

45<sup>th</sup> ANNUAL REPORT (2022-2023)

पैतालीसौ (४५औं) वार्षिक प्रतिवेदन (२०७९-२०८०)

**BOTTLERS NEPAL LIMITED**



**Coca-Cola®**





“

As we emerge stronger in the aftermath of the pandemic, it gives me great pride to celebrate the achievements of our winning team in Nepal. We had a year of accelerated growth, and for the first time ever we were awarded “Bottler of the Year 2022.” In addition, we were nominated to compete with 8 other Bottling operations around the world for the prestigious Candler Cup. The Candler Cup competition brings together the nine top performing bottlers from around the world, and we were honored to be among this group.

Since 2023, while the Nepal economy has showed signs of slowing down, I am also immensely proud of our energetic and motivated team, who rallied despite the challenges to continue to recruit, expand our reach, and serve our customers better. As a team, we have also fostered digital transformation levers to drive significant results for the business, but also enabled us to continue to ensure the wellbeing of our employees, and our partners across our value chain.

We have gone above and beyond in our commitment to sustainability, and became the first country in South West Asia to cross 100% in collecting the equivalent amount of PET that we produce. We continue to lead by example in water replenishment and continue to focus on urban water recharge, support water conservation, and provide access to safe drinking water to students in government schools.

This has been a special year for us as we have delivered on our topline and bottom line, through collaboration and cross-functional excellence, and we commit to continuing to refresh Nepal and make a difference in the days to come.

**Mr. Deepak Senthil Nath Gunalan**  
Managing Director



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**VISION**

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

**MISSION**

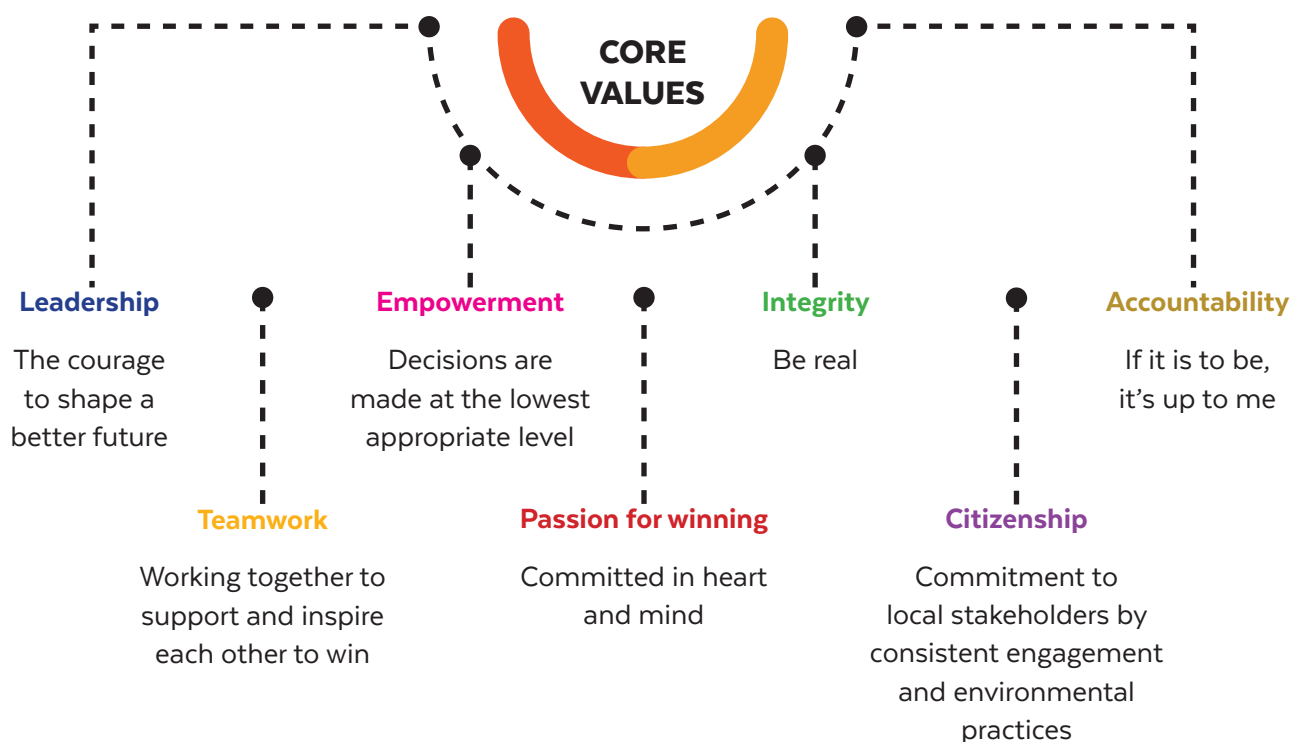
To build a community driven, customer focused, profitable, sustainable, and socially responsible business in Nepal.

**STRATEGIC GOALS OF THE COMPANY**

Strategic Goals play a 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.
- Accelerate digital transformation focused on operational efficiency, leveraging data and technology, enhancing customer experience and strengthening digital culture overall.





## 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.

### INTEGRITY

The Essential Ingredient  
Code of Business Conduct





# COMPANY PROFILE



Bottlers Nepal Limited (hereinafter referred to as the **“Company”** or **“BNL”**) is a Public Limited Company, with operations spanning over 45 years. The shares of the Company are listed with the Nepal Stock Exchange Limited (NEPSE), and majority of its shares are held by M/s Coca-Cola Southwest Asia Holdings Limited, [Formerly known as Coca-Cola SABCO (Asia) Limited]. Bottlers Nepal Limited, and its subsidiaries, Bottlers Nepal (Terai) Limited (BNTL) and Troika Traders Private Limited (TTPL) (hereinafter referred to as the **“Group”**) are engaged in the production, manufacture, sale, distribution, and supply of soft drinks being carbonated non-alcoholic beverages and packaged drinking water under the brand names - Coca-Cola®, Sprite®, Fanta®, Coke-Zero® and Kinley®. The Company along with its subsidiaries, Bottlers Nepal (Terai) Limited and Troika Traders Private Limited, are the only authorized bottlers and suppliers of “The Coca-Cola Company” (**“TCCC”**), in Nepal. For over 45 years, Bottlers Nepal Limited and its subsidiaries 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. 2079/80 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.

We believe that 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 34 MM unit cases annually. It is operating through its bottling plants in Kathmandu and Bharatpur. Your Company manages its business responsibly, sustainably, and with a passion to create value for its 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 maximize demand for our products, your Company helps grow its business and its own. Your Company does this by segmenting the market and determining the most efficient and effective way to service each of the outlets. Your Company is looking to generate joint value in every aspect of its business with each of its customers, ranging from logistics and delivery to marketplace execution and sustainability programs.

### Leading brands and a diverse portfolio of beverages

Your Company produces, sells, and distributes the world’s most recognized beverage brands. Coca-Cola®, Sprite®, Fanta®, Coke-Zero®, and Kinley® are some of the world’s best-selling nonalcoholic 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 program that enhances its approach to risk management and contingency response programs.

### Lean manufacturing footprint

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





## BOARD OF DIRECTORS



**MR. NARMADESHWAR  
NARAYAN SINGH**  
(Chairperson)

Mr. Singh holds the degree of Master of Arts in Political Science from India with a total experience of over 50 years. He was appointed as a Director of the Company from December 11, 2013, and re-appointed as the Director of the Company on January 12, 2022. He was appointed as the Chairperson of the Company from May 10, 2023. He is also a Chairperson in Bottlers Nepal (Terai) Limited.



**MR. LUKAS ZAPLETAL**  
(Director)

Mr. Lukas holds a Master's in Law, Doctor of Law, Post Graduate Diploma in EU Competition Law, Master in Business Administration with a total experience of over 20 years. He has been nominated as a Director of the Company with effect from May 10, 2023. He is also a Director in Bottlers Nepal (Terai) Limited, its subsidiary Company.



**MR. DEEPAK SENTHIL NATH GUNALAN**  
(Managing Director)

Mr. Gunalan holds a bachelor's degree in engineering and Post Graduate Diploma in Business Management with a total experience of over 28 years. He has been appointed as Managing Director of the Company w.e.f. December 26, 2022. He is the Chief Executive Officer in Bottlers Nepal (Terai) Limited, its subsidiary company.



**MR. MOHIT VINODKUMAR BUDHWAR**  
(Director)

Mr. Budhwar holds Master of Business Administration (Finance) degree with experience of over 25 years. He is the Director of the Company since May 10, 2023.





**MS. SUNAINA VIJAYKUMAR DHANUKA**  
(Director)

Ms. Sunaina holds a degree in Chartered Accountancy, and Post-graduate Programme in Management (equivalent of MBA) with a total experience of over 23 years. She has been nominated as a Director of the Company with effect from May 10, 2023. She is also a Director in Bottlers Nepal (Terai) Limited, its subsidiary Company.



**MR. SURENDRA SILWAL**  
(Director)

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



**MR. KISHORE KUMAR MAHARJAN**  
(Independent Director)

Mr. Maharjan holds a Masters' Degree in Business Management with a total work experience of over 40 years in banking sector. He is the Director of the Company since January 12, 2022.

“Our Board believes that ensuring strong independent Board leadership is a crucial requirement for building a stable and sustainable shareholder value.”

**MR. KISHORE KUMAR MAHARJAN**  
(Independent Director)





## MANAGEMENT COMMITTEE

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



**MR. DEEPAK SENTHIL NATH GUNALAN**  
(Managing Director)



**MR. HARI SHARMA NEUPANE**  
(Country Human Resources Director)



**MR. YU HANG**  
(Country Supply Chain Director)



**MR. YUNUS RIADI**  
(Country Commercial Director)



**MR. DILLI RAM SHRESTHA**  
(Country Legal Director)



**MR. REDWIN A. DUAY**  
(Country Finance Director)



**MS. SNEH RAJBHANDARI**  
(Country PACS Director)



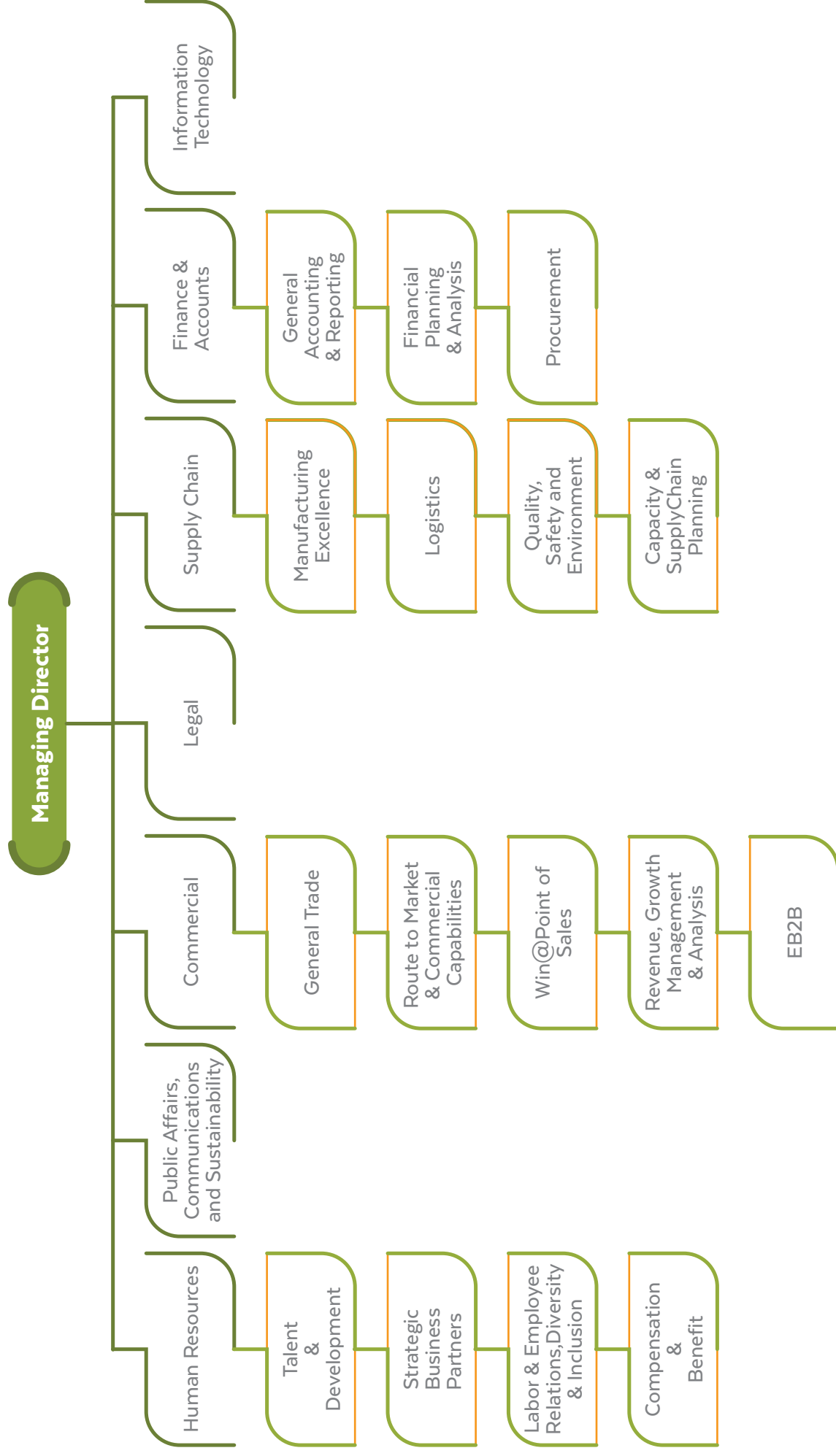
**MR. SHYAM CHAND**  
(Head of Information Technology)



**MS. PRATIMA BURMA**  
(Company Secretary)



# ORGANIZATIONAL STRUCTURE



**Note:** The Organization Structure as depicted above keeps evolving according to the needs and strategies of the organization.





# Message from the Chairperson

**Dear Shareholders,**

I am honored to write to you for the first time as the Chairperson of Bottlers Nepal Limited. As I take on the role of the Chairperson, I feel immense pride in what our company has already accomplished by upholding our promise of refreshing all Nepalese with high quality international standard beverages manufactured in Nepal and I am equally enthusiastic about what the future holds for us.

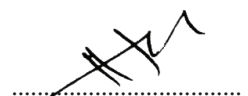
The past few years have been a period of great dichotomy- in equal parts demanding and satisfying. The COVID -19 Pandemic fueled an unprecedented drive that saw us display unparalleled agility to roll out a plethora of purposeful, consumer centric innovations, and rapidly accelerate and adopt digital technologies to strengthen our brand portfolio. These measures not only helped us survive the pandemic but also emerge stronger and better.

As the pressure of the pandemic receded, we saw a new challenge emerge in the form of high inflation, which pushed up commodity prices and had slowed down economic activity in the country. The inflationary environment also took a toll on consumption patterns as consumers spending ability lessened and the consumer goods industry witnessed a slowdown.

Even in an uncertain operating environment with the Nepal economy touching on recession, we ended the FY 2079-80 fiscal year with a consolidated revenue of NPR 12,619 million which is 1% increment as compared to FY 2078-79. The Gross profit for the year stood as NPR 3,494 million. Our performance in a tough inflationary environment aptly demonstrates the power and consistency of our strategies, which helped us capitalize on our brand strength while continuing to innovate and deepen our engagement with our customers.

Despite a challenging economic outlook, I am confident about the resilience of Company's strategy and business construct and that certain tailwinds such as growth in remittance and tourism will enable us to grow strongly. We see significant opportunities ahead of us and believe that our investments in building a strong supply chain, manufacturing infrastructure and an enduring portfolio will enable us to capture these opportunities. It goes without saying that the foundation of our success has been built by our hard working and committed employees. The past few years have brought with them extraordinary challenges and I'm constantly inspired by the determination, resilience, and ingenuity of our people in overcoming them. I would like to recognize all of our people for their dedication towards a winning culture.

I would like to thank all our shareholders, customers, business associates, partners, and Government authorities, who have been showing continuous support during these challenging times. I would also like to thank my fellow directors, for their guidance and commitment to the betterment of this company and enabling a performance culture. Your Company will continue to need your support and valuable guidance to deliver stronger even better performance during the years to come.



**NN Singh**

Chairperson

Date: December 1, 2023



# PERFORMANCE HIGHLIGHTS



## NET REVENUE

2079-80

**NPR 12,619 MM**

2078/79

**NPR 12,495 MM**

1%

## PROFIT BEFORE TAX

2079-80

**NPR 1,182 MM**

2078/79

**NPR 1,352 MM**

15%

## PROFIT AFTER TAX

2079-80

**NPR 978 MM**

2078/79

**NPR 823 MM**

19%

## EPS-BNL

2079-80

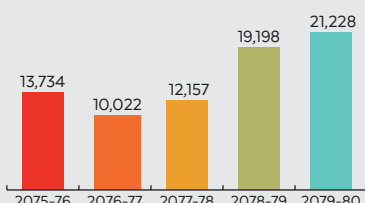
**NPR 472**

2078/79

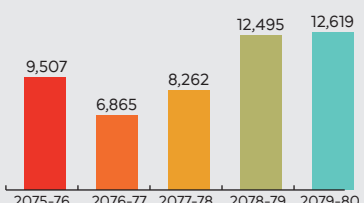
**NPR 393**

20%

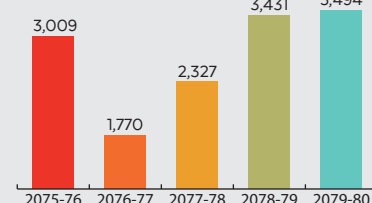
### GROSS SALES REVENUE (NPR in MM)



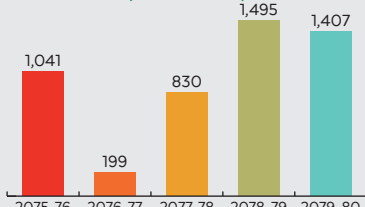
### NET REVENUE (NPR in MM)



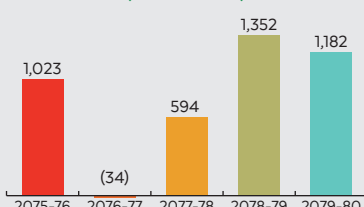
### GROSS PROFIT (NPR in MM)



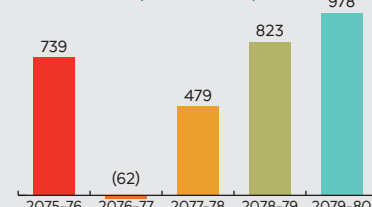
### OPERATING PROFIT (NPR in MM)



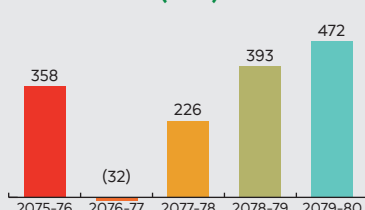
### PROFIT BEFORE TAX (NPR in MM)



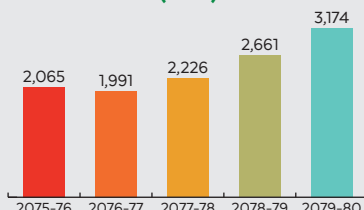
### NET PROFIT AFTER TAX (NPR in MM)



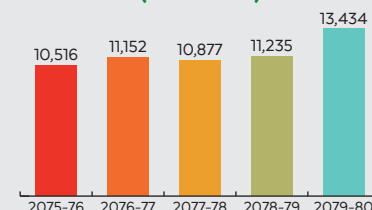
### EARNING PER SHARE (NPR)



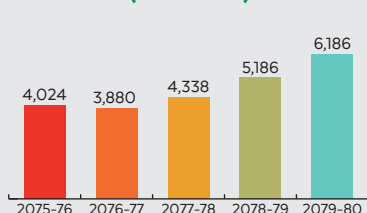
### NET WORTH PER SHARE (NPR)



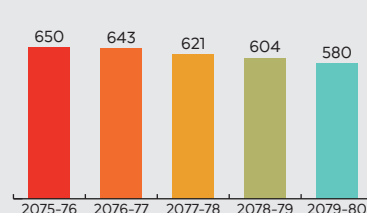
### TOTAL ASSETS (NPR in MM)



### SHAREHOLDERS' EQUITY/NET ASSETS (NPR in MM)



### NO. OF EMPLOYEES





# FINANCIAL ANALYSIS

Figures in NPR

Profit or Loss Items					
Particulars	For theyear 2079-80	For the year 2078-79	For the year 2077-78	For the year 2076-77	For the year 2075-76
Revenue	12,619,245,618	12,494,945,922	8,261,507,604	6,865,166,384	9,506,740,405
Gross Profit	3,493,625,896	3,430,743,419	2,326,617,815	1,770,360,293	3,009,264,240
Earning before Interest, Depreciation and Tax (EBIDT)	2,256,154,965	2,373,010,315	1,654,621,173	1,001,559,740	1,703,081,624
Operating Profit	1,406,777,824	1,494,895,308	829,623,995	199,127,567	1,040,797,909
Profit Before Tax	1,181,698,101	1,351,882,683	593,845,262	(34,104,755)	1,022,883,823
Profit After Tax	978,109,837	822,994,284	478,928,403	(61,854,742)	739,176,763
Earning Per Share	472	393	226	(32)	358

Figures in NPR

Balance Sheet Items					
Particulars	Year Ended 2080	Year Ended 2079	Year Ended 2078	Year Ended 2077	Year Ended 2076
No. of Shares	1,948,887	1,948,887	1,948,887	1,948,887	1,948,887
Total Assets	13,433,505,962	11,235,028,941	10,876,679,267	11,152,228,589	10,516,288,848
Plant Property and Equipment	6,945,121,639	7,007,391,670	7,215,128,703	7,663,507,959	7,574,155,058
Current Assets	6,468,755,714	4,193,130,404	3,516,927,325	3,279,709,596	2,807,498,276
Net Current Assets (-Ve)	(380,139,323)	93,061,092	850,675,283	1,334,496,679	1,858,447,277
Long Term Liabilities	1,158,457,073	1,762,915,264	2,170,986,882	2,658,518,010	1,826,292,033
Current Liabilities	6,088,616,391	4,286,191,496	4,367,602,608	4,614,206,275	4,665,945,553
Long Term Borrowings	-	560,407,009	1,130,407,009	1,700,407,009	958,958,221
Debt	2,935,262,230	1,180,291,062	1,814,688,522	1,942,510,519	1,156,797,162
Shareholder Equity/ Net Assets	6,186,432,499	5,185,922,181	4,338,089,777	3,879,504,304	4,024,051,262
Capital Employed	7,344,889,571	6,948,837,445	6,509,076,659	6,538,022,314	5,850,343,295
Market Capitalization	4,505,826,744	3,784,543,665	3,566,463,210	3,566,463,210	3,430,041,120

Figures in NPR

Ratio Analysis					
Particulars	Year Ended 2080	Year Ended 2079	Year Ended 2078	Year Ended 2077	Year Ended 2076
Gross Profit Ratio	28%	27%	28%	26%	32%
EBIDT Ratio	17.9%	19.0%	20.0%	14.6%	17.9%
Operating Profit Ratio	11%	12%	10%	3%	11%
Profit Before Tax Ratio	9.4%	10.8%	7.2%	-0.5%	11%
Current Ratio	1.1	1.0	0.8	0.7	0.6
Debt Equity Ratio	0.5	0.2	0.4	0.5	0.3
Assets Turnover Ratio	1.1	0.9	1.3	1.6	1.1
Return on Equity	16%	16%	11%	-2%	18%
Return on Total Assets	7%	7%	4%	-1%	7%
Earning Per Share	472	393	226	(32)	358
Market Value Per Share (NPR)	2,312	1,942	1,830	1,830	1,760
Price Earning Ratio	4.6	4.6	7.4	(57.2)	4.9
Net Worth Per Share/Return on Shareholders' Fund (NPR)	3,174	2,661	2,226	1,991	2,065
Return on Capital Employed	19%	22%	13%	3%	18%



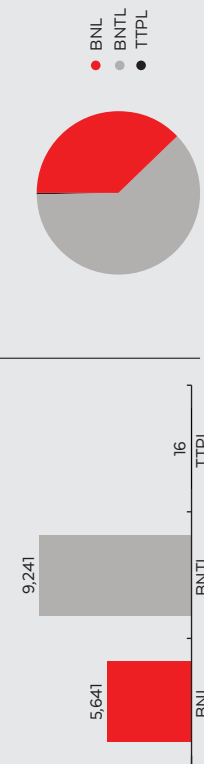
# SEGMENT REPORTING

FY 2079/80

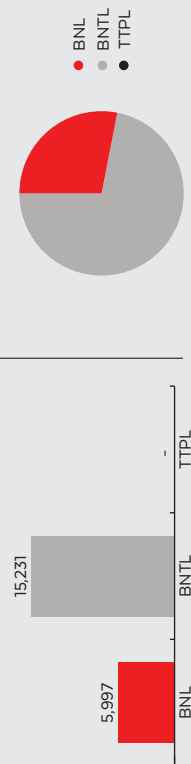
Figures in NPR

Particulars	BNL	BNTL	TTPL
Total Assets	5,640,728,450	9,240,741,092	15,970,636
Total Liabilities	3,250,137,388	5,332,435,542	27,231,837
Total Turnover	5,997,203,445	15,230,663,278	-
Total Revenue	3,299,211,528	9,320,034,090	-
Total Expenditure	2,893,694,731	8,681,202,730	9,768,300
Profit after Tax	405,516,797	638,831,360	(9,768,300)
Operating Profit	371,868,515	1,025,801,009	(330,000)

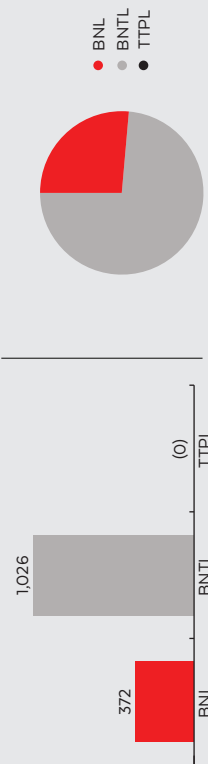
## TOTAL ASSETS (NPR in MM)



## TOTAL TURNOVER (NPR in MM)



## OPERATING PROFIT (NPR in MM)

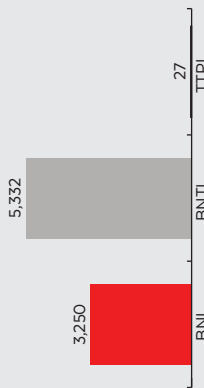


FY 2078/79

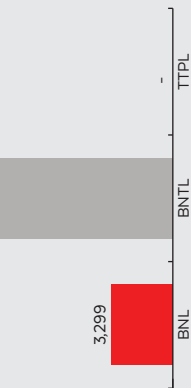
Figures in NPR

Particulars	BNL	BNTL	TTPL
Total Assets	4,005,580,200	8,328,696,678	6,591,936
Total Liabilities	2,024,503,935	5,011,716,649	8,084,837
Total Turnover	5,375,951,027	13,822,267,148	-
Total Revenue	3,380,876,850	9,114,069,072	-
Total Expenditure	3,183,506,931	8,488,319,712	124,995
Profit after Tax	197,369,919	625,749,360	(124,995)
Operating Profit	327,492,798	1,167,527,510	(124,995)

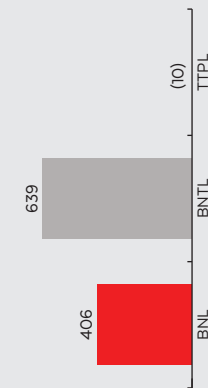
## TOTAL LIABILITIES (NPR in MM)



## NET REVENUE (NPR in MM)



## PROFIT AFTER TAX (NPR in MM)





# HORIZONTAL ANALYSIS OF BALANCE SHEET

## Bottlers Nepal Limited (Group)

### STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2080 (16th July, 2023)

Financial Year	As at 31st Ashad 2080		As at 32nd Ashad 2079		As at 31st Ashad 2078		As at 31st Ashad 2077		As at 31st Ashad 2076	
	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage
<b>Particulars</b>										
<b>ASSETS</b>										
<b>Non-current assets:</b>										
<b>Non Financial</b>										
Intangible Assets	14,151,906	16%	28,548,489	32%	62,514,990	71%	110,277,143	125%	88,014,276	100%
Property, Plant and Equipment	6,945,121,639	92%	7,007,391,670	93%	7,215,128,703	95%	7,663,507,959	101%	7,574,155,058	100%
Deferred Tax Assets	-	-	-	-	48,693,545	-	62,475,924	-	-	-
Prepayments	-	-	-	-	26,471,639	91%	28,117,535	97%	28,940,483	100%
<b>Financial Assets</b>										
Advances	5,476,703	31%	5,958,378	34%	6,943,065	39%	8,140,432	46%	17,680,755	100%
<b>Current Assets:</b>										
<b>Non Financial Assets</b>										
Inventories	2,459,100,160	178%	2,014,699,607	146%	1,585,860,277	115%	1,572,951,713	114%	1,379,124,602	100%
Prepayments	70,913,178	95%	68,437,365	92%	67,565,967	90%	88,552,067	118%	74,736,729	100%
Advances	2,856,656,974	490%	909,607,321	156%	825,394,151	141%	899,479,555	154%	583,490,513	100%
Other Current Assets	-	-	-	-	-	0%	-	0%	2,887,216	100%
Income Tax Receivable	112,668,011	395%	15,598,618	55%	15,262,103	53%	19,578,467	69%	28,554,512	100%
<b>Financial Assets</b>										
Other Current Assets	124,872,161	1568%	500,280,703	6284%	26,559,509	334%	16,719,123	210%	7,961,479	100%
Trade Receivables	779,497,088	401%	583,098,211	300%	496,232,874	255%	221,507,342	114%	194,405,540	100%
Cash and Cash Equivalents	65,048,142	12%	101,408,579	19%	500,052,444	93%	460,921,329	86%	536,337,685	100%
<b>Total Assets</b>	<b>13,433,505,962</b>	<b>128%</b>	<b>11,235,028,941</b>	<b>107%</b>	<b>10,876,679,267</b>	<b>103%</b>	<b>11,152,228,589</b>	<b>106%</b>	<b>10,516,288,848</b>	<b>100%</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity:</b>										
Equity Share Capital	194,888,700	100%	194,888,700	100%	194,888,700	100%	194,888,700	100%	194,888,700	100%
Reserve and Surplus	5,629,165,620	156%	4,683,132,850	130%	3,892,921,650	108%	3,475,761,880	96%	3,611,729,902	100%
Non Controlling Interest	362,378,179	167%	307,900,631	142%	250,279,427	115%	211,050,669	97%	217,432,660	100%
<b>Non-current Liabilities:</b>										
Retirement Benefit Obligation	984,096,150	118%	1,043,416,590	126%	1,040,579,873	125%	958,111,001	115%	830,631,023	100%
Deferred Tax Liability	80,836,143	220%	56,219,501	153%	-	0%	-	0%	36,702,789	100%
<b>Financial Liabilities</b>										
Non current Borrowing	-	0%	560,407,009	58%	1,130,407,009	118%	1,700,407,009	177%	958,958,221	100%
Lease Liabilities	93,524,780	-	102,872,164	-	-	-	-	-	-	-
<b>Current Liabilities:</b>										
<b>Financial Liabilities</b>										
Retirement Benefit Obligation	124,871,000	186%	195,403,000	292%	160,381,000	239%	121,160,000	181%	66,981,000	100%
Borrowings	2,935,262,230	254%	1,180,291,062	102%	1,814,688,522	157%	1,942,510,519	168%	1,156,797,162	100%
Trade Payables	1,025,403,486	52%	1,144,431,039	58%	688,496,990	35%	1,184,806,157	60%	1,980,868,172	100%
Lease Liabilities	9,347,383	-	18,061,554	-	1,578,352,583	111%	1,329,722,984	93%	1,424,137,633	100%
Other Financial Liabilities	1,981,419,422	139%	1,672,614,879	117%	119,747,555	441%	25,084,251	92%	27,147,036	100%
Non Financial Liabilities	12,312,869	45%	73,022,862	269%	5,935,958	59%	8,725,419	87%	10,014,550	100%
Income Tax Payable	-	0%	2,367,100	24%	-	-	-	-	-	-
<b>Total Equity and Liabilities</b>	<b>13,433,505,962</b>	<b>128%</b>	<b>11,235,028,941</b>	<b>107%</b>	<b>10,876,679,267</b>	<b>103%</b>	<b>11,152,228,589</b>	<b>106%</b>	<b>10,516,288,848</b>	<b>100%</b>

Elements are a percent of Base Year. Base Year is considered 31st Ashad 2076



# HORIZONTAL ANALYSIS OF PROFIT OR LOSS

## Bottlers Nepal Limited (Group)

### STATEMENT OF PROFIT OR LOSS

As at 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Financial Year	As at 31st Ashad 2080	As at 32nd Ashad 2079	As at 31st Ashad 2078	As at 31st Ashad 2077	As at 31st Ashad 2076
Particulars	Figures in NPR	Figures in NPR	Figures in NPR	Figures in NPR	Figures in NPR
Revenue from operations	12,619,245,618	12,494,945,922	8,261,507,604	6,865,166,384	9,506,740,405
Cost of goods sold	(9,125,619,722)	(9,064,202,503)	(5,934,889,789)	(5,094,806,091)	(6,497,475,845)
<b>Gross Profit</b>	<b>3,493,625,896</b>	<b>3,430,743,419</b>	<b>2,326,617,815</b>	<b>1,770,360,293</b>	<b>3,009,264,560</b>
Other operating income	21,569,900	29,046,117	32,289,216	128,552,483	174,702,518
Selling and distribution expenses	(1,623,440,980)	(1,511,270,420)	(1,148,910,793)	(1,298,338,455)	(1,697,205,652)
Administrative and operating expenses	(484,976,992)	(453,623,808)	(380,372,243)	(401,446,754)	(445,963,517)
<b>Profit from Operations</b>	<b>1,406,777,824</b>	<b>1,494,895,308</b>	<b>829,623,995</b>	<b>199,127,567</b>	<b>1,040,797,909</b>
Finance Costs	(239,888,035)	(169,485,273)	(257,123,928)	(268,128,819)	(79,007,379)
Finance Income	14,808,312	26,472,648	21,345,195	34,896,497	61,093,293
<b>Profit Before Tax</b>	<b>1,181,698,101</b>	<b>1,351,882,683</b>	<b>593,845,262</b>	<b>(34,104,755)</b>	<b>1,022,883,823</b>
<b>Income Tax Expense</b>					
Income Tax	(181,110,460)	(170,057,211)	(88,686,410)	(112,689,580)	(224,420,507)
Prior period tax adjustments	(11,443,260)	(259,014,022)	(8,252,000)	(884,561)	(17,961,000)
Deferred Tax	(11,034,544)	(99,817,166)	(17,978,449)	85,824,154	(41,325,553)
<b>Net Profit for the year</b>	<b>978,109,837</b>	<b>822,994,284</b>	<b>478,928,403</b>	<b>(61,854,742)</b>	<b>739,176,763</b>
Owners of the Company	919,253,585	765,318,109	439,888,870	(62,349,202)	697,435,967
Non Controlling Interest	58,856,252	57,676,175	39,039,533	494,460	41,740,796

Elements are a percent of Base Year. Base Year is considered 2075-2076



**VERTICAL ANALYSIS OF BALANCE SHEET**  
**Bottlers Nepal Limited (Group)**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31st Ashad, 2080 (16th July, 2023)

Particulars	Financial Year		As at 31st Ashad 2080		As at 32nd Ashad 2079		As at 31st Ashad 2078		As at 31st Ashad 2077		As at 31st Ashad 2076	
	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage	Figures in NPR	Percentage
ASSETS												
Non-current assets:												
Non Financial												
Intangible Assets	14,151,906	0.1%	28,548,489	0.3%	62,514,990	0.6%	110,277,143	1.0%	88,014,276	0.8%	88,014,276	0.8%
Property, Plant and Equipment	6,945,121,639	51.7%	7,007,391,670	62.4%	7,215,128,703	66.3%	7,663,507,959	68.7%	7,574,155,058	72.0%	7,574,155,058	72.0%
Deferred Tax Assets	-	-	-	-	48,693,545	0.4%	62,475,924	0.6%	-	0.0%	-	0.0%
Prepayments	-	-	-	-	26,471,639	0.2%	28,117,535	0.3%	28,940,483	0.3%	28,940,483	0.3%
Financial Assets												
Advances	5,476,703	0.0%	5,958,378	0.1%	6,943,065	0.1%	8,140,432	0.1%	17,680,755	0.2%	17,680,755	0.2%
Current Assets:												
Non Financial Assets												
Inventories	2,459,100,160	18.3%	2,014,699,607	17.9%	1,585,860,277	14.6%	1,572,951,713	14.1%	1,379,124,602	13.1%	1,379,124,602	13.1%
Prepayments	70,913,178	0.5%	68,437,365	0.6%	67,565,967	0.6%	88,552,067	0.8%	74,736,729	0.7%	74,736,729	0.7%
Advances	2,856,656,974	21.3%	909,607,321	8.1%	825,394,151	7.6%	899,479,555	8.1%	583,490,513	5.5%	583,490,513	5.5%
Other Current Assets	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,887,216	0.0%	2,887,216	0.0%
Income Tax Receivable	112,668,011	0.8%	15,598,618	0.1%	15,262,103	0.1%	19,578,467	0.2%	28,554,512	0.3%	28,554,512	0.3%
Financial Assets												
Other Current Assets	124,872,161	0.9%	500,280,703	4.5%	26,559,509	0.2%	16,719,123	0.1%	7,961,479	0.1%	7,961,479	0.1%
Trade Receivables	779,497,088	5.8%	583,098,211	5.2%	496,232,874	4.6%	221,507,342	2.0%	194,405,540	1.8%	194,405,540	1.8%
Cash and Cash Equivalents	65,048,142	0.5%	101,408,579	0.9%	500,052,444	4.6%	460,921,329	4.1%	536,337,685	5.1%	536,337,685	5.1%
<b>Total Assets</b>	<b>13,433,505,962</b>	<b>100.0%</b>	<b>11,235,028,941</b>	<b>100.0%</b>	<b>10,876,679,267</b>	<b>100.0%</b>	<b>11,152,228,589</b>	<b>100.0%</b>	<b>10,516,288,848</b>	<b>100.0%</b>	<b>10,516,288,848</b>	<b>100.0%</b>
EQUITY AND LIABILITIES												
Equity:												
Equity Share Capital	194,888,700	1.5%	194,888,700	1.7%	194,888,700	1.8%	194,888,700	1.7%	194,888,700	1.9%	194,888,700	1.9%
Reserve and Surplus	5,629,165,620	41.9%	4,683,132,850	41.7%	3,892,921,650	35.8%	3,475,761,880	31.2%	3,611,729,902	34.3%	3,611,729,902	34.3%
Non Controlling Interest	362,378,179	2.7%	307,900,631	2.7%	250,279,427	2.3%	211,050,669	1.9%	217,432,660	2.1%	217,432,660	2.1%
Non-current Liabilities:												
Retirement Benefit Obligation	984,096,150	7.3%	1,043,416,590	9.3%	1,040,579,873	9.6%	958,111,001	8.6%	830,631,023	7.9%	830,631,023	7.9%
Deferred Tax Liability	80,836,143	0.6%	56,219,501	0.5%	-	-	-	0.0%	36,702,789	0.3%	36,702,789	0.3%
Financial Liabilities												
Non current Borrowing	-	0.0%	560,407,009	5.0%	1,130,407,009	10.4%	1,700,407,009	15.2%	958,958,221	9.1%	958,958,221	9.1%
Lease Liabilities	93,524,780	0.7%	102,872,164	0.9%	-	-	-	-	-	-	-	-
Current Liabilities:												
Financial Liabilities												
Retirement Benefit Obligation	124,871,000	0.9%	195,403,000	1.7%	160,381,000	1.5%	121,160,000	1.5%	66,981,000	11.0%	66,981,000	11.0%
Borrowings	2,935,262,230	21.9%	1,180,291,062	10.5%	1,814,688,522	16.7%	1,942,510,519	17.4%	1,156,797,162	18.8%	1,156,797,162	18.8%
Trade Payables	1,025,403,486	7.6%	1,144,431,039	10.2%	688,496,990	6.3%	1,184,806,157	10.6%	1,980,868,172	13.5%	1,980,868,172	13.5%
Lease Liabilities	9,347,383	0.1%	18,061,554	0.2%	1,578,352,583	14.5%	1,329,722,984	11.9%	1,424,137,633	0.3%	1,424,137,633	0.3%
Other Financial Liabilities	1,981,419,422	14.7%	1,672,614,879	14.9%	119,747,555	1.1%	25,084,251	0.2%	27,147,036	0.1%	27,147,036	0.1%
Non Financial Liabilities	12,312,869	0.1%	73,022,862	0.6%	5,935,958	0.1%	8,725,419	0.1%	10,014,550	0.1%	10,014,550	0.1%
Income Tax Payable	-	0.0%	2,367,100	0.0%	-	-	-	-	-	-	-	-
<b>Total Equity and Liabilities</b>	<b>13,433,505,962</b>	<b>100.0%</b>	<b>11,235,028,941</b>	<b>100.0%</b>	<b>10,876,679,267</b>	<b>100.0%</b>	<b>11,152,228,589</b>	<b>100.0%</b>	<b>10,516,288,848</b>	<b>100.0%</b>	<b>10,516,288,848</b>	<b>100.0%</b>

Elements are a percent of Total Assets.



