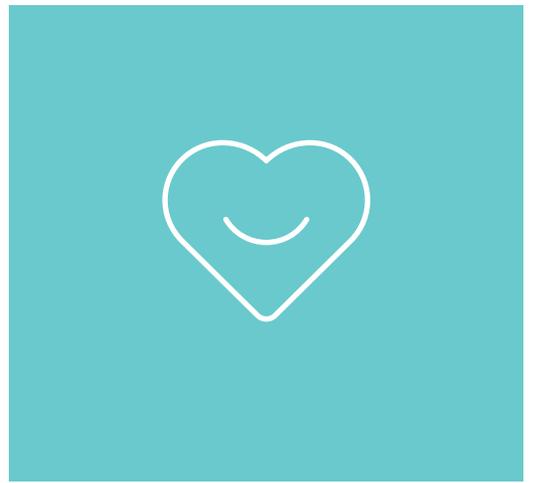




Coca-Cola BOTTLEERS NEPAL
(TERAI) LIMITED
ANNUAL
REPORT 2020-2021
पैतीसौं वार्षिक प्रतिवेदन २०७७-२०७८





"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
Chief Executive Officer

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VISION



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

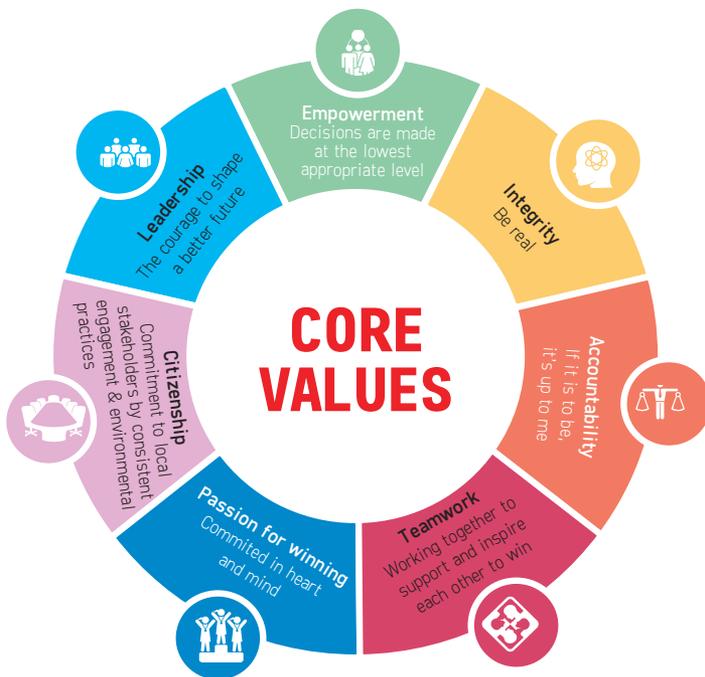
MISSION



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

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 base 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 (Terai) Limited (hereinafter referred to as the “Company” or “BNTL”) is a Public Limited Company, with operations spanning over 35 years. The shares of the Company are listed with the Nepal Stock Exchange Limited (NEPSE), and the majority of its shares are held by M/s Bottlers Nepal Limited (BNL).

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

For over 35 years, Bottlers Nepal (Terai) Limited and its holding Company have 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 17 MM unit cases annually.

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

Capability to execute in the market

Building and maintaining a successful partnership with our customers, is critical to our success. By working with customers to satisfy consumer needs and maximise demand for our products, your Company helps grow its business. 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 (Terai) Limited has persevered through turbulent times emerging stronger from natural disasters, economic crisis 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 4th December, 2014. She is also a Chairperson in Bottlers Nepal Ltd., its Holding 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 w.e.f 2nd July, 2019. He is also a Director in Bottlers Nepal Ltd., its Holding Company.



Mr. Pramod Kumar Karki ²

(Independent Director)

Mr. Karki holds multiple academic degrees including M.A. and LL.M with a total work experience of over 38 years in governmental jobs. He is a Director of the Company since 13th December 2012.



