad 2078	62,514,990	-	62,514,990
Closing Balance at 31st Ashad 2077	110,277,143	-	110,277,143

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

Computer software cost are amortized on the basis of expected useful life, which is estimated as 5 years (the estimate is being reviewed periodically). Costs associated with maintaining software are recognized 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 are considered to be impaired and is written down immediately.

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

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

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4. Property Plant and Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Opening balance at 1st Shrawan 2076	933,414,670	5,808,986,811	108,457,837	1,327,091,827	1,729,459,139	51,809,104	639,496,364	10,598,715,752
Adjustment (ReClassification)	-	8,682,815	19,257,079	(36,616,331)	31,200,931	(23,705,105)	-	(1,180,611)
Additions	662,293,062	246,949,714	9,724,738	273,812,916	190,918,530	3,135,502	865,070,512	2,251,904,974
Transfer to asset block	-	-	-	-	-	-	(1,398,689,005)	(1,398,689,005)
Disposals	(17,688,663)	(4,765,143)	(269,500)	(13,307,529)	(6,382,121)	-	(2,527,363)	(44,940,319)
Adjustments	-	-	-	33,374,883	-	-	-	33,374,883
Closing balance at 31st Ashad 2077	1,578,019,069	6,059,854,197	137,170,154	1,584,355,766	1,945,196,479	31,239,501	103,350,508	11,439,185,674
Adjustment (ReClassification)	-	-	-	-	-	-	-	-
Additions	25,594,913	68,763,232	7,160,013	77,147,951	135,354,170	1,053,068	330,358,130	645,431,477
Transfer to Assets Block	-	-	-	-	-	-	(315,073,348)	(315,073,348)
Disposals	(1,246,645)	(5,307,496)	(544,777)	(20,284,796)	(7,015,333)	(1,053,068)	-	(35,452,115)
Adjustments	-	-	-	535,712	-	-	-	535,712
Closing balance at 31st Ashad 2078	1,602,367,337	6,123,309,933	143,785,390	1,641,754,633	2,073,535,316	31,239,501	118,635,290	11,734,627,400
Depreciation and Impairment Losses								
Opening balance at 1st Shrawan 2076	196,062,839	1,412,692,167	31,681,096	454,548,137	889,548,444	40,028,011	-	3,024,560,694
Adjustment (ReClassification)	-	41,201,041	18,038,253	(36,679,916)	1,520,049	(25,260,038)	-	(1,180,611)
Charge for the year	37,554,574	283,251,157	14,467,725	165,237,411	256,615,227	1,040,049	-	758,166,143
Disposals	(17,330,078)	(1,081,916)	(6,708)	(13,307,529)	(5,610,949)	-	-	(37,337,180)
Adjustments	-	-	-	31,468,669	-	-	-	31,468,669
Closing balance at 31st Ashad 2077	216,287,335	1,736,062,449	64,180,366	601,266,772	1,142,072,771	15,808,022	-	3,775,677,715
Adjustment (ReClassification)	-	-	-	-	-	-	-	-
Charge for the year	48,588,111	283,891,240	14,831,022	170,312,111	252,054,411	7,558,130	-	777,235,025
Disposals	(835,459)	(3,729,794)	(302,457)	(15,272,147)	(7,084,859)	(9,751)	-	(27,234,467)
Adjustments	-	-	-	(6,179,576)	-	-	-	(6,179,576)
Closing balance at 31st Ashad 2078	264,039,987	2,016,223,895	78,708,931	750,127,160	1,387,042,323	23,356,401	-	4,519,498,697
Net Block								
Closing Balance at 31st Ashad 2078	1,338,327,350	4,107,086,038	65,076,459	891,627,473	686,492,993	7,883,100	118,635,290	7,215,128,703
Closing Balance at 31st Ashad 2077	1,361,731,734	4,323,791,748	72,989,788	983,088,994	803,123,708	15,431,479	103,350,508	7,663,507,959

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

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

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

The group has made a provision for missing/obsolescence assets in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from Fixed Assets Register (FAR). Refer "Adjustments" row of the above table for the movement in such provisions during the year. As on 31st Ashad 2078 the net provision for missing/obsolescence assets is NPR 29,594,175 (As on 31st Ashad 2077 was NPR 36,233,842).

The company has registered first legal mortgage covering all fixed assets including the land and building owned by the company at Plot No. 22, 97, 99, 341, 335, 337 339, 999, 1001 and 1003 at ward No. 9 Bharatpur Municipality, Chitwan, Nepal to avail banking facilities including term loan, Overdraft, Letter of credit etc. Also, the company has provided hypothecation of specific charge over plant and machineries to bank.

4.1 Depreciation

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

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

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

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.

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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's 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 2078	As at 31st Ashad 2077
Machineries	54,726,367	26,585,428
Coolers	40,311,818	53,502,176
IT Technology	-	1,613,631
Crates	2,418,015	6,709,063
Post Mix	2,855,512	5,992,550
Furniture & Fixtures	-	4,981,775
CO2 Cylinders	2,065,885	2,065,885
Plastic Pallets	-	1,900,000
Bottles	16,257,693	-
Total	118,635,290	103,350,508

4.4 Borrowing Cost

FY 2077-78

The company has not capitalized any borrowing costs during the year.

FY 2076-77

The Company (BNTL) has transferred borrowing cost amounting to NPR 27,690,788 to Property, Plant and Equipment for the year ending 15-July-2020. The asset wise details of borrowing cost included in the costs of major heads of Property, Plant and Equipment are as follows:

Figures in NPR

Particulars	For the Year 2076-77
Plant and Machinery	4,746,333
Plant Building	17,398,510
Office Building	5,545,945
Total	27,690,788

5. Income Tax

5.1 Current Income Tax

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

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Current tax on profit for the year	88,686,410	112,689,580
Adjustment for prior periods	8,252,000	884,561
Total	96,938,410	113,574,141

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5.2 Deferred Taxes

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Origination and reversal of temporary differences	26,916,248	(85,824,154)
Effect of change in the tax rates	(8,937,799)	-
Total	17,978,449	(85,824,154)

5.3 Deferred tax Assets

Deferred tax is calculated on temporary differences at future effective rate tax rate of 17% for Bottlers Nepal Limited and 16% for Bottlers Nepal (Terai) Limited (PY - 16% for Bottlers Nepal Limited and 16% for Bottlers Nepal (Terai) Limited). Deferred tax has been recognized in respect of all tax gain/loss and other temporary differences giving rise to deferred tax liability (net) where the management believe it is probable that this liability will be adjusted.

FY : 2077/78

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	7,060,777,437	5,134,017,716	(1,926,759,721)
2 Intangible Assets	62,514,990	69,793,266	7,278,276
3 Retirement benefit provision	(1,200,960,873)	-	1,200,960,873
4 Provision for Expenses to be claimed on actual expense	(351,442,492)	-	351,442,492
5. Income tax business loss carry forward	(613,865,066)	-	613,865,066
Total Amount			246,786,986
Tax Amount			48,693,545
Opening Deferred tax Assets/(Liability)			62,475,924
Deferred tax provision recognised			(13,782,379)
Closing Deferred tax Assets/(Liability)			48,693,545
Charge/(Credit) to OCI			(4,196,070)
Charge/(Credit) to PL			17,978,449

FY : 2076/77

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	7,524,441,471	5,960,731,127	(1,563,710,344)
2 Intangible Assets	110,277,141	112,354,305	2,077,164
3 Retirement benefit provision	(1,079,271,001)	-	1,079,271,001
4 Provision for Expenses to be claimed on actual expense	(46,723,607)	-	46,723,607
5 Income tax business loss carry forward	(826,113,100)	-	826,113,100
Total Amount			390,474,529
Tax Amount			62,475,924
Opening Deferred tax Assets/(Liability)			(36,702,789)
Deferred tax provision recognised			99,178,713
Closing Deferred tax Assets/(Liability)			62,475,924
Charge/(Credit) to OCI			(13,354,560)
Charge/(Credit) to PL			(85,824,153)

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5.4 Reconciliation

Reconciliation of taxable profit and accounting profit:

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Accounting profit before income tax	593,845,262	(34,104,755)
Adjustment as per Income Tax Act 2058	(245,043,832)	436,109,444
Total profit as per Income Tax	348,801,430	402,004,689
Tax Rate	25%	25%
Tax Expenses	88,686,410	112,689,580

6. Other Assets

6.1 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 2078	As at 31st Ashad 2077
Prepayments	94,037,606	116,669,602
Total	94,037,606	116,669,602
Current	67,565,967	88,552,067
Non Current	26,471,639	28,117,535

6.2 Advances

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

6.2.1 Non-Current Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advances to Employees	6,943,065	8,140,432
Total	6,943,065	8,140,432

6.2.2 Current Non-Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Capital Advances	8,600,498	31,677,591
Advance to suppliers	411,913,707	582,593,972
Less: Provision for Doubtful Advances	(4,197,046)	-
Balances with statutory/government authorities	409,076,992	285,207,992
Total	825,394,151	899,479,555

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6.2.3 Financial Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advances to Employees	7,466,414	12,284,038
Security Deposits	1,127,332	834,906
Interest Income Receivables	2,287,601	3,600,179
Duty Refundable	9,009,333	-
Other Receivables	6,668,829	-
Total	26,559,509	16,719,123

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

Financial Instruments: Financial Assets

a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument-by-instrument basis at the time of initial recognition of such equity investments. Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Financial assets of the group 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.

c) Impairment of financial assets

The Group assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

d) De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9.

If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

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e) Risks associated with Financial Instrument- Financial Assets

The group has a risk management framework to monitor, access, mitigate and manage risks. This risk management framework is given in Note 30.

7. Inventories

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Raw materials	855,404,507	970,864,023
Work-in-process	266,151	2,377,573
Finished goods	197,691,306	142,494,121
Consumables	532,498,313	457,215,996
Total	1,585,860,277	1,572,951,713

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. Weighted average method is used for valuation of finished goods in Bottlers Nepal Limited and Bottlers Nepal (Terai) Limited, and FIFO method is used in Troika Traders Private Limited (TTPL).

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

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

8. Income Tax Receivable/Payable

Income Tax Receivable (Net)

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance Income Tax	702,384,496	653,231,760
Less: Income Tax Payable	(687,122,393)	(633,653,293)
Total	15,262,103	19,578,467

Income Tax payable (Net)

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Income tax payable	686,443,748	612,025,368
Less: Advance Income Tax	(680,507,790)	(601,103,004)
Total	5,935,958	10,922,364

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9. Trade Receivables

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade receivables:		
Secured, considered good	173,027,343	160,553,727
Unsecured considered good	170,095,871	30,600,486
Receivables from other related parties	153,109,660	30,353,129
Total	496,232,874	221,507,342

Bank overdrafts are secured against all receivables.

9.1 Trade Receivables

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

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

9.2 Other Receivables

Other receivables are receivable from insurance companies against unsettled claims.

9.3 Related Parties Transaction

It includes transactions with group companies and key management personnel which are disclosed in Note 29.

9.4 Impairment of Financial Assets

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.

10. Cash and Cash Equivalents

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Balances with Banks		
- On current accounts	83,009,179	44,043,340
- Deposits accounts	416,719,903	416,719,903
Cash on hand	323,362	158,086
Total	500,052,444	460,921,329
Balances with banks comprises of amount held by the banks as Fixed Deposit	416,719,903	416,719,903

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

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

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

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

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11. Share Capital

Particulars	As at 31st Ashad 2078		As at 31st Ashad 2077	
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	4,300,000	430,000,000	4,300,000	430,000,000
Issued and Paid Up				
Ordinary shares of Rs. 100 each	1,948,887	194,888,700	1,948,887	194,888,700
At the beginning of the year	1,948,887	194,888,700	1,948,887	194,888,700
At the end of the year	1,948,887	194,888,700	1,948,887	194,888,700

The Share holding Pattern of the company is as follows:

Shareholder Category	As at 31st Ashad 2078		As at 31st Ashad 2077	
	No. of Shares	% of holding	No. of Shares	% of holding
Coca-Cola South West Asia Holding Limited	1,484,301	76.16%	1,484,301	76.16%
Gorkha Brewery Private Limited	428,755	22.00%	428,755	22.00%
Other Shareholders	35,831	1.84%	35,831	1.84%
Total	1,948,887	100.00%	1,948,887	100.00%

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

12. Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Share Premium	165,087,020	165,087,020
Retained earnings	3,907,370,206	3,467,481,336
Actuarial Reserve	(179,535,576)	(159,003,421)
(As per Statement of Changes in Equity)		
Total	3,892,921,650	3,473,564,935

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, 2063.

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

13. Non-Controlling Interest

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Share Capital	11,154,800	11,154,800
Opening Reserve	199,895,869	206,277,860
Profit for the year	39,039,533	494,460
Other Comprehensive Income for the year	189,225	(2,415,331)
Dividend Income	-	(4,461,120)
Total	250,279,427	211,050,669

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14. Employee Benefits

Current Employment Benefits

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost		
Cost of goods sold	526,212,310	496,446,849
Selling and distribution expenses	301,414,553	290,230,059
Administrative and operating expenses	180,098,434	186,693,897
Defined Contribution Plan Expenses		
Cost of goods sold	26,990,380	23,359,866
Selling and distribution expenses	4,200,316	5,695,896
Administrative and operating expenses	599,352	530,622
Defined Benefit Plan Cost		
Cost of goods sold	101,501,704	75,080,843
Selling and distribution expenses	25,160,696	16,548,768
Administrative and operating expenses	17,035,472	12,596,367
Other Long Term Benefit Cost		
Cost of goods sold	4,840,530	4,563,000
Selling and distribution expenses	1,022,496	1,516,000
Administrative and operating expenses	1,976,974	1,877,000
Total Employee Cost charged to SoPL for the Period	1,191,053,217	1,115,139,167
Actuarial loss on defined benefit plan schemes charged to SoOCI for the Period	24,539,000	83,466,000
Total Employee Cost for the Period	1,215,592,217	1,198,605,167

14.1 Post-Employment Benefits

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

The cost of the defined benefit plans, other long-term employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available Nepal Assured Lives Mortality Table 2009 for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

FY 2077-78

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	561,578,183	37,771,000	479,921,818	1,079,271,001
Current Service cost	28,202,000	5,085,000	40,630,872	73,917,872
Interest Charge	40,791,000	2,755,000	34,074,000	77,620,000
Paid	(35,406,000)	(1,232,000)	(17,749,000)	(54,387,000)
Actuarial (gain)/loss during the year (recognised in OCI)	35,218,000	-	(10,679,000)	24,539,000
Closing Liability	630,383,183	44,379,000	526,198,690	1,200,960,873
Charge for the period to SoPL	68,993,000	7,840,000	74,704,872	151,537,872
Charge to SoCI	35,218,000	-	(10,679,000)	24,539,000

FY 2076-77

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	463,255,183	30,620,000	403,736,840	897,612,023
Current Service cost	-	5,683,000	40,562,978	46,245,978
Interest Charge	34,396,000	2,273,000	29,267,000	65,936,000
Paid	(9,273,000)	(605,000)	(4,111,000)	(13,989,000)
Actuarial (gain)/loss during the year (recognised in OCI)	73,200,000	(200,000)	10,466,000	83,466,000
Closing Liability	561,578,183	37,771,000	479,921,818	1,079,271,001
Charge for the period to SoPL	34,396,000	7,956,000	69,829,978	112,181,978
Charge to SoCI	73,200,000	(200,000)	10,466,000	83,466,000

Breakup of Current and Non-current liability:**FY 2077-78**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	128,431,000	2,274,000	29,676,000	160,381,000
Non Current Liability	501,952,183	42,105,000	496,522,690	1,040,579,873
Net (Asset)/Liability as at 31st Ashad 2078	630,383,183	44,379,000	526,198,690	1,200,960,873

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	96,735,000	1,756,000	22,669,000	121,160,000
Non Current Liability	464,843,183	36,015,000	457,252,818	958,111,001
Net (Asset)/Liability as at 31st Ashad 2077	561,578,183	37,771,000	479,921,818	1,079,271,001

14.2 Defined Benefit Plans

The defined benefit plans of the group include Gratuity and Other Retirement benefits.

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14.2.1 Gratuity

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

A. Gratuity Benefit till 3rd September 2017:

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

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

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

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

As per Section 53 of Labour Act 2074, minimum 8.33% of basic salary shall be provided to employees as gratuity after 3rd September 2017 from date of service. As per Collective Bargaining Agreement (CBA) entered by the company with its employees, any employee completing 17 years of service at the time of retirement (20 years in case of withdrawal) will be eligible for 35 days of benefit. Employees falling under this criteria will receive benefit as per CBA, which is beneficial over the benefit provided as per Labour Act 2074. Company has provided for entire gratuity provision based on actuarial valuation.

14.2.2 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 17 years 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.

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14.2.3 Sensitivity Analysis

FY 2077-78

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(15,667,000)	(2,192,000)	(23,225,000)
Effect on DBO due to 0.5% decrease in discount rate	16,706,000	2,390,000	25,289,000
Effect on DBO due to 0.5% increase in salary escalation rate	16,171,000	2,314,000	24,468,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(15,331,000)	(2,145,000)	(22,729,000)

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(14,861,000)	(1,830,000)	(20,288,000)
Effect on DBO due to 0.5% decrease in discount rate	15,829,000	1,990,000	22,038,000
Effect on DBO due to 0.5% increase in salary escalation rate	14,240,000	851,000	21,427,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(13,512,000)	(2,691,000)	(19,943,000)

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 while calculating the defined benefit liability recognized in the date of Statement of Financial Position.

14.2.4 Actuarial Assumptions

Particulars	For the Year 2077-78	For the Year 2076-77
Financial Assumptions		
Discount rate (%)	7.00%	7.50%
Salary escalation rate	10.00%	10.00%
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, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%

14.2.5 Defined Benefit Plan Assets

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

14.3 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.

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14.4 Other Long-Term Benefits - 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.

15. Financial Instruments - Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade payables and borrowings.

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

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

Risks associated with Financial Instrument- Financial Liabilities

The group has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 30.

15.1 Non-Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Secured Bank Loan	1,700,407,009	2,270,407,009
Less; Current Maturity Portion	(570,000,000)	(570,000,000)
Total	1,130,407,009	1,700,407,009

15.2 Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Bank Overdrafts	1,244,688,522	1,372,510,519
Current Portion of Term Loan	570,000,000	570,000,000
Total	1,814,688,522	1,942,510,519

Short term bank overdraft carries interest at the rate 7.33% to 9.42% p.a. during the year and repayable on demand.

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

Secured Bank Loan carries interest at the rate 7.48% to 9.42% p.a. during the year & repayable on due date. Term loan of Bottlers Nepal (Terai) Limited is secured against Property, Plant and Equipment.

15.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade Payable	373,004,509	527,416,396
Trade Payable to related parties	315,492,481	657,389,761
Total	688,496,990	1,184,806,157

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16. Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Container Deposit Liability	746,519,441	710,705,533
Corporate Social Responsibility	15,234,655	12,458,451
Trade Deposits	4,676,030	4,676,030
Employee Related Accruals	120,852,204	17,479,163
Bonus Payable	67,316,438	1,535,892
Provision for Expenses	336,207,837	363,805,398
Dividend Payable	28,201,720	28,201,720
Statutory Dues Payable	200,207,880	156,569,181
Interest Payables	9,305,944	18,699,886
VAT Payable (Net)	49,830,434	15,591,730
Total	1,578,352,583	1,329,722,984

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

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

Corporate Social Responsibility

CSR Provision is accounted as per Industrial Enterprises Act 2020 (2076 BS) (the "Act") has been introduced with effect from February 11, 2020 repealing the Industrial Enterprises Act 2016 (2073 BS) (the "Previous Act").

Section 54 of Industrial Enterprises Act 2020 (2076 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 based on annual plans and programs in the sectors that are prescribed under the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the Department of Industries registered within six months from expiry of the financial year.

The group has provided provision for CSR at the rate of 1 % of profit before tax amounting to NPR 6,058,479 for FY 77-78.