# VERTICAL ANALYSIS OF PROFIT OR LOSS

## Bottlers Nepal Limited (Group)

### STATEMENT OF PROFIT OR LOSS

As at 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Financial Year	As at 31st Ashad 2080	As at 32nd Ashad 2079	As at 31st Ashad 2078	As at 31st Ashad 2077	As at 31st Ashad 2076
Particulars	Figures in NPR	Figures in NPR	Figures in NPR	Figures in NPR	Figures in NPR
Revenue from operations	12,619,245,618	12,494,945,922	8,261,507,604	6,865,166,384	9,506,740,405
Cost of goods sold	(9,125,619,722)	(9,064,202,503)	(5,934,889,789)	(5,094,806,091)	(6,497,475,845)
<b>Gross Profit</b>	<b>3,493,625,896</b>	<b>3,430,743,419</b>	<b>2,326,617,815</b>	<b>1,770,360,293</b>	<b>3,009,264,560</b>
Other operating income	21,569,900	29,046,117	32,289,216	128,552,483	174,702,518
Selling and distribution expenses	(1,623,440,980)	(1,511,270,420)	(1,148,910,793)	(1,298,338,455)	(1,697,205,652)
Administrative and operating expenses	(484,976,992)	(453,623,808)	(380,372,243)	(401,446,754)	(445,963,517)
<b>Profit from Operations</b>	<b>1,406,777,824</b>	<b>1,494,895,308</b>	<b>829,623,995</b>	<b>199,127,567</b>	<b>1,040,797,909</b>
Finance Costs	(239,888,035)	(169,485,273)	(257,123,928)	(268,128,819)	(79,007,379)
Finance Income	14,808,312	26,472,648	21,345,195	34,896,497	61,093,293
<b>Profit Before Tax</b>	<b>1,181,698,101</b>	<b>1,351,882,683</b>	<b>593,845,262</b>	<b>(34,104,755)</b>	<b>1,022,883,823</b>
<b>Income Tax Expense</b>					
Income Tax	(181,110,460)	(170,057,211)	(88,686,410)	(112,689,580)	(224,420,507)
Prior period tax adjustments	(11,443,260)	(259,014,022)	(8,252,000)	(884,561)	(17,961,000)
Deferred Tax	(11,034,544)	(99,817,166)	(17,978,449)	85,824,154	(41,325,553)
<b>Net Profit for the year</b>	<b>978,109,837</b>	<b>822,994,284</b>	<b>478,928,403</b>	<b>(61,854,742)</b>	<b>739,176,763</b>
Owners of the Company	919,253,585	765,318,109	439,888,870	(62,349,202)	697,435,967
Non Controlling Interest	58,856,252	57,676,175	39,039,533	494,460	41,740,796

Elements are a percent of Net Revenue

Our Company

Governance

Reports

Shareholder  
InformationFinancial  
Statement

Subsidiaries



## 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 978,109,837 (PY 823 MM)

### Contribution To National Treasury

NPR 11,104,412,542/-

### Total expense allocated for Corporate Social Responsibility

NPR 12,510,082/-

### Direct Employment

**BNL:** 271

**BNTL:** 309

**Total:** 580

### Total expense to be paid to the Employees as Bonus

NPR 139,000,915/-

### 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 our stakeholders.

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



## MARKETING CAMPAIGNS

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

In 2079-80, we continued our longstanding, global Responsible Marketing Policy, which includes not placing any of our brands' marketing in media that directly targets children under 13. 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 13, regardless of where the material will be placed.

Some of the marketing campaigns we had carried out during the FY 2079-80 are as per below:

### “PIRO KO JHATKA SPRITE® LE META” (20TH FEBRUARY, 2022 - 30TH APRIL, 2022)

Your Company had launched promotional campaign ‘Piro ko Jhatka Sprite Le Meta’ which translates to ‘Get relief from the kick of Spice with Sprite’. The campaign aims to establish Sprite as a refreshing drink that calms the taste buds after eating something spicy and aids to continue enjoying the spicy meal.

Under this campaign, 9 lucky consumers had a chance to win a Samsung Smartphone every hour from 10 AM in the morning to 7 PM in the evening. Along with this, consumers also got a chance to win a smartwatch and a Samsung Smartphone every week.



### “CHILL N’ WIN” (10TH MAY, 2023 - 15TH JULY, 2023)

The Company launched its biggest promotional campaigns named “Chill N’ Win”. With this consumer promotional campaign, Coca-Cola offered consumers a chance to win different prizes, including smartphones daily and mobile recharges, adding a refreshing twist to their beverage experience.

Additionally, the promotional campaign was also available for Sprite and Fanta PET bottles across Nepal, making it the largest promotional campaign ever by Coca-Cola Nepal ensuring we always stay connected with consumers through diverse campaigns and providing them with exciting and memorable experiences.





## COCA-COLA MO:MO UTSAV (25TH FEBRUARY, 2023 - 1ST APRIL, 2023)

Coke Momo Utsav, the much-awaited food festival celebrating the beloved Nepalese dish, Momo and Coke was held in February. Coca-Cola has been organizing Momo Utsav for 8 years to celebrate the extraordinary combination of magical taste, and this year it has broadened its scope with the tagline “Coke + Momo Ko Stories: Magical Memories”. This year, Coca-Cola Momo Utsav had covered all the major cities: Pokhara, Dharan, Kathmandu, Bharatpur, and Bhaktapur, organizing the Coke Momory Fest. Coca-Cola teamed with over 1000 restaurants and eateries across Nepal to give unique combo offers at a discounted price to its customers through this campaign.



## NEW PRODUCT LAUNCHED

During FY 2079-80, your Company had launched Charged®, a new beverage category introducing a new flavor variant- “Berry Bolt” to consumers with a local touch. This is an attempt to expand the company’s product portfolio and address the preferences of the youth and their lifestyles. This beverage is available in retail stores across Nepal in 250 ML PET Bottles.



## DIGITAL TRANSFORMATION

### EB2B ORDERING SYSTEM

In 2021, the Company had introduced a system, swiftly enrolling 70,000 outlets the retailers can connect through digital and Messenger for placing their order. customer experience further with the app. This innovative platform will enable tracking, promotional alerts, and seamless support team.



game changing Chatbot EB2B ordering in its platform. Through this system, platforms like WhatsApp, Viber, The Company is planning to elevate launch of “Coke Buddy Nepal” mobile 24/7 ordering, real-time purchase communication with the Company’s

### DISTRIBUTOR MANAGEMENT SYSTEM (DMS)

The Company is in the process of revamping its existing Distributor Management System, with the belief that it will bring more operational convenience, accelerate business, and enhance productivity for the Company and the business partners. This new system will also replace all the manual intervention and is a step towards the digital transformation that the Company has envisioned for future.





## CORPORATE GOVERNANCE

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

### Board of Directors

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

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

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

### Board Independence

Name	Date of Joining the Board	No. of Shares held in the Company
<b>Non-Executive Chairperson</b> Mr. Narmadeshwar Narayan Singh	Re-appointed on January 12, 2022	5,000 unit shares individually owned and 3,730 unit shares owned by his relatives.
<b>Executive Director</b> Mr. Deepak Senthil Nath Gunalan	December 26, 2022	Representing Coca-Cola Southwest Asia Holdings Ltd.
<b>Non-Executive Directors</b> Mr. Lukas Zapletal	May 10, 2023	Representing Coca-Cola Southwest Asia Holdings Ltd.
Mr. Sunaina Vijaykumar Dhanuka	May 10, 2023	Representing Coca-Cola Southwest Asia Holdings Ltd.
Mr. Mohit Vinodkumar Budhwar	May 10, 2023	Representing Coca-Cola Southwest Asia Holdings Ltd.
Mr. Surendra Silwal (Alternate Director: Mr. Amar Baidya)	June 27, 2017	Representing Gorkha Brewery Private Ltd.
<b>Independent Director</b> Mr. Kishore Kumar Maharjan	January 12, 2022 (Appointed through 43rd AGM of the Company)	N/A

### 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 2079-80 as per the prescribed format of Securities Board of Nepal (SEBON) and submitted to SEBON.

### Composition

The Board of Directors comprises such number of directors as the Board deems appropriate to function efficiently as a body, subject to the Company's Article of Association. The Board comprises of Independent Directors, Non-Executive Directors (including representation from public shareholders) and Executive Director and the Board considers this to be the appropriate structure. During the year, the Board continued with its strength of 7 (seven) Members comprising of 6 (six) Non-executive Directors, who essentially have a supervisory role and, 1 (one) Managing Director. The details of each member of the Board along with the number of shares held in the Company and date of joining the Board is provided herein table below.



## Board Meeting

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 were circulated ten (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 seven (7) 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 July 6, 2023.

## 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 activity of the Company.

### AUDIT COMMITTEE



MEETING HELD IN 2079-2080: **3** INDEPENDENCE: **3 out of 3**

MR. LUKASZ ZAPLETAL  
(Chairperson)

MR. MOHIT VINODKUMAR  
BUDHWAR  
(Member)

MR. SURENDRA SILWAL  
(Member)

## PRIMARY RESPONSIBILITIES

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.

- To review the accounts and financial statements of the Company and ascertain the truth of the facts mentioned in such statements.
- To review the internal financial control system and the risk management system of the Company.
- To supervise and review the internal auditing activity of the Company.
- To recommend the names of potential auditors for the appointment of the auditor of the Company, fix the remuneration and terms

and conditions of appointment of the auditor and present the same in the general meeting for the ratification thereof.

- To review and supervise as to whether the auditor of the Company has observed such conduct, standards and directives determined by the competent body pursuant to the prevailing law as required to be observed in the course of doing auditing work.
- Based on the conduct, standard and directives determined by the competent body pursuant to the prevailing law, to formulate the policies required to be observed by the Company in respect of the appointment and selection of the auditor.
- To prepare the accounts related policy of the Company and enforce, or cause to be enforced, the same.



- 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 evidence 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.

## RISK MANAGEMENT COMMITTEE

MEETING HELD IN 2079-2080: **2** INDEPENDENCE: **3 out of 3**



**MR. KISHORE KUMAR  
MAHARJAN**  
(Chairperson)



**MR. LUKAS ZAPLETAL**  
(Member)



**MR. SURENDRA SILWAL**  
(Member)

### PRIMARY RESPONSIBILITIES

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.

- 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



## PROPERTY AND LIABILITY COMMITTEE



MEETING HELD  
IN 2079-2080: **1** INDEPENDENCE: **3 out of 3**

**MS. SUNAINA VIJAYKUMAR  
DHANUKA**  
(Chairperson)

**MR. LUKAS ZAPLETAL**  
(Member)

**MR. SURENDRA SILWAL**  
(Member)

### PRIMARY RESPONSIBILITIES

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.

- 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.

### BUILDING THE RIGHT BOARD FOR THE BOTTLERS NEPAL LIMITED

**85%** Non-Executive Director

**100%** Independent Audit Committee

**1 out of 3** Committees led by Independent Director

Distributed **NPR 38,977,740** as Dividend to shareholders during 2078-79

#### Director Attributes and Skills

##### THE RIGHT ATTRIBUTES TO OVERSEE THE BUSINESS

All Directors exhibit:

- High integrity
- An appreciation of multiple cultures
- A commitment to sustainability and to dealing responsibly with social issues
- Innovating thinking
- A proven record of success
- Knowledge of corporate governance requirements and practices

##### THE RIGHT SKILLS TO GUIDE OUR BUSINESS STRATEGY AND CONSTRUCTIVELY CHALLENGE MANAGEMENT



High Level of  
Strategic and  
Financial Experience



Governmental or  
Geopolitical  
Expertise



Broad International  
Exposure/Emerging  
Market Experience



Extensive Knowledge of the  
Company's Business and/or  
Industry



Risk Oversight/  
Management  
Expertise



Relevant Senior  
Leadership/Chief Executive  
Officer Experience



## Details of Remuneration to the Executive Director

Figures in NPR

Salary and Allowances	Facilities	Total
50,216,015	666,783	50,882,798

## Details of Remuneration to the Non-Executive Director

Figures in NPR

Name	Sitting Fee
Ms. Shukla Wassan	60,000
Mr. Kishore Kumar Maharjan	1,95,000
Mr. Narmadeshwar Narayan Singh	1,35,000

### 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 was previously NPR 15,000 (Fifteen Thousand) per sitting which was changed to NPR 30,000 (Thirty Thousand) per sitting by the Annual General Meeting of the Company held on January 11, 2023.

## 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
Mr. Narmadeshwar Narayan Singh	Chairperson	6 (out of 7)	N/A	N/A	N/A
Ms. Shukla Wasan***	Chairperson	4 (out of 5)	N/A	N/A	N/A
Mr. Lukas Zapletal*	Director	2 (out of 2)	1 (out of 1)	N/A	N/A
Mr. Deepak Senthil Nath Gunalan**	Managing Director	4 (out of 4)	N/A	N/A	N/A
Ms. Sunaina Vijay Kumar Dhanuka*	Director	2 (out of 2)	N/A	N/A	N/A
Mr. Mohit Vinodkumar Budhwar*	Director	1 (out of 2)	0 (out of 1)	N/A	N/A
Mr. Pradip Pandey****	Managing Director	3 (out of 3)	N/A	N/A	N/A
Mr. Mohamed Amin Ghoneim***	Director	5 (out of 5)	2 (out of 2)	2 (out of 2)	1 (out of 1)
Mr. Melvin Tan Chun Pin***	Director	4 (out of 5)	2 (out of 2)	2 (out of 2)	1 (out of 1)
Mr. Surendra Silwal	Director	5 (out of 7)	2 (out of 3)	N/A	0 (out of 1)
Mr. Kishore Kumar Maharjan	Independent Director	7 (out of 7)	N/A	2 (out of 2)	N/A

### Note:

\* Appointed as Director on May 10, 2023

\*\* Appointed as Managing Director on December 26, 2022

\*\*\* Resigned as Director on April 25, 2023

\*\*\*\* Resigned as Managing Director on December 26, 2022



## INTERNAL CONTROLS

The Company has robust system for Internal Control and Risk Assessment. The Audit Committee of your Company has been instrumental in ensuring that the Company has all adequate systems of financial control in place. The Audit Committee periodically conducts review of the effectiveness of Internal Control Systems and oversees the design of our Internal Control Systems along with the effectiveness of the Internal Audit Function throughout the year. The Audit Committee of your Company reviews the Internal Audit reports containing details of the audit coverage, compliance to the laws, regulations, established policies and procedures.

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

## ENTERPRISE RISK MANAGEMENT

Bottlers Nepal Limited/Bottlers Nepal (Terai) Limited has implemented the Enterprise Risk Management System (ERM) as per prescribed guidelines from The Coca-Cola Company and is managing risks through the process of thorough risks identification alongwith identify proper risk owner plus supporting owner, detailed assessment considering severity of risks and provide ranking based on likelihood and consequences of identified risks, mitigation through right approach and periodic monitoring the risks associated with the activities being carried out by the different business units across the Company and also assesses the hygiene/health of actions/approach to mitigate the risks. Risk Tracker has been maintained with risk categories based on risk weightage, updated if needful with detailed action taken/considered and situation changes based on work done and monitored on a periodic basis and flag out/report to Committee. A Risk Management Committee

has been formed at Board level for monitoring the risk management activities flagged out 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 works of power plants and distribution lines have been carried out timely as per the maintenance schedule. Good relations have been maintained with the local people in 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 has a 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.



**Ethics & Compliance Week Celebration:  
Prize Distribution to the Winner**



**Ethics & Compliance Week Celebration:  
Playing dumb charades in the Office Canteen**



## HOW WE MAKE A DIFFERENCE THROUGH OUR SUSTAINABILITY AND CSR EFFORTS

The Coca-Cola system places sustainability at the heart of the business and seeks to make a difference and create a better future for all the lives we touch- for our people, within our plant, our communities, our consumers and all those who are a part of our value chain. Your company offers responsible beverage consumption choices with a variety of packaging sizes, and endeavors to craft a sustainable value chain so all our partners can grow with us, and to mitigate the impact of our business on the environment.

With a history of over 45 years in the country, we strive to lead by example in making a difference while ensuring that our community-driven, customer-oriented business is profitable and socially responsible. We contextualize our global sustainability agenda to the needs of the country, and focus on leveraging the golden triangle of empowerment, bringing the private sector, government, and non-profits together to help the Government of Nepal achieve SDG priorities and efforts to graduate from a least developed country.

### WORLD WITHOUT WASTE

It is vitally important that all businesses do their part in collecting, recycling and managing the waste that is generated. Plastic waste pollution is a global and national concern, and as a responsible business in the country, we have voluntarily invested in collection, segregation and recycling for the last decade. When the Coca-Cola company launched the vision for World Without Waste in 2018, in Nepal we had already launched the first public-private partnership in 2014 to reduce the amount of waste that ends up in landfills. This year as well, we continue to scale up our efforts to raise awareness on segregation of waste, and collection through our partnership with Doko Recyclers who are leading Refresh and Recycle 2.0.

On the occasion of World Recycling Day 2023, Coca-Cola in Nepal and Doko Recyclers announced the placement of 15 informative PET Collection Bins across Kathmandu Valley and Bharatpur. This initiative is a second phase of the joint project “Refresh and Recycle” which initially commenced in August 2020 with the support of local authorities. The “Refresh & Recycle” project is a PET bottle collection campaign which aims to raise awareness and educate communities about giving new life to PET bottles through a recycling process. The bins will be placed in populous areas where PET bottles are frequently disposed across 9 locations in Kathmandu & 6 locations in Bharatapur. Doko has helped place 5 bins in Kathmandu Valley, and 4 bins in Bharatpur in high footfall areas like Bhat Bhateni, Swayambu, Patan Hospital, Bishazaari lake, Sauraha, Ward 10.

This year the project Recycler Saathi has already collected more than 1800 MT tons of PET. In

#### Mountain Clean-Up Campaign 2023: Nepali Army concludes efforts to restore majestic peaks

Published: June 7, 2023



Photo: Medini Sanyal Mahajan

KATHMANDU: The fourth edition of the Mountain Clean-Up Campaign 2023, led by the Nepali Army in collaboration with various government institutions and donor organizations, has achieved remarkable success.

The campaign successfully concluded with a celebratory event held in Kathmandu on Monday coinciding with World Environment Day. The event brought together key stakeholders, comprising campaign partners and esteemed government officials, including Chief of the Army Staff (CofA) Pradip Ram Sharma.

addition, the Coca-Cola Foundation has supported the Swachha Sarathi program through CEI & Ganesha, to empower over 1000 waste workers and also collected over 4500 MT of PET in during the reporting period. With these initiatives, Nepal has become the first country to collect and recycle 100% of it's PET packaging equivalent in South West Asia.

This year, the scope of the Mountain Clean up Campaign expanded to include Everest, Lhotse, Annapurna and Baruntse and more than 35,708 KGs of waste was collected and transported to Kathmandu which was then handed over to Creasion for segregation and recycling.



Our PET Recycling Bin Placement and awareness activation conducted at the biggest E-waste Event at National Academy of Science and Technology, Lalitpur.





**World Environment Day: Swap your Plastics activation conducted by recycling partner CREASION; where people could bring in their empty PET bottles and exchange it for plants.**

## WATER STEWARDSHIP

In Nepal, we have been leading by example in replenishing water since 2013. As we complete a decade in water replenishment, we give back more than 1.8 drops of water, for every drop of water used. We currently have ongoing projects in more than 12 locations, with the latest additions being our partnership with Splash Nepal to complete RWH & GWR installations in Pokhara's Army School



with 1200 residential students, and Chitwan's Narayani Model School with 3800 students, along with providing clean drinking water stations.

## RAIN WATER HARVESTING, GROUND WATER RECHARGE AND FILTERED WATER SYSTEM INSTALLED IN SAINIK AWASIYA MAHAVIDYALA

As a part of our Water Leadership efforts in Nepal, Coca-Cola Beverages Nepal with implementing team from Splash Nepal handed over the Rainwater Harvesting, Groundwater Recharge and clean drinking water project to Sainik Awasiya Mahavidyala. The collaborative project which commenced on 23rd May 2023 has successfully concluded on 8th June 2023 with a handover event held at Sainik Awasiya Mahavidyala to commemorate World Environment month.

Catering to over 1200 students with both day-scholars and residential students, Sainik Awasiya Mahavidyala is one of the reputed Nepal army welfare run school where water is heavily required

for day to day activities. Through the project, 2 UF Filter systems along with drinking water supply in 12 taps of bottle fillers and 8 Bubbler Faucet taps attached with 4 water stations with dual spouts respectively have been installed in the facility. The system will result to benefit over 2500 people. The expected volume of potential water recharge, through the project is 4,35,400 liters annually.

## WOMEN EMPOWERMENT

Empowering women and having more than 50% of women in the workforce is a goal that the Coca-Cola system aspires towards. As a part of the same global goal, in Nepal, as well we have increased women in leadership roles. We also care about the wellbeing of the women in our value chain and have continued to scale up Saksham, to train an additional 1000 women this year to enhance their knowledge as entrepreneurs to build their capacity for growth and innovation.



Likewise, Saksham 2.0 Accelerator and Mentorship program was launched as a pilot to support women-led startups or potential startups through a customized mentorship program. The program focused on building the capacity of young women with the information and skill to design and elevate their businesses and Ideas. 3 winners from the participants won NPR 100,000 each, to scale and implement their business ideas.



## COMMUNITY ENGAGEMENT

We continue to invest in the community to improve health, education and overall wellbeing. We have ensured that we have health camps monthly for our Bharatpur community, work to improve infrastructure for the old people's home, and continue to provide educational resource support for school students in the neighboring wards. All of our investments in CSR are as per the mandate given by Department of Industry and we not only invest in mitigating impacts to the environment, but also in improving social welfare and overall livelihoods of the communities that we reside in. We've also supported nutritional food for more than 1500 youths residing in juvenile homes to help encourage a better future for otherwise excluded populations through CNN Superhero Ms. Pushpa Basnet's ECDC butterfly home.

### MONTHLY FREE CLINIC AT TERAI PLANT COMMUNITY

Bottlers Nepal (Terai) Limited commenced free monthly Health Clinic to local communities of Bharatpur where doctors from National City Hospital serves. The year long project was commenced on 11th March 2023 where 123 local community members joined and partake in the Health Clinic. The commencement event was held with the presence of Ward Chairperson, Yam Lal Kandel, Ama Samuha.



**A drinking water facility was installed at an Old Age Home in Bharatpur.**





**Supported to make entrance gate in entry point of Bikash Chok Tol Bikash Sanstha (one of the main plant community) in Coca-Cola Marga.**



**National Paddy Plantation Day (15th Asar) was celebrated in partnership with the women led co-operative in Bharatpur. An event of paddy plantation was conducted where people across the community participated and celebrated the occasion.**



**An initiative of upcycling was taken where reflective plastic drums were handed over to the Traffic police through the Local Youth Club, to be used as road dividers in Bharatpur for increased road safety.**





**To support the underprivileged families from our BNTL plant community, the BNTL distributed educational supplies such as school bags and uniforms**



**Tree Plantation conducted at the BNTL community area.**



**Participated in “Hamro Cycle Rally”, an event organized by our recycling partner Creasion to uplift the waste worker communities that we work with.**



## HUMAN CAPITAL

Your Company is committed to attract, develop, and retain talented team member and to create a workplace that allows each team member to contribute to the collective success of the Company. Therefore, your Company endeavors 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 teamwork is the key factor in all 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. Furthermore, your Company continuously assess for areas to enhance overall performance of its employees and necessary training are provided.

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

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

### Equal Employment Opportunity

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

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

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



### Women Representation

The significance of women's representation and empowerment within a company cannot be emphasized enough. In the current business landscape, which is progressively more diverse and inclusive, cultivating a workforce that exemplifies gender equality is not merely a social responsibility but a strategic necessity. At Your Company, we are committed to promoting Women's Representation and Empowerment through various initiatives. We are dedicated to building a diverse workforce that is fundamental in an increasingly



globalized world. Moreover, Your Company is actively investing in the professional growth of women through leadership development programs and ensuring equal opportunities for advancement. We recognize that fostering an environment where women can thrive is not only the right thing to do but also crucial for our business's success and competitiveness in today's dynamic market.



### Freedom of Association

Your Company does not curtail the freedom of association of employees. Management is committed for discussions and negotiations with the employees who are unionized. Further, an open-door policy is encouraged. There are three unions in function in the Group which represents the interests of 580 employees.

### Child Labour

As a part of the ongoing commitment, your Company advocates and upholds appropriate 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 have 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 Workplace Policy has been framed w.e.f. December 1, 2017, in accordance with the provisions of The Sexual Harassment at Workplace Prevention Act, 2015 (2071).

## Talent and Development

Our ongoing focus on nurturing talent and facilitating professional growth has contributed to the success of our employees and the organization as a whole.

- Performance Management:** We continued to refine our performance management processes, emphasizing regular feedback and development discussions. This approach promotes a culture of continuous improvement.
- Leadership Development:** We participated in various leadership development programs to identify and cultivate future leaders within the organization. Investing in leadership development ensures our company's long-term success.
- Learning and Development:** Our HR team partnered with various departments to identify skills gaps and provide targeted training programs. We also leveraged e-learning platforms to make learning resources more accessible.

## Employer Branding

At Bottlers, we place a significant emphasis on developing a robust employer branding strategy to engage with potential employees and effectively convey our company's leadership, core values, and unique culture. Our unwavering commitment to establishing a strong brand presence not only facilitates enhanced talent acquisition but also nurtures enduring relationships with our workforce.

In the current year, we are excited to introduce our new Talent Philosophy and Employee Value Proposition, aptly named "Thrive." This initiative is designed to cater to the well-being and growth of our people. Thrive is built upon four pivotal pillars: Growth, Well-being, Belongingness, and Impact. These pillars encapsulate our dedication to fostering both personal and professional development, cultivating a sense of belonging and unity within our organization, and actively making a meaningful impact in the world. Thrive signifies our pledge to transcend mere aspiration, translating it into tangible and sustainable growth for our employees and the company.



## "Coke on Campus" Initiative

Maintaining relevance in the minds of today's dynamic and forward-thinking youth is of utmost importance. In the past year, campuses across Nepal have emerged as pivotal hubs for talent acquisition, playing a crucial role in nurturing young and entrepreneurial organizations that prioritize agility and drive digital transformation. With this goal in mind, a range of programs has been initiated, designed to actively engage students through a series of activities and events conducted on college campuses, ensuring their continuous connection and involvement.

One such initiative is "Coke on Campus," a virtual platform that brings together students from across the country. This unique platform serves as an invaluable opportunity for students to gain insights into the industry, the company itself, the working environment, and the organizational culture. By participating in "Coke on Campus," students not only expand their knowledge but also get a glimpse of the inner workings of our company. This, in turn, plays a pivotal role in nurturing a potential talent pool for critical roles such as Management Trainees, Interns, and various entry-level positions within our organization.





## EMPLOYEE ENGAGEMENT





## 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 Environment Management System, FSSC 22000 Ver 5.0 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. 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.

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) 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 personally take 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 the only plant having Effluent treatment facility in the entire Industrial District and are well acknowledged by the Government and Industrial Management Board.

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

for recycling purpose and non-commercial waste are disposed and managed through Government approved Waste Management vendors.

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

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

## AWARDS & RECOGNITION

Bottlers Nepal Limited and its subsidiary company, Bottlers Nepal (Terai) Limited had won the Southwest Asia Bottlers of the Year Award, 2022" from The Coca-Cola Company (TCCC), Atlanta, USA. Both of these companies were also nominated for the prestigious "Candler Cup Award". The Candler Cup competition brings together the nine top performing bottlers from around the world.



Bottlers Nepal Limited (BNL) has been awarded Gold for the Best Presented Annual Report (BPA) 2022 under the Manufacturing Sector category in an event organized by the Institute of Chartered Accountants of Nepal (ICAN). The award was presented to BNL for its outstanding presentation, detailed disclosure, and transparency of information presented in the annual accounts for the fiscal year 2078/79.



# DIRECTOR'S REPORT

(For the Year 2079-80)

Dear Shareholders,

It is a great honor and privilege to present this report on behalf of the Board of Directors of our company. I am pleased to report our company's encouraging achievements, considering the multitude of macroeconomic and regulatory challenges that both our company and the country endured during the fiscal year 2079-80. It is also with great pride that Bottlers Nepal Limited stands as one of the few FMCG companies that were able to manage economic challenges better and delivered positive results.

## FINANCIAL HIGHLIGHTS

In the fiscal year under review, the company has made good progress and is pleased to report a net profit (after tax) that is 18% higher compared to the previous fiscal year 2078-79.

The summarized financial results of the company for the year are as follows:

NPR in million			
Particulars	2078-79	2077-78	% Change
Revenue from Operation	12,619	12,495	1%
Gross Profit	3,494	3,431	2%
Net Profit Before Tax	1,172	1,352	-13%
Net Profit After Tax	969	823	18%

## STANDALONE PERFORMANCE (ALONG WITH ITS SUBSIDIARIES)

### Bottlers Nepal Limited

In FY 2079/80, the Revenue from Operations of the Company during the year under review was NPR 3,299 million which is 2% lesser than previous year. Despite low revenue from operation, the Company was able to make profit before tax of NPR 524 million which is 35% increment as compared to previous year. The Company has controlled manufacturing cost and earned interest income, leading to higher profit. For further details, the financials of BNL are enclosed along with this report.

### Bottlers Nepal (Terai) Limited (BNTL)

In FY 2079/80, the Revenue from Operations of the Company during the year under review is NPR 9,320 million which is increased by 2% as compared to the previous year. However, BNTL has made profit before tax of NPR 715 million which is 26% lesser than previous year. It is majorly due to higher interest rate in Term Loan and Working Capital and ASSP line break down maintenance cost. For further details, the financials of BNTL are enclosed along with this report.

### Troika Traders Private Ltd

During the year under review, the Company has made a loss before tax of NPR 0.33 Million with no any trading activity. For further details, the financials of TTPL are enclosed along with this report.



## BUSINESS OVERVIEW

In Fiscal Year 2079/80, the company experienced an inflation rate of approximately 7.74%, compared to 6.3% in Fiscal Year 2078/79 (Source: Central Bank of Nepal). Additionally, there was an unprecedented 79% increase in excise duty for our category during the review period. To mitigate this impact, the company implemented various measures:

- Price Increment
- Strong productivity interventions resulting in cost savings in the supply chain.
- Technological interventions to increase retail execution and supply chain efficiency.
- Simplified and streamlined digital technology for support functions.
- Improved commodity planning resulting in a lesser impact from inflation.

In the current year, we will continue to accelerate our commercial execution by recruiting for the category and at home to revive category growth momentum. A host of cost-saving initiatives have been initiated to drive efficiencies across all functions, including Supply Chain, Procurement, Human Resources, Information Technology, and Commercials. These measures, coupled with the economic resurgence, provide a positive outlook for the company in the coming years.

Innovation has remained at the core of our strategic focus, serving as a pivotal force in our ongoing engagement with customers and consumers. In the past year, the company successfully launched several transformative initiatives, including the eB2B Ordering System, Sales Force Automation, and the Distributor Management System. These programs have significantly expedited our decision-making processes, enhanced innovation delivery, and accelerated our time-to-market. The company remains committed to investing in cutting-edge technology and innovation to maintain a strong connection with customers and consumers.

This year, the company added a new beverage to its portfolio, "Charged," featuring a new "Berry Bolt" flavor drink. The introduction of Charged in the market reflects our commitment to providing a

variety of soft drink options that cater to the needs and lifestyles of Nepali consumers, especially the preferences of the youth.

## KEY BUSINESS CHALLENGES

Below are the key areas which continued to be a major risk for the business:

### A. Macro-economic and Geopolitical Volatility

- GDP Growth:** The Asian Development Bank (ADB) has projected that Nepal's economy is poised to achieve a growth rate of 4.3% in the FY 2024. This marks a notable improvement compared to the previous FY 2023, when the country's economic expansion was constrained registering only 1.9% growth rate. However, this is still much slower compared to the pre-pandemic average GDP growth of 7-9%. (Source: ADB)
- Industry Growth:** 2023 industry faces significant pressure due to a decline in household consumption by -17.5%, a drop in private sector credit from an average 20% to -3.5%, and a 5% consumer outflow (outward migration) over the last two consecutive years. NARTD growth has also shrunk by -19% from the projected +10.7% increase. (Source: Central Bank of Nepal)

### B. Foreign Exchange Risk

The local currency is devaluating due to depreciation in Indian currency fueled by geo-political tension and global economy slowdown, which has increased the foreign exchange risk.

In order to mitigate these challenges, your Company will take a balanced approach of cost reduction through effective productivity measures and consumer price increase.

## Dividend

The Board of Directors has not proposed any dividend to the shareholders of the Company for the Fiscal Year 2079/80. Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31<sup>st</sup> Asad, 2080.



## Statutory Auditors

M/s CSC & Co. Chartered Accountants (Firm Registration No. 57) hold office until the conclusion of the 45th Annual General Meeting. Your Directors, with the recommendation of the Audit Committee Meeting have proposed to appoint M/s PKF TR Upadhya & Co. (Firm Registration No. 06), as Statutory Auditor for FY 2080-81 with a remuneration of NPR 550,000 (Five Hundred Fifty Thousand Only) (excluding VAT and out-of-pocket expenses).

## Human Resources

The company wholeheartedly embraces a People-First Culture. In the year under review, our unwavering focus has been on advancing our commitment to Diversity, Equity, and Inclusion (DEI), nurturing our culture, and fostering Talent & Development. We stand firm in our pledge to create an inclusive workplace, a place where every member of our team can thrive. We're dedicated to cultivating talent that propels our company's growth while being responsive to the evolving needs of our workforce.

In this fast-evolving business landscape, the adaptation and innovation of our HR systems and processes have become imperative. The upgrade of our HR system, which will not only streamline HR operations but also harness the transformative power of data analytics to enable informed decision-making, has been our topmost priority. We have also highlighted the key initiatives undertaken this year in the Annual Report.

