



UNILEVER NEPAL LIMITED



29TH ANNUAL GENERAL MEETING

6TH DECEMBER 2022

(16TH JULY 2021-16TH JULY 2022)



Basis of Preparation and Presentation

Summary

The terms 'UNL', 'the Company', 'your Company', 'we', 'our' and 'us' refer to Unilever Nepal Limited. Our Integrated Annual Report encompassing the Statutory Reports, (page nos. 2 to 34), contains information about us, how we create value for our stakeholders and how we run our business. It includes our strategy, business model, market outlook and key performance indicators. The Report of Board of Directors and the Management Discussion and Analysis include details of our performance as well as our approach to sustainability and risk management. Our Corporate Governance actions, part of the Report of Board of Directors, (page nos. 38 to 41), contains an analysis of steps taken in the area of Corporate Governance including information as required under the Securities Board of Nepal (Listing Obligations and Disclosure Requirements) Securities Registration and Issue Regulation, 2073 and Directives Related to Corporate Governance for Listed Companies, 2074. Our Financial Statements and Notes are on (page nos. 44 to 83). The Integrated Annual Report, Statutory Reports and Financial Statements have been approved by the Board of Directors.

Standards & Frameworks

The auditors have audited the financial statements of Unilever Nepal Limited (the Company), which comprise the statement of financial position as at 32 Ashad 2079 (16 July 2022), and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.



You can find more information about Unilever Nepal Limited at www.unilevernepal.com

Find more information about UNL AGM Integrated Annual Report along with other related documents can be downloaded: <https://www.unilevernepal.com/investor-relations/annual-reports/>

Accountability Statement

The Company's Board of Directors confirm that the UNL Integrated Annual Report, taken as a whole, is fair, balanced and provides fair and necessary information to shareholders on the Company's performance, business model and strategy, together with a description of the material risks and opportunities.

Reporting Scope

The Integrated Annual Report including the Statutory Reports and Audited Financial Statements with respect to the Company's operations for the Financial Year 2078-79 (2021-22) (unless specifically mentioned otherwise).

Cautionary Statement

Statements in this Integrated Annual Report, particularly those that relate to the Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

Assurance by Independent Auditor

The enclosed standalone and consolidated Financial Statements of your Company have been audited by Independent Auditors PKF T R Upadhy & Co. Chartered Accountants. The auditors are independent of the Company in accordance with the code of ethics for professional accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to audit of the financial statements under the provisions of the Companies Act, 2063. The auditors have conducted the audit in accordance with Nepal Standards on Auditing (NSAs). In Auditor's Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32 Ashad 2079 (16 July 2022), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).



Table of Contents

A) Overview

(i) About the company	2
(ii) Our purpose	3
(iii) Profile of Board of Directors	5
(iv) Organizational Structure	7
(v) Chairman's Statement	8
(vi) Message By Managing Director	10
(vii) Notice of AGM	11
(viii) Report of the Board of Directors	13
(ix) Unilever Compass commitments	16
(x) UNL Corporate Social Responsibility & Sustainability Update	17

• Business Function Update

(xi) Winning with brands and innovation	21
(xii) Winning in the marketplace	26
(xiii) Winning in supply chain	28
(xiv) Winning with people	31
(xv) Future fit finance	32
(xvi) World Class Legal	34
(xvii) Appreciations and acknowledgments	36

B) Reports

(i) Reports Under section 109(4) of The Companies Act, 2063	38
(ii) Disclosure under Rule 26(2) of Securities Registration and Issue Regulation, 2073	40
(iii) Disclosure under Rule 20(4) of Directives Related to Corporate Governance for Listed Companies, 2074	41

C) Shareholder/Registrar to Shares information

(i) Share Holding structure of UNL.	42
(ii) Shareholder Relationship	43

D) Financial Statements

(i) Independent Auditor's Report	44
(ii) Statement of Financial Position	48

E) Others

(i) Unilever Nepal Limited's Website Launch	84
(ii) Notes	85

ABOUT THE COMPANY



UNILEVER NEPAL LIMITED (UNL) IS NEPAL'S LARGEST CORE FAST-MOVING CONSUMER GOODS COMPANY WITH A HERITAGE OF OVER 29 YEARS. NINE OUT OF TEN NEPALI HOUSEHOLDS USE ONE OF OUR PRODUCTS EVERYDAY TO FEEL GOOD, LOOK GOOD AND GET MORE OUT OF LIFE; GIVING US A UNIQUE OPPORTUNITY TO BUILD A BRIGHTER FUTURE.

With over 28 brands spanning distinct categories including soaps, detergents, shampoos, skin care, toothpastes and cosmetics. the Company is a part of the everyday life of millions of consumers across Nepal. Our endeavor is supported by consistent investment in product innovation and marketing activities.

Your Company has a clear and compelling strategy that is driven by purpose and focuses on achieving consistent, competitive, profitable and responsible growth. We believe that Brands with Purpose Grow, Companies with Purpose Last, and People

with Purpose Thrive. Compass are time-bound commitments and actionable goals which will help tackle the key challenges of our time, such as packaging and waste, gender equality, human rights, and fair value – plus, of course, climate change and social inclusion.

Our continuous effort to re-invent the organization and stay ahead of the curve by constantly innovating helps us drive scale. Meeting consumer needs enables us to increase our footprint and drive higher volume growth. With higher volume growth, we get benefits from scale, efficiencies and we invest the savings behind our products and brands which thereby results in the virtuous cycle.

We are committed to protecting our reputation by fostering business integrity which is non-negotiable for all employees. Our Code of Business Principles (the Code), and the 24 policies that support it (Code Policies), set out the behavior of standards required from all our people. Together, the Code and Code Policies help us put our values of Integrity, Respect, Responsibility and Pioneering into practice.



OUR PURPOSE

Unilever Purpose is to make sustainable living commonplace.

We've set out an ambitious sustainability agenda to tackle the issues that our consumers and stakeholders care deeply about – such as climate change, plastic pollution and inequality.

A belief that sustainable business drives superior performance lies at the heart of our Compass Strategy



Our Vision is to be the global leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry.

 <p>SUSTAINABILITY</p> <p>We are committed towards making improvements in the management of our environmental impacts and to our goal of developing a sustainable business.</p>	 <p>INTEGRITY</p> <p>We have a business integrity framework which ensures we do business fully aligned with our values</p>
 <p>RESPECT</p> <p>We ensure that all employees work in an environment where there is mutual trust and respect. Our businesses take place in the same way too.</p>	 <p>RESPONSIBILITY</p> <p>We understand our responsibility towards our consumers, shareholders, employees, and environment. We operate in a way which impacts everyone positively.</p>

BOARD OF DIRECTORS

1. **DEV BAJPAI**
Chairman
(Nominee, Hindustan Unilever Limited)
2. **AMLAN MUKHERJEE**
Managing Director
3. **RAVI BHAKTA SHRESTHA**
Promoter Director
(Nominee, M/s Sibkrim Holdings Pvt. Ltd.)
4. **SUBHAS BAJRACHARYA**
Independent Director
5. **ASHA GOPALAKRISHNAN**
Director
(Nominee, Hindustan Unilever Limited)
6. **KRISHNAN SUNDARAM**
Director
(Nominee, Hindustan Unilever Limited)
7. **YOGESH MISHRA**
Director
(Nominee, Hindustan Unilever Limited)



PROFILE OF DIRECTORS

Profile of Mr. Dev Bajpai

Mr. Dev Bajpai was appointed Executive Director (Legal & Corporate Affairs) in HUL in May, 2010. He has, in January 2017 been appointed as a Director on the Board of HUL looking after Legal & Corporate Affairs function. Mr. Bajpai is a Fellow Member of the Institute of Company Secretaries of India and has a Law degree from University of Delhi. He has three decades of corporate experience in diverse industries that include Automobiles, FMCG, Hospitality and Private Equity in the areas of Legal, Governance, Tax and Corporate Affairs. He has worked in Organizations like Maruti Udyog Limited, Marico Limited, Indian Hotels Company Limited and ICICI Venture Funds Management Company Limited. Mr. Bajpai has been part of Committees of Apex Industry Organizations like Confederation of Indian Industries (CII) & Federation of Indian Chambers of Commerce & Industry (FICCI). He has also represented Industry before Parliamentary Committees. He completed an Executive Program for Corporate Counsels at Harvard conducted by Harvard Law School. Before joining HUL, he was Senior Director, Legal & Compliance, ICICI Venture Funds Management Company Limited.

Profile of Mr. Amlan Mukherjee

Mr. Amlan Mukherjee has been working as the Managing Director of Unilever Nepal Limited (UNL) starting April 2020. He has 30 years+ of industry experience spanning general management, Brand Management and sales and marketing roles working in different capacities in global roles, in South Asia. His educational qualification is Bachelor of Commerce from Kolkata University followed by Business Management Executive program sponsored by Hindustan Unilever Limited (HUL). He has worked for HUL for different assignments in many parts of India. In marketing & sales, he had worked as head of Institutional business and led a large business of India primarily defense channel called NPC (National Police channel) where he successfully contributed 6% of country turnover creating a highly profitable new business opportunity from the ground to Euro 40 million. He had worked as General manager for Out of Home, UFS and Modern Food for HUL and led India's Out of Home business ensuring futuristic innovation taking the vending business to next level of profitable sustainable growth. In his last role as

General Manager - East India, he had managed CD function for 600-million euro business with four hundred workforces and had successfully turn around the business with decisive competitive growth. During his tenure, he had created local activation model to leverage local category responsibility and led the CD function of national cosmetic business (Lakme) as additional responsibility. In his current role as Managing Director to UNL, he is part of Unilever's South Asia Leadership team.

Profile of Mr. Ravi Bhakta Shrestha

Mr. Ravi Bhakta Shrestha is a Promoter Director of UNL as representative of local Joint Venture Company - M/S Sibkrim Holdings Private Limited. He is a Chairman and Managing Director of I.J. Group which is one of the leading business houses in Nepal. Previously, Mr. Shrestha was President of Federation of Nepalese Chamber of Commerce and Industry (FNCCI). He was also member of "Business Consultative Group" Chaired by the Rt. Honorable Prime Minister. He is a member of "Industry and Trade Promotion Council" Chaired by the Rt. Honorable Prime Minister. He is Chairman of I. J. Charitable Trust that contributes to the health and education sector under CSR. He is also member of committee of I.J. Trust Health Fund Operation Committee of Teaching Hospital, Tribhuvan University. He is also member of Indra Bhakta Gold Medal Award Committee and Indra Bhakta Scholarship Award Committee for MBA students at School of Management, Tribhuvan University. Mr. Shrestha is a Graduate in Business Administration. He has been decorated with Prasadha Prabal Gorkha Dakchhin Bahu 'Second' and Knight Officer of the Order of Merit of the Republic of Italy.

Profile of Mr. Subash Bajracharya

Mr. Subhas is an Electrical Engineering graduate (1985) from Birla Institute of Technology, Mesra, India. He is owner and Managing Director of NH Nepal Pvt. Ltd. Mr. Bajracharya has done series of assignments in Nepal Telecom from 1986 till 2008. He has served as CEO in Smart Telecom (2008-13), a start-up private Telecom company in Nepal. Mr. Bajracharya is also Executive Director in Nexhop Limited, UAE since 2013.

Profile of Ms. Asha Gopalakrishnan

Ms. Asha is a qualified Chartered Accountant and joined Unilever as a management trainee in October 1996. She has done various roles as Management Accountant in Detergents, Supply Planner in Beauty and Personal Care, Customer Service Manager in Kolkata and Category Finance Manager in Skin Care. She moved on to handle the Finance Director role for Procurement in Asia, Africa, Middle East and Russia and was then the Venturing Director for Asia. Her last role was in Supply Chain Finance – South Asia. She is currently the VP Finance for Personal Care and Beauty & Wellbeing - South Asia.

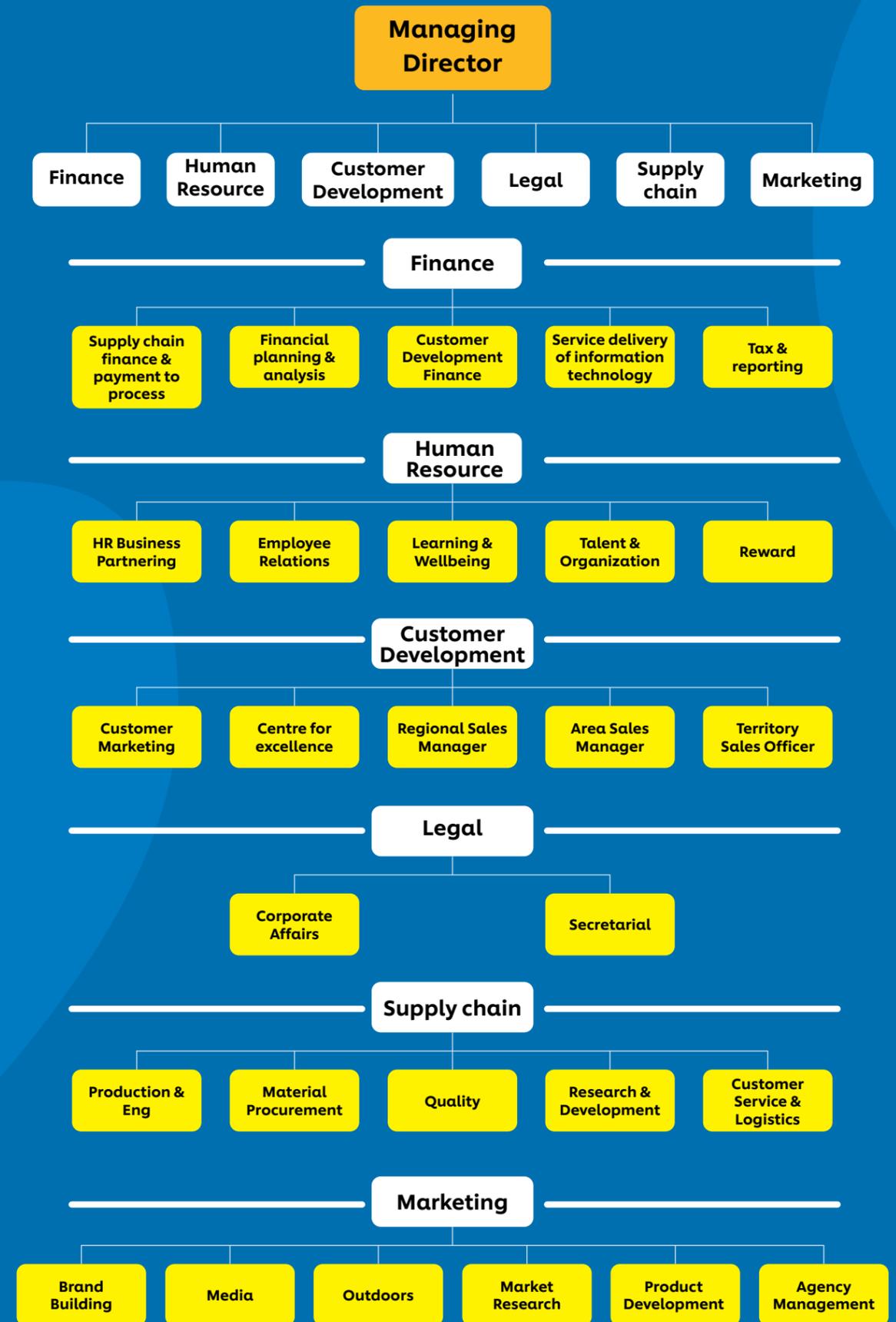
Profile of Mr. Yogesh Mishra

Mr. Yogesh Mishra is a qualified Chemical Engineer and joined Unilever in February 1990. He has done various roles in Operations Management, Manufacturing Operations, GMP, Operational Excellence, and Quality Management. His key roles in past are Manufacturing Manager at various UL factories, Head of Innovations and Supply Planning, Home Care, Factory Manager, HPC. He moved on as General Manager Operations Home Care, South Asia in 2014. He is currently the Executive Director Supply Chain South Asia.

Profile of Mr. Krishnan Sundaram

Krishnan has Master's degree in Business Administration from Delhi University. He joined Hindustan Unilever in 2000 as a management trainee, working in his initial years in customer development. He moved to brand management in 2004, looking after the tea and coffee brands of Unilever in India. In 2010, Krishnan moved as marketing head of the premium laundry business and subsequently was the general manager of the beverages business, both within HUL. In 2014, he moved to partner the cluster president of Unilever for South Asia and headed the marketing operations function, creating and executing a strategic growth plan across business and countries. In June 2017, Krishnan moved to London to take up a global assignment as head of Marketing transformation and capability, with responsibility for business and portfolio transformation and marketing excellence and capability. In January 2019, Krishnan was appointed as the Head of integration and change for the Horlicks (GSK) Acquisition. He is currently the Business Head for Nutrition South Asia.

ORGANIZATIONAL STRUCTURE



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to share with you an update on your Company's performance for the financial year 2078-79 BS (2021-22). The period under review was affected by unprecedented commodity inflation and other economic disturbances. However, the Government of Nepal along with its instrumentalities ensured all steps are taken to salvage the situation. In such an environment your company made all round efforts towards consistent performance.

Ensuring delivery against 4Gs

Your Company has always believed that businesses need to deliver the 4Gs of growth – consistent, competitive, profitable, and responsible growth. This fourth G recognises that it is the role of business to not just create economic value but also generate social value, and to do so in a sustainable way.

In the period under review, the total revenue of your company grew with a double-digit growth of 28.8%. The recovery from COVID supported with strong volume growth amidst the economic headwind of rising inflation, tighten liquidity and import controls. With our robust symphony savings program and cost agility across all levers of P&L, the net profit for the year increased from 86.1 Crs NPR to 154.2 Crs. NPR. Which is a 79% growth in profitability that consist of a one-off reversal amounting to 53.2 Crs. NPR.