Mr. Neeraj Rimal

(Director)

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

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



Mr. Melvin Tan Chun Pin ¹

(Director)

Mr. Melvin holds Bachelors of Arts and two Honours in Accountancy and Financing Management with experience over 21 years. He is the Director of the Company since 21st April, 2020. He is also a Director in Bottlers Nepal Ltd., its Holding Company.



Mr. Gunjan Dhawan ^{2, 3}

(Director)

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



Mr. Surendra Silwal ^{1, 3}

(Director)

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

"In 2076/77, the world weathered challenges that will forever shape history and it is through these challenges that Bottlers Nepal (Terai) Limited is emerging even stronger. Our Board of Directors is proud of the company's resilience and strong leadership in the face of adversity. The company took meaningful steps in 2077/78 to reorganize the business that is poised for growth. We look toward the future with confidence."

Mr. Pramod Kumar Karki

Independent Director

MANAGEMENT COMMITTEE



PRADIP PANDEY
(Chief Executive Officer)



HARI SHARMA NEUPANE
(Country Human Resource Director)



ABHISHEK SINGH
(Country Commercial Director)



K. DURAI MURUGAN
(Country Supply Chain Director)



RAJEEV TANDON
(Country Finance Director)



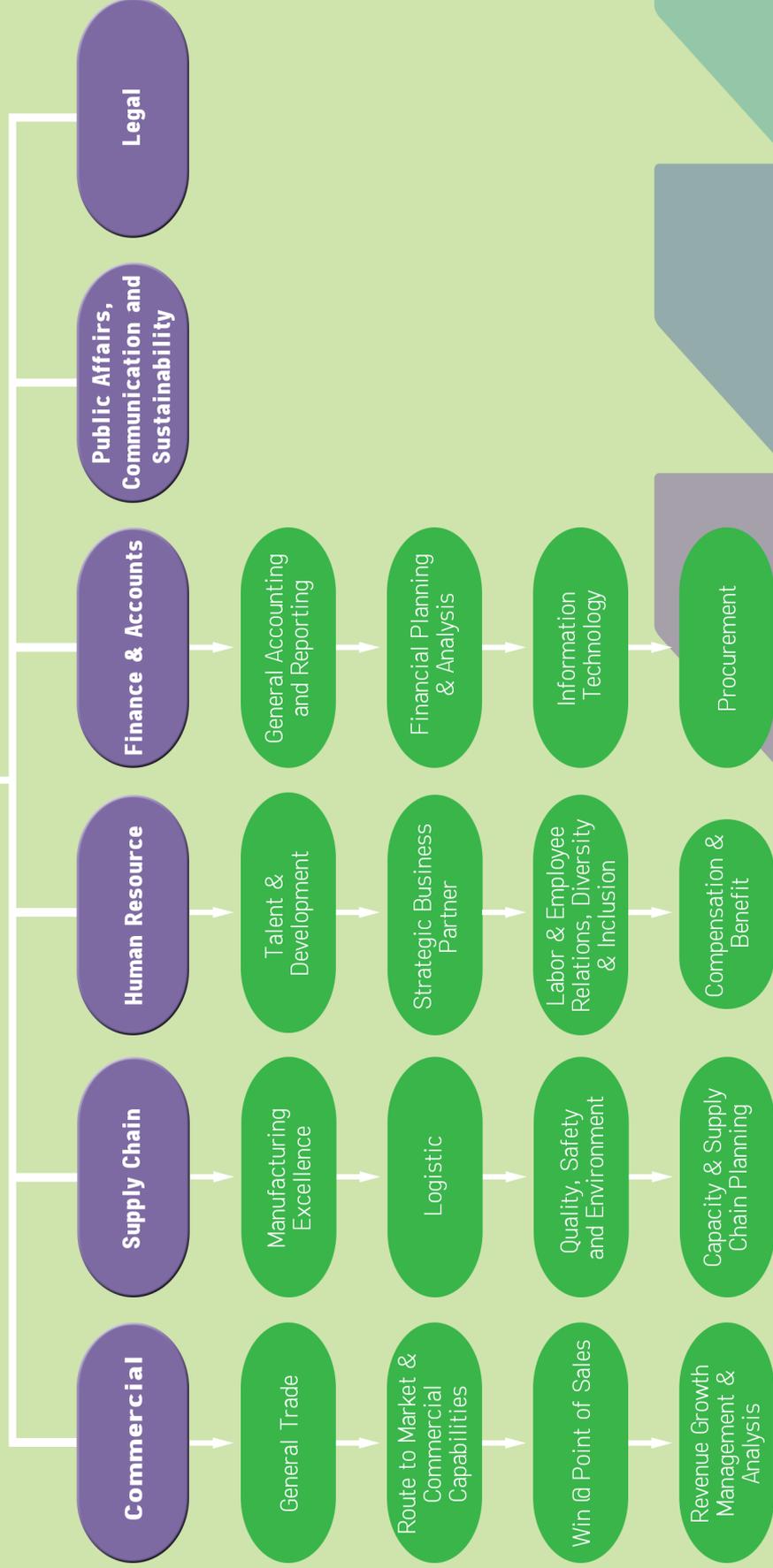
DILLI RAM SHRESTHA
(Country Legal Director)