## Corporate Governance

The Company is committed towards adherence to good corporate governance. The Company continues to strive to keep the trust of its stakeholders by being ethical, honest and transparent while doing business. The Company has a strict Code of Business Conduct and Anti-Bribery Policy, which guides its business conduct, requiring honesty and integrity in all matters. The 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. The Company regularly monitors its

business to ensure compliance with the Code and the Laws of the Country. The Board of 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

The Coca-Cola system places sustainability at the heart of the business and seeks to make a difference and create a better future for all the lives we touch across our value chain. The Company offers responsible beverage consumption choices with a variety of packaging sizes, and endeavors to craft a sustainable value chain so all our partners can grow with us, and to mitigate the impact of our business on the environment.

With a history of over 45 years in the country, we strive to lead by example in making a difference while ensuring that our community-driven, customer-oriented business is profitable and socially responsible.

We contextualize our global sustainability agenda to the needs of the country, and focus on leveraging the golden triangle of empowerment, bringing the private sector, government, and non-profits together to help the Government of Nepal achieve the Sustainable Development Goals (SDGs) and efforts to graduate from a least developed country. Details of the contribution in executing the sustainability vision are in the Corporate Sustainability report, in the later part of this Annual Report

## Internal Control Framework

The 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 the Company's assets in a secure, practical, accurate and reliable manner.

## The Road Ahead

Despite an uncertain macro-economic climate, the company will continue to take necessary actions to improve profitability and plan for future growth.



The company is committed to all its stakeholders, including customers and consumers, with the aim of creating a business capable of sustainable growth in sales, market share, and profit, thereby igniting limitless possibilities to propel Bottlers Nepal Limited's journey to new heights.

We see significant opportunities ahead of us and believe that our investments in building a strong supply chain, manufacturing infrastructure, market execution, and a robust product portfolio will enable us to seize these opportunities.

The Company will continue to make sustained efforts to drive demand for our brands by strengthening Route to Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets and building strong capability to deliver medium and long-term goals through automation.

The Company will continue to invest in its people for their continuous capability development, as to optimize their performance and build relevant professional skills to drive the business. For its communities, the Company will endeavor to make a real and lasting difference through right engagement towards environmental and societal concerns. The company will consciously work towards achieving greater scale, consistency, and effectiveness by connecting our functions and integrated business services in a well-coordinated and disciplined network. We will uphold a high standard of governance and make continuous efforts to deliver improved returns on our investments.

### Acknowledgement

The Board of Directors expresses its deep gratitude for the continued support extended by all our investors, business partners, customers, vendors, banks, and other service providers, as well as regulatory and government authorities, in the endeavors of our company.

The Board of Directors offers a special acknowledgment to all our associates and the trade union for their unwavering determination, perseverance, and unwavering dedication.

Furthermore, the Board of Directors extends a heartfelt appreciation to the Government of Nepal, especially the Ministry of Industry, Commerce & Supplies, the Department of Industry, the 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 the Inland Revenue Department.

### 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" and "Business Overview" sections.

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

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 "Business Overview, "Financial Highlights" and "The Road ahead" 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 2079/80, Mr. Narmadeshwar Narayan Singh (Director representing public shareholders) was appointed as the Chairman of the Board on May 10, 2023. Mr. Lukas Zapletal, Ms. Sunaina Vijaykumar Dhanuka and Mr. Mohit Vinodkumar Budhwar were appointed as the new Board of Directors on May 10, 2023, followed by the resignation of Ms. Shukla Wassan, Mr. Mohamed Amin Ghoneim and Mr. Melvin tan Chun Pin on May 10, 2023.



**(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:**

None

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

NIL

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

As covered above under various Sections.

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

Subsidiary Company	Transactions	NPR
Bottlers Nepal (Terai) Limited	Recovery of Manpower Cost	162,149,822/-
Bottlers Nepal (Terai) Limited	Sale of Raw Materials	32,491,827/-
Bottlers Nepal (Terai) Limited	Purchase of Raw Materials	90,947,819/-
Bottlers Nepal (Terai) Limited	Payment of Product transfer fee on account of sales made in their respective territories	163,205,976/-

**(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	185
Administrative Expenses	129
<b>Total</b>	<b>314</b>

**(r) Name list of the members of Audit Committee, remuneration, Allowances and facilities received by them, details of the functions performed by that committee, and details of suggestions, if any, made by that committee;**  
Please refer to Audit Committee details under Corporate Governance Section.**(s) Amount, if any, outstanding & payable to the Company by any director, managing director, chief executive, substantial shareholders or, his/her close relative or, by any firm, company, corporate body in which he/she is involved;**

None



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

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

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	0.39	-	0.39
Managing Director	21.84	28.38	0.67	50.88
Key Managers	48.10	95.12	1.71	144.84
Total	69.85	123.89	2.37	196.11

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

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

Unclaimed dividend that has crossed the period of 5 years is transferred to Investor Protection Fund. The Total Unclaimed dividend as on Ashad 32, 2080 (16 July 2023) for the last 5 years is NPR 45,562/-. 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 32<sup>nd</sup> 2080 is NPR 84,605,158.65/- which is in the process of obtaining approval from the 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. 46 and 47

**(y) Other necessary matters;**

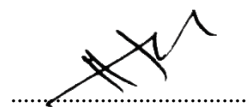
i. Information (if any) regarding existence of any relative of Companies director or official currently working in Office of the Company's Registrar ("OCR"), Securities Board or any other regulatory body concerning the Company in Officer or higher capacity.

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

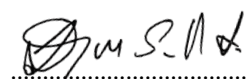
ii. Information (if any) regarding any fines paid by any directors, officers or shareholders of the Company to OCR in violation of Sec. 82 of the Act including information about the amount paid.

None

On behalf of the Board of Directors,



Narmadeshwar Narayan Singh  
Chairperson



Deepak Senthil Nath Gunalan  
Managing Director

**Date: 08<sup>th</sup> November 2023**



## 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

### 2. Auditor's Report:

Included in Annual Report

### 3. Audited Financial Reports:

Included in Annual Report

### 4. Legal Proceedings:

Other than cases that are ongoing in the ordinary course of business, there's an ongoing case filed by the Department of Revenue Investigation against the Company at High Court.

### 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	Minimum Price	Closing Price	No. of trades	Days of trading
Q1	2,222.2	1,942	2,222.2	7	3
Q2	None	None	None	None	None
Q3	None	None	None	None	None
Q4	2,311.90	2,222.2	2,311.90	2	1

### 6. Problems and Challenges

#### INTERNAL

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

#### EXTERNAL

1. Fluctuation in Foreign Exchange impacting material cost.
2. Rise in cost of operations due to increase in excise duty, commodity prices and energy price hikes caused by inflationary pressures.

#### STRATEGY

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

### 7. Corporate Governance

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



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

The Board of Directors had approved the Corporate Governance Report as per the prescribed format on November 8, 2023 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



## GROUP STRUCTURE

- Bottlers Nepal Limited (Parent Company) – Paid-up share capital of NPR 194,888,700, with the majority shares (i.e. 76.15%) held by M/s Coca-Cola Southwest Asia Holdings Limited.

### Representation of Coca-Cola Southwest Asia Holdings Limited

- Mr. Lukas Zapletal
- Mr. Deepak Senthil Nath Gunalan
- Ms. Sunaina Vijaykumar Dhanuka
- Mr. Mohit Vinodkumar Budhwar

### Representation of Gorkha Brewery Private Limited

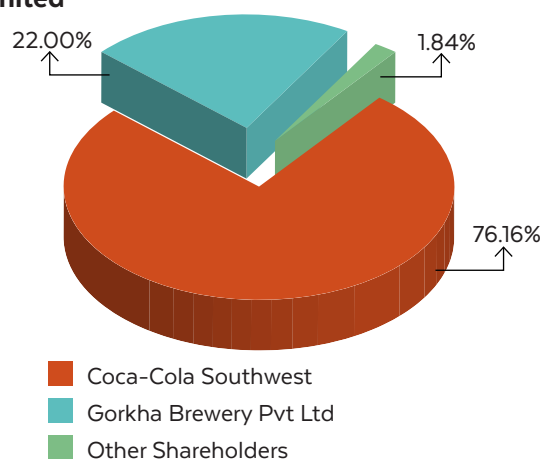
- Mr. Surendra Silwal

### Representation of Public Shareholders

- Mr. Narmadeshwar Narayan Singh

### Independent Director

- Mr. Kishore Kumar Maharjan



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

### Representation of Bottlers Nepal Limited

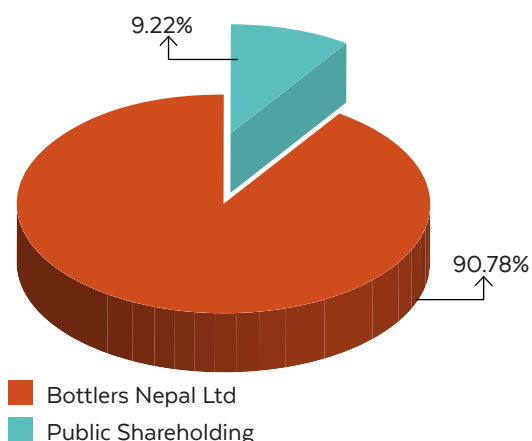
- Mr. Narmadeshwar Narayan Singh
- Mr. Lukas Zapletal
- Ms. Sunaina Vijaykumar Dhanuka
- Mr. Gunjan Dhawan
- Mr. Surendra Silwal

### Representation of Public Shareholders

- Mr. Ajay Kumar shrestha

### Independent Director

- Mr. Pramod Kumar Karki



- Troika Traders Private Limited (Subsidiary Company) – A majority-owned subsidiary of M/s Bottlers Nepal Limited, with Paid-up share capital of NPR 750,000.

### Representation from Bottlers Nepal Limited

- Mr. Ashok Kumar Mandal
- Ms. Pratima Burma



## UNCLAIMED DIVIDEND/ UNPAID DIVIDEND

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

The Total Unclaimed dividend as on Ashad 31, 2080 (July 16, 2023) for the last 5 years is NPR 45,562/- 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 AND SHARE PRICES

Category	No. of Shareholders	No. of Shareholding
Demat Account Holders	69	25,876
Physical Account Holders	22	1,923,011
<b>Total Shareholders</b>	<b>91</b>	<b>1,948,887</b>

#### Bottlers Nepal Limited

Year	Maximum (In NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2018-19	1,760	1,726	1,760	N/A	1
2019-20	1,830	1,795	1,830	N/A	1
2020-21	-	-	-	N/A	0
2021-22	1,941.9	1,866.6	1,941.9	N/A	2
2022-23	2,311.90	1,941.90	2,311.90	9	4

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

#### Bottlers Nepal (Terai) Limited

Year	Maximum (In NPR)	Minimum (In NPR)	Closing (In NPR)	Number of Trades	Trading days
2018-19	7,384	5,243	6,890	N/A	135
2019-20	9,274	5,847	6,200	N/A	98
2020-21	121,78	6,099	10,262	N/A	230
2021-22	17,670	9,750	13,000	N/A	236
2022-23	14,880	11,152	13,800	2,754	225



## SHAREHOLDER RELATIONSHIP

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

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

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

### Communication to Shareholder

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

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

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

### Address for Correspondence

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

#### **Nabil Investment Banking Limited**

3rd Floor, Central Plaza

Narayanchaur, Naxal, Kathmandu

Email :- [info@nabilinvest.com.np](mailto:info@nabilinvest.com.np)

Phone Numbers: - +977-01-4411604, 4411733,

RTS/RTA : Ext. 140, 152

**OR**

#### **Company Secretary/Compliance Officer**

Ms. Pratima Burma

Manager- Legal & Company Secretary

E-mail: [investorrelations@coca-cola.com.np](mailto:investorrelations@coca-cola.com.np)

Phone: +977-1-4352294 or 435288, Ext. 216



## बोटलर्स नेपाल लिमिटेडका शेयरधनी महानुभावहरूलाई पैतालीसौं वार्षिक साधारण सभाको सूचना

मिति २०८० साल कार्तिक २२ गते, बुधबार (तदनुसार नोभेम्बर ८, २०२३) बसेको संचालक समितिको बैठकको निर्णय अनुसार यस कम्पनीको पैतालीसौं 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 : २०८०, पुष २७ गते (तदनुसार जनवरी १२, २०२४)

समय : दिउँसो ४:०० बजे ।

स्थान : सोल्टी होटल, ताहाचल, काठमाण्डौ ।

### छलफलका विषय सूची :

#### १. सामान्य प्रस्ताव :

(क) आर्थिक वर्ष २०७९।८० को संचालक समितिको वार्षिक प्रतिवेदन पारित गर्ने ।

#### २. विशेष प्रस्ताव :

(क) यस कम्पनीको सहायक कम्पनी बोटलर्स नेपाल (तराई) लिमिटेड र ट्रोइका ट्रेडर्स प्रा.लि समेतको सम्वत् २०८० असार ३१ गते सम्मको वासलात, आ. व २०७९।८० को आय विवरण, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण सहितको लेखापरीक्षण भएको एकिकृत वित्तीय विवरण स्वीकृत गर्ने ।

(ख) कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आर्थिक वर्ष २०८०।८१ को लेखापरीक्षण गर्न लेखापरीक्षकको नियुक्ती गर्ने र निजको पारिश्रमिक स्वीकृत गर्ने ।

#### ३. विविध : XXX

द्रष्टव्य : पैतालीसौं वार्षिक साधारण सभालाई ध्यानमा राखी मिति २०८०।०९।२० गते कम्पनीको शेयर दाखिल खारेज दर्ता बन्द रहने जानकारी समेत यसै सूचनाद्वारा शेयरधनी महानुभावहरूमा सूचित गरिन्छ । नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०८०।०९।१९ गते सम्म कारोबार भई म्याद भित्र यस कम्पनीको शेयर रजिष्ट्रार नविल ईन्भेष्टमेन्ट बैङ्किङ्ग लिमिटेडमा प्राप्त हुने शेयरधनीहरूलाई साधारण सभामा सहभागी गराइनेछ ।

संचालक समितिको आदेशानुसार



प्रतीमा बर्मा  
कम्पनी सचिव



## साधारण सभा सम्बन्धी सामान्य जानकारी

१. कम्पनीको वार्षिक प्रतिवेदन, प्रतिनिधि (प्रोक्सी) फारम तथा वार्षिक साधारण सभासङ्ग सम्बन्धित अन्य कागजातहरू कम्पनीको अभिलेखमा रहेको शेयरधनी महानुभावहरूको ठेगानामा हुलाकबाट छुट्टै प्रेषित गरिनेछ। कुनै कारणवश कुनै शेयरधनी महानुभावले वार्षिक प्रतिवेदन प्राप्त नगरेको खण्डमा कम्पनीको रजिष्टर्ड कार्यालय, बालाजु औद्योगिक क्षेत्र, बालाजु, काठमाडौँमा सम्पर्क गर्नुहुन सक्नुहुनेछ वा उक्त वार्षिक प्रतिवेदन कम्पनीको वेबसाईट [www.bnl.com.np](http://www.bnl.com.np) बाट अध्ययन गर्न सकिने छ।
२. सभामा भाग लिन चाहने महानुभावहरूले प्रवेश पत्र वा शेयर प्रमाणपत्र/BOID (हितग्राही प्रमाण खाता नम्बर) अनिवार्य रूपले लिई आउनु हुन अनुरोध गरिन्छ। कुनै शेयरधनी महानुभावहरूले कुनै कारणवश सो सूचना नपाउनु भएमा यसैलाई सूचना सरह मानी आफ्नो कुनै एक परिचयपत्र र शेयरको सक्कल प्रमाण पत्र साथमा लिई सभामा भाग लिन आउनु हुने अनुरोध गरिएको छ।
३. सभामा कुनै प्रश्न/सल्लाह/सुझाव राख्न चाहनुहुने शेयरधनी महानुभावले सभा सुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै [investorrelations@cooca-cola.com.np](mailto:investorrelations@cooca-cola.com.np) मा इमेल मा अनुरोध गर्नु पर्नेछ।
४. कुनै अर्को शेयरधनीको प्रतिनिधि (प्रोक्सी) को रूपमा भाग लिन र मतदान गर्न चाहने शेयरधनीले सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै प्रोक्सी फारम इमेल मार्फत श्रृजना खत्री [sirjana.khatri@nabilinvest.com.np](mailto:sirjana.khatri@nabilinvest.com.np) वा नविल इन्भेष्टमेन्ट बैंकिङ्ग लिमिटेड, नारायणचौर, नक्साल (कम्पनीको शेयर रजिष्ट्रार) मा पेश गर्नु पर्नेछ।
५. सभामा उपस्थित हुनको लागि कुनै एक शेयरधनीको तर्फबाट एक भन्दा बढी व्यक्तिहरूको नाममा प्रोक्सी नियुक्त भएमा सबैभन्दा पछिल्लो मितिमा नियुक्त गरिएको प्रोक्सीले सभामा उपस्थित हुन र मतदान गर्न पाउने छ। कुनै शेयरधनीले एकै मितिमा एक भन्दा बढी प्रोक्सी नियुक्त गरेमा सबै भन्दा पहिले प्रोक्सी कम्पनीको कार्यालयमा दर्ता गर्ने व्यक्तिले सभामा उपस्थित हुन र मतदान गर्न पाउने छ।
६. नाबालक तथा मानसिक सन्तुलन ठीक नभएका शेयरधनीको तर्फबाट कम्पनीको शेयर लगत किताबमा संरक्षकको रूपमा दर्ता भएको व्यक्तिले सभामा भाग लिन र मतदान गर्न वा प्रोक्सी नियुक्त गर्न सक्नेछ।
७. संयुक्त रूपमा धारण गरेको शेयरको हकमा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्व सम्मतिबाट प्रतिनिधि नियुक्त भएको एक व्यक्तिले मात्र सभामा भाग लिन वा मतदान गर्न पाउने छ।
८. अन्य कुनै जानकारीको लागि कृपया कम्पनीको रजिष्टर्ड कार्यालय बालाजु, काठमाडौँमा अथवा फोन नं. ४३५२२९४ वा ४३५२९८८ ext. २९६ वा हाम्रो शेयर रजिष्ट्रार कार्यालय, नविल इन्भेष्टमेन्ट बैंकिङ्ग लिमिटेड, नारायणचौर, नक्साल, फोन नं. ४५९९६०४ ext. ९९६ वा ९४३ मा सम्पर्क गर्नु होला।



# CSC & Co

Chartered Accountants

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

### Opinion

We have audited the accompanying consolidated financial statements of Bottlers Nepal Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 Ashad 2080 (16 July 2023), the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 Ashad 2080 (16 July 2023), and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended on 31 Ashad 2080 (16 July 2023). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
<b>Revenue recognition</b> <b>(Refer Note 19 "Revenue from Operations" of the consolidated financial statements)</b>	<b>Our audit procedures:</b> <ul style="list-style-type: none"> <li>We assessed the Group's revenue recognition and measurement policies including those relating to discounts and rebates for sales.</li> <li>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.</li> </ul>



Key Audit Matters	How our audit addressed the key audit matters
<p>Discounts and incentives under various schemes are material and have arrangements with varying terms. Measurement of estimated rebates and discounts accruals relating to these schemes requires judgement, and with the requirement of NFRS 15- Revenue from Contracts with Customers, such estimated rebates and discounts have to be shown separately as they are unfulfilled performance obligations.</p> <p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> <li>inherent risk involved around revenue recognition and measurement as the performance of the Group highly depends on the revenue, and</li> <li>the requirement of financial reporting framework to defer revenue in relation to unfulfilled performance obligations of contract with customers at the end of the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives, subsequent claims accounted by the Group, to assess the appropriateness of accruals outstanding as at year end.</li> <li>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 sample verification of the supporting information of the revenue transactions.</li> <li>We tested cut-off date sales transaction as well as subsequent receipts after the year end date.</li> <li>We examined the contracts entered with customers and reviewed management's estimate relating to unfulfilled performance obligations relating to the sales made during the year.</li> <li>We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NFRS 15.</li> </ul> <p><b>Our results</b> No material exceptions were noted.</p>

### Other Information

The management is responsible for the other information presented in the Bottlers Nepal Limited Annual Report and Accounts 2079-80 (2022-23) together with the Consolidated financial statements. This report is expected to be made available to us after the date of this auditor's report. Our opinion on the Consolidated Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee





that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Bikesh Madhikarmi  
Partner

Place: Kathmandu  
Date: November 8, 2023  
UDIN:



## Bottlers Nepal Limited (Group)

### STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Non Financial</b>			
Intangible Assets	3	14,151,906	28,548,489
Property, Plant and Equipment	4	6,945,121,639	7,007,391,670
<b>Financial Assets</b>			
Advances	6.2.1	5,476,703	5,958,378
<b>Current Assets</b>			
<b>Non Financial Assets</b>			
Inventories	7	2,459,100,160	2,014,699,607
Prepayments	6.1	70,913,178	68,437,365
Advances	6.2.2	2,856,656,974	909,607,321
Income Tax Receivable	8	112,668,011	15,598,618
<b>Financial Assets</b>			
Other Current Assets	6.2.3	124,872,161	500,280,703
Trade Receivables	9	779,497,088	583,098,211
Cash and Cash Equivalents	10	65,048,142	101,408,579
<b>Total Assets</b>		<b>13,433,505,962</b>	<b>11,235,028,941</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	194,888,700	194,888,700
Reserve and Surplus	12	5,629,165,620	4,683,132,850
Non Controlling Interest	13	362,378,179	307,900,631
<b>Non-current Liabilities</b>			
<b>Non Financial Liabilities</b>			
Deferred Tax Liability	5.3	80,836,143	56,219,501
<b>Financial Liabilities</b>			
Retirement Benefit Obligation	14.1	984,096,150	1,043,416,590
Non current Borrowing	15.1	-	560,407,009
Lease Liabilities	16	93,524,780	102,872,164
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Retirement Benefit Obligation	14.1	124,871,000	195,403,000
Borrowings	15.2	2,935,262,230	1,180,291,062
Trade Payables	15.3	1,025,403,486	1,144,431,039
Lease Liabilities	16	9,347,383	18,061,554
Other Financial Liabilities	17	1,981,419,422	1,672,614,879
<b>Non Financial Liabilities</b>			
Income Tax Payable	18	12,312,869	73,022,862
	8	-	2,367,100
<b>Total Equity and Liabilities</b>		<b>13,433,505,962</b>	<b>11,235,028,941</b>

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

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairmanDeepak Senthil Nath Gunalan  
Managing DirectorLukas Zapletal  
DirectorBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered AccountantsMohit Budhwar  
DirectorSunaina Dhanuka  
DirectorSurendra Silwal  
DirectorKishore Kumar Maharjan  
Independent DirectorAshok Mandal  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited (Group)**  
**STATEMENT OF PROFIT OR LOSS**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	For the Year 2079-80	For the Year 2078-79
Revenue from operations	19	12,619,245,618	12,494,945,922
Cost of goods sold	20	(9,125,619,722)	(9,064,202,503)
<b>Gross Profit</b>		<b>3,493,625,896</b>	<b>3,430,743,419</b>
Other Operating Income	21	21,569,900	29,046,117
Selling and distribution expenses	22	(1,623,440,980)	(1,511,270,420)
Administrative and operating expenses	23	(484,976,992)	(453,623,808)
<b>Profit from Operations</b>		<b>1,406,777,824</b>	<b>1,494,895,308</b>
Finance Costs	24	(239,888,035)	(169,485,273)
Finance Income	25	14,808,312	26,472,648
<b>Profit Before Tax</b>		<b>1,181,698,101</b>	<b>1,351,882,683</b>
<b>Income Tax Expense</b>			
Income Tax	5.1	(181,110,460)	(170,057,211)
Prior period tax adjustments	5.1	(11,443,260)	(259,014,022)
Deferred Tax	5.2	(11,034,544)	(99,817,166)
<b>Net Profit for the year</b>		<b>978,109,837</b>	<b>822,994,284</b>
Basic/Diluted Earning Per Share	26	472	393
Owners of the Company		919,253,585	765,318,109
Non Controlling Interest		58,856,252	57,676,175

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

As per our attached  
report of even date

For &amp; on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Deepak Senthil Nath Gunalan**  
Managing Director

**Lukas Zapletal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

**Mohit Budhwar**  
Director

**Sunaina Dhanuka**  
Director

**Surendra Silwal**  
Director

**Kishore Kumar Maharjan**  
Independent Director

**Ashok Mandal**  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited (Group)**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Net Profit/(Loss) for the year as per Statement of Profit or Loss	978,109,837	822,994,284
<b>Items that will not be reclassified to Statement of Profit or Loss</b>		
Actuarial Gain/(Loss) on defined benefit plan schemes	81,652,000	29,934,000
Deferred Tax on Actuarial Gain/(Loss)	(13,582,100)	(5,095,880)
<b>Other comprehensive gain/(loss) for the year, net of tax</b>	<b>68,069,900</b>	<b>24,838,120</b>
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>	<b>1,046,179,737</b>	<b>847,832,404</b>
Owners of the Company	985,010,509	790,211,200
Non Controlling Interest	61,169,228	57,621,204

As per our attached  
report of even date

For &amp; on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Mohit Budhwar**  
Director

**Kishore Kumar Maharjan**  
Independent Director

**Deepak Senthil Nath Gunalan**  
Managing Director

**Sunaina Dhanuka**  
Director

**Ashok Mandal**  
Finance Controller

**Lukas Zapletal**  
Director

**Surendra Silwal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



## Bottlers Nepal Limited (Group)

### STATEMENT OF CASH FLOWS

For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	1,181,698,101	1,351,882,683
Adjustments for non cash and non operating:		
Depreciation on property, plant and equipment	834,980,557	844,130,149
Amortization of intangible assets	14,396,584	33,966,501
Loss/ (gain) on sale/write off of Property, Plant and Equipment	(18,958,499)	(18,656,656)
Finance Income	(14,808,312)	(26,472,648)
Finance Costs	239,888,035	169,485,273
<b>Working capital adjustments:</b>		
Increase / (Decrease) in trade payable and other liabilities	78,716,430	625,198,302
Increase / (Decrease) in provision of retirement benefit obligations	(50,567,540)	64,223,859
Decrease / (Increase) in trade and other receivables	174,518,244	(552,047,461)
Decrease / (Increase) in loans and advances	(1,949,043,791)	(57,628,242)
Decrease / (Increase) in inventories	(444,400,553)	(428,839,330)
<b>Cash generated from operations</b>	<b>46,419,256</b>	<b>2,005,242,430</b>
Direct taxes paid (net of refunds)	(291,990,213)	(432,976,606)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>(245,570,957)</b>	<b>1,572,265,824</b>
<b>(B) CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant and Equipment	(768,365,478)	(625,182,908)
Proceeds from sale of Property, Plant and Equipment	14,613,449	7,446,448
Interest Received	21,666,833	21,502,436
Investment Write Off		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	<b>(732,085,196)</b>	<b>(596,234,024)</b>
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	1,194,564,159	(1,204,397,460)
Interest Paid	(235,800,743)	(170,278,205)
Dividend paid	(17,467,700)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>941,295,716</b>	<b>(1,374,675,665)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(36,360,437)</b>	<b>(398,643,865)</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
Beginning of Year	101,408,579	500,052,444
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<b>65,048,142</b>	<b>101,408,579</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairmanMohit Budhwar  
DirectorKishore Kumar Maharjan  
Independent DirectorDeepak Senthil Nath Gunalan  
Managing DirectorSunaina Dhanuka  
DirectorAshok Mandal  
Finance ControllerLukas Zapletal  
DirectorSurendra Silwal  
DirectorBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited (Group)**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial Reserve	Retained Earnings	Total
<b>Balance as at 1st Shrawan 2078</b>	<b>194,888,700</b>	<b>165,087,020</b>	<b>(179,535,576)</b>	<b>3,907,370,206</b>	<b>4,087,810,350</b>
Profit for the year	-	-	-	765,318,109	765,318,109
Other comprehensive income	-	-	24,893,091	-	24,893,091
<b>Balance as at 32nd Ashad 2079</b>	<b>194,888,700</b>	<b>165,087,020</b>	<b>(154,642,485)</b>	<b>4,672,688,315</b>	<b>4,878,021,550</b>
Profit for the year	-	-	-	919,253,585	919,253,585
Other comprehensive income	-	-	65,756,924	-	65,756,924
Dividends	-	-	-	(38,977,740)	(38,977,740)
<b>Balance as at 31st Ashad 2080</b>	<b>194,888,700</b>	<b>165,087,020</b>	<b>(88,885,561)</b>	<b>5,552,964,161</b>	<b>5,824,054,320</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairmanMohit Budhwar  
DirectorKishore Kumar Maharjan  
Independent DirectorDeepak Senthil Nath Gunalan  
Managing DirectorSunaina Dhanuka  
DirectorAshok Mandal  
Finance ControllerLukas Zapletal  
DirectorSurendra Silwal  
DirectorBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

## 1. CORPORATE INFORMATION

The consolidated financial statements of Bottlers Nepal Limited (Group), which includes Statement of Financial Position as at 31st Ashad 2080 (16th July 2023) and Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 31st Ashad 2080 (16th July 2023) and related Significant Account Policies and Notes were authorized for issue in accordance with a resolution of the Board of Directors dated on 22nd Kartik, 2080 (8th November 2023).

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

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

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

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

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board Nepal. These conform, in material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis.

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

### 2.1 Accounting Pronouncements

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

### 2.2 Accounting Convention

The financial statements are prepared on a historical cost basis.

### 2.3 Going Concern

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

### 2.4 Presentations

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

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

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading.



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**The Group classifies a liability as current when it is:**

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

All other liabilities are classified as non-current.

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

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

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

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

## **2.5 Accounting Policies**

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

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

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

### **2.5.1 Change in Accounting Policies**

The preparation of financial statements is in line with applicable NFRS. The policies have been consistently applied to all years presented, unless otherwise stated and there is no change in accounting policies during the current year.

## **2.6 Accounting Estimates**

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

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

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

### **2.6.1 Change in Accounting Estimates**

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



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

## 2.7 Financial Periods

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

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31st Ashad, 2080	16th July, 2023
Current Reporting Period	1st Shrawan 2079– 31st Ashad 2080	17th July 2022 – 16th July 2023
Comparative SFP* Date	32nd Ashad, 2079	16th July, 2022
Comparative reporting period	1st Shrawan 2078– 32nd Ashad 2079	16th July 2021 – 16th July 2022

*\*Statement of Financial Position*

## 2.8 Presentation currency

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

## 2.9 New Standards issued and not yet effective

The 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 2079-80 (2022-23). These standards include:

NFRS 9 "Financial Instruments" (Revised), NFRS 17 "Insurance Contracts" & NAS 29 "Financial Reporting in Hyperinflationary Economies" applicable from 16th July 2023, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

## 2.10 Foreign Currency Translations

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

### Principle of Consolidation

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

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



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

- e. The extent of the group's control on the subsidiaries is reflected by the shareholding in the subsidiaries. The details of which is as under.

Name	Country of Incorporation	As at 31st Ashad, 2080	As at 32nd Ashad, 2079
Bottlers Nepal (Terai) Ltd.	Nepal	90.78%	90.78%
Troika Traders Private Ltd.	Nepal	99.73%	99.73%

- f. The financial statements of the subsidiary used for consolidation are drawn for the same reporting period as that of the parent Company i.e. year ended 31st Ashad, 2080.
- g. The parent Company has acquired the shares in the subsidiaries in fair values at the date of acquisition therefore no goodwill is recognized.

#### Non-Controlling Interest

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

Details of Non-Controlling interest are:

For the year ended 31st Ashad 2080 (July 16, 2023)

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Capital	11,154,800	11,154,800
Opening Reserve	296,745,831	239,124,627
Profit for the year	58,856,252	57,676,175
Other Comprehensive Income for the year	2,312,976	(54,971)
Dividend	(6,691,680)	-
<b>Total</b>	<b>362,378,178</b>	<b>307,900,630</b>



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

### 3. INTANGIBLE ASSETS

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
<b>Cost</b>			
Opening balance at 1st Shrawan 2078	241,046,878	-	241,046,878
Additions	-	-	-
Disposals/Adjustments	(4,000,829)	-	(4,000,829)
Closing balance at 32nd Ashad 2079	237,046,049	-	237,046,049
Additions	-	-	-
Disposals/Adjustments	-	-	-
<b>Closing balance at 31st Ashad 2080</b>	<b>237,046,049</b>	<b>-</b>	<b>237,046,049</b>
<b>Accumulated Amortisation</b>			
Opening balance at 1st Shrawan 2078	87,984,670	-	87,984,670
Charge for the year	33,966,501	-	33,966,501
Disposals	(4,000,829)	-	(4,000,829)
Adjustments	-	-	-
Closing balance at 32nd Ashad 2079	208,497,560	-	208,497,560
Charge for the year	14,396,584	-	14,396,584
Disposals	-	-	-
<b>Adjustments</b>	<b>-</b>	<b>-</b>	
<b>Closing balance at 31st Ashad 2080</b>	<b>222,894,143</b>		<b>222,894,143</b>
<b>Net Block</b>			
<b>Closing balance at 31st Ashad 2080</b>	<b>14,151,906</b>	<b>-</b>	<b>14,151,906</b>
<b>Closing balance at 32nd Ashad 2079</b>	<b>28,548,489</b>	<b>-</b>	<b>28,548,489</b>

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

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

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



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

#### 4. PROPERTY PLANT AND EQUIPMENT

Figures in NPR

Particulars	Land	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	ROU Assets	Capital work-in-progress	Total
<b>Cost</b>										
Opening balance at 1st Shrawan 2078	35,715,987	1,566,651,350	6,123,309,933	143,785,390	1,641,754,633	2,073,535,316	31,239,501	-	118,635,290	11,734,627,400
Additions	11,325,050	10,596,792	126,583,835	4,980,252	190,751,711	159,037,831	3,580,431	208,411,309	416,771,599	1,132,038,810
Transfer to asset block	-	-	-	-	-	-	-	-	(507,351,371)	(507,351,371)
Disposals	-	(1,479,685)	(39,647,839)	(7,509,035)	(12,740,338)	(22,598,658)	(1,058,626)	-	-	(85,034,181)
Adjustments	-	-	-	-	11,937,361	-	-	-	-	11,937,361
<b>Closing balance at 32nd Ashad 2079</b>	<b>47,041,037</b>	<b>1,575,768,457</b>	<b>6,210,245,929</b>	<b>141,256,607</b>	<b>1,831,703,367</b>	<b>2,209,974,489</b>	<b>33,761,306</b>	<b>208,411,309</b>	<b>28,055,518</b>	<b>12,286,218,019</b>
Additions	-	8,667,897	296,038,134	5,951,909	224,571,444	244,977,828	-	-	856,943,965	1,637,151,177
Transfer to Assets Block	-	-	-	-	-	-	-	-	(868,785,699)	(868,785,699)
Disposals	-	-	(8,745,187)	(1,449,828)	(6,388,262)	(16,206,936)	-	-	-	(32,790,213)
Adjustments	-	-	-	-	4,674,392	-	-	-	-	4,674,392
<b>Closing balance at 31st Ashad 2080</b>	<b>47,041,037</b>	<b>1,584,436,354</b>	<b>6,497,538,876</b>	<b>145,758,688</b>	<b>2,054,560,941</b>	<b>2,438,745,381</b>	<b>33,761,306</b>	<b>208,411,309</b>	<b>16,213,784</b>	<b>13,026,467,676</b>
<b>Depreciation and Impairment Losses</b>										
Opening balance at 1st Shrawan 2078	-	264,039,987	2,016,223,895	78,708,931	750,127,160	1,387,042,323	23,356,401	-	-	4,519,498,697
Charge for the year	-	49,525,726	308,548,055	14,203,144	182,127,531	251,952,329	1,411,013	36,362,351	-	844,130,149
Disposals	-	(1,479,685)	(39,395,783)	(7,401,296)	(11,193,619)	(22,511,990)	(54,311)	-	-	(82,036,684)
Adjustments	-	-	-	-	(2,765,813)	-	-	-	-	(2,765,813)
<b>Closing balance at 32nd Ashad 2079</b>	<b>-</b>	<b>312,086,028</b>	<b>2,285,376,167</b>	<b>85,510,779</b>	<b>918,295,259</b>	<b>1,616,482,662</b>	<b>24,713,103</b>	<b>36,362,351</b>	<b>-</b>	<b>5,278,826,349</b>
Charge for the year	-	49,924,857	311,457,338	10,580,531	188,888,428	236,311,182	1,455,866	36,362,355	-	834,980,557
Disposals	-	-	(7,608,169)	(1,449,828)	(5,407,358)	(16,206,936)	-	-	-	(30,672,291)
Adjustments	-	-	-	-	(1,788,578)	-	-	-	-	(1,788,578)
<b>Closing balance at 31st Ashad 2080</b>	<b>-</b>	<b>362,010,885</b>	<b>2,589,225,336</b>	<b>94,641,482</b>	<b>1,099,987,751</b>	<b>1,836,586,908</b>	<b>26,168,969</b>	<b>72,724,706</b>	<b>-</b>	<b>6,081,346,037</b>
<b>Net Block</b>										
<b>Closing balance at 31st Ashad 2080</b>	<b>47,041,037</b>	<b>1,222,425,469</b>	<b>3,908,313,540</b>	<b>51,117,206</b>	<b>954,573,190</b>	<b>602,158,473</b>	<b>7,592,337</b>	<b>135,686,603</b>	<b>16,213,784</b>	<b>6,945,121,639</b>
<b>Closing balance at 32nd Ashad 2079</b>	<b>47,041,037</b>	<b>1,263,682,429</b>	<b>3,924,869,762</b>	<b>55,745,828</b>	<b>913,408,108</b>	<b>593,491,827</b>	<b>9,048,203</b>	<b>172,048,958</b>	<b>28,055,518</b>	<b>7,007,391,670</b>



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

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

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

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

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

The group has made a provision for missing/obsolescence assets in the financial statement and the carrying gross value and the relevant accumulated depreciation has been adjusted in specific block of assets wherever required. Post appropriate approval, the individual item of assets is written off from Fixed Assets Register (FAR). Refer "Adjustments" row of the above table for the movement in such provisions during the year. As on 31st Ashad 2080 the net provision for missing/obsolescence assets is NPR 8,352,393 (As on 32nd Ashad 2079 was NPR 14,815,363).