Localization is the key to industrial prosperity

The recent Government initiative of "Make in Nepal" augurs well for the industry and us as we will be able to provide more and more world class products to the local consumers at a competitive price. This will in turn bring in more consumers in emerging categories like skin care, hair care or even matured categories like Fabric wash or personal wash with exciting new formats. We need to realise that basic FMCG products are no longer luxuries.

Your company has taken up the task to evaluate and embrace increased localisation opportunities holistically from procurement of raw materials, packaging, and services to widening the product portfolio on offer to the consumers through local manufacturing and brand communication tailor made for the Nepali consumers.

The industry needs government intervention to protect global brands from infringement, illegal



import of substandard products, favourable duty structure etc. In such pursuance, we have requested the government to allow manufacturing MNCs to import world class products under strict supervision of quality and consumer relevance, develop consumer franchise and then localize. Our engagement with government in this regard and their reception gives us huge confidence.

Serving the Digital-led Consumer

Health and Beauty awareness among consumers continues to evolve post the pandemic and has now extended to cover mental and holistic wellbeing. Adoption of technology too has been at an accelerated pace among Nepali consumers. It wouldn't be an overstatement to say that Nepal is witnessing a digital revolution.

A consumer may engage with a brand on social media, experience the product in a physical store, get prompted to make a purchase through advertisements on their social media feeds and finally make the purchase through e-commerce platforms. As a result, brands need to be present everywhere and communicate consistently to stay top of mind.

But that's not all. In a nation of paradoxes, critical to unlocking value is de-averaging – we will need to win in rural as well as urban, in mass as well as premium, in traditional as well as digital. Our endeavour is to adapt global best practices and work with local platforms and service providers so that Nepal accelerates to global standard.

Sustainability at the heart of our operations

At UNL, we are embedding sustainability across the value chain and beyond through what we call the 'Compass'; our strategy to make sustainable living commonplace. We believe that Brands with Purpose Grow, Companies with Purpose Last, and People with Purpose Thrive. Through the Unilever Compass strategy of being Purpose Led, Future Fit, we aim to demonstrate that financial results and sustainable business are complementary & not contradictory.

In 2022, we partnered with the Nepal Army in the "Mountain Cleaning Campaign 2022". This initiative disposed 15.37 tonnes of waste, of which 12.35 tonne non-biodegradable waste was sent for recycling and remaining 03 tonnes of bio-degradable waste was disposed through local rural municipality.

Along with our partners, we are taking the lead to tackle the most visible environmental issue in the consumer goods industry: plastic packaging. By early 2022, we have collected and utilized in an environment friendly manner 1092 Tonnes of plastic waste from locations in and around Kathmandu Valley. These were collected, segregated and being re-processed by our implementing partners Avni Ventures Pvt. Ltd-Kathmandu.

Our strength: Our people

We encourage our people to define their individual purpose and help them realise it through meaningful actions. We groom our young managers with early exposure to varied roles and responsibilities. We are even harnessing technology to prepare our employees for the world of tomorrow. We encourage a culture of lifelong learning in our people and believe that with the current pace of change, it is indeed important to reskill and upskill ourselves at every turn.

Conclusion

As Nepal moves forward, we will face both challenges and opportunities. To overcome the challenges and realise the enormous opportunities that exist, it is imperative to ensure that the next phase of growth for the nation is both sustainable and equitable.

Businesses can play a key role in this transformative journey and hence we firmly believe UNL growth story is intertwined with the Nepal story. Our philosophy of 'what is good for Nepal is good for Unilever Nepal' plays out through our strong fundamentals of business and agility to adapt under prevailing circumstances.

I would like to take this opportunity to thank each employee as well as the workforce working with our partners across our value chain for their commitment and service to UNL. I would also thank all our partners, distributors, suppliers, service providers and other stakeholders who have stood by us over the years. I would further like to thank the Government of Nepal and all its constituents with which your Company has dealings for their unstinted support and guidance.

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

Warm regards,

Dev Bajpai
Chairman

MESSAGE BY MANAGING DIRECTOR



It is with great pleasure that I present to you the Unilever Nepal Limited Annual Report 2021/22. The year under review has been one of steady performance amidst uncertainty and unparalleled challenges posed by the external environment. However, similar to our previous years Unilever Nepal has demonstrated its readiness and ability to rise through difficult conditions. Whilst the country navigated the pandemic and rolled out a successful vaccination programme, Nepal's economy remained volatile amidst COVID Scars, rising inflation and with depleting foreign exchange (forex) reserves.

Results of the UNL bold and strategic focus is evident in the resilient performance delivered over the current financial year. Underpinned by strong volume-led growth across all key categories, UNL declared a cumulative revenue of Rs. 745.5 Crs. for the financial year 2021/22, reflecting an increase of 28.8 % over the previous year. Despite margin pressure on several of our categories, due to cost inflation, our underlying cumulative operating profits (excluding one off) increased by 27.8 % year-on-year to reach Rs. 110.0 Crs. in financial year 2021/22. Our balance sheet stands strong, with low gearing and strong operating cash flows being the anchors that assured our ability to withstand unfavorable headwinds over this past year.

Our resilience is an outcome of the strong principles and purpose. The Unilever purpose of "making sustainable living common place" is being brought to life by our initiatives such as partnering with Nepal Army for the Mountain Clean Up Campaign 2022 and also the self initiated activity of recollection of plastic waste generated through packaging etc. We firmly believe that what is good for Nepal is good for Unilever Nepal.

Warm regards,

Amlan Mukherjee
Managing Director

NOTICE OF AGM

It is hereby notified to all the shareholders that, the 29th (Twenty Ninth) Annual General Meeting (AGM) of Unilever Nepal Limited (UNL) will be held on Tuesday, 06th December 2022 (20th of Mangshir 2079) at 04:30 P.M. (NST) to transact the following business. The venue of the meeting shall be Hotel Everest, New Baneshwor, Kathmandu.

Ordinary Business:

1. To receive and adopt the Profit and Loss Accounts 2078-79 (16th July 2021 to 16th July 2022), Balance Sheet, Cash Flow Statement and Reports of the Board of Directors and Auditors for the period ended 16th July 2022 (32nd of Asar 2079).
2. To appoint Auditors and to fix their remuneration for the year beginning 17th July 2022 (1 Shrawan 2079)
3. To approve the Dividend as per the recommendations of the Board of Directors.
4. To pass resolution for financial contributions to Social and Community projects under the UNL corporate social responsibility.
5. Any other matter(s) with the permission of the Chair.

Special Business:

1. To consider and, if thought fit, to pass the following resolutions as Special Resolution:

"RESOLVED THAT in accordance with section 20(2)(b), section 21 of the Companies Act 2063 and pursuant to the article 52 of the Article of Association of the Company and subject to such consent and permissions as may be required, approval of the Members of the Company be and is here accorded to **ADD** the following sub-article under article 55 in the existing Articles of Association of the Company as below:

Article 55.1: Every director of the company shall be present in the general meeting as far as possible. However, in situations beyond control, the attendance can be made through video conferencing or similar technology. "

2. To consider and, if thought fit, to pass the following resolutions as Special Resolution:

"RESOLVED THAT in accordance with section 21 of the Companies Act 2063 and pursuant to the article 52 of the Articles of Association of the Company and subject to such consents and permissions, as may be required, approval of the Members of the Company be and is here accorded to **REMOVE** the following article of the existing Articles of Association of the Company as the same is already covered in other Articles. The text is as below:

Article 63: Any person who is not disqualified to be appointed as Director under the Company Law may be appointed as Director."

3. To consider and, if thought fit, to pass the following resolutions as Special Resolution:

"RESOLVED THAT in accordance with section 21 of the Companies Act 2063 and pursuant to the article 52 of the Articles of Association of the Company and subject to such consents and permissions, as may be required, approval of the Members of the Company be and is here accorded to **AMEND AND REPLACE** the article 69 of the existing Articles of Association of the Company as below:

Article 69: Any body corporate may nominate its Directors and alternate directors; and the term of office of such Directors shall continue at the pleasure of such a body appointing them. The term of office of the other Directors shall be of four years. The Directors are eligible to be re-elected or renominated subject to the provisions of these Articles."

4. To consider and, if thought fit, to pass the following resolutions as Special Resolutions:

“RESOLVED THAT in accordance with the provision of section 21 of the Companies Act 2063 and pursuant to the article 52 of the Articles of Association of the Company and subject to such consents and permissions, as may be required, approval of the Members of the Company be and is here accorded to **ADD** the following sub-article under article 74 in the existing Articles of Association of the Company as below:

Article 74(j): To adopt and propose, where required for approval of members of the Company in general meeting the best practices, guidelines and procedures relating to corporate governance.

5. To consider and, if thought fit, to pass the following resolutions as Special Resolutions:

“RESOLVED THAT in accordance with the provision of section 21 of Company Act 2063, and pursuant to the article 52 of the Articles of Association of the Company and subject to such consents and permissions, as may be required, approval of the Members of the Company be and is here accorded to **ADD** the following article in the existing Articles of Association of the Company as below:

Article 76.C.: The Company may appoint its Managers and other employees in writing as the responsible person in compliance to requirement of nomination under different laws and regulations of Nepal as applicable upon the Company. The nominated employee shall also come into effect upon being reproduced in writing.”

Date: 14th November 2022

Registered Office:
Basamadi-3, Hetauda
Makwanpur, Nepal

For Unilever Nepal Limited
Sangeeta Shrestha
Company Secretary



REPORT OF THE BOARD OF DIRECTORS

Financial Highlights

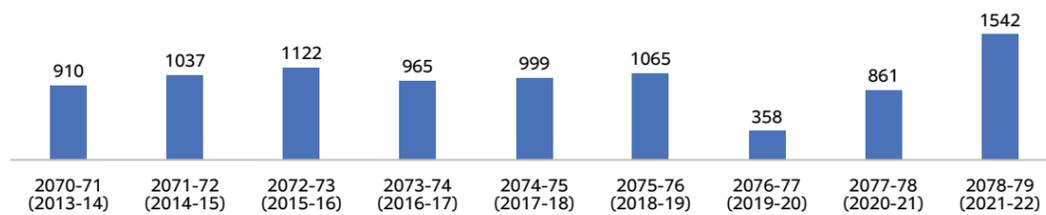
Revenue from Operations
NRs. 7,334 million

Net Profit
NRs. 1,542 million

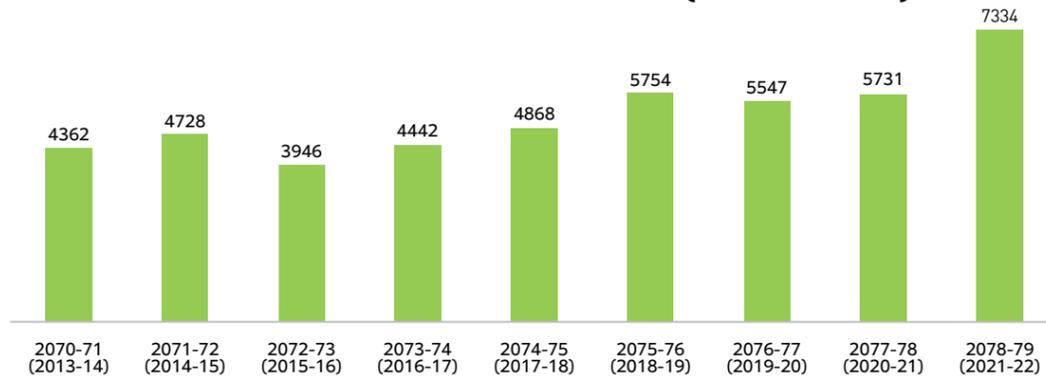
Operating Cash flow
NRs. 927 million

Proposed Dividend per share
NRs. 1,215 per Share

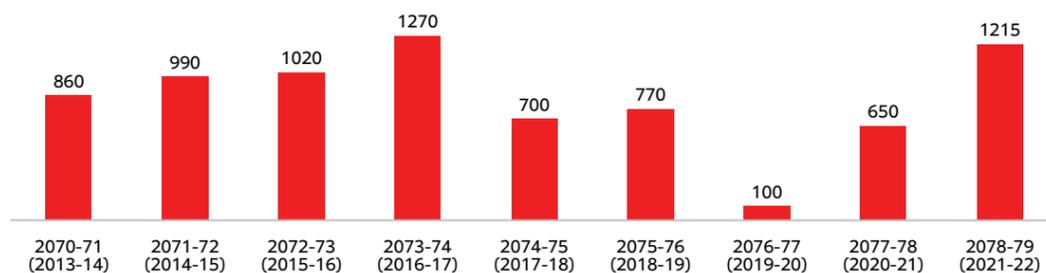
NET PROFIT (NRs. Millon)



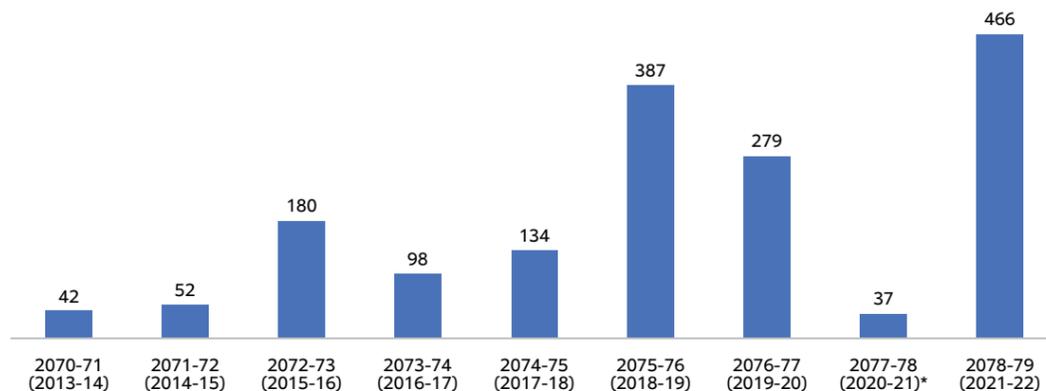
REVENUE FROM OPERATIONS (NRs. Millon)



DIVIDEND PER SHARE



NET CAPEX (NRs. Million)



Financial Performance Summary

Revenue from operations	7334	5731	5547
Profit Before Tax	1882	1051	572
Net Profit for the year	1542	861	358
Dividend	-598	-92	-709
Retained Earnings balance carried forward	2779	1854	1085

Financial Review 2078-79 (2021-22)

The financial year was unpredictable and challenging with continued pressure from COVID-19 and unprecedented cost inflation. As global supply chains were disrupted, firstly due to the pandemic and later due to geopolitical crisis, inflation in many commodities like crude oil derivatives, packaging etc. rose to historic highs resulting in significant input cost pressures.

In a challenging environment, we have shown resilience and agility to deliver strong and all-round performance. Our reported Turnover and Net Profit grew by 28% and 79% respectively in financial year 2078-79, consecutively for the second year. The turnover growth is largely led by Skin and Hair Care. Further, the increase in Net Profit is partly due to waive off of Rs. 53.2 Crs. granted by Unilever Europe Business Center for amount payable towards Fair Share of ETS & Central Service Charges. The remaining growth in net profit is on account of higher sales combined with a strong savings programme and calibrated pricing actions which helped protect our business model against rising input costs.

We continue to invest in building a future-fit portfolio and create long-term value. We are strengthening our core, creating categories of the future through market development, and driving premiumisation by upgrading consumers to higher order benefits.



UNILEVER COMPASS AND CSR

THE UNILEVER COMPASS: PURPOSE-LED, FUTURE-FIT



OUR PURPOSE

is to make sustainable living commonplace

OUR VISION

is to be the global leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry



CREATE CAPABILITY THROUGH LIFELONG LEARNING
BY INSPIRING AND ENABLING PEOPLE TO NEVER STOP GROWING AND TAKE CHARGE OF THEIR WELL-BEING

UNLOCK CAPACITY FOR GROWTH
BY BEING TRULY AGILE, ALWAYS SIMPLIFYING AND LEADING FOR AN INCLUSIVE FUTURE OF WORK

DEEPEN OUR CULTURE OF PIONEERING
BY DRIVING PERFORMANCE THROUGH LEADERSHIP AND INNOVATION IN ALL WE DO

MULTI-STAKEHOLDER MODEL



CONSISTENT FINANCIAL PERFORMANCE



Overview

UNL CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY UPDATE

Environment Protection



As part of Unilever's commitment "to make sustainable living a common place", we partnered with the Nepal Army in the "Mountain Cleaning Campaign 2022". Transitioning to a circular economy approach is at the heart of Unilever's Strategy for a waste free world. Carelessness in waste disposal is killing wildlife, devastating beauty of the mountains, and threatening the health of our planet. This mountain clean up initiative disposed 15373 kg of waste, of which 12356 Kg non-biodegradable waste was sent for recycling and remaining 3017 KG of bio-

degradable waste was disposed through Local Rural Municipality.

We are committed to improve the health of the planet. we aim to work hard to tackle plastic packaging waste, particularly through partnerships and collaborations that drive change beyond their own operations. The ultimate aim is to create a circular economy system for waste management. We are committed to make sustainable living common place for everyone and will continuously engage in programs like these in the coming days.

Well Being

Healthy Life Style-Connecting Brand With Wellness



Unilever Nepal Limited celebrated International Yoga Day along with Indian Embassy in Nepal on 21st June, 2022.



Creating Mass Awareness On Mental Health



Unilever Nepal worked with Nepal Police to create awareness on Mental Health Education through a short movie. The movie is also available in the youtube.

www.youtube.com/watch?v=ofbqE7mONoA

Skill Development

Project Asha



म नारीः मेरो भविष्य, मेरो जिम्मेवारी



Overview



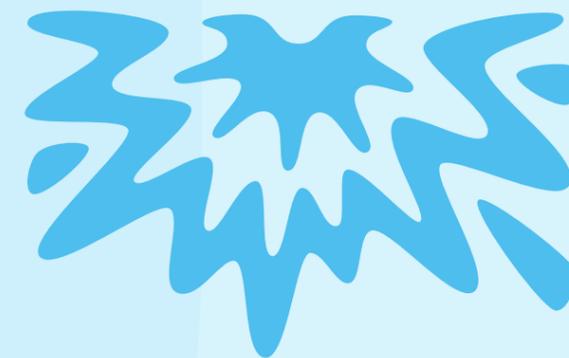
Unilever Nepal Limited has partnered with Maiti Nepal, one of the non-profit organizations of Nepal working together to generate employability among women of society, who have been victims of human trafficking or domestic abuse, increasing and improving their social, economic and legal strength. This partnership aims to provide sustainable income generating avenues for these women.