Changes in provision

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

17. Non-Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance received from distributors	119,747,555	25,084,251
Total	119,747,555	25,084,251

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18. Revenue

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Sale of goods	9,375,339,237	7,783,290,766
Less: Sales Return	(1,276,893)	-
Less: Discount	(964,829,743)	(918,124,382)
Total	8,409,232,601	6,865,166,384

18.1 Sale of Goods

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

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

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

19. Cost of Goods Sold

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Material consumed		
Raw materials		
At 1st Shrawan	970,864,023	736,572,937
Purchase	4,107,302,127	3,429,168,186
At 31st Ashad	(855,404,507)	(970,864,022)
Raw material consumed total	4,222,761,643	3,194,877,101
Work in process		
At 1st Shrawan	2,377,573	7,799,172
At 31st Ashad	(266,151)	(2,377,573)
Net change in work-in-process	2,111,422	5,421,599
Production and manufacturing overheads	1,766,372,959	1,827,253,022
Finished goods		
At 1st Shrawan	142,494,121	212,329,806
Purchase	(1,159,050)	(2,581,316)
At 31st Ashad	(197,691,306)	(142,494,121)
Net change in finished goods	(56,356,235)	67,254,369
Cost of goods sold	5,934,889,789	5,094,806,091

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19.1 Production and Manufacturing Overheads

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	553,202,690	519,806,715
Sick Leave	4,840,530	4,563,000
Gratuity	46,302,000	24,570,989
Other retirement benefits	55,199,704	50,509,854
Travel and transport costs	9,399,242	12,032,852
Repair and maintenance	153,292,710	152,334,339
Office expenses	31,125,891	42,758,778
Consumables	69,735,116	74,418,982
(Gain)/Loss on sale/write off of Property, Plant and Equipment	1,518,649	(572,361)
Power & Fuel	162,130,823	160,663,553
Legal and other professional fees	1,419,055	432,779
Depreciation on property, plant and equipment	635,239,702	619,418,971
Amortization of Intangible Assets	35,632,253	32,942,510
Exchange (Gain)/Loss	7,334,594	133,372,061
Total	1,766,372,959	1,827,253,022

20. Other Operating Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Sale of Scrap	17,437,628	18,865,575
Miscellaneous Income	14,851,588	109,686,908
Total	32,289,216	128,552,483

20.1 Sale of Scrap

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

20.2 Miscellaneous Income

Miscellaneous income includes charges recovered from customer on account of handling loss of Glass bottles, Container deposit liability Write-off amount and Liquidated damages received from vendor.

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

Bottlers Nepal Limited (Group)
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21. Selling and Distribution Expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	305,614,869	295,925,955
Sick Leave	1,022,496	1,516,000
Gratuity	11,788,000	4,742,000
Other retirement benefits	13,372,696	11,806,768
Travel and transport costs	17,889,986	23,605,113
Repair and maintainence	27,621,591	28,468,751
Office expenses	24,661,678	33,603,318
Communication expenses	30,702,803	37,818,551
Utilities	53,775,589	57,160,868
Freight Charges	461,623,182	403,677,451
Liquid leakages and damages	175,617,573	162,404,431
Sales promotion expenses	36,731,447	103,781,477
Other miscellaneous expenses	3,314,930	4,143,961
Depreciation on property, plant and equipment	127,341,252	124,488,012
Amortization of Intangible Assets	5,557,698	5,195,799
Total	1,296,635,790	1,298,338,455

22. Administrative and Operating expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	180,697,786	187,224,519
Sick Leave	1,976,974	1,877,000
Gratuity	10,903,000	5,083,011
Other retirement benefits	6,132,472	7,513,356
Travel and transport costs	12,842,035	19,574,639
Repair and maintainence	6,408,771	6,379,953
Office expenses	41,732,947	57,823,983
Bank charges	3,938,096	6,350,054
Audit fees	950,000	950,000
Legal and other professional fees	14,429,674	11,312,080
Communication expenses	33,418,360	40,153,774
Utilities	14,430,170	14,012,280
Depreciation on property, plant and equipment	14,654,070	14,259,159
Amortization of Intangible Assets	6,572,202	6,127,723
(Gain)/Loss on sale/write off of Property, plant and equipment	(1,524,014)	(1,444,591)
Corporate Social Responsibility	6,058,479	138,230
Provision for Doubtful Advances	4,197,046	-
Security Expenses	20,404,172	21,465,560
Board and AGM expenses	569,947	678,765
Other miscellaneous expenses	1,580,056	1,967,259
Total	380,372,243	401,446,754

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

22.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Statutory Audit Fees	950,000	950,000
Allowances	5,585	11,600
Total	955,585	961,600

23. Finance Cost

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

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest on Term Loan	175,807,636	209,600,684
Interest on Overdraft	79,745,179	72,189,617
Interest on LC Loan	1,571,113	14,029,306
Less; Interest Capitalized	-	(27,690,788)
Total	257,123,928	268,128,819

24. Finance Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest income	21,345,195	34,896,497
Total	21,345,195	34,896,497

24.1 Interest Income

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

25. Earnings Per Share

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Numerator		
Profit for the year and earnings used in basic EPS (NPR)	439,888,870	(62,349,202)
Denominator		
Weighted average number of shares used in basic EPS (nos)	1,948,887	1,948,887
Basic and Diluted Earning Per Share	226	(32)

Basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the group 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.

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

26. Contingent Liabilities and Capital Commitment

26.1 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.

26.1.1 Bank Guarantee

Bank Guarantee has been provided to the department of Customs for obtaining EXIM Code. As at the reporting date the guarantee amount is NPR 600,000.

26.1.2 Corporate Tax Matters

- i) LTO assessed the income tax, TDS and VAT liabilities of the following companies 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 is disclosed as contingent liabilities as below: -

a) **Bottlers Nepal Limited**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	6,106,075	-	6,106,075	-
TDS	3,672,212	173,901	3,498,311	569,334
VAT	26,737,720	8,540,112	18,197,608	1,917,677
Total	36,516,007	8,714,013	27,801,994	2,487,011

b) **Bottlers Nepal (Terai) Limited**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	5,393,862	14,164	5,379,698	1,869,864
TDS	4,510,857	255,194	4,255,663	868,903
VAT	20,397,706	12,172,084	8,225,622	-
Total	30,302,425	12,441,442	17,860,983	2,738,767

- ii) LTO assessed the income tax, TDS and VAT liabilities of the following companies 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 is disclosed as contingent liabilities as below

a) **Bottlers Nepal Limited**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	17,850,617	-	17,850,617	1,074,762
TDS	26,531,605	444,027	26,087,578	3,353,990
VAT	10,189,874	516,194	9,673,680	4,352,760
Total	54,572,096	960,221	53,611,875	8,781,512

Bottlers Nepal Limited (Group)
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b) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	11,469,425	-	11,469,425	5,891,230
TDS	24,018,811	121,490	23,897,321	3,096,267
VAT	3,869,900	-	3,869,900	86,007
Total	39,358,136	121,490	39,236,646	9,073,504

- iii) LTO assessed the income tax, TDS and VAT liabilities of the following companies 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 liability have not been recognized in the financial statements and is disclosed as contingent liabilities as below.

a) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	11,314,019	-	11,314,019	1,021,181
TDS	47,604,066	467,790	47,136,276	5,050,400
VAT	6,480,279	-	6,480,279	2,429,425
Total	65,398,364	467,790	64,930,574	8,501,006

b) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	30,782,794	238,286	30,544,508	
TDS	39,993,762	100,687	39,893,075	4,274,027
VAT	830,566	830,566	-	-
Total	71,607,122	1,169,539	70,437,583	4,274,027

- iv) LTO assessed the income tax, TDS and VAT liabilities of the following companies 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 liability have not been recognized in the financial statements and is disclosed as contingent liabilities as below.

a) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	20,947,018	273,157	20,673,861	-
TDS	44,307,639	680,651	43,626,988	3,068,254
Total	65,254,657	953,808	64,300,849	3,068,254

b) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	50,128,084	1,032,171	49,095,913	13,480,603
TDS	75,154,450	123,929	75,030,521	6,430,694
VAT	26,523	26,523	-	-
Total	125,309,057	1,182,623	124,126,434	19,911,297

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

c) Troika Traders Private Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	4,684,602	-	4,684,602	-
VAT	1,974,572	-	1,974,572	-
Total	6,659,174	-	6,659,174	-

- v) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2070-71. For the unaccepted amount, the company has filed the case at Revenue Tribunal. Pending decision from the Tribunal, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

a) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	41,888,912	810,000	41,078,912	277,896
VAT	2,935,937	265,000	2,670,937	360,337
Total	44,824,849	1,075,000	43,749,849	638,233

b) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted Amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	47,213,938	22,776,663	24,437,275	10,827,712
TDS	9,238,997	483,000	8,755,997	3,816
VAT	35,661,144	2,109,057	33,552,087	
Total	92,114,079	25,368,720	66,745,359	10,831,528

- vi) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2071-72. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below-

a) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	77,141,879	1,146,446	75,995,433	-
TDS	85,433,388	813,238	84,620,150	-
VAT	4,389,106	773,407	3,615,699	209,268
Total	166,964,373	2,733,091	164,231,282	209,268

b) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	159,844,396	5,254,246	154,590,150	12,175,620
TDS	68,550,836	24,213	68,526,623	4,377,987
VAT	43,900,619	4,895,328	39,005,291	2,359,540
Total	272,295,851	10,173,787	262,122,064	18,913,147

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
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- vii) IRD assessed the income tax, TDS and VAT liabilities of the company for the year 2072-73. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below: -

a) Bottlers Nepal Limited

a) Bottlers Nepal Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	19,288,000	2,873,000	16,415,000	1,986,391
TDS	16,385,000	111,000	16,274,000	1,939,893
VAT	3,724,000	3,471,000	253,000	32,530
Total	39,397,000	6,455,000	32,942,000	3,958,814

b) Bottlers Nepal (Terai) Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	21,909,000	594,000	21,315,000	2,455,802
TDS	17,880,000	-	17,880,000	2,101,790
VAT	10,475,000	1,203,000	9,272,000	1,087,698
Total	50,264,000	1,797,000	48,467,000	5,645,290

c) Troika Traders Private Limited

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	7,775,300	2,153,714	5,621,586	-
TDS	15,000	15,000	-	-
VAT	527,000	527,000	-	-
Total	8,317,300	2,695,714	5,621,586	-

Group liability:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	472,927,347	21,358,923	451,568,423	27,644,100
TDS	681,250,670	52,254,601	628,996,069	71,387,560
VAT	14,996,474	2,715,714	12,280,760	-
Total	1,169,174,491	76,329,238	1,092,845,252	99,031,660

26.1.3 Commitment

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

At end of financial year 2077/78, the Company had capital commitments of NPR.191,309,278 (Previous Year 2076/77 NPR 148,349,647) relating to various small projects.

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

27. Interim Reporting

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

28. Segment Reporting

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

FY 2077/78

Figures in NPR

Particulars	BNL	BNTL	TTPL	Total
Total Assets	3,771,235,228	8,038,254,694	6,587,856	11,816,077,778
Total Liabilities	2,012,963,402	5,346,427,625	7,955,762	7,367,346,789
Total Revenue	2,140,253,159	6,270,256,335	(1,276,893)	8,409,232,601
Profit after Tax	61,149,290	423,723,323	(5,944,210)	478,928,403

FY 2076/77

Figures in NPR

Particulars	BNL	BNTL	TTPL	Total
Total Assets	3,628,423,694	8,323,076,209	10,763,477	11,962,263,380
Total Liabilities	1,908,905,268	6,057,025,423	6,187,173	7,972,117,864
Total Revenue	2,164,980,338	4,693,349,428	6,836,618	6,865,166,384
Profit after Tax	(16,577,104)	5,629,707	(9,165,409)	(20,112,806)

29. Related Party Transactions

Relationship

The group identified related parties on the following lines:

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

29.1 Transactions with Directors & Key Management Personnel

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

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

FY 2077-78

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	570,000	-	570,000
Managing Director	26,185,974	30,220,021	3,439,576	59,845,571
Key Managers	45,599,210	50,637,020	17,361,480	113,597,710
Total	71,785,184	81,427,041	20,801,056	174,013,281

Bottlers Nepal Limited (Group)
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FY 2076-77

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	510,000	-	510,000
Managing Director	20,840,912	56,800,563	5,102,492	82,743,967
Key Managers	44,510,029	73,276,524	18,674,068	136,460,621
Total	65,350,941	130,587,087	23,776,560	219,714,588

Additional Information

- a) Key management personnel consist of 5 expatriate staffs including Managing Director and 3 national staffs.
- b) Key management personnel are also provided with following benefits:
 - i) All Managers of the group are provided vehicle allowance as per each respective Companies Policy
 - ii) Furnished apartments are provided to all expatriate staffs.
 - iii) Performance bonus based on individual, overall Division and Country performance.
- c) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans excluding expatriates staff (i.e. gratuity and other retirement benefits) and leave encashment are provided on an actuarial basis for the group as a whole, so the amounts pertaining to the key management personnel are not included above.

29.2 Other Related Party Transaction and Balances

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Purchase from related parties:		
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	2,551,391,752	2,531,409,468
Amounts owed by related parties:		
Coca-Cola India	1,206,549	905,649
Pacific Refreshments Pte. Ltd.	150,244,730	29,447,480
Amounts owed to related parties:		
Hindustan CCBPL	170,643,420	192,175,649
Pacific Refreshments Pte. Ltd.	23,771,783	399,597,598
Soft Drink International	99,301,106	65,482,878
Coca-Cola South West Asia	28,201,720	28,201,720
Coca Cola Bottlers (Malaysia) Sdn	18,039,070	-
Refreshment Product Services	568	133,637

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.

30. Financial risk management objectives and policies

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

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

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

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

Bottlers Nepal Limited (Group)
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30.1 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.

30.1.1 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank overdraft and short term deposits.

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

30.1.2 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

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

30.1.3 Commodity price risk

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

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

30.2 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 Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

30.2.1 Trade receivables

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

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

30.2.2 Cash deposits

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

30.3 Liquidity risk

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

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

30.4 Risk Management Framework

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

Bottlers Nepal Limited (Group)
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

FY 2077-78

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial assets					
Advances to Employees	7,466,414	6,943,065	-	-	14,409,479
Security Deposits	-	-	-	1,127,332	1,127,332
Interest Receivable(FD)	2,287,601	-	-	-	2,287,601
Trade Receivables	496,232,874	-	-	-	496,232,874
Other Receivables	15,678,162	-	-	-	15,678,162
Cash and Cash Equivalents	500,052,444	-	-	-	500,052,444
Total	1,021,717,495	6,943,065	-	1,127,332	1,029,787,892
Financial liabilities					
Bank Overdrafts	-	-	-	1,244,688,522	1,244,688,522
Secured Bank Loan	570,000,000	1,130,407,009	-	-	1,700,407,009
Trade Payable	688,496,990	-	-	-	688,496,990
Container Deposit Liability	-	-	-	746,519,441	746,519,441
Corporate Social Responsibility	15,234,655	-	-	-	15,234,655
Trade Deposits	-	-	-	4,676,030	4,676,030
Employee Related Accruals	120,852,204	-	-	-	120,852,204
Bonus Payable	67,316,438	-	-	-	67,316,438
Provision for Expenses	336,207,837	-	-	-	336,207,837
Dividend Payable	-	28,201,720	-	-	28,201,720
Statutory Dues Payable	200,207,880	-	-	-	200,207,880
Interest Payables	9,305,944	-	-	-	9,305,944
VAT Payable (Net)	49,830,434	-	-	-	49,830,434
Gratuity	128,431,000	-	-	501,952,183	630,383,183
Leave Encashment	2,274,000	-	-	42,105,000	44,379,000
Other Retirement Benefits	29,676,000	-	-	496,522,690	526,198,690
Total	2,217,833,382	1,158,608,729	-	3,036,463,866	6,412,905,977
Net Financial Assets	(1,196,115,887)	(1,151,665,664)	-	(3,035,336,534)	(5,383,118,085)

FY 2076-77

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial assets					
Advances to Employees	12,284,038	8,140,432	-	-	20,424,470
Security Deposits	-	-	-	834,906	834,906
Interest Receivable(FD)	3,600,179	-	-	-	3,600,179
Trade Receivables	221,507,342	-	-	-	221,507,342
Cash and Cash Equivalents	460,921,329	-	-	-	460,921,329
Total	698,312,888	8,140,432	-	834,906	707,288,226
Financial Liabilities					
Bank Overdrafts	-	-	-	1,372,510,519	1,372,510,519
Secured Bank Loan	570,000,000	1,700,407,009	-	-	2,270,407,009
Trade Payable	1,184,806,157	-	-	-	1,184,806,157
Container Deposit Liability	-	-	-	710,705,533	710,705,533
Corporate Social Responsibility	12,458,451	-	-	-	12,458,451
Trade Deposits	-	-	-	4,676,030	4,676,030
Employee Related Accruals	17,479,163	-	-	-	17,479,163
Bonus Payable	1,535,892	-	-	-	1,535,892
Provision for Expenses	363,805,398	-	-	-	363,805,398
Dividend Payable	-	28,201,720	-	-	28,201,720
Statutory Dues Payable	156,569,181	-	-	-	156,569,181
Interest Payables	18,699,886	-	-	-	18,699,886
VAT Payable (Net)	15,591,730	-	-	-	15,591,730
Gratuity	96,735,000	-	-	464,843,183	561,578,183
Leave Encashment	1,756,000	-	-	36,015,000	37,771,000
Other Retirement Benefits	22,669,000	-	-	457,252,818	479,921,818
Total	2,462,105,858	1,728,608,729	-	3,046,003,083	7,236,717,670
Net Financial Assets	(1,763,792,970)	(1,720,468,297)	-	(3,045,168,177)	(6,529,429,444)

31. Impact of COVID 19 on financial statements:

The Government of Nepal had announced Prohibitory Order from April 29, 2021 (F.Y. 2077/78) onwards to control the spread of COVID-19 pandemic in the country which happens to be peak sales season for the group. The management has assessed the effect of lockdown and is of the view that the lockdown has significantly impacted sales and profit for the current year and will also have effect on revenue and operating result of the group to some extent for next year.

The spread of COVID-19 pandemic has severe impact on global economies including Nepal where businesses were being forced to cease or limit operations resulting in an economic slowdown. Although, the Government has responded with monetary and fiscal interventions to stabilize the economic conditions, there is not much relief available to the Group as on date of issue of these financial statements. Further, the Group has assessed its ability to continue as a going concern and reached to conclusion that there is no significant risk of going concern in near future in view of Group's sound financial health and recovery of business volume post balance sheet date at pre - Covid-level.

For & on behalf of the Board

As per our attached
report of even dateShukla Wassan
ChairpersonPradip Pandey
Managing DirectorRajeev Tandon
Country Finance ManagerBikesh Madhikarmi
Partner
CSC & Co.
Chartered AccountantsNarmadeshwar Narayan Singh
DirectorSurendra Silwal
DirectorPlace: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

CSC & Co

Chartered Accountants

Mahamati Bhawan
175, Gairidhara Marg, Gairidhara
PO Box : 4861, Kathmandu, Nepal
Tel: +977-1-4004580, 4004581, 4004582
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Web: www.cscnepal.com

Independent Auditor's Report To the Shareholders of Bottlers Nepal Limited Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bottlers Nepal Limited ("the Company" or "BNL"), which comprise the statement of financial position as at 31 Ashad 2078 (15th July 2021), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as on 15th July 2021, and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended on 31st Ashad 2078 (15th July 2021). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
Recognition and Measurement of Revenue (Refer Note 19 "Revenue" of the financial statements)	
<p>Revenue is recognised when significant risks and rewards are transferred to the customer. Revenue from the sale of goods is measured net off discounts and rebates that are given to the customers as a part of sales promotion, net of Value Added Tax and Excise Duty.</p> <p>Rebates and discounts under various schemes are material and have arrangements with varying terms which are based on annual contract or shorter-term arrangements. Measurement of estimated rebates and discounts accruals relating to these schemes requires judgement, based on sales made during the year.</p>	<p>Our audit procedures:</p> <ul style="list-style-type: none"> We assessed the Company's revenue recognition and measurement accounting policies including those relating to discounts and rebates for sales. We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the identification, recognition and measurement of discounts and rebates for schemes. We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives. We tested on sample basis, the subsequent claims accounted by the company, to assess the appropriateness of accruals outstanding as at year end.



Key Audit Matters	How our audit addressed the key audit matters
<p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> inherent risk involved around revenue recognition and measurement as the performance of the company highly depends on the revenue, and accrual of rebates and discounts under various schemes requires significant judgement of management. 	<ul style="list-style-type: none"> We performed detailed analysis of revenue, analytical testing with monthly sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the revenue transactions. We tested cut-off date sales transaction as well as subsequent receipts after the year end date. We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NAS 18. <p>Our results</p> <p>No material exceptions were noted.</p>

Other Information

The management is responsible for the other information presented in the Bottlers Nepal Limited Annual Report and Accounts 2077-78 (2020-21) together with the Financial Statements. This report is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bottlers Nepal Limited's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bottlers Nepal Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Bottlers Nepal Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

- i. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, the statement of financial position, profit or loss, other comprehensive income, changes in equity and cash flows have been prepared in accordance with the provisions of Companies Act 2063 and conform to the books of accounts of the Company and the books of accounts and records are properly maintained in accordance with the prevailing laws.
- iii. During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law or caused loss or damage to the Company or misappropriated funds of the Company, nor have we been informed of any such case by the management.
- iv. We have not come across any accounting fraud, so far as it appeared from our examination of the books of accounts.