Vacant
(Country Public Affairs,
Communication &
Sustainability Director)

The overall Company Management is led by Chief Executive Officer 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 35th 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 32% increase in Gross Sales Revenue and 7427% increase net profit versus our previous year's performance. The Company showed a high degree of flexibility and engagement, quickly 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 (Terai) Limited is well positioned to meet the challenges ahead and generate sustainable long-term growth.

Even though business conditions are expected 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 (Terai) 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 (Terai)'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.

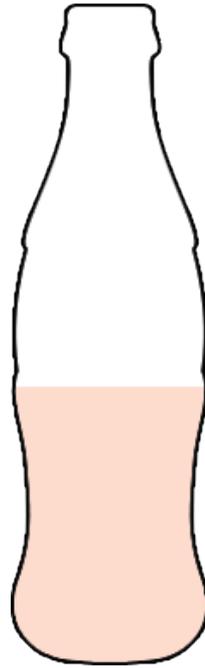
Stay Safe. Stay Healthy.

Warm regards,


Shukla Wassan

Date: 30th November, 2021

Performance Highlights

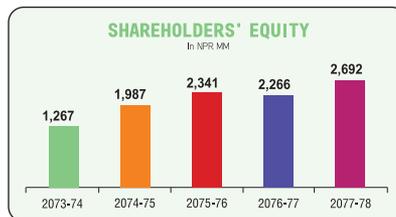
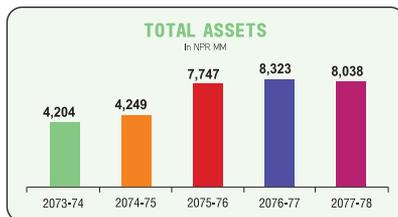
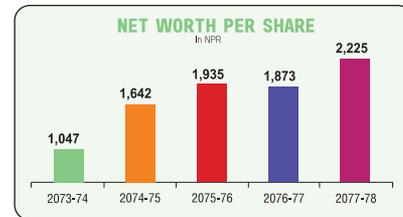
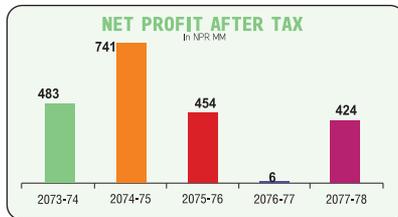
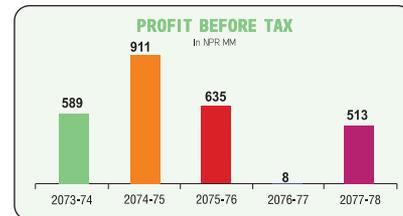
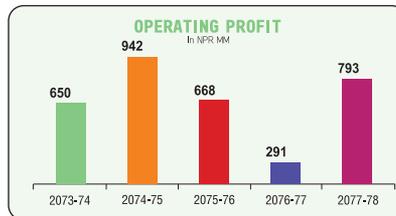
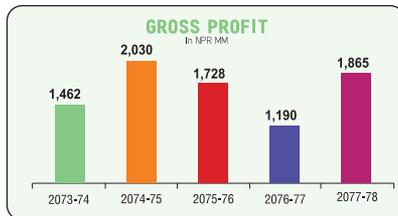
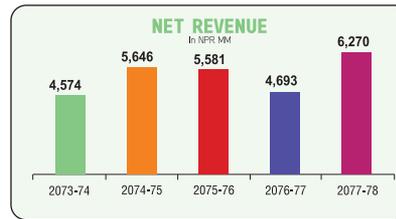
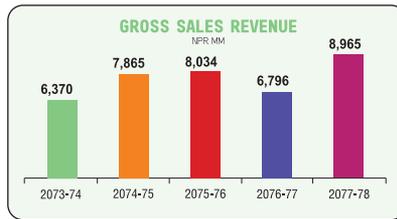