Till now 14 such women are undergoing extreme training program under the guidance of experts from renowned brands of Beauty Parlours, excavator driving and sales training. One of them have already been placed with job opportunity after successfully completing one of the trainings including internship.

Unilever Nepal is extending training program to 5 more women who will be trained from prominent barista training center aiming in fostering those women to become leaders and entrepreneurs.

Employability of women will help them to participate fully in economic life across all sectors to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, their families, and communities.

Equipping girls and women with skills and jobs are the main measure to mitigate the risk of violence and exploitation.



Sustainability



Plastic Collection

In 2022, we aim to collect 100% of plastic produced and reprocessed 45% of it from different locations in and around Kathmandu Valley. These will be collected and segregated by our implementing partners of Avni Ventures Pvt. Ltd operating out of the establishment at Kathmandu. The above material will be collected, processed, transported and utilized for further end use in environment friendly manner in compliance with prevailing laws of Nepal and best practices of companies. We have also taken on an audacious target of re-collecting and processing 100% of the plastic produced by 2024.



Plantation



Plantation of 5000 sapling in Chitrepani forest community, Hetauda-15 and Bhutandevi forest community, Hetauda-10. This was indeed a mammoth task since the land was owned by government but with continuous liaison with Forest department authorities and support from local communities, we were able to land this on time. Now, we are thinking big and challenging ourselves to plant further more in the next season.

Business Function Update

WINNING WITH BRANDS AND INNOVATION



Sunsilk Dashain Vibes is a digital contest initiated during Nepal's biggest festival Dashain. Sunilk took this initiation to create fun moments for its TG becoming a part of their major enjoyment during the festive season.



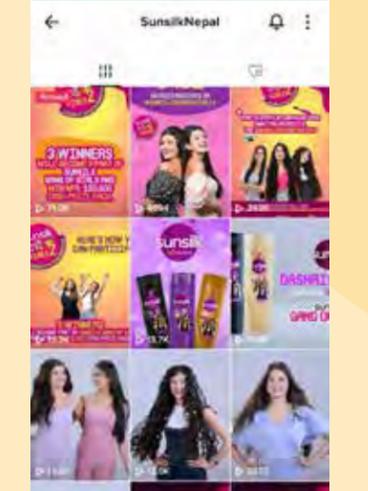
Launched the campaign Call to action through different Influencer Video and Posts



Featured the Winners in Sunilk Dashain Edition Packs with Twinny Girls

Announced Winners through an On-ground Event and different Media Channels

Received 2850+ Amazing Participation and 60M+ views





Sunsilk special packs

KATHMANDU: SunsilK Nepal had launched its immensely successful campaign 'Sunsilk Dashain Vibes' which was a digital contest during the Dashain 2021, providing opportunities to Nepali girls to stretch their horizons by showcasing their beautiful hair to get a chance to become associated with the brand. Aashina Deula, Pratima Karki and Lalana Chimariya won the grand finale of the contest who joined brand ambassadors Princy and Prisma to represent the brand. Now, as winners of the contest, they get to feature in this year's 'Limited Special Edition Dashain Pack', as per a media release. The new packs come in three different variants. —HNS



सन्सिल्कको 'दशैं स्पेशल लिमिटेड एडिसन प्याक' ...



Sunsilk Nepal to launch its Dashain vibes campaign



Sunsilk Nepal Launched its Limited Edition Packs featuring SunsilK Girls who are the winners of SunsilK Nepal's biggest digital campaign "Sunsilk Dashain Vibes" through a launch event. The PR for SunsilK Pack launch event was covered by 76 portals including 10 News Papers, 4 TV channels, and 62 online portals.

Sunsilk Song Integration

<https://www.youtube.com/watch?v=qbOfoyakeiA>

Hironi हिरनी by Devendra Bablu & Asmita Adhikari | Ft. Devendra & Kabita | New Nepali ...

Twinny Girls: 481K views

Youtube
781K views

Tiktok
63.2K videos

original sound - sujatakatly

VIBER Promotion

Viber has over 10M users in Nepal. 60% of the users being our TG, we identified the opportunity for our brands to activate in Viber. We activated 4 brands for Viber post Call roadblock promotion. The intention was to create brand awareness through brand visibility among Viber users. In 5 months we've received 75M+ impressions.



Viber Integration for the first time



75M+ Impression



Dove Real Beauty Campaign:

#YouAreMoreBeautifulThanYouThink

The Purpose of Dove is to invite all women to realise their personal potential for beauty by engaging them with products that deliver Superior Care. Dove believes that beauty should be for everyone because looking and feeling your best makes you feel happier.

moving from...

Emphasis on what we Say
Gender-binary
The happiness of "looking and feeling your best"

to...

Equal emphasis on what we Do
Gender non-binary
The happiness of liberation from obligation and stereotypes

7+ M views



Dove TVC

Initiated Dove TVC depicting Functional benefit of the product. The TVC is aired across channels.

Dish Home Platforms

Regional Television

National Television

6500+ Spots/month

Leading to Category Growth

New launches

Sunsilk Perfect Straight Shampoo



Sunsilk Perfect straight shampoo with **Activ-mix** that contains **Silk protein, Neem+Oil and Vitamin E** was launched to expand the Sunsilk range and cater the needs in the market. This formula works best to keep your hair looking perfectly straight.

Expansion Of The Face Cleansing Segment With The Launch Of Gal Facewash, Catering To The Mass.



FAIR & LOVELY IS NOW GLOW & LOVELY

DIRECT REACH TO CONSUMERS WITH TRADE VISIBILITY IN 1500 OUTLETS.

Expansion Of The Premium Skincare Brand With New Access Pack Launches And Massive AtI, Btl & Ttl Communication

Digital: 10 Million + Impressions on Social media



POND'S®



Pond's Bright Beauty 25gm
Launched in April 2022



Pond's Age Miracle 25 gm
Launched in May 2022

Both the packs were launched to make premium skin lightening more accessible.

TVC localization of Bright Beauty using Asmi Shrestha as the face of the brand and creation of awareness through television, press as well digital platforms.

Wellness initiatives supported by LIFEBOUOY

International Yoga Day 2022



Unilever Nepal Ltd. supported International Day of Yoga 2022 organized by Embassy of India

Lifebuoy Handwashing stations were placed and donated to Indian Embassy

Lifebuoy branded Yoga Mats (550 pcs) were donated



Rotary International District Meet

Lifebuoy sponsored National event of Rotary International District

1000+ footfall in the event

Lifebuoy Handwashing stations were placed





WINNING IN THE MARKET PLACE

Emerging Channels of Future:

Looking at the future in the space of distribution network, its mandatory that we put a strong footprint in the channels of futures such as Modern Trade and Ecommerce.

Modern Trade

We have been engaging big time with MT partners on Joint Business planning (JBP), revamping the Terms of Trade (TOT) and bringing our brands live in outlets with world class branding of Unilever categories. We have a JTBD in NMT stores where we are trying to build a strong footprint in 2023.



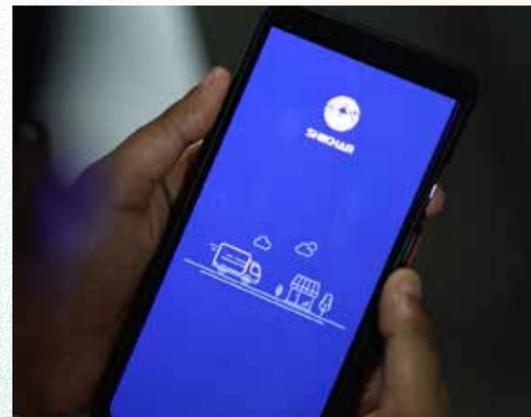
Ecommerce

We have entered joint business partnership with ecom players like Daraz, Sastodeal and other and have a dominant space across eCom channels



Shikhar

We introduced our inhouse app Shikhar to help retailers place their orders directly to the distributors.



HRP

Harmro Ramro Pasal (HRP) is our visibility program in retail outlets. The visibility has been put in 1500 key retails outlets across 12 key towns in Nepal.

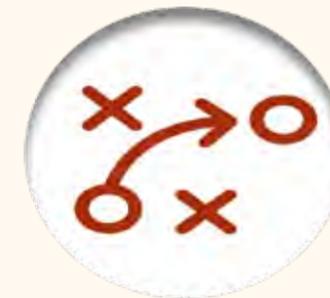


Harnessing Technology:



SalesEdge

We have a robust model to capture demand from market. 90% of our redistribution stockiest (RS) are in IKEA and their daily sales representatives (DSRs) use HHT to capture demand from market. 95% of our outlets are geo-fixed and with help of geo-fencing, DSRs are able to capture demand only at the outlet location.



iQ Based Demand Capture

IQ Analytics is a smart product recommendation suite that uses advanced analytics & machine learning, deriving precise & relevant assortment mix, personalized for each outlet & demand capture mode. The objective is to mimic the assortment needs of an outlet ensuring assortment readiness & availability & expanding the size of assortment in the outlet.

Robust Infra Led Distribution:

UNL has the largest distribution network with the presence in 73 out of 77 districts with 127 Redistribution Stockiest (RS). We directly service 45000 unique outlets each quarter. With the focus on increasing reach and adding assortment, we have also increased the strength on the market working pattern with adding new workforce to the demand capture and demand fulfilment plans. We have also implemented service mix to the demand capture front in top contributing outlets in Kathmandu Valley. We have plan to get 100% of customers to IKEA (UNL billing software).



WINNING IN SUPPLY CHAIN

The Supply chain team continues its vision of delivering "Outstanding Service with highest Quality products at lowest Cost" amid severe VUCA (Volatile, Uncertain, Complex & Ambiguous) and BANI (Brittle, Anxious, Non-linear and incomprehensible) scenario. This year also, we sought to achieve this through Localization, Capacity enhancement, Cost optimization, Engineering efficiency & Service excellence, keeping our core values intact with respect to Safety, Quality & Sustainability. We have put our best effort to make operation agile and efficient and took every step to ensure each of the Team members is safe in all aspects.

Safety, Health & Environment

Safety, a non-negotiable and basic requirement of the working condition at Unilever Nepal Limited. It remains our top-priority and the same was resonated through various actions throughout the year.

Last year, we have specifically worked in the direction of upgradation of infrastructure and systems of safety. We upgraded the surveillance system with AI enabled latest cameras which can be easily interlinked with digital apps to provide online alert of any safety violation. At the same time, we have also additionally installed fire hydrant points, smoke detectors and Manual call points, as per fire safety assessment to make our fire detection and suppression system more robust. Moreover, the installation of filter press has ensured safe and easy disposal of sludge in the ETP.

We are harnessing digital platform to provide training to the truck drivers through Lovigloval app in local language to ensure safety is on top of their minds.

During the FWS (frame work standard) audit, we were able to score overall score of 89 out of 100 which is 1050 bps higher than last audit. At the same time, no major noncompliance was observed in electrical safety audit.



Plantation of 5000 sapling in Chitrepani forest community, Hetauda-15 and Bhutandevi forest community, Hetauda-10. This was indeed a mammoth task since the land was owned by government but with continuous liaison with Forest department authorities and support from local communities, we were able to land this on time. This has not only boosted our local presence but also helped to take a step forward towards sustainability goal. Now, we are thinking big and challenging ourselves to plant further more in the next season which will quite be unique on its own as it has never been done at any other site. Highest level of precautions is taken to contain the spread of COVID infection. Various activities, also in link with USLP-Unilever Sustainable Living plan, are executed to achieve environmental KPIs.

we have come a long way in safety and still have a long way to go.

Sustainability

The Unilever Compass sets out to decouple our growth from our environmental footprint, while increasing our positive social impact. Unilever sustainable development goals are focused on protecting planet by Reducing Carbon emission and by optimization of water usage in the process of its operations. In continuation of solar journey, factory is equipped with Solar electric plant. Electricity generated from the Solar electric plant is used for factory operation during daytime. In addition, we have modified the heating applications to partially replace the use of Diesel generated steam by electrically generated hot water. These projects have contributed to significant reduction in CO2 emission. In addition, Factory team is working on other energy efficient carbon neutral opportunities to minimise diesel consumption and water consumption in process.

Way forward, we are looking for alternate option for HSD fired boiler and make best use of the chlorination plant in order to minimize the carbon footprint.

Capacity Upgradation

Being future focused and staying ready for generations to come is key to the Unilever way of working. For this, the production capacity of the Unilever factory has been increased in Hair line by upgrading the existing machine. We are working on upgradation of Hair, skin and oral care manufacturing.

Engineering Excellence

We believe in thriving for excellence, and to achieve excellence, things must be perfect from the roots itself. And strong engineering is the key to strengthening the roots of all. This year we have invested in major infrastructure upgradation through state of art engineering projects, advanced automation, and use of modern technology. The safety enhancement has been achieved against storage of highly flammable raw materials by building advanced storage room with fire suppression system and capability to hold any fire break out within its walls. Efficient transformer and power back up system have contributed to significant reduction in operation costs and resulted to 100% uninterrupted operation for all cases of City Supply failure in electricity.

Quality

Quality is integral part of business, there is a continuous endeavour to ensure better consumer satisfaction as well as consumer safety in all our products. Advancement of equipment's & online controls has helped to strengthen our quality competence and reduce market complains.

We wish to maintain consumer trust in our products at a highest level. Hence, pride projects related to advancement of manufacturing hygiene system with high end technology have been executed.

Quality for Unilever Nepal limited continues to be the primary trust for consumers & customers. With the ever-changing and growing customer requirements, the company priorities to deliver quality products. We have improved the process, modern technology interventions, and product excellence to address the consumer satisfaction. We are proactively and continuously developing our system & process to ensure quality & safety of our products. In line with Unilever Global, we have upgraded the manufacturing & filling set up to handle future fit formulation as part of the hygiene enhancement.



Built on the mistake proofing system by implementing online check & controls to capture product defects within the factory which make defects free products go to the market to meet ever increasing consumer expectations.

We have given more focus to the consumers by ensuring safety of our products & instilling consumer first mindset.

With the development of technology, the degree of automation & precision of testing equipment for raw materials, packaging materials & finished good has continuously improved to have better quality control.

We will continue our spirit to delight the consumers by fostering a zero-defect mindset in our products.



We wish to maintain consumer trust in our products at a highest level. Hence, pride projects ,related to advancement of manufacturing hygiene system with high end technology are on track of projected glidepath.

Cost optimization

An important aspect of business, Cost optimization enables us to cut the cost and add value as fuel for business growth. "Symphony Program" has been proven a great lever to deliver best quality products to the consumers at least price point. This program covers a bandwidth from localisation of premium products, raw materials, and packaging materials to and optimising cost of overheads across functions in business. This is helping us to deliver significant improvement on materials cost and conversion cost. Even during the difficult times of COVID, savings has been the focus and an integral part of the business strategy.



Inventory optimisation and efficiency improvement has helped us carter to increasing demand with existing capacity and we are also investing in our core focus areas to deliver successful business.

Journey towards excellence in servicing

We have handled the Covid crisis time with zero disruption insupplies.IntegratedPlanningModel(IPM) has been implemented for improvised distribution and improved stocks availability. Overall, it was great year in terms service levels. Centralized Materials Requirement Planning (CMRP) was incorporated to gain efficiency in material sourcing and requisition. Product Life Cycle Management (PLM) system was incorporated to maximize development efforts of new products as well as to organize the existing one by managing critical product information, life cycle and value chain, thereby increasing performance. We have managed to cater ever highest business demand with existing warehousing space for raw & packaging materials through inventory optimisation by incorporating cutting edge technologies.



Business Function Update

WINNING WITH PEOPLE

Capability Development Interventions

Learning leads to innovation and it helps in unlocking people potential. We have prioritized learning through online learning platform which has provided the flexibility of time and place. It has helped the employees grow professionally by taking charge of their own development through the platforms such as LinkedIn learning licenses, Udeemy certification programs, Degreed and Unilever Learning Management System for new age skills. Virtual learning from experts across BSPAN countries also helped in enriching learning experiences adding value to business. We continue to build organizational capabilities with clear focus on functional learning priorities to make our people future-fit and purpose-led. Our ambition is to make sure all our people can reskill, upskill, work more flexibly and adapt to the changing world of work.



Managing Talent And Strengthening Our Employer Brand

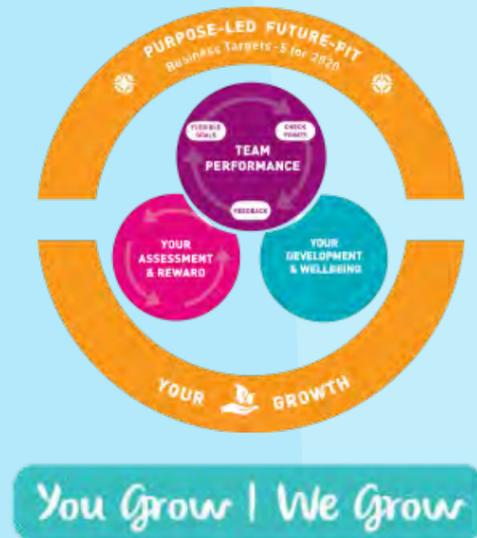
Campus engagement and initiatives to attract the best talent have been one of the priorities where such interaction with the best young minds of Nepal has been a winning journey for UNL. Unilever Nepal has been an Employer of Choice for the year 2021 among the students of top campuses in the country. We Launched U-Next, Student Ambassador Program that aims to form a fraternity of individuals who want to make a difference in the FMCG Market and have fun while doing it. The program facilitates and nurtures the skills to contribute to their career growth. We want to empower, strengthen and groom select students across Nepal who will serve as brand evangelists and experts in their respective institutions. We continued to build meaningful and deep engagements with students, digitally as well as on campus, to strengthen our brand amongst them and attract the best talent for the Company.