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

#### **4.1 Depreciation**

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

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

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



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#### 4.2 Right of Use (ROU) Assets

##### Bottlers Nepal Limited

The Company has leased 3 plots of land for 40 years from Balaju Industrial District (BID). These lease agreements are renewal with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however BID has right to review the lease payment in each 5 years. Similarly, the company has entered into sub lease agreement with Bottlers Nepal (Terai) Limited for period till 2028.

Party	Asset	From	To	Annual Lease Payment (F.Y 2079/80)
Bottlers Nepal (Terai) Limited	Godown (Buildings)	01.03.2018	29.02.2028	559,200

##### Bottlers Nepal (Terai) Limited

The company has entered into a lease agreement for the use of godowns for a term of 2 years to 10 years. Details of leased assets are provided below:

Party	Asset	From	To	Annual Lease Payment	Increment Clause
Greenhand Pithuwa	Godown (Buildings)	01.03.2018	29.02.2028	13,938,605	2.25% for first 3 yrs, 3.25% on remaining years
		15.08.2018	14.08.2028	2,369,444	2.25% for first 3 yrs, 3.27% on remaining years
		15.08.2018	14.08.2028	1,525,247	2.25% for first 3 yrs, 3.27% on remaining years
		15.01.2019	14.08.2024	12,046,799	2.25% for first 3 yrs, 3.27% on remaining years
		15.01.2019	14.01.2024	4,549,753	2.29%, 2.26%, 2.23% & 3.21%
		15.09.2019	14.09.2024	1,825,355	2.23%, 2.25%, 2.27% & 3.27%
		01.03.2020	28.02.2030	5,448,060	5% in every 2 years
		01.03.2020	28.02.2030	1,009,344	5% in every 2 years
Total				42,712,607	

Accordingly, at the date of commencement the company has recognized the right of use of assets and corresponding lease liability at present value of the future lease payment discounted at rate of 10% over the lease period. The interest rate has been assumed to be the effective rate of interest implicit in the lease for the purpose of discounting.

Subsequently the company has charged the depreciation on ROU over the lease period and interest expense on lease liability, being a component of finance cost is presented separately as a charge in the statement of Profit or Loss

#### 4.3 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.

#### 4.4 Capital Work in Progress

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

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Building	2,661,240	6,630,829
Machinery	13,552,543	21,424,689
<b>Total</b>	<b>16,213,783</b>	<b>28,055,518</b>



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#### 4.5 Borrowing Cost

FY 2079-80

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

FY 2078-79

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

### 5. INCOME TAX

#### 5.1 Current Income Tax

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

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Current tax on profit for the years	181,110,460	170,057,211
Adjustments for prior periods	11,443,260	259,014,022
<b>Total</b>	<b>192,553,720</b>	<b>429,071,233</b>

#### 5.2 Deferred Taxes

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

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Origination and reversal of temporary differences	11,034,544	99,817,166
Effect of change in the tax rates	-	-
<b>Total</b>	<b>11,034,544</b>	<b>99,817,166</b>

#### 5.3 Deferred tax Assets

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

#### FY 2079-80

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1. Property, Plant & Equipment	6,746,180,227	4,502,797,112	(2,243,383,115)
2. Intangible Assets	14,151,905	13,616,114	(535,791)
3. Retirement benefit provision	(1,108,967,150)	-	1,108,967,150
4. Provision for Expenses (Including Deferred Revenue and CSR)	(300,768,885)	-	300,768,885
5. Income tax business loss carry forward	(270,324,993)	-	270,324,993
<b>Total Amount</b>			<b>(563,857,878)</b>
<b>Tax Amount</b>			<b>(82,234,182)</b>
Opening Deferred tax Assets/(Liability)			(56,219,501)
Deferred tax provision recognised			(26,014,681)
Deferred tax asset on NFRS 16			1,398,039
Closing Deferred tax Assets/(Liability)			(80,836,143)
Charge/(Credit) to OCI			13,582,100
Charge/(Credit) to PL			11,034,544



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**FY 2078-79**

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1. Property, Plant & Equipment	6,932,295,126	4,646,204,530	(2,286,090,596)
2. Intangible Assets	28,548,489	27,232,228	(1,316,261)
3. Retirement benefit provision	(1,238,819,590)	-	1,238,819,590
4. Provision for Expenses (Including CSR)	(257,691,051)	-	257,691,051
5. Income tax business loss carry forward	(385,418,361)	-	385,418,361
<b>Total Amount</b>			<b>(405,477,855)</b>
<b>Tax Amount</b>			<b>(56,219,501)</b>
Opening Deferred tax Assets/(Liability)			48,693,545
Deferred tax provision recognised			(104,913,046)
Closing Deferred tax Assets/(Liability)			(56,219,501)
Charge/(Credit) to OCI			5,095,880
Charge/(Credit) to PL			99,817,166

**5.4 Reconciliation**

Reconciliation of taxable profit and accounting profit:

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Accounting profit before income tax	1,181,698,101	1,351,882,683
<b>Tax calculated at statutory rate applicable</b>	<b>203,397,763</b>	<b>220,201,300</b>
<b>Adjustment as per Income Tax Act 2058:</b>		
<b>Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act</b>	<b>(11,412,094)</b>	<b>(21,737,050)</b>
Adjustment in respect of Repair & Maintenance allowed upto 7% of respective depreciation base of the pool of the assets	58,225	499,095
Adjustment in respect of employee benefits allowed on payment basis under Income Tax Act	(21,649,695)	11,178,709
Other Non- deductible Expense	(27,819,935)	(25,482,022)
Adjustment for Other Source income taxed at different rate	135,048,390	114,856,367
Set off of brought forward losses	(96,512,194)	(129,459,1)
<b>Tax Expenses</b>	<b>181,110,460</b>	<b>170,057,211</b>

**6. OTHER ASSETS****6.1 Prepayments**

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

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Prepayments	70,913,178	68,437,365
<b>Total</b>	<b>70,913,178</b>	<b>68,437,365</b>
Current	70,913,178	68,437,365
Non Current	-	-



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## 6.2 Advances

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

### 6.2.1 Non-Current Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advances to Employees	5,476,703	5,958,378
<b>Total</b>	<b>5,476,703</b>	<b>5,958,378</b>

### 6.2.2 Current Non-Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Capital Advances	101,971,436	-
Advance to suppliers	918,303,109	493,516,375
Less: Provision for Doubtful Advances	(4,197,046)	(4,197,046)
Balances with statutory/government authorities	1,840,579,475	420,287,992
<b>Total</b>	<b>2,856,656,974</b>	<b>909,607,321</b>

### 6.2.3 Financial Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advances to Employees	16,020,357	9,962,519
Security Deposits	2,209,490	1,162,832
Short Term Deposits	28,201,720	416,719,903
Interest Income Receivables	399,292	7,257,813
LC Margin Receivable	21,892,132	59,543,150
Duty Refundable	56,109,914	5,504,805
Other Receivables	39,256	129,681
<b>Total</b>	<b>124,872,161</b>	<b>500,280,703</b>

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

## Financial Instruments: Financial Assets

### a) Financial assets at amortized cost

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

### b) Financial assets measured at fair value

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



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cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

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

**c) Impairment of financial assets**

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

**d) De-recognition of financial assets**

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

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

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

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

**e) Risks associated with Financial Instrument- Financial Assets**

The group has a risk management framework to monitor, access, mitigate and manage risks. This risk management framework is given in Note 31.

## 7. INVENTORIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Raw materials	1,265,860,305	1,113,736,369
Work-in-process	11,668,567	5,314,114
Finished goods	434,083,246	329,317,375
Consumables	747,488,042	566,331,749
<b>Total</b>	<b>2,459,100,160</b>	<b>2,014,699,607</b>

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

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

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

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



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Cost of finished goods includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition. Weighted average method is used for valuation of finished goods in Bottlers Nepal Limited and Bottlers Nepal (Terai) Limited, and FIFO method is used in Troika Trading Private Limited (TTPL).

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

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

## 8. INCOME TAX RECEIVABLE/PAYABLE

### Income Tax Receivable (Net)

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance Income Tax	699,170,092	727,186,026
Less: Income Tax Payable	(604,982,040)	(711,587,408)
<b>Total</b>	<b>94,188,052</b>	<b>15,598,618</b>

### Income Tax Payable (Net)

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance Income Tax	788,234,669	774,318,652
Less: Income tax payable	(769,754,710)	776,685,752
<b>Total</b>	<b>18,479,959</b>	<b>(2,367,100)</b>

## 9. TRADE RECEIVABLES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade receivables:		
Secured, considered good	232,467,154	202,044,897
Unsecured considered good	383,288,043	191,310,077
Receivables from other related parties	167,857,511	193,858,857
Less: Allowance for Impairment Loss on Trade Receivables	(4,115,620)	(4,115,620)
<b>Total</b>	<b>779,497,088</b>	<b>583,098,211</b>

Bank overdrafts are secured against all receivables.

### 9.1 Trade Receivables

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

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

### 9.2 Other Receivables

Other receivables are receivable from insurance companies against unsettled claims.

### 9.3 Related Parties Transaction

It includes transactions with group companies and key management personnel which are disclosed in Note 30.

### 9.4 Impairment of Financial Assets

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



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## 10. CASH AND CASH EQUIVALENTS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Balances with Banks		
- On current accounts	64,969,994	101,384,281
Cash on hand	78,148	24,298
<b>Total</b>	<b>65,048,142</b>	<b>101,408,579</b>

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

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

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

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

## 11. SHARE CAPITAL

Particulars	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	Number	NPR	Number	NPR
<b>Authorized</b>				
Ordinary shares of Rs. 100 each	4,300,000	430,000,000	4,300,000	430,000,000
Issued and Paid Up				
Ordinary shares of Rs. 100 each	1,948,887	194,888,700	1,948,887	194,888,700
At the beginning of the year	1,948,887	194,888,700	1,948,887	194,888,700
At the end of the year	1,948,887	194,888,700	1,948,887	194,888,700

The Share holding Pattern of the company is as follows:

Shareholder Category	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	No. of Shares	% of holding	No. of Shares	% of holding
Coca-Cola South West Asia Holding Limited	1,484,301	76.16%	1,484,301	76.16%
Gorkha Brewery Private Limited	428,755	22.00%	428,755	22.00%
Other Shareholders	35,831	1.84%	35,831	1.84%
<b>Total</b>	<b>1,948,887</b>	<b>100.00%</b>	<b>1,948,887</b>	<b>100.00%</b>

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

## 12. RESERVE AND SURPLUS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Premium	165,087,020	165,087,020
Retained earnings	5,552,964,161	4,672,688,315
Actuarial Reserve	(88,885,561)	(154,642,485)
(As per Statement of Changes in Equity)	-	-
<b>Total</b>	<b>5,629,165,620</b>	<b>4,683,132,850</b>

Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act, 2063.

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



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### 13. NON-CONTROLLING INTEREST

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Capital	11,154,800	11,154,800
Opening Reserve	296,745,831	239,124,627
Profit for the year	58,856,252	57,676,175
Other Comprehensive Income for the year	2,312,976	(54,971)
Dividend	(6,691,680)	-
<b>Total</b>	<b>362,378,179</b>	<b>307,900,631</b>

### 14. EMPLOYEE BENEFITS

#### Current Employment Benefits

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Salaries, wages and other employee cost</b>		
Cost of goods sold	681,377,322	689,134,256
Selling and distribution expenses	379,419,748	378,262,110
Administrative and operating expenses	226,364,423	227,805,342
<b>Defined Contribution Plan Expenses</b>		
Cost of goods sold	32,572,297	14,242,384
Selling and distribution expenses	18,719,482	13,273,819
Administrative and operating expenses	11,949,417	6,326,165
<b>Defined Benefit Plan Cost</b>		
Cost of goods sold	99,735,634	115,504,253
Selling and distribution expenses	25,795,052	30,175,325
Administrative and operating expenses	15,248,405	19,200,322
<b>Other Long Term Benefit Cost</b>		
Cost of sales	(1,119,235)	2,245,000
Selling and distribution expenses	(374,052)	1,083,000
Administrative and operating expenses	(18,713)	235,000
<b>Total Employee Cost charged to SoPL for the Period</b>	<b>1,489,669,780</b>	<b>1,497,486,976</b>
Actuarial loss on defined benefit plan schemes charged to SoOCI for the Period	(81,652,000)	(29,934,000)
<b>Total Employee Cost for the Period</b>	<b>1,408,017,780</b>	<b>1,467,552,976</b>

#### 14.1 Post-Employment Benefits

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

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

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



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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 2079-80**

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	640,734,000	44,933,000	553,152,590	1,238,819,590
Current Service cost	8,855,000	4,358,000	40,408,560	53,621,560
Interest Charge	43,348,000	3,187,000	37,596,000	84,131,000
Paid	(125,528,000)	(4,885,000)	(46,483,000)	(176,896,000)
Actuarial (gain)/loss during the year (recognised in OCI)	36,787,000	(9,057,000)	(118,439,000)	(90,709,000)
<b>Closing Liability</b>	<b>604,196,000</b>	<b>38,536,000</b>	<b>466,235,150</b>	<b>1,108,967,150</b>
Charge for the period to SoPL	52,203,000	(1,512,000)	78,004,560	128,695,560
Charge to SoCI	36,787,000	-	(118,439,000)	(81,652,000)

**FY 2078-79**

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	630,383,183	44,379,000	526,198,690	1,200,960,873
Current Service cost	37,037,000	4,239,000	51,593,900	92,869,900
Interest Charge	41,764,000	(91,000)	34,485,000	76,158,000
Paid	(67,528,183)	(3,009,000)	(30,113,000)	(100,650,183)
Actuarial (gain)/loss during the year (recognised in OCI)	(922,000)	(585,000)	(29,012,000)	(30,519,000)
<b>Closing Liability</b>	<b>640,734,000</b>	<b>44,933,000</b>	<b>553,152,590</b>	<b>1,238,819,590</b>
Charge for the period to SoPL	78,801,000	4,148,000	86,078,900	169,027,900
Charge to SoCI	(922,000)	-	(29,012,000)	(29,934,000)

**Current and Non-current liability breakup:****FY 2079-80**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	86,937,000	3,739,000	34,195,000	124,871,000
Non Current Liability	517,259,000	34,797,000	432,040,150	984,096,150
<b>Net (Asset)/Liability as at 31st Ashad 2080</b>	<b>604,196,000</b>	<b>38,536,000</b>	<b>466,235,150</b>	<b>1,108,967,150</b>



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**FY 2079-80**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	160,545,000	2,842,000	32,016,000	195,403,000
Non Current Liability	480,189,000	42,091,000	521,136,590	1,043,416,590
<b>Net (Asset)/Liability as at 32nd Ashad 2079</b>	<b>640,734,000</b>	<b>44,933,000</b>	<b>553,152,590</b>	<b>1,238,819,590</b>

**14.2 Defined Benefit Plans**

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

**14.2.1 Gratuity**

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

**A. Gratuity Benefit till 3rd September 2017:**

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

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



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

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

**C. Gratuity Benefit on or after 31st October 2022:**

Effective 01st November 2022, the Gratuity scheme is a Defined Contribution scheme where a monthly contribution is being made to the Social Security Fund (SSF). Hence the valuation will only be done for service rendered till 31st October 2022. However, the Gratuity for service till 31st October 2022 will be paid on the last drawn salary. Employees joining on or after 01st November 2022 are not entitled to 5 days of additional benefit on completion of 15 years of service. Employees joining on or after 01st November 2022 are not entitled to reimbursement of tax on Gratuity benefit. However, employees who have joined prior to 01st November 2022 will continue to get the tax reimbursement.

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 15 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 15 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 2079-80**

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(19,106,000)	(1,622,000)	(17,791,000)
Effect on DBO due to 0.5% decrease in discount rate	20,454,000	1,755,000	19,225,000
Effect on DBO due to 0.5% increase in salary escalation rate	20,186,000	1,732,000	18,967,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(19,040,000)	(1,616,000)	(17,725,000)

Figures in NPR

**FY 2078-79**

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(13,971,000)	(1,872,000)	(20,288,000)
Effect on DBO due to 0.5% decrease in discount rate	14,879,000	2,031,000	22,038,000
Effect on DBO due to 0.5% increase in salary escalation rate	14,473,000	1,054,000	21,427,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(13,734,000)	(457,000)	(19,943,000)



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

#### 14.2.4 Actuarial Assumptions

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Financial Assumptions</b>		
Discount rate (%)	9.00%	7.50%
Salary escalation rate	10.00%	10.00%
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years
<b>Demographic Assumptions</b>		
Mortality	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates	In accordance with the standard table, Nepal Assured Lives Mortality (2009) (modified) Ultimate Rates
Withdrawal rate	3.50%	3.50%

#### 14.2.5 Defined Benefit Plan Assets

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

#### 14.3 Defined Contribution Plan

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

#### 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.



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### Risks associated with Financial Instrument- Financial Liabilities

The group has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 31.

#### 15.1 Non-Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Secured Bank Loan	1,848,407,009	1,130,407,009
Less; Current Maturity Portion	(1,848,407,009)	(570,000,000)
<b>Total</b>	<b>-</b>	<b>560,407,009</b>

#### 15.2 Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Bank Overdrafts	1,086,855,221	610,291,062
Current Portion of Term Loan	1,848,407,009	570,000,000
<b>Total</b>	<b>2,935,262,230</b>	<b>1,180,291,062</b>

Short term bank overdraft carries interest at the rate 9.11% to 10.65% P.a. during the year and repayable on demand. Bank Overdraft are secured against all movable properties/Current assets including inventory stocks & trade Receivables.

Secured Bank Loan carries interest at the rate 9.11% to 10.65% p.a. during the year & repayable on due date. Term loan of Bottlers Nepal (Terai) Limited is secured against Property, Plant and Equipment.

#### 15.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade Payable	624,786,662	789,932,633
Trade Payable to related parties	400,616,824	354,498,406
<b>Total</b>	<b>1,025,403,486</b>	<b>1,144,431,039</b>

### 16. LEASE LIABILITIES

At the date of commencement, the company has recognized the right of use of assets and corresponding lease liability at present value of the future lease payment discounted at rate of 10.00% over the lease period. The interest rate has been assumed to be the effective rate of interest implicit in the lease for the purpose of discounting. Interest expense accrued on lease liability, being a component of finance cost is presented separately as a charge in the statement of Profit or Loss.

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Opening Balance	120,933,717	-
Recognition of lease liability	-	137,442,788
Lease modification	-	-
Interest Accrued on Lease Liability (Charged to PL - Refer Note 24)	11,291,420	11,811,314
Actual Lease Payment during the year	(29,352,974)	(28,320,384)
<b>Total</b>	<b>102,872,163</b>	<b>120,933,718</b>
<b>Current Lease Liability</b>	<b>9,347,383</b>	<b>18,061,554</b>
<b>Non- Current Lease Liability</b>	<b>93,524,780</b>	<b>102,872,164</b>



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## 17. OTHER FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Container deposit liability	794,608,595	768,865,238
Corporate Social Responsibility	35,527,276	25,194,596
Trade Deposits	3,767,100	3,613,600
Employee related accruals	141,757,322	133,979,333
Bonus Payable	139,000,915	151,740,480
Provision for Expenses	265,241,610	232,496,455
Dividend payable	56,403,440	28,201,720
Statutory dues payable	480,162,913	312,627,104
Interest Payables	12,600,304	8,513,012
VAT Payable (Net)	52,349,947	7,383,341
<b>Total</b>	<b>1,981,419,422</b>	<b>1,672,614,879</b>

### Provision for Expenses

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Provision_General	38,985,486	40,841,686
Provision_Freight	628,110	2,927,833
Provision_Discount	122,710,493	56,461,747
Provision_DME	7,323,760	16,070,014
Provision_Leakage & BBD (Including Deferred Revenue*)	95,593,761	116,195,175
<b>Total</b>	<b>265,241,610</b>	<b>232,496,455</b>

\*Deferred Revenue has been recognized with adoption of NFRS 15 Revenue from Contract with Customers. (Refer Note 19).

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

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

### Corporate Social Responsibility

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

Section 54 of Industrial Enterprises Act 2020 (2076 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

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

The group has provided provision for CSR at the rate of 1 % of profit before tax amounting to Rs 12,510,082 for FY 2079-80.

### 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.



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## 18. NON-FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance received from distributors	12,213,691	29,396,829
Advance received from Related Parties	99,178	43,626,033
<b>Total</b>	<b>12,312,869</b>	<b>73,022,862</b>

## 19. REVENUE FROM OPERATION

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Sale of goods	14,524,911,977	14,233,917,025
Less: Discount	(1,722,291,951)	(1,589,112,670)
Less: Deferred Revenue *	(183,374,408)	(149,858,433)
<b>Total</b>	<b>12,619,245,618</b>	<b>12,494,945,922</b>

\*Deferred Revenue has been recognized with adoption of NFRS 15 Revenue from Contract with Customers.

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Domestic	13,997,505,540	13,951,849,417
Export	527,406,437	282,067,608
<b>Total</b>	<b>14,524,911,977</b>	<b>14,233,917,025</b>

### 19.1 Sale of Goods

The entity has applied NFRS 15- Revenue from Contracts with Customers using the cumulative effect method.

### 19.2 Significant Accounting Policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control over a product or service to a customer. In the comparative period, revenue was measured at the fair value of the consideration received. In the comparative period, revenue was recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

### 19.3 Nature of Goods and Services

The group is engaged in the production, manufacture and sale of soft drinks being carbonated non-alcoholic beverages under the brand names- Coca-cola, Sprite and Fanta.

### 19.4 Timing of Revenue Recognition

The group recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

### 19.5 Sales Channel

The group does not sale goods directly. It sales only through intermediaries' through its distributors.

### 19.6 Transaction price related to remaining performance obligations

Some of sales made to customers comprise a right of return, trade discounts or volume rebates, incentive, reimbursement of expense. Currently, the entity recognises revenue from the sale of goods upon delivery measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the entity defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under NFRS 15, and will be required to be estimated at contract inception and updated thereafter.



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**(i) Rights of return**

When a contract with a customer provides a right to return the good within the specified period. However, the amount of returns being immaterial, the entity currently does not account for the right of return and does not anticipate significant impact on revenue recognition under the expected value method under NFRS 15. However, the entity recognizes obligations which may arise due to expiry of products and such obligation is measured based on previous year trends.

**(ii) Volume rebates**

The entity provides retrospective volume rebates to its customers on all products purchased by the customer once the quantity of products purchased and liquidated at secondary level during the period under scheme in force exceeds a threshold specified in the scheme under constructive obligation as evidenced in sales and marketing policy of the company.

Under its existing accounting policy, the entity estimates the expected volume rebates using the probability-weighted average amount of rebates approach and includes them in other Liabilities. These amounts may subsequently be repaid in cash to the customer or are offset against amounts payable by customer. Under NFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the entity considered that the most likely amount method better predicts the amount of variable consideration for contracts with only a single volume threshold while for contracts with more than one volume threshold it would apply either the expected value method or the most likely amount method, depending on which of them better predicts the amount of variable consideration for the particular type of contract.

## 20. COST OF GOODS SOLD

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Material consumed</b>		
<b>Raw materials</b>		
At 1st Shrawan 2079	1,113,736,369	855,404,507
Purchase	7,165,992,775	7,298,451,674
At 32nd Ashad 2080	(1,265,860,305)	(1,113,736,369)
<b>Raw material consumed total</b>	<b>7,013,868,839</b>	<b>7,040,119,812</b>
<b>Work in process</b>		
At 1st Shrawan 2079	5,314,114	266,151
At 32nd Ashad 2080	(11,668,567)	(5,314,114)
<b>Net change in work-in-process</b>	<b>(6,354,453)</b>	<b>(5,047,963)</b>
<b>Production and manufacturing overheads</b>	<b>2,222,871,207</b>	<b>2,160,756,723</b>
<b>Finished goods</b>		
At 1st Shrawan 2079	329,317,375	197,691,306
Purchase	-	-
At 32nd Ashad 2080	(434,083,246)	(329,317,375)
<b>Net change in finished goods</b>	<b>(104,765,871)</b>	<b>(131,626,069)</b>
<b>Cost of goods sold</b>	<b>9,125,619,722</b>	<b>9,064,202,503</b>



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## 20.1 Production and Manufacturing Overheads

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	713,949,619	703,376,640
Sick Leave	(1,119,235)	2,245,000
Gratuity	42,485,868	53,198,000
Other retirement benefits	57,249,766	62,306,253
Travel and transport costs	17,560,517	13,319,487
Repair and maintainence	215,475,414	175,846,413
Office expenses	43,088,764	34,055,968
Consumables	114,660,313	98,592,296
Power & Fuel	289,948,464	257,608,007
Legal and other professional fees	4,606,058	2,925,120
Depreciation on property, plant and equipment	683,148,162	689,559,208
Amortization of Intangible Assets	10,807,778	25,356,158
Exchange (Gain)/Loss	31,009,719	42,368,173
<b>Total</b>	<b>2,222,871,207</b>	<b>2,160,756,723</b>

\* During the year the Sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced and the excess leave expenses has been reversed in the current year.

## 21. OTHER OPERATING INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Sale of Scrap	20,729,597	26,029,198
Miscellaneous Income	840,303	3,016,919
<b>Total</b>	<b>21,569,900</b>	<b>29,046,117</b>

### 21.1 Sale of Scrap

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

### 21.2 Miscellaneous Income

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

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



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## 22. SELLING AND DISTRIBUTION EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	398,139,229	391,535,929
Sick Leave*	(374,052)	1,083,000
Gratuity	10,506,860	13,558,000
Other retirement benefits	15,288,192	16,617,325
Travel and transport costs	99,748,180	25,829,168
Repair and maintainence	37,953,724	33,107,851
Office expenses	29,135,027	26,829,265
Communication expenses	57,381,522	42,551,233
Utilities	36,374,306	22,623,107
Freight Charges	744,427,639	721,079,568
Liquid leakages and damages	2,012,101	15,551,445
Sales promotion expenses	64,698,485	65,242,646
Other miscellaneous expenses	1,207,881	802,156
Depreciation on property, plant and equipment	135,982,560	138,729,100
Amortization of Intangible Assets	1,638,065	3,943,622
(Gain)/Loss on sale/write off of Property, plant and equipment	(10,678,739)	(7,812,995)
<b>Total</b>	<b>1,623,440,980</b>	<b>1,511,270,420</b>

\* During the year the Sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced and the excess leave expenses has been reversed in the current year.

## 23. ADMINISTRATIVE AND OPERATING EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	238,313,840	234,131,507
Sick Leave*	(18,713)	235,000
Gratuity	8,733,363	12,045,000
Other retirement benefits	6,515,042	7,155,322
Travel and transport costs	31,282,027	20,329,259
Repair and maintainence	8,998,845	7,367,371
Office expenses	47,520,635	43,402,177
Bank charges	4,325,825	5,204,273
Audit fees	1,000,000	950,000
Legal and other professional fees	24,221,025	13,359,955
Communication expenses	55,146,588	45,065,152
Utilities	11,829,286	12,006,026
Depreciation on property, plant and equipment	15,849,836	15,860,190
Amortization of Intangible Assets	1,950,740	4,666,724
(Gain)/Loss on sale/write off of Property, plant and equipment	(8,279,760)	(10,843,661)
Corporate Social Responsibility	12,510,082	13,656,643
Security Expenses	23,286,466	21,513,054
Board and AGM expenses	915,724	1,021,051
Impairment Loss on Trade and other receivables	-	4,115,620
Other miscellaneous expenses	876,141	2,383,145
<b>Total</b>	<b>484,976,992</b>	<b>453,623,808</b>



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### 23.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Statutory Audit Fees	1,000,000	950,000
Allowances	72,460	23,100
<b>Total</b>	<b>1,072,460</b>	<b>973,100</b>

## 24. FINANCE COST

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

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Interest on Term Loan	100,478,175	111,713,193
Interest on Overdraft	121,604,673	45,960,766
Interest on LC Loan	6,513,767	-
Interest on Lease Liabilities	11,291,420	11,811,314
<b>Total</b>	<b>239,888,035</b>	<b>169,485,273</b>

\* Interest on Lease Liabilities has been recognized with adoption of NFRS 16 "Leases".

## 25. FINANCE INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Interest income	14,808,312	26,472,648
<b>Total</b>	<b>14,808,312</b>	<b>26,472,648</b>

### 25.1 Interest Income

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

## 26. EARNINGS PER SHARE

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>Numerator</b>		
Profit for the year and earnings used in basic EPS	919,253,585	765,318,109
<b>Denominator</b>		
Weighted average number of shares used in basic EPS	1,948,887	1,948,887
<b>Basic and Diluted Earning Per Share</b>	<b>472</b>	<b>393</b>

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

## 27. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

### 27.1 Contingent Liabilities

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

#### 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 guarantee amount is NPR 600,000.

Other Bank Guarantee has been provided to Custom Department regarding import of goods amounting to NPR 4,50,00,000 and to Revenue Tribunal amounting to NPR 64,41,000.



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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 2067-68. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and have been disclosed as contingent liabilities as below:

#### Bottlers Nepal Ltd.

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	17,850,617	-	17,850,617	3,696,382
TDS	26,531,605	444,027	26,087,578	3,871,638
<b>Total</b>	<b>44,382,222</b>	<b>444,027</b>	<b>43,938,195</b>	<b>7,568,020</b>

- ii. 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:

#### Bottlers Nepal Ltd.

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	20,947,018	273,157	20,673,861	3,853,164
TDS	44,307,639	680,651	43,626,988	4,666,135
<b>Total</b>	<b>65,254,657</b>	<b>953,808</b>	<b>64,300,849</b>	<b>8,519,299</b>

#### Bottlers Nepal (Terai) Ltd.

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
TDS	75,154,450	123,929	75,030,521	9,619,613
<b>Total</b>	<b>75,154,450</b>	<b>123,929</b>	<b>75,030,521</b>	<b>9,619,613</b>

#### Troika Traders Pvt. Ltd.

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	46,84,602	-	46,84,602	-
VAT	19,74,572	-	19,74,572	371,969
<b>Total</b>	<b>66,59,174</b>	<b>-</b>	<b>66,59,174</b>	<b>371,969</b>

- iii. 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:

#### Bottlers Nepal Ltd.

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	41,888,912	810,000	41,078,912	1,033,852
<b>Total</b>	<b>41,888,912</b>	<b>810,000</b>	<b>41,078,912</b>	<b>1,033,852</b>



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**Bottlers Nepal (Terai) Ltd.**

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	17,957,355
TDS	9,238,997	483,000	8,755,997	6,603
VAT	35,661,144	2,109,057	33,552,087	-
<b>Total</b>	<b>92,114,079</b>	<b>25,368,720</b>	<b>66,745,359</b>	<b>17,963,958</b>

- iv. 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:

**Bottlers Nepal Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	77,141,879	1,146,446	75,995,433	3,605,532
TDS	85,433,388	813,238	84,620,150	-
VAT	4,389,106	773,407	3,615,699	320,808
<b>Total</b>	<b>166,964,373</b>	<b>2,733,091</b>	<b>164,231,282</b>	<b>3,926,340</b>

**Bottlers Nepal (Terai) Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	159,844,396	5,254,246	154,590,150	27,626,343
TDS	68,550,836	24,213	68,526,623	8,845,932
VAT	43,900,619	4,895,328	39,005,291	4,767,564
<b>Total</b>	<b>272,295,851</b>	<b>10,173,787</b>	<b>262,122,064</b>	<b>41,239,839</b>

- v. 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:

**Bottlers Nepal Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	68,532,810	2,872,835	65,659,975	5,126,522
TDS	65,205,250	110,990	65,094,260	3,066,626
VAT	4,481,883	3,470,144	1,011,739	56,404
<b>Total</b>	<b>138,219,943</b>	<b>6,453,969</b>	<b>131,765,974</b>	<b>8,249,552</b>

**Bottlers Nepal (Terai) Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	85,849,957	593,328	85,256,629	6,337,987
TDS	71,517,670	-	71,517,670	5,424,347
VAT	38,289,325	1,202,613	37,086,712	2,807,155
<b>Total</b>	<b>195,656,952</b>	<b>1,795,941</b>	<b>193,861,011</b>	<b>14,569,489</b>



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**Troika Traders Pvt. Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	7,775,300	2,153,714	5,621,586	386,151
<b>Total</b>	<b>7,775,300</b>	<b>2,153,714</b>	<b>5,621,586</b>	<b>386,151</b>

- vi. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2073-74. 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:

**Bottlers Nepal Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	80,070,185	8,152,000	71,918,185	3,927,779
TDS	47,499,206	201,000	47,298,206	1,095,164
VAT	4,066,536	3,066,000	1,000,536	61,416
<b>Total</b>	<b>131,635,927</b>	<b>11,419,000</b>	<b>120,216,927</b>	<b>5,084,359</b>

**Bottlers Nepal (Terai) Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	123,252,989	2,554,060	120,698,929	6,686,816
TDS	93,547,558	-	93,547,558	5,002,754
VAT	1,354,914	1,190,834	164,080	23,368
<b>Total</b>	<b>218,155,461</b>	<b>3,744,894</b>	<b>214,410,567</b>	<b>11,712,938</b>

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

**Bottlers Nepal Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	5,424,800,399	-	5,424,800,399	11,794,066
<b>Total</b>	<b>5,424,800,399</b>	<b>-</b>	<b>5,424,800,399</b>	<b>11,794,066</b>

- viii. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2074-75. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

**Bottlers Nepal Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	214,059,926	1,852,693	212,207,234	1,542,243
TDS	4,74,99,206	1,32,088	4,73,67,118	-
VAT	6,837,501	-	6,837,501	18,614
<b>Total</b>	<b>268,396,633</b>	<b>1,984,781</b>	<b>266,411,853</b>	<b>1,560,857</b>



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- ix. IRD assessed the income tax, TDS and VAT liabilities of the company for the year 2074-75. 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:

**Troika Traders Pvt. Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	33,907,264	7,634,608	26,272,656	118,614
VAT	11,042,390	-	11,042,390	450,328
<b>Total</b>	<b>44,949,654</b>	<b>7,634,608</b>	<b>37,315,046</b>	<b>568,942</b>

- x. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2075-76. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

**Bottlers Nepal Ltd.**

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	120,761,518	965,500	119,796,018	54,351
VAT	9,618,722	781,637	8,837,085	1,922
<b>Total</b>	<b>130,380,240</b>	<b>1,747,137</b>	<b>128,633,103</b>	<b>56,273</b>

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
BNL	6,411,923,306	26,545,813	6,385,377,493	47,792,618
BNTL	853,376,793	41,207,271	812,169,522	95,105,838
TTPL	59,384,128	9,788,322	49,595,807	1,327,062
<b>Group</b>	<b>7,324,684,227</b>	<b>77,541,406</b>	<b>7,247,142,821</b>	<b>144,225,518</b>

**27.1.3 Case filed by Department of Revenue Investigation (DRI)**

In 2014, European Refreshments acquired a 100% stake in Coca-Cola SABCO (Asia) Limited (nka Coca-Cola Southwest Asia), which is the majority owned shareholder of BNL (76.16%) from Coca-Cola SABCO (Pty) Ltd. Owing to the said Share Purchase Transaction, the Department of Revenue Investigation (DRI) filed a Revenue Leakage case against BNL and others at Patan High Court, Kathmandu, Nepal on March 11, 2022. The case is ongoing and till this reporting period ends, the court has taken statement from various individuals as well as company. The Company is working with the panel of tax experts and Lawyers to represent the case. The Company denies any wrongdoing and will continue to represent in relevant forums and use appropriate legal remedies.

**27.1.3 Commitment**

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

At end of financial year 2079/80, the Company had capital commitments of NPR. 524,533,766 (Previous Year 2078/79 NPR 400,058,473) relating to various small projects.