NET REVENUE
2077/78
Rs. 6,270 MM
2076/77 **Rs. 4,693 MM**
↑ **34%**

PROFIT BEFORE TAX
2077/78
Rs. 513 MM
2076/77 **Rs. 8 MM**
↑ **6,108%**

PROFIT AFTER TAX
2077/78
Rs. 424 MM
2076/77 **Rs. 6 MM**
↑ **7,427%**

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	6,270,256,335	4,693,349,428	5,581,385,389	5,658,415,620	4,574,001,380
Gross Profit	1,864,674,535	1,190,294,118	1,728,037,237	2,042,011,123	1,461,946,129
Earning before Interest, Depreciation and Tax (EBIDT)	1,365,388,299	844,053,817	1,101,715,532	1,244,708,108	926,739,835
Operating Profit	792,809,322	291,242,664	668,428,859	941,708,646	649,898,602
Profit Before Tax	512,647,048	8,258,244	624,664,353	911,342,615	589,306,378
Profit After Tax	423,723,323	5,629,707	453,542,784	741,329,079	482,622,709
Earning Per Share	350	5	375	613	399
Balance Sheet Items					
Particulars	Year Ended 2078	Year Ended 2077	Year Ended 2076	Year Ended 2075	Year Ended 2074
No. of Shares	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Total Assets	8,038,254,694	8,323,076,209	7,746,715,786	4,249,163,646	4,203,845,356
Plant Property and Equipment	5,807,203,942	6,158,935,286	6,076,197,779	2,887,897,469	2,776,232,218
Current Assets	2,200,232,788	2,108,679,212	1,623,645,895	1,303,361,022	1,355,337,901
Current Liabilities	3,649,446,256	3,891,593,039	3,980,054,228	1,889,639,986	2,588,696,537
Long Term Borrowings	1,130,407,009	1,700,407,009	958,958,221	-	-
Debt	3,200,716,283	3,945,980,517	2,558,248,457	496,608,770	810,574,979
Shareholder equity	2,691,827,069	2,266,050,786	2,340,948,429	1,987,033,423	1,266,778,572
Capital Employed	3,822,234,078	3,966,457,795	3,299,906,650	1,987,033,423	1,266,778,572
Market Capitalization	14,735,380,000	7,502,000,000	8,336,900,000	8,243,730,000	7,362,850,000
Ratio Analysis					
Particulars	Year Ended 2078	Year Ended 2077	Year Ended 2076	Year Ended 2075	Year Ended 2074
Gross Profit Ratio	30%	25%	31%	36%	32%
EBIDT Ratio	21.8%	18.0%	19.7%	22.0%	20.3%
Operating Profit Ratio	13%	6%	12%	17%	14%
Profit Before Tax Ratio	8.2%	0.2%	11%	16%	13%
Current Ratio	0.6	0.5	0.4	0.7	0.5
Debt Equity Ratio	1.2	1.7	1.1	0.2	0.6
Assets Turnover Ratio	1.3	1.8	1.4	0.8	0.9
Return on Equity	15.7%	0.2%	19%	37%	38%
Return on Total Assets	5.3%	0.1%	6%	17%	11%
Earning Per Share	350	5	375	613	399
Market Value Per Share (NPR)	12,178	6,200	6,890	6,813	6,085
Price Earning Ratio	35	1,333	18.4	11.1	15.3
Net Worth Per Share/Return on Shareholders Fund (NPR)	2,225	1,873	1,935	1,642	1,047
Return on Capital Employed	21%	7%	20%	47%	51%