Number 1 Employer of choice for 2021 (Mark Data Nepal)



Fostering growth Culture

Our endeavour is to shape a Growth Culture based on three tenets: Human, Purposeful and Accountable. We remain committed to listening to our employees and building these insights into actions. Our annual employee survey 'UniVoice' conducted during the year garnered a participation from our office and factory based employees and the survey showed improvements across all dimensions. Overall pride to work in UNL stood at 98%, Growth Mindset at 94% and employee engagement stood at 93%. The employee voice through these encouraging scores is testimony to our actions and how our employees experience our Company every day. We are driving performance culture with purpose led and future fit strategy where the pioneering growth culture provides employees with fair and transparent performance management.



A beacon of Diversity

In our endeavour to build a diverse and inclusive organization, in 2021 Unilever Nepal's approach to ED&I has been to raise a voice of inclusive and advocacy, catalyse -through progressive policies and support- the evolving households and employee's relationship with work, while sustaining the brilliant basics that have served you well so far.

As an organization, we believe that flexibility will be a core feature of our new relationship with work. To build a balanced organization, our objective has been to create a work life blend for women-which allows them to have thriving careers while having time carved out to refresh, recharge and re-energise.

FUTURE FIT FINANCE

Nepal financial reporting standard (NFRS)

Your Company believes in the highest standards of corporate behaviour, which are laid out through a written Code of business principles for transparency & all statutory/legal compliance by the Company. In line with the same principle, the company has adopted Nepal Financial Reporting Standard (NFRS) for the last 7 years.

Dividend

The Board of Directors always believe in returning the value created from company's strong operations to its shareholders and have remained committed to high dividend payout policy for the upcoming future. The Board at their meeting held on 2nd November 2022 recommended final dividend of NRs. 1,215/- on each equity share for the financial year that ended on 16th July 2022.

Business Risk & Future Outlook

As your Company marches into the future, we remain committed to exceed expectations by delivering sustained, competitive, responsible and profitable growth. We believe it is imperative for us to stay true to what lies at the heart of our business through key building blocks of our success such as strong innovations, greater consumer value, increased market development and world class execution. We have a tremendous opportunity to expand the business in Nepal and to capitalize on the economic growth agenda that awaits Nepal as a country. This growth opportunity is expected to attract intense competition and your Company is well poised to defend and expand its market leadership positions in a determined manner.

We not only leverage upon our access to world-class resources and research and development as being

Business Function Update

a part of your Company but also continuously focus upon the key building blocks of our success. We are, therefore, optimistic about our growth prospects.

Our strategic choices for growth

Last year we set out in detail the Compass strategy to deliver our vision. The five clear choices we have made in our strategy – portfolio, brands, channels, structure & capabilities, and culture – the continued delivery of our five Growth Fundamentals, have been playing an important role in building momentum across the business.

Developing our portfolio

We continue to invest in building a future-fit portfolio and create long-term value. We are strengthening our core, creating categories of the future through market development, and driving premiumisation by upgrading consumers to higher order benefits. We are driving growth in our core portfolio by focusing on product superiority and building purposeful brands. With a wide and resilient portfolio that straddles the price-benefit pyramid our consumers are able to choose their trusted brands at various price points.

Business Partnering Growth with Credit Governance



Unilever Nepal has introduced Channel Financing facility for its distributors and retail outlets in partnership with leading commercial banks of Nepal such as Standard Chartered Bank and Nabil Bank

Limited. In the process, Unilever Nepal acts as bridge between banks, distributors, and retail outlets. This will help to improve the cashflow of our distributors which in turn improve the debtor turnover days of your company.

ESG Focus

Unilever Nepal is a frontrunner in a sustainable business practice. Through the Compass we have integrated our sustainability and business strategies. We aim to demonstrate that robust financial results are not contrary to sustainable business; in fact, they are complementary. The Company has a strong governance mechanism in place consisting of cross functional steering committees to action our ESG commitments. We are constantly driving advocacy around sustainability and getting broader industry participation to lead the change.

Digital Transformation

Unilever Nepal has been a leader in using big data and analytics as a tool to drive sustainable growth. We continue to drive organisation-wide digital transformation agenda to capture the digital opportunity. Pre-empting the imminent disruption, we have established a sharp digitalisation agenda in each function. Unilever Nepal has recently intergrated applications such as PEGA tool, SAP Concur etc in various functions within Procure to Pay process to enhance service quality and simplify transaction complexity. We are also invested to make sure that our talent is digitally enabled and future-fit to ride the digital transformation wave.



WORLD CLASS LEGAL

Governance, Compliance And Business Integrity



The Legal function of the Company continues to be a valued business partner that provides solutions to protect your Company and enable it to win in the volatile, uncertain, complex and ambiguous environment. Through its focus on creating 'value with values', the function provides strategic business partnership in the areas including product claims, legislative changes, combating unfair competition, business integrity and governance.

Your Company continues to ensure it has an appropriate framework and safeguards for data privacy of its stakeholders with enhanced legal and security standards. The legal function of your Company continues to embrace newer technologies to make the function future ready to support the growth agenda of the business.

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow. Your Company continued to engage with

various stakeholders including Industry Bodies and Regulators to curb the menace of counterfeiting. One of the key activities undertaken by your Company in this direction is propagating intellectual property awareness, particularly among school and college students. Your Company believes it is important to educate students on intellectual property and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age.

The Legal function of your Company works with leading industry associations, national and regional regulators and key opinion formers to develop a progressive regulatory environment in the best interest of all stakeholders. The issues of engagement include necessary amendments in the applicable laws such as FITTA, 2075, addressing the invested duty structure to facilitate localization, and policies that will affect the working of the business operations.

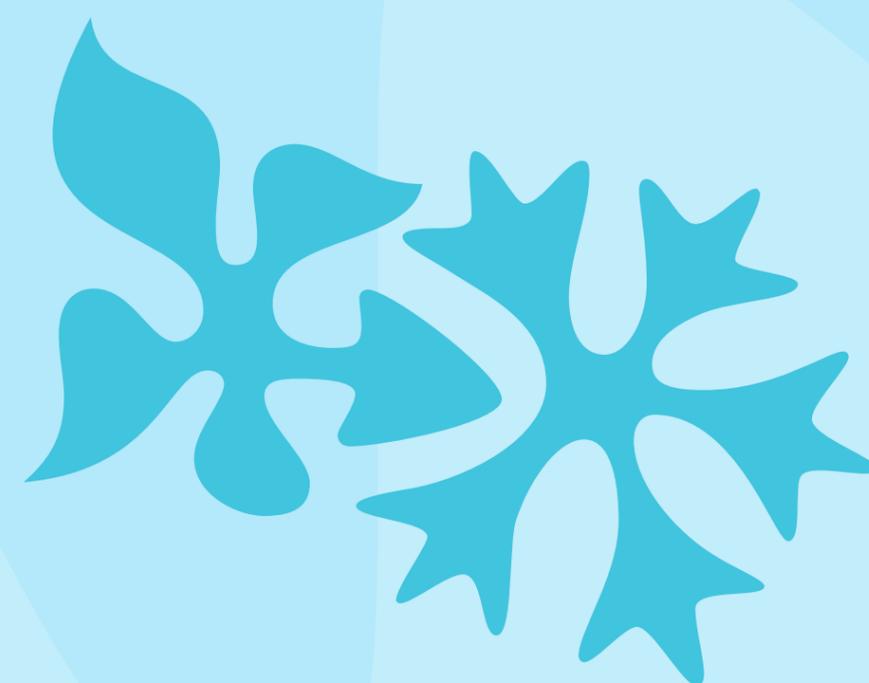
Business Function Update

Business Integrity

Our principles and values apply to all our employees through our Code and Code Policies. Our employees undertake mandatory annual training on these Policies via online/offline training modules and an annual business integrity pledge. Our Business Integrity guidelines include clear processes for managing Code breaches.

During the year, the mandatory Business Integrity Training was completed by 100% employees. 04 (four) cases pertaining to alleged breach of code policies were registered and 03 (three) complaint were borne out and necessary actions were taken promptly. The Code and Code Policies reflect our commitment to fight corruption in all its forms. We are committed to eradicating any practices or behaviours through our zero-tolerance policy.

Our Responsible Sourcing Policy and Responsible Business Partner Policy help to give us visibility of our third parties to ensure their business principles are consistent with our own.



APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled your Company to remain as an industry leader. The Board wishes to thank the Managing Director and his leadership team for their continued leadership excellence and leading the team during the difficult periods.

Your Directors would also like to acknowledge the excellent contribution by Hindustan Unilever Limited and Unilever to your Company in providing the latest innovations, technological improvements and marketing inputs across almost all categories in which it operates. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products, and introduction of new products.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, redistribution stockists, retailers, business partners and others associated with the company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

Your Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their

continued support.

On behalf of the Board

Dev Bajpai
Chairman
14TH November 2022,



● Business Function Update

DIRECTORS

Mr. Dev Bajpai – Chairman
Mr. Amlan Mukherjee – Managing Director
Mr. Ravi Bhakta Shrestha
Mr. Subhas Bajracharya – Independent Director
Ms. Asha Gopalakrishnan
Mr. Krishnan Sundaram
Ms. Yogesh Mishra

COMPANY SECRETARY

Ms. Sangeeta Shrestha

COMPLIANCE OFFICER

Mr. Govinda Bahadur Shahi

AUDITORS

PKF TR Upadhya & Co., Chartered Accountants
Kathmandu, Nepal

BANKERS

Standard Chartered Bank Limited
Bank of Kathmandu
Nepal State Bank of India
Rastriya Banijya Bank
Himalayan Bank Limited
Everest Bank Limited

REGISTERED OFFICE & FACTORY

Basamadi- 3
P.O. Box-11, Hetauda
Dist. Makwanpur, Nepal
Tel: 977-57-411047
Website: www.unilevernepal.com

CORPORATE OFFICE

Unilever Nepal Limited
City Square Building
2nd and 3rd Floor
New Baneswor-10, Kathmandu
Tel: 977-1-4785963
GPO Box: 7765, Kathmandu, Nepal
Website: www.unilevernepal.com

SHARE REGISTRAR

Sunrise Capital Limited
Kamalpokhari
P. Box No. 12055
Tel: 977- 01- 4428550 / 4428660
Kathmandu, Nepal

ADDITIONAL DISCLOSURE AS PER SECTION 109(4) OF THE COMPANIES ACT, 2063

1. Details of Share Forfeiture: -
No shares have been forfeited till date.
2. Transactions with subsidiaries: -
The company has no subsidiaries.
3. Information provided to the company by its substantial shareholders in the previous financial year-
Hindustan Unilever Limited, which is the majority shareholder, provided the company with all information related to new product innovations, marketing mix, information on price movements of commodities, system related information and technology, etc. No information was provided to the company by any other substantial shareholder.
4. Share Purchase by Directors and Officials of the company during the year: -
Nil
5. Information received on the personal interest of Directors and their close relatives in any agreement/ contract entered by the Company: -
Nil
6. Detail of share buyback during the year: -
The company did not buy back its own shares during the year.
7. Details of internal control systems: -
The internal control system of the company conforms to global standards and follows Unilever's international guidelines. This includes:
 - a. Operation Manuals, procedures, and guidelines for systematic conduct of operations.
 - b. Financial policy and accounting guidelines.
 - c. Global Framework Financial Control (GFCF) audit carried out by A.P. & Associates, Chartered Accountants, Nepal.
 - d. Periodic review of internal control systems by Management and Audit Committee.
8. Total Management expenses during the year: - NPR in Lakhs
Employee expenses during the fiscal year 1,186
Administrative expenses during the fiscal year 385
9. List of audit committee members, their remuneration and facilities:

Name	Remuneration
Mr. Subhas Bajracharya - Chairman	**
Mr. Ravi Bhakta Shrestha - Member	**
Mr. Krishnan Sundaram - Member	-
Mr. Asha Gopalakrishnan - Member	-

During the year, the audit committee reviewed the Business Risks status and reviewed the actions initiated by Management to mitigate & address such Business Risks. The audit committee reviewed annual accounts, significant accounting policies & notes to accounts, additional disclosure as per section 109(4) of the Companies Act, 2063 and preliminary statutory audit report issued by Statutory Auditors (PKF TR Upadhya & Co.) and recommended their adoption by the Board of Directors.

(**) During the year, a total amount of NPR 81,000 /- was paid as meeting fees to Mr. Ravi Bhakta Shrestha & Mr. Subhas Bajracharya. Moreover, travel expenses of these Audit Committee members for attending the Audit Committee meetings are borne by the company whenever required.
10. Amount receivable by the company from Directors, Managing Director, substantial shareholders and their

close relatives and associated firms, companies, etc.: -
Nil.

11. Remuneration, allowances, and facilities given to Directors, Managing Director, Chief Executive Officer and Officials during the year:

NPR/ Lakhs

S.N.	Particulars	Directors	MD	Managers/Officers/Staff
1.	Meeting Fee	2.16	-	-
2.	Salary & Allowances	-	775.74	2140.50
3.	Car Facility	No	Yes	Yes
4.	Accommodation	No	Yes	Note (b)
5.	Insurance Coverage	No	No	Yes
6.	Number of Persons	7	1	227

Notes: -

- a) Office cars with drivers, fuel and maintenance are provided to the Managing Director, Supply Chain Manager, Finance Manager, Sales Manager, Human Resources Manager and Legal Manager.
 - b) Unfurnished /Furnished rented accommodation or HRA provided to Expatriate Managers as per terms and conditions of employment of the individuals.
 - c) Travel expenses of the Directors, whenever required for attending the Board meetings, are borne by the company.
12. Unclaimed Dividends: -
Total unclaimed dividend is NPR 222.32 lakhs as on 32 Ashad, 2079.
 13. Details of sale and purchase of properties pursuant to Section 141:-
Nil.
 14. Details of transactions carried on between the associated companies pursuant to Section 175:-
Refer Note 2.2.19 of the financial statement.
 15. Other matters required to be disclosed in the director's report by the Companies Act, 2063 or other laws in force: -
None
 16. Other relevant issues: -
None

Dev Bajpai
Chairman
Unilever Nepal Limited
Kathamandu
Date: 14 November, 2022

Amlan Mukharjee
Managing Director
Unilever Nepal Limited
Kathamandu
Date: 14 November, 2022

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

1. Report of the Board of Directors
Covered in Directors Report of this Annual Report (page 13 to 15)
2. Auditor's Report : Included in Annual Report (page 44 to 47)
3. Audited Financial Reports
Balance Sheet, Profit and Loss Account, and Cash Flow Statement and related Schedules. Included in Annual Report (page 48 to 83)
4. Legal Proceedings.
None of the active litigation of the company is affecting the market value of share as provided under rule 26(5) of Securities Registration and Issue regulation 2073.
5. Analysis of Stock Performance of the Body Corporate
 - a. Management's view on the performance of the stock 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.
 - b. High, Low and Closing price of the stocks of the company during each quarter of the preceding year along with total volume of trading of shares and number of days traded.

Quarter	Maximum Price (in NPR)	Minimum Price (in NPR)	No. of trade	Closing Price
Q1	21200	18631	5166	18914
Q2	20277.60	18050	2805	19500
Q3	19800	18101	1847	19147
Q4	19299	17386	1320	18360

6. Problems and Challenges

INTERNAL

 1. Rise in cost of operations with inflation.

EXTERNAL

 1. Fluctuation in foreign currency exchange rates impacting raw materials and packaging materials cost.
 2. Rise in cost of operations due to increase in commodity prices and energy price hikes caused by inflationary pressures.

STRATEGY

 1. Proactively monitor the internal, external environments and consumer behavior patterns.
 2. Innovations and productivity/Savings program across all areas to fuel profit and growth.
7. Corporate Governance
Management's initiatives towards good corporate governance shall be described.
Incorporated in detail under Corporate Governance section in this Annual Report-UNL

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

The Board of Directors had approved the Financial Report and corporate governance report as per the prescribed on 2nd November 2022 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

Govinda Bahadur Shahi

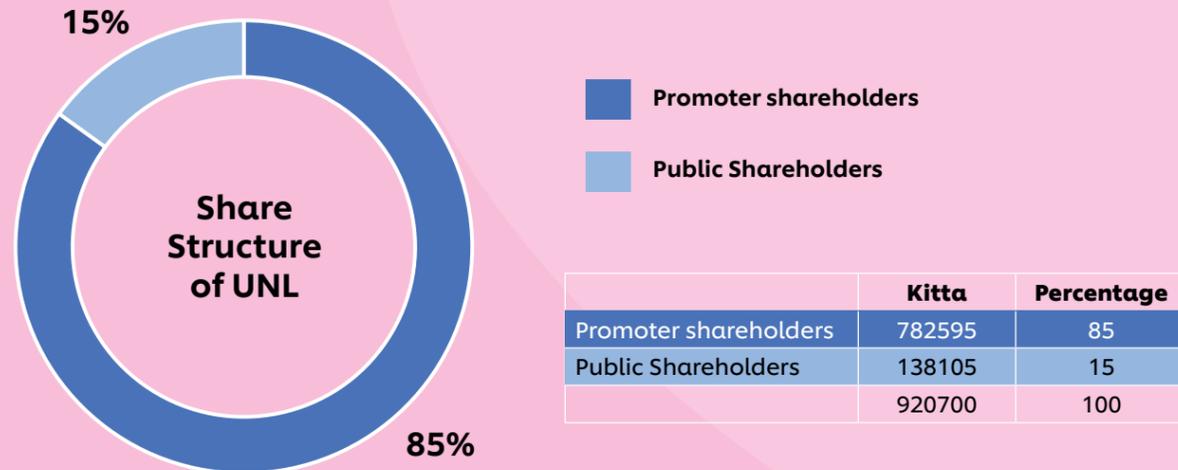
Compliance Officer
Unilever Nepal Limited
Kathamandu
Date: 14 November, 2022

Sangeeta Shrestha

Company Secretary
Unilever Nepal Limited
Kathamandu
Date: 14 November, 2022

Share Holding Structure of UNL

Paid-up share capital of Unilever Nepal Limited is NPR, 9,20,70,000 /- with the majority shares ie.85% held by Promoters and 15% by public shareholders.