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## 28. INTERIM REPORTING

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

## 29. SEGMENT REPORTING

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

### FY 2079-80

Figures in NPR

Particulars	BNL	BNTL	TTPL	Total
Total Assets	4,233,264,254	9,174,832,772	15,970,636	<b>13,424,067,662</b>
Total Liabilities	4,233,264,254	9,174,832,772	15,970,636	<b>13,424,067,662</b>
Total Revenue	3,299,211,528	9,320,034,090	-	<b>12,619,245,618</b>
Profit after Tax	349,046,777	638,831,360	(9,768,300)	<b>978,109,837</b>

### FY 2078-79

Figures in NPR

Particulars	BNL	BNTL	TTPL	Total
Total Assets	4,005,580,200	8,328,696,678	6,591,936	<b>12,340,868,814</b>
Total Liabilities	4,005,580,200	8,328,696,678	6,591,936	<b>12,340,868,814</b>
Total Revenue	3,380,876,850	9,114,069,072	-	<b>12,494,945,922</b>
Profit after Tax	197,369,920	625,749,360	(124,995)	<b>822,994,285</b>

## 30. RELATED PARTY TRANSACTIONS

### Relationship

The group identified related parties on the following lines

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

### 30.1 Transactions with Directors & Key Management Personnel

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

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

### FY 2079-80

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	765,000	-	765,000
Managing Director	21,835,524	28,380,491	666,783	50,882,798
Key Managers	48,012,386	95,118,531	1,705,563	144,836,480
<b>Total</b>	<b>69,847,910</b>	<b>124,264,022</b>	<b>2,372,346</b>	<b>196,484,278</b>



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**FY 2078-79**

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	525,000	-	525,000
Managing Director	27,511,889	57,135,649	3,873,792	88,521,330
Key Managers	59,671,747	80,539,966	13,686,092	153,897,805
<b>Total</b>	<b>87,183,636</b>	<b>138,200,615</b>	<b>17,559,884</b>	<b>242,944,135</b>

**Additional Information**

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

**30.2 Other Related Party Transaction and Balances**

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Purchase from related parties:</b>		
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	3,456,304,509	2,531,409,468
<b>Amounts owed by related parties:</b>		
Coca-Cola India	1,097,475	1,732,209
Pacific Refreshments Pte. Ltd.	166,760,037	191,092,781
<b>Amounts owed to related parties:</b>		
Hindustan CCBPL	146,779,208	173,104,777
Pacific Refreshments Pte. Ltd.	-	40,377,220
Soft Drink International	220,434,855	162,943,939
Coca Cola Asia Pacific	8,728,098	-
Coca-Cola South West Asia (Other)	1,156,791	-
Coca-Cola South West Asia (Dividend)	56,403,440	28,201,720
Coca Cola Bottlers(Malaysia) Sdn	17,666,000	18,021,866
Refreshment Product Services	5,951,051	2,642,769

**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.



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## **31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

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

### **31.1 Market risk**

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

#### **31.1.1 Interest rate risk**

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

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

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

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

#### **31.1.3 Commodity price risk**

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

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

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

#### **31.2.1 Trade receivables**

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

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

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

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



**Bottlers Nepal Limited (Group)**  
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### 31.4 Risk Management Framework

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

#### FY 2079-80

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Advances to Employees	16,020,357	5,476,703	-	-	21,497,060
Security Deposits	-	-	-	2,209,490	2,209,490
Short Term Deposits	28,201,720	-	-	-	28,201,720
Interest Receivable(FD)	399,292	-	-	-	399,292
Trade receivables	779,497,088	-	-	-	779,497,088
LC Margin Receivable	21,892,132	-	-	-	21,892,132
Duty Refundable	56,109,914	-	-	-	56,109,914
Other Receivables	39,256	-	-	-	39,256
Cash and Cash Equivalents	65,048,142	-	-	-	65,048,142
<b>Total</b>	<b>967,207,901</b>	<b>5,476,703</b>	<b>-</b>	<b>2,209,490</b>	<b>974,894,094</b>
<b>Financial liabilities</b>					
Bank overdrafts	-	-	-	1,086,855,221	1,086,855,221
Secured bank loan	1,848,407,009	-	-	-	1,848,407,009
Trade Payable	1,025,403,487	-	-	-	1,025,403,487
Lease Liabilities	9,347,383	93,524,780	-	-	102,872,163
Container deposit liability	-	-	-	794,608,595	794,608,595
Corporate Social Responsibility	35,527,276	-	-	-	35,527,276
Trade Deposits	-	-	-	3,767,100	3,767,100
Employee related accruals	141,757,322	-	-	-	141,757,322
Bonus Payable	139,000,915	-	-	-	139,000,915
Provision for Expenses	265,241,610	-	-	-	265,241,610
Dividend payable	56,403,440	-	-	-	56,403,440
Statutory dues payable	480,162,913	-	-	-	480,162,913
Interest Payables	12,600,304	-	-	-	12,600,304
VAT Payable (Net)	52,349,947	-	-	-	52,349,947
Gratuity	86,937,000	-	-	517,259,000	604,196,000
Leave Encashment	3,739,000	-	-	34,797,000	38,536,000
Other Retirement Benefits	34,195,000	-	-	432,040,150	466,235,150
<b>Total</b>	<b>4,191,072,606</b>	<b>93,524,780</b>	<b>-</b>	<b>2,869,327,066</b>	<b>7,153,924,452</b>
<b>Net Financial Assets</b>	<b>(3,223,864,705)</b>	<b>(88,048,077)</b>	<b>-</b>	<b>(2,867,117,576)</b>	<b>(6,179,030,358)</b>



**Bottlers Nepal Limited (Group)**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

**FY 2078-79**

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Advances to Employees	9,962,519	5,958,378	-	-	15,920,897
Security Deposits	-	-	-	1,162,832	1,162,832
Short Term Deposits	416,719,903	-	-	-	416,719,903
Interest Receivable(FD)	7,257,813	-	-	-	7,257,813
LC Margin Receivables	59,543,150	-	-	-	59,543,150
Duty Refundable	5,504,805	-	-	-	5,504,805
Other Receivables	129,681	-	-	-	129,681
Trade receivables	583,098,211	-	-	-	583,098,211
Cash and Cash Equivalents	101,408,579	-	-	-	101,408,579
<b>Total</b>	<b>1,183,624,661</b>	<b>5,958,378</b>	<b>-</b>	<b>1,162,832</b>	<b>1,190,745,871</b>
<b>Financial liabilities</b>					
Bank overdrafts	-	-	-	610,291,062	610,291,062
Secured bank loan	570,000,000	560,407,009	-	-	1,130,407,009
Trade Payable	1,144,431,039	-	-	-	1,144,431,039
Lease Liabilities	18,061,554	102,872,164	-	-	120,933,718
Container deposit liability	-	-	-	768,865,238	768,865,238
Corporate Social Responsibility	25,194,596	-	-	-	25,194,596
Trade Deposits	-	-	-	3,613,600	3,613,600
Employee related accruals	133,979,333	-	-	-	133,979,333
Bonus Payable	151,740,480	-	-	-	151,740,480
Provision for Expenses	232,496,455	-	-	-	232,496,455
Dividend payable	28,201,720	-	-	-	28,201,720
Statutory dues payable	312,627,104	-	-	-	312,627,104
Interest Payables	8,513,012	-	-	-	8,513,012
VAT Payable (Net)	7,383,341	-	-	-	7,383,341
Gratuity	160,545,000	-	-	480,189,000	640,734,000
Leave Encashment	2,842,000	-	-	42,091,000	44,933,000
Other Retirement Benefits	32,016,000	-	-	521,136,590	553,152,590
<b>Total</b>	<b>2,828,031,634</b>	<b>663,279,173</b>	<b>-</b>	<b>2,426,186,490</b>	<b>5,917,497,297</b>
<b>Net Financial Assets</b>	<b>(1,644,406,973)</b>	<b>(657,320,795)</b>	<b>-</b>	<b>(2,425,023,658)</b>	<b>(4,726,751,426)</b>

As per our attached  
report of even date

For & on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Mohit Budhwar**  
Director

**Kishore Kumar Maharjan**  
Independent Director

**Deepak Senthil Nath Gunalan**  
Managing Director

**Sunaina Dhanuka**  
Director

**Ashok Mandal**  
Finance Controller

**Lukas Zapletal**  
Director

**Surendra Silwal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**CSC & Co**

Chartered Accountants

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

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

### Opinion

We have audited the accompanying financial statements of Bottlers Nepal Limited ("the Company"), which comprise the statement of financial position as at 31 Ashad 2080 (16 July 2023), 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 at 31 Ashad 2080 (16 July 2023), 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 2080 (16 July 2023). 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
<b>Recognition and Measurement of Revenue</b> <b>(Refer Note 20 "Revenue" of the financial statements)</b>	
<p>Revenue from sale of goods (hereinafter referred to as "Revenue") is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods.</p> <p>Discounts and incentives under various schemes are material and have arrangements with varying terms. Measurement of estimated rebates and discounts accruals relating to these schemes requires judgement, and with the requirement of NFRS 15- Revenue from Contracts with Customers, such estimated rebates and discounts have to be shown separately as they are unfulfilled performance obligations.</p>	<p><b>Our audit procedures:</b></p> <ul style="list-style-type: none"> <li>We assessed the Company's revenue recognition and measurement policies including those relating to discounts and rebates for sales.</li> <li>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.</li> <li>We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives, subsequent claims accounted by the company, to assess the appropriateness of accruals outstanding as at year end.</li> <li>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 sample verification of the supporting information of the revenue transactions.</li> </ul>



Key Audit Matters	How our audit addressed the key audit matters
<p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> <li>inherent risk involved around revenue recognition and measurement as the performance of the company highly depends on the revenue, and</li> <li>the requirement of financial reporting framework to defer revenue in relation to unfulfilled performance obligations of contract with customers at the end of the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>We tested cut-off date sales transaction as well as subsequent receipts after the year end date.</li> <li>We examined the contracts entered with customers and reviewed management's estimate relating to unfulfilled performance obligations relating to the sales made during the year.</li> <li>We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NFRS 15.</li> </ul> <p><b>Our results</b> No material exceptions were noted.</p>

### Other Information

The management is responsible for the other information presented in the Bottlers Nepal Limited Annual Report and Accounts 2079-80 (2022-23) 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 Consolidated Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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





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

We 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, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 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.
- 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.
- We have not come across any accounting fraud, so far as it appeared from our examination of the books of accounts.



**Bikesh Madhikarmi**  
Partner

Place: Kathmandu  
Date: November 8, 2023  
UDIN:



## Bottlers Nepal Limited

### STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Non Financial</b>			
Intangible Assets	3	8,047,854	15,065,886
Property, Plant and Equipment	4	1,232,506,278	1,330,015,077
Deferred Tax Assets	5.3	135,712,351	147,168,262
<b>Financial Assets</b>			
Investments	7	110,641,200	110,641,200
Advances	6.2.1	3,743,625	5,303,260
<b>Current Assets</b>			
<b>Non Financial Assets</b>			
Inventories	8	572,023,874	518,332,820
Prepayments	6.1	22,821,598	22,868,520
Advances	6.2.2	1,880,747,565	422,239,360
Income Tax Receivable	19	18,479,959	-
<b>Financial Assets</b>			
Other Current Assets	6.2.3	1,253,725,971	1,047,933,960
Trade Receivables	9	356,260,448	376,044,459
Cash and Cash Equivalents	10	46,017,727	9,967,396
<b>Total Assets</b>		<b>5,640,728,450</b>	<b>4,005,580,200</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	194,888,700	194,888,700
Reserve and Surplus	12	2,195,702,362	1,786,187,565
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Retirement Benefit Obligation	13.1	527,681,680	571,616,120
Lease Liabilities	16	1,897,682	2,262,629
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Retirement Benefit Obligation	13.1	62,468,000	105,864,000
Borrowings	14	1,358,854,249	137,736,094
Trade Payables	15	511,424,202	603,256,982
Lease Liabilities	16	364,947	315,395
Other Financial Liabilities	17	786,759,933	600,109,727
<b>Non Financial Liabilities</b>			
Income Tax Payable	18	686,695	975,888
	19	-	2,367,100
<b>Total Equity and Liabilities</b>		<b>5,640,728,450</b>	<b>4,005,580,200</b>

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

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairmanDeepak Senthil Nath Gunalan  
Managing DirectorLukas Zapletal  
DirectorBikesh Madhikarmi  
PartnerMohit Budhwar  
DirectorSunaina Dhanuka  
DirectorSurendra Silwal  
DirectorCSC & Co.  
Chartered AccountantsKishore Kumar Maharjan  
Independent DirectorAshok Mandal  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited**  
**STATEMENT OF PROFIT OR LOSS**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	For the Year 2079-80	For the Year 2078-79
Revenue from operations	20	3,299,211,528	3,380,876,850
Cost of goods sold	21	(2,165,872,263)	(2,344,911,591)
<b>Gross Profit</b>		<b>1,133,339,265</b>	<b>1,035,965,259</b>
Other operating income	22	168,263,027	138,191,039
Selling and distribution expenses	23	(616,149,623)	(563,373,953)
Administrative and operating expenses	24	(313,584,154)	(283,289,547)
<b>Profit from Operations</b>		<b>371,868,515</b>	<b>327,492,798</b>
Finance Costs	25	(38,081,327)	(15,515,782)
Finance Income	26	190,019,130	76,030,121
<b>Profit Before Tax</b>		<b>523,806,318</b>	<b>388,007,137</b>
<b>Income Tax Expense</b>			
Current tax	5.1	(113,630,910)	(90,745,620)
Prior period tax adjustments	5.1	(2,004,960)	(95,739,657)
Deferred Tax	5.2	(2,653,651)	(4,151,941)
<b>Net Profit for the year</b>		<b>405,516,797</b>	<b>197,369,919</b>
Basic/Diluted Earning Per Share	27	208	101

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

As per our attached  
report of even date

For &amp; on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Mohit Budhwar**  
Director

**Kishore Kumar Maharjan**  
Independent Director

**Deepak Senthil Nath Gunalan**  
Managing Director

**Sunaina Dhanuka**  
Director

**Ashok Mandal**  
Finance Controller

**Lukas Zapletal**  
Director

**Surendra Silwal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



# Bottlers Nepal Limited

## STATEMENT OF CASH FLOWS

For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	523,806,318	388,007,137
Adjustments for non cash and non operating:		
Depreciation on property, plant and equipment	232,396,498	255,109,870
Amortization of Intangible Assets	7,018,032	16,902,648
Loss/ (gain) on sale/write off of Property, plant and equipment	(8,279,760)	(10,843,661)
Finance income	(190,019,130)	(76,030,121)
Finance costs	38,081,327	15,515,782
<b>Working capital adjustments:</b>		
Increase / (Decrease) in trade payable and other liabilities	64,429,664	226,359,215
Increase / (Decrease) in provision of retirement benefit obligations	(35,552,440)	33,187,470
Decrease / (Increase) in trade and other receivables	15,213,382	(78,919,694)
Decrease / (Increase) in loans and advances	(1,681,173,618)	(451,116,654)
Decrease / (Increase) in inventories	(53,691,054)	(46,544,216)
<b>Cash generated from operations</b>	<b>(1,087,770,781)</b>	<b>271,627,776</b>
Direct taxes paid (net of refunds)	(122,566,912)	(96,243,273)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>(1,210,337,693)</b>	<b>175,384,503</b>
<b>(B) CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of Property, plant and Equipment	(133,236,651)	(173,624,129)
Proceeds from sale of Property, Plant and Equipment	6,628,713	7,267,615
Interest Received	128,681,439	72,299,615
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	<b>67,981,821</b>	<b>(94,056,899)</b>
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	1,221,118,155	(306,643,154)
Interest paid	(31,935,932)	(16,476,784)
Dividend paid	(10,776,020)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>1,178,406,203</b>	<b>(323,119,938)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>36,050,331</b>	<b>(241,792,334)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>9,967,396</b>	<b>251,759,730</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>46,017,727</b>	<b>9,967,396</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairmanMohit Budhwar  
DirectorKishore Kumar Maharjan  
Independent DirectorDeepak Senthil Nath Gunalan  
Managing DirectorSunaina Dhanuka  
DirectorAshok Mandal  
Finance ControllerLukas Zapletal  
DirectorSurendra Silwal  
DirectorBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial Reserve	Retained Earnings	Total
<b>Balance as at 1st Shrawan 2078</b>	<b>194,888,700</b>	<b>165,087,020</b>	<b>(123,560,239)</b>	<b>1,521,856,345</b>	<b>1,758,271,826</b>
Profit for the year	-	-	-	197,369,919	197,369,919
Other comprehensive income	-	-	25,434,520	-	25,434,520
<b>Balance as at 1st Shrawan 2079</b>	<b>194,888,700</b>	<b>165,087,020</b>	<b>(98,125,719)</b>	<b>1,719,226,264</b>	<b>1,981,076,265</b>
Profit for the year	-	-	-	405,516,797	405,516,797
Other comprehensive income	-	-	42,975,740	-	42,975,740
Dividends	-	-	-	(38,977,740)	(38,977,740)
<b>Balance as at 31st Ashad 2080</b>	<b>194,888,700</b>	<b>165,087,020</b>	<b>(55,149,979)</b>	<b>2,085,765,321</b>	<b>2,390,591,062</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairmanMohit Budhwar  
DirectorKishore Kumar Maharjan  
Independent DirectorDeepak Senthil Nath Gunalan  
Managing DirectorSunaina Dhanuka  
DirectorAshok Mandal  
Finance ControllerLukas Zapletal  
DirectorSurendra Silwal  
DirectorBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



## Bottlers Nepal Limited

### STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Net Profit/(Loss) for the year as per Statement of Profit or Loss	405,516,797	197,369,919
<b>Items that will not be reclassified to Statement of Profit or Loss</b>		
Actuarial Gain/(Loss) on defined benefit plan schemes	51,778,000	30,644,000
Deferred Tax on Actuarial Gain/(Loss)	(8,802,260)	(5,209,480)
<b>Other comprehensive gain/(loss) for the year, net of tax</b>	<b>42,975,740</b>	<b>25,434,520</b>
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>	<b>448,492,537</b>	<b>222,804,439</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Deepak Senthil Nath Gunalan**  
Managing Director

**Lukas Zapletal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

**Mohit Budhwar**  
Director

**Sunaina Dhanuka**  
Director

**Surendra Silwal**  
Director

**Kishore Kumar Maharjan**  
Independent Director

**Ashok Mandal**  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

## 1. CORPORATE INFORMATION

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

Bottlers Nepal Ltd is a licensed bottler, marketer, and distributor of non-alcoholic beverages products of The Coca-Cola Company, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 22nd Kartik, 2080 (8th November 2023) and has recommended for approval of shareholders in the forthcoming Annual General Meeting.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). These conform, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis.

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

### 2.1 Accounting Pronouncements

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

### 2.2 Accounting Convention

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

### 2.3 Going Concern

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

### 2.4 Presentations

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

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

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

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

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

All other liabilities are classified as non-current.



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

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

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

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

## **2.5 Accounting Policies**

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

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

### **2.5.1 Change in Accounting Policies**

The preparation of financial statements is in line with applicable NFRS. The policies have been consistently applied to all years presented, unless otherwise stated and there is no change in accounting policies during the current year.

## **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	31st Ashad, 2080	16th July, 2023
Current Reporting Period	1st Shrawan 2079- 31st Ashad 2080	17th July 2022 - 16th July 2023
Comparative SFP* Date	32nd Ashad, 2079	16th July, 2022
Comparative reporting period	1st Shrawan 2078- 32nd Ashad 2079	16th July 2021 - 16th July 2022

\*Statement of Financial Position

## **2.8 Presentation currency**

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

## **2.9 New Standards issued and not yet effective**

The Company has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose application was not mandatory for financial year 2079-80 (2022-23). These standards include:



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NFRS 17 “Insurance Contracts” applicable from 16th July 2023, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

As per Notice by ICAN regarding Carve-outs on provision of NFRS 9, Financial Instruments provides for alternative treatments of provisions for calculation of “Effective Interest Rate” and “Recognition of Expected Credit Loss”.

As per the alternative treatment stated in the carve-out, the entity is relieved from complying with the provisions of NFRS 9 “Financial Instrument” Impairment requirement for the recognition and measurement of Loss Allowance on Financial Instruments based on Lifetime Expected Credit Loss method.

Instead of the “Expected Credit Loss Method”, the alternative treatment requires the entity to assess if there is any objective evidence of impairment in the financial asset or group of Financial Asset. If such objective evidence regarding impairment is present, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flow discounted at the financial asset’s original effective interest rate. And the carrying amount of the asset/s shall be reduced either directly or through the use of an allowance account. Such amount of loss shall be charged to the statement of profit/loss of the entity.

### 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.

## 3. INTANGIBLE ASSETS

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
<b>Cost</b>			
Opening balance at 1st Shrawan 2078	119,953,204	-	119,953,204
Additions	-	-	-
Disposals/Adjustments	-	-	-
<b>Closing balance at 32nd Ashad 2079</b>	<b>119,953,204</b>	<b>-</b>	<b>119,953,204</b>
Additions	-	-	-
Disposals/Adjustments	-	-	-
<b>Closing balance at 31st Ashad 2080</b>	<b>119,953,204</b>	<b>-</b>	<b>119,953,204</b>
<b>Accumulated Amortisation</b>			
Opening balance at 1st Shrawan 2078	87,984,670	-	87,984,670
Additions	16,902,648	-	16,902,648
Disposals/Adjustments	-	-	-
<b>Closing balance at 32nd Ashad 2079</b>	<b>104,887,318</b>	<b>-</b>	<b>104,887,318</b>
Additions	7,018,032	-	7,018,032
Disposals/Adjustments	-	-	-
<b>Closing balance at 31st Ashad 2080</b>	<b>111,905,350</b>	<b>-</b>	<b>111,905,350</b>
<b>Net Block</b>			
<b>Closing balance at 31st Ashad 2080</b>	<b>8,047,854</b>	<b>-</b>	<b>8,047,854</b>
<b>Closing balance at 32nd Ashad 2079</b>	<b>15,065,886</b>	<b>-</b>	<b>15,065,886</b>

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

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

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



**Bottlers Nepal Limited**  
**Significant Accounting Policies and Explanatory Notes**  
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#### 4. PROPERTY PLANT AND EQUIPMENT

Figures in NPR

Particulars	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	ROU Assets	Capital work-in-progress	Total
<b>Cost</b>									
Opening balance at 1st Shrawan 2078	236,269,773	1,275,840,417	67,522,208	704,680,743	778,538,870	13,648,490	-	38,575,877	3,115,076,378
Additions	1,347,707	22,712,296	2,683,175	59,028,374	86,052,114	3,580,431	30,165,080	143,459,049	349,028,226
Transfer to asset block	-	-	-	-	-	-	-	(175,404,097)	(175,404,097)
Disposals	-	(24,840,608)	(582,487)	(11,503,784)	(11,547,011)	(1,058,626)	-	-	(49,532,516)
Adjustments	-	-	-	13,854,186	-	-	-	-	13,854,186
<b>Closing balance at 32nd Ashad 2079</b>	<b>237,617,480</b>	<b>1,273,712,105</b>	<b>69,622,896</b>	<b>766,059,519</b>	<b>853,043,973</b>	<b>16,170,295</b>	<b>30,165,080</b>	<b>6,630,829</b>	<b>3,253,022,177</b>
Additions	5,401,899	26,408,114	4,283,746	69,047,486	21,420,367	-	-	221,815,139	348,376,751
Transfer to asset block	-	-	-	-	-	-	-	(215,140,100)	(215,140,100)
Disposals	-	(75,900)	(976,681)	(45,300)	(1,754,697)	-	-	-	(2,852,578)
Adjustments	-	-	-	(2,553,833)	-	-	-	-	(2,553,833)
<b>Closing balance at 31st Ashad 2080</b>	<b>243,019,379</b>	<b>1,300,044,319</b>	<b>72,929,961</b>	<b>832,507,872</b>	<b>872,709,643</b>	<b>16,170,295</b>	<b>30,165,080</b>	<b>13,305,868</b>	<b>3,380,852,417</b>
<b>Depreciation and Impairment Losses</b>									
Opening balance at 1st Shrawan 2078	70,997,982	695,270,674	46,011,985	368,225,199	520,880,376	5,765,390	-	-	1,707,151,606
Additions	7,354,612	69,226,984	8,736,820	73,316,448	93,810,471	1,411,013	1,253,522	-	255,109,870
Disposals	-	(24,769,368)	(582,487)	(9,626,344)	(11,460,343)	(54,311)	-	-	(46,492,853)
Adjustments	-	-	-	7,238,477	-	-	-	-	7,238,477
<b>Closing balance at 32nd Ashad 2079</b>	<b>78,352,594</b>	<b>739,728,290</b>	<b>54,166,318</b>	<b>439,153,780</b>	<b>603,230,504</b>	<b>7,122,092</b>	<b>1,253,522</b>	<b>-</b>	<b>1,923,007,100</b>
Additions	7,735,029	59,950,080	6,335,479	71,866,441	83,800,077	1,455,866	1,253,526	-	232,396,498
Disposals	-	(75,900)	(976,681)	(34,492)	(1,754,697)	-	-	-	(2,841,770)
Adjustments	-	-	-	(4,215,689)	-	-	-	-	(4,215,689)
<b>Closing balance at 31st Ashad 2080</b>	<b>86,087,623</b>	<b>799,602,470</b>	<b>59,525,116</b>	<b>506,770,040</b>	<b>685,275,884</b>	<b>8,577,958</b>	<b>2,507,048</b>	<b>-</b>	<b>2,148,346,139</b>
<b>Net Block</b>									
Closing balance at 31st Ashad 2080	156,931,756	500,441,849	13,404,845	325,737,832	187,433,759	7,592,337	27,658,032	13,305,868	1,232,506,278
Closing balance at 32nd Ashad 2079	159,264,886	533,983,815	15,456,578	326,905,739	249,813,469	9,048,203	28,911,558	6,630,829	1,330,015,077



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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 2080 the net provision for missing/obsolescence assets is NPR 2,931,050 (As on 32nd Ashad 2079 was NPR 4,592,906).

#### **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 includes transformers, electrical installations, and soft drink analyzer.



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#### 4.2 Right of Use (ROU) Assets

The Company has leased 3 plots of land for 40 years from Balaju Industrial District (BID). These lease agreements are renewal with mutual consent after the expiry of the initial lease term. There is no purchase option and no fixed escalation clause, however BID has right to review the lease payment in each 5 years. The lease rentals have been prepaid at the time of renewal of initial lease contracts and payments currently being made for maintenance expenses are not material. Similarly, the company has entered into sub-lease agreement with Bottlers Nepal (Terai) Limited for period till 2028.

Party	Asset	From	To	Annual Lease Payment (F.Y 2079/80)
Bottlers Nepal (Terai) Limited	Godown (Buildings)	01.03.2018	29.02.2028	559,200

#### 4.3 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.

#### 4.4 Capital Work in Progress

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

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

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Building	-	6,630,829
Machinery	13,305,868	-
<b>Total</b>	<b>13,305,868</b>	<b>6,630,829</b>

## 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 2079-80	For the Year 2078-79
Current tax on profit for the years	113,630,910	90,745,620
Adjustments for prior periods	2,004,960	95,739,657
<b>Total</b>	<b>115,635,870</b>	<b>186,485,277</b>

#### 5.2 Deferred Taxes

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Origination and reversal of temporary differences	2,653,651	4,151,941
Effect of change in the tax rates	-	-
<b>Total</b>	<b>2,653,651</b>	<b>4,151,941</b>

#### 5.3 Deferred tax Assets

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the tax rate of 17% (P.Y. 17%). Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the management believe it is probable that these assets will be recovered.



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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 2079-80**

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1. Property, Plant & Equipment	1,191,542,378	932,024,679	(259,517,699)
2. Intangible Assets	8,047,854	6,136,359	(1,911,495)
3. Retirement benefit provision	(590,149,680)	-	590,149,680
4. Provision for Expenses (Including Deferred Revenue and CSR)	(199,262,469)	-	199,262,469
5. Income tax business loss carry forward	(270,324,993)	-	270,324,993
<b>Total Amount</b>			<b>798,307,948</b>
<b>Tax Rate</b>		<b>17%</b>	<b>135,712,351</b>
Opening Deferred tax Assets/(Liability)			147,168,262
Deferred tax provision recognised			(11,455,911)
Closing Deferred tax Assets/(Liability)			135,712,351
Charge/(Credit) to OCI			8,802,260
Charge/(Credit) to PL			2,653,651

**FY 2078-79**

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1. Property, Plant & Equipment	1,323,384,248	1,017,273,123	(306,111,125)
2. Intangible Assets	15,065,886	12,272,718	(2,793,168)
3. Retirement benefit provision	(677,480,120)	-	677,480,120
4. Provision for Expenses (Including Deferred Revenue and CSR)	(111,701,471)	-	111,701,471
5. Income tax business loss carry forward	(385,418,361)	-	385,418,361
<b>Total Amount</b>			<b>865,695,659</b>
<b>Tax Rate</b>		<b>17%</b>	<b>147,168,262</b>
Opening Deferred tax Assets/(Liability)			156,529,683
Deferred tax provision recognised			(9,361,421)
Closing Deferred tax Assets/(Liability)			147,168,262
Charge/(Credit) to OCI			5,209,480
Charge/(Credit) to PL			4,151,941



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## 5.4 Reconciliation

Reconciliation of taxable profit and accounting profit:

Particulars	For the Year 2079-80	For the Year 2078-79
Accounting profit before income tax	523,806,318	388,007,137
<b>Tax calculated at statutory rate applicable</b>	<b>89,047,074</b>	<b>65,961,213</b>
<b>Adjustment as per Income Tax Act 2058:</b>		
<b>Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act</b>	<b>4,860,048</b>	<b>2,548,551</b>
Adjustment in respect of Repair & Maintenance allowed upto 7% of respective depreciation base of the pool of the assets	-	402,312
Adjustment in respect of employee benefits allowed on payment basis under Income Tax Act	(14,846,175)	5,641,870
Other Non- deductible Expense	3,744,054	(10,762,531)
Adjustment for Other Source income taxed at different rate	113,630,919	90,745,620
Set off of brought Forward losses	(82,805,010)	(63,791,415)
<b>Current tax expenses</b>	<b>113,630,910</b>	<b>90,745,620</b>

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

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

## 6. OTHER ASSETS

### 6.1 Prepayments

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

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Prepayments	22,821,598	22,868,520
<b>Total</b>	<b>22,821,598</b>	<b>22,868,520</b>
Current	22,821,598	22,868,520
Non Current	-	-

### 6.2 Advances

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

#### 6.2.1 Non-Current Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advances to Employees	3,743,625	5,303,260
<b>Total</b>	<b>3,743,625</b>	<b>5,303,260</b>



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### 6.2.2 Current Non-Financial Advances

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Capital Advances	92,033,801	-
Advance to suppliers	183,369,986	227,857,765
Balances with statutory/government authorities	1,605,343,778	194,381,595
<b>Total</b>	<b>1,880,747,565</b>	<b>422,239,360</b>

\* During the year the company has deposited NPR 1.35 billion against the order received under section 102 of Income tax act 2058 for the financial year 2071-72.

### 6.2.3 Current Financial Advance

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advances to Employees	8,999,768	5,723,561
Loan To BNTL	1,200,000,000	800,000,000
Security Deposits	2,067,170	990,532
Short Term Deposits	28,201,720	227,787,720
Interest Income Receivables	399,292	4,969,921
LC Margin Receivable	4,299,321	8,332,545
Other Receivables	-	129,681
Other Receivables from related parties	19,197,000	-
Less: Allowance for Impairment Loss on Other Receivable	(9,438,300)	-
<b>Total</b>	<b>1,253,725,971</b>	<b>1,047,933,960</b>

## Financial Instruments: Financial Assets

### a) Financial assets at amortized cost

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

### b) Financial assets measured at fair value

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

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

### c) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the



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initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**d) De-recognition of financial assets**

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

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

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

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

**e) Risks associated with Financial Instrument- Financial Assets**

The company has a risk management framework to monitor, access, mitigate and manage risks. This risk management framework is given in Note 33.

## 7. INVESTMENT

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Bottlers Nepal (Terai) Ltd., a subsidiary company 1,098,472 (previous year 1,098,472) ordinary shares of Rs. 100 each fully paid up. (including premium on 2,299 shares of Rs. 0.46 lakhs)	109,893,200	109,893,200
Troika Traders Pvt. Ltd., subsidiary company 7,480 (previous year 7,480) ordinary shares of Rs.100 each fully paid up.	748,000	748,000
<b>Total</b>	<b>110,641,200</b>	<b>110,641,200</b>

The Company has made an equity investment in M/s Bottlers Nepal (Terai) Ltd. (BNTL) and Troika Traders Pvt. Ltd., a subsidiary company and the Company has invested 90.78 percent of the equity in M/s Bottlers Nepal (Terai) Ltd. (BNTL) and majority holding of 99.73% in Troika Traders Pvt. Ltd. respectively as promoter investor. Investment in subsidiaries are recognized at cost for the purpose of separate financial statements prepared under NAS 27. The subsidiaries are consolidated as per NFRS 3 and NFRS 10, as the company holds controlling interest in those companies.

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

### 7.1 Investment in Subsidiaries

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

### 7.2 Risks

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



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## 8. INVENTORIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Raw materials	286,794,924	288,635,964
Work-in-process	3,381,242	544,266
Finished goods	112,091,650	63,009,470
Consumables	169,756,058	166,143,120
<b>Total</b>	<b>572,023,874</b>	<b>518,332,820</b>

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

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

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

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

Cost of finished goods includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition. Finished goods are valued based on weighted average method.

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

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

## 9. TRADE RECEIVABLES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade receivables:		
Secured, considered good	66,573,356	63,667,759
Unsecured considered good	128,676,350	115,918,797
Receivables from other related parties	165,126,362	200,573,523
Less: Allowance for Impairment Loss on Trade Receivables	(4,115,620)	(4,115,620)
<b>Total</b>	<b>356,260,448</b>	<b>376,044,459</b>

Bank overdrafts are secured against all receivables.

### 9.1 Trade Receivables

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

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

### 9.2 Other Receivables

It includes transactions with group companies and key management personnel which are disclosed in Note 32.

### 9.3 Related Parties Transaction

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



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are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences. The company has provided allowance for irrecoverable amounts from Troika Traders Private Limited.

**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 33.

## 10. CASH AND CASH EQUIVALENTS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Balances with Banks		
On current accounts	45,988,907	9,954,694
Cash on hand	28,820	12,702
<b>Total</b>	<b>46,017,727</b>	<b>9,967,396</b>

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

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

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

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

## 11. SHARE CAPITAL

Particulars	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	Number	NPR	Number	NPR
<b>Authorized</b>				
Ordinary shares of Rs. 100 each	4,300,000	430,000,000	4,300,000	430,000,000
<b>Issued and Paid Up</b>				
Ordinary shares of Rs. 100 each	1,948,887	194,888,700	1,948,887	194,888,700
At the beginning of the year	1,948,887	194,888,700	1,948,887	194,888,700
At the end of the year	1,948,887	194,888,700	1,948,887	194,888,700

The Share holding Pattern of the company is as follows:

Shareholder Category	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Coca-Cola South West Asia Holding Limited</b>	1,484,301	76.16%	1,484,301	76.16%
Gorkha Brewery Private Limited	428,755	22.00%	428,755	22.00%
Other Shareholders	35,831	1.84%	35,831	1.84%
<b>Total</b>	<b>1,948,887</b>	<b>100.00%</b>	<b>1,948,887</b>	<b>100.00%</b>

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

## 12. RESERVE AND SURPLUS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Premium	165,087,020	165,087,020
Retained earnings	2,085,765,321	1,719,226,264
Actuarial Reserve	(55,149,979)	(98,125,719)
(As per Statement of Changes in Equity)		
<b>Total</b>	<b>2,195,702,362</b>	<b>1,786,187,565</b>



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Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act, 2063.

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

### 13. EMPLOYEE BENEFITS

#### Current Employment Benefits

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Salaries, wages and other employee cost</b>		
Cost of goods sold	228,747,244	232,053,527
Selling and distribution expenses	177,937,896	177,553,570
Administrative and operating expenses	166,026,345	167,257,277
<b>Defined Contribution Plan Expenses</b>		
Cost of goods sold	14,276,149	7,394,063
Selling and distribution expenses	9,564,067	6,474,810
Administrative and operating expenses	8,869,895	4,398,909
<b>Defined Benefit Plan Cost</b>		
Cost of goods sold	48,603,051	63,102,510
Selling and distribution expenses	12,961,612	16,983,111
Administrative and operating expenses	9,859,337	13,718,849
<b>Other Long Term Benefit Cost</b>		
Cost of sales	(795,833)	955,000
Selling and distribution expenses	(146,667)	176,000
Administrative and operating expenses	57,500	(69,000)
<b>Total Employee Cost charged to SoPL for the Period</b>	<b>675,960,595</b>	<b>689,998,626</b>
Actuarial loss on defined benefit plan schemes charged to SoOCI for the Period	(51,778,000)	(30,644,000)
<b>Total Employee Cost for the Period</b>	<b>624,182,595</b>	<b>659,354,626</b>

#### 13.1 Post-Employment Benefits

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

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

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

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



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

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

**FY 2079-80**

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	338,207,000	24,342,000	314,931,120	677,480,120
Current Service cost	4,961,000	2,579,000	21,349,560	28,889,560
Interest Charge	22,565,000	1,722,000	21,500,000	45,787,000
Acturial (gain)/loss during the year (recognised in OCI)	19,354,000	(5,186,000)	(71,132,000)	(56,964,000)
Paid	(74,688,000)	(2,764,000)	(27,591,000)	(105,043,000)
<b>Closing Liability</b>	<b>310,399,000</b>	<b>20,693,000</b>	<b>259,057,680</b>	<b>590,149,680</b>
Charge for the period to SoPL	27,526,000	(885,000)	42,849,560	69,490,560
Charge to SoCI	19,354,000	-	(71,132,000)	(51,778,000)

**FY 2078-79**

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
Opening Liability	337,375,000	25,405,000	312,156,650	674,936,650
Current Service cost	22,642,000	2,450,000	28,438,470	53,530,470
Interest Charge	22,061,000	(1,388,000)	20,663,000	41,336,000
Acturial (gain)/loss during the year (recognised in OCI)	569,000		(31,213,000)	(30,644,000)
Paid	(44,440,000)	(2,125,000)	(15,114,000)	(61,679,000)
<b>Closing Liability</b>	<b>338,207,000</b>	<b>24,342,000</b>	<b>314,931,120</b>	<b>677,480,120</b>
Charge for the period to SoPL	44,703,000	1,062,000	49,101,470	94,866,470
Charge to SoCI	569,000	-	(31,213,000)	(30,644,000)

**Current and Non-current liability breakup:****FY 2079-80**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	43,865,000	2,132,000	16,471,000	62,468,000
Non Current Liability	266,534,000	18,561,000	242,586,680	527,681,680
<b>Net (Assets)/Liability as at 31st Ashad 2079</b>	<b>310,399,000</b>	<b>20,693,000</b>	<b>259,057,680</b>	<b>590,149,680</b>

**FY 2078-79**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	87,174,000	1,479,000	17,211,000	105,864,000
Non Current Liability	251,033,000	22,863,000	297,720,120	571,616,120
<b>Net (Assets)/Liability as at 31st Ashad 2078</b>	<b>338,207,000</b>	<b>24,342,000</b>	<b>314,931,120</b>	<b>677,480,120</b>



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### 13.2 Defined Benefit Plans

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

#### 13.2.1 Gratuity

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

##### A. Gratuity Benefit till 3rd September 2017:

Plan Service Definition	Number of years of service rounded to the nearest integer.
Salary Definition	Last drawn Basic Salary
Vesting period	3 years
Normal Retirement Age	58 years
Benefit on normal retirement/ early retirement/death/ disability in service	Nil for each year of service up to 3 years 1/2 months' salary of each year of service up to 7 years. 2/3 months' salary for each year of service for service between 7 and 15 years. 1 month salary for each year of service for service between 15 and 17 years. 1 month 5 days' salary for each year of service for the service over 17 years.
Benefit on withdrawal	Nil for each year of service up to 3 years 1/2 months' salary of each year of service up to 7 years. 2/3 months' salary for each year of service for service between 7 and 15 years. 1 month salary for each year of service for service between 15 and 17 years. 1 month 5 days' salary for each year of service for the service over 20 years.
Maximum Limit	No Limit
Tax on Gratuity*	15%, borne by the company

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

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

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

##### C. Gratuity Benefit on or after 31st October 2022:

Effective 01st November 2022, the Gratuity scheme is a Defined Contribution scheme where a monthly contribution is being made to the Social Security Fund (SSF). Hence the valuation will only be done for service rendered till 31st October 2022. However, the Gratuity for service till 31st October 2022 will be paid on the last drawn salary. Employees joining on or after 01st November 2022 are not entitled to 5 days of additional benefit on completion of 15 years of service. Employees joining on or after 01st November 2022 are not entitled to reimbursement of tax on Gratuity benefit. However, employees who have joined prior to 01st November 2022 will continue to get the tax reimbursement.