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 424 MM (PY NPR 6 MM)

Contribution To National Treasury

NPR 2,694,416,478/-

Total expense allocated for Corporate Social Responsibility

NPR 5,178,253/-

Direct Employment

Company	No. of Employees
BNTL	322

Total expense to be paid to the Employees as Bonus

NPR 57,536,144/-

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:

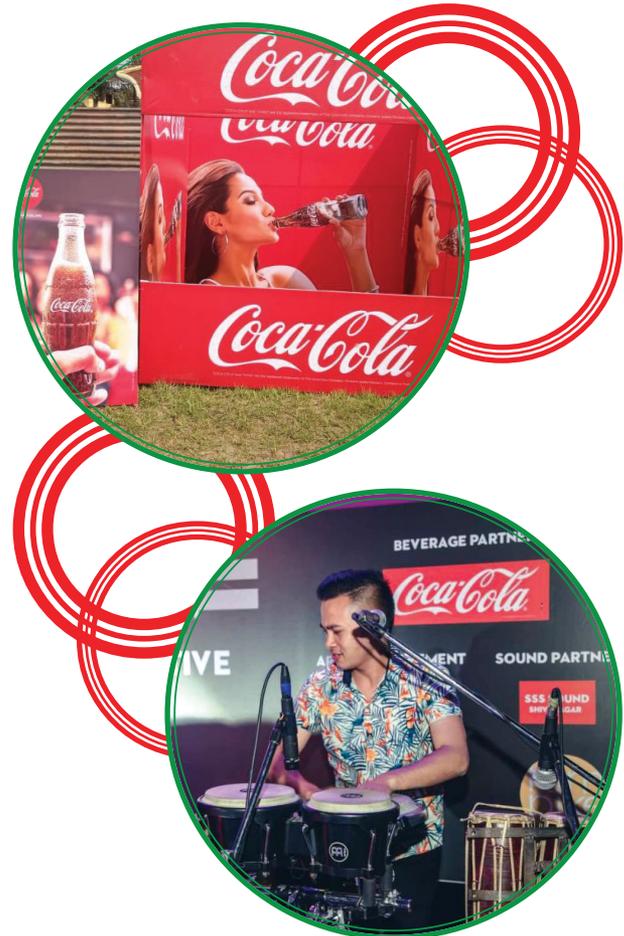
Launch of 175 ml pack size Returnable Glass Bottle (RGB) :

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 Chief Executive Officer, who is charged by the Board with conducting the business of the Company.

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

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

During the year, the Board continued with its strength of 7 (seven) Members comprising of 7 (seven) Non-executive Directors, who essentially have a supervisory role. 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
Non-Executive Chairperson		
Ms. Shukla Wassan	4th December, 2014	Representing Bottlers Nepal Limited.
Non-Executive Directors		
Mr. Mohamed Amin Ghoneim	2nd July, 2019	Representing Bottlers Nepal Limited.
Mr. Melvin Tan Chun Pin	21st April, 2020	Representing Bottlers Nepal Limited.
Mr. Gunjan Dhawan	23rd November, 2016	Representing Bottlers Nepal Limited.
Mr. Surendra Silwal (Alternate Director: Mr. Amar Baidya)	27th June, 2017	Representing Bottlers Nepal Limited.
Mr. Neeraj Rimal	12th January, 2019	Representing Public Shareholders.
Independent Director		
Mr. Pramod Kumar Karki	13th December, 2012	N/A

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 policies 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:

Mr. Pramod Kumar Karki-	Chairman
Mr. Gunjan Dhawan-	Member
Mr. Mohamed Amin Ghoneim-	Member