Place: Kathmandu
Date: November 30, 2021
UDIN:211206CA01391ueTvn


Bikesh Madhikarmi
Partner



Bottlers Nepal Limited
STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2078	As at 31st Ashad 2077
ASSETS			
Non-current assets			
Non Financial			
Intangible Assets	3	31,968,534	55,790,270
Property, Plant and Equipment	4	1,407,924,772	1,504,572,684
Deferred tax assets	5.3	156,529,683	97,062,327
Prepayments	6.1	26,471,639	28,117,535
Financial Assets			
Investments	7	110,641,200	110,641,200
Advances	6.2.1	6,671,557	7,165,594
Current Assets			
Non Financial			
Inventories	8	471,788,604	486,154,005
Prepayments	6.1	7,395,037	8,939,670
Advances	6.2.2	299,465,394	321,173,635
Financial Assets			
Other Current Assets	6.2.3	707,224,819	657,164,853
Trade Receivables	9	293,394,259	110,468,254
Cash and Cash Equivalents	10	251,759,730	241,173,667
Total Assets		3,771,235,228	3,628,423,694
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	194,888,700	194,888,700
Reserve and Surplus	12	1,563,383,126	1,524,629,726
Non-current liabilities			
Retirement Benefit Obligation	13.1	581,841,650	527,672,028
Current liabilities			
Financial Liabilities			
Retirement Benefit Obligation	13.1	93,095,000	61,537,000
Borrowings	14	444,379,248	346,937,011
Trade Payables	15	357,422,648	429,777,585
Other Financial Liabilities	16	530,000,438	528,953,649
Non Financial Liabilities	17	288,460	3,105,631
Income Tax Payable	18	5,935,958	10,922,364
Total Equity and Liabilities		3,771,235,228	3,628,423,694

Notes 1 to 33 form an integral part of this Financial Statements

	For & on behalf of the Board	As per our attached report of even date
Shukla Wassan Chairperson	Pradip Pandey Managing Director	Rajeev Tandon Country Finance Manager
Narmadeshwar Narayan Singh Director	Surendra Silwal Director	Bikesh Madhikarmi Partner CSC & Co. Chartered Accountants

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited

STATEMENT OF PROFIT OR LOSS

For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	For the Year 2077-78	For the Year 2076-77
Revenue from operations	19	2,140,253,159	2,164,980,338
Cost of goods sold	20	(1,530,467,039)	(1,585,219,455)
Gross Profit		609,786,120	579,760,883
Other operating income	21	92,780,770	73,537,841
Selling and distribution expenses	22	(436,729,327)	(490,192,536)
Administrative and operating expenses	23	(223,078,331)	(248,184,478)
Profit from Operations		42,759,232	(85,078,290)
Finance Costs	24	(24,031,288)	(31,859,153)
Finance Income	25	68,414,480	123,328,075
Profit Before Tax		87,142,424	6,390,632
Income Tax Expense			
Current Tax	5.1	(74,418,380)	(70,083,340)
Prior period tax adjustments	5.1	(6,455,000)	1,033,513
Deferred Tax	5.2	54,880,246	46,082,091
Net Profit for the year		61,149,290	(16,577,104)
Basic/Diluted Earning Per Share	26	31	(9)

Notes 1 to 33 form an integral part of this Financial Statements

For & on behalf of the Board

As per our attached
report of even dateShukla Wassan
ChairpersonPradip Pandey
Managing DirectorRajeev Tandon
Country Finance ManagerBikesh Madhikarmi
Partner
CSC & Co.
Chartered AccountantsNarmadeshwar Narayan Singh
DirectorSurendra Silwal
DirectorPlace: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited
STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Net Profit for the year as per Statement of Profit or Loss	61,149,290	(16,577,104)
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes	(26,983,000)	(52,270,000)
Deferred Tax on Actuarial Gain/(Loss)	4,587,110	8,363,200
Other comprehensive gain/(loss) for the year, net of tax	(22,395,890)	(43,906,800)
Total Comprehensive gain/(loss) for the year, net of tax	38,753,400	(60,483,904)

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited
STATEMENT OF CASH FLOWS

For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	87,142,424	6,390,632
Adjustments for non cash and non operating:		
Depreciation on property, plant and equipment	228,596,465	227,346,679
Amortization of Intangible Assets	23,821,736	22,274,342
Loss/ (gain) on sale/write off of Property, plant and equipment	(1,524,014)	(1,484,711)
Finance income	(68,414,480)	(123,328,075)
Finance costs	24,031,288	31,859,153
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	(68,906,606)	(129,856,753)
Increase / (Decrease) in provision of retirement benefit obligations	58,744,622	56,790,088
Decrease / (Increase) in trade and other receivables	(184,743,265)	(13,643,468)
Decrease / (Increase) in loans and advances	(24,667,159)	(175,775,282)
Decrease / (Increase) in inventories	14,365,401	22,732,824
Cash generated from operations	88,446,412	(76,694,571)
Direct taxes paid (net of refunds)	(85,859,786)	(68,142,013)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	2,586,626	(144,836,584)
(B) CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(139,487,726)	(247,334,646)
Purchase of Intangibles	-	(30,285,043)
Proceeds from sale of Property, Plant and Equipment	9,063,187	14,857,283
Interest Received	70,231,740	79,256,723
Dividends Received	-	41,741,936
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(60,192,799)	(141,763,747)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	97,442,237	289,430,085
Interest paid	(29,250,001)	(25,696,204)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	68,192,236	263,733,881
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	10,586,063	(22,866,450)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	241,173,667	264,040,117
CASH AND CASH EQUIVALENTS, End of Year	251,759,730	241,173,667

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2076	194,888,700	165,087,020	(57,257,549)	1,477,284,159	1,780,002,330
Profit for the year	-	-	-	(16,577,104)	(16,577,104)
Other comprehensive income	-	-	(43,906,800)	-	(43,906,800)
Balance as at 1st Shrawan 2077	194,888,700	165,087,020	(101,164,349)	1,460,707,055	1,719,518,426
Profit for the year	-	-	-	61,149,290	61,149,290
Other comprehensive income	-	-	(22,395,890)	-	(22,395,890)
Dividends	-	-	-	-	-
Balance as at 31st Ashad 2078	194,888,700	165,087,020	(123,560,239)	1,521,856,345	1,758,271,826

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
 For the Year ended 31st Ashad, 2078 (15th July, 2021)

1. Corporate Information

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

Bottlers Nepal Ltd is a licensed bottler, marketer, and distributor of non-alcoholic beverages products of The Coca-Cola Company, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 30th November 2021 (14th Mangsir 2078) and has recommended for approval of shareholders in the forthcoming Annual General Meeting.

2. Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). These conform, 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.

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. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

2.2 Accounting Convention

The financial statements are prepared on a historical cost except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

2.3 Going Concern

The financial statements are prepared on the assumption that the Company is a going concern.

2.4 Presentations

The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison to the extent permitted by the NFRS. 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 be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

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

All other liabilities are classified as non-current.

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

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

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

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

2.5 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 item of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed.

2.6 Accounting Estimates

The preparation of financial statements in line with applicable 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.

2.6.1 Change in Accounting Estimates

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.

2.7 Financial periods

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

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31 st Ashad, 2078	15 th July, 2021
Current Reporting Period	1 st Shrawan 2077- 31 st Ashad 2078	16 th July 2020 - 15 th July 2021
Comparative SFP* Date	31 st Ashad, 2077	15 th July, 2020
Comparative reporting period	1 st Shrawan 2076- 31 st Ashad 2077	17 th July 2019 - 15 th July 2020

*Statement of Financial Position

2.8 Presentation currency

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

2.9 New Standards issued and not yet effective

The Company has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose application was not mandatory for financial year 2077-78 (2020-21). These standards include:

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

NFRS 9 "Financial Instruments" (Revised), NFRS 14 "Regulatory Deferral Accounts", NFRS 15 "Revenue from Contracts with Customers", NFRS 16 "Leases", NFRS 17 "Insurance Contracts" & NAS 29 "Financial Reporting in Hyperinflationary Economies" applicable from 16th July 2021, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

NFRS 15 "Revenue from Contracts with Customers" is the new NFRS standard governing the accounting principles for revenue. It replaces standards NAS 11 "Construction Contracts" and NAS 18 "Revenue", as well as the different existing interpretations SIC 31 "Revenue - Barter Transactions Involving Advertising Services", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate" and IFRIC 18 "Transfers of Assets from Customers".

NFRS 9 "Financial Instruments" is the new NFRS standard introducing new provisions regarding Impairment of financial assets and hedging. It replaces standards NAS 39 "Financial Instruments: Recognition and Measurement" and NFRS 9 (2013) "Financial Instruments".

NFRS 16 "Leases" changes the recognition of leases by lessees. It replaces NAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

2.10 Foreign Currency Translations

Transactions entered by the Company in a currency other than the currency of primary economic environment in which it operates are recorded at the rates prevailing when the transactions occur. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit or Loss. Unsettled foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized in statement of profit or loss.

2.11 Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss statement over the lease term. The company is a lessee under operating lease arrangements. Payments under such leases are charged to the Statement of Profit and Loss as and when such leasehold expenses become due.

The Company has leased 3 plots of land ranging from 20-40 years from Balaju Industrial District (BID). These lease agreements can be extended through mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however BID has right to review the lease payment in each 5 years. Future minimum rentals payable under non-cancellable operating leases as at balance sheet date are as follows:

Figures in NPR

Period	As at 31st Ashad 2078	As at 31st Ashad 2077
Less than One Year	462,556	462,556
One year to Five years	2,312,780	2,312,780
More than Five years	12,489,012	12,951,565
Total	15,264,348	15,726,901

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3. tangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 1st Shrawan 2076	88,487,550		88,487,550
Adjustment/ Reclassification	1,180,611		1,180,611
Additions	30,285,043	30,285,043	60,570,086
Disposals/Adjustments	-	(30,285,043)	(30,285,043)
Closing balance at 31st Ashad 2077	119,953,204	-	119,953,204
Additions	-	-	-
Disposals/Adjustments	-	-	-
Closing balance at 31st Ashad 2078	119,953,204	-	119,953,204
Accumulated Amortisation			
Opening balance at 1st Shrawan 2076	40,707,981	-	40,707,981
Adjustment (Reclassification)	1,180,611	-	1,180,611
Charge for the year	22,274,342	-	22,274,342
Disposals/Adjustments	-	-	-
Closing balance at 31st Ashad 2077	64,162,934	-	64,162,934
Charge for the year	23,821,736	-	23,821,736
Disposals/Adjustments	-	-	-
Closing balance at 31st Ashad 2078	87,984,670	-	87,984,670
Net Block			
Balance at 31st Ashad 2078	31,968,534	-	31,968,534
Balance at 31st Ashad 2077	55,790,270	-	55,790,270

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

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

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4. Property, Plant & Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Opening balance at 1st Shrawan 2076	233,523,568	1,093,481,628	41,381,927	647,920,740	622,371,077	34,218,093	104,762,475	2,777,659,508
Adjustment (Reclassification)	-	8,682,815	19,257,079	(36,616,331)	31,200,931	(23,705,105)	-	(1,180,611)
Additions	816,970	151,823,067	4,110,569	80,725,689	53,448,597	3,135,502	247,334,646	541,395,040
Transfer to asset block	-	-	-	-	-	-	(294,060,394)	(294,060,394)
Disposals	-	(875,333)	(269,500)	(13,307,529)	(17,890,538)	-	(2,527,363)	(34,870,263)
Adjustments	-	-	-	8,282,093	-	-	-	8,282,093
Closing balance at 31st Ashad 2077	234,340,538	1,253,112,177	64,480,075	687,004,662	689,130,067	13,648,490	55,509,364	2,997,225,373
Adjustment (Reclassification)								
Additions	1,929,235	23,547,416	3,042,133	29,761,347	97,088,013	1,053,069	139,487,726	295,908,939
Transfer to Assets Block	-	-	-	-	-	-	(156,421,213)	(156,421,213)
Disposals	-	(819,176)	-	(14,151,726)	(7,679,210)	(1,053,069)	-	(23,703,181)
Adjustments	-	-	-	2,066,460	-	-	-	2,066,460
Closing balance at 31st Ashad 2078	236,269,773	1,275,840,417	67,522,208	704,680,743	778,538,870	13,648,490	38,575,877	3,115,076,378
Depreciation and Impairment Losses								
Opening balance at 1st Shrawan 2076	57,097,546	548,989,590	9,085,746	282,289,702	353,429,579	28,810,056	-	1,279,702,219
Adjustment (Reclassification)	-	41,201,041	18,038,253	(36,679,916)	1,520,049	(25,260,038)	-	(1,180,611)
Charge for the year	6,961,364	50,147,498	9,585,486	71,593,083	88,019,199	1,040,049	-	227,346,679
Disposals	-	(677,670)	(6,708)	(13,307,529)	(6,035,995)	-	-	(20,027,902)
Adjustments	-	-	-	6,812,304	-	-	-	6,812,304
Closing balance at 31st Ashad 2077	64,058,910	639,660,459	36,702,777	310,707,644	436,932,832	4,590,067	-	1,492,652,689
Adjustment (Reclassification)								
Charge for the year	6,939,072	56,366,977	9,309,208	70,768,598	84,027,536	1,185,074	-	228,596,465
Disposals	-	(756,762)	-	(11,738,154)	(79,992)	(9,751)	-	(12,584,659)
Adjustments	-	-	-	(1,512,889)	-	-	-	(1,512,889)
Closing balance at 31st Ashad 2078	70,997,982	695,270,674	46,011,985	368,225,199	520,880,376	5,765,390	-	1,707,151,606
Net Block								
Balance at 31st Ashad 2078	165,271,791	580,569,743	21,510,223	336,455,544	257,658,494	7,883,100	38,575,877	1,407,924,772
Balance at 31st Ashad 2077	170,281,628	613,451,718	27,777,298	376,297,018	252,197,235	9,058,423	55,509,364	1,504,572,684

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Property, Plant and Equipment are initially measured at cost in the statement of financial position. These are inclusive of all cost less excluding any recoverable taxes 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 not ready for intended use on the date of the Balance Sheet are disclosed under "Capital Work in Progress." Capital Work in Progress 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/obsolescence assets in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from Fixed Assets Register (FAR). Refer "Adjustments" row of the above table for the movement in such provisions during the year. As on 31st Ashad 2078 the net provision for missing/obsolescence assets is NPR 11,208,623 (As on 31st Ashad 2077 was NPR 14,787,971).

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 addition to Property, Plant and Equipment is provided on pro-rata basis in the year of purchase when the asset is ready for its intended 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 include transformers, electrical installations, and soft drink analyzer.

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

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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 is capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used.

Coolers and glass bottles purchased by the company is capitalized in books only after the asset is put to use by the entity for its operations.

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Machineries	-	16,252,591
Coolers	22,318,184	37,664,642
IT Technology	-	1,592,131
Glass Bottles	16,257,693	-
Total	38,575,877	55,509,364

5. Income Tax

Income Tax on profit or loss for the year comprises of current taxes and deferred taxes. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly to equity.

5.1 Current Income Tax

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Current tax on profits for the year	74,418,380	70,083,340
Adjustment for prior periods	6,455,000	(1,033,513)
Total	80,873,380	69,049,827

5.2 Deferred Tax

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Origination and reversal of temporary differences	(45,942,447)	(46,082,091)
Effect of change in the tax rates	(8,937,799)	-
Total	(54,880,246)	(46,082,091)

5.3 Deferred Tax Assets

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the tax rate of 17% (P.Y. 16%). 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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FY : 2077/78

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	1,369,348,895	1,084,252,239	(285,096,656)
2 Intangible Assets	31,968,534	34,517,915	2,549,381
3 Retirement Benefit Obligations	(674,936,650)	-	674,936,650
4 Provision for Expenses to be claimed on actual expense	(150,675,666)	-	150,675,666
5 Income tax business loss carry forward	(377,697,799)	-	377,697,799
Total Amount			920,762,840
Tax Rate		17%	156,529,683
Opening Deferred tax Assets/(Liability)			97,062,327
Deferred tax provision recognised			59,467,356
Closing Deferred tax Assets/(Liability)			156,529,683
Charge/(Credit) to OCI			(4,587,110)
Charge/(Credit) to PL			(54,880,246)

FY : 2076/77

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	1,449,063,319	1,174,838,574	(274,224,745)
2 Intangible Assets	55,790,270	56,763,112	972,842
3 Retirement benefit provision	(589,209,028)	-	589,209,028
4 Provision for Expenses to be claimed on actual expense	(38,111,689)	-	38,111,689
5 Income tax business loss carry forward	(252,570,729)	-	252,570,729
Total Amount			606,639,543
Tax Rate		16%	97,062,327
Opening Deferred tax Assets/(Liability)			42,617,036
Deferred tax provision recognised			54,445,291
Closing Deferred tax Assets/(Liability)			97,062,327
Charge/(Credit) to OCI			(8,363,200)
Charge/(Credit) to PL			(46,082,091)

5.4 Reconciliation

Reconciliation of current tax expense and the accounting profit multiplied by Company's effective tax rate for the year.

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Accounting profit before income tax	87,142,424	6,390,632
Adjustment as per Income Tax Act 2058	210,531,096	273,942,728
Total profit as per Income Tax	297,673,520	280,333,360
Tax Rate	25%	25%
Tax Expenses	74,418,380	70,083,340

The company is special industry as defined u/s 11 of Income Tax Act 2058, the normal applicable tax rate for which is 20%. Company has further availed rebate of 15% provided to Listed manufacturing entities u/s 11(3g). Therefore tax rate applicable for income from special industry is 17%. However, income tax rate for income from other than special industry is applicable for 25%.

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As per Section 20(1) of Income Tax Act 2058, loss from one business can be set off against income from another business. However, the company has opted to set off current year profit from special industry with special industry losses incurred in previous year and offer income from non special industry at the rate of 25% and carry forward the remaining losses from special industry which shall be set off against income from special industry in next financial year/s.

6. Other Assets

6.1 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 2078	As at 31st Ashad 2077
Prepayments	33,866,676	37,057,205
Total	33,866,676	37,057,205
Current	7,395,037	8,939,670
Non Current	26,471,639	28,117,535

6.2.1 Non - Current Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advances to Employees	6,671,557	7,165,594
Total	6,671,557	7,165,594

6.2.2 Current Non-Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Capital Advances	-	3,498,749
Advance to suppliers	102,355,799	195,967,291
Balances with statutory/government authorities	197,109,595	121,707,595
Total	299,465,394	321,173,635

6.2.3 Current Financial Advance

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advances to Employees	4,994,872	3,410,072
Loan To BNTL	700,000,000	650,000,000
Security Deposits	990,532	698,106
Interest Income Receivables	1,239,415	3,056,675
Total	707,224,819	657,164,853

Financial Instruments: Financial Assets

a) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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b) Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments. Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

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.

c) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

d) De-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in statement of profit or loss.

e) 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 32.

7. Investment

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Bottlers Nepal (Terai) Ltd., a subsidiary company 1,098,472 (previous year 1,098,472) ordinary shares of Rs. 100 each fully paid up. (including premium on 2,299 shares of Rs. 0.46 lakhs)	109,893,200	109,893,200
Troika Traders Pvt. Ltd., subsidiary company 7,480 ordinary shares of Rs.100 each fully paid up.	748,000	748,000
	110,641,200	110,641,200

The Company has made an equity investment in M/s Bottlers Nepal (Terai) Ltd. (BNTL) and Troika Traders Pvt. Ltd., a subsidiary company and the Company has invested 90.78 percent of the equity in M/s Bottlers Nepal (Terai) Ltd. (BNTL) and majority holding of 99.73% in Troika Traders Pvt. Ltd. respectively as promoter investor. Investment in subsidiaries are recognized at cost for the purpose

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of separate financial statements prepared under NAS 27. The subsidiaries are consolidated as per NFRS 3 and NFRS 10, as the company holds controlling interest in those companies.

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

7.1 Investment in Subsidiaries

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

7.2 Risks

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

8. Inventories

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Raw materials	260,640,518	287,457,944
Work-in-process	266,151	2,236,550
Finished goods	50,927,322	34,870,992
Consumables	159,954,613	161,588,519
Total	471,788,604	486,154,005

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

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

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

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

Cost of finished goods 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. Finished goods are valued based on weighted average method.

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

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

9. Trade Receivables

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade receivables:		
Secured, considered good	62,702,676	58,814,990
Unsecured considered good	77,623,309	16,152,279
Receivables from other related parties	153,068,274	35,500,985
Total	293,394,259	110,468,254

Bank overdrafts are secured against all receivables.

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9.1 Trade Receivables

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

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

9.2 Related Parties Transaction

It includes transactions with group companies and key management personnel which are disclosed in Note 31.

9.3 Impairment of financial assets

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

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks. The risk management framework is given in Note 32.