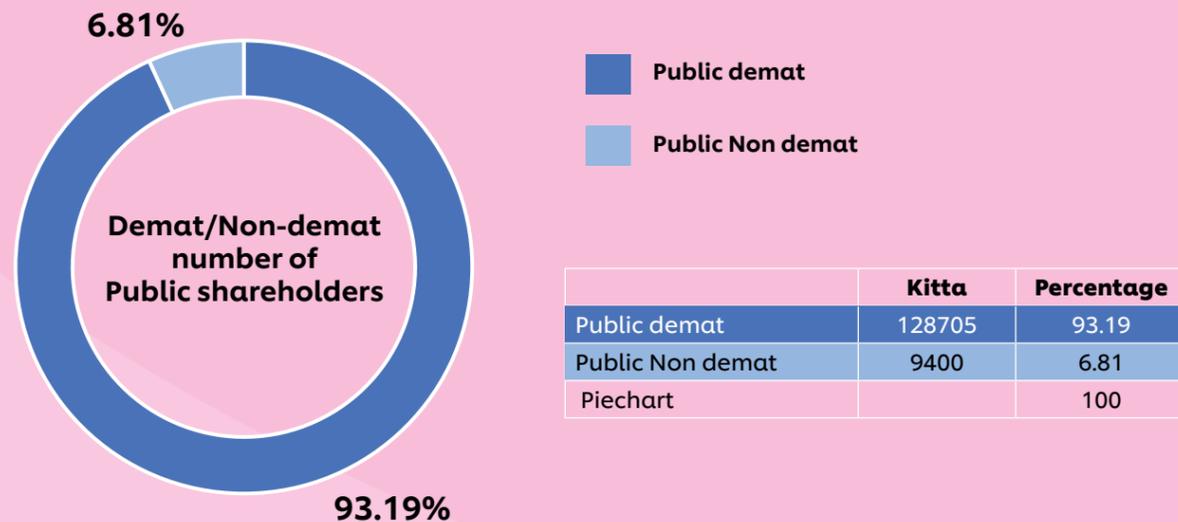


Unclaimed Dividend/ Unpaid Dividend

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.

On 2078.10.25 (8th February 2022), NPR 1,22,72,670/- (In word One Crore Twenty Two lakh Seventy Two Thousands Six hundred and Seventy.) was deposited to Investor Protection Fund.

Share Dematerialization Update of shares available in public



Shareholder/RTS Information

Shareholder Relationship

Your Company regularly interacts with its shareholders and investors through results announcements, annual report and company website. The Annual General Meeting gives the shareholders an opportunity to come in direct

communication with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects. Your Company has a designated e-mail address for shareholders. The Company Secretary regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matters.

In order to strengthen our relationship with shareholders and provide efficient services to the shareholders, Sunrise Capital Limited has been re-appointed as "Registrar to Shares".

Communication to Shareholder

Effective communication of information is an essential component of Corporate Governance. With this the company regularly interacts with shareholders through multiple channel of communication such as annual report and media notices. The Quarterly Report of the Company's performance are published in national daily.

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

Redressal of Shareholder's Complaint

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

SUNRISE CAPITAL LIMITED

Kamalpokhari, Kathmandu, Nepal
 Email: info@sunrisecapital.com.np
 Contact No.: 014528550, 014528660
 RTA/RTS extension No.: 113, 116

OR

Company Secretary

Ms. Sangeeta Shrestha
 Company Secretary
 Unl.shareholdersconnect@unilever.com
 Phone no: 977-1-4785963 / 9801053674

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNILEVER NEPAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unilever Nepal Limited (the Company), which comprise the statement of financial position as at 32 Ashad 2079 (16 July 2022), and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32 Ashad 2079 (16 July 2022), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics for professional accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2063 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics for professional accountants. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended on 32 Ashad 2079 (16 July 2022). 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition (Refer Note 2.2.17 "Revenue" and Note 17 of the financial statements)</p> <p>Revenue from sale of goods (hereinafter referred to as "Revenue") is recognized when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable.</p> <p>The timing of Revenue recognition is relevant to the reported performance of the Company. The management considers revenue as key measure of evaluation of performance.</p> <p>There is a risk of revenue being recorded before the performance obligation is completed by the Company.</p> <p>The cut-off is the key assertion insofar as revenue recognition is concerned, since an inappropriate cut-off can result in a material misstatement of the results for the year</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Company's revenue recognition accounting policies in line with NFRS 15 (Revenue) and tested thereof. Evaluated the integrity of the Company's general information and technology control environment and tested the operating effectiveness of IT application controls over Revenue recognition, the detailed process flow of sales, segregation of duties for the process followed, automated steps and manually intervened processes. Performed detailed analysis of revenue, analytical testing with monthly sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the revenue transactions. Tested the supporting documentation for a selected sample of sales transactions recorded during the period closer to the year-end and subsequent to the year-end to evaluate whether revenue was recognized in the correct period as part of cut-off procedures.

Litigations – Contingencies

(refer Note 2.2.20 (b) and (c) of the financial statements)

The Company is involved in several ongoing direct and indirect tax litigations. The Company recognises a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources.

The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.

We have identified tax litigations and contingencies as key audit matter because it requires the management to make judgements and estimates in relation to the exposure arising out of litigations. The key judgement lies in the estimation of provisions where they may differ from future obligations.

In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence

- Obtained and read the Company's accounting policies in respect of claims, provisions and contingent liability to access compliance with the applicable accounting standards (NAS 37).
- Tested the effectiveness of key controls around the recording and assessment of tax provisions and contingent liabilities.
- Supporting documentation were tested for the positions taken by the management and compared the same to the assessment of our in-house tax team to assess the reasonableness of the provision or contingency.
- Assessed the relevant historical and recent judgments passed by the court authorities.
- Considered the adequacy of the Company's disclosures made in relation to taxation related provisions and contingencies in the financial statements.

Information other than the financial statements and auditors' report thereon

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, 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.

Auditors' 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 NSAs 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 NSAs, we exercise professional judgement 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 the Company'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 the Company'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 the Company 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 ethical requirements in accordance with the Code of Ethics for professional accountants 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 information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position as at 32 Ashad 2079 (16 July 2022), 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 have been prepared in accordance with the requirements of the Company Act, 2063 and are in agreement with the books of account of the Company and proper books of account as required by law have been kept by the Company.

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

Shashi Satyal
Partner

PKF T R Upadhy & Co.
Chartered Accountants

Date: 2 November 2022
Place: Kathmandu

UDIN:

STATEMENT OF FINANCIAL POSITION

As at 32 Ashad 2079 (16 July 2022)

	Note	As at 32 Ashad 2079	As at 31 Ashad 2078
Figures in NPR			
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	1,342,243,218	993,942,392
Intangible assets	4	33,327,812	55,898,386
Right of use Assets -Lease	5	215,455,487	-
Deferred tax assets	13	23,579,085	30,539,528
Total Non-Current Assets		1,614,605,602	1,080,380,306
Current assets			
Inventories	7	1,123,329,423	842,542,953
Financial assets			
Trade and other receivables	8	1,358,646,159	982,151,912
Investments	6	1,129,244,752	934,349,940
Cash and cash equivalents	9	546,171,365	766,241,738
Bank balance other than CCE	10	25,398,313	33,909,448
Other current assets			
Current tax assets	22	-	108,512,541
Prepayments		7,287,845	5,137,309
Total current assets		4,190,077,857	3,672,845,841
Total assets		5,804,683,459	4,753,226,147
EQUITY AND LIABILITIES			
Equity			
Share capital	11	92,070,000	92,070,000
Retirement Benefit Scheme Reserve	12	781,306,486	658,780,520
Retained earnings	12	2,778,764,891	1,854,172,774
Total Equity		3,652,141,377	2,605,023,294
Liabilities			
Non-Current Liabilities			
Deferred tax liabilities	13	-	-
Lease Liabilities	14	54,644,237	-
Provisions	15	21,149,821	143,128,866
Total Non-Current Liabilities		75,794,058	143,128,866
Current Liabilities			
Financial liabilities			
Trade and other payables	16	1,801,007,998	1,891,681,597
Lease Liabilities	14	178,640,705	-
Provisions	15	84,117,841	113,392,390
Current tax liabilities	24	12,981,480	-
Total Current Liabilities		2,076,748,024	2,005,073,987
Total Liabilities		2,152,542,082	2,148,202,853
Total Equity and Liabilities		5,804,683,459	4,753,226,147

The accompanying notes are an integral part of these financial statements. As per our report of even date

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Shashi Satyal
Partner
PKF TR Upadhya & Co
Chartered Accountants

Asha Gopalakrishnan
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Krishnan Sundaram
Director

Sangeeta Shrestha
Company Secretary

Date: 2 November 2022
Place: Kathmandu, Nepal

STATEMENT OF PROFIT OR LOSS

For the year ended 32 Ashad 2079 (16 July 2022)

	Note	For the year 2078-79	For the year 2077-78
Figures in NPR			
Revenue from operations	17	7,333,614,727	5,730,723,792
Other income	18	121,784,570	58,846,550
TOTAL INCOME		7,455,399,297	5,789,570,342
EXPENSES			
Cost of materials consumed	19	4,154,843,871	3,147,372,749
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	20	(187,285,838)	(182,642,083)
Employee benefits expenses	21	523,321,177	381,276,105
Depreciation and amortisation expenses	3,4,5	192,170,897	117,568,080
Finance Cost	22	20,151,998	-
Other expenses	23	869,729,032	1,275,091,022
TOTAL EXPENSES		5,572,931,137	4,738,665,873
Profit before tax		1,882,468,160	1,050,904,469
Income Tax Expense	24	(340,487,616)	(190,027,182)
Profit from continuing operations		1,541,980,544	860,877,287
Net Profit for the year		1,541,980,544	860,877,287
Basic and Diluted Earnings per share	26	1,675	935

The accompanying notes are an integral part of these financial statements. As per our report of even date

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Shashi Satyal
Partner
PKF TR Upadhya & Co
Chartered Accountants

Asha Gopalakrishnan
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Krishnan Sundaram
Director

Sangeeta Shrestha
Company Secretary

Date: 2 November 2022
Place: Kathmandu, Nepal

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 32 Ashad 2079 (16 July 2022)

Figures in NPR

Note	For the year 2078-79	For the year 2077-78
Net Profit for the year as per Statement of Profit or Loss	1,541,980,544	860,877,287
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Actuarial Gain/(Loss) on defined benefit pension schemes	25 947,608	399,351
Other comprehensive gain/(loss) for the year, net of tax	947,608	399,351
Total comprehensive gain/(loss) for the year, net of tax	1,542,928,152	861,276,638

The accompanying notes are an integral part of these financial statements. As per our report of even date

Dev Bajpai Chairman	Ravi Bhakta Shrestha Director	Amlan Mukherjee Managing Director	Shashi Satyal Partner PKF TR Upadhy & Co Chartered Accountants
Asha Gopalakrishnan Director	Subhas Bajracharya Independent Director	Fahd Sheriff Chief Finance Officer	
Yogesh Mishra Director	Krishnan Sundaram Director	Sangeeta Shrestha Company Secretary	

Date: 2 November 2022
Place: Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

For the year ended 32 Ashad 2079 (16 July 2022)

Figures in NPR

	Share capital	Employees' Housing reserve	Retirement Benefit Scheme Reserve	Retained earnings	Total
Balance at 31 Ashad 2077	92,070,000	796,059,325	-	1,084,966,136	1,973,095,461
Profit for the year	-	-	-	860,877,287	860,877,287
Other comprehensive income	-	-	-	399,351	399,351
Total comprehensive income	-	-	-	861,276,638	861,276,638
Dividends to shareholders	-	-	-	(92,070,000)	(92,070,000)
Transfer to Retirement Benefit Scheme Reserve	-	(796,059,325)	796,059,325	-	-
Transfer to Retirement Benefit Payable	-	-	(137,278,805)	-	(137,278,805)
Balance at 31 Ashad 2078	92,070,000	-	658,780,520	1,854,172,774	2,605,023,294
Opening Adjustment for NFRS-16	-	-	-	(19,881,034)	(19,881,034)
Profit for the year	-	-	-	1,541,980,544	1,541,980,544
Other comprehensive income	-	-	-	947,608	947,608
Total comprehensive income	-	-	-	1,523,047,118	1,523,047,118
Dividends to shareholders	-	-	-	(598,455,000)	(598,455,000)
Transfer to Retirement Benefit Scheme Reserve	-	-	137,278,805	-	137,278,805
Retirement Benefit Payments	-	-	(14,752,839)	-	(14,752,839)
Balance at 32 Ashad 2079	92,070,000	-	781,306,486	2,778,764,891	3,652,141,377

The accompanying notes are an integral part of these financial statements. As per our report of even date

Dev Bajpai Chairman	Ravi Bhakta Shrestha Director	Amlan Mukherjee Managing Director	Shashi Satyal Partner PKF TR Upadhy & Co Chartered Accountants
Asha Gopalakrishnan Director	Subhas Bajracharya Independent Director	Fahd Sheriff Chief Finance Officer	
Yogesh Mishra Director	Krishnan Sundaram Director	Sangeeta Shrestha Company Secretary	

Date: 2 November 2022
Place: Kathmandu, Nepal

STATEMENT OF CASH FLOWS

For the year ended 32 Ashad 2079 (16 July 2022)

Figures in NPR

	Note	As at 32 Ashad 2079	As at 31 Ashad 2078
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,541,980,544	860,877,287
Adjustments for:			
Income tax during the year	24	340,487,616	190,027,182
Depreciation on property, plant and equipment	3	91,167,108	94,216,899
Amortization of Intangible Assets	4	22,899,099	23,351,181
Depreciation on Right of Use-Lease	5	78,104,692	-
Allowance for inventory obsolescence	7	(43,582,337)	(71,758,628)
Provision for employee benefits	15	(133,143,031)	142,385,898
Other provisions	15	(17,162,955)	(13,352,537)
Provision for Bonus	21	211,275,887	117,946,630
Finance income	17	(93,704,657)	(35,505,933)
Fixed Assets W/Off	23	28,679,713	31,942,837
Right of Use-Lease Write off	5	(2,339,692)	-
Finance Cost	22	20,151,998	-
Working capital adjustments:			
(Increase)/ decrease in Trade & Other receivables	8	(376,494,247)	(136,850,004)
(Increase)/ decrease in Other non-current assets	-	-	92,887
(Increase)/ decrease in prepayments		(2,150,536)	4,053,160
(Increase)/ decrease in Inventories	7	(237,204,133)	(144,663,628)
Increase / (decrease) in trade and other payables	16	(172,508,522)	250,176,634
Cash generated from operations		1,256,456,545	1,312,939,864
Bonus paid		(117,946,630)	(64,234,337)
Income Tax Paid		(212,033,155)	(315,562,760)
NET CASH FLOWS FROM OPERATING ACTIVITIES		926,476,760	933,142,767
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds from sale of Property, Plant and Equipment		-	-
Interest Received		86,909,845	37,493,115
Acquisition of Property, plant and Equipment	3	(465,694,877)	(37,038,075)
Purchase of Intangibles	4	(328,525)	-
Decrease/(increase) in Right of Use-Lease		(47,290,185)	
Adjustment in Plant, Property & Equipment		(2,452,769)	
Decrease/(increase) in Investment on FD		(188,100,000)	(599,987,182)
Decrease/(increase) in Bank balance other than CCE		8,511,135	1,103,968
NET CASH FLOWS FROM INVESTING ACTIVITIES		(608,445,376)	(598,428,174)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(609,949,335)	(92,915,595)
Increase/(Decrease) in lease liability		(50,678,388)	
Transferred to Retirement benefit Scheme Reserve		137,278,805	(137,278,805)
Payment from Retirement Benefit Scheme Reserve		(14,752,839)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(538,101,757)	(230,194,400)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(220,070,373)	104,520,193
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9	766,241,738	661,721,545
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	546,171,365	766,241,738

The accompanying notes are an integral part of these financial statements. As per our report of even date

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Shashi Satyal
Partner
PKF TR Upadhyaya & Co
Chartered Accountants

Asha Gopalakrishnan
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Krishnan Sundaram
Director

Sangeeta Shrestha
Company Secretary

Date: 2 November 2022
Place: Kathmandu, Nepal

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

1. Corporate information

Unilever Nepal Limited ("Company") is a public limited company, incorporated under the Company Act, 2063 of Nepal and listed in the Nepal Stock Exchange Ltd. The registered office of the Company and the principal place of business are located at Basamadi, Hetauda-3, Makwanpur, Nepal.

The main objectives of the Company are to manufacture, sell and distribute Detergents, Scourers, Laundry Soaps, Toilet Soaps, Personal and Beauty Care Products and Food Products.

2. Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Statement of compliance

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as pronounced by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

2.1.2 The Financial Statements are authorized for issue by the Board of Directors on 16 Kartik, 2079 (2 November, 2022).

2.1.3 Going concern

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

2.1.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Defined benefit scheme, retirement scheme, surpluses and deficits are measured at fair value.

2.1.5 Critical accounting estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes: -

a) Provision for employee benefits

The cost of the defined benefit plans 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 tables 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. Further details about Employee benefit obligations are given in note 2.2.14, note 15 and note 27.

b) Recognition of deferred tax

Deferred tax is recognized for taxable temporary differences.

The Company has based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Further details about deferred tax are given in note 2.2.15 and note 13.

c) Provision for depreciation and amortization

Depreciation and amortization are calculated over the estimated useful lives of the assets. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company has based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.1.6 Functional and presentation currency

The financial statements are prepared in Nepalese Rupees (NPR), which is the Company's functional currency.