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. Gunjan Dhawan-	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 Non-Executive Directors

Name	Sitting Fees (In NPR)
Shukla Wassan	90,000
Neeraj Rimal	90,000
Pramod Kumar Karki	1,20,000

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. 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	N/A
Mr. Gunjan Dhawan	Director	6 (out of 6)	N/A	2 (out of 2)	1 (out of 1)
Mr. Surendra Silwal	Director	5 (out of 6)	1 (out of 3)	N/A	0 (out of 1)
Mr. Neeraj Rimal	Director	5 (out of 6)	N/A	N/A	N/A
Mr. Pramod Kumar Karki	Independent Director	4 (out of 6)	N/A	2 (out of 2)	N/A

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 (Terai) 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 35 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 its existing projects Nagarmitra and Recycler Saathi, Coca-Cola in Nepal has recovered over 1400 MT// 14,00,000 Kgs of PET waste.



#Safa Himal Abhiyan-Mt. Clean Up Campaign 2021

After a successful completion of the Mt. Everest Clean Up campaign in 2019, Bottlers Nepal (Terai) Limited along with the support of The Coca-Cola Foundation joined hands with Government of Nepal for "Safa Himal Abhiyan (Mountain Clean-up Campaign) 2021" led by Nepal Army. The primary aim of the campaign was to generate awareness about the impact of climate change and help minimize its effects on the Himalayas. Over 27,671 kilograms of waste, 04 dead bodies, and 01 human remains was collected from six mountains, the Mount Everest, Lhotse, Makalu, Dhaulagiri, Pumori and Ama Dablam was collected and brought back to Kathmandu and handed over to Avni Venture for further segregation and recycling.



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.

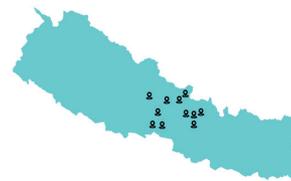
Coca-Cola in Nepal and Nepal Red Cross Society (NRCS) has been continuously distributing safety equipment to ensure safety and well-being of all health care workers and volunteers who have been actively carrying out their duties despite the Covid-19 pandemic.

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.

#STOPTHESPREAD

Supporting 50 vaccination centers in 10 districts



VACCINE ROUTE

Kathmandu	Chitwan	Tanahun
Bhaktapur	East	kaski
Lalitpur	Nawalparasi	
Dhading	Lamjung	

31,000 People Vaccinated Center	6,606 Beneficiaries
704 Volunteers	10 District
3,188 Transportation User	90,320 PPE Items



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**
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 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.



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

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.

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

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 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 FY 2020 to 2.5% in FY 2021, 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 the 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 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:**

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

- (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 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. 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. 30

(y) Other necessary matters;

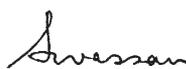
i. Information (if any) regarding existence of any relative of Companies director or official currently working in Office of the Company's Registrar ("OCR"), Securities Board or any other regulatory body concerning the Company in Officer or higher capacity.

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

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 26-29)

2. Auditor's Report:

Included in Annual Report (page 35-38)

3. Audited Financial Statements:

Included in Annual Report (page 39-74)

4. Legal Proceedings:

One case is filed at Labour Court against Bottlers Nepal (Terai) Limited and Chief Executive Officer during the period.

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	6,777	6,099	6,500	3,565	56
Q2	11,440	6,490	8,976	23,913	54
Q3	10,065	8,328	9,600	1,169	59
Q4	12,178	9,010	10,262	1,251	53