10. Cash and Cash Equivalents

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Balances with Banks		
- On current accounts	23,874,075	13,317,281
- Deposits accounts	227,787,720	227,787,720
Cash on hand	97,935	68,666
Total	251,759,730	241,173,667
Balances with banks comprises of amount held by the banks as Fixed Deposit	227,787,720	227,787,720

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

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

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

11. Share Capital

Particulars	As at 31st Ashad 2078		As at 31st Ashad 2077	
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	4,300,000	430,000,000	4,300,000	430,000,000
Issued and Paid Up				
Ordinary shares of Rs. 100 each	1,948,887	194,888,700	1,948,887	194,888,700
At the beginning of the year	1,948,887	194,888,700	1,948,887	194,888,700
At the end of the year	1,948,887	194,888,700	1,948,887	194,888,700

The shareholding pattern of the company is as follows:

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Shareholder Category	As at 31st Ashad 2078		As at 31st Ashad 2077	
	No. of Shares	% of holding	No. of Shares	% of holding
Coca-Cola Southwest Asia Holding Limited	1,484,301	76.16%	1,484,301	76.16%
Gorkha Brewery Private Limited	428,755	22.00%	428,755	22.00%
Other Shareholders	35,831	1.84%	35,831	1.84%
Total	1,948,887	100.00%	1,948,887	100.00%

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

12. Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Share Premium	165,087,020	165,087,020
Retained earnings	1,521,856,345	1,460,707,055
Actuarial Reserve (As per Statement of Changes in Equity)	(123,560,239)	(101,164,349)
Total	1,563,383,126	1,524,629,726

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, 2063.

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

13. Employee Benefits

Current Employment Benefits

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Salaries, wages and other employee cost		
Cost of goods sold	165,243,611	165,124,516
Selling and distribution expenses	136,787,745	137,668,635
Administrative and operating expenses	128,830,329	140,848,237
Defined Contribution Plan Cost		
Cost of goods sold	14,993,761	13,638,381
Selling and distribution expenses	2,006,100	1,751,471
Administrative and operating expenses	378,989	286,111
Defined Benefit Plan Cost		
Cost of goods sold	54,037,429	39,117,675
Selling and distribution expenses	14,425,567	8,904,474
Administrative and operating expenses	11,280,626	8,133,939
Other Long Term Benefit Cost		
Cost of goods sold	2,812,000	2,234,000
Selling and distribution expenses	506,000	923,000
Administrative and operating expenses	1,673,000	1,528,000
Total Employee Cost charged to SoPL for the Period	532,975,157	520,158,439
Actuarial loss on defined benefit plan schemes charged to SOCI for the Period	26,983,000	52,270,000
Total Employee Cost for the Period	559,958,157	572,428,439

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13.1 Post-Employment Benefits

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

The cost of the defined benefit plans, other long-term employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available Nepal Assured Lives Mortality Table 2009 for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

FY 2077-78

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	290,533,000	21,168,000	277,508,028	589,209,028
Current Service cost	16,215,000	3,022,000	22,503,622	41,740,622
Interest Charge	21,150,000	1,969,000	19,875,000	42,994,000
Paid	(17,057,000)	(754,000)	(8,179,000)	(25,990,000)
Actuarial (gain)/loss during the year (recognised in OCI)	26,534,000	-	449,000	26,983,000
Closing Liability	337,375,000	25,405,000	312,156,650	674,936,650
Charge for the period to SoPL	37,365,000	4,991,000	42,378,622	84,734,622
Charge to SoCI	26,534,000	-	449,000	26,983,000

FY 2076-77

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	232,176,000	17,082,000	230,890,940	480,148,940
Current Service cost	-	3,408,000	22,003,088	25,411,088
Interest Charge	17,314,000	1,277,000	16,839,000	35,430,000
Paid	(2,645,000)	(100,000)	(1,306,000)	(4,051,000)
Actuarial (gain)/loss during the year (recognised in OCI)	43,688,000	(499,000)	9,081,000	52,270,000
Closing Liability	290,533,000	21,168,000	277,508,028	589,209,028
Charge for the period to SoPL	17,314,000	4,685,000	38,842,088	60,841,088
Charge to SoCI	43,688,000	(499,000)	9,081,000	52,270,000

Current and Non-Current Liability Breakup

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FY 2077-78

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	73,020,000	1,302,000	18,773,000	93,095,000
Non Current (Asset)/ Liability	264,355,000	24,103,000	293,383,650	581,841,650
Net (Asset)/Liability as at 31st Ashad 2078	337,375,000	25,405,000	312,156,650	674,936,650

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	49,419,000	819,000	11,299,000	61,537,000
Non Current (Asset)/ Liability	241,114,000	20,349,000	266,209,028	527,672,028
Net (Asset)/Liability as at 31st Ashad 2077	290,533,000	21,168,000	277,508,028	589,209,028

13.2 Defined Benefit Plans

The defined benefit plan of the company includes Gratuity and Other Retirement benefits.

13.2.1 Gratuity

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

A. Gratuity Benefit till 3rd September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting Period	3 years
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/death/ disability in service	Nil for each year of service up to 3 years
	1/2 months' salary of each year of service up to 7 years.
	2/3 months' salary for each year of service for service between 7 and 15 years.
	1 month salary for each year of service for service between 15 and 17 years.
Benefit on withdrawal	1 month 5 days' salary for each year of service for the service over 17 years.
	Nil for each year of service up to 3 years
	1/2 months' salary of each year of service up to 7 years.
	2/3 months' salary for each year of service for service between 7 and 15 years.
Maximum Limit	1 month salary for each year of service for service between 15 and 17 years.
	1 month 5 days' salary for each year of service for the service over 20 years.
Tax on Gratuity*	15%, borne by the company

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

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B. Gratuity Benefit on or after 4th September 2017

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

As per Section 53 of Labor Act 2074, minimum 8.33% of basic salary shall be provided to employees as gratuity after 3rd September 2017 from date of service. As per Collective Bargaining Agreement (CBA) entered by the company with its employees, any employee completing 17 years of service at the time of retirement (20 years in case of withdrawal) will be eligible for 35 days of benefit. Employees falling under these criteria will receive benefit as per CBA, which is beneficial over the benefit provided as per Labor Act 2074. Company has provided for entire gratuity provision based on actuarial valuation.

13.2.2 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 17 years 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.

13.2.3 Sensitivity Analysis

FY 2077-78

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(8,957,000)	(1,262,000)	(13,939,000)
Effect on DBO due to 0.5% decrease in discount rate	9,582,000	1,372,000	15,153,000
Effect on DBO due to 0.5% increase in salary escalation rate	9,275,000	1,328,000	14,662,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(8,765,000)	(1,235,000)	(13,641,000)

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(8,328,000)	(1,094,000)	(12,085,000)
Effect on DBO due to 0.5% decrease in discount rate	8,902,000	1,190,000	13,119,000
Effect on DBO due to 0.5% increase in salary escalation rate	8,064,000	71,000	12,756,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(7,627,000)	(1,967,000)	(11,880,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumption constant. In practice, this is 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 while calculating the defined benefit liability recognized in the balance sheet.

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13.2.4 Actuarial Assumptions

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Financial Assumptions		
Discount rate (%)	7.00%	7.50%
Salary escalation rate	10.00%	10.00%
Expected return on Plan Assets	Nil	Nil
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 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, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%

13.2.5 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 obligation.

13.3 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.

13.4 Other Long Term Benefits - 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.

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Financial Liabilities

14. Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Bank Overdrafts	444,379,248	346,937,011
Total	444,379,248	346,937,011

Short term bank overdraft carries interest at the rate 7.33% to 9.42% p.a. during the year and repayable on demand.

Bank Overdraft are secured against all movable properties/current assets including inventories & trade receivables.

15. Trade Payables

These are recognized as financial instruments held at amortized cost using Effective Interest Rate.

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade Payable	112,042,634	138,853,294
Trade Payable to related parties	245,380,014	290,924,291
Total	357,422,648	429,777,585

Financial Instruments- Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade payables and borrowings.

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

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

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 32.

16. Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Container Deposit Liability	197,472,321	197,318,607
Corporate Social Responsibility	3,152,692	3,137,466
Trade Deposits	2,426,600	2,426,600
Employee related accruals	81,781,636	12,250,503
Bonus Payable	9,780,294	710,069
Provision for Expenses	147,522,974	215,650,206
Dividend payable	28,201,720	28,201,720
Statutory dues payable	45,060,562	48,772,466
Interest Payables	1,280,561	6,499,274
VAT Payable (Net)	13,321,078	13,986,738
Total	530,000,438	528,953,649

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Breakup of provision for expenses:

Figures in NPR

Provision for Expenses	As at 31st Ashad 2078	As at 31st Ashad 2077
Provision General	15,011,622	94,856,345
Provision Freight	-	2,350,689
Provision Discount	105,506,450	97,050,151
Provision DME	9,624,431	12,943,447
Provision Leakage & BBD	17,380,471	8,449,574
	147,522,974	215,650,206

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 2020 (2076 BS) (the "Act") has been introduced with effect from February 11, 2020 superseding the Industrial Enterprises Act 2016 (2073 BS) (the "Previous Act").

Section 54 of Industrial Enterprises Act 2020 (2076 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 based on annual plans and programs in the sectors that are prescribed under the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the Department of Industries registered within six months from expiry of the financial year.

The company has provided provision for CSR at the rate of 1 % of profit before tax amounting to Rs 880,226 for FY 77-78.

Changes in provision

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

17. Other Non-Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance received from distributors	288,460	3,105,631
Total	288,460	3,105,631

18. Income Tax Payable

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Income tax payable	686,443,748	612,025,368
Less: Advance Income Tax	(680,507,790)	(601,103,004)
Total	5,935,958	10,922,364

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19. Revenue

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Sale of goods	2,449,088,724	2,495,285,887
Less: Discount	(308,835,565)	(330,305,549)
Total	2,140,253,159	2,164,980,338

19.1 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 is met 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.

20. Cost of Goods Sold

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Material consumed		
Raw materials		
At 1st Shrawan	287,457,944	285,221,299
Purchase	948,877,567	967,165,534
Add/(Less): Transfer from/(to) BNTL	20,193,149	3,094,117
At 31st Ashad	(260,640,518)	(287,457,944)
Total raw material consumed	995,888,142	968,023,006
Work in process		
At 1st Shrawan	2,236,550	2,312,028
At 31st Ashad	(266,151)	(2,236,550)
Net change in work-in-process	1,970,399	75,478
Production and manufacturing overheads	548,664,828	596,972,307
Finished goods stock		
At 1st Shrawan	34,870,992	55,019,656
At 31st Ashad	(50,927,322)	(34,870,992)
Net change in finished goods stock	(16,056,330)	20,148,664
Cost of goods sold	1,530,467,039	1,585,219,455

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20.1 Production and manufacturing overheads

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	180,237,372	178,762,897
Sick Leave	2,812,000	2,234,000
Gratuity	23,477,000	12,226,989
Other retirement benefits	30,560,429	26,890,686
Travel and transport costs	2,420,404	4,145,114
Repair and maintenance	39,186,800	51,444,860
Office expenses	13,271,327	19,192,657
Consumables	22,952,653	29,030,994
Power & Fuel	38,676,451	44,161,108
Depreciation on property, plant and equipment	178,111,369	177,137,597
Amortization of Intangible Assets	12,814,139	11,981,768
Exchange Gain/Loss	4,144,884	39,763,637
Total	548,664,828	596,972,307

21. Other Operating Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Product transfer fee	74,863,186	64,641,593
Sale of Scrap	5,524,616	5,312,159
Miscellaneous Income	12,392,968	3,584,089
Total	92,780,770	73,537,841

21.1. Product Transfer Fee

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

21.2 Sale of Scrap

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

21.3 Miscellaneous Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Insurance Claim	86,391	550,033
Others	12,306,577	3,034,056
Total	12,392,968	3,584,089

Income includes amount claim from Insurance on account of rebate on insurance premium.

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22. Selling and Distribution Expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	138,793,845	139,420,106
Sick Leave	506,000	923,000
Gratuity	6,725,000	2,535,000
Other retirement benefits	7,700,567	6,369,474
Travel and transport costs	5,813,149	9,955,430
Repair and maintenance	9,440,295	12,393,322
Office expenses	8,334,832	12,053,622
Communication expenses	14,365,828	20,494,699
Utilities	5,307,843	5,413,998
Freight Charges	93,015,354	96,896,326
Liquid leakages ai	45,242,798	46,328,095
Sales promotion expenses	15,464,768	49,368,646
Other miscellaneous expenses	768,132	707,499
Depreciation on property, plant and equipment	47,485,077	47,225,466
Amortization of Intangible Assets	5,503,799	5,146,287
Product transfer fees	32,262,040	34,961,566
Total	436,729,327	490,192,536

23. Administrative and Operating expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	129,209,318	141,134,348
Sick Leave	1,673,000	1,528,000
Gratuity	7,163,000	2,552,011
Other retirement benefits	4,117,626	5,581,928
Travel and transport costs	8,689,343	14,881,115
Repair and maintenance	1,664,541	2,185,228
Office expenses	17,116,344	24,753,223
Bank charges	2,034,842	2,248,985
Audit fees	500,000	500,000
Legal and other professional fees	7,247,624	7,043,671
Communication expenses	12,879,364	18,374,066
Utilities	14,282,170	12,258,978
Depreciation on property, plant and equipment	3,000,018	2,983,616
Amortization of Intangible Assets	5,503,799	5,146,287
Loss/(Gain) on sale/write off of Property plant equipment (net)	(1,524,014)	(1,444,591)
Corporate Social Responsibility	880,226	63,906
Security Expenses	6,945,134	7,047,801
Board and AGM expenses	269,947	390,325
Other miscellaneous expenses	1,426,049	955,581
Total	223,078,331	248,184,478

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23.1 Salaries, wages, and other employee cost

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salary and other benefits	265,687,579	266,893,762
Less:- Salary cost charged to BNTL/Troika	(136,478,261)	(125,759,414)
Total	129,209,318	141,134,348

23.2 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Statutory Audit Fees	500,000	500,000
Allowances	5,585	11,600
Total	505,585	511,600

24. Finance Cost

Finance costs comprises of 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 NFRS.

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest on Overdraft	24,031,288	26,102,364
Interest on LC Loan	-	5,756,789
Total	24,031,288	31,859,153

25. Finance Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest income	68,414,480	81,586,139
Dividend income from subsidiaries	-	41,741,936
Total	68,414,480	123,328,075

25.1 Interest Income

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

25.2 Dividend income

Dividend is recognized based on actual receipt of dividend. Dividend income comprises of dividend received from investment made in the subsidiary companies.

26. Earnings Per Share

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Numerator		
Profit for the year and earnings used in basic EPS (NPR)	61,149,290	(16,577,104)
Denominator		
Weighted average number of shares used in basic EPS (nos)	1,948,887	1,948,887
Basic and Diluted Earning Per Share	31	(9)

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

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.

27. Dividend Paid and Proposed

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Declared and paid during the year:		
Dividends on ordinary shares: Final dividend for 2076-77: Rs.0 per share for 75-76: Rs 0 Per Share	-	-
Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):		
Dividends on ordinary shares:		
2077-78: Rs _ per Share	-	-
2076-77: Rs 0 per Share		

28. Contingent Liabilities and Capital Commitment

28.1 Contingent Liabilities

Possible obligation, arising from past events and whose existence will be confirmed upon uncertain future events not wholly within the control of the company and present obligation arising from past events with least probability of payment or the amount cannot be measured with sufficient reliability are disclosed as contingent liability.

28.1.1 Bank Guarantee

Bank Guarantee has been provided to the Department of Customs for obtaining EXIM Code. As at the reporting date the guaranteed amount is NPR 300,000.

28.1.2 Corporate Tax Matters

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	6,106,075	-	6,106,075	-
TDS	3,672,212	173,901	3,498,311	569,334
VAT	26,737,720	8,540,112	18,197,608	1,917,677
Total	36,516,007	8,714,013	27,801,994	2,487,011

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

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
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Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	17,850,617	-	17,850,617	1,074,762
TDS	26,531,605	444,027	26,087,578	3,353,990
VAT	10,189,874	516,194	9,673,680	4,352,760
Total	54,572,096	960,221	53,611,875	8,781,512

- 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 is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	11,314,019	-	11,314,019	1,021,181
TDS	47,604,066	467,790	47,136,276	5,050,400
VAT	6,480,279	-	6,480,279	2,429,425
Total	65,398,364	467,790	64,930,574	8,501,006

- 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 Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	20,947,018	273,157	20,673,861	-
TDS	44,307,639	680,651	43,626,988	3,068,254
Total	65,254,657	953,808	64,300,849	3,068,254

- v) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2070-71. For the unaccepted amount, the company has filed the case at Revenue Tribunal. Pending decision from the tribunal, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	41,888,912	810,000	41,078,912	277,896
VAT	2,935,937	265,000	2,670,937	360,337
Total	44,824,849	1,075,000	43,749,849	638,233

- vi) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2071-72. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	77,141,879	1,146,446	75,995,433	-
TDS	85,433,388	813,238	84,620,150	-
VAT	4,389,106	773,407	3,615,699	209,268
Total	166,964,373	2,733,091	164,231,282	209,268

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

vii) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2072-73. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	19,288,000	2,873,000	16,415,000	1,986,391
TDS	16,385,000	111,000	16,274,000	1,939,893
VAT	3,724,000	3,471,000	253,000	32,530
Total	39,397,000	6,455,000	32,942,000	3,958,814
Grand Total	472,927,347	21,358,923	451,568,423	27,644,097

28.2 Commitment

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

At end of financial year 2077/78, the Company had capital commitments of NPR 146,284,500 (Previous Year 2076/77 NPR 15,501,424) relating to various small projects.

29. Interim Reporting

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

30. 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.

31. Related Party Transactions

31.1 Relationship

The company identified related parties on the following lines

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

31.1.1 Transactions with Directors & Key Management Personnel

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

There have been 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.

Bottlers Nepal Limited
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For the Year ended 31st Ashad, 2078 (15th July, 2021)

FY 2077-78

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	270,000	-	270,000
Managing Director	26,185,974	30,220,021	3,439,576	59,845,571
Key Managers	45,599,210	50,637,020	17,361,480	113,597,710
Total	71,785,184	81,127,041	20,801,056	173,713,281

FY 2076-77

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	255,000	-	255,000
Managing Director	20,840,912	56,800,563	5,102,492	82,743,967
Key Managers	37,076,204	61,491,384	18,674,068	117,241,656
Total	57,917,116	118,546,947	23,776,560	200,240,623

Additional Information

- a) Key management personnel consists of 5 expatriate staffs including Managing Director and 3 national staffs.
- 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, Division, and overall Country performance.
- c) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Also, the liability 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 retirement benefits of the key management personnel are not included above.

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31.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the Year 2077-78	For the Year 2076-77
Sale to related parties:		
Sale of various materials to Bottlers Nepal (Terai) Limited	44,552,312	1,690,103
Purchases from related parties:		
Purchase of various materials from Bottlers Nepal (Terai) Limited	64,745,461	4,784,220
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	753,663,876	791,071,430
Product transfer fee:		
Received from Bottlers Nepal (Terai) Ltd.	74,863,186	64,641,593
Paid to Bottlers Nepal (Terai) Ltd.	32,262,040	34,961,566
Management Fee received from Bottlers Nepal (Terai) Limited	136,478,261	125,209,414
Management Fee received from Troika Traders Pvt Ltd.	-	550,000
Dividend received from Bottlers Nepal (Terai) Ltd.	-	41,741,936
Interest received from Bottlers Nepal (Terai) Ltd. on loan	56,990,206	62,521,924
Sale of asset (Containers) to Bottlers Nepal (Terai) Ltd. (at WDV)	7,679,210	11,854,543
Rent Paid to Bottlers Nepal (Terai) Ltd.	517,880	501,120
Amounts owed by related parties:		
Bottlers Nepal (Terai) Limited-a subsidiary company	700,000,000	650,000,000
Troika Traders Pvt. Ltd.-a subsidiary company	7,658,134	5,147,856
Coca-Cola India	1,206,549	905,649
Pacific Refreshments Pte. Ltd.	144,203,591	29,447,480
Amounts owed to related parties:		
Bottlers Nepal (Terai) Limited-a subsidiary company	13,242,254	8,822,981
Pacific Refreshments Pte. Ltd.	-	86,810,942
Soft Drink International-other related party	99,301,106	65,482,878
Hindustan CCBPL-other related party	129,100,119	129,673,854
Coca-Cola South West Asia	28,201,720	28,201,720
Refreshment Product Services	-	133,637

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.

32. 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.

32.1 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.

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
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32.1.1 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.

32.1.2 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 longer duration.

32.1.3 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 supplier identified by the group and the Company has long term relation with the supplier.

32.2 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.

32.2.1 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.