2.1.7 Capital management

For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the company.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

No changes were made in the objectives, policies or processes for managing capital during the years ended 32 Ashad, 2079 and 31 Ashad, 2078.

2.1.8 New standards that are effective for the Financial Year 2078/79

A new Financial Reporting Standard (NFRS 2018) has been pronounced by the ICAN on 11 Ashad 2077. The NFRS 2018 contains some new standards with amendments to the existing standards.

NFRS 2018 introduces the new standard as mentioned hereunder that are applicable from the date mentioned below:

Nepal Financial Reporting Standard (NFRS)	Applicable date
NFRS 9 : Financial Instruments	16 July 2021
NFRS 14 : Regulatory Deferral Accounts	16 July 2021
NFRS 15 : Revenue from Contracts with Customers	16 July 2021
NFRS 16 : Leases	16 July 2021
NFRS 17 : Insurance Contracts	16 July 2021

The company has adopted the applicable standards from 16 July 2021 in the current fiscal year.

2.2 Significant accounting policies and other explanatory notes

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated. The presentation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed.

2.2.1 Impairment of non-financial assets (excluding inventories and deferred tax assets)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is also done for whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have been decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversal are included in profit or loss, except to the extent they reverse gains/loss previously recognized in other comprehensive income.

2.2.2 Foreign currency transactions

Transactions entered into by the Company in a currency other than the currency of primary economic environment in which it operates are recorded at the rates ruling 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 ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the statement of profit or loss.

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter any derivative instruments for trading or speculative purposes. Differences between the forward exchange rates and the exchange rates at the end of the reporting date are recognized as income or expense at the end of the reporting date. Profit/loss arising on cancellation or renewal of forward exchange contracts is recognized as income/expense for the period.

2.2.3 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost. Cost includes the purchase price and other directly attributable costs up to the commissioning/ available for use 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.

Subsequently, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Assets not ready for the intended use on the reporting date are disclosed as "Capital work-in-progress".

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and recognized immediately in statement of profit or loss.

2.2.4 Depreciation

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write-off their depreciable amount over the expected useful economic lives.

Depreciation is provided on a pro-rata basis on the straight-line method based on the estimated useful life of the assets determined by the management.

The estimated useful lives and corresponding rates at which the assets are depreciated are as follows:

Particulars	Useful Life (Years)	Depreciation Rate (%)
Building		
Permanently owned Property	40.00	2.50
- Leasehold property	9.00	11.11
Plant and Machinery	14.29	7.00
Office Equipment	14.29	7.00
Furniture and Fixtures	14.29	7.00
Computer Accessories	4.00	25.00

2.2.5 Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The NAS-17 Leases has been replaced by NFRS -16 lease and the application of new NFRS this year has been done using modified retrospective approach from Shrawan 01, 2078. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1 Shrawan 2078). Accordingly, previous period information has not been restated.

This has resulted in recognizing a right-of-use asset of NPR 2,439 lakhs, a corresponding lease liability of NPR 2,638 lakhs. The difference of NPR 199 lakhs has been adjusted to retained earnings as at 1 Shrawan 2078.

In the statement of profit or loss for the current period, operating lease expenses which were recognized as other expenses in previous periods are now recognized as depreciation expense for the right-of-use asset and finance cost for interest accrued on the lease liability. The adoption of this standard did not have any significant impact on the profit for the period and earnings per share. The borrowing rate as determined by the central bank has been applied to lease liabilities recognized in the Statement of financial position at the date of commencement.

The total cash outflow for lease is NPR 507 lakhs for the year ended 32 Ashad, 2079. Interest on lease liabilities is NPR 201 lakhs.

The company's lease mainly comprises of buildings and motor vehicles. The company leases building for residential and warehousing facilities.

There is no major difference between the company's estimate of increase in assets and liabilities

on account of adopting the standard on lease compared to the lease liability and right of use asset accounted as at 32 Ashad, 2079.

Further details about Leases are given in note 5 and note 14.

The Company assesses whether a contract is or contains a lease at the inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company contains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the company, term and currency of the contract. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options which the Company is reasonably certain to exercise.

Variable lease payments that don't depend on an index or rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line "other expense" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.2.6 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Purchased computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the software. These costs less estimated residual value are amortized over the estimated useful life of 5 years. Residual value of intangibles is estimated to be nil.

2.2.7 Production at third party manufacturing locations

The Company has made arrangements for manufacturing of its licensed products with other third-party manufacturers against payment at a fixed rate as processing charges. The purchase value of materials, conversion cost paid to such manufacturers and stock of inventories (material as well as finished goods) related to such activities have been accounted for in the books of the Company.

2.2.8 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. The losses arising from impairment are recognized in the statement of profit or loss.

2.2.9 Inventories

Inventories are initially recognized at cost and subsequently 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 estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted as follows:

Raw Material	-	At actual cost on weighted average basis
Packing Material	-	At actual cost on weighted average basis
Promotional Material	-	At actual cost on weighted average basis
Finished goods	-	At the cost of raw materials, packing materials, a proportionate share of fixed and variable production overheads incurred in bringing the inventories to their present location and condition
Work in Progress	-	At the cost of raw materials, packing materials, a proportionate share of fixed and variable production overheads incurred in bringing the inventories to their present location and condition
Consumables & Spares	-	At actual cost on weighted average basis.
Goods in Transit	-	At actual cost

Full provision is made for an obsolete stock that cannot be used or is damaged or defective or cannot be sold in the market. Provision is adjusted in the statement of profit or loss to the extent of usage of obsolete inventory in the period of its usage.

2.2.10 Cash and cash equivalents

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.

For the purpose of cash flow statements, cash and cash equivalents consist of cash in hand and balance in banks.

2.2.11 Impairment of financial assets

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

2.2.12 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's equity shares are classified as equity instruments.

2.2.13 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

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,
- It is held primarily for the purpose of trading,
- It is 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.

The Company classifies all other liabilities as non-current.

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

2.2.14 Employment benefits

The Company has schemes of employment benefits namely Social Security Fund, other retirement benefit and accumulated leave payable as per the employee service manual in accordance with Social Security Act, 2075 and Labor Act, 2074.

Defined contribution schemes

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the financial year to which they relate.

The Company is registered in the Social Security Fund (SSF) and the Social Security Fund Contribution @31% of basic salary for all the retirement benefits (Provident fund, Social security tax, Gratuity and Medical Insurance to the staff) are deposited therein on monthly basis.

Contributions to provident and pension funds of managers seconded from Hindustan Unilever Limited are paid into the provident/pension fund maintained by Hindustan Unilever Limited. Contributions to defined contribution schemes such as provident fund are charged to the statement of profit or loss as incurred.

Defined benefit schemes - Other retirement benefits scheme

The Company provides defined benefits in the form of other retirement benefits. The Company's liability towards such defined benefit plans is determined based on valuations, as at the reporting date, made by independent actuaries using the projected unit credit method discounted to its present value using yields available on Government bonds.

Interest is calculated by applying the discount rate to the defined benefit obligation. The Company recognizes the following changes in the defined benefit obligation to the statement of profit or loss:

- Service costs comprising current service costs and past-service costs
- Interest expenses

Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.

The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Other retirement benefit is an unfunded scheme where a fixed amount is paid at the time of the separation. This fixed amount to be paid is determined on basis of years of service and is only applicable to the shop floor workmen who have completed at least 5 years of service.

Other long-term employment benefits

Employees have a statutory entitlement to payment of 90 days' cash equivalent of accumulated un-availed home leave and accumulated leave excess of 90 days will be encashed while in service. Also, employees have a statutory entitlement to payment of 45 days' cash equivalent of accumulated sick leave and accumulated sick leave excess of 45 days will be encashed while in service. The obligation is calculated using the projected unit credit method and is discounted to its present value using yields available on Government bonds. Service cost, interest cost and actuarial gain/loss are recognized in the statement of profit or loss.

Housing Fund Reserve

Appropriation for Employees housing for the purpose of construction of staff quarters were provided up to the financial year 2073-74 as per section 41(2) of the Labor Act 2048. After the enactment of the amended Labour Act, 2074 effective from Bhadra 19, 2074, provision for the allocation of employees housing reserve was discontinued, so the Company has not made such allocation from the financial year 2074-75.

Since, the amount had been accumulated under Housing Reserve over the years, Labour Relations Committee ('LRC') had resolved the "Retirement benefit scheme" towards utilization of the accumulated housing fund (formed under Section 41 of the erstwhile Labour Act, 2048) during the previous year 2077-78.

Accordingly, the total accumulated balance of the Employees Housing Reserve as on 1 Shrawan 2077 (16 July 2020) amounting to NPR 796,059,325 had been transferred to Retirement Benefit Scheme Reserve in the previous year. Further, out of the total transfer to Retirement Benefit Scheme Reserve, amount of NPR 137,278,805 had been recognized as liability under "Provision for Retirement Benefit Scheme" based on the actuarial valuation for the year ended 31 Ashad 2078 (15 July 2021).

During the current fiscal year 2078-79, the liability recognised under "Provision for Retirement Benefit Scheme" as on 1 Shrawan 2078, NPR 137,278,805 has been re-transferred to Retirement Benefit Scheme Reserve. Further, payment of NPR 14,752,839 has been made towards retirement reserve during FY 2078-79.

2.2.15 Taxation

Income tax

Income tax on the profit or loss for the year comprises 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.

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to the company:

Income from manufacturing and sale of goods: 20% (2077/78: 20%)

Income from service charges on ELIDA sales/access fees: 25% (2077/78: 25%)

The Company has availed the rebate of 15% on tax liabilities on income from manufacturing and sale of goods under section 11 (3 chha) of the Income Tax Act, 2058 and thus the tax rate applicable to the Company on income from manufacturing and sale of goods is 17% after availing the rebate.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

The principal temporary difference arises from depreciation of fixed assets, provision for post-retirement benefit and other employee benefits, provision for CSR, allowance for inventory obsolescence, provision for doubtful debt and other provisions.

2.2.16 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently carried at amortized cost. The carrying amount is considered as approximate fair value due to short maturity of these instruments.

2.2.17 Revenue recognition

The following specific criteria are used for the purpose of recognition of revenue.

Sale of goods

Revenue from sale of goods is recognized when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates,, price reduction, and indirect coverage subsidy, rebates, Incentives, sales taxes and excise duties (on goods manufactured and outsourced). Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognized to the extent that it is highly probable a significant reversal will not occur. Our customers have the contractual right to return goods only when authorized by the Company. An estimate is made of goods that will be returned and a liability is recognized for this amount using a best estimate based on accumulated experience.

Service charges on ELIDA sales

Income from services rendered is recognized based on agreements/arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognized net of value added tax.

Income earned from rendering management & marketing services to a private limited company in Nepal for marketing and selling Unilever products is recognized on rendering of the services and grouped under the other income as 'Service Charges on ELIDA Sales'. The Company incurs some cost for generating this income, but the costs are embedded with regular operating costs of the company.

However, since service to ELIDA has been discontinued due to change in "Elida income model" as a result of which there is no ELIDA service income in the FY 2078-79 & 2077-78.

Interest income

Interest income is recognized on the time proportion basis.

Measurement of Revenue

Revenue is measured at fair value of the consideration received or receivable.

2.2.18 Expenses

Staff bonus

Staff bonus is accounted for in accordance with the provisions of the Bonus Act, 2030. The Company has calculated and charged the staff bonus as below: -

Amount in NPR	
Particulars	2078-79
Profit before tax (PBT)	1,882,468,160
Add: Bonus allocation included in PBT	211,275,887
Add: CSR allocation as per Industrial Enterprise Act 2076	19,014,830
PBT for bonus calculation	2,112,758,877
Bonus @ 10%	211,275,887

Provision for Corporate Social Responsibilities (CSR)

CSR expenses is accounted as per Industrial Enterprises Act 2076 (the "Act") introduced with effect from February 11, 2020 repealing the Industrial Enterprises Act 2073 (the "Previous Act"). Section 54 of the Industrial Enterprises Act 2076 makes it mandatory to allocate 1% of the annual net profit to be utilized towards corporate social responsibility (the "CSR Requirement").

The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors that are prescribed in the rules framed under the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the relevant government authorities within six months from expiry of the financial year.

The Company has calculated, and allocated CSR as required by Industrial Enterprises Act 2019 (2076 BS) as below: -

Amount in NPR

Particulars	2078-79
Profit before tax (PBT)	1,882,468,160
Add: CSR allocation as per Industrial Enterprise Act 2076	19,014,830
PBT for CSR provision	1,901,482,990
CSR allocation as per Industrial Enterprise Act @ 1%	19,014,830

Auditors' remuneration and expenses

Amount in NPR

Particulars	2078-79
Statutory audit fees	467,500
Tax audit fees	231,000
Group reporting audit fees	165,000
Quarterly limited review	115,000
Labor audit fees	66,000
Reimbursement of out-of-pocket expenses	12,567
Total	1,057,067

2.2.19 Related party transactions:

(a) Relationship

The Company is controlled by Hindustan Unilever Limited which owns 80% of the Company's shares. Sibkrim Holdings Privated Limited holds 5% of the Company's shares and the remaining 15% of shares are widely held by the general public.

Relationship	Related Parties
Holding Company	Hindustan Unilever Ltd.
Ultimate Holding Company	Unilever PLC
Fellow and Group Subsidiaries	Unilever India Export Limited PT. Unilever Oleochemical, Indonesia Unilever UKCR limited, UK Unilever N.V, Netherland Unilever Europe Business Centre B.V., Netherland Unilever Asia Pvt. Ltd.
Significant Influence	Sibkrim Holdings Privated Limited
Key Management Personnel	Amlan Mukherjee

(b) Transactions with key management personnel

Key management personnel compensation

Amount in NPR

Particulars	Current year	Previous Year
Short-term employee benefits	77,574,480	38,160,741
Post-employment benefits	Nil	Nil
Other long-term benefits	Nil	Nil
Termination benefits	Nil	Nil
Share based payment	Nil	Nil

Note: - 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 leave encashment are provided on an actuarial basis for the Company, so the amounts pertaining to the key management personnel are not included above.

(c) Other related party transactions

Amount in NPR

Particulars	Transactions		Outstanding Balance		
	Current Year	Previous Year	Current Year	Previous Year	
Holding company (HUL)	Royalty	134,624,685	113,852,785	114,430,982	96,774,868
	Dividend	478,764,000	73,656,000	-	-
	SAP Implementation Cost	-	-	1,565,739	1,565,739
	SAP Recurring Cost	-	36,059,374	-	30,650,468
Ultimate holding company (Unilever PLC)	Reimbursement of Trial Cost	(2,604,949)	-	(2,604,949)	-
	Royalty	73,676,151	58,366,962	76,292,979	59,458,823
Fellow and Group Subsidiaries	Purchase of Raw Materials from Unilever India Export Limited	-	-	-	-
	Purchase of Raw Materials from PT. Unilever Oleochemical	37,371,351	7,765,779	192,867	-
	Debit note for Training programmes to Marketers from Unilever UKCR limited, UK	-	931,107	1,096,202	1,096,202
	Debit note for IC GM Talent Pool from Unilever UKCR limited, UK	330,483	-	280,910	-
	Debit note from Unilever N.V, Netherland for MCIP investment by ex-MD	-	1,536,415	-	3,372,420
	Unilever Europe Business Centre B.V., Netherland for Fair Share Cost	(144,185,091)	55,387,548	-	122,557,328
	Unilever Europe Business Centre B.V., Netherland for ETS Cost	(241,512,872)	111,626,944	-	205,285,942
	Unilever N.V, Netherland for Cross Charge	4,439,102	9,571,576	17,581,217	13,142,116

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 32 Ashad 2079, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

2.2.20 Provisions and contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

All the contingent liabilities and the guarantees given by the Company to the third parties are disclosed in the notes to the financial statements.

Contingent liabilities:

a. Unexpired letters of credits and acceptance

Unexpired irrevocable letter of credit NPR 200,880,756 and acceptance outstanding NPR 142,772,641 (FY 2077-78: NPR 9,866,628 and NPR 6,005,149, respectively).

b. Income tax matters

The Large Taxpayers Office ("LTO") has opened self-assessment returns filed by the Company for the financial years 2065-66, 2066-67, 2067-68, 2068-69, 2069-70, 2070-71, 2071-72, 2072-73 and 2073-74. The Company has received the final assessment order from Administrative Review for the financial years 2066-67, 2067-68, 2068-69, 2069-70 and 2071-72 and has gone into appeal with Revenue Tribunal for the disputed matters. Details of the same are presented herewith:

Amount in NPR

Fiscal Year	Case lying at	Additional Demand	Recognized as Contingent Liability
2008-09 (2065/66)	Administrative Review, IRD	4,526,110	2,661,513
2009-10 (2066/67)	Revenue Tribunal	73,890,673	96,797,809
2010-11 (2067/68)	Revenue Tribunal	82,039,678	125,109,458
2011-12 (2068/69)	Revenue Tribunal	74,268,437	106,613,316
2012-13 (2069/70)	Revenue Tribunal	21,827,906	17,733,805
2013-14 (2070/71)	Administrative Review, IRD	68,031,475	72,074,039
2014-15 (2071/72)	Revenue Tribunal	73,586,797	32,545,688
2015-16 (2072/73)	Administrative Review, IRD	34,538,942	40,366,521
2016-17 (2073/74)	Administrative Review, IRD	29,675,105	29,675,105
Total		462,385,123	523,577,254

c. Value Added Tax (VAT) Matters

The Company has filed appeals with the Director General of IRD for Administrative Review on the additional demand raised by the LTO on account of VAT for the financial years 2065-66, 2072-73 and 2073-74. The Company has received the final assessment order from Administrative Review on account of VAT for the financial years 2067-68 and 2071-72 and has gone into appeal with Revenue Tribunal for the disputed matters. Details of the same are presented below:

Amount in NPR

Fiscal Year	Case lying at	Additional Demand	Recognized as Contingent Liability
2008-09 (2065/66)	Administrative Review, IRD	3,175,485	4,196,372
2010-11 (2067/68)	Revenue Tribunal	186,290	248,319
2014-15 (2071/72)	Revenue Tribunal	577,186	816,845
2015-16 (2072/73)	Administrative Review, IRD	8,524,924	10,922,231
2016-17 (2073/74)	Administrative Review, IRD	5,802,408	5,802,408
Total		18,266,293	21,986,175

d. Bank guarantee issued on behalf of the Company

The Company has taken following bank guarantees:

Amount in NPR

Issued to	Purpose	Amount	Beginning on	Valid till
Department of Customs	Exim code certificate	300,000	27 June 2022	16 July 2023
Green Hands Nepal Pvt. Ltd.	Construction of Godown	7,920,000	09 January 2021	08 January 2023

2.2.21 Commitments

The capital commitment (net of advances) on account of capital works are as:

Amount in NPR

Area	FY 2078-79	FY 2077-78
Expansion of Factory	-	1,390,963
SAP Automation	-	521,828
New Corporate Office	-	226,977
Milder Project	26,830,485	240,547,169
Capex for Replacement of Transformer	31,510	5,117,190
Facewash Stabilisation	-	3,619,462
Capex for Chiller Retrofitting	195,829	2,115,267
Ponds White beauty Localization	-	1,113,519
100 GM Soap Localization	-	956,934
Chlorination & Solar Hot Water Plant	-	352,425
Mezzanine floor in RM Warehouse	4,764,463	-
Installation of Solar Electric Plant	2,541,834	-
Oral Capacity Creation	29,519,945	-
Hair Sachet Capacity Creation	12,918,985	-
Localization of GAL	1,368,129	-
Localization of PAM	5,126,539	-
Others	4,437,778	444,491
Total Capital Commitments	87,735,496	256,406,225

2.2.22 Royalty

Royalty payable to Hindustan Unilever Limited, India and Unilever PLC, London for use of trademark of certain products has been accrued based on approval received from the Department of Industry/ Nepal Government.