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

SHARE STRUCTURE

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

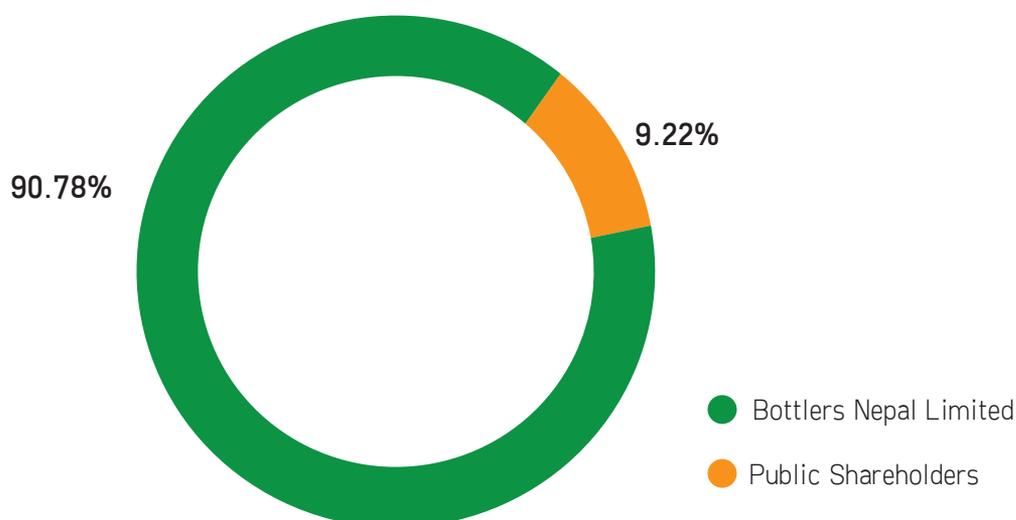
1. Ms. Shukla Wassan
2. Mr. Mohamed Amin Ghoneim
3. Mr. Melvin Tan Chun Pin
4. Mr. Gunjan Dhawan
5. Mr. Surendra Silwal

Representation of Public Shareholders

1. Mr. Neeraj Rimal

Independent Director

1. Mr. Pramod Kumar Karki



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 2,509,368/- 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	658	1,196,598
Physical Account Holders	142	13,402
Total Shareholders	800	1,210,000

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 (तराई) लिमिटेडका शेयरधनीमहानुभावहरूलाई पैतीसौं वार्षिक साधारण सभाको सूचना

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

मिति, समय र स्थान :

मिति : २०७८, पौष २८ गते (तदनुसार जनवरी १२, २०२२)

समय : ११:०० बजे ।

स्थान : होटल ज्याडिसन, लाजिम्पाट, काठमाण्डौं ।

कोभिड १९ (कोरोना महामारी) को जोखिम अबै 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 १०:०० बजे खुल्ला गरिनेछ ।

छलफलका विषय सूची :

१. सामान्य प्रस्ताव :

(क) आर्थिक वर्ष २०७७/७८ को संचालक समितिको वार्षिक प्रतिवेदन पारित गर्ने ।

(ख) सम्वत् २०७८ असार ३१ गते सम्मको वासलात, आयविवरण, नाफा नोक्सान हिसाब तथा नगदप्रवाह विवरण सहितको लेखापरीक्षण भएको वित्तीय विवरण र लेखा परीक्षकको प्रतिवेदन स्वीकृत गर्ने ।

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

(हालको लेखा परीक्षक श्री सि.एस.सि एण्ड कम्पनी चार्टर्ड एकाउन्टेन्स पुनः अर्को कार्यकालको लागि योग्य रहेको)

(घ) एक जना स्वतन्त्र संचालकको नियुक्ति गर्ने ।

२. विविध :