32.2.2 Cash deposits

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

32.3 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 use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

32.4 Risk Management Framework

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

FY 2077-78

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated maturity	Total
Financial assets					
Investments in subsidiaries	-	-	-	110,641,200	110,641,200
Loan to BNTL	700,000,000	-	-	-	700,000,000
Advances to Employees	4,994,872	6,671,557	-	-	11,666,429
Security Deposits	-	-	-	990,532	990,532
Interest Receivable(FD)	1,239,415	-	-	-	1,239,415
Trade receivables	293,394,259	-	-	-	293,394,259
Cash and Cash Equivalents	251,759,730	-	-	-	251,759,730
Total	1,251,388,276	6,671,557	-	111,631,732	1,369,691,565
Financial liabilities					
Bank overdrafts	444,379,248	-	-	-	444,379,248
Trade Payable	357,422,648	-	-	-	357,422,648
Container deposit liability	-	-	-	197,472,321	197,472,321
Corporate Social Responsibility	3,152,692	-	-	-	3,152,692
Trade Deposits	-	-	-	2,426,600	2,426,600
Employee related accruals	81,781,636	-	-	-	81,781,636
Bonus Payable	9,780,294	-	-	-	9,780,294
Provision for Expenses	147,522,974	-	-	-	147,522,974
Dividend payable	-	28,201,720	-	-	28,201,720
Statutory dues payable	45,060,562	-	-	-	45,060,562
Interest Payables	1,280,561	-	-	-	1,280,561
VAT Payable (Net)	13,321,078	-	-	-	13,321,078
Gratuity	73,020,000	-	-	264,355,000	337,375,000
Leave Encashment	1,302,000	-	-	24,103,000	25,405,000
Other Retirement Benefits	18,773,000	-	-	293,383,650	312,156,650
Total	1,196,796,693	28,201,720	-	781,740,571	2,006,738,984
Net Financial Assets	54,591,583	(21,530,163)	-	(670,108,839)	(637,047,419)

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

FY 2076-77

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial assets					
Investments in subsidiaries	-	-	-	110,641,200	110,641,200
Loan to BNTL	650,000,000	-	-	-	650,000,000
Advances to Employees	3,410,072	7,165,594	-	-	10,575,666
Security Deposits	-	-	-	698,106	698,106
Interest Income Receivables	3,056,675	-	-	-	3,056,675
Trade receivables	110,468,254	-	-	-	110,468,254
Cash and Cash Equivalentents	241,173,667	-	-	-	241,173,667
Total	1,008,108,668	7,165,594	-	111,339,306	1,126,613,568
Financial liabilities					-
Bank overdrafts	-	-	-	346,937,011	346,937,011
Trade Payable	429,777,585	-	-	-	429,777,585
Container deposit liability	-	-	-	197,318,607	197,318,607
Corporate Social Responsibility	3,137,466	-	-	-	3,137,466
Trade Deposits	-	-	-	2,426,600	2,426,600
Employee related accruals	12,250,503	-	-	-	12,250,503
Bonus Payable	710,069	-	-	-	710,069
Provision for Expenses	215,650,206	-	-	-	215,650,206
Dividend payable	-	28,201,720	-	-	28,201,720
Statutory dues payable	48,772,466	-	-	-	48,772,466
Interest Payables	6,499,274	-	-	-	6,499,274
VAT Payable (Net)	13,986,738	-	-	-	13,986,738
Gratuity	49,419,000	-	-	241,114,000	290,533,000
Leave Encashment	819,000	-	-	20,349,000	21,168,000
Other Retirement Benefits	11,299,000	-	-	266,209,028	277,508,028
Total	792,321,307	28,201,720	-	1,074,354,246	1,894,877,273
Net Financial Assets	215,787,361	(21,036,126)	-	(963,014,940)	(768,263,705)

Bottlers Nepal Limited
Significant Accounting Policies and Explanatory Notes
 For the Year ended 31st Ashad, 2078 (15th July, 2021)

33. Impact of COVID 19 on financial statements:

The Government of Nepal had announced Prohibitory Order from April 29, 2021 (F/Y 2077/78) onwards to control the spread of COVID-19 pandemic in the country which happens to be peak sales season for the company. The management has assessed the effect of lockdown and is of the view that the lockdown has significantly impacted sales and profit for the current year and will also have effect on revenue and operating result of the company to some extent for next year.

The spread of COVID-19 pandemic has severe impact on global economies including Nepal where businesses were being forced to cease or limit operations resulting in an economic slowdown. Although, the Government has responded with monetary and fiscal interventions to stabilize the economic conditions, there is not much relief available to the Company as on date of issue of these financial statements. Further, the company has assessed its ability to continue as a going concern and reached to conclusion that there is no significant risk of going concern in near future in view of company's sound financial health and recovery of business volume post balance sheet date at pre-Covid level.

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Managing Director

Rajeev Tandon
Country Finance Manager

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Narmadeshwar Narayan Singh
Director

Surendra Silwal
Director

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

DIRECTOR'S REPORT

(For the Year 2077-2078)

Dear Shareholders,

We are delighted to present the Report on your Company's business operations, along with the audited financial statement, for the year ended 31st Ashad, 2078. This has been a successful year in terms of business growth and value creation for Company's stakeholders despite the continuing impact of COVID-19. During this crisis, your management team/associates/business partners/suppliers have worked tirelessly to protect the long-term health of your Company's business.

Financial Highlights

In FY 2077/78, your Company delivered gross sales revenue of NPR 8,965 MM which is 32% growth over last year's revenue. Nepal Government announced nationwide lockdown for two months in FY 2077-78, the business was making good progress with higher growth in net revenue. May and June have historically been the biggest growth months and peak season but owing to this nationwide lockdown and restrictions announced by the Government of Nepal, your Company had major setback, however the team has bounced back and demonstrated a solid fight back in BNTL area comparatively.

Your company has worked on productivity measures and has reduced Operational cost and Manpower cost which helped to achieve NPR 793 MM operating profit.

NPR in million

Particulars	2077-78	2076-77	% Change
Gross Sales Revenue	8,965	6,796	32%
Gross Profit	1,865	1,190	57%
Net Profit Before Tax	513	8	6313%
Net Profit After Tax	424	6	6967%

Responding with Speed and Agility

The COVID -19 pandemic has swamped our lives and the way we operate our business. The lockdown and restrictions tested the agility, resilience, and adaptability to the new normal. Your Company responded to the challenges with speed and agility and has emerged stronger. All businesses worldwide including your Company is now operating in ways that it has never operated before. Your Company has increased hygiene across the manufacturing units, distributor points and sales force. Your associates have been facing challenges and acting with pace and agility. This gives us confidence that your Company can emerge stronger and faster and create a more streamlined business.

Key Business Challenges

Global:

World Economic Outlook (October forecast) has projected the global economy to grow 5.9 percent in 2021 and 4.9 percent

in 2022, 0.1 percentage points lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. Your Company has steadily grown both in volume and revenue. The Group is presently operating in an increasingly dynamic economic environment. Also, impact of COVID-19 is still under influence. Crude Oil Price internationally is on increasing trend, which has impacted the cost of Resin, Preforms, and transportation. Similarly, strong forex mainly US Dollar has impacted most of our imports. Despite all of these, your Company has steadily grown both in volume and revenue.

Nepal

The Central Bureau of Statistics (CBS) has estimated the Nepalese economy to grow by 4.01 percent in 2020/21 compared to the contraction of 2.09 percent in 2019/20. World Bank has estimated the economic growth rate at 1.8 percent in 2021, below previous expectations, and is projected to rise to 3.9 percent in 2022. Poverty is expected to increase, despite increased coverage of social protection in 2022 (from a low base). Further Asian Development Bank has predicted that Nepal's Gross Domestic Product growth rate at 3.1% for 2021 and 5.1% for 2022. The Asian Development Outlook 2021 forecasts inflation from mode rate to an average of 5.0% in FY 2021, down from 6.2% in FY 2020, on the back of a good harvest, smoother supply chains, and subdued non-food prices, and gradual upliftment of prohibitory orders. The current account deficit is expected to widen from 0.9% of GDP in FY2020 to 2.5% in FY2021, owing to increased import growth. As outlined by monetary policy delivered by Central Bank in August 2021, Nepalese currency vis-à-vis the USD appreciated 1.12 percent in mid-July 2021 as compared to mid-July 2020 which will see a hit on the balance of payments and imports.

Dividend

Due to this on-going Pandemic, your Directors do not recommend any dividend for the FY 2077/78.

Statutory Auditors.

M/s CSC & Co. Chartered Accountants (Firm Registration No. 57) hold office until the conclusion of the 35th Annual General Meeting. Your Directors, with the recommendation of Audit Committee Meeting, have proposed to appoint M/s

CSC & Company, as Statutory Auditor for FY 2078-79 with a remuneration of NPR 4,00,000 (excluding VAT and out-of-pocket expenses) (including consolidation), alike last year.

Human Resources

There has been no increase in the total number of associates- they were 332 on the 31st day of Ashad 2077 and are 322 on the 31st day of Ashad 2078. Your Company has been continuously dealing with the challenges faced as a consequence of pandemic, particularly in, ensuring safety, health and well being of the employees. Your Company through innovative solution, has been building capabilities of its frontline and support associates through virtual learnings. Some of the initiatives undertaken are briefly expanded in this Annual Report.

Corporate Governance

Your Company is committed to adherence to good corporate governance. Your Company continues to strive to keep the trust of its stakeholders by being ethical, honest and transparent while doing business. Your Company has a strict Code of Business Conduct and Anti Bribery Policy, which guides its business conduct, requiring honesty and integrity in all matters. Your Company's employees, directors and vendors are required to strictly adhere to the Code of Business Conduct in the workplace and in the larger community. Your Company regularly monitors its business to ensure compliance with the Code and the Laws of the Country. Your Directors also regularly undergo Annual Refresher Training to update themselves with the Laws of the Country. A Report on Corporate Governance is detailed, in the later part of the Annual Report separately.

Corporate Sustainability

Your Company is committed to the system's overall purpose 'To refresh the world and make a difference', which includes our beverages and the work we do to enhance interconnections with our communities and the activities we do. The Corporate Sustainability activities of your Company continue to resonate with the Nation's priorities and the sustainability strategy ensures to adopt the right approach to serve our stakeholders better. The Pandemic has reinforced the importance of Sustainability and why it matters now, more than ever. Your company continues to implement projects and process improvements despite all the COVID-19 restrictions, with required precautions. Your company will continue to nurture existing partnerships and build new collaborations, to modify/amplify efforts to the changing needs of our communities and environment. Details of your company's contribution in shaping the sustainability vision are in the Corporate Sustainability report, in the later part of the Annual Report.

Internal Control Framework

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

Future Outlook

Despite the economic downturn and uncertainties that surrounds your Company, it will continue to take actions to protect Company's performance, conserve cash and plan for the future growth. The key focus for your Company, during the coming years, would be on strengthening its Route to Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets, productivity, effective cost management and building strong capability to deliver medium and long-term goals through automation. Your Company will continue to invest in its people for their continuous development, as to optimize their performance and build relevant professional skills to drive the business. Your Company will be staying close to their customers, aligning themselves to their evolving priorities, staying lean and nimble, finding newer ways to create value and possibly expand new packs and categories that address current imperatives. For its communities, your Company will endeavor to make a real and lasting difference through right engagement towards environmental and societal concerns. Your Company will consciously drive scale, consistency, and effectiveness by connecting our functions and integrated business services as a disciplined orchestrated network and maintain its high level of governance and strive towards providing better return on its investment.

Acknowledgement

Your Directors thank all the associates for their tenacity, perseverance and dedication in one of the toughest years in our history. Your Directors also place a special thanks to the Government of Nepal, particularly Ministry of Industry, Commerce & Supplies, Ministry of Health & Population, Department of Industry, Department of Commerce and Supply Management, Nepal Police, Armed Police Force, District Administration Office, Securities Board of Nepal, Nepal Stock Exchange, Office of Company Registrar and Inland Revenue Department. It has been a tough year, with the increasing number of COVID-19 cases globally and in Nepal, your Company continues to strive to achieve and grow its business. We appreciate your patience and are determined to accelerate the changes we committed to.

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

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

As covered above under the "Financial Highlights" sections.

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

As covered above under the "Key Business Challenges" section.

(c) Achievements in the current year as at the date of report & opinions of the Board of Directors on matters to be done in the future;

As covered above under "Financial Highlights" and "Future Outlook" section.

(d) Industrial or Professional Relations of the Company;

During the year, the relationship of the Company with its employees was harmonious resulting in no strike.

(e) Alterations in the Board of Directors and the reasons therefore;

None

(f) Major things affecting the transactions;

As covered above under "Key Business Challenges"

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

None

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

The Board of Directors has not proposed any dividend to the shareholders of the Company for the Fiscal Year 2077/78.

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

NIL

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

As covered above under various Sections.

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

Holding Company	Transactions	NPR
Bottlers Nepal Limited	Sale of Raw Materials	64,745,461/-
Bottlers Nepal Limited	Purchase of Raw Materials	44,552,312/-

(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 Framework" Section.

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

Particulars	NPR MM
Salaries, wages and other employee cost	52
Administrative Expenses	101
Total	153

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

Please refer to Audit Committee details under Corporate Governance Section.

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

None

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

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

NPR (In MM)

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & Facilities	-	0.3	-	0.3
Total	-	0.3	-	0.3

(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, 2078 (15 July, 2021) for the last 5 years is NPR 2,509,368/-. All these unclaimed dividends have been transferred to your Company's Share Registrar, M/s Nabil Investment Banking limited for distribution to Shareholders

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

None

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

None

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

As per page no. 30 of BNTL Annual Report.

(y) Other necessary matters;

i. Information (if any) regarding existence of any relative of Companies director or official currently working in

Office of the Company's Registrar ("OCR"), Securities Board or any other regulatory body concerning the Company in Officer or higher capacity.

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

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

None

On behalf of the Board of Directors,



Shukla Wassan
Chairperson



Neeraj Rimal
Director

Date: 30th November, 2021

CSC & Co

Chartered Accountants

Mahamati Bhawan
175, Gairidhara Marg, Gairidhara
PO Box: 4861, Kathmandu, Nepal
Tel: +977-1-4004580, 4004581, 4004582
Fax: +977-1-4004578
E-mail: csc@cscnepal.com
Web: www.cscnepal.com

Independent Auditor's Report To the Shareholders of Bottlers Nepal Terai Limited Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bottlers Nepal Terai Limited ("the Company" or "BNTL"), which comprise the statement of financial position as at 31 Ashad 2078 (15th July 2021), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as on 15th July 2021, and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended on 31 Ashad 2078 (15 July 2021). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How our audit addressed the key audit matters
Revenue recognition	
(Refer Note 18 "Revenue" of the financial statements)	
<p>Revenue is recognised when significant risks and rewards are transferred to the customer. Revenue from the sale of goods is measured net off discounts and rebates that are given to the customers as a part of sales promotion, net of Value Added Tax and Excise Duty.</p> <p>Rebates and discounts under various schemes are material and have arrangements with varying terms which are based on annual contract or shorter-term arrangements. Measurement of estimated rebates and discounts accruals relating to these schemes requires judgement, based on sales made during the year.</p> <p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> inherent risk involved around revenue recognition and measurement as the performance of the company highly depends on the revenue, and accrual of rebates and discounts under various schemes requires significant judgement of management. 	<p>Our audit procedures:</p> <ul style="list-style-type: none"> We assessed the Company's revenue recognition and measurement accounting policies including those relating to discounts and rebates for sales. We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the identification, recognition and measurement of discounts and rebates for schemes. We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives. We tested on sample basis, the subsequent claims accounted by the company, to assess the appropriateness of accruals outstanding as at year end. We performed detailed analysis of revenue, analytical testing with monthly sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the revenue transactions. We tested cut-off date sales transaction as well as subsequent receipts after the year end date. We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NAS 18. <p>Our results</p> <ul style="list-style-type: none"> No material exceptions were noted.

Other Information

The management is responsible for the other information presented in the Bottlers Nepal Terai Limited Annual Report and Accounts 2077-78 (2020-21) together with the Financial Statements. This report is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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



due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bottlers Nepal Terai Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bottlers Nepal Terai Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Bottlers Nepal Terai Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that



we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

- i. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, the statement of financial position, profit or loss, other comprehensive income, changes in equity and cash flows have been prepared in accordance with the provisions of Companies Act 2063 and conform to the books of accounts of the Company and the books of accounts and records are properly maintained in accordance with the prevailing laws.
- iii. During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law or caused loss or damage to the Company or misappropriated funds of the Company, nor have we been informed of any such case by the management.
- iv. We have not come across any accounting fraud, so far as it appeared from our examination of the books of accounts.

Place: Kathmandu
Date: November 30, 2021
UDIN: 211206CA01391usziS


Bikesh Madhikarmi
Partner



Bottlers Nepal (Terai) Limited
STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2078	As at 31st Ashad 2077
ASSETS			
Non-Current Assets:			
Non Financial			
Intangible Assets	3	30,546,456	54,486,873
Property, Plant and Equipment	4	5,807,203,942	6,158,935,286
Financial Assets			
Advances	6	271,508	974,838
Current Assets:			
Non Financial			
Inventories	7	1,114,071,673	1,086,797,708
Prepayments	8	60,170,930	79,612,397
Advances	8.1	522,994,360	571,174,477
Income Tax Receivable	9	11,630,015	15,946,433
Financial Assets			
Other Current Assets	8.2	19,334,690	9,554,270
Trade Receivables	10	223,739,003	125,846,265
Cash and Cash Equivalents	11	248,292,117	219,747,662
Total Assets		8,038,254,694	8,323,076,209
EQUITY AND LIABILITIES			
Equity:			
Equity Share Capital	12	121,000,000	121,000,000
Reserve and Surplus	13	2,570,827,069	2,145,050,786
Liabilities:			
Non-Current Liabilities:			
Non Financial			
Deferred Tax Liability	5.3	107,836,137	34,586,402
Financial Liabilities:			
Retirement Benefit Obligation	14.1	458,738,223	430,438,973
Non current Borrowing	15.1	1,130,407,009	1,700,407,009
Current liabilities:			
Financial Liabilities			
Retirement Benefit Obligation	14.1	67,286,000	59,623,000
Borrowings	15.2	2,070,309,274	2,245,573,508
Trade Payables	15.3	344,018,968	763,648,576
Other Financial Liabilities	16	1,048,372,919	800,769,335
Non Financial Liabilities	17	119,459,095	21,978,620
Total Equity and Liabilities		8,038,254,694	8,323,076,209

Notes 1 to 32 form an integral part of this Financial Statement.

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

Surendra Silwal
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Neeraj Rimal
Director

Pramod Kumar Karki
Independent Director

Rajeev Tandon
Country Finance Manager

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal (Terai) Limited
STATEMENT OF PROFIT OR LOSS
 For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	For the Year 2077-78	For the Year 2076-77
Revenue from Operations	18	6,270,256,335	4,693,349,428
Cost of goods sold	19	(4,405,581,800)	(3,503,055,310)
Gross Profit		1,864,674,535	1,190,294,118
Other Operating Income	20	47,151,552	154,617,801
Selling and Distribution Expenses	21	(966,000,399)	(901,717,570)
Administrative and Operating Expenses	22	(153,016,366)	(151,951,685)
Profit from Operations		792,809,322	291,242,664
Finance Costs	23	(290,082,845)	(298,791,590)
Finance Income	24	9,920,571	15,807,170
Profit Before Tax		512,647,048	8,258,244
Income Tax Expense			
Curent tax	5.1	(14,268,030)	(42,606,240)
Prior period tax adjustments	5.1	(1,797,000)	235,640
Deferred Tax	5.2	(72,858,695)	39,742,063
Net Profit for the year		423,723,323	5,629,707
Basic/Diluted Earnings per share	25	350	5

Notes 1 to 32 form an integral part of this Financial Statement

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

Surendra Silwal
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Neeraj Rimal
Director

Pramod Kumar Karki
Independent Director

Rajeev Tandon
Country Finance Manager

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal (Terai) Limited
STATEMENT OF OTHER COMPREHENSIVE INCOME
 For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Net Profit/(Loss) for the year as per Statement of Profit or Loss	423,723,323	5,629,707
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes	2,444,000	(31,196,000)
Deferred Tax on Actuarial Gain/(Loss)	(391,040)	4,991,360
Other comprehensive gain/(loss) for the year, net of tax	2,052,960	(26,204,640)
Total Comprehensive gain/(loss) for the year, net of tax	425,776,283	(20,574,933)

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

Surendra Silwal
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Neeraj Rimal
Director

Pramod Kumar Karki
Independent Director

Rajeev Tandon
Country Finance Manager

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal (Terai) Limited
STATEMENT OF CASH FLOWS

For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	512,647,048	8,258,244
Adjustments for non cash and non operating:		
Depreciation on Property, Plant and Equipment	548,638,560	530,819,464
Amortization of Intangible Assets	23,940,417	21,991,689
Loss/ (gain) on sale/write off of Property, Plant and Equipment	1,518,649	(2,642,447)
Finance income	(9,920,571)	(15,807,170)
Finance costs	290,082,845	298,791,590
Prior Period Items	-	(5,922,711)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	(74,686,738)	(775,368,378)
Increase / (Decrease) in provisions of retirement benefit obligations	38,406,250	41,402,890
Decrease / (Increase) in trade and other receivables	(102,852,058)	12,081,624
Decrease / (Increase) in loans and advances	68,324,914	(297,370,234)
Decrease / (Increase) in inventories	(27,273,965)	(225,672,577)
Cash generated from operations	1,268,825,351	(409,438,016)
Direct taxes paid (net of refunds)	(11,748,612)	(35,129,900)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	1,257,076,739	(444,567,916)
B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(198,549,614)	(617,735,866)
Purchase of Intangibles	-	(36,838,662)
Proceeds from sale of Property, Plant and Equipment	123,749	7,416,150
Interest Received	9,415,889	15,952,104
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(189,009,976)	(631,206,274)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(745,264,234)	1,387,732,060
Interest paid	(294,258,074)	(295,003,373)
Dividend paid	-	(48,400,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	(1,039,522,308)	1,044,328,687
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	28,544,455	(31,445,503)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	219,747,662	251,193,165
CASH AND CASH EQUIVALENTS, End of Year	248,292,117	219,747,662

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

Surendra Silwal
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Neeraj Rimal
Director

Pramod Kumar Karki
Independent Director

Rajeev Tandon
Country Finance Manager

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal (Terai) Limited
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st Ashadh, 2078 (15th July, 2021)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2076	121,000,000	952,000	(37,506,840)	2,256,503,270	2,340,948,430
Profit for the year	-	-	-	5,629,707	5,629,707
Other comprehensive income	-	-	(26,204,640)	-	(26,204,640)
Dividends	-	-	-	(48,400,000)	(48,400,000)
Interest and Penalty on Tax	-	-	-	(5,922,711)	(5,922,711)
Balance as at 31st Ashadh, 2077	121,000,000	952,000	(63,711,480)	2,207,810,266	2,266,050,786
Profit for the year	-	-	-	423,723,323	423,723,323
Other comprehensive income	-	-	2,052,960	-	2,052,960
Dividends	-	-	-	-	-
Balance as at 31st Ashadh, 2078	121,000,000	952,000	(61,658,520)	2,631,533,589	2,691,827,069

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

Surendra Silwal
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Neeraj Rimal
Director

Pramod Kumar Karki
Independent Director

Rajeev Tandon
Country Finance Manager

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Bottlers Nepal (Terai) Limited
Significant Accounting Policies and Explanatory Notes
For the year ended 31st Ashad, 2078 (15th July, 2021)

1. Corporate Information

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

Bottlers Nepal (Terai) Limited is a licensed bottler, marketer and distributor of non-alcoholic beverages products of The Coca-Cola Company, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 30th November 2021 (14th Mangsir 2078) and has recommended for approval of shareholders in the forthcoming Annual General Meeting.