2.2.23 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts

or payments. The cash flows from regular revenue generating & investing activities of the company are segregated.

2.3 Financial risk management objectives and policies

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Risk management is done by the Company's management that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks which are summarized below:

Market risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency risk;
- Commodity price risk; and
- Interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The objective of the Company's management of market risk is to maintain this risk within acceptable parameters, while optimizing returns. The Company's exposure to, and management of, these risks is explained below: -

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY
<p>1. CURRENCY RISK</p> <p>The Company is subject to the risk that changes in foreign currency values impact the Company's imports of raw material and property, plant and equipment.</p> <p>As at 32 Ashad 2079, there is no unhedged exposure to the Company on holding financial assets (trade receivables) and liabilities (trade payables) other than in their functional currency.</p>	<p>The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The aim of the Group's approach to the management of currency risk is to leave the Company with no material residual risk. This aim has been achieved in all years presented. The Company manages currency exposures within prescribed limits, through the use of forward exchange contracts. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time.</p>
<p>2. COMMODITY PRICE RISK</p> <p>The Company is exposed to the risk of changes in commodity prices in relation to the purchase of its raw materials especially vegetable oils/Linear Alkyl Benzene Sulphonic Acid.</p>	<p>The objective of the Company is to minimize the impact of commodity price fluctuations. The Company has undertaken various cost savings programs along with judicious pricing, without compromising on the competitiveness of brand investments, both in terms of technology as well as advertising and promotion.</p>
<p>3. INTEREST RATE RISK</p> <p>Investment in fixed deposits at fixed rates exposes the Company to fair value interest rate risk.</p>	<p>The Company invests in the term deposits for a period of less than one year and there is no significant fair value interest rate risk pertaining to the said deposits.</p>

The detail of forward exchange contracts outstanding as at the reporting date are as under:

Currency exchange	USD/NPR		EURO/NPR	
	FY 2078-79	FY 2077-78	FY 2078-79	FY 2077-78
Number of Buy contracts	-	8	-	-
Aggregate "buy" foreign currency	-	25,876	-	-

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 relationship with the supplier.

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

- 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 all customers are covered by bank guarantees.

- Cash deposits

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

- Investment in fixed deposits

Credit risk for investments in fixed deposits is managed by depositing the amount with highly reputed commercial banks only.

Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

The Company maintained a cautious funding strategy, with a positive cash balance throughout the year ended 32 Ashad, 2079 and 31 Ashad, 2078. This was the result of cash delivery from the business. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis.

The Company's finance department regularly monitors the cash position to ensure it has sufficient cash on-going basis to meet operational needs. Any short-term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits to optimize its cash returns on investments. The said investments are made in instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

2.4 Segment reporting

The Company has only one business segment i.e. dealing in Fast-moving consumer goods (FMCG). The

FMCG business mainly consists of products like detergents, scourers, laundry soaps, toilet soaps, skin care creams, other personal products and food products.

The volume of production and sales of food products as compared to other products is insignificant, hence it is not treated as a separate segment. Except for food products, all other products have similar risks and returns because of similar nature of products, common consumer segments, similar production processes and common distribution channel. The chief operating decision maker and all functional managers reviews the operating results of the business as a whole. Further, internal organizational and management structure of the Company is not based on product differentiation.

2.5 Additional information

2.5.1 Licensed/installed annual capacities

Particulars	Licensed Capacity		Installed Capacity	
	Current Year (Mt)	Previous Year (Mt)	Current Year (Mt)	Previous Year (Mt)
Detergents/Scourers/Laundry	52,950	52,950	42,500	42,500
Toilet Soaps	10,000	10,000	10,000	10,000
Personal Products	18,231	18,231	10,335	10,335
Soap Noodles	11,660	11,660	11,660	11,660
Tea	5,000	5,000	5,000	5,000
Vanaspati	10,000	10,000	-	-

2.5.2 Production/purchases of finished goods

Particulars	Current Year (Mt)	Previous Year (Mt)
Detergents/Scourers/Laundry *	13,509	15,218
Toilet Soaps	5,620	4,525
Personal Products	11,012	9,750
Foods	-	101
Total	30,141	29,593

2.5.3 Sales

Particulars	Current Year		Previous Year	
	Volume (Mt)	Value (NPR)	Volume (Mt)	Value (NPR)
Detergents/Scourers/Laundry	13,743	1,084,712,164	14,785	1,100,452,247
Toilet Soaps	5,361	1,580,026,623	4,223	1,102,220,683
Personal Products	10,992	5,126,976,279	9,150	3,878,720,628
Foods	(4)	(1,407,241)	159	51,548,988
Less: incentive, discount and others		(456,693,098)		(402,218,755)
Total	30,091	7,333,614,727	28,317	5,730,723,792

2.5.4 Closing stock of finished goods

Particulars	Current Year		Previous Year	
	Volume (Mt)	Value (NPR)	Volume (Mt)	Value (NPR)
Detergents/Scourers/Laundry *	984	85,377,113	1,218	69,614,986
Toilet Soaps	633	178,765,004	375	75,318,344
Personal Products	1025	273,037,434	1,004	231,236,232
Foods	2	580,493	16	4,343,576
Total	2,644	537,760,044	2,613	380,513,137

*Produced at third party manufacturing locations

2.5.5 Material consumed including changes in inventories of finished goods and work-in-progress

Particulars	Current Year		Previous Year	
	Volume (Mt)	Value (NPR)	Volume (Mt)	Value (NPR)
Raw, Chemicals, Perfumes etc.	20,942	3,095,798,273	24,587	2,195,293,920
Packing Materials	-	1,059,045,597	-	899,126,063
Net Change in WIP	44	(30,038,931)	224	15,678,631
Finished Goods Variance	(31)	(157,246,906)	(1,276)	(145,367,947)
Total	20,955	3,967,558,033	23,534	2,964,730,666

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

3. Property, plant and equipment:

Figures in NPR

	Land	Buildings	Plant & Machinery	Office Equipment	Furniture and Fixture	Computers	Capital Work in Progress	Total
Cost								
Balance at 31 Ashad 2077	5,615,140	243,389,240	1,140,107,734	44,028,146	84,531,863	33,038,014	26,429,512	1,577,139,649
Additions	-	-	-	-	-	-	37,038,075	37,038,075
Transfer to PPE	-	1,014,720	52,056,570	389,750	743,500	2,657,490	(56,862,029)	-
Transfer to Intangible	-	-	-	-	-	-	-	-
Disposals	-	(6,881,095)	(146,964,810)	(8,554,759)	(1,990,457)	(3,278,732)	-	(167,669,852)
Balance at 31 Ashad 2078	5,615,140	237,522,865	1,045,199,494	35,863,137	83,284,906	32,416,772	6,605,558	1,446,507,872
Additions	-	-	-	-	-	-	465,694,877	465,694,877
Transfer to PPE	-	-	6,978,943	196,540	983,179	4,383,108	(12,541,770)	-
Transfer to Intangible	-	-	-	-	-	-	-	-
Other Adjustments	-	-	2,527,017	-	-	(74,248)	-	2,452,769
Disposals	-	(3,155,483)	(42,355,295)	(4,483,452)	(3,213,766)	(6,002,230)	-	(59,210,226)
Balance at 32 Ashad 2079	5,615,140	234,367,382	1,012,350,159	31,576,225	81,054,319	30,723,402	459,758,665	1,855,445,293
Depreciation and impairment losses								
Balance at 31 Ashad 2077	-	95,437,550	360,779,119	11,582,165	7,024,769	19,251,993	-	494,075,596
Charge for the year	-	16,479,949	70,773,709	1,223,867	742,295	4,997,079	-	94,216,899
Transfer to PPE	-	-	-	-	-	-	-	-
Disposals	-	(4,548,530)	(119,978,868)	(5,944,928)	(2,054,612)	(3,200,078)	-	(135,727,015)
Balance at 31 Ashad 2078	-	107,368,969	311,573,960	6,861,104	5,712,452	21,048,994	-	452,565,480
Charge for the year	-	13,609,966	67,614,258	3,302,830	1,546,664	5,093,390	-	91,167,108
Transfer to PPE	-	-	-	-	-	-	-	-
Disposals	-	(1,754,182)	(18,997,764)	(2,054,017)	(2,041,408)	(5,683,142)	-	(30,530,513)
Balance at 32 Ashad 2079	-	119,224,753	360,190,454	8,109,917	5,217,708	20,459,242	-	513,202,075
Net book value								
At 31 Ashad 2077	5,615,140	147,951,690	779,328,615	32,445,981	77,507,094	13,786,020	26,429,512	1,083,064,053
At 31 Ashad 2078	5,615,140	130,153,896	733,625,534	29,002,032	77,572,453	11,367,778	6,605,558	993,942,392
At 32 Ashad 2079	5,615,140	115,142,629	652,159,705	23,466,308	75,836,611	10,264,160	459,758,665	1,342,243,218

Gross carrying amount of any fully depreciated property, plant and equipments that are still in use

	-	54,436,126	804,499	474,183	4,181,698	-	-	59,896,506
--	---	------------	---------	---------	-----------	---	---	------------

Property, Plant and Equipment under construction

The net book value of capital work in progress includes amount of NPR 4,598 Lakhs majorly relating to Milder Preservatives in Hair & Skin Care (NPR 2,311 Lakhs), Milder Preservatives High Speed Bottle Line (NPR 1,085.46 Lakhs), Hair Sachet Capacity (NPR 332 Lakhs), Installation of Solar Plant (NPR 418 Lakhs), Mezzanine Floor in RM Warehouse (NPR 222.18 Lakhs), which is currently under installation. The cost of the assets will be depreciated once the machine is installed and available for use.

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

4. Intangible assets:

Figures in NPR

	Computer Software	Total
Cost		
Balance at 31 Ashad 2077	116,755,906	116,755,906
Additions - Externally acquired	-	-
Disposals	-	-
Balance at 31 Ashad 2078	116,755,906	116,755,906
Additions - Externally acquired	328,525	328,525
Disposals	-	-
Balance at 32 Ashad 2079	117,084,431	117,084,431
Amortisation and impairment losses		
Balance at 31 Ashad 2077	37,506,339	37,506,339
Charge for the year	23,351,181	23,351,181
Disposals	-	-
Balance at 31 Ashad 2078	60,857,520	60,857,520
Charge for the year	22,899,099	22,899,099
Disposals	-	-
Balance at 32 Ashad 2079	83,756,619	83,756,618
Net book value		
At 31 Ashad 2077	79,249,567	79,249,567
At 31 Ashad 2078	55,898,386	55,898,386
At 32 Ashad 2079	33,327,812	33,327,812
Gross carrying amount of any fully amortised intangibles that are still in use	538,000	538,000

5. Right Of Use Assets-Lease

Figures in NPR

	Total
Cost	
Balance at 31 Ashad 2078	-
Addition on account of Transition to NFRS- 16 on Shrawan 01, 2078	387,759,270
Additions	47,290,185
Disposals	(41,889,556)
Balance at 32 Ashad 2079	393,159,899
Accumulated Depreciation	
Balance at 31 Ashad 2078	-
Addition on account of Transition to NFRS- 16 on Shrawan 01, 2078	143,828,968
Additions	78,104,692
Disposals	(44,229,248)
Balance at 32 Ashad 2079	177,704,412
Net Book Value	
Balance at 31 Ashad 2078	-
Balance at 32 Ashad 2079	215,455,487

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

6 Investments

Figures in NPR

	"Maturity Period"	Interest rate	As at 32 Ashad 2079	As at 31 Ashad 2078
Fixed Deposits in banks				
Principial	1 Year	10.03%: CY 5.5% to 7.75%: PY	21,000,000	32,900,000
	Upto 6 months	10.03% to 10.13%: CY 4% to 6%: PY	1,100,000,000	900,000,000
Interest Accrued			8,244,752	1,449,940
Total			1,129,244,752	934,349,940

Of the total investment in fixed deposits, NPR. 21,000,000 (2077-78: NPR 32,900,000) has been pledged with a bank for the purpose of extending housing loans to the employees.

7. Inventories:

Figures in NPR

	As at 32 Ashad 2079	As at 31 Ashad 2078
Raw materials	287,110,747	250,910,057
Packing materials	140,189,269	159,101,586
Work-in-process	92,147,595	62,108,664
Finished goods	537,760,044	380,513,137
Goods in transit	54,378,316	24,087,406
Stores and Spares	36,509,022	34,170,009
Less: Allowance for Obsolescence	(24,765,570)	(68,347,908)
Total	1,123,329,423	842,542,953

Inventories and Trade receivables are pledged against outstanding Letter of Credit as detailed in note no. 2.2.20.

The allowance for Obsolescence has been created for stocks which has been expired or damaged or unusable for any reasons and based on the book value of that inventory.

8. Trade and other receivables:

Figures in NPR

	As at 32 Ashad 2079	As at 31 Ashad 2078
Trade receivables	1,003,579,592	653,808,619
Loans and Advances to Employee	1,677,142	1,096,000
Advance to suppliers	330,969,755	306,999,296
VAT and Custom Deposits	5,990,050	4,102,300
Other deposit	16,429,620	16,145,697
Total	1,358,646,159	982,151,912

- The fair values of all the above financial assets are equal to their carrying amounts.
- All the trade receivables are secured against bank guarantees. They are neither past due nor impaired.
- Inventories and Trade receivables are pledged against outstanding Letter of Credit as detailed in note no. 2.2.20.
- Trade receivables are non-interest bearing within the credit period ranging from 21 to 35 days. After credit period interest is charged at the rate 15% p.a.
- Provision for doubtful debts of NPR 384,006,301 has been provided as at Ashad 32, 2079 (NPR 356,773,624 as at Ashad 31, 2078) against the total receivables of NPR. 384,006,301 from Elida based on the Global Policy pertaining to the impairment of financial assets revised guidance effective from 1 January 2018 for recognition of aged debts. During current FY, NPR 27,232,677 has been recognized as additional provision against the Elida receivables.

Financial Statements

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

9. Cash and Cash Equivalents:

Figures in NPR

	As at 32 Ashad 2079	As at 31 Ashad 2078
Cash at banks	546,171,365	766,241,738
Cash on hand	-	-
Total	546,171,365	766,241,738

10. Bank balance other than CCE

Figures in NPR

	As at 32 Ashad 2079	As at 31 Ashad 2078
Unpaid dividend account	22,405,702	33,900,037
Housing loan account	2,992,611	9,411
Total	25,398,313	33,909,448

11. Share capital:

Figures in NPR

	As at 32 Ashad 2079	As at 31 Ashad 2078
(a) Authorised Shares		
Ordinary shares of Rs. 100 each	300,000,000	300,000,000
(b) Ordinary shares Subscribed and Paid-up Capital		
	Ordinary share	Ordinary share capital
31 Ashad 2077	920,700	92,070,000
Share issue	-	-
31 Ashad 2078	920,700	92,070,000
Share issue	-	-
32 Ashad 2079	920,700	92,070,000

Of which:

7,36,560 shares held by Hindustan Unilever Limited, Mumbai, India
46,035 shares held by Sibkrim Land and Industrial Company Pvt. Ltd.
1,38,105 shares held by the general public

12 Retained Earnings and Reserves:

Figures in NPR

	Employees' Housing reserve	Retirement Benefit Scheme Reserve	Retained earnings	Total
Balance at 31 Ashad 2077	796,059,325	-	1,084,966,136	1,881,025,461
Profit for the year	-	-	860,877,287	860,877,287
Other comprehensive income	-	-	399,351	399,351
Transfer to Retirement Benefit Scheme Reserve	(796,059,325)	796,059,325	-	-
Transfer to Retirement Benefit Payable	-	(137,278,805)	-	(137,278,805)
Dividends to shareholders	-	-	(92,070,000)	(92,070,000)
Balance at 31 Ashad 2078	-	658,780,520	1,854,172,774	2,512,953,294
Opening Adjustment for NFRS-16	-	-	(19,881,034)	(19,881,034)
Profit for the year	-	-	1,541,980,544	1,541,980,544
Other comprehensive income	-	-	947,608	947,608
Transfer to Retirement Benefit Scheme Reserve	-	137,278,805	-	137,278,805
Retirement Benefit Payments	-	(14,752,839)	-	(14,752,839)
Dividends to shareholders	-	-	(598,455,000)	(598,455,000)
Balance at 31 Ashad 2079	-	781,306,486	2,778,764,891	3,560,071,377

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

(a) Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.