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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 15 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.

### 13.2.2 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 15 years compulsory retirement or 20 years of completion of service for withdrawal and gold coin at compulsory retirement. Other retirement benefits have been computed using actuarial assumptions. The assumptions made are the growth rate derived from the past experience and discounting the long-term obligations at the end of each reporting period.

### 13.2.3 Sensitivity Analysis

#### FY 2079-80

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(10,489,000)	(880,000)	(10,139,000)
Effect on DBO due to 0.5% decrease in discount rate	11,235,000	950,000	10,937,000
Effect on DBO due to 0.5% increase in salary escalation rate	11,087,000	938,000	10,791,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(10,452,000)	(877,000)	(10,102,000)

#### FY 2078-79

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit
Effect on DBO due to 0.5% increase in discount rate	(7,846,000)	(1,136,000)	(12,085,000)
Effect on DBO due to 0.5% decrease in discount rate	8,380,000	1,231,000	13,119,000
Effect on DBO due to 0.5% increase in salary escalation rate	8,152,000	274,000	12,756,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(7,713,000)	267,000	(11,880,000)

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

### 13.2.4 Actuarial Assumptions

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Financial Assumptions</b>		
Discount rate (%)	9.00%	7.50%
Salary escalation rate	10.00%	10.00%
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 8 years
<b>Demographic Assumptions</b>		
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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### 13.2.5 Defined Benefit Plan Assets

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

### 13.3 Defined Contribution Plan

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

### 13.4 Other Long-Term Benefits - Leave Encashment

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

## FINANCIAL LIABILITIES

### 14. BORROWINGS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Bank Overdrafts	70,854,249	137,736,094
Secured Bank Loan	1,288,000,000	-
<b>Total</b>	<b>1,358,854,249</b>	<b>137,736,094</b>

Short term bank overdraft carries interest at the rate 9.11% to 11.45% Pa. during the year and repayable on demand. Bank Overdraft are secured against all movable properties/current assets including inventories & trade receivables.

### 15. TRADE PAYABLES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade Payable	138,408,422	268,306,542
Trade Payable to related parties	373,015,780	334,950,440
<b>Total</b>	<b>511,424,202</b>	<b>603,256,982</b>

## 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 Note33.

### 16. LEASE LIABILITIES

At the date of commencement, the company has recognized the right of use of assets and corresponding lease liability at present value of the future lease payment discounted at rate of 10.00% over the lease period. The interest rate has been assumed to be the effective rate of interest implicit in the lease for the purpose of discounting. Interest expense accrued on lease liability, being a component of finance cost is presented separately as a charge in the statement of Profit or Loss.



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Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Opening Balance	2,578,024	-
Recognition of lease liability	-	2,870,493
Lease modification	-	-
Interest Accrued on Lease Liability (Charged to PL - Refer Note 25t)	243,805	249,051
Actual Lease Payment during the year	(559,200)	(541,520)
<b>Total</b>	<b>2,262,629</b>	<b>2,578,024</b>
<b>Current Lease Liability</b>	<b>364,947</b>	<b>315,395</b>
<b>Non- Current Lease Liability</b>	<b>1,897,682</b>	<b>2,262,629</b>

## 17. OTHER FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Container deposit liability	197,377,648	194,391,123
Corporate Social Responsibility	9,024,329	3,942,756
Trade Deposits	1,440,000	1,440,000
Employee related accruals	98,193,158	94,062,519
Bonus Payable	58,788,590	43,547,378
Provision for Expenses	190,238,140	107,758,715
Dividend payable	56,403,440	28,201,720
Statutory dues payable	147,377,747	125,496,961
Interest Payables	6,464,954	319,559
VAT Payable (Net)	21,451,927	948,996
<b>Total</b>	<b>786,759,933</b>	<b>600,109,727</b>

### Provision for Expenses

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Provision_General	26,565,696	24,054,807
Provision_Discount	122,710,493	56,461,747
Provision_Leakage & BBD (Including Deferred Revenue*)	40,961,951	27,242,161
<b>Total</b>	<b>190,238,140</b>	<b>107,758,715</b>

\*Deferred Revenue has been recognized with adoption of NFRS 15 Revenue from Contract with Customers. Previous year figures has been regrouped for better presentation. (Refer Note 20).

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

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

### Corporate Social Responsibility

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

Section 54 of Industrial Enterprises Act 2020 (2076 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

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



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The company has provided provision for CSR at the rate of 1 % of profit before tax amounting to Rs 5,290,973 for FY 79-80.

#### 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.

## 18. OTHER NON-FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance received from distributors	686,695	975,888
<b>Total</b>	<b>686,695</b>	<b>975,888</b>

## 19. INCOME TAX PAYABLE

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Income tax payable	769,754,710	776,685,752
Less: Advance Income Tax	(788,234,669)	(774,318,652)
<b>Total</b>	<b>(18,479,959)</b>	<b>2,367,100</b>

## 20. REVENUE FROM CONTRACTS WITH CUSTOMER

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Sale of goods	4,016,283,433	3,951,095,510
Less: Discount	(665,166,445)	(530,306,073)
Less: Deferred Revenue	(51,905,460)	(39,912,587)
<b>Total</b>	<b>3,299,211,528</b>	<b>3,380,876,850</b>

*\*Deferred Revenue has been recognized with adoption of NFRS 15 Revenue from Contract with Customers. Previous year figures has been regrouped for better presentation.*

### 20.1 Sale of Goods

The entity has applied NFRS 15- Revenue from Contracts with Customers using the cumulative effect method.

### 20.2 Significant Accounting Policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control over a product or service to a customer. In the comparative period, revenue was measured at the fair value of the consideration received. In the comparative period, revenue was recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

### 20.3 Nature of Goods and Services

The company is engaged in the production, manufacture and sale of soft drinks being carbonated non-alcoholic beverages under the brand names- Coca-Cola,, Sprite and Fanta.

### 20.4 Timing of Revenue Recognition

The entity recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

### 20.5 Sales Channel

The entity does not sale goods directly. It sales only through intermediaries i.e. through its distributors.



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## 20.6 Transaction price related to remaining performance obligations

Some of sales made to customers comprise a right of return, trade discounts or volume rebates, incentive, reimbursement of expense. Currently, the entity recognises revenue from the sale of goods upon delivery measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the entity defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under NFRS 15, and will be required to be estimated at contract inception and updated thereafter. Contract assets and liabilities are included in receivables and other financial liabilities disclosed in notes 9 and 17.

### (i) Rights of return

When a contract with a customer provides a right to return the good within the specified period. However, the amount of returns being immaterial, the entity currently does not account for the right of return and does not anticipate significant impact on revenue recognition under the expected value method under NFRS 15. However, the entity recognizes obligations which may arise due to expiry of products and such obligation is measured based on previous year trends.

### (ii) Volume rebates

The entity provides retrospective volume rebates to its customers on all products purchased by the customer once the quantity of products purchased and liquidated at secondary level during the period under scheme in force exceeds a threshold specified in the scheme under constructive obligation as evidenced in sales and marketing policy of the company.

Under its existing accounting policy, the entity estimates the expected volume rebates using the probability-weighted average amount of rebates approach and includes them in other Liabilities. These amounts may subsequently be repaid in cash to the customer or are offset against amounts payable by customer. Under NFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the entity considered that the most likely amount method better predicts the amount of variable consideration for contracts with only a single volume threshold while for contracts with more than one volume threshold it would apply either the expected value method or the most likely amount method, depending on which of them better predicts the amount of variable consideration for the particular type of contract.

## 21. COST OF GOODS SOLD

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Material consumed</b>		
<b>Raw materials</b>		
At 1st Shrawan 2079	288,635,964	260,640,518
Purchase	1,466,844,454	1,524,644,649
Less: Transfer from Bottlers Nepal (Terai) Ltd.	58,455,992	152,222,185
At 31st Ashad 2080	(286,794,924)	(288,635,964)
Total raw material consumed	1,527,141,486	1,648,871,388
<b>Work in process</b>		
At 1st Shrawan 2079	544,266	266,151
At 31st Ashad 2080	(3,381,242)	(544,266)
Net change in work-in-process	(2,836,976)	(278,115)
Production and manufacturing overheads	690,649,933	708,400,466
<b>Finished goods</b>		
At 1st Shrawan 2079	63,009,470	50,927,322
At 31st Ashad 2080	(112,091,650)	(63,009,470)
<b>Net change in finished goods</b>	<b>(49,082,180)</b>	<b>(12,082,148)</b>
<b>Cost of goods sold</b>	<b>2,165,872,263</b>	<b>2,344,911,591</b>



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## 21.1 Production and Manufacturing Overheads

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	243,023,393	239,447,590
Sick Leave*	(795,833)	955,000
Gratuity	17,286,646	28,074,000
Other retirement benefits	31,316,405	35,028,510
Travel and transport costs	6,955,865	4,141,446
Repair and maintainence	44,386,478	62,389,797
Office expenses	18,334,437	15,058,251
Consumables	39,083,247	35,313,961
Power & Fuel	76,492,749	62,160,180
Depreciation on property, plant and equipment	181,072,174	198,769,339
Amortization of Intangible Assets	3,775,125	9,092,237
Exchange (Gain)/Loss	29,719,247	17,970,155
<b>Total</b>	<b>690,649,933</b>	<b>708,400,466</b>

\* During the year sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced, and the excess leave expenses has been reversed in the current year.

## 22. OTHER OPERATING INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Product transfer fee	163,205,976	128,030,086
Sale of Scrap	4,216,748	8,342,571
Miscellaneous Income	840,303	1,818,382
<b>Total</b>	<b>168,263,027</b>	<b>138,191,039</b>

### 22.1 Product Transfer Fee

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

### 22.2 Sale of Scrap

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

### 21.3 Miscellaneous Income

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



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## 23. SELLING AND DISTRIBUTION EXPENSES

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	187,501,962	184,028,380
Sick Leave*	(146,667)	176,000
Gratuity	4,916,171	7,984,000
Other retirement benefits	8,045,441	8,999,111
Travel and transport costs	41,328,793	9,946,623
Repair and maintenance	10,692,923	15,030,012
Office expenses	11,514,632	9,457,079
Communication expenses	27,801,861	23,374,231
Utilities	4,164,042	4,226,256
Freight Charges	176,340,532	155,107,467
Liquid leakages and damages	2,012,101	2,431,409
Sales promotion expenses	27,480,796	20,255,585
Other miscellaneous expenses	751,081	472,438
Depreciation on property, plant and equipment	48,274,437	52,992,560
Amortization of Intangible Assets	1,621,454	3,905,205
Product transfer fees	63,850,064	64,987,597
<b>Total</b>	<b>616,149,623</b>	<b>563,373,953</b>

\* During the year sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced, and the excess leave expenses has been reversed in the current year.

## 24. ADMINISTRATIVE AND OPERATING EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	174,896,240	171,656,186
Sick Leave	57,500	(69,000)
Gratuity	5,323,183	8,645,000
Other retirement benefits	4,536,154	5,073,849
Travel and transport costs	24,971,829	14,867,952
Repair and maintenance	1,885,408	2,650,137
Office expenses	20,953,698	17,209,475
Bank charges	1,374,030	2,647,873
Audit fees	500,000	500,000
Legal and other professional fees	22,535,474	12,392,347
Communication expenses	24,925,142	20,955,648
Utilities	11,829,286	12,006,026
Depreciation on Property, plant and equipment	3,049,887	3,347,970
Amortization of Intangible Assets	1,621,453	3,905,205
(Gain)/Loss on sale/write off of Property, plant and equipment	(8,279,760)	(10,843,661)
Corporate Social Responsibility	5,290,973	3,919,264
Security Expenses	7,408,492	7,404,380
Board and AGM expenses	540,724	751,051
Impairment Loss on Trade and other receivables	9,438,300	4,115,620
Other miscellaneous expenses	726,141	2,154,225
<b>Total</b>	<b>313,584,154</b>	<b>283,289,547</b>

### 24.1 Salaries, wages, and other employee cost

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salary and other benefits	337,046,062	320,417,491
Less:- Salary cost charged to BNTL	(162,149,822)	(148,761,305)
<b>Total</b>	<b>174,896,240</b>	<b>171,656,186</b>



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## 24.2 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Statutory Audit Fees	500,000	500,000
Allowances	72,460	23,100
<b>Total</b>	<b>572,460</b>	<b>523,100</b>

## 25. FINANCE COST

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

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Interest on Overdraft	37,837,522	15,266,731
Interest on Lease Liabilities	243,805	249,051
<b>Total</b>	<b>38,081,327</b>	<b>15,515,782</b>

## 26. FINANCE INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Interest income	124,110,810	76,030,121
Dividend income from subsidiaries	65,908,320	-
<b>Total</b>	<b>190,019,130</b>	<b>76,030,121</b>

### 26.1 Interest Income

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

## 27. EARNINGS PER SHARE

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Numerator</b>		
Profit for the year and earnings used in basic EPS	405,516,797	197,369,919
<b>Denominator</b>		
Weighted average number of shares used in basic EPS	1,948,887	1,948,887
<b>Basic and Diluted Earning Per Share</b>	<b>208</b>	<b>101</b>

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.

## 28. DIVIDEND PAID AND PROPOSED

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Declared and paid during the year:</b>		
Dividends on ordinary shares: Final dividend for 2078-79: Rs.20 per share for 78-79: 0 Rs Per Share	38,977,740	-
<b>Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet)</b>		
Dividends on ordinary shares:		
2079-80: Rs 0 per Share	-	-
2078-79: Rs 20 per Share		38,977,740



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## 29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

### 29.1 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.

#### 29.1.1 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. Other Bank guarantee has been provided to Revenue Tribunal amounting to NPR 6,441,000.

#### 29.1.2 Corporate Tax Matters

- i. 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	17,850,617	-	17,850,617	3,696,382
TDS	26,531,605	444,027	26,087,578	3,871,638
<b>Total</b>	<b>44,382,222</b>	<b>444,027</b>	<b>43,938,195</b>	<b>7,568,020</b>

- ii. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2069-70. For the unaccepted amount, the company has filed the case for Administrative Review Tribunal. Pending decision from the Director General, additional liability has not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	20,947,018	273,157	20,673,861	3,853,164
TDS	44,307,639	680,651	43,626,988	4,666,135
<b>Total</b>	<b>65,254,657</b>	<b>953,808</b>	<b>64,300,849</b>	<b>8,519,299</b>

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	41,888,912	810,000	41,078,912	1,033,852
<b>Total</b>	<b>41,888,912</b>	<b>810,000</b>	<b>41,078,912</b>	<b>1,033,852</b>

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	77,141,879	1,146,446	75,995,433	3,605,532
TDS	85,433,388	813,238	84,620,150	-
VAT	4,389,106	773,407	3,615,699	320,808
<b>Total</b>	<b>166,964,373</b>	<b>2,733,091</b>	<b>164,231,282</b>	<b>3,926,340</b>



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- v. 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	68,532,810	2,872,835	65,659,975	5,126,522
TDS	65,205,250	110,990	65,094,260	3,066,626
VAT	4,481,883	3,470,144	1,011,739	56,404
<b>Total</b>	<b>138,219,943</b>	<b>6,453,969</b>	<b>131,765,974</b>	<b>8,249,552</b>

- vi. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2073-74. 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	80,070,185	8,152,000	71,918,185	3,927,779
TDS	47,499,206	201,000	47,298,206	1,095,164
VAT	4,066,536	3,066,000	1,000,536	61,416
<b>Total</b>	<b>131,635,927</b>	<b>11,419,000</b>	<b>120,216,927</b>	<b>5,084,359</b>

- vii. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2071-72. For the unaccepted amount, the company has filed the case for Administrative Review Pending decision from the Director General, additional 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	5,424,800,399	-	5,424,800,399	11,794,066
<b>Total</b>	<b>5,424,800,399</b>	<b>-</b>	<b>5,424,800,399</b>	<b>11,794,066</b>

- viii. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2074-75. For the unaccepted amount, the company has filed the case for Administrative Review . 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	214,059,926	1,852,693	212,207,234	1,542,243
TDS	47,499,206	132,088	47,367,118	-
VAT	6,837,501	-	6,837,501	18,614
<b>Total</b>	<b>268,396,633</b>	<b>1,984,781</b>	<b>266,411,853</b>	<b>1,560,857</b>

- ix. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2075-76. For the unaccepted amount, the company has filed the case for Administrative Review. 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	120,761,518	965,500	119,796,018	54,351
VAT	9,618,722	781,637	8,837,085	1,922
<b>Total</b>	<b>130,380,240</b>	<b>1,747,137</b>	<b>128,633,103</b>	<b>56,273</b>



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### 29.1.3 Case filed by Department of Revenue Investigation (DRI)

In 2014, European Refreshments acquired a 100% stake in Coca-Cola SABCO (Asia) Limited (nka Coca-Cola Southwest Asia), which is the majority owned shareholder of BNL (76.16%) from Coca-Cola SABCO (Pty) Ltd. Owing to the said Share Purchase Transaction, the Department of Revenue Investigation (DRI) filed a Revenue Leakage case against BNL and others at Patan High Court, Kathmandu, Nepal on March 11, 2022. The case is ongoing and till this reporting period ends, the court has taken statement from various individuals as well as company. The Company is working with the panel of tax experts and Lawyers to represent the case. The Company denies any wrong doing and will continue to represent in relevant forums and use appropriate legal remedies.

### 29.2 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 2079/80, the Company had capital commitments of NPR 494,885,509 (Previous Year 2078/79 NPR 350,206,402) relating to various small projects.

## 30. 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.

## 31. 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.

## 32. RELATED PARTY TRANSACTIONS

### 32.1 Relationship

The group identified related parties on the following lines

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

#### 32.1.1 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 2079-80

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	390,000	-	390,000
Managing Director	21,835,524	28,380,491	666,783	50,882,798
Key Managers	48,012,386	95,118,531	1,705,563	144,836,480
<b>Total</b>	<b>69,847,910</b>	<b>123,889,022</b>	<b>2,372,346</b>	<b>196,109,278</b>



**Bottlers Nepal Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

**FY 2078-79**

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	255,000	-	255,000
Managing Director	27,511,889	57,135,649	3,873,792	88,521,330
Key Managers	59,671,747	80,539,966	13,686,092	153,897,805
<b>Total</b>	<b>87,183,636</b>	<b>137,930,615</b>	<b>17,559,884</b>	<b>242,674,135</b>

**Additional Information**

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

**32.2 Other Related Party Transaction and Balances**

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Sale to related parties:</b>		
Sale of various materials to Bottlers Nepal (Terai) Limited	32,491,827	23,293,100
<b>Purchases from related parties:</b>		
Purchase of various materials from Bottlers Nepal (Terai) Limited	90,947,819	175,515,285
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	954,400,265	791,071,430
<b>Product transfer fee:</b>		
Received from Bottlers Nepal (Terai) Ltd.	163,205,976	128,030,086
Paid to Bottlers Nepal (Terai) Ltd.	63,850,064	64,987,597
Management Fee received from Bottlers Nepal (Terai) Limited	162,149,822	148,761,305
Rent received from Bottlers Nepal (Terai) Ltd.	559,950	542,250
Interest received from Bottlers Nepal (Terai) Ltd. on loan	114,049,521	61,585,455
Sale of asset (Containers) to Bottlers Nepal (Terai) Ltd. (at WDV)	11,001	477,119
<b>Amounts owned by related parties:</b>		
Troika Traders Pvt. Ltd.-a subsidiary company	13,391,614	3,632,914
Bottlers Nepal (Terai) Limited-a subsidiary company (Loan)	1,200,000,000	800,000,000
Bottlers Nepal (Terai) Limited-a subsidiary company	619,104	-
Coca-Cola India	1,097,475	1,732,209
Pacific Refreshments Pte. Ltd.	155,661,249	191,092,781
<b>Amounts owed to related parties:</b>		
Bottlers Nepal (Terai) Limited-a subsidiary company	-	41,291,710
Hindustan CCBPL-other related party	146,680,031	129,478,744
Soft Drink International-other related party	220,434,855	162,943,939
Refreshment Product Services	1,283,717.36	1,236,047
Coca Cola Asia Pacific	3,460,387	-
Coca-Cola South West Asia (Other)	1,156,791	-
Coca-Cola South West Asia (Dividend)	56,403,440	28,201,720

**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.



**Bottlers Nepal Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

### **33. 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.

#### **33.1 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.

##### **33.1.1 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.

##### **33.1.2 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.

##### **33.1.3 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.

#### **33.2 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.

##### **33.2.1 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.



**Bottlers Nepal Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

### 33.2.2 Cash deposits

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

### 33.3 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.

### 33.4 Risk Management Framework

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

#### FY 2079-80

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Investments in subsidiaries	-	-	-	110,641,200	110,641,200
Loan to BNTL	1,200,000,000	-	-	-	1,200,000,000
Advances to Employees	8,999,768	3,743,625	-	-	12,743,393
Security Deposits	-	-	-	2,067,170	2,067,170
Short Term Deposits	28,201,720	-	-	-	28,201,720
Interest Receivable(FD)	399,292	-	-	-	399,292
Trade receivables	356,260,448	-	-	-	356,260,448
LC Margin Receivables	4,299,321	-	-	-	4,299,321
Other Receivables	9,758,700	-	-	-	9,758,700
Cash and Cash Equivalents	46,017,727	-	-	-	46,017,727
<b>Total</b>	<b>1,653,936,976</b>	<b>3,743,625</b>	<b>-</b>	<b>112,708,370</b>	<b>1,770,388,971</b>
<b>Financial liabilities</b>					
Bank overdrafts	-	-	-	70,854,249	70,854,249
Secured Bank Loan	1,288,000,000	-	-	-	1,288,000,000
Trade Payable	511,424,202	-	-	-	511,424,202
Container deposit liability	-	-	-	197,377,648	197,377,648
Corporate Social Responsibility	9,024,329	-	-	-	9,024,329
Trade Deposits	-	-	-	1,440,000	1,440,000
Lease Liabilities	364,947	1,897,682	-	-	2,262,629
Employee related accruals	98,193,158	-	-	-	98,193,158
Bonus Payable	58,788,590	-	-	-	58,788,590
Provision for Expenses	190,238,140	-	-	-	190,238,140
Dividend payable	56,403,440	-	-	-	56,403,440
Statutory dues payable	147,377,747	-	-	-	147,377,747
Interest Payables	6,464,954	-	-	-	6,464,954
VAT Payable (Net)	21,451,927	-	-	-	21,451,927
Gratuity	43,865,000	-	-	266,534,000	310,399,000
Leave Encashment	2,132,000	-	-	18,561,000	20,693,000
Other Retirement Benefits	16,471,000	-	-	242,586,680	259,057,680
<b>Total</b>	<b>2,450,199,434</b>	<b>1,897,682</b>	<b>-</b>	<b>797,353,577</b>	<b>3,249,450,693</b>
<b>Net Financial Assets</b>	<b>(796,262,458)</b>	<b>1,845,943</b>	<b>-</b>	<b>(684,645,207)</b>	<b>(1,479,061,722)</b>



**Bottlers Nepal Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

**FY 2078-79**

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Investments in subsidiaries	-	-	-	110,641,200	110,641,200
Loan to BNTL	800,000,000	-	-	-	800,000,000
Advances to Employees	5,723,561	5,303,260	-	-	11,026,821
Security Deposits	-	-	-	990,532	990,532
Short Term Deposits	227,787,720	-	-	-	227,787,720
Interest Receivable(FD)	4,969,921	-	-	-	4,969,921
Trade receivables	376,044,459	-	-	-	376,044,459
LC Margin Receivables	8,332,545	-	-	-	8,332,545
Other Receivables	129,681	-	-	-	129,681
Cash and Cash Equivalents	9,967,396	-	-	-	9,967,396
<b>Total</b>	<b>1,432,955,283</b>	<b>5,303,260</b>	<b>-</b>	<b>111,631,732</b>	<b>1,549,890,275</b>
<b>Financial liabilities</b>					
Bank overdrafts	-	-	-	137,736,094	137,736,094
Trade Payable	603,256,982	-	-	-	603,256,982
Container deposit liability	-	-	-	194,391,123	194,391,123
Corporate Social Responsibility	3,942,756	-	-	-	3,942,756
Trade Deposits	-	-	-	1,440,000	1,440,000
Lease Liabilities	315,395	2,262,629	-	-	2,578,024
Employee related accruals	94,062,519	-	-	-	94,062,519
Bonus Payable	43,547,378	-	-	-	43,547,378
Provision for Expenses	107,758,715	-	-	-	107,758,715
Dividend payable	28,201,720	-	-	-	28,201,720
Statutory dues payable	125,496,961	-	-	-	125,496,961
Interest Payables	319,559	-	-	-	319,559
VAT Payable (Net)	948,996	-	-	-	948,996
Gratuity	87,174,000	-	-	251,033,000	338,207,000
Leave Encashment	1,479,000	-	-	22,863,000	24,342,000
Other Retirement Benefits	17,211,000	-	-	297,720,120	314,931,120
<b>Total</b>	<b>1,113,714,981</b>	<b>2,262,629</b>	<b>-</b>	<b>905,183,337</b>	<b>2,021,160,947</b>

<b>Net Financial Assets</b>	<b>319,240,302</b>	<b>3,040,631</b>	<b>-</b>	<b>(793,551,605)</b>	<b>(471,270,672)</b>
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As per our attached  
report of even date

For & on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Deepak Senthil Nath Gunalan**  
Managing Director

**Lukas Zapletal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

**Mohit Budhwar**  
Director

**Sunaina Dhanuka**  
Director

**Surendra Silwal**  
Director

**Kishore Kumar Maharjan**  
Independent Director

**Ashok Mandal**  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



# DIRECTOR'S REPORT

## (For the Year 2079-80)

Dear Shareholders,

It is a great honor and privilege to present this report on behalf of the Board of Directors of our company. I am pleased to report our company's encouraging achievements, considering the multitude of macroeconomic and regulatory challenges that both our company and the country endured during the fiscal year 2079-80. It is also with great pride that Bottlers Nepal (Terai) Limited stands as one of the few FMCG companies that were able to manage economic challenges better and delivered positive results.

### FINANCIAL HIGHLIGHTS

In FY 2079/80, the Revenue from Operations of the Company during the year under review is NPR 9,320 million which is increased by 2% as compared to the previous year. However, BNTL has made net profit before tax of NPR 715 million which is 26% lesser than previous year, but the net profit after tax is 2% higher as compared to previous year. It is majorly due to higher interest rate in Term Loan and Working Capital and ASSP line break down maintenance cost.

The summarized financial results of the company for the year are as follows:

NPR in million

Particulars	2078-79	2077-78	% Change
Revenue from Operation	9,320	9,114	2%
Gross Profit	2,360	2,395	-1%
Net Profit Before Tax	715	964	-26%
Net Profit After Tax	639	626	2%

### BUSINESS OVERVIEW

In Fiscal Year 2079/80, the company experienced an inflation rate of approximately 7.74%, compared to 6.3% in Fiscal Year 2078/79 (Source: Central Bank of Nepal). Additionally, there was an unprecedented 79% increase in excise duty for our category during the review period. To mitigate this impact, the company implemented various measures:

a. Price Increment

b. Strong productivity interventions resulting in cost

savings in the supply chain.

c. Technological interventions to increase retail execution and supply chain efficiency.

d. Simplified and streamlined digital technology for support functions.

e. Improved commodity planning resulting in a lesser impact from inflation.

In the current year, we will continue to accelerate our commercial execution by recruiting for the category and at home to revive category growth momentum. A host of cost-saving initiatives have been initiated to drive efficiencies across all functions, including Supply Chain, Procurement, Human Resources, Information Technology, and Commercials. These measures, coupled with the economic resurgence, provide a positive outlook for the company in the coming years.

Innovation has remained at the core of our strategic focus, serving as a pivotal force in our ongoing engagement with customers and consumers. In the past year, the company successfully launched several transformative initiatives, including the eB2B Ordering System, Sales Force Automation, and the Distributor Management System. These programs have significantly expedited our decision-making processes, enhanced innovation delivery, and accelerated our time-to-market. The company remains committed to investing in cutting-edge technology and innovation to maintain a strong connection with customers and consumers.

This year, the company added a new beverage to its portfolio, "Charged," featuring a new "Berry Bolt" flavor drink. The introduction of Charged in the market reflects our commitment to providing a variety of soft drink options that cater to the needs and lifestyles of Nepali consumers, especially the preferences of the youth.

### KEY BUSINESS CHALLENGES

Below are the key areas which continued to be a major risk for the business:

#### A. Macro-economic and geopolitical volatility

- GDP Growth: The Asian Development Bank (ADB) has projected that Nepal's economy is poised to achieve a growth rate of 4.3% in the FY 2024. This marks a notable improvement compared to the previous FY 2023, when the country's economic expansion was



constrained registering only 1.9% growth rate. However, this is still much slower compared to the pre-pandemic average GDP growth of 7-9%. (Source: ADB)

- Industry Growth: 2023 industry faces significant pressure due to a decline in household consumption by -17.5%, a drop in private sector credit from an average 20% to -3.5%, and a 5% consumer outflow (outward migration) over the last two consecutive years. NARTD growth has also shrunk by -19% from the projected +10.7% increase. (Source: Central Bank of Nepal)

## B. Foreign Exchange Risk:

The local currency is devaluating due to depreciation in Indian currency fueled by geo-political tension and global economy slowdown, which has increased the foreign exchange risk.

In order to mitigate these challenges, your Company will take a balanced approach of cost reduction through effective productivity measures and consumer price increase.

## Dividend

The Board of Directors are pleased to recommend a final dividend of NPR 60/- per equity share of face value of NPR 100/- for the year ended 16th July 2023.

## Statutory Auditors

M/s CSC & Co. Chartered Accountants (Firm Registration No. 57) hold office until the conclusion of the 37th Annual General Meeting. Your Directors, with the recommendation of the Audit Committee Meeting have proposed to appoint M/s PKF TR Upadhyaya & Co. (Firm Registration No.06), as Statutory Auditor for FY 2080-81 with a remuneration of NPR 450,000 Four Hundred Fifty Thousand Only) (excluding VAT and out-of-pocket expenses).

## Human Resources

The company wholeheartedly embraces a People-First Culture. In the year under review, our unwavering focus has been on advancing our commitment to Diversity, Equity, and Inclusion (DEI), nurturing our culture, and fostering Talent & Development. We stand firm in our pledge to create an inclusive workplace, a place where every member of our team can thrive. We're dedicated to cultivating talent that propels our company's growth while being responsive to the evolving needs of our workforce.

In this fast-evolving business landscape, the adaptation and innovation of our HR systems and processes have become imperative. The upgrade of our HR system, which will not only streamline HR operations but also harness the transformative power of data analytics to enable informed decision-making, has been our topmost priority. We have also highlighted the key initiatives undertaken this year in the Annual Report.

## Corporate Governance

The Company is committed towards adherence to good corporate governance. The Company continues to strive to keep the trust of its stakeholders by being ethical, honest and transparent while doing business. The Company has a strict Code of Business Conduct and Anti-Bribery Policy, which guides its business conduct, requiring honesty and integrity in all matters. The 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. The Company regularly monitors its business to ensure compliance with the Code and the Laws of the Country. The Board of 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.

## Corporated Sustainability

The Coca-Cola system places sustainability at the heart of the business and seeks to make a difference and create a better future for all the lives we touch across our value chain. The Company offers responsible beverage consumption choices with a variety of packaging sizes, and endeavors to craft a sustainable value chain so all our partners can grow with us, and to mitigate the impact of our business on the environment.

With a history of over 45 years in the country, we strive to lead by example in making a difference while ensuring that our community-driven, customer-oriented business is profitable and socially responsible.

We contextualize our global sustainability agenda to the needs of the country, and focus on leveraging the golden triangle of empowerment, bringing the private sector, government, and non-profits together to help the Government of Nepal achieve the Sustainable Development Goals (SDGs) and efforts to graduate from a least developed country. Details of the contribution in executing the sustainability vision are in the Corporate Sustainability report, in the later part of this Annual Report



## Internal Control Framework

The 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 the Company's assets in a secure, practical, accurate and reliable manner.

## The Road Ahead

Despite an uncertain macro-economic climate, the company will continue to take necessary actions to improve profitability and plan for future growth. The company is committed to all its stakeholders, including customers and consumers, with the aim of creating a business capable of sustainable growth in sales, market share, and profit, thereby igniting limitless possibilities to propel Bottlers Nepal (Terai) Limited's journey to new heights.

We see significant opportunities ahead of us and believe that our investments in building a strong supply chain, manufacturing infrastructure, market execution, and a robust product portfolio will enable us to seize these opportunities.

The Company will continue to make sustained efforts to drive demand for our brands by strengthening Route to Market (RTM), expansion of new packs and categories, revenue growth management, effective utilization of assets and building strong capability to deliver medium and long-term goals through automation.

The Company will continue to invest in its people for their continuous capability development, as to optimize their performance and build relevant professional skills to drive the business. For its communities, the Company will endeavor to make a real and lasting difference through right engagement towards environmental and societal concerns. The company will consciously work towards achieving greater scale, consistency, and effectiveness by connecting our functions and integrated business services in a well-coordinated and disciplined network. We will uphold a high standard of governance and make continuous efforts to deliver improved returns on our investments.

## Acknowledgement

The Board of Directors expresses its deep gratitude for the continued support extended by all our investors, business partners, customers, vendors, banks, and other service providers, as well as regulatory and government authorities, in the endeavors of our company.

The Board of Directors offers a special acknowledgment to all our associates and the trade union for their unwavering determination, perseverance, and unwavering dedication.

Furthermore, the Board of Directors extends a heartfelt appreciation to the Government of Nepal, especially the Ministry of Industry, Commerce & Supplies, the Department of Industry, the 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 the Inland Revenue Department.

## 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" and "Business Overview" sections.

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

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", "Business Overview" and "The Road Ahead" 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 2079/80, Mr. Narmadeshwar Narayan Singh, Mr. Lukas Zapletal and Ms. Sunaina Vijaykumar Dhanuka were appointed as the new Board of Directors on May 10, 2023, followed by the resignation of Ms. Shukla Wassan, Mr. Mohamed Amin Ghoneim and Mr. Melvin tan Chun Pin on May 10, 2023. Mr. Narmadeshwar Narayan Singh was appointed as the Chairman of the Board on May 10, 2023.



Mr. Ajay Kumar Shrestha was elected as the new Director representing Public Shareholders on January 11, 2023 after the expiry of Mr. Neeraj Rimal's tenure.

**(f) Major things affecting the transactions;**

As covered above under "Key Business Challenges"

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

None

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

The Board of Directors has proposed NPR 60/- per share as cash dividend to the shareholders of the Company for the Fiscal Year 2079/80.

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

NIL

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

As covered above under various Sections.

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

Subsidiary Company	Transactions	NPR
Bottlers Nepal Limited	Sale of Raw Materials	90,947,819/-
Bottlers Nepal Limited	Purchase of Raw Materials	32,491,827/-

**(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	69
Administrative Expenses	112
<b>Total</b>	<b>181</b>

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

Please refer to Audit Committee details under Corporate Governance Section.

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

None



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

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

Particulars	Remuneration	Allowances	Facilities	Total
Director's Fees & facilities	-	0.375	-	0.375
Managing Director	-	-	-	-
Key Managers	-	-	-	-
Total	-	0.375	-	0.375

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

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

Unclaimed dividend that has crossed the period of 5 years is transferred to Investor Protection Fund. The Total Unclaimed dividend as on Ashad 31, 2080 (16 July, 2023) for the last 5 years is NPR 685,482/-. All these unclaimed dividends have been transferred to your Company's Share Registrar, M/s Nabil Investment Banking limited for distribution to Shareholders.

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

None

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

None

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

As per page no. 40 and 41 of BNTL Annual Report.

**(y) Other necessary matters;**

- Information (if any) regarding existence of any relative of Companies director or official

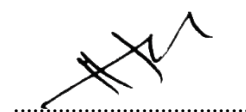
currently working in Office of the Company's Registrar ("OCR"), Securities Board or any other regulatory body concerning the Company in Officer or higher capacity.