2. Basis of Preparation

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). These conform, 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.

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. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

2.2 Accounting Convention

The financial statements are prepared on a historical cost except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

2.3 Going Concern

The financial statements are prepared on the assumption that the Company is a going concern.

2.4 Presentations

The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison to the extent permitted by the NFRS. 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 be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

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

All other liabilities are classified as non-current.

Bottlers Nepal (Terai) Limited
Significant Accounting Policies and Explanatory Notes
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Deferred tax assets and liabilities are classified as non-current assets/liabilities.

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

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

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

2.5 Accounting Policies

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

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

2.6 Accounting Estimates

The preparation of financial statements in line with applicable 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.

2.6.1 Change in Accounting Estimates

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.

2.7 Financial periods

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

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31 st Ashad, 2078	15 th July, 2021
Current Reporting Period	1 st Shrawan 2077- 31 st Ashad 2078	16 th July 2020 - 15 th July 2021
Comparative SFP* Date	31 st Ashad, 2077	15 th July, 2020
Comparative reporting period	1 st Shrawan 2076- 31 st Ashad 2077	17 th July 2019 - 15 th July 2020

*Statement of Financial Position

2.8 Presentation currency

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

2.9 New Standards issued and not yet effective

The Company has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose

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application was not mandatory for financial year 2077-78 (2020-21). These standards include:

NFRS 9 "Financial Instruments" (Revised), NFRS 14 "Regulatory Deferral Accounts", NFRS 15 "Revenue from Contracts with Customers", NFRS 16 "Leases", NFRS 17 "Insurance Contracts" & NAS 29 "Financial Reporting in Hyperinflationary Economies" applicable from 16th July 2021, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

NFRS 15 "Revenue from Contracts with Customers" is the new NFRS standard governing the accounting principles for revenue. It replaces standards NAS 11 "Construction Contracts" and NAS 18 "Revenue", as well as the different existing interpretations SIC 31 "Revenue - Barter Transactions Involving Advertising Services", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate" and IFRIC 18 "Transfers of Assets from Customers".

NFRS 9 "Financial Instruments" is the new NFRS standard introducing new provisions regarding Impairment of financial assets and hedging. It replaces standards NAS 39 "Financial Instruments: Recognition and Measurement" and NFRS 9 (2013) "Financial Instruments".

NFRS 16 "Leases" changes the recognition of leases by lessees. It replaces NAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

2.10 Foreign Currency Translations

Transactions entered by the Company in a currency other than the currency of primary economic environment in which it operates are recorded at the rates prevailing when the transactions occur. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit or Loss. Unsettled foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized in statement of profit or loss.

2.11 Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss statement over the lease term. The company is a lessee under operating lease arrangements. Payments under such leases are charged to the Statement of Profit and Loss as and when such leasehold expenses become due.

The Company has leased one plot of godown for 10 years from Green Hand Nepal Pvt. Ltd., Kathmandu. These lease agreements can be extended with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however both parties have right to review the lease term after the end lease period. Future minimum lease payable under non-cancellable operating leases as at balance sheet date are as follows:

Figures in NPR

Period	As at 31st Ashad 2078	As at 31st Ashad 2077
Less than One Year	41,437,680	38,635,110
One Year to Five Years	158,662,615	167,191,552
More than Five Years	35,648,042	120,699,739
Total	235,748,337	326,526,401

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3. Intangible Assets

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
Cost			
Opening balance at 1st Shrawan 2076	84,928,379	-	84,928,379
Additions	36,838,662	36,838,662	73,677,324
Disposals/Adjustments	(673,367)	(36,838,662)	(37,512,029)
Balance as at 31st Ashad 2077	121,093,674	-	121,093,674
Additions	-	-	-
Disposals/Adjustments	-	-	-
Balance at 31st Ashad 2078	121,093,674	-	121,093,674
Accumulated Amortisation			
Opening balance at 1st Shrawan 2076	44,693,672	-	44,693,672
Additions	21,991,689	-	21,991,689
Disposals/Adjustments	(78,560)	-	(78,560)
Balance at 1st Shrawan 2077	66,606,801	-	66,606,801
Charge for the year	23,940,417	-	23,940,417
Disposals/Adjustments	-	-	-
Balance at 31st Ashad 2078	90,547,218	-	90,547,218
Net Block			
Closing Balance at 31st Ashad 2078	30,546,456	-	30,546,456
Closing Balance at 31st Ashad 2077	54,486,873	-	54,486,873

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

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

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4. Property, Plant & Equipment

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	Capital work-in-progress	Total
Cost								
Opening balance at 1st Shrawan 2076	699,891,102	4,715,505,197	67,075,910	679,171,088	1,107,088,061	17,591,010	534,733,889	7,821,056,257
Additions	661,476,092	95,126,647	5,614,169	193,087,227	149,324,476	-	617,735,866	1,722,364,477
Transfer to asset block	-	-	-	-	-	-	(1,104,628,611)	(1,104,628,611)
Disposals	(17,688,663)	(3,889,810)	-	-	(6,382,121)	-	-	(27,960,594)
Adjustments	-	-	-	25,092,790	-	-	-	25,092,790
Closing balance at 31st Ashad 2077	1,343,678,531	4,806,742,034	72,690,079	897,351,105	1,250,030,416	17,591,010	47,841,144	8,435,924,319
Additions	23,665,678	45,215,816	4,117,880	47,386,604	45,945,367	-	198,549,614	364,880,959
Transfer to asset block	-	-	-	-	-	-	(166,331,345)	(166,331,345)
Disposals	(1,246,645)	(4,488,320)	(544,777)	(6,133,070)	(7,015,333)	-	-	(19,428,145)
Adjustments	-	-	-	(1,530,748)	-	-	-	(1,530,748)
Closing balance at 31st Ashadh 2078	1,366,097,564	4,847,469,530	76,263,182	937,073,891	1,288,960,450	17,591,010	80,059,413	8,613,515,040
Depreciation and impairment losses								
Opening balance at 1st Shrawan 2076	138,965,293	863,702,582	22,595,349	172,258,435	536,118,865	11,217,954	-	1,744,858,478
Charge for the year	30,593,210	233,103,659	4,882,239	93,644,328	168,596,028	-	-	530,819,464
Disposals	(17,330,078)	(404,246)	-	-	(5,610,950)	-	-	(23,345,274)
Adjustments	-	-	-	24,656,365	-	-	-	24,656,365
Closing balance at 31st Ashad 2077	152,228,425	1,096,401,995	27,477,588	290,559,128	699,103,943	11,217,954	-	2,276,989,033
Charge for the year	41,649,039	227,524,263	5,521,814	99,543,513	168,026,875	6,373,056	-	548,638,560
Disposals	(835,459)	(2,973,032)	(302,457)	(3,533,993)	(7,004,667)	-	-	(14,649,808)
Adjustments	-	-	-	(4,666,687)	-	-	-	(4,666,687)
Closing balance at 31st Ashadh 2078	193,042,005	1,320,953,226	32,696,945	381,901,961	860,125,951	17,591,010	-	2,806,311,098
Net Block								
Closing Balance at 31st Ashad 2078	1,173,055,559	3,526,516,304	43,566,237	555,171,930	428,834,499	-	80,059,413	5,807,203,942
Closing Balance at 31st Ashad 2077	1,191,450,106	3,710,340,039	45,212,491	606,791,977	550,926,473	6,373,056	47,841,144	6,158,935,286

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Property, Plant and Equipment are initially measured at cost in the statement of financial position. These are inclusive of all cost less excluding any recoverable taxes 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 not ready for intended use on the date of the Balance Sheet are disclosed under "Capital Work in Progress." Capital Work in Progress 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/obsolescence assets in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from Fixed Assets Register (FAR). Refer "Adjustments" row of the above table for the movement in such provisions during the year. As on 31st Ashad 2078 the net provision for missing/obsolescence assets is NPR 18,385,552 (As on 31st Ashad 2077 was NPR 21,445,861)

The company has registered first legal mortgage covering all fixed assets including the land and building owned by the company at Plot No. 22, 97, 99, 341, 335, 337, 339, 999, 1001 and 1003 at ward No. 9 Bharatpur Municipality, Chitwan, Nepal in order to avail banking facilities including term loan, Overdraft, Letter of credit etc. Also, the company has provided hypothecation of specific charge over plant and machineries to bank.

4.1 Depreciation

Depreciation on items of Property, Plant and Equipment is calculated on the straight-line method based on the useful life of the assets estimated by the management. Depreciation on addition to Property, Plant and Equipment is provided on pro-rata basis in the year of purchase when the asset is ready for its intended 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 include transformers, electrical installations and soft drink analyzer.

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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 is capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used. Coolers and other assets purchased by the company is capitalized in books only after the asset is put to use by the entity for its operations.

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Coolers	17,993,634	15,837,533
Machinery	54,726,367	10,332,837
Crates	2,418,015	6,709,063
Post Mix	2,855,512	5,992,550
Furniture & Fixtures	-	4,981,775
CO2 Cylinders	2,065,885	2,065,886
Plastic Pallets	-	1,900,000
IT Equipments	-	21,500
Total	80,059,413	47,841,144

4.4 Borrowing Cost

FY 2077-78

The company has not capitalized any borrowing costs during the year.

FY 2076-77

The Company has capitalized borrowing cost amounting to NPR 27,690,788 to Property, Plant and Equipment for the year ended 15-July-2020. The asset wise details of borrowing cost included in the costs of major heads of Property, Plant and Equipment are as follows:

Particulars	For the Year 2076-77
Plant and Machinery	4,746,333
Plant Building	17,398,510
Office Building	5,545,945
Total	27,690,788

5. Income Tax

Income Tax on profit or loss for the year comprises of current taxes and deferred taxes. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly to equity.

5.1 Current Income Tax

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Current tax on profit for the year	14,268,030	42,606,240
Adjustment for prior periods	1,797,000	(235,640)
Total	16,065,030	42,370,600

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5.2 Deferred Tax

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Origination and reversal of temporary differences	72,858,695	(39,742,063)
Total	72,858,695	(39,742,063)

5.3 Deferred Tax Liability

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the tax rate of 16%. 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

FY : 2077-78

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	5,691,428,542	4,049,765,476	(1,641,663,066)
2 Intangible Assets	30,546,456	35,275,352	4,728,896
3 Retirement benefit provision	(526,024,223)	-	526,024,223
4 Provision for Expenses to be claimed on actual expense	(200,766,826)	-	200,766,826
5 Income tax business loss carry forward	(236,167,267)	-	236,167,267
Total Amount			(673,975,854)
Tax Rate		16%	(107,836,137)
Opening Deferred tax Assets/(Liability)			(34,586,402)
Deferred tax provision recognised			(73,249,735)
Closing Deferred tax Assets/(Liability)			(107,836,137)
Charge/(Credit) to OCI			391,040
Charge/(Credit) to PL			72,858,695

FY : 2076-77

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1 Property, Plant & Equipment	6,075,378,152	4,785,892,553	(1,289,485,599)
2 Intangible Assets	54,486,871	55,591,193	1,104,322
3 Retirement benefit provision	(490,061,973)	-	490,061,973
4 Provision for Expenses to be claimed on actual expense	(8,611,918)	-	8,611,918
5 Income tax business loss carry forward	(573,542,371)	-	573,542,371
Total Amount			(216,165,015)
Tax Rate		16%	(34,586,402)
Opening Deferred tax Assets/(Liability)			(79,319,825)
Deferred tax provision recognised			44,733,423
Closing Deferred tax Assets/(Liability)			(34,586,402)
Charge/(Credit) to OCI			(4,991,360)
Charge/(Credit) to PL			(39,742,063)

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5.4 Reconciliation

Reconciliation of current tax expense and the accounting profit multiplied by Company's effective tax rate for the year.

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Accounting profit before income tax	512,647,048	8,258,244
Adjustment as per Income Tax Act 2058	(455,574,928)	162,166,716
Total profit as per Income Tax	57,072,120	170,424,960
Tax Rate	25%	25%
Current tax expenses	14,268,030	42,606,240

The company is special industry as defined u/s 11 of Income Tax Act 2058, the normal applicable tax rate for which is 20%. Company has further availed rebate of 20% provided to special industries employing 300 or more Nepalese employees during the year. Therefore tax rate applicable for income from special industry is 16%. However, income tax rate for income from other than special industry is applicable for 25%.

As per Section 20(1) of Income Tax Act 2058, loss from one business can be set off against income from another business. However, the company has opted to set off current year profit from special industry with special industry losses incurred in previous year and offer income from non special industry at the rate of 25% and carry forward the remaining losses from special industry which shall be set off against income from special industry in next financial year/s.

6. Non - Current Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advances to Employees	271,508	974,838
Total	271,508	974,838

7. Inventories

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Raw materials	594,763,989	683,406,079
Work-in-process	-	141,023
Finished goods	146,763,984	107,623,129
Consumables	372,543,700	295,627,477
Total	1,114,071,673	1,086,797,708

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

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

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

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

Cost of finished goods 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. Finished goods are valued based on weighted average method.

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

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

8. Current Non-Financial Assets - Prepayments

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

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Prepaid Expenses	60,170,930	79,612,397
Total	60,170,930	79,612,397

8.1 Current Non-Financial Assets - Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Capital Advances	8,600,498	28,178,842
Advance to suppliers	305,360,862	382,429,635
Balances with statutory/government authorities	209,033,000	160,566,000
Total	522,994,360	571,174,477

8.2 Current Financial Assets - Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advances to Employees	2,471,542	8,873,966
Security Deposits	136,800	136,800
Interest Income Receivables	1,048,186	543,504
Duty Refundable	9,009,333	-
Other Receivables	6,668,829	-
Total	19,334,690	9,554,270

Financial Instruments: Financial Assets

a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments. Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

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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.

c) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

d) De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

e) 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 31.

9. Income Tax Receivables

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance Income Tax	672,106,061	622,953,379
Less: Income tax payable	(660,476,046)	(607,006,946)
Total	11,630,015	15,946,433

10. Trade Receivables

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade receivables:		
Secured, considered good	110,324,667	101,738,737
Unsecured considered good	92,472,562	14,448,207
Receivables from other related parties	20,941,774	9,659,321
Total	223,739,003	125,846,265

Bank overdrafts are secured against all receivables.

Bottlers Nepal (Terai) Limited
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For the year ended 31st Ashad, 2078 (15th July, 2021)

10.1 Trade Receivables

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

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

10.2 Related Parties Transaction

It includes transactions with group companies and key management personnel which are disclosed in Note 30.

10.3 Impairment of financial assets

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

Risks associated with Financial Instrument- Financial Assets

The company has a risk management framework to monitor, access, mitigate and manage risks. The risk management framework is given in Note 31.

11. Cash and Cash Equivalents

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Balances with Banks		
- On current accounts	59,135,104	30,726,059
- Deposits accounts	188,932,183	188,932,183
Cash on hand	224,830	89,420
Total	248,292,117	219,747,662
Balances with banks comprises of amount held by the banks as Fixed Deposit	188,932,183	188,932,183

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

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

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

12. Share Capital

Particulars	As at 31st Ashad 2078		As at 31st Ashad 2077	
	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 Paid Up				
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

Bottlers Nepal (Terai) Limited
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The shareholding pattern of the company is as follows

Shareholder Category	As at 31st Ashad 2078		As at 31st Ashad 2077	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottlers's Nepal Limited	1,098,472	90.78%	1,098,472	90.78%
Other Shareholders	111,528	9.22%	111,528	9.22%
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.

13. Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Share Premium	952,000	952,000
Retained earnings	2,631,533,589	2,207,810,266
Actuarial Reserve (As per Statement of Changes in Equity)	(61,658,520)	(63,711,480)
Total	2,570,827,069	2,145,050,786

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, 2063.

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

14. Employee Benefits

Current Employment Benefits

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost		
Cost of goods sold	360,968,699	331,322,333
Selling and distribution expenses	164,626,808	152,561,424
Administrative and operating expenses	51,268,105	45,845,660
Defined Contribution Plan cost		
Cost of goods sold	11,996,619	9,721,485
Selling and distribution expenses	2,194,216	3,944,425
Administrative and operating expenses	220,363	244,511
Defined Benefit Plan Cost		
Cost of goods sold	47,464,275	35,963,168
Selling and distribution expenses	10,735,129	7,644,294
Administrative and operating expenses	5,754,846	4,462,428
Other Long Term Benefit Cost		
Cost of goods sold	2,028,530	2,329,000
Selling and distribution expenses	516,496	593,000
Administrative and operating expenses	303,974	349,000
Total Employee Cost charged to SoPL for the Period	658,078,060	594,980,728
Actuarial (Gain)/loss on defined benefit plan schemes charged to SoOCI for the Period	(2,444,000)	31,196,000
Total Employee Cost for the Period	655,634,060	626,176,728

Bottlers Nepal (Terai) Limited
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14.1 Post-Employment Benefits

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

The cost of the defined benefit plans, other long-term employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available Nepal Assured Lives Mortality Table 2009 for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of comprehensive income.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

FY 2077-78

Figures in NPR

Particulars	Gratuity	Leave Encashment	Retirement Benefits	Total
Opening Liability	271,045,183	16,603,000	202,413,790	490,061,973
Current Service cost	11,987,000	2,063,000	18,127,250	32,177,250
Interest Charge	19,641,000	786,000	14,199,000	34,626,000
Paid	(18,349,000)	(478,000)	(9,570,000)	(28,397,000)
Actuarial (gain)/loss during the year (recognised in OCI)	8,684,000	-	(11,128,000)	(2,444,000)
Closing Liability	293,008,183	18,974,000	214,042,040	526,024,223
Charge for the period to SoPL	31,628,000	2,849,000	32,326,250	66,803,250
Charge to SoCI	8,684,000	-	(11,128,000)	(2,444,000)

FY 2076-77

Figures in NPR

Particulars	Gratuity	Leave Encashment	Retirement Benefits	Total
Opening Liability	231,079,183	13,538,000	172,845,900	417,463,083
Current Service cost	-	2,275,000	18,559,890	20,834,890
Interest Charge	17,082,000	996,000	12,428,000	30,506,000
Paid	(6,628,000)	(505,000)	(2,805,000)	(9,938,000)
Actuarial (gain)/loss during the year (recognised in OCI)	29,512,000	299,000	1,385,000	31,196,000
Closing Liability	271,045,183	16,603,000	202,413,790	490,061,973
Charge for the period to SoPL	17,082,000	3,271,000	30,987,890	51,340,890
Charge to SoCI	29,512,000	299,000	1,385,000	31,196,000

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Current and Non-Current Liability Breakup

FY 2077-78

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefits	Total
Current Liability	55,411,000	972,000	10,903,000	67,286,000
Non Current (Asset)/ Liability	237,597,183	18,002,000	203,139,040	458,738,223
Net (Asset)/Liability as at 31st Ashad 2078	293,008,183	18,974,000	214,042,040	526,024,223

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefits	Total
Current Liability	47,316,000	937,000	11,370,000	59,623,000
Non Current (Asset)/ Liability	223,729,183	15,666,000	191,043,790	430,438,973
Net (Asset)/Liability as at 31st Ashad 2077	271,045,183	16,603,000	202,413,790	490,061,973

14.2 Defined Benefit Plans

The defined benefit plan of the company includes Gratuity and Other Retirement benefits.

