



UNILEVER NEPAL LIMITED



30th ANNUAL GENERAL MEETING

12th DECEMBER 2023

(17th JULY 2022 - 16th JULY 2023)

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ABOUT THE COMPANY

UNILEVER NEPAL LIMITED IS ONE OF NEPAL'S LARGEST FAST-MOVING CONSUMER GOODS COMPANY WITH A HERITAGE OF OVER 30 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 multiple 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.



Over the years, UNL has been driving the virtuous cycle of growth, which has been resulting in consistent, competitive, profitable and responsible growth for us. 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.

BUILDING ON THE LEGACY OF PAST 30 YEARS

It's been a glorious 30 year run of your company. Your company has gone through several ups and downs in this journey, ultimately establishing itself as perhaps the largest FMCG manufacturer in the country. The manufacturing activity of your company then NLL(Nepal Lever Limited) commenced with the commercial production of Wheel washing powder in one kg pack in February 1994.

Your company began exporting from 1995, started earning profits from the third year of the production and held its first Annual General Meeting On 21st December 1995. However, it stopped exporting in 2004 due to the removal of the quota-free export system for companies in Nepal by export countries.



OUR PURPOSE

UNL 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



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.

SUSTAINABILITY

We are committed towards making improvements in the management of our environmental impacts and to our goal of developing a sustainable business.



RESPECT

We ensure that all employees work in an environment where there is mutual trust and respect. our business take place in the same way.

INTEGRITY

We have a business integrity framework which ensures we do business fully aligned with our values.



RESPONSIBILITY

We understand our responsibility towards our consumers, shareholders, employees, and environment. We operate in a way which impacts everyone positively.

OVERALL STRATEGIC OBJECTIVE

STRATEGIC GROWTH FUNDAMENTALS



PURPOSEFUL BRANDS:

Accelerating our growth with more brands with purpose – because brands with purpose grow faster.

IMPROVED PENETRATION:

Rapidly increasing our share through strategic focus and superior product quality.



DESIGN FOR CHANNEL (D4C):

Satisfying shoppers whenever, wherever and however they shop in a 'one-click' world.



IMPACTFUL INNOVATION:

Unlocking profitable growth through sharper strategies, decisive choices and the joy of innovating.



FUEL FOR GROWTH

Making it easier to run our business, using technology's growing power. Freeing our people to focus on growth and become future fit.

STANDING IN SOLIDARITY WITH THE PEOPLE OF NEPAL

"Like past natural calamities, your company stood by the side of Government of Nepal when 6.4 magnitude earthquake that devastated Jajarkot and West Rukum districts on 3rd November 2023 killing at least 154 people, injuring 364 others, destroying 26,557 houses completely and 35,455 houses partially. Your company had managed to deliver relief materials in Jajarkot and Rukum districts on very next day of earthquake hit the districts. Your company commits to work with Nepal Government for reconstructions and rehabilitation of earthquake victims in affected areas.



युनिभरद्वारा भूकम्पपीडितलाई राहत

बुकम्पको (अनुभूति): युनिभर नेपालको बर्षको नेपालको बर्षको ६.४ मैग्जिटुडको भूकम्पले जार्जकोट र पश्चिम रुकुम जिल्लाहरूमा ठूलो क्षतिग्रस्त भएको थियो। यसको परिणामस्वरूप कमन्स २६,५५७ घरहरू पूर्णतया नष्ट भए। ३५,४५५ घरहरू आंशिक रूपमा नष्ट भए। यसको परिणामस्वरूप १५४ जनाको मृत्यु भयो र ३६४ जनाको चोट लाग्यो। युनिभर नेपालले आफ्नो क्षमताको साथै नेपाल सरकारसँग सहकार्य गरी राहत सामग्रीहरू वितरण गर्न सफल भयो।

युनिभर नेपालले आफ्नो क्षमताको साथै नेपाल सरकारसँग सहकार्य गरी राहत सामग्रीहरू वितरण गर्न सफल भयो।

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युनिभरद्वारा भूकम्पपीडितलाई राहत प्रदान

राहत सामग्री वितरण कार्यक्रमको अवसरमा युनिभर नेपालले नेपाल सरकारसँग सहकार्य गरी राहत सामग्री वितरण गर्न सफल भयो।

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CORPORATE NEPAL

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व्यक्तिगत

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संसार

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PROFILE OF DIRECTORS

Mr. Dev Bajpai was appointed Executive Director (Legal & Corporate Affairs) in HUL in May, 2010. 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. 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.



MR. DEV BAJPAI
CHAIRMAN



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). 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.

MR. AMLAN MUKHERJEE
MANAGING DIRECTOR

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 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. 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.



MR. RAVI BHAKTA SHRESTHA
DIRECTOR



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.

MR. SUBHAS BAJRACHARYA
INDEPENDENT DIRECTOR

Ms Suman Hegde is a qualified Chartered Accountant and has done her Masters in Business Finance from JBIMS (Mumbai). She joined Unilever as a management trainee in July 2003. She has done various roles in India as Procurement manager, M&A manager, Supply Chain Finance Director South Asia, Homecare Finance Head – South Asia and Group Controller & IR head. She moved to Unilever Netherlands in 2020 as the Europe SC Finance VP. She was the Global Procurement Finance VP for Unilever before moving into her current position as VP Finance – South Asia Beauty Wellbeing & Personal Care.

MS. SUMAN HEGDE
DIRECTOR



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.

MR. YOGESH MISHRA
DIRECTOR