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

- 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,



Narmadeshwar Narayan Singh  
Chairperson



Gunjan Dhawan  
Director

**Date: 08<sup>th</sup> November 2023**



**CSC & Co**

Chartered Accountants

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

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

**Opinion**

We have audited the accompanying financial statements of Bottlers Nepal Terai Limited ("the Company"), which comprise the statement of financial position as at 31 Ashad 2080 (16 July 2023), 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 at 31 Ashad 2080 (16 July 2023), 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 2080 (16 July 2023). 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
<b>Revenue recognition</b> <b>(Refer Note 19 “Revenue from Operations” of the consolidated financial statements)</b>	
<p>Revenue from sale of goods (hereinafter referred to as “Revenue”) is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods.</p> <p>Discounts and incentives under various schemes are material and have arrangements with varying terms. Measurement of estimated rebates and discounts accruals relating to these schemes requires judgement, and with the requirement of NFRS 15- Revenue from Contracts with Customers, such estimated rebates and discounts have to be shown separately as they are unfulfilled performance obligations.</p> <p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> <li>inherent risk involved around revenue recognition and measurement as the performance of the company highly depends on the revenue, and</li> <li>the requirement of financial reporting framework to defer revenue in relation to unfulfilled performance obligations of contract with customers at the end of the reporting period.</li> </ul>	<p><b>Our audit procedures:</b></p> <ul style="list-style-type: none"> <li>We assessed the Company’s revenue recognition and measurement policies including those relating to discounts and rebates for sales.</li> <li>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.</li> <li>We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives, subsequent claims accounted by the company, to assess the appropriateness of accruals outstanding as at year end.</li> <li>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 sample verification of the supporting information of the revenue transactions.</li> <li>We tested cut-off date sales transaction as well as subsequent receipts after the year end date.</li> <li>We examined the contracts entered with customers and reviewed management’s estimate relating to unfulfilled performance obligations relating to the sales made during the year.</li> <li>We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NFRS 15.</li> </ul> <p><b>Our results</b> No material exceptions were noted.</p>

### Other Information

The management is responsible for the other information presented in the Bottlers Nepal Terai Limited Annual Report and Accounts 2079-80 (2022-23) 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 Consolidated 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 Consolidated 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, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





**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.



Bikesh Madhikarmi  
Partner

Place: Kathmandu  
Date: November 8, 2023  
UDIN:



## Bottlers Nepal (Terai) Limited

### STATEMENT OF FINANCIAL POSITION

As at 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
<b>Non Financial</b>			
Intangible Assets	3	6,104,051	13,482,603
Property, Plant and Equipment	4	5,712,615,371	5,677,376,604
<b>Financial Assets</b>			
Advances	6	1,733,078	655,118
<b>Current Assets:</b>			
<b>Non Financial</b>			
Inventories	7	1,887,076,286	1,496,366,787
Prepayments	8	48,091,580	45,568,845
Advances	8.1	963,645,712	484,433,564
Income Tax Receivable	9	90,555,138	11,965,704
<b>Financial Assets</b>			
Other Current Assets	8.2	80,904,890	252,346,743
Trade Receivables	10	430,985,174	255,060,128
Cash and Cash Equivalents	11	19,029,812	91,440,582
<b>Total Assets</b>		<b>9,240,741,092</b>	<b>8,328,696,678</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Equity Share Capital	12	121,000,000	121,000,000
Reserve and Surplus	13	3,787,305,550	3,195,980,030
<b>Liabilities:</b>			
<b>Non-Current Liabilities:</b>			
<b>Non Financial</b>			
Deferred Tax Liability	5.3	216,548,493	203,387,762
<b>Financial Liabilities:</b>			
Retirement Benefit Obligation	14.1	456,414,470	471,800,470
Non current Borrowing	15.1	-	560,407,009
Lease Liabilities	16	91,627,097	100,609,534
<b>Current liabilities:</b>			
<b>Financial Liabilities</b>			
Retirement Benefit Obligation	14.1	62,403,000	89,539,000
Borrowings	15.2	2,776,407,981	1,842,554,968
Trade Payables	15.3	513,692,979	581,095,596
Lease Liabilities	16	8,982,437	17,746,159
Other Financial Liabilities	17	1,194,732,911	1,072,529,176
Non Financial Liabilities	18	11,626,174	72,046,974
<b>Total Equity and Liabilities</b>		<b>9,240,741,092</b>	<b>8,328,696,678</b>

Notes 1 to 32 form an integral part of this Financial Statement

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairpersonDeepak Senthil Nath Gunalan  
Chief Executive OfficerLukas Zapletal  
DirectorBikesh Madhikarmi  
PartnerGunjan Dhawan  
DirectorSunaina Dhanuka  
DirectorSurendra Silwal  
DirectorCSC & Co.  
Chartered AccountantsAjay Kumar Shrestha  
DirectorPramod Kumar Karki  
Independent DirectorAshok Mandal  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal (Terai) Limited**  
**STATEMENT OF PROFIT OR LOSS**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	For the Year 2079-80	For the Year 2078-79
Revenue from Operations	19	9,320,034,090	9,114,069,072
Cost of goods sold	20	(6,959,747,459)	(6,719,290,912)
<b>Gross Profit</b>		<b>2,360,286,631</b>	<b>2,394,778,160</b>
Other Operating Income	21	80,922,863	84,415,011
Selling and Distribution Expenses	22	(1,234,907,347)	(1,141,456,400)
Administrative and Operating Expenses	23	(180,501,138)	(170,209,260)
<b>Profit from Operations</b>		<b>1,025,801,009</b>	<b>1,167,527,511</b>
Finance Costs	24	(315,856,229)	(215,554,946)
Finance Income	25	4,747,023	12,027,977
<b>Profit Before Tax</b>		<b>714,691,803</b>	<b>964,000,542</b>
<b>Income Tax Expense</b>			
Current tax	5.1	(67,479,550)	(79,311,591)
Prior period tax adjustments	5.1	-	(163,274,365)
Deferred Tax	5.2	(8,380,893)	(95,665,225)
<b>Net Profit for the year</b>		<b>638,831,360</b>	<b>625,749,361</b>
<b>Basic/Diluted Earnings per share</b>	<b>26</b>	<b>528</b>	<b>517</b>

Notes 1 to 32 form an integral part of this Financial Statement

As per our attached  
report of even date

For &amp; on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairperson

**Gunjan Dhawan**  
Director

**Ajay Kumar Shrestha**  
Director

**Deepak Senthil Nath Gunalan**  
Chief Executive Officer

**Sunaina Dhanuka**  
Director

**Pramod Kumar Karki**  
Independent Director

**Lukas Zapletal**  
Director

**Surendra Silwal**  
Director

**Ashok Mandal**  
Finance Controller

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal (Terai) Limited**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Net Profit/(Loss) for the year as per Statement of Profit or Loss	638,831,360	625,749,361
<b>Items that will not be reclassified to Statement of Profit or Loss</b>		
Actuarial Gain/(Loss) on defined benefit plan schemes	29,874,000	(710,000)
Deferred Tax on Actuarial Gain/(Loss)	(4,779,840)	113,600
<b>Other comprehensive gain/(loss) for the year, net of tax</b>	<b>25,094,160</b>	<b>(596,400)</b>
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>	<b>663,925,520</b>	<b>625,152,961</b>

Notes 1 to 32 form an integral part of this Financial Statement

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairpersonDeepak Senthil Nath Gunalan  
Chief Executive OfficerLukas Zapletal  
DirectorBikesh Madhikarmi  
PartnerGunjan Dhawan  
DirectorSunaina Dhanuka  
DirectorSurendra Silwal  
DirectorCSC & Co.  
Chartered AccountantsAjay Kumar Shrestha  
DirectorPramod Kumar Karki  
Independent DirectorAshok Mandal  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



## Bottlers Nepal (Terai) Limited

### STATEMENT OF CASH FLOWS

For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	714,691,803	964,000,542
Adjustments for non cash and non operating:		
Depreciation on Property, Plant and Equipment	602,584,059	589,038,630
Amortization of Intangible Assets	7,378,552	17,063,853
Loss/ (gain) on sale/write off of Property, Plant and Equipment	(10,678,739)	(7,812,995)
Finance income	(4,747,023)	(12,027,977)
Finance costs	315,856,229	215,554,946
<b>Working capital adjustments:</b>		
Increase / (Decrease) in trade payable and other liabilities	57,281,695	332,344,076
Increase / (Decrease) in provision of retirement benefit obligations	(12,648,000)	34,605,247
Decrease / (Increase) in trade and other receivables	(85,360,519)	(263,429,161)
Decrease / (Increase) in loans and advances	(482,812,843)	52,779,271
Decrease / (Increase) in inventories	(390,709,499)	(382,295,114)
<b>Cash generated from operations</b>	<b>710,835,715</b>	<b>1,539,821,318</b>
Direct taxes paid (net of refunds)	(146,068,984)	(242,921,645)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>564,766,731</b>	<b>1,296,899,673</b>
<b>B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of Property, plant and Equipment	(635,128,825)	(451,558,779)
Proceeds from sale of Property, Plant and Equipment	7,984,737	160,482
Interest Received	7,034,915	10,788,271
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	<b>(620,109,173)</b>	<b>(440,610,026)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	373,446,004	(797,754,306)
Interest paid	(317,914,332)	(215,386,876)
Dividend paid	(72,600,000)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>(17,068,328)</b>	<b>(1,013,141,182)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(72,410,770)</b>	<b>(156,851,535)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>91,440,582</b>	<b>248,292,117</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>19,029,812</b>	<b>91,440,582</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

Narmadeshwar Narayan Singh  
ChairpersonGunjan Dhawan  
DirectorAjay Kumar Shrestha  
DirectorDeepak Senthil Nath Gunalan  
Chief Executive OfficerSunaina Dhanuka  
DirectorPramod Kumar Karki  
Independent DirectorLukas Zapletal  
DirectorSurendra Silwal  
DirectorAshok Mandal  
Finance ControllerBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal (Terai) Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Actuarial Reserve	Retained Earnings	Total
<b>Balance as at 1st Shrawan 2078</b>	<b>121,000,000</b>	<b>952,000</b>	<b>(61,658,520)</b>	<b>2,631,533,589</b>	<b>2,691,827,069</b>
Profit for the year	-	-	-	625,749,361	625,749,361
Other comprehensive income	-	-	(596,400)		(596,400)
<b>Balance as at 1st Shrawan 2079</b>	<b>121,000,000</b>	<b>952,000</b>	<b>(62,254,920)</b>	<b>3,257,282,950</b>	<b>3,316,980,030</b>
Profit for the year	-	-		638,831,360	638,831,360
Other comprehensive income	-	-	25,094,160		25,094,160
Dividends	-	-		(72,600,000)	(72,600,000)
<b>Balance as at 31st Ashad 2080</b>	<b>121,000,000</b>	<b>952,000</b>	<b>(37,160,760)</b>	<b>3,823,514,310</b>	<b>3,908,305,550</b>

As per our attached  
report of even date

For & on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairperson

**Gunjan Dhawan**  
Director

**Ajay Kumar Shrestha**  
Director

**Deepak Senthil Nath Gunalan**  
Chief Executive Officer

**Sunaina Dhanuka**  
Director

**Pramod Kumar Karki**  
Independent Director

**Lukas Zapletal**  
Director

**Surendra Silwal**  
Director

**Ashok Mandal**  
Finance Controller

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Bottlers Nepal (Terai) Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

## 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 22nd Kartik, 2080 (8th November, 2023) and has recommended for approval of shareholders in the forthcoming Annual General Meeting.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). These conform, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis.

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

### 2.1 Accounting Pronouncements

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

### 2.2 Accounting Convention

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

### 2.3 Going Concern

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

### 2.4 Presentations

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

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

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

All other assets are classified as non-current.

**The Company classifies a liability as current when it is:**

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

All other liabilities are classified as non-current.



**Bottlers Nepal (Terai) Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

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

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

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

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

## **2.5 Accounting Policies**

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

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

### **2.5.1 Change in Accounting Policies**

The preparation of financial statements is in line with applicable NFRS. The policies have been consistently applied to all years presented, unless otherwise stated and there is no change in accounting policies during the current year.

## **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	31st Ashad, 2080	16th July, 2023
Current Reporting Period	1st Shrawan 2079- 31st Ashad 2080	17th July 2022 - 16th July 2023
Comparative SFP* Date	32nd Ashad, 2079	16th July, 2022
Comparative reporting period	1st Shrawan 2078- 32nd Ashad 2079	16th July 2021 - 16th July 2022

\*Statement of Financial Position



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## 2.8 Presentation currency

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

## 2.9 New Standards issued and not yet effective

The Company has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose application was not mandatory for financial year 2079-80 (2022-23). These standards include:

NFRS 17 "Insurance Contracts" applicable from 16th July 2023, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

## 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.

## 3. INTANGIBLE ASSETS

Figures in NPR

Particulars	Computer Software	Intangible assets under development	Total
<b>Cost</b>			
Opening balance at 1st Shrawan 2078	121,093,674	-	121,093,674
Additions	-	-	-
Disposals	(4,000,829)	-	(4,000,829)
Balance at 32nd Ashad 2079	117,092,845	-	117,092,845
Additions	-	-	-
Disposals	-	-	-
<b>Balance at 31st Ashad 2080</b>	<b>117,092,845</b>	<b>-</b>	<b>117,092,845</b>
<b>Accumulated Amortisation</b>			
Opening balance at 1st Shrawan 2078	90,547,218	-	90,547,218
Charge for the year	17,063,853	-	17,063,853
Disposals	(4,000,829)	-	(4,000,829)
<b>Balance at 32nd Ashad 2079</b>	<b>103,610,242</b>	<b>-</b>	<b>103,610,242</b>
Charge for the year	7,378,552	-	7,378,552
Disposals	-	-	-
<b>Balance at 31st Ashad 2080</b>	<b>110,988,794</b>	<b>-</b>	<b>110,988,794</b>
<b>Net Block</b>		<b>-</b>	
<b>Closing Balance at 31st Ashad 2080</b>	<b>6,104,051</b>		<b>6,104,051</b>
<b>Closing Balance at 32nd Ashad 2079</b>	<b>13,482,603</b>	<b>-</b>	<b>13,482,603</b>

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

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

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



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#### 4. PROPERTY PLANT AND EQUIPMENT

Figures in NPR

Particulars	Land	Buildings	Plant & Machinery	Office Equipment	Coolers	Containers	Other Assets	ROU Assets	Capital work-in-progress	Total
<b>Cost</b>										
Opening balance at 1st Shrawan 2078	35,715,987	1,330,381,577	4,847,469,530	76,263,182	937,073,891	1,288,960,450	17,591,010	-	80,059,413	8,613,515,040
Additions	11,325,050	9,249,085	103,871,539	2,297,077	132,218,806	72,985,717	-	178,246,229	273,312,550	783,506,053
Transfer to asset block	-	-	-	-	-	-	-	-	(331,947,274)	(331,947,274)
Disposals	-	(1,479,685)	(14,807,231)	(6,926,548)	(1,732,023)	(11,051,647)	-	-	-	(35,997,134)
Adjustments	-	-	-	-	(1,916,825)	-	-	-	-	(1,916,825)
<b>Closing balance at 32nd Ashad 2079</b>	<b>47,041,037</b>	<b>1,338,150,977</b>	<b>4,936,533,838</b>	<b>71,633,711</b>	<b>1,065,643,849</b>	<b>1,350,894,520</b>	<b>17,591,010</b>	<b>178,246,229</b>	<b>21,424,689</b>	<b>9,027,159,860</b>
Additions	-	3,265,998	269,630,020	1,668,162	155,523,957	223,557,462	-	-	635,128,825	1,288,774,424
Transfer to asset block	-	-	-	-	-	-	-	-	(653,645,599)	(653,645,599)
Disposals	-	-	(8,669,287)	(473,147)	(6,342,961)	(14,452,239)	-	-	-	(29,937,634)
Adjustments	-	-	-	-	7,228,225	-	-	-	-	7,228,225
<b>Closing balance at 31st Ashad 2080</b>	<b>47,041,037</b>	<b>1,341,416,975</b>	<b>5,197,494,571</b>	<b>72,828,726</b>	<b>1,222,053,070</b>	<b>1,559,999,743</b>	<b>17,591,010</b>	<b>178,246,229</b>	<b>2,907,915</b>	<b>9,639,579,276</b>
<b>Depreciation and impairment losses</b>										
Opening balance at 1st Shrawan 2078	-	193,042,005	1,320,953,226	32,696,945	381,901,961	860,125,951	17,591,010	-	-	2,806,311,098
Charge for the year	-	42,171,114	239,321,071	5,466,324	108,829,434	158,141,858	-	35,108,829	-	589,038,630
Disposals	-	(1,479,685)	(14,626,415)	(6,818,809)	(1,585,626)	(11,051,647)	-	-	-	(35,562,182)
Adjustments	-	-	-	-	(10,004,290)	-	-	-	-	(10,004,290)
<b>Closing balance at 32nd Ashad 2079</b>	<b>-</b>	<b>233,733,434</b>	<b>1,545,647,882</b>	<b>31,344,460</b>	<b>479,141,479</b>	<b>1,007,216,162</b>	<b>17,591,010</b>	<b>35,108,829</b>	<b>-</b>	<b>3,349,783,256</b>
Charge for the year	-	42,189,828	251,507,259	4,245,051	117,021,987	152,511,105	-	35,108,829	-	602,584,059
Disposals	-	-	(7,532,269)	(473,147)	(5,372,866)	(14,452,239)	-	-	-	(27,830,521)
Adjustments	-	-	-	-	2,427,111	-	-	-	-	2,427,111
<b>Closing balance at 31st Ashad 2080</b>	<b>-</b>	<b>275,923,262</b>	<b>1,789,622,872</b>	<b>35,116,364</b>	<b>593,217,711</b>	<b>1,145,275,028</b>	<b>17,591,010</b>	<b>70,217,658</b>	<b>-</b>	<b>3,926,963,905</b>
<b>Net Block</b>										
Closing balance at 31st Ashad 2080	47,041,037	1,065,493,713	3,407,871,699	37,712,362	628,835,359	414,724,715	-	108,028,571	2,907,915	5,712,615,371
Closing balance at 32nd Ashad 2079	47,041,037	1,104,417,543	3,390,885,956	40,289,251	586,502,370	343,678,358	-	143,137,400	21,424,689	5,677,376,604



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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 2080 the net provision for missing/obsolescence assets is

NPR 5,421,343 (As on 32nd Ashad 2079 was NPR 10,222,457)

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 includes transformers, electrical installations, and soft drink analyzer.



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#### 4.2 Right of Use (ROU) Assets

The company has entered into a lease agreement for the use of godowns for a term of 2 years to 10 years. Details of leased assets are provided below:

Party	Asset	From	To	Annual Lease Payment	Increment Clause
Greenhand Pithuwa	Godown (Buildings)	01.03.2018	29.02.2028	13,938,605	2.25% for first 3 yrs, 3.25% on remaining years
		15.08.2018	14.08.2028	2,369,444	2.25% for first 3 yrs, 3.27% on remaining years
		15.08.2018	14.08.2028	1,525,247	2.25% for first 3 yrs, 3.27% on remaining years
		15.01.2019	14.08.2024	12,046,799	2.25% for first 3 yrs, 3.27% on remaining years
		15.01.2019	14.01.2024	4,549,753	2.29%, 2.26%, 2.23% & 3.21%
		15.09.2019	14.09.2024	1,825,355	2.23%, 2.25%, 2.27% & 3.27%
		01.03.2020	28.02.2030	5,448,060	5% in every 2 years
		01.03.2020	28.02.2030	1,009,344	5% in every 2 years
Total				42,712,607	

Accordingly, at the date of commencement the company has recognized the right of use of assets and corresponding lease liability at present value of the future lease payment discounted at rate of 10% over the lease period. The interest rate has been assumed to be the effective rate of interest implicit in the lease for the purpose of discounting.

Subsequently the company has charged the depreciation on ROU over the lease period and interest expense on lease liability, being a component of finance cost is presented separately as a charge in the statement of Profit or Loss.

#### 4.3 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.

#### 4.4 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 2080	As at 32nd Ashad 2079
Building	2,661,240	-
Machinery	246,675	21,424,689
<b>Total</b>	<b>2,907,915</b>	<b>21,424,689</b>



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## 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 2079-80	For the Year 2078-79
Current tax on profit for the years	67,479,550	79,311,591
Adjustments for prior periods	-	163,274,365
<b>Total</b>	<b>67,479,550</b>	<b>242,585,956</b>

### 5.2 Deferred Taxes

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Origination and reversal of temporary differences	8,380,893	95,665,225
<b>Total</b>	<b>8,380,893</b>	<b>95,665,225</b>

### 5.3 Deferred tax Assets

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the tax rate of 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 2079-80

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1. Property, Plant & Equipment	5,554,637,849	3,570,772,434	(1,983,865,415)
2. Intangible Assets	6,104,051	7,479,755	1,375,704
3. Retirement benefit provision	(518,817,470)	-	518,817,470
4. Provision for Expenses (Including Deferred Revenue and CSR)	(101,506,415)	-	101,506,415
<b>Total Amount</b>			<b>(1,362,165,826)</b>
<b>Tax Rate</b>		<b>16%</b>	<b>(217,946,532)</b>
Opening Deferred tax Assets/(Liability)			(203,387,762)
Deferred tax provision recognised			(14,558,770)
Deferred tax asset on NFRS 16			1,398,039
Closing Deferred tax Assets/(Liability)			(216,548,493)
Charge/(Credit) to OCI			4,779,840
Charge/(Credit) to PL			8,380,891



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**FY 2078-79**

Figures in NPR

Particulars	Carrying Amount	Tax Base	Temporary Diff
1. Property, Plant & Equipment	5,608,910,878	3,628,931,406	(1,979,979,472)
2. Intangible Assets	13,482,603	14,959,510	1,476,907
3. Retirement benefit provision	(561,339,470)	-	561,339,470
4. Provision for Expenses (Including Deferred Revenue and CSR)	(145,989,580)	-	145,989,580
<b>Total Amount</b>			<b>(1,271,173,514)</b>
<b>Tax Rate</b>		<b>16%</b>	<b>(203,387,762)</b>
Opening Deferred tax Assets/(Liability)			(107,836,137)
Deferred tax provision recognised			(95,551,625)
Closing Deferred tax Assets/(Liability)			(203,387,762)
Charge/(Credit) to OCI			(113,600)
Charge/(Credit) to PL			95,665,225

**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 2079-80	For the Year 2078-79
Accounting profit before income tax	714,691,803	964,000,542
<b>Tax calculated at statutory rate applicable</b>		
<b>Adjustment as per Income Tax Act 2058:</b>		
Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act	114,350,688	154,240,087
Adjustment in respect of Repair & Maintenance allowed upto 7% of respective depreciation base of the pool of the assets	(16,272,142)	(24,285,601)
Adjustment in respect of employee benefits allowed on payment basis	58,225	96,784
Other Non- deductible Expense	(6,803,520)	5,536,840
Adjustment for Other Source income taxed at different rate	(31,563,989)	(14,719,491)
Set off of brought Forward losses	21,417,472	24,110,747
Set off of brought Forward losses	(13,707,184)	(65,667,775)
<b>Current tax expenses</b>	<b>67,479,550</b>	<b>79,311,591</b>

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.



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## 6. NON - CURRENT FINANCIAL ASSETS ADVANCES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advances to Employees	1,733,078	655,118
<b>Total</b>	<b>1,733,078</b>	<b>655,118</b>

## 7. INVENTORIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Raw materials	979,065,381	825,100,405
Work-in-process	8,287,325	4,769,848
Finished goods	321,991,596	266,307,905
Consumables	577,731,984	400,188,629
<b>Total</b>	<b>1,887,076,286</b>	<b>1,496,366,787</b>

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

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

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

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

Cost of finished goods includes the cost of raw materials, packing materials, direct labor and appropriate proportion of fixed and variable production overheads incurred in bringing the inventory to their present location and condition. Finished goods are valued based on weighted average method.

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

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

## 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 2080	As at 32nd Ashad 2079
Prepaid Expenses	48,091,580	45,568,845
<b>Total</b>	<b>48,091,580</b>	<b>45,568,845</b>

### 8.1 Current Non-Financial Assets - Advances

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Capital Advances	9,937,635	-
Advance to suppliers	730,736,077	261,461,564
Balances with statutory/government authorities	222,972,000	222,972,000
<b>Total</b>	<b>963,645,712</b>	<b>484,433,564</b>



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## 8.2 Current Financial Assets – Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advances to Employees	7,020,589	4,238,958
Security Deposits	142,320	172,300
Short Term Deposits	-	188,932,183
Interest Income Receivables	-	2,287,892
LC Margin Receivable	17,592,811	51,210,605
Duty Refundable	56,109,914	5,504,805
Other Receivables	39,256	-
<b>Total</b>	<b>80,904,890</b>	<b>252,346,743</b>

### Financial Instruments: Financial Assets

#### a) Financial assets at amortized 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.

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

#### c) Impairment of financial assets

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

#### d) De-recognition of financial assets

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

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

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



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

**e) Risks associated with Financial Instrument- Financial Assets**

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

## 9. INCOME TAX RECEIVABLE

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance Income Tax	683,910,184	711,926,118
Less: Income Tax Payable	(593,355,046)	(699,960,414)
<b>Total</b>	<b>90,555,138</b>	<b>11,965,704</b>

## 10. TRADE RECEIVABLES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade receivables:		
Secured, considered good	165,893,798	138,377,138
Unsecured considered good	254,611,693	75,391,280
Receivables from other related parties	10,479,683	41,291,710
<b>Total</b>	<b>430,985,174</b>	<b>255,060,128</b>

Bank overdrafts are secured against all receivables.

### 10.1 Trade Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing and are generally on terms of 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 31.

### 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 32.

## 11. CASH AND CASH EQUIVALENTS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Balances with Banks		
In current accounts	18,981,087	91,429,587
Cash on hand	48,725	10,995
<b>Total</b>	<b>19,029,812</b>	<b>91,440,582</b>



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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 2080		As at 32nd Ashad 2079	
	Number	NPR	Number	NPR
<b>Authorized</b>				
Ordinary shares of Rs. 100 each	31,210,000	3,121,000,000	31,210,000	3,121,000,000
<b>Issued and Paid Up</b>				
Ordinary shares of Rs. 100 each	1,210,000	121,000,000	1,210,000	121,000,000
At the beginning of the year	1,210,000	121,000,000	1,210,000	121,000,000
At the end of the year	1,210,000	121,000,000	1,210,000	121,000,000

The Share holding Pattern of the company is as follows:

Shareholder Category	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottlers's Nepal Limited	1,098,472	90.78%	1,098,472	90.78%
Other Shareholders	111,528	9.22%	111,528	9.22%
<b>Total</b>	<b>1,210,000</b>	<b>100.00%</b>	<b>1,210,000</b>	<b>100.00%</b>

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

## 13. RESERVE AND SURPLUS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Premium	952,000	952,000
Retained earnings	3,823,514,310	3,257,282,950
Actuarial Reserve	(37,160,760)	(62,254,920)
(As per Statement of Changes in Equity)		
<b>Total</b>	<b>3787,305,550</b>	<b>3,195,980,030</b>

Share premium is used to record the premium on issue of equity shares. These can only be utilized in accordance with the provision of the Companies Act, 2063.

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



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## 14. EMPLOYEE BENEFITS

### Current Employment Benefits

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Salaries, wages and other employee cost</b>		
Cost of goods sold	452,630,078	457,080,729
Selling and distribution expenses	201,481,852	200,708,540
Administrative and operating expenses	60,338,078	60,548,065
<b>Defined Contribution Plan cost</b>		
Cost of goods sold	18,296,148	6,848,321
Selling and distribution expenses	9,155,415	6,799,009
Administrative and operating expenses	3,079,522	1,927,256
<b>Defined Benefit Plan Cost</b>		
Cost of goods sold	51,132,583	52,401,743
Selling and distribution expenses	12,833,440	13,192,214
Administrative and operating expenses	5,389,068	5,481,473
<b>Other Long Term Benefit Cost</b>		
Cost of goods sold	(323,402)	1,290,000
Selling and distribution expenses	(227,385)	907,000
Administrative and operating expenses	(76,213)	304,000
<b>Total Employee Cost charged to SoPL for the Period</b>	<b>813,709,184</b>	<b>807,488,350</b>
Actuarial loss on defined benefit plan schemes charged to SoOCI for the Period	(29,874,000)	710,000
<b>Total Employee Cost for the Period</b>	<b>783,835,184</b>	<b>808,198,350</b>

#### 14.1 Post-Employment Benefits

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

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.



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**FY 2079-80**

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
<b>Opening Liability</b>	<b>302,527,000</b>	<b>20,591,000</b>	<b>238,221,470</b>	<b>561,339,470</b>
Current Service cost	3,894,000	1,779,000	19,059,000	24,732,000
Interest Charge	20,783,000	1,465,000	16,096,000	38,344,000
Paid	(50,840,000)	(2,121,000)	(18,892,000)	(71,853,000)
Actuarial (gain)/loss during the year (recognised in OCI)	17,433,000	(3,871,000)	(47,307,000)	(33,745,000)
<b>Closing Liability</b>	<b>293,797,000</b>	<b>17,843,000</b>	<b>207,177,470</b>	<b>518,817,470</b>
Charge for the period to SoPL	24,677,000	(627,000)	35,155,000	59,205,000
Charge to SoCI	17,433,000	-	(47,307,000)	(29,874,000)

**FY 2078-79**

Figures in NPR

Particulars	Gratuity	Leave Encashment	Others	Total
<b>Opening Liability</b>	<b>293,008,183</b>	<b>18,974,000</b>	<b>214,042,040</b>	<b>526,024,223</b>
Current Service cost	14,395,000	1,789,000	23,155,430	39,339,430
Interest Charge	19,703,000	1,297,000	13,822,000	34,822,000
Paid	(23,088,183)	(884,000)	(14,999,000)	(38,971,183)
Actuarial (gain)/loss during the year (recognised in OCI)	(1,491,000)	(585,000)	2,201,000	125,000
<b>Closing Liability</b>	<b>302,527,000</b>	<b>20,591,000</b>	<b>238,221,470</b>	<b>561,339,470</b>
Charge for the period to SoPL	34,098,000	2,501,000	36,977,430	73,576,430
Charge to SoCI	(1,491,000)	-	2,201,000	710,000

**Current and Non-current liability breakup:****FY 2079-80**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	43,072,000	1,607,000	17,724,000	62,403,000
Non Current Liability	250,725,000	16,236,000	189,453,470	456,414,470
<b>Net (Assets)/Liability as at 31st Ashad 2080</b>	<b>293,797,000</b>	<b>17,843,000</b>	<b>207,177,470</b>	<b>518,817,470</b>

**FY 2078-79**

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Current Liability	73,371,000	1,363,000	14,805,000	89,539,000
Non Current Liability	229,156,000	19,228,000	223,416,470	471,800,470
<b>Net (Assets)/Liability as at 32nd Ashad 2079</b>	<b>302,527,000</b>	<b>20,591,000</b>	<b>238,221,470</b>	<b>561,339,470</b>

**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: -



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**A. Gratuity Benefit till 3rd September 2017:**

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

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

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

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

**C. Gratuity Benefit on or after 31st October 2022:**

Effective 01st November 2022, the Gratuity scheme is a Defined Contribution scheme where a monthly contribution is being made to the Social Security Fund (SSF). Hence the valuation will only be done for service rendered till 31st October 2022. However, the Gratuity for service till 31st October 2022 will be paid on the last drawn salary. Employees joining on or after 01st November 2022 are not entitled to 5 days of additional benefit on completion of 15 years of service. Employees joining on or after 01st November 2022 are not entitled to reimbursement of tax on Gratuity benefit. However, employees who have joined prior to 01st November 2022 will continue to get the tax reimbursement.

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 15 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.



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#### 14.2.2 Other Retirement Benefits

Other retirement benefits include three days' basic salary computed based on completion of 15 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 2079-80

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Effect on DBO due to 0.5% increase in discount rate	(8,617,000)	(742,000)	(7,652,000)	(17,011,000)
Effect on DBO due to 0.5% decrease in discount rate	9,219,000	805,000	8,288,000	18,312,000
Effect on DBO due to 0.5% increase in salary escalation rate	9,099,000	794,000	8,176,000	18,069,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(8,588,000)	(739,000)	(7,623,000)	(16,950,000)

##### FY 2078-79

Figures in NPR

Particulars	Gratuity	Sick Leave	Retirement Benefit	Total
Effect on DBO due to 0.5% increase in discount rate	(6,125,000)	(736,000)	(8,203,000)	(15,064,000)
Effect on DBO due to 0.5% decrease in discount rate	6,499,000	800,000	8,919,000	16,218,000
Effect on DBO due to 0.5% increase in salary escalation rate	6,321,000	780,000	8,671,000	15,772,000
Effect on DBO due to 0.5% decrease in salary escalation rate	(6,021,000)	(724,000)	(8,063,000)	(14,808,000)

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 2079-80	For the Year 2078-79
<b>Financial Assumptions</b>		
Discount rate (%)	9.00%	7.50%
Salary escalation rate	10.00%	10.00%
Future service	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 58 years	Expected average remaining working life of the employees based on withdrawal rate and retirement age taken as 58 years
<b>Demographic Assumptions</b>		
Mortality	In accordance with the standard table, 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 2080	As at 32nd Ashad 2079
Secured Bank Loan	560,407,009	1,130,407,009
Less; Current Maturity Portion	(560,407,009)	(570,000,000)
<b>Total</b>	<b>-</b>	<b>560,407,009</b>

#### 15.2 Current Borrowings

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Bank Overdrafts	1,016,000,972	472,554,968
Current Portion of Term Loan	560,407,009	570,000,000
Loan from BNL	1,200,000,000	800,000,000
<b>Total</b>	<b>2,776,407,981</b>	<b>1,842,554,968</b>

Short term bank overdraft carries interest at the rate 9.11% to 11.45 % P.a. during the year and repayable on demand.

Term loan is secured against Property, Plant and Equipment.

The Company has obtained loan from Bottlers Nepal Limited as per Agreement made on 12th Feb 2018 (Amended on 10th July 2019). Interest on Outstanding Principal amount of loan shall accrue at the interest rate of not less than the prevailing bank rate (Standard Chartered Bank, Nepal) at the time of payment.

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



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### 15.3 Trade Payables

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade Payable	486,091,935	521,289,788
Trade Payable to related parties	27,601,044	59,805,808
<b>Total</b>	<b>513,692,979</b>	<b>581,095,596</b>

### 16. LEASE LIABILITIES

At the date of commencement, the company has recognized the right of use of assets and corresponding lease liability at present value of the future lease payment discounted at rate of 10.00% over the lease period. The interest rate has been assumed to be the effective rate of interest implicit in the lease for the purpose of discounting. Interest expense accrued on lease liability, being a component of finance cost is presented separately as a charge in the statement of Profit or Loss.

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Opening Balance	118,355,693	-
Recognition of lease liability	-	134,572,294
Interest Accrued on Lease Liability (Charged to PL - Refer Note 24)	11,047,615	11,562,263
Actual Lease Payment during the year	(28,793,774)	(27,778,864)
<b>Total</b>	<b>100,609,534</b>	<b>118,355,693</b>

<b>Current Lease Liability</b>	<b>8,982,437</b>	<b>17,746,159</b>
<b>Non- Current Lease Liability</b>	<b>91,627,097</b>	<b>100,609,534</b>

### 17. OTHER FINANCIAL LIABILITIES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Container deposit liability	597,230,947	574,474,115
Corporate Social Responsibility	26,502,947	21,251,840
Trade Deposits	2,327,100	2,173,600
Employee related accruals	43,564,164	39,916,814
Bonus Payable	80,212,325	108,193,102
Provision for Expenses	75,003,468	124,737,740
Statutory dues payable	332,785,166	187,130,143
Interest Payables	6,135,350	8,193,453
VAT Payable (Net)	30,971,444	6,458,369
<b>Total</b>	<b>1,194,732,911</b>	<b>10,725,29,176</b>

#### Breakup of Provision for Expenses

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Provision_General	12,419,790	16,786,879
Provision_Freight	628,108	2,927,833
Provision_DME	7,323,760	16,070,014
Provision_Leakage & BBD (Including Deferred Revenue*)	54,631,810	88,953,014
<b>Total</b>	<b>75003,468</b>	<b>124,737,740</b>

\*Deferred Revenue has been recognized with adoption of NFRS 15 Revenue from Contract with Customers. (Refer Note 19).



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

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

#### **Corporate Social Responsibility**

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

Section 54 of Industrial Enterprises Act 2020 (2076 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

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

The company has provided provision for CSR at the rate of 1 % of profit before tax amounting to NPR 7,219,109 for FY 2079-80.

#### **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.

## **18. NON-FINANCIAL LIABILITIES**

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance received from distributors	11,526,996	28,420,941
Advance received from Related Parties	99,178	43,626,033
<b>Total</b>	<b>11,626,174</b>	<b>72,046,974</b>

## **19. REVENUE FROM OPERATION**

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Sale of goods	10,508,628,544	10,282,821,515
Less: Discount	(1,057,125,506)	(1,058,806,597)
Less: Deferred Revenue *	(131,468,948)	(109,945,846)
<b>Total</b>	<b>9,320,034,090</b>	<b>9,114,069,072</b>

\*Deferred Revenue has been recognized with adoption of NFRS 15 Revenue from Contract with Customers.

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Domestic	9,981,222,107	10,000,753,907
Export	527,406,437	282,067,608
<b>Total</b>	<b>10,508,628,544</b>	<b>10,282,821,515</b>

### **19.1 Sale of Goods**

The entity has applied NFRS 15- Revenue from Contracts with Customers using the cumulative effect method.

### **19.2 Significant Accounting Policy**

**Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.** The entity recognizes revenue when it transfers control over a product or service to a customer. In the comparative period, revenue was measured at the fair value of the consideration received. In the comparative period, revenue was recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e when the significant risks and rewards of ownership



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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.