14.2.1 Gratuity

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

A. Gratuity Benefit till 3rd September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting Period	3 years
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/death/ disability in service	Nil for each year of service up to 3 years
	1/2 months' salary of each year of service up to 7 years.
	2/3 months' salary for each year of service for service between 7 and 15 years.
	1 month salary for each year of service for service between 15 and 17 years.
Benefit on withdrawal	1 month 5 days' salary for each year of service for the service over 17 years.
	Nil for each year of service up to 3 years
	1/2 months' salary of each year of service up to 7 years.
	2/3 months' salary for each year of service for service between 7 and 15 years.
Maximum Limit	1 month salary for each year of service for service between 15 and 17 years.
	1 month 5 days' salary for each year of service for the service over 20 years.
Tax on Gratuity*	No Limit
	15%, borne by the company

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

B. Gratuity Benefit on or after 4th September 2017

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

Bottlers Nepal (Terai) Limited
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As per Section 53 of Labour Act 2074, minimum 8.33% of basic salary shall be provided to employees as gratuity after 3rd September 2017 from date of service. As per Collective Bargaining Agreement (CBA) entered by the company with its employees, any employee completing 17 years of service at the time of retirement (20 years in case of withdrawal) will be eligible for 35 days of benefit. Employees falling under these criteria will receive benefit as per CBA, which is beneficial over the benefit provided as per Labour Act 2074. Company has provided for entire gratuity provision based on actuarial valuation.

14.2.2 Other Retirement Benefits

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

14.2.3 Sensitivity Analysis

FY 2077-78

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefits	Total
Effect on DBO due to 0.5% increase in discount rate	(6,710,000)	(930,000)	(9,286,000)	(16,926,000)
Effect on DBO due to 0.5% decrease in discount rate	7,124,000	1,018,000	10,136,000	18,278,000
Effect on DBO due to 0.5% increase in salary escalation rate	6,896,000	986,000	9,806,000	17,688,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(6,566,000)	(910,000)	(9,088,000)	(16,564,000)

FY 2076-77

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefits	Total
Effect on DBO due to 0.5% increase in discount rate	(6,533,000)	(736,000)	(8,203,000)	(15,472,000)
Effect on DBO due to 0.5% decrease in discount rate	6,927,000	800,000	8,919,000	16,646,000
Effect on DBO due to 0.5% increase in salary escalation rate	6,176,000	780,000	8,671,000	15,627,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(5,885,000)	(724,000)	(8,063,000)	(14,672,000)

The above sensitivity analysis is based on a change in an assumption while holding all other assumption constant. In practice, this is 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 while calculating the defined benefit liability recognized in the balance sheet.

14.2.4 Actuarial Assumptions

Particulars	For the Year 2077-78	For the Year 2076-77
Financial Assumptions		
Discount rate (%)	7.00%	7.50%
Salary escalation rate	10.00%	10.00%
Expected Return on Plan Assets	Nil	Nil
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 58 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 58 years
Demographic Assumptions		
Mortality	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%

Bottlers Nepal (Terai) Limited
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14.2.5 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 obligation.

14.3 Defined Contribution Plan

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

14.4 Other Long-Term Benefits - 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.

15. Financial Instruments - Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade payables and borrowings.

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

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

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 31.

15.1 Non-Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Secured Bank Loan	1,700,407,009	2,270,407,009
Less; Current Maturity Portion	(570,000,000)	(570,000,000)
Total	1,130,407,009	1,700,407,009

15.2 Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Bank Overdrafts	800,309,274	1,025,573,508
Current Portion of Term Loan	570,000,000	570,000,000
Loan from BNL	700,000,000	650,000,000
Total	2,070,309,274	2,245,573,508

Short term bank overdraft carries interest at the rate 7.33% to 9.42% p.a. during the year and repayable on demand.

Term loan is secured against Property, Plant and Equipment.

The Company has obtained loan from Bottlers Nepal Limited as per Agreement made on 12th Feb 2018 (Amended on 10th July 2019). Interest on Outstanding Principal amount of loan shall accrue at the interest rate of not less than the prevailing bank rate (Standard Chartered Bank, Nepal) at the time of payment.

Bank Overdraft are secured against all movable properties/current assets including inventories & trade receivables.

Bottlers Nepal (Terai) Limited
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15.3 Trade Payables

These are recognized as financial instruments held at amortized cost using Effective Interest Rate.

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade Payable	260,664,247	388,360,125
Trade Payable to related parties	83,354,721	375,288,451
Total	344,018,968	763,648,576

16. Other Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Container Deposit Liability	549,047,120	513,386,926
Corporate Social Responsibility	12,081,963	9,320,985
Trade Deposits	2,249,430	2,249,430
Employee related accruals	39,070,568	5,228,660
Bonus Payable	57,536,144	825,823
Provision for Expenses	188,684,863	148,155,192
Statutory dues payable	155,147,318	107,796,715
Interest Payables	8,025,383	12,200,612
VAT Payable (Net)	36,530,130	1,604,992
Total	1,048,372,919	800,769,335

Breakup of provision for expenses:

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Provision General	24,532,804	64,427,694
Provision Freight	2,810,944	3,235,560
Provision Discount	100,524,792	47,552,382
Provision DME	13,196,892	6,498,000
Provision Leakage & BBD	47,619,431	26,441,556
Total	188,684,863	148,155,192

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 2020 (2076 BS) (the "Act") has been introduced with effect from February 11, 2020 superseding the Industrial Enterprises Act 2016 (2073 BS) (the "Previous Act").

Section 54 of Industrial Enterprises Act 2020 (2076 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

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The fund created for CSR is to be utilized based on annual plans and programs in the sectors that are prescribed under the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the Department of Industries registered within six months from expiry of the financial year.

The company has provided provision for CSR at the rate of 1 % of profit before tax amounting to NPR 5,178,253 for FY 77-78.

Changes in provision

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

17. Other Non-Financial Liabilities

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance received from distributors	119,459,095	21,978,620
Total	119,459,095	21,978,620

18. Revenue

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Sale of goods	6,926,250,513	5,282,715,335
Less: Discount	(655,994,178)	(589,365,907)
Total	6,270,256,335	4,693,349,428

18.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities is met 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.

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19. Cost of Goods sold

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Material consumed		
Raw materials		
At 1st Shrawan	683,406,079	451,351,638
Purchase	3,158,424,560	2,462,002,653
Add/(Less): Transfer from/(to) BNL	(20,193,149)	(3,094,117)
At 31st Ashad	(594,763,989)	(683,406,079)
Total raw material consumed	3,226,873,501	2,226,854,095
Work in process		
At 1st Shrawan	141,023	5,487,144
At 31st Ashad	-	(141,023)
Net change in work-in-process	141,023	5,346,121
Production and manufacturing overheads	1,217,708,131	1,230,280,715
Finished goods		
At 1st Shrawan	107,623,129	148,197,508
At 31st Ashad	(146,763,984)	(107,623,129)
Net change in finished goods	(39,140,855)	40,574,379
Cost of goods sold	4,405,581,800	3,503,055,310

19.1 Production and manufacturing overheads

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	372,965,318	341,043,818
Sick Leave	2,028,530	2,329,000
Gratuity	22,825,000	12,344,000
Other retirement benefits	24,639,275	23,619,168
Travel and transport costs	6,978,838	7,887,738
Repair and maintenance	114,105,910	100,889,479
Office expenses	17,854,564	23,566,121
Consumables	46,782,463	45,387,988
(Gain)/Loss on sale/write off of Property, Plant and Equipment	1,518,649	(572,361)
Power & Fuel	123,454,372	116,502,445
Legal and other professional fees	1,419,055	432,779
Depreciation on Property, Plant and Equipment	457,128,333	442,281,374
Amortization of Intangible Assets	22,818,114	20,960,742
Exchange (Gain)/Loss	3,189,710	93,608,424
Total	1,217,708,131	1,230,280,715

Bottlers Nepal (Terai) Limited
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20. Other Operating Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Product transfer fee	32,262,040	34,961,566
Sale of Scrap	11,913,012	13,553,416
Miscellaneous Income	2,976,500	106,102,819
Total	47,151,552	154,617,801

20.1 Product Transfer Fee

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

20.2 Sale of Scrap

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

20.3 Miscellaneous Income

Miscellaneous income includes charges recovered from customer on account of handling loss of Glass bottles, Container deposit liability Write-off amount and liquidated damages received from vendor.

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

21. Selling and Distribution Expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	166,821,024	156,505,849
Sick Leave	516,496	593,000
Gratuity	5,063,000	2,207,000
Other retirement benefits	5,672,129	5,437,294
Travel and transport costs	12,076,837	13,649,683
Repair and maintainence	18,181,296	16,075,429
Office expenses	16,326,846	21,549,696
Communication expenses	16,336,975	17,323,852
Utilities	48,985,626	51,599,181
Freight Charges	368,607,828	306,622,223
Liquid leakages and damages	128,825,605	110,351,419
Sales promotion expenses	21,266,679	54,412,831
Other miscellaneous expenses	2,546,798	3,436,462
Depreciation on Property, Plant and Equipment	79,856,175	77,262,546
Amortization of Intangible Assets	53,899	49,512
Product transfer fees	74,863,186	64,641,593
Total	966,000,399	901,717,570

Bottlers Nepal (Terai) Limited
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22. Administrative and Operating expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Salaries, wages and other employee cost	51,488,468	46,090,171
Sick Leave	303,974	349,000
Gratuity	3,740,000	2,531,000
Other retirement benefits	2,014,846	1,931,428
Travel and transport costs	4,152,692	4,693,524
Repair and maintenance	4,744,230	4,194,725
Office expenses	24,616,603	32,491,291
Bank charges	1,902,754	4,099,947
Audit fees	400,000	400,000
Legal and other professional fees	7,152,050	3,588,409
Communication expenses	20,538,996	21,779,708
Utilities	148,000	1,753,302
Depreciation on property, plant and equipment	11,654,052	11,275,543
Amortization of Intangible Assets	1,068,403	981,436
Corporate Social Responsibility	5,178,253	74,324
Security Expenses	13,459,038	14,417,759
Board and AGM expenses	300,000	288,440
Other miscellaneous expenses	154,007	1,011,678
Total	153,016,366	151,951,685

22.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Statutory Audit Fees	400,000	400,000
Total	400,000	400,000

23. Finance Cost

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

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest on Term Loan	175,807,636	209,600,684
Interest on Overdraft	55,713,891	46,087,253
Interest on LC Loan	1,571,113	8,272,517
Interest on Inter Company Loan	56,990,205	62,521,924
Less; Interest Capitalized	-	(27,690,788)
Total	290,082,845	298,791,590

Bottlers Nepal (Terai) Limited
Significant Accounting Policies and Explanatory Notes
For the year ended 31st Ashad, 2078 (15th July, 2021)

24. Finance Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest income	9,920,571	15,807,170
Total	9,920,571	15,807,170

24.1 Interest Income

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

25. Earnings Per Share

Figures in NPR

Particulars	For the year 2077-78	For the year 2076-77
Numerator		
Profit for the year and earnings used in basic EPS (NPR)	423,723,323	5,629,707
Earnings used in Basic and diluted EPS		
Denominator		
Weighted average number of shares used in basic EPS (nos)	1,210,000	1,210,000
Basic and diluted earnings per share (NPR)	350	5

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.

26. Dividend Paid and Proposed

Figures in NPR

Particulars	For the year 2077-78	For the year 2076-77
Declared and paid during the year:		
Dividends on ordinary shares: Final dividend for 2076-77: Rs.0 per share for 75-76: Rs 0 Per Share	-	-
Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):		
Dividends on ordinary shares:		
2077-78: Rs __ per Share	-	-
2076-77: Rs 0 per Share	-	-

27. Contingent Liabilities and Capital Commitment

27.1 Contingent Liabilities

Possible obligation, arising from past events and whose existence will be confirmed upon uncertain future events not wholly within the control of the company and present obligation arising from past events with least probability of payment or the amount cannot be measured with sufficient reliability are disclosed as contingent liability.

27.1.1 Bank Guarantee

Bank Guarantee has been provided to the Department of Customs for obtaining EXIM Code. As at the reporting date the guaranteed amount is NPR 300,000.

Bottlers Nepal (Terai) Limited
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For the year ended 31st Ashad, 2078 (15th July, 2021)

27.1.2 Corporate Tax Matters

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	5,393,862	14,164	5,379,698	1,869,864
TDS	4,510,857	255,194	4,255,663	868,903
VAT	20,397,706	12,172,084	8,225,622	-
Total	30,302,425	12,441,442	17,860,983	2,738,767

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	11,469,425	-	11,469,425	5,891,230
TDS	24,018,811	121,490	23,897,321	3,096,267
VAT	3,869,900	-	3,869,900	86,007
Total	39,358,136	121,490	39,236,646	9,073,504

- 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 is disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	30,782,794	238,286	30,544,508	
TDS	39,993,762	100,687	39,893,075	4,274,027
VAT	830,566	830,566	-	-
Total	71,607,122	1,169,539	70,437,583	4,274,027

- 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 Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	50,128,084	1,032,171	49,095,913	13,480,603
TDS	75,154,450	123,929	75,030,521	6,430,694
VAT	26,523	26,523	-	-
Total	125,309,057	1,182,623	124,126,434	19,911,297

Bottlers Nepal (Terai) Limited
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- v) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2070-71. For the unaccepted amount, the company has filed the case at Revenue Tribunal. Pending decision from the tribunal, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below

Figures in NPR

Particulars	Additional Demand	Accepted Amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	47,213,938	22,776,663	24,437,275	10,827,712
TDS	9,238,997	483,000	8,755,997	3,816
VAT	35,661,144	2,109,057	33,552,087	
Total	92,114,079	25,368,720	66,745,359	10,831,528

- vi) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2071-72. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	159,844,396	5,254,246	154,590,150	12,175,620
TDS	68,550,836	24,213	68,526,623	4,377,987
VAT	43,900,619	4,895,328	39,005,291	2,359,540
Total	272,295,851	10,173,787	262,122,064	18,913,147

- vii) LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2072-73. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	21,909,000	594,000	21,315,000	2,455,802
TDS	17,880,000	-	17,880,000	2,101,790
VAT	10,475,000	1,203,000	9,272,000	1,087,698
Total	50,264,000	1,797,000	48,467,000	5,645,290
Grand total	681,250,670	52,254,601	628,996,069	71,387,560

27.2 Commitment

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

At end of financial year 2077/78, the Company had capital commitments of NPR 45,024,778 (Previous Year 2076/77 NPR 132,848,223) relating to various small projects.

28. Interim Reporting

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

Bottlers Nepal (Terai) Limited
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29. Segment Reporting

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

30. Related Party Transactions

30.1 Relationship

The company identified related parties on the following lines

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

30.1.1 Transactions with Directors & Key Management Personnel

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

FY 2077-78

Figures in NPR

Particulars	Remuneration	Allowances	Total
Director's Fees & Facilities	-	300,000	300,000
Total	-	300,000	300,000

FY 2076-77

Figures in NPR

Particulars	Remuneration	Allowances	Total
Director's Fees & Facilities	-	255,000	255,000
Key Managers	7,433,825	11,785,140	19,218,965
Total	7,433,825	12,040,140	19,473,965

Additional Information

- a) 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, Division, and overall Country performance.
- b) The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Bottlers Nepal (Terai) Limited
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30.2 Other Related Party Transaction and Balances

Figures in NPR

RELATED PARTY TRANSACTIONS	For the year 2077-78	For the year 2076-77
Sale to related parties:		
Sale of various materials to Bottlers Nepal Limited (at cost)	64,745,461	4,784,220
Purchases from related parties:		
Purchase of various materials from Bottlers Nepal Limited (at Cost)	44,552,312	1,690,103
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	1,797,727,875	1,740,338,037
Product transfer fee:		
Received from Bottlers Nepal Limited	32,262,040	34,961,566
Paid to Bottlers Nepal Limited	74,863,186	64,641,593
Management Fee Paid to Bottlers Nepal Limited	136,478,261	125,209,414
Dividend paid to Bottlers Nepal Limited	-	41,741,936
Interest paid to Bottlers Nepal Ltd on loan	56,990,205	62,521,924
Purchase of asset (Containers) from Bottlers Nepal Ltd. (at WDV)	7,679,210	11,854,543
Rent Received from Bottlers Nepal Ltd.	517,880	501,120
Amounts owed by related parties:		
Bottlers Nepal Limited - Parent company	13,242,254	8,822,981
Troika Traders Pvt. Ltd - Other related party	-	836,340
Pacific Refreshment - other related party	6,041,139	-
Amounts owed to related parties:		
Pacific Refreshment - other related party	23,771,783	312,786,656
Hindustan CCBPL	41,543,301	62,501,795
Coca Cola Bottlers(Malaysia) Sdn	18,039,070	-
Refreshment Product Service	568	-

Terms and conditions of transactions with related parties

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

31. Financial risk management objectives and policies

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

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

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

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

31.1 Market risk

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

Bottlers Nepal (Terai) Limited
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31.1.1 Interest rate risk

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

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

31.1.2 Foreign currency risk

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

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

31.1.3 Commodity price risk

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

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

31.2 Credit risk

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

31.2.1 Trade receivables

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

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

31.2.2 Cash deposits

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

31.3 Liquidity risk

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

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

Bottlers Nepal (Terai) Limited
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For the year ended 31st Ashad, 2078 (15th July, 2021)

31.4 Risk Management Framework

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

FY 2077-78

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial Assets:					
Advances to Employees	2,471,542	271,508	-	-	2,743,050
Security Deposits	-	-	-	136,800	136,800
Interest Receivable(FD)	1,048,186	-	-	-	1,048,186
Trade receivables	223,739,003	-	-	-	223,739,003
Other Receivables	15,678,162	-	-	-	15,678,162
Cash and Cash Equivalents	248,292,117	-	-	-	248,292,117
Total	491,229,010	271,508	-	136,800	491,637,318
Financial Liabilities:					
Bank overdrafts	-	-	-	800,309,274	800,309,274
Loan from BNL	700,000,000	-	-	-	700,000,000
Secured Bank Loan	570,000,000	1,130,407,009	-	-	1,700,407,009
Trade Payable	344,018,968	-	-	-	344,018,968
Container deposit liability	-	-	-	549,047,120	549,047,120
Corporate Social Responsibility	12,081,963	-	-	-	12,081,963
Trade Deposits	-	-	-	2,249,430	2,249,430
Employee related accruals	39,070,568	-	-	-	39,070,568
Bonus Payable	57,536,144	-	-	-	57,536,144
Provision for Expenses	188,684,863	-	-	-	188,684,863
Statutory dues payable	155,147,318	-	-	-	155,147,318
Interest payables	8,025,383	-	-	-	8,025,383
VAT Payable (Net)	36,530,130	-	-	-	36,530,130
Gratuity	55,411,000	-	-	237,597,183	293,008,183
Leave Encashment	972,000	-	-	18,002,000	18,974,000
Other Retirement Benefits	10,903,000	-	-	203,139,040	214,042,040
Total	2,178,381,337	1,130,407,009	-	1,810,344,047	5,119,132,393
Net Financial Assets	(1,687,152,327)	(1,130,135,501)	-	(1,810,207,247)	(4,627,495,075)

Bottlers Nepal (Terai) Limited
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For the year ended 31st Ashad, 2078 (15th July, 2021)

FY 2076-77

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial Assets:					
Advances to Employees	8,873,966	974,838	-	-	9,848,804
Security Deposits	-	-	-	136,800	136,800
Interest Receivable(FD)	543,504	-	-	-	543,504
Trade receivables	125,846,265	-	-	-	125,846,265
Cash and Cash Equivalent	219,747,662	-	-	-	219,747,662
Total	355,011,397	974,838	-	136,800	356,123,035
Financial Liabilities:					
Bank overdrafts	-	-	-	1,025,573,508	1,025,573,508
Loan from BNL	650,000,000	-	-	-	650,000,000
Secured Bank Loan	570,000,000	1,700,407,009	-	-	2,270,407,009
Trade Payable	763,648,576	-	-	-	763,648,576
Container deposit liability	-	-	-	513,386,926	513,386,926
Corporate Social Responsibility	9,320,985	-	-	-	9,320,985
Trade Deposits	-	-	-	2,249,430	2,249,430
Employee related accruals	5,228,660	-	-	-	5,228,660
Bonus Payable	825,823	-	-	-	825,823
Provision for Expenses	148,155,192	-	-	-	148,155,192
Statutory dues payable	107,796,715	-	-	-	107,796,715
Interest payables	12,200,612	-	-	-	12,200,612
VAT Payable (Net)	1,604,992	-	-	-	1,604,992
Gratuity	47,316,000	-	-	223,729,183	271,045,183
Leave Encashment	937,000	-	-	15,666,000	16,603,000
Other Retirement Benefits	11,370,000	-	-	191,043,790	202,413,790
Total	2,328,404,555	1,700,407,009	-	1,971,648,837	6,000,460,401
Net Financial Assets	(1,973,393,158)	(1,699,432,171)	-	(1,971,512,037)	(5,644,337,366)

Bottlers Nepal (Terai) Limited
Significant Accounting Policies and Explanatory Notes
For the year ended 31st Ashad, 2078 (15th July, 2021)

32. Impact of COVID-19 on financial statements:

The Government of Nepal had announced Prohibitory Order from April 29, 2021 (F.Y. 2077/78) onwards to control the spread of COVID-19 pandemic in the country which happens to be peak sales season for the company. The management has assessed the effect of lockdown and is of the view that the lockdown has significantly impacted sales and profit for the current year and will also have effect on revenue and operating result of the company to some extent for next year.