द्रष्टव्य: पैतीसौं 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, यदिकुनै 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 भागलिन चाहने महानुभावहरूले चन्द्र भास डङ्गोल chandra.dangol@nabilinvest.com.np / rta@nabilinvest.com.np मा ईमेल वाफोन नं. ०१ ४४११६०४ext. ११६ मा फोन मार्फत अनुरोध गर्न सक्नुहुनेछ र उक्त शेयरधनी महानुभावलाई साधारण सभाको बैठकमा भागलिनका लागि चाहिने लिङ्क शेयरधनी महानुभावको इमेलमा पठाईनेछ।
३. सभामा भौतिक रूपमा भाग लिन चाहने महानुभावहरूले प्रवेश पत्रवा 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 भागलिन आउनु हुने अनुरोध गरिएको छ। शेयर अभौतिकरण गराइसक्नु भएका शेयरधनी महानुभावलाई निजको डिम्याट अकाउन्ट वा परिचय पत्र पेश गर्नहुन अनुरोध गरिन्छ।
४. सभामाकुनै प्रश्न/सल्लाह/सुझाव राख्न चाहनुहुने शेयरधनी महानुभावले सभा सुरु हुनु भन्दाकम्तीमा ४८ घण्टा अगावै investorrelations@cooca-cola.com.np मा इमेल मा अनुरोध गर्नु पर्नेछ।
५. कुनै अर्को शेयरधनीको प्रतिनिधि (प्रोक्सी) को रूपमा भागलिन र मतदान गर्न चाहने शेयरधनीले सभाहुनु भन्दा कम्तीमा ४८ घण्टा अगावै प्रोक्सी फारम इमेल 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 सबै भन्दा पछिल्लो मितिमा नियुक्त गरिएको प्रोक्सीले सभामा उपस्थित हुन र मतदान गर्न पाउने छ। कुनै शेयरधनीले एकै मितिमा एक भन्दा बढी प्रोक्सी नियुक्त गरेमा सबै भन्दापहिले 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 रूपमादर्ता भएको व्यक्तिले सभामा भागलिन र मतदान गर्न वाप्रोक्सी नियुक्त गर्न सक्नेछ।
८. संयुक्त रूपमाधारण गरेको शेयरको हकमा शेयर लगत किताबमा पहिले नामउल्लेख भएको व्यक्तिवा सर्व सम्मतिबाट प्रतिनिधिनि युक्तभएको एक व्यक्तिले मात्र सभामा भागलिन वा मतदान गर्न पाउने छ।
९. अन्यकुनै जानकारीको लागि कृपया कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौंमा अथवा फोन नं. ४३२०६०२ वा ४३२१८७९ 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।

CSC & Co

Chartered Accountants

Mahamati Bhawan
175, Gairidhara Marg, Gairidhara
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Tel: +977-1-4004580, 4004581, 4004582
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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			
Current 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 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	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

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

All other liabilities are classified as non-current.

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.

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

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:

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

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

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.

Bottlers Nepal (Terai) Limited
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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.

Bottlers Nepal (Terai) Limited
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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.

Figures in NPR

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:

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

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

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

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)

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

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.

Bottlers Nepal (Terai) Limited
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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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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

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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.
	1month 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

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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%

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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.

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

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

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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

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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.

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

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

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
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:					
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 Equivalents	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)

CORPORATE INFORMATION

COMPANY NAME:

Bottlers Nepal (Terai) Limited

REGISTRATION NUMBER: **98818**

LEGAL FORM:

Listed Public Company

STOCK EXCHANGE LISTING:

Nepal Stock Exchange as "BNT"

REGISTERED ADDRESS:

Balaju Industrial District, Balaju, Kathmandu, Nepal

INDUSTRY ADDRESS:

Gondrang, Bharatpur, Nepal

BOARD OF DIRECTORS:

Ms. Shukla Wassan- Chairperson

Mr. Mohamed Amin Ghoneim- Director

Mr. Melvin Tan Chun Pin- Director

Mr. Gunjan Dhawan- Director

Mr. Surendra Silwal- Director

Mr. Neeraj Rimal- Director

Mr. Pramod Kumar Karki- Independent Director

COMPANY SECRETARY:

Ms. Pratima Burma

STATUTORY AUDITORS:

M/s CSC & Co. Chartered Accountants

SHARE REGISTRAR:

M/s Nabil Investment Banking Limited

BANKING PARTNERS:

M/s Standard Chartered Nepal Limited

M/s NMB Bank Limited

M/s Nepal Bank Limited

M/s NIC Asia Bank Limited

M/s Everest Bank Limited

M/s Nepal Bangladesh Bank Limited

M/s Rastriya Banijya Bank Limited

INSURANCE PARTNERS:

M/s Shikhar Insurance Company Limited



BOTTLERS NEPAL (TERAI)LIMITED

www.bnl.com.np

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