(b) Retirement Benefit Scheme Reserve

"Appropriation for Employees housing for the purpose of construction of staff quarters were provided up to the financial year 2073-74 as per section 41(2) of the Labor Act 2048. After the enactment of the amended Labour Act, 2074 effective from Bhadra 19, 2074, provision for the allocation of employees housing reserve was discontinued, so the Company has not made such allocation from financial year 2074-75.

Since, the amount had been accumulated under Housing Reserve over the years, Labour Relations Committee ('LRC') had resolved the "Retirement benefit scheme" towards utilization of the accumulated housing fund (formed under Section 41 of the erstwhile Labour Act, 2048) during the previous year 2077-78.

Accordingly, the total accumulated balance of Employees Housing Reserve as on 1 Shrawan 2077 (16 July 2020) amounted to NPR 796,059,325 had been transferred to Retirement Benefit Scheme Reserve in the previous year. Further, out of the total transfer to Retirement Benefit Scheme Reserve, amount of NPR 137,278,805 had been recognized as liability under "Provision for Retirement Benefit Scheme" based on the actuarial valuation for the year ended 31 Ashad 2078 (15 July 2021).

During the current FY 2078-79, the liability recognised under "Provision for Retirement Benefit Scheme" as on Shrawan 01 2078 has been re-transferred to Retirement Benefit Scheme Reserve. Further, payment of NPR 14,752,839 has been made towards retirement reserve during the FY 2078-79.

13. Deferred Tax Asset/ (Liabilities):

Deferred tax is calculated on temporary differences using a tax rate of 17% (2077-78: 17%). Deferred tax Asset have been recognized in respect of all temporary differences that results in income tax payable in future periods.

Figures in NPR

	As at 32 Ashad 2079	As at 31 Ashad 2078
Reconciliation of deferred tax assets		
Opening Balance as on 1 Shrawan	30,539,528	47,317,382
Tax income/(expense) during the period recognized in profit or loss	(6,960,443)	(16,777,854)
Closing balance as on 32 Ashad, 2079	23,579,085	30,539,528
Details of the deferred tax asset, amounts recognized in profit or loss and amounts recognized in other comprehensive income are as follows:		
Particulars	Asset/ (Liability) 2078-79	Charged/ Credited to Profit or Loss 2078-79
Fixed Assets	(51,314,775)	(966,451)
Intangible assets	(1,123,366)	(3,427)
Allowance for Obsolescence	4,210,130	(7,409,015)
Provision for leave encashment	-	(1,923,862)
Provision for other retirement benefits	3,674,370	2,465,850
Provision for CSR expenses	1,842,376	531,868
Other provisions	1,009,279	(4,284,961)
Provision for doubtful debts	65,281,071	4,629,555
Total	23,579,085	(6,960,443)
Particulars	Asset/ (Liability) 2077-78	Charged/ Credited to Profit or Loss 2077-78
Fixed Assets	(50,348,324)	(3,795,610)
Intangible assets	(1,119,939)	27,655
Allowance for Obsolete Inventory	11,619,144	(12,198,967)
Provision for leave encashment	1,923,862	548,436
Provision for other retirement benefits	1,208,520	251,880
Provision for CSR expenses	1,310,508	(4,109,657)
Other provisions	5,294,240	(1,544,928)
Provision for doubtful debts	60,651,517	4,043,337
Total	30,539,528	(16,777,854)

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

14. Lease Liabilities

Figures in NPR

	Non-current	
	As at 32 Ashad 2079	As at 31 Ashad 2078
Lease Liabilities	54,644,237	-
Total	54,644,237	-

	Current	
	As at 32 Ashad 2079	As at 31 Ashad 2078
Lease Liabilities	178,640,705	-
Total	178,640,705	-

15. Provisions:

Figures in NPR

	Non-current	
	As at 32 Ashad 2079	As at 31 Ashad 2078
Provision for employee benefits		
Provision for Other Retirement Benefits (Refer Note 27)	7,561,055	7,037,067
Provision for Retirement Benefit Scheme	-	125,083,087
Provision for Leave Encashment	13,588,766	11,008,712
Total	21,149,821	143,128,866

	Current	
	As at 32 Ashad 2079	As at 31 Ashad 2078
Provision for employee benefits:		
Provision for Other Retirement Benefits (Refer Note 27)	78,034	71,875
Provision for Retirement Benefit Scheme	-	12,195,718
Provision for Leave Encashment	386,088	308,124
Other Provisions:		
Provision for CSR expenses (Refer Note 2.2.18)	10,837,507	7,708,871
Miscellaneous provisions (Refer Note A below)	72,816,212	93,107,802
Total	84,117,841	113,392,390

A. Miscellaneous provisions

Miscellaneous provisions primarily includes provision for settlement of ongoing cases of VAT and other matters that are considered as weak and provisions for settlement with third party based on the best estimates of probable liability.

The table below gives information about movement in other provisions:

Figures in NPR

	Provision for CSR expenses		Miscellaneous provisions	
	As at 32 Ashad 2079	As at 31 Ashad 2078	As at 32 Ashad 2079	As at 31 Ashad 2078
At the beginning of the year	7,708,871	31,883,322	93,107,802	82,285,888
Recognized during the year	19,014,830	10,615,197	82,687,902	79,329,751
Utilized during the year	(15,886,194)	(34,789,648)	(102,979,492)	(68,507,838)
Reversed during the year	-	-	-	-
At the end of the year	10,837,507	7,708,871	72,816,212	93,107,802
Current portion	10,837,507	7,708,871	72,816,212	93,107,802
Non-current portion	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

16. Trade and other payables:

	Figures in NPR	
	As at 32 Ashad 2079	As at 31 Ashad 2078
Creditors for Goods and Services	636,830,523	491,877,366
Creditors for Expenses and Other Liabilities	512,072,717	503,016,192
Advance from Customers	1,268,002	1,298,885
Bonus payable	211,275,888	117,946,630
Employee related accruals	48,222,825	8,283,589
Deposit - Others	500,000	933,000
Royalty Payable	190,723,962	156,233,691
Audit fees payable	866,307	855,000
Others Payable	116,932,856	468,151,290
TDS Payable	14,145,323	54,057,675
Excise duty payable	32,274,885	30,058,677
VAT Payable	13,662,400	25,242,957
Unclaimed Dividend	22,232,310	33,726,645
Total	1,801,007,998	1,891,681,597

- a) The fair values of all the above financial liabilities are equal to their carrying amounts.
 b) Trade payables (other than creditors for goods and services) are non-interest bearing and are normally settled on 30 to 60 days terms .

17. Revenue from operations:

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Sale of goods	7,790,307,825	6,132,942,547
Less: Discount and Incentives	(456,693,098)	(402,218,755)
Total	7,333,614,727	5,730,723,792

No individual customer accounted for more than 10% of the gross sale of goods during the year

18. Other income

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Sale of Scrap	13,633,400	9,980,028
Interest Income on bank deposits	93,704,657	35,505,933
Foreign exchange gain/(loss)	70,627	111,978
Miscellaneous income	14,375,886	13,248,611
Total	121,784,570	58,846,550

19. Cost of materials consumed

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Raw materials consumed	2,955,609,040	2,063,963,086
Packing materials consumed	1,059,045,597	899,126,063
Allowance for Inventory Obsolescence	140,189,234	184,283,600
Total	4,154,843,871	3,147,372,749

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

20. Changes in inventories of finished goods (Including stock-in-trade) and work-in-progress)

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Opening inventories		
Finished goods	380,513,137	182,192,423
Work-in-progress	62,108,664	77,787,295
Closing inventories		
Finished goods	(537,760,044)	(380,513,137)
Work-in-progress	(92,147,595)	(62,108,664)
Total	(187,285,838)	(182,642,083)

21. Employee benefits expenses

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Salaries and wages	291,624,081	237,829,257
Leave expenses	4,185,393	4,717,275
Staff Bonus (Refer Note 2.2.18)	211,275,887	117,946,630
Contribution to provident, gratuity and other funds	12,150,142	10,209,334
Defined benefits plan expenses (Refer Note 27)	2,050,943	1,962,791
Workmen and staff welfare expenses	2,034,731	8,610,818
Total	523,321,177	381,276,105

22. Finance Cost

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Interest cost on lease -NFRS 16	20,151,998	-
Total	20,151,998	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

23. Other expenses

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Advertising and sales promotion	308,484,648	171,046,930
AGM Expenses	339,458	100,000
Audit Fees & Expenses	1,057,067	1,010,000
Board Meeting Exps	135,000	216,000
Carriage and freight	191,067,809	231,272,586
CSR Expenses (Refer Note 2.2.18)	19,014,830	10,615,197
Electricity, Fuel & Water	45,155,576	37,614,147
Fixed Assets W/Off	28,679,713	31,942,837
Insurance	17,783,542	14,891,843
Legal Expenses	2,928,591	2,852,141
Processing charges	171,536,663	133,765,949
Professional Services	93,890,527	83,111,511
Quality Control Charges	2,931,002	1,850,968
Rent	1,914,749	82,094,308
Repairs others	-	464,030
Repairs to building	4,885,943	1,917,350
Repairs to plant and equipment	51,675,170	50,756,474
Royalty, Technical Support & Share Cost*	(177,397,132)	339,234,241
Security Expenses	24,985,094	16,267,762
Telephone Expenses	7,002,473	9,169,556
Travelling, Conveyance and Accommodation Expenses	43,639,147	21,604,807
Other Expenses	2,786,485	9,508,052
Provision for doubtful debt	27,232,677	23,784,333
Interest of Lease	-	-
Total	869,729,032	1,275,091,022

*During the FY 2078-79, the company has received a waive off from Unilever Europe Business Center for amount payable towards Fair Share of ETS & Central Service Charges. Accordingly, the ETS & Fair share expense recognized in the books amounting NPR 532,143,203 has been reversed and credited to Royalty, Technical Support & Share Cost.

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

24. Income tax

	Figures in NPR	
	For the year 2078-79	For the year 2077-78
Current tax expense		
Current tax on profits for the year	333,527,173	173,249,328
Adjustment for under provision in prior periods	-	-
Total current tax	333,527,173	173,249,328
Deferred tax expense		
Origination and reversal of temporary differences	6,960,443	16,777,854
Recognition of previously unrecognized deferred tax assets	-	-
Total tax expense for the year	340,487,616	190,027,182
Reconciliation of current tax expense and the accounting profit multiplied by Company's tax rate for 2078-79 and 2077-78 :		
	For the year 2078-79	For the year 2077-78
Accounting profit before income tax excluding Elida service income and trading profit	1,882,468,160	1,050,904,469
Other service income	-	-
Trading Profit	-	-
"At Company's statutory income tax rate of 17% for normal operation and 25% for service income and trading profit (2076-77: 17% and 25%)"	320,019,587	178,653,760
Adjustment for NFRS 16 Impact	423,570	-
Adjustment in respect of Repair & Maintenance allowed upto 7% of respective depreciation base of the pool of the assets	987,780	1,302,817
Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act	(6,416,229)	(5,603,469)
Adjustment in respect of Inventory	(7,409,015)	(12,198,967)
Adjustment in respect of provision for leave encashment	451,863	548,436
Adjustment in respect of provision for other retirement benefits	284,213	251,880
Adjustment in respect of CSR provisions	489,326	(4,109,657)
Adjustment in respect of other provisions	(3,733,560)	1,837,210
Adjustment for Fixed Assets written off	4,875,551	-
Other non-deductible expenses for tax purposes	-	-
Adjustment for Provision for doubtful debt	4,629,556	4,043,338
Adjustment for current year cases and Prior period tax	18,924,532	8,523,980
Total	333,527,174	173,249,328
Income tax expense reported in the statement of profit or loss	333,527,173	173,249,328
Current tax (assets)/liabilities		
	As at 32 Ashad 2079	As at 31 Ashad 2078
Income Tax Liability	3,163,362,755	2,838,203,494
Less: Advance Income Tax	(3,150,381,275)	(2,946,716,035)
Total	12,981,480	(108,512,541)

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

25. Declared dividends and proposed dividends

Figures in NPR

	Year ended 2078-79	Year ended 2077-78
Declared and approved for during the year:		
Dividends on ordinary shares: Final dividend for 2077-78: NPR 650 per share (2076-77: NPR. 100 per share)	598,455,000	92,070,000
Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):		
Dividends on ordinary shares:		
Proposed dividend for 2078-79: NPR. 1,215 per share (2077-78: NPR. 650 per share)	1,118,650,500	598,455,000

26. Earnings per share

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

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

Figures in NPR

	"Continuing Operations" 2079	"Continuing Operations" 2078
Numerator		
Profit for the year and earnings used in basic EPS	1,541,980,544	860,877,287
Add: Interest on convertible debt	-	-
Less: Tax effect of above items	-	-
Earnings used in diluted EPS	1,541,980,544	860,877,287
Denominator		
Weighted average number of shares used in basic EPS	920,700	920,700
Convertible debt	-	-
Employee share options	-	-
Contingent share consideration on business combinations	-	-
Weighted average number of shares used in diluted EPS	920,700	920,700
Basic and diluted earnings per share	1,675	935

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

27. Post employment benefit plans

Defined benefit plans only consist of other retirement benefit plan and following tables summarise the components of net benefit expense recognised in the statement of income and amounts recognised in the statement of financial position:

2078-79 changes in the defined benefit obligation and Fair value of plan assets

Figures in NPR

	Benefit cost charged to income statement				Re-measurement gain/(losses) in OCI			Balance at 32 Ashad 2079	
	Balance at 1 Sharwan 2078	Service cost	Past Service cost	Net Interest	Sub-total included in profit or loss	Benefits paid	Experience adjustments		Sub-total included in OCI
Other retirement benefit obligation	7,108,942	1,428,198	-	622,745	2,050,943	(379,100)	(1,141,696)	(1,141,696)	7,639,089
Benefit Liability	7,108,942	1,428,198	-	622,745	2,050,943	(379,100)	(1,141,696)	(1,141,696)	7,639,089

2077-78 changes in the defined benefit obligation and Fair value of plan assets

Figures in NPR

	Benefit cost charged to income statement				Re-measurement gain/(losses) in OCI			Balance at 31 Ashad 2078	
	Balance at 1 Sharwan 2077	Service cost	Past Service cost	Net Interest	Sub-total included in profit or loss	Benefits paid	Experience adjustments		Sub-total included in OCI
Other retirement benefit obligation	5,627,297	1,428,198	-	534,593	1,962,791	-	(481,146)	(481,146)	7,108,942
Benefit Liability	5,627,297	1,428,198	-	534,593	1,962,791	-	(481,146)	(481,146)	7,108,942

NOTES TO FINANCIAL STATEMENTS

For the year ended 32 Ashad 2079 (16 July 2022)

27 Post employment benefit plans (Continued...)

The principal assumptions used in determining post-employment benefit obligations for the Company's plans are shown below:

	Figures in NPR	
	As at 32 Ashad 2079	As at 31 Ashad 2078
Discount rate	9.00%	9.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption at the end of the reporting period is as shown below:

Assumptions

Assumptions	Discount rate	
	0.5% Increase	0.5% Decrease
Sensitivity Level		
Impact on Defined benefit obligation - Other retirement benefits	(257,233)	271,190

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Defined benefit obligation - other retirement benefit	As at 32 Ashad 2079	As at 31 Ashad 2078
Within the next 12 months (next annual reporting period)	78,304	71,875
Between 2 and 5 years	2,858,470	2,191,050
Between 6 and 10 years	6,984,857	6,886,917
Weighted average duration of the above defined benefit obligation	12.14 Years	12.79 Years

FINANCIAL PERFORMANCE-5 YEAR RECORD

(NPR Mn)

Profit or Loss Statement	2074-75* (2017-18)	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)
Revenue from operations	4868	5754	5547	5731	7334
Other operating income	411	518	140	59	122
Profit from Operations	1255	1315	524	1015	1809
Finance Cost	0	0	0	0	20
Finance Income	75	56	48	36	94
Profit Before Tax	1330	1372	572	1051	1882
Net Profit for the year	999	1065	358	861	1542

*As per NFRS

Statement of Financial Position	2074-75* (2017-18)	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)
Property, plant and equipment (Incl Intangibles)	652	982	1162	1050	1376
Right of use Assets -Lease	-	-	-	-	215
Deferred tax assets	2	0	47	31	24
Investment in Fixed Deposit	834	574	335	934	1129
Net Current Assets (Current & non-current)	415	769	429	590	908
	1903	2324	1973	2605	3652
Share capital	92	92	92	92	92
Retained earnings and reserves	1811	2232	1881	2513	3560
	1903	2324	1973	2605	3652

Key ratios	2074-75* (2017-18)	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)
PBT (% of Revenue)	27	24	10	18	26
PAT (% of Revenue)	21	19	6	15	21
Fixed Assets Turnover (No. of Times)	7	6	5	5	5
Earning per share of Rs. 100	1085	1157	389	935	1675
Dividend proposed per share of Rs. 100	700	770	100	650	1215

Others	2074-75* (2017-18)	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)
UNL share price on NEPSE*	25,000	20,250	18,800	19,395	18,360
Market Capitalisation (Rs. Mn)	23,018	18,644	17,309	17,857	16,904
Contribution to Exchequer (Rs. Mn)					

*Based on year-end closing prices quoted on NEPSE

Notes:

Notes:

For further information
please visit our website:
www.unilevernepal.com



UNILEVER NEPAL LIMITED

UNILEVER NEPAL LIMITED

Regd. Office & Factory: Basamadi, Hetauda-3
Makwanpur District, Nepal

Telephone: +977-57-411047

Corporate Office: 2nd & 3rd Floor, City Square Building
New Baneshwor-10, Kathmandu, Nepal
GPO Box: 7765

Telephone: +977-1-4780717