### **19.3 Nature of Goods and Services**

The company is engaged in the production, manufacture and sale of soft drinks being carbonated non-alcoholic beverages under the brand names- Coca-Cola, Sprite and Fanta.

### **19.4 Timing of Revenue Recognition**

Under NFRS 15 'Revenue from contracts with customers' the entity recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

### **19.5 Sales Channel**

The entity does not sale goods directly. It sales only through intermediaries through its distributors.

### **19.6 Transaction price related to remaining performance obligations**

Some of sales made to customers comprise a right of return, trade discounts or volume rebates, incentive, reimbursement of expense. Currently, the entity recognizes revenue from the sale of goods upon delivery measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the entity defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under NFRS 15, and will be required to be estimated at contract inception and updated thereafter.

#### **(i) Rights of return**

When a contract with a customer provides a right to return the good within the specified period. However, the amount of returns being immaterial, the entity currently does not account for the right of return and does not anticipate significant impact on revenue recognition under the expected value method under NFRS 15. However, the entity recognizes obligations which may arise due to expiry of products and such obligation is measured based on previous year trends.

#### **(ii) Volume rebates**

The entity provides retrospective volume rebates to its customers on all products purchased by the customer once the quantity of products purchased and liquidated at secondary level during the period under scheme in force exceeds a threshold specified in the scheme under constructive obligation as evidenced in sales and marketing policy of the company.

Under its existing accounting policy, the entity estimates the expected volume rebates using the probability-weighted average amount of rebates approach and includes them in Trade and other payables. These amounts may subsequently be repaid in cash to the customer or are offset against amounts payable by customer. Under NFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the entity considered that the most likely amount method better predicts the amount of variable consideration for contracts with only a single volume threshold while for contracts with more than one volume threshold it would apply either the expected value method or the most likely amount method, depending on which of them better predicts the amount of variable consideration for the particular type of contract.



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## 20. COST OF GOODS SOLD

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Material consumed</b>		
<b>Raw materials</b>		
At 1st Shrawan 2079	825,100,405	594,763,989
Purchase	5,699,148,321	5,773,807,025
Less: Transfer from Bottlers Nepal Ltd.	(58,455,992)	(152,222,185)
At 31st Ashad 2080	(979,065,381)	(825,100,405)
<b>Total raw material consumed</b>	<b>5,486,727,353</b>	<b>5,391,248,424</b>
<b>Work in process</b>		
At 1st Shrawan 2079	4,769,848	-
At 31st Ashad 2080	(8,287,325)	(4,769,848)
<b>Net change in work-in-process</b>	<b>(3,517,477)</b>	<b>(4,769,848)</b>
<b>Production and manufacturing overheads</b>	<b>1,532,221,274</b>	<b>1,452,356,257</b>
Finished goods		
At 1st Shrawan 2079	266,307,905	146,763,984
At 31st Ashad 2080	(321,991,596)	(266,307,905)
<b>Net change in finished goods</b>	<b>(55,683,691)</b>	<b>(119,543,921)</b>
<b>Cost of goods sold</b>	<b>6,959,747,459</b>	<b>6,719,290,912</b>

### 20.1 Production and Manufacturing Overheads

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	470,926,226	463,929,050
Sick Leave*	(323,402)	1,290,000
Gratuity	25,199,222	25,124,000
Other retirement benefits	25,933,361	27,277,743
Travel and transport costs	10,604,652	9,178,041
Repair and maintainence	171,088,936	113,456,616
Office expenses	24,754,327	18,997,717
Consumables	75,577,066	63,278,335
Power & Fuel	213,455,715	195,447,827
Legal and other professional fees	4,606,058	2,925,120
Depreciation on Property, Plant and Equipment	502,075,988	490,789,869
Amortization of Intangible Assets	7,032,653	16,263,921
Exchange (Gain)/Loss	1,290,472	24,398,018
<b>Total</b>	<b>1,532,221,274</b>	<b>1,452,356,257</b>

\* During the year the Sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced and the excess leave expenses has been reversed in the current year.

## 21. OTHER OPERATING INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Product transfer fee	63,850,064	64,987,597
Sale of Scrap	16,512,849	17,686,627
Miscellaneous Income	559,950	1,740,787
<b>Total</b>	<b>80,922,863</b>	<b>84,415,011</b>

### 21.1 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.



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## 21.2 Sale of Scrap

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

## 21.3 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.

## 22. SELLING AND DISTRIBUTION EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	210,637,267	207,507,549
Sick Leave*	(227,385)	907,000
Gratuity	5,590,689	5,574,000
Other retirement benefits	7,242,751	7,618,214
Travel and transport costs	58,419,387	15,882,545
Repair and maintainence	27,260,801	18,077,839
Office expenses	17,620,395	17,372,186
Communication expenses	29,579,661	19,177,002
Utilities	32,770,214	18,939,101
Freight Charges	568,087,107	565,972,101
Liquid leakages and damages	-	13,120,036
Sales promotion expenses	37,217,689	44,987,061
Other miscellaneous expenses	456,800	329,718
Depreciation on Property, Plant and Equipment	87,708,123	85,736,540
Amortization of Intangible Assets	16,611	38,417
Loss on sale/write off of Property plant equipment (net)	(10,678,739)	(7,812,995)
Product transfer fees	163,205,976	128,030,086
<b>Total</b>	<b>1,234,907,347</b>	<b>1,141,456,400</b>

\* During the year the Sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced and the excess leave expenses has been reversed in the current year.



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## 23. ADMINISTRATIVE AND OPERATING EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Salaries, wages and other employee cost	63,417,600	62,475,321
Sick Leave*	(76,213)	304,000
Gratuity	3,410,180	3,400,000
Other retirement benefits	1,978,888	2,081,473
Travel and transport costs	6,310,198	5,461,307
Repair and maintainence	7,113,437	4,717,234
Office expenses	26,566,937	26,192,702
Bank charges	2,951,795	2,556,400
Audit fees	450,000	400,000
Legal and other professional fees	1,405,551	892,608
Communication expenses	30,221,446	24,109,504
Depreciation on property, plant and equipment	12,799,949	12,512,220
Amortization of Intangible Assets	329,287	761,519
Corporate Social Responsibility	7,219,109	9,737,379
Security Expenses	15,877,974	14,108,674
Board and AGM expenses	375,000	270,000
Other miscellaneous expenses	150,000	228,919
<b>Total</b>	<b>180,501,138</b>	<b>170,209,260</b>

\* During the year the Sick leave expenses has been reversed due to change in discount rate assumption. The discount rate has increased to 9% in the current year as compared to 7.5% in previous year, due to which the total liability has reduced and the excess leave expenses has been reversed in the current year.

### 23.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Statutory Audit Fees	450,000	400,000
<b>Total</b>	<b>450,000</b>	<b>400,000</b>

## 24. 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 2079-80	For the Year 2078-79
Interest on Term Loan	100,478,175	111,713,193
Interest on Overdraft	83,767,151	30,694,035
Interest on LC Loan	6,513,767	-
Interest on Inter Company Loan	114,049,521	61,585,455
Interest on Lease Liabilities	11,047,615	11,562,263
<b>Total</b>	<b>315,856,229</b>	<b>215,554,946</b>

\* Interest on Lease Liabilities has been recognized with adoption of NFRS 16 "Leases".

## 25. FINANCE INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Interest income	4,747,023	12,027,977
<b>Total</b>	<b>4,747,023</b>	<b>12,027,977</b>



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## 25.1 Interest Income

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

## 26. EARNINGS PER SHARE

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>Numerator</b>		
Profit for the year and earnings used in basic EPS	638,831,360	625,749,361
<b>Denominator</b>		
Weighted average number of shares used in basic EPS	1,210,000	1,210,000
<b>Basic and Diluted Earning Per Share</b>	<b>528</b>	<b>517</b>

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

## 27. DIVIDEND PAID AND PROPOSED

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>Declared and paid during the year:</b>		
Dividends on ordinary shares: Final dividend for 2078-79: Rs. 60 per share for 78-79: Rs 60 Per Share	72,600,000	
<b>Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):</b>		
Dividends on ordinary shares:		
2079-80: Rs 60 per Share	72,600,000	-
2078-79: Rs 60 per Share	-	72,600,000

## 28. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

### 28.1 Contingent Liabilities

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

#### 28.1.1 Bank Guarantee

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

Other bank guarantee has been provided to customs department regarding import of goods amounting to NPR 45,000,000.

#### 28.1.2 Corporate Tax Matters

- i. 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
TDS	75,154,450	123,929	75,030,521	9,619,613
<b>Total</b>	<b>75,154,450</b>	<b>123,929</b>	<b>75,030,521</b>	<b>9,619,613</b>



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- ii. 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	17,957,355
TDS	9,238,997	483,000	8,755,997	6,603
VAT	35,661,144	2,109,057	33,552,087	-
<b>Total</b>	<b>92,114,079</b>	<b>25,368,720</b>	<b>66,745,359</b>	<b>17,963,958</b>

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	159,844,396	5,254,246	154,590,150	27,626,343
TDS	68,550,836	24,213	68,526,623	8,845,932
VAT	43,900,619	4,895,328	39,005,291	4,767,564
<b>Total</b>	<b>272,295,851</b>	<b>10,173,787</b>	<b>262,122,064</b>	<b>41,239,839</b>

- iv. 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	85,849,957	593,328	85,256,629	6,337,987
TDS	71,517,670	-	71,517,670	5,424,347
VAT	38,289,325	1,202,613	37,086,712	2,807,155
<b>Total</b>	<b>195,656,952</b>	<b>1,795,941</b>	<b>193,861,011</b>	<b>14,569,489</b>

- v. LTO assessed the income tax, TDS and VAT liabilities of the company for the year 2073-74. 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	123,252,989	2,554,060	120,698,929	6,686,816
TDS	93,547,558	-	93,547,558	5,002,754
VAT	1,354,914	1,190,834	164,080	23,368
<b>Total</b>	<b>218,155,461</b>	<b>3,744,894</b>	<b>214,410,567</b>	<b>11,712,938</b>
<b>Grand total</b>	<b>853,376,793</b>	<b>41,207,271</b>	<b>812,169,522</b>	<b>95,105,838</b>

## 28.2 Commitment

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

At end of financial year 2079/80, the Company had capital commitments of NPR 29,648,257 (Previous Year 2078/79 NPR 49,852,071) relating to various small projects.



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## 29. INTERIM REPORTING

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

## 30. SEGMENT REPORTING

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

## 31. RELATED PARTY TRANSACTIONS

### 31.1 Relationship

The company identified related parties on the following lines

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

#### 31.1.1 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company. There have been no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the company’s regulations

#### FY 2079-80

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director’s Fees & facilities	-	375,000	-	375,000
<b>Total</b>	-	<b>375,000</b>	-	<b>375,000</b>

#### FY 2078-79

Figures in NPR

Particulars	Remuneration	Allowances	Facilities	Total
Director’s Fees & facilities	-	270,000	-	270,000
<b>Total</b>	-	<b>270,000</b>	-	<b>270,000</b>

#### Additional Information

- a. Key management personnel are also provided with following benefits:
  - i. All Managers of the group are provided vehicle allowance as per each respective Companies Policy
  - ii. Furnished apartments are provided to all expatriate staffs.
  - iii. Performance bonus based on individual, overall Division and Country performance.
- b. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.



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### 31.2 Other Related Party Transaction and Balances

Figures in NPR

Related Party Transactions	For the Year 2079-80	For the Year 2078-79
<b>Sale to related parties:</b>		
Sale of various materials to Bottlers Nepal Limited (at cost)	90,947,819	175,515,285
<b>Purchases from related parties:</b>		
Purchase of various materials from Bottlers Nepal Limited (at Cost)	32,491,827	23,293,100
Purchase of concentrate from Pacific Refreshments Pte. Ltd.	2,501,904,244	1,740,338,037
<b>Product transfer fee:</b>		
Received from Bottlers Nepal Limited	63,850,064	64,987,597
Paid to Bottlers Nepal Limited	163,205,976	128,030,086
<b>Management Fee Paid to Bottlers Nepal Limited</b>	<b>162,149,822</b>	<b>148,761,304</b>
<b>Rent paid to Bottlers Nepal Limited</b>	<b>559,950</b>	<b>542,250</b>
<b>Interest paid to Bottlers Nepal Ltd on loan</b>	<b>114,049,521</b>	<b>61,585,455</b>
<b>Purchase of asset (Containers) from Bottlers Nepal Ltd. (at WDV)</b>	<b>11,001</b>	<b>477,119</b>
<b>Amounts owed by related parties:</b>		
Bottlers Nepal Limited - Parent company	-	41,291,710
Pacific Refreshment - other related party	11,098,788	-
<b>Amounts owed to related parties:</b>		
Bottlers Nepal Limited - Parent company	619,104	-
Hindustan CCBPL	99,177	43,626,033
Pacific Refreshment - other related party	-	40,377,220
Coca Cola Asia Pacific	5,267,711	-
Coca Cola Bottlers(Malaysia) Sdn	17,666,000	18,021,866
Refreshment Product Service	4,667,333	1,406,722

#### 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.



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## **32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

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

### **32.1 Market risk**

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

#### **32.1.1 Interest rate risk**

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

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

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

#### **32.1.2 Foreign currency risk**

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

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

#### **32.1.3 Commodity price risk**

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

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

### **32.2 Credit risk**

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

#### **32.2.1 Trade receivables**

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

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

#### **32.2.2 Cash deposits**

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



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### 32.3 Liquidity risk

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

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

### 32.4 Risk Management Framework

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

**FY 2079-80**

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Advances to Employees	7,020,589	1,733,078	-	-	8,753,667
Security Deposits	-	-	-	142,320	142,320
Short Term Deposits	-	-	-	-	-
Duty Refundable	56,109,914	-	-	-	56,109,914
Other Receivables	39,256	-	-	-	39,256
Trade receivables	430,985,174	-	-	-	430,985,174
LC Margin Receivable	17,592,811	-	-	-	17,592,811
Cash and Cash Equivalents	19,029,812	-	-	-	19,029,812
<b>Total</b>	<b>530,777,556</b>	<b>1,733,078</b>	<b>-</b>	<b>142,320</b>	<b>532,652,954</b>
<b>Financial liabilities</b>					
Bank overdrafts	-	-	-	1,016,000,972	1,016,000,972
Loans from BNL	1,200,000,000	-	-	-	1,200,000,000
Secured bank loan	560,407,009	-	-	-	560,407,009
Trade Payable	513,692,981	-	-	-	513,692,981
Container deposit liability	-	-	-	597,230,947	597,230,947
Corporate Social Responsibility	26,502,947	-	-	-	26,502,947
Trade Deposits	-	-	-	2,327,100	2,327,100
Employee related accruals	43,564,164	-	-	-	43,564,164
Lease Liabilities	8,982,437	91,627,097	-	-	100,609,534
Bonus Payable	80,212,325	-	-	-	80,212,325
Provision for Expenses	75,003,468	-	-	-	75,003,468
Statutory dues payable	332,785,166	-	-	-	332,785,166
Interest Payables	6,135,350	-	-	-	6,135,350
VAT Payable (Net)	30,971,444	-	-	-	30,971,444
Gratuity	43,072,000	-	-	250,725,000	293,797,000
Leave Encashment	1,607,000	-	-	16,236,000	17,843,000
Other Retirement Benefits	17,724,000	-	-	189,453,470	207,177,470
<b>Total</b>	<b>2,940,660,291</b>	<b>91,627,097</b>	<b>-</b>	<b>2,071,973,489</b>	<b>5,104,260,877</b>
<b>Net Financial Assets</b>	<b>(2,409,882,735)</b>	<b>(89,894,019)</b>	<b>-</b>	<b>(2,071,831,169)</b>	<b>(4,571,607,923)</b>



**Bottlers Nepal (Terai) Limited**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

FY 2078-79

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial Assets:</b>					
Advances to Employees	4,238,958	655,118	-	-	4,894,076
Security Deposits	-	-	-	172,300	172,300
Short Term Deposits	188,932,183	-	-	-	188,932,183
Interest Receivable(FD)	2,287,892	-	-	-	2,287,892
Duty Refundable	5,504,805	-	-	-	5,504,805
Other Receivables	-	-	-	-	-
LC Margin Receivables	51,210,605	-	-	-	51,210,605
Trade receivables	255,060,128	-	-	-	255,060,128
Cash and Cash Equivalents	91,440,582	-	-	-	91,440,582
<b>Total</b>	<b>598,675,153</b>	<b>655,118</b>	<b>-</b>	<b>172,300</b>	<b>599,502,571</b>
<b>Financial Liabilities:</b>					
Bank overdrafts	-	-	-	472,554,968	472,554,968
Loan from BNL	800,000,000	-	-	-	800,000,000
Secured Bank Loan	570,000,000	560,407,009	-	-	1,130,407,009
Trade Payable	581,095,596	-	-	-	581,095,596
Container deposit liability	-	-	-	574,474,115	574,474,115
Corporate Social Responsibility	21,251,840	-	-	-	21,251,840
Trade Deposits	-	-	-	2,173,600	2,173,600
Employee related accruals	39,916,814	-	-	-	39,916,814
Lease Liabilities	17,746,159	100,609,534	-	-	118,355,693
Bonus Payable	108,193,102	-	-	-	108,193,102
Provision for Expenses	124,737,740	-	-	-	124,737,740
Statutory dues payable	187,130,143	-	-	-	187,130,143
Advance against unsettled Claims	-	-	-	-	-
Interest payables	8,193,453	-	-	-	8,193,453
VAT Payable (Net)	6,458,369	-	-	-	6,458,369
Gratuity	73,371,000	-	-	229,156,000	302,527,000
Leave Encashment	1,363,000	-	-	19,228,000	20,591,000
Other Retirement Benefits	14,805,000	-	-	223,416,470	238,221,470
<b>Total</b>	<b>2,554,262,216</b>	<b>661,016,543</b>	<b>-</b>	<b>1,521,003,153</b>	<b>4,736,281,912</b>
<b>Net Financial Assets</b>	<b>(1,955,587,063)</b>	<b>(660,361,425)</b>	<b>-</b>	<b>(1,520,830,853)</b>	<b>(4,136,779,341)</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

**Narmadeshwar Narayan Singh**  
Chairman

**Deepak Senthil Nath Gunalan**  
Chief Executive Officer

**Lukas Zapletal**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

**Gunjan Dhawan**  
Director

**Sunaina Dhanuka**  
Director

**Surendra Silwal**  
Director

**Ajay Kumar Shrestha**  
Director

**Pramod Kumar Karki**  
Independent Director

**Ashok Mandal**  
Finance Controller

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



# DIRECTOR'S REPORT

## (For the Year 2079-80)

Dear Shareholders,

We would like to present the Report on your Company's business operations, along with the audited financial statements, for the year ended on 31st Ashad, 2080.

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

NPR in million

Particulars	2078-79	2077-78	% Change
Gross Sales Revenue	-	-	0%
Gross Profit	-	-	0%
Net Profit Before Tax	(0.33)	(0.12)	-164%
Net Profit After Tax	(9.44)	(0.12)	-7715%

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

There were no any trading activity during the Fiscal Year.

### (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;

There were no any trading activity during the Fiscal Year.

### (d) Industrial or Professional Relations of the Company;

Not applicable

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

No change during this FY.

### (f) Major things affecting the transactions;

None

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

None

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

None

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

None

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

None. Your Company does not have any subsidiary Company.

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

None

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

None

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

None.

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

None



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

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

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

Particulars	NPR MM
Salaries, wages, and other employee costs	-
Administrative expenses	0.00
<b>Total</b>	<b>0.00</b>

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

Your Company is not required to form an Audit Committee pursuant to the Companies Act 2006 (2063).

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

None

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

None

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

None

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

None

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

None

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

None

**(y) Other necessary matters;**

- 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.

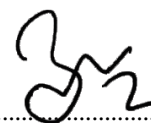
- Information (if any) regarding any fines paid by any directors, officers or shareholders of the Company to OCR in violation of Sec. 82 of the Act including information about the amount paid.

None

On behalf of the Board of Directors,



Ashok Mandal  
Director



Pratima Burma  
Director

**Date: 21st Kartik, 2080  
(07th November, 2023)**



**CSC & Co**

Chartered Accountants

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

## Independent Auditor's Report To the Shareholders of Troika Traders Private Limited Report on the audit of the Financial Statements

**Opinion**

We have audited the accompanying financial statements of Troika Traders Private Limited ("the Company"), which comprise the statement of financial position as at 31 Ashad 2080 (16 July 2023), 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 at 31 Ashad 2080 (16 July 2023), and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

**Basis for Opinion**

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 "Basis of Preparation" of the financial statements which indicates that significant doubt about future continuity of operations exists as on reporting date considering present status of nil inventory, no pending purchase order and lack of operating funds. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.





## Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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





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

#### Report on Other Legal and Regulatory Requirements

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



Bikesh Madhikarmi  
Partner

Place: Kathmandu  
Date: November 8, 2023  
UDIN:



**Troika Traders Pvt. Ltd.**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31st Ashad, 2080 (16th July, 2023)**

Figures in NPR

Particulars	Notes	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>ASSETS</b>			
Advances	3.1	12,263,697	2,934,397
Other Current Assets	3.2	73,424	24,024
Income Tax Receivable	3.3	3,632,914	3,632,914
<b>Financial Assets:</b>			
Cash and Cash Equivalents	4	601	601
<b>Total Assets</b>		<b>15,970,636</b>	<b>6,591,936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	5	750,000	750,000
Reserve and Surplus	6	(12,011,201)	(2,242,901)
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	7	27,231,837	8,084,837
<b>Total Equity and Liabilities</b>		<b>15,970,636</b>	<b>6,591,936</b>

Notes 1 to 19 form an integral part of this Financial Statement

As per our attached  
report of even date

For & on behalf of the Board

**Ashok Mandal**  
Director

**Pratima Burma**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Troika Traders Pvt. Ltd.**  
**STATEMENT OF PROFIT OR LOSS**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Notes	For the Year 2079-80	For the Year 2078-79
Revenue from Operations	8	-	-
Cost of goods sold	9	-	-
<b>Gross Profit</b>		-	-
Selling and Distribution Expenses	10	-	-
Administrative and Operating Expenses	11	(330,000)	(125,000)
<b>Profit from Operations</b>		<b>(330,000)</b>	<b>(125,000)</b>
Finance Income	12	-	5
<b>Profit Before Tax</b>		<b>(330,000)</b>	<b>(124,995)</b>
<b>Income Tax Expense</b>			
Current tax	13.1	-	-
Prior period tax adjustments	13.1	(9,438,300)	-
<b>Net Profit for the year</b>		<b>(9,768,300)</b>	<b>(124,995)</b>
<b>Basic/Diluted Earnings per share</b>	<b>14</b>	<b>(1,302)</b>	<b>(17)</b>

Notes 1 to 19 form an integral part of this Financial Statement

As per our attached  
report of even date

For &amp; on behalf of the Board

**Ashok Mandal**  
Director

**Pratima Burma**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Troika Traders Pvt. Ltd.**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Net Profit/(Loss) for the year as per Statement of Profit or Loss	(9,768,300)	(124,995)
<b>Items that will not be reclassified to Statement of Profit or Loss</b>		
Actuarial Gain/(Loss) on defined benefit plan schemes	-	-
Deferred Tax on Actuarial Gain/(Loss)	-	-
<b>Other comprehensive gain/(loss) for the year, net of tax</b>	-	-
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>	<b>(9,768,300)</b>	<b>(124,995)</b>

For &amp; on behalf of the Board

As per our attached  
report of even date

**Ashok Mandal**  
Director

**Pratima Burma**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Troika Traders Pvt. Ltd.**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	(9,768,300)	(124,995)
Adjustments for non cash and non operating:	-	(5)
<b>Working capital adjustments:</b>		
Increase / (Decrease) in trade payable and other liabilities	19,147,000	129,075
Decrease / (Increase) in trade and other receivables	(49,400)	(4,077)
Decrease / (Increase) in loans and advances	(9,329,300)	-
Decrease / (Increase) in inventories	-	-
<b>Cash generated from operations</b>	-	(2)
Direct taxes paid (net of refunds)	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	-	(2)
<b>B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Interest Received	-	5
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	-	5
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	-	-
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	-	3
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	601	598
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>601</b>	<b>601</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

Ashok Mandal  
DirectorPratima Burma  
DirectorBikesh Madhikarmi  
Partner  
CSC & Co.  
Chartered AccountantsPlace: Kathmandu, Nepal  
Date: 22nd Kartik, 2080 (8th November, 2023)



**Troika Traders Pvt. Ltd.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31st Ashad, 2080 (16th July, 2023)

Figures in NPR

Particulars	Share Capital	Securities Premium Reserve	Retained Earnings	Total
<b>Balance as at 1st Shrawan 2078</b>	<b>750,000</b>	-	<b>(2,117,906)</b>	<b>(1,367,906)</b>
Profit for the year	-	-	(124,995)	(124,995)
Other comprehensive income	-	-	-	-
Dividends	-	-	-	-
<b>Balance as at 1st Shrawan 2079</b>	<b>750,000</b>	-	<b>(2,242,901)</b>	<b>(1,492,901)</b>
Profit for the year	-	-	(9,768,300)	(9,768,300)
Other comprehensive income	-	-	-	-
Dividends	-	-	-	-
<b>Balance as at 31st Ashad 2080</b>	<b>750,000</b>	-	<b>(12,011,201)</b>	<b>(11,261,201)</b>

As per our attached  
report of even date

For &amp; on behalf of the Board

**Ashok Mandal**  
Director

**Pratima Burma**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



**Troika Traders Pvt. Ltd.**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

## 1. CORPORATE INFORMATION

Troika Traders Pvt. Ltd. ("Company") is a private limited Company incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Balaju Industrial District, Balaju, Kathmandu, Nepal.

Troika Traders Pvt. Ltd is a licensed distributor of non-alcoholic beverages products of The Coca-Cola Company, Atlanta. The Board of Directors has approved the financial statements for issue on its meeting held on 22nd Kartik, 2080 (8th November 2023) and has recommended for approval of shareholders in the Annual General Meeting.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) the issued by the Accounting Standards Board Nepal. These conform, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis, although significant doubt about future continuity of operations exists as on reporting date considering present status of nil inventory, no pending purchase order and lack of operating funds. However, Company has plans for future revival of operations and as on reporting date also, financial position of the company is not severely impacted so as to draw a conclusion that company will not be in a position to discharge its present liabilities with the resources available with it. This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

### 2.1 Accounting Pronouncements

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

### 2.2 Accounting Convention

The financial statements are prepared on a historical cost basis.

### 2.3 Presentations

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

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

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

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

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

All other liabilities are classified as non-current.

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



**Troika Traders Pvt. Ltd.**  
**Significant Accounting Policies and Explanatory Notes**  
**For the year ended 31st Ashad, 2080 (16th July, 2023)**

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

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

## 2.4 Accounting Policies

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

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

## 2.5 Accounting Estimates

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

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

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

### 2.5.1 Change in Accounting Estimates

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

## 2.6 Financial periods

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

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31st Ashad, 2080	16th July, 2023
Current Reporting Period	1st Shrawan 2079– 31st Ashad 2080	17th July 2022 – 16th July 2023
Comparative SFP* Date	32nd Ashad, 2079	16th July, 2022
Comparative reporting period	1st Shrawan 2078– 32nd Ashad 2079	16th July 2021 – 16th July 2022

\*Statement of Financial Position

## 2.7 Presentation currency

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

## 2.8 New Standards issued and not yet effective

The Company has not opted for the early adoption of any of the new set of NFRS pronounced by ICAN, which may relate to it, but whose application was not mandatory for financial year 2079-80 (2022-23). These standards include:

NFRS 17 “Insurance Contracts” applicable from 16th July 2021, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.



**Troika Traders Pvt. Ltd.**  
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### 3. OTHER ASSETS

#### 3.1 Advances

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance to suppliers	4,197,046	4,197,046
Less: Provision for Doubtful Advances	(4,197,046)	(4,197,046)
Balances with statutory/government authorities	12,263,697	2,934,397
<b>Total</b>	<b>12,263,697</b>	<b>2,934,397</b>

#### 3.2 Other Current Assets

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
VAT Receivable (Net)	73,424	24,024
<b>Total</b>	<b>73,424</b>	<b>24,024</b>

#### 3.3 Income Tax Receivable

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance Income Tax	15,259,908	15,259,908
Less: Income Tax Payable	(11,626,994)	(11,626,994)
<b>Total</b>	<b>3,632,914</b>	<b>3,632,914</b>

#### Financial Instruments: Financial Assets

##### a) Financial assets at amortized cost

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

##### b) Financial assets measured at fair value

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

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

##### c) Impairment of financial assets

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



**Troika Traders Pvt. Ltd.**  
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**d) De-recognition of financial assets**

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

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

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

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

**e) Risks associated with Financial Instrument- Financial Assets**

The company has a risk management framework to monitor, access, mitigate and manage risks. This risk management framework is given in Note 18.

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

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

**Changes in provision**

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

## 4. CASH AND CASH EQUIVALENTS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Balances with Banks On current accounts	601	601
<b>Total</b>	<b>601</b>	<b>601</b>

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

## 5. SHARE CAPITAL

Figures in NPR

Particulars	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	Number	NPR	Number	NPR
<b>Authorized</b>				
Ordinary shares of Rs. 100 each	50,000	5,000,000	50,000	5,000,000
<b>Issued</b>				
Ordinary shares of Rs. 100 each	25,000	2,500,000	25,000	2,500,000
<b>Paid Up</b>				
Ordinary shares of Rs. 100 each	7,500	750,000	7,500	750,000
At the beginning of the year	7,500	750,000	7,500	750,000
At the end of the year	7,500	750,000	7,500	750,000



**Troika Traders Pvt. Ltd.**  
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The Share holding Pattern of the company is as follows:

Figures in NPR

Shareholder Category	As at 31st Ashad 2080		As at 32nd Ashad 2079	
	No. of Shares	% of holding	No. of Shares	% of holding
Bottler's Nepal Limited	7,480	99.73%	7,480	99.73%
Others	20	0.27%	20	0.27%
<b>Total</b>	<b>7,500</b>	<b>100%</b>	<b>7,500</b>	<b>100%</b>

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

## 6. RESERVE AND SURPLUS

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Premium		
Retained earnings	(12,011,201)	(2,242,901)
(As per Statement of Changes in Equity)		
<b>Total</b>	<b>(12,011,201)</b>	<b>(2,242,901)</b>

## 7. TRADE PAYABLES

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Trade Payable	286,303	336,303
Trade Payable to related parties	26,945,534	7,748,534
<b>Total</b>	<b>27,231,837</b>	<b>8,084,837</b>

### 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 18.

## 8. REVENUE

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Sale of goods	-	-
Less: Sales Return	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 8.1 Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale of goods activities i.e., when the significant risks and rewards of ownership of the goods have



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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 includes all revenue from ordinary activities of the company that are recorded net off Value Added Taxes collected from the customer that are remitted or are to be remitted to the government authorities.

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

## 9. COST OF GOODS SOLD

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Finished goods stock</b>	-	-
At 1st Shrawan	-	-
Purchase	-	-
Less: Inventory Written off	-	-
At 31st Ashad	-	-
<b>Net change in finished goods stock</b>	-	-
<b>Cost of goods sold</b>	-	-

## 10. SELLING AND DISTRIBUTION EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Rent	-	-
Freight Charges	-	-
Liquid leakages and damages	-	-
<b>Total</b>	-	-

## 11. ADMINISTRATIVE AND OPERATING EXPENSES

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Audit fees	50,000	50,000
Legal and other professional fees	280,000	75,000
<b>Total</b>	<b>330,000</b>	<b>125,000</b>

### 11.1 Audit Fees Disclosure

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Audit fees	50,000	50,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

## 12. FINANCE INCOME

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Interest income	-	5
<b>Total</b>	-	<b>5</b>

## 13. INCOME TAX

### 13.1 Current Income Tax

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Current tax on profit for the year	-	-
Adjustment for prior periods	9,438,300	-
<b>Total</b>	<b>9,438,300</b>	-



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### 13.2 Reconciliation

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

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
Accounting profit before income tax	(330,000)	(124,995)
Adjustment as per Income Tax Act 2058	-	-
<b>Total profit as per Income Tax</b>	<b>(330,000)</b>	<b>(124,995)</b>
<b>Tax Rate</b>	<b>25%</b>	<b>25%</b>
<b>Tax Expenses</b>	<b>-</b>	<b>-</b>

### 14. EARNINGS PER SHARE

Figures in NPR

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
<b>Numerator</b>		
Profit for the year and earnings used in basic EPS (NPR)	(9,768,300)	(124,995)
<b>Earnings used in Basic and diluted EPS</b>		
<b>Denominator</b>		
Weighted average number of shares used in basic EPS (Nos)	7,500	7,500
<b>Basic and diluted earnings per share (NPR)</b>	<b>(1,302)</b>	<b>(17)</b>

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

### 15. CONTINGENT LIABILITIES

#### 15.1 Contingent Liabilities

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

##### 15.1.1 Corporate Tax Matters

- i. IRD assessed the income tax, TDS and VAT liabilities of the company for the year 2069-70. For the unaccepted amount, the company has filed the case for Administrative Review. Pending decision from the Director General, additional liabilities have not been recognized in the financial statements and is disclosed as contingent liabilities as below:

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	4,684,602	-	4,684,602	-
VAT	1,974,572	-	1,974,572	371,969
<b>Total</b>	<b>6,659,174</b>	<b>-</b>	<b>6,659,174</b>	<b>371,969</b>

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

Figures in NPR

Particulars	Additional Demand	Accepted amount	Appeal against demand	Estimated Interest Liabilities Upto Balance Sheet Date
Income-Tax	7,775,300	2,153,714	5,621,586	386,151
<b>Total</b>	<b>7,775,300</b>	<b>2,153,714</b>	<b>5,621,586</b>	<b>386,151</b>



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- iii. IRD assessed the income tax, TDS and VAT liabilities of the company for the year 2074-75. 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	33,907,264	7,634,608	26,272,656	118,614
VAT	11,042,390	-	11,042,390	450,328
<b>Total</b>	<b>44,949,654</b>	<b>7,634,608</b>	<b>37,315,046</b>	<b>568,942</b>

## 16. SEGMENT REPORTING

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

## 17. RELATED PARTY TRANSACTIONS

### 17.1 Relationship

The company identified related parties on the following lines

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

The Company is controlled by Bottlers Nepal Limited which owns 99.73% of the company's share.

#### 17.1.1 Transactions with Directors & Key Management Personnel

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

There are no material transactions or proposed transactions with directors and key management personnel or their relatives and associates.

### 17.2 Other Related Party Transaction and Balances

Figures in NPR

Particulars	For the Year 2079-80	For the Year 2078-79
<b>Amounts owed to related parties</b>		
Bottlers Nepal Limited	26,945,534	7,748,534

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 16th July 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



**Troika Traders Pvt. Ltd.**  
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## **18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

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

### **18.1 Market risk**

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

#### **18.1.1 Interest rate risk**

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

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

#### **18.1.2 Foreign currency risk**

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

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

#### **18.1.3 Commodity price risk**

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

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

### **18.2 Credit risk**

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

#### **18.2.1 Trade receivables**

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

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

#### **18.2.2 Cash deposits**

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

### **18.3 Liquidity risk**

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



**Troika Traders Pvt. Ltd.**  
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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.

#### 18.4 Risk Management Framework

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

##### FY 2079-80

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Cash and Cash Equivalents	601	-	-	-	601
<b>Total</b>	<b>601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601</b>
<b>Financial liabilities</b>					
Trade Payable	27,231,837	-	-	-	27,231,837
<b>Total</b>	<b>27,231,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,231,837</b>

<b>Net Financial Assets</b>	<b>(27,231,236)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,231,236)</b>
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##### FY 2078-79

Figures in NPR

Particulars	Within 1 Year	1-5 Years	More than 5 Years	No stated Maturity	Total
<b>Financial assets</b>					
Cash and Cash Equivalents	601.00	-	-	-	-
<b>Total</b>	<b>601.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade Payable	8,084,837	-	-	-	8,084,837
<b>Total</b>	<b>8,084,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,084,837</b>

<b>Net Financial Assets</b>	<b>(8,084,236)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,084,837)</b>
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As per our attached  
report of even date

For & on behalf of the Board

**Ashok Mandal**  
Director

**Pratima Burma**  
Director

**Bikesh Madhikarmi**  
Partner  
CSC & Co.  
Chartered Accountants

Place: Kathmandu, Nepal

Date: 22nd Kartik, 2080 (8th November, 2023)



## **CORPORATE INFORMATION**

### **COMPANY NAME:**

Bottlers Nepal Limited

### **REGISTRATION NUMBER:**

140

### **LEGAL FORM:**

Listed Public Company

### **STOCK EXCHANGE LISTING:**

Nepal Stock Exchange as “BNL”

### **REGISTERED ADDRESS:**

Balaju Industrial District, Balaju, Kathmandu, Nepal

### **BOARD OF DIRECTORS:**

Mr. Narmadeshwar Narayan Singh- Chairperson

Mr. Lukas Zapletal- Director

Mr. Deepak Senthil Nath Gunalan- Managing Director

Mr. Mohit Kumar Budhwar- Director

Ms. Sunaina Vijaykumar Dhanuka- Director

Mr. Surendra Silwal- Director

Mr. Kishore Kumar Maharjan- Independent Director

### **COMPANY SECRETARY & COMPLIANCE OFFICER:**

Ms. Pratima Burma

### **AUDITORS:**

M/s CSC & Co. Chartered Accountants

M/s S.A.R Associates, 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 Global IME Bank

### **INSURANCE PARTNERS:**

M/s Siddhartha Premier Insurance

M/s IGI Prudential

M/s MetLife





*Coca-Cola*  
**Beverages Nepal**



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