The spread of COVID-19 pandemic has severe impact on global economies including Nepal where businesses were being forced to cease or limit operations resulting in an economic slowdown. Although, the Government has responded with monetary and fiscal interventions to stabilize the economic conditions, there is not much relief available to the Company as on date of issue of these financial statements. Further, the company has assessed its ability to continue as a going concern and reached to conclusion that there is no significant risk of going concern in near future in view of company's sound financial health and recovery of business volume post balance sheet date at pre - Covid-level.

For & on behalf of the Board

As per our attached
report of even date

Shukla Wassan
Chairperson

Pradip Pandey
Chief Executive Officer

Surendra Silwal
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Neeraj Rimal
Director

Pramod Kumar Karki
Independent Director

Rajeev Tandon
Country Finance Manager

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

DIRECTOR'S REPORT

(For the Year 2077-2078)

Dear Shareholders,

We would like to present the Report on your Company's business operations, along with the audited financial statements, for the year ended on 31st Ashad, 2078.

a) Review of the transactions of the Previous Year:

NPR Million

Particulars	2077-78	2076-77	% change
Gross Sales Revenue	(1.3)	6.8	-119%
Gross Profit	(0.12)	0.3	-140%
Net Profit Before Tax	(5.9)	(7.0)	+16%
Net Profit After Tax	(5.9)	(9.2)	+36%

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

Global:

The global economic scenario continued to remain volatile across different geographies. The Group is presently operating in an increasingly dynamic economic environment. Crude Oil Price internationally is on increasing trend, which has impacted cost of import mainly transportation. Devaluation of local currency against FOREX mainly USDollar has impacted our imports.

Nepal

Import restriction on synthetic drinks and increase in excise duty poses hurdle for the company to operate its business. Furthermore, Nepali Rupee (NPR) has been experiencing excessive volatility against foreign currencies, especially the US Dollar (USD).

c) Achievements in the current fiscal year as at the date of report & opinions of the Board of Directors on matters to be done in the future;

During the year under review, your Company was not in operation due to import restriction on synthetic drinks. The company has made loss of NPR 5.9 million.

d) Industrial or Professional Relations of the Company;

Not applicable

e) Alterations in the Board of Directors and the reasons therefore:

No any change during this FY.

f) Major things affecting the transactions;

As mentioned in Section (b).

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;

None

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 in the previous financial year and review of the situation existing at the end of that financial year;

As mentioned above in Point No. a & b

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

None. Your Company does not have any subsidiary Company.

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;

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

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

Particulars (FY 2076/77)	NPR Million
Salaries, wages and other employee costs	-
Administrative expenses	4.3
Total	4.3

- 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;

Your Company is not required to form an Audit Committee pursuant to the Companies Act 2006 (2063).

- 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;

None

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

None.

- 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;

None

- y) Other necessary matters;

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

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

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

None

On behalf of the Board of Directors,

Mr. Ashok Mandal
Director

Ms. Pratima Burma
Director

Date: 14th Manghsir, 2078 (30th November, 2021)

CSC & Co

Chartered Accountants

Mahamati Bhawan
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Independent Auditor's Report To the Shareholders of Troika Traders Private Limited Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Troika Traders Private Limited ("the Company"), which comprise the statement of financial position as at 31st Ashad 2078 (15th July 2021), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as on 15th July 2021, and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 "Basis of Preparation" of the financial statements which indicates that significant doubt about future continuity of operations exists as on reporting date considering present status of nil inventory, no pending purchase order and lack of operating funds. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Troika Traders Private Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Troika Traders Private Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Troika Traders Private Limited to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- i. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, the statement of financial position, profit or loss, other comprehensive income, changes in equity and cash flows have been prepared in accordance with the provisions of Companies Act 2063 and conform to the books of accounts of the Company and the books of accounts and records are properly maintained in accordance with the prevailing laws.
- iii. During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law or caused loss or damage to the Company or misappropriated funds of the Company, nor have we been informed of any such case by the management.
- iv. We have not come across any accounting fraud, so far as it appeared from our examination of the books of accounts.

Place: Kathmandu
Date: November 30, 2021
UDIN: 211207CA0139114ru0


Bikesh Madhikarna
Per Kathmandu


Troika Traders Pvt. Ltd.
STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2078	As at 31st Ashad 2077
ASSETS			
Current Assets:			
Non Financial Assets:			
Advances	3.1	2,934,397	7,131,443
Other Current Assets	3.2	20,774	-
Income Tax Receivable	3.3	3,632,088	3,632,034
Financial Assets:			
Cash and Cash Equivalents	4	597	-
Total Assets		6,587,856	10,763,477
EQUITY AND LIABILITIES			
Equity:			
Equity Share Capital	5	750,000	750,000
Reserve and Surplus	6	(2,117,906)	3,826,304
Current Liabilities:			
Financial Liabilities			
Trade Payables	7	7,955,762	6,187,173
Total Equity and Liabilities		6,587,856	10,763,477

Notes 1 to 19 form an integral part of this Financial Statement

For & on Behalf of the Board

As per our attached
report of even date

Ashok Mandal
Director

Pratima Burma
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Troika Traders Pvt. Ltd.
STATEMENT OF PROFIT OR LOSS

As at 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Notes	For the Year 2077-78	For the Year 2076-77
Revenue from operations	8	(1,276,893)	6,836,618
Cost of goods sold	9	1,159,050	(6,531,326)
Gross Profit		(117,843)	305,292
Selling and distribution expenses	10	(1,549,170)	(6,031,508)
Administrative and operating expenses	11	(4,277,546)	(1,310,591)
Profit from Operations		(5,944,559)	(7,036,807)
Finance Income	12	349	25,112
Profit Before Tax		(5,944,210)	(7,011,695)
Income Tax Expense			
Current Tax	13.1	-	-
Adjustment for prior periods	13.1	-	(2,153,714)
Net Profit for the year		(5,944,210)	(9,165,409)
Basic/Diluted Earnings per share	14	(793)	(1,222)

Notes 1 to 19 form an integral part of this Financial Statement

For & on Behalf of the Board

As per our attached
report of even date

Ashok Mandal
Director

Pratima Burma
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Troika Traders Pvt. Ltd.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st Ashad ,2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Net Profit for the year as per Statement of Profit or Loss	(5,944,210)	(9,165,409)
Items that will not be reclassified to Statement of Profit or Loss		
Actuarial Gain/(Loss) on defined benefit plan schemes	-	-
Deferred Tax on Actuarial Gain/(Loss)	-	-
Other comprehensive gain/(loss) for the year, net of tax	-	-
Total Comprehensive gain/(loss) for the year, net of tax	(5,944,210)	(9,165,409)

For & on Behalf of the Board

As per our attached
report of even dateAshok Mandal
DirectorPratima Burma
DirectorBikesh Madhikarmi
Partner
CSC & Co.
Chartered AccountantsPlace: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Troika Traders Pvt. Ltd.

STATEMENT OF CASH FLOWS

For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	(5,944,210)	(9,165,409)
Adjustments for non cash and non operating:	(349)	(25,112)
Working capital adjustments:		
Increase / (Decrease) in trade payable and other liabilities	1,768,589	(24,532,060)
Decrease / (Increase) in trade and other receivables	(20,828)	2,710,273
Decrease / (Increase) in loans and advances	4,197,046	770,151
Decrease / (Increase) in inventories	-	9,112,642
Cash generated from operations	248	(21,129,515)
Direct taxes paid (net of refunds)	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	248	(21,129,515)
(B) CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Interest Received	349	25,112
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	349	25,112
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	597	(21,104,403)
CASH AND CASH EQUIVALENTS,		
Beginning of Year	-	21,104,403
CASH AND CASH EQUIVALENTS, End of Year	597	-

For & on Behalf of the Board

As per our attached
report of even dateAshok Mandal
DirectorPratima Burma
DirectorBikesh Madhikarmi
Partner
CSC & Co.
Chartered AccountantsPlace: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Troika Traders Pvt. Ltd.
STATEMENT OF CHANGES IN EQUITY
 For the year ended 31st Ashad, 2078 (15th July, 2021)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
Balance as at 1st Shrawan 2076	750,000	-	12,991,713	13,741,713
Profit for the year	-	-	(9,165,409)	(9,165,409)
Other comprehensive income	-	-	-	-
Dividends				
Balance as at 31st Ashad, 2077	750,000	-	3,826,304	4,576,304
Profit for the year	-	-	(5,944,210)	(5,944,210)
Other comprehensive income	-	-	-	-
Dividends	-	-	-	-
Balance as at 31st Ashad, 2078	750,000	-	(2,117,906)	(1,367,906)

For & on Behalf of the Board

As per our attached
report of even date

Ashok Mandal
Director

Pratima Burma
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

1. Corporate information

Troika Traders Pvt. Ltd. ("Company") is a private limited Company incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Balaju Industrial District, Balaju, Kathmandu, Nepal.

Troika Traders Pvt. Ltd is a licensed distributor of non-alcoholic beverages products of The Coca-Cola Company, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 30th November 2021 (14th Mangsir, 2078) and has recommended for approval of shareholders in the Annual General Meeting.

2. Basis of Preparation

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) the issued by the Accounting Standards Board Nepal. These conform, 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, although significant doubt about future continuity of operations exists as on reporting date considering present status of nil inventory, no pending purchase order and lack of operating funds. However, Company has plans for future revival of operations and as on reporting date also, financial position of the company is not severely impacted so as to draw a conclusion that company will not be in a position to discharge its present liabilities with the resources available with it. 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.

2.3 Presentations

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

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

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

All other liabilities are classified as non-current.

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.

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

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

2.4 Accounting Policies

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

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

2.5 Accounting Estimates

The preparation of financial statements in line with NFRSs 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.

2.5.1 Change in Accounting Estimates

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.

2.6 Financial periods

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

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31 st Ashad, 2078	15 th July, 2021
Current Reporting Period	1 st Shrawan 2077- 31 st Ashad 2078	16 th July 2020 - 15 th July 2021
Comparative SFP* Date	31 st Ashad, 2077	15 th July, 2020
Comparative reporting period	1 st Shrawan 2076- 31 st Ashad 2077	17 th July 2019 - 15 th July 2020

*Statement of Financial Position

2.7 Presentation currency

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

2.8 New Standards issued and not yet effective

The Company has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose application was not mandatory for financial year 2077-78 (2020-21). These standards include:

NFRS 9 "Financial Instruments" (Revised), NFRS 14 "Regulatory Deferral Accounts", NFRS 15 "Revenue from Contracts with Customers", NFRS 16 "Leases", NFRS 17 "Insurance Contracts" & NAS 29 "Financial Reporting in Hyperinflationary Economies" applicable from 16th July 2021, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

NFRS 15 "Revenue from Contracts with Customers" is the new NFRS standard governing the accounting principles for revenue. It replaces standards NAS 11 "Construction Contracts" and NAS 18 "Revenue", as well as the different existing interpretations SIC 31 "Revenue - Barter Transactions Involving Advertising Services", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate" and IFRIC 18 "Transfers of Assets from Customers".

NFRS 9 "Financial Instruments" is the new NFRS standard introducing new provisions regarding Impairment of financial assets and hedging. It replaces standards NAS 39 "Financial Instruments: Recognition and Measurement" and NFRS 9 (2013) "Financial Instruments".

NFRS 16 "Leases" changes the recognition of leases by lessees. It replaces NAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

3. Other Assets

3.1 Advances

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance to suppliers	4,197,046	4,197,046
Less: Provision for Doubtful Advances	(4,197,046)	-
Balances with statutory/government authorities	2,934,397	2,934,397
Total	2,934,397	7,131,443

3.2 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
VAT Receivable (Net)	20,774	-
Total	20,774	-

3.3 Income Tax Receivable

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Advance Income Tax	30,278,435	30,278,381
Less: Income Tax Payable	(26,646,347)	(26,646,347)
Total	3,632,088	3,632,034

Financial Instruments: Financial Assets

a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments. Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

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.

c) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

d) De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

e) 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 18.

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.

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.

4. Cash and Cash Equivalents

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Balances with Banks		
- On current accounts	597	-
Total	597	-

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

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

5. Share Capital

Particulars	As at 31st Ashad 2078		As at 31st Ashad 2077	
	Number	NPR	Number	NPR
Authorized				
Ordinary shares of Rs. 100 each	50,000	5,000,000	50,000	5,000,000
Issued				
Ordinary shares of Rs. 100 each	25,000	2,500,000	25,000	2,500,000
Paid Up				
Ordinary shares of Rs. 100 each	7,500	750,000	7,500	750,000
At the beginning of the year	7,500	750,000	7,500	750,000
At the end of the year	7,500	750,000	7,500	750,000

The shareholding pattern of the company is as follows:

Shareholder Category	As at 31st Ashad 2078		As at 31st Ashad 2077	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottler's Nepal Limited	7,480	99.73%	7,480	99.73%
Others	20	0.27%	20	0.27%
Total	7,500	100%	7,500	100%

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

6. Reserve and Surplus

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 077
Retained earnings (As per Statement of Changes in Equity)	(2,117,906)	3,826,304
Total	(2,117,906)	3,826,304

7. Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2078	As at 31st Ashad 2077
Trade Payable	297,628	202,977
Trade Payable to related parties	7,658,134	5,984,196
Total	7,955,762	6,187,173

Financial Instruments - Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade payables and borrowings.

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

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
For the Year ended 31st Ashad, 2078 (15th July, 2021)

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

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 18.

8. Revenue

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Sale of goods	-	5,289,544
Less: Sales Return	(1,276,893)	
Add: Discount reversal (Net)	-	1,547,074
Total	(1,276,893)	6,836,618

8.1 Sale of Goods

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

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

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

9. Cost of Goods sold

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Finished goods stock		
At 1st Shrawan	-	9,112,642
Purchase	(1,159,050)	(2,581,316)
At 31st Ashad	-	-
Net change in finished goods stock	(1,159,050)	6,531,326
Cost of goods sold	(1,159,050)	6,531,326

10. Selling and Distribution Expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Rent	-	147,689
Freight Charges	-	158,902
Liquid leakages and damages	1,549,170	5,724,917
Total	1,549,170	6,031,508

Troika Traders Pvt. Ltd.
Significant Accounting Policies and Explanatory Notes
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11. Administrative and Operating expenses

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Office expenses	-	579,469
Provision for Doubtful Advances	4,197,046	-
Bank charges	500	1,122
Audit fees	50,000	50,000
Legal and other professional fees	30,000	680,000
Total	4,277,546	1,310,591

11.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Audit fees	50,000	50,000
Total	50,000	50,000

12. Finance Income

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Interest income	349	25,112
Total	349	25,112

13. Income Tax

13.1 Current Income Tax

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Current tax on profit for the year	-	-
Adjustment for prior periods	-	2,153,714
Total	-	2,153,714

13.2 Reconciliation

Reconciliation of current tax expense and the accounting profit multiplied by Company's effective tax rate for the year.

Figures in NPR

Particulars	For the Year 2077-78	For the Year 2076-77
Accounting profit before income tax	(5,944,210)	(7,011,695)
Adjustment as per Income Tax Act 2058	-	-
Total profit as per Income Tax	(5,944,210)	(7,011,695)
Tax Rate	25%	25%
Tax Expenses	-	-

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14. Earnings Per Share

Figures in NPR

Particulars	For the year 2077-78	For the year 2076-77
Numerator		
Profit for the year and earnings used in basic EPS (NPR)	(5,944,210)	(9,165,409)
Earnings used in Basic and diluted EPS		
Denominator		
Weighted average number of shares used in basic EPS (nos)	7,500	7,500
Basic and diluted earnings per share (NPR)	(793)	(1,222)

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.

15. Contingent Liabilities

15.1 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.

15.1.1 Corporate Tax Matters

- I. IRD 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 is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities up to balance Sheet date
Income-Tax	4,684,602	-	4,684,602	-
VAT	1,974,572	-	1,974,572	-
Total	6,659,174	-	6,659,174	-

- II. IRD assessed the income tax, TDS and VAT liabilities of the company for the year 2072-73. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities up to balance Sheet date
Income-Tax	7,775,300	2,153,714	5,621,586	-
TDS	15,000	15,000	-	-
VAT	527,000	527,000	-	-
Excise	20,000	20,000	-	-
Total	8,337,300	2,715,714	5,621,586	-
Grand Total	14,996,474	2,715,714	12,280,760	-

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16. Segment Reporting

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

17. Related Party Transactions

17.1 Relationship

The company identified related parties on the following lines

1. Part of the Group
 - a. Parent company, ultimate parent
 - b. Other Subsidiaries of the parent / ultimate parent
 - c. Subsidiaries of the company
2. Directors and their relatives

The Company is controlled by Bottlers Nepal Limited which owns 99.73% of the company's share.

17.1.1 Transactions with Directors & Key Management Personnel

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

There are no material transactions or proposed transactions with directors and key management personnel or their relatives and associates.

17.2 Other Related Party Transaction and Balances

Figures in NPR

Related Party Transactions	For the Year 2077-78	For the Year 2076-77
Amounts owed to related parties		
Bottlers Nepal Limited	7,658,134	5,147,856
Bottlers Nepal (Terai) Limited	-	836,340

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 15th July 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

18. Financial risk management objectives and policies

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

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

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

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

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18.1 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.

18.1.1 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 short-term deposits.

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

18.1.2 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 longer duration.

18.1.3 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 supplier identified by the group and the Company has long term relation with the supplier.

18.2 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.

18.2.1 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.

18.2.2 Cash deposits

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

18.3 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 use of bank overdrafts and bank loans. Access to sources of funding is sufficient.

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18.4 Risk Management Framework

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

FY 2077-78

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial Assets:					
Cash and Cash Equivalents	597	-	-	-	597
Total	597	-	-	-	597
Financial Liabilities:					
Trade Payable	7,955,762	-	-	-	7,955,762
Total	7,955,762	-	-	-	7,955,762
Net Financial Assets	(7,955,165)	-	-	-	(7,955,165)

FY 2076-77

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
Financial Assets:					
Cash and Cash Equivalents	-	-	-	-	-
Total	-	-	-	-	-
Financial Liabilities:					
Trade Payable	6,187,174	-	-	-	6,187,174
Total	6,187,174	-	-	-	6,187,174
Net Financial Assets	(6,187,174)	-	-	-	(6,187,174)

19. Impact of COVID 19 on financial statements:

The Government of Nepal had announced prohibitory order from April 29, 2021 (F.Y. 2077/78) onwards to control the spread of COVID-19 pandemic in the country. The company had already stopped operations as on date of lockdown hence COVID-19 and lockdown has not affected operations for this year. The company has assessed its ability to continue as a going concern as management is exploring alternate options to continue business of the entity.

For & on Behalf of the Board

As per our attached
report of even date

Ashok Mandal
Director

Pratima Burma
Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Place: Kathmandu, Nepal
Date: 14th Mangsir, 2078 (30th November, 2021)

CORPORATE INFORMATION

COMPANY NAME:

Bottlers Nepal Limited

REGISTRATION NUMBER: **140**

LEGAL FORM:

Listed Public Company

STOCK EXCHANGE LISTING:

Nepal Stock Exchange as "BNL"

REGISTERED ADDRESS:

Balaju Industrial District, Balaju, Kathmandu, Nepal

BOARD OF DIRECTORS:

Ms. Shukla Wassan- Chairperson

Mr. Pradip Pandey - Managing Director

Mr. Mohamed Amin Ghoneim- Director

Mr. Melvin Tan Chun Pin- Director

Mr. Surendra Silwal- Director

Mr. Narmadeshwar Narayan Singh- Director

COMPANY SECRETARY:

Ms. Pratima Burma

STATUTORY AUDITORS:

M/s CSC & Co. Chartered Accountants

SUBSIDIARY COMPANIES:

Bottlers Nepal (Terai) Limited

Troika Traders Pvt .Ltd.

SHARE REGISTRAR:

M/s Nabil Investment Banking Limited

BANKING PARTNERS:

M/s Standard Chartered Nepal Limited

M/s NMB Bank Limited

M/s Nepal Bank Limited

M/s NIC Asia Bank Limited

M/s Everest Bank Limited

INSURANCE PARTNERS

M/s Shikhar Insurance Company Limited

M/s Premier Insurance Company Limited

M/s Prudential Insurance Company Limited



BOTTLERS NEPAL LIMITED

www.bnl.com.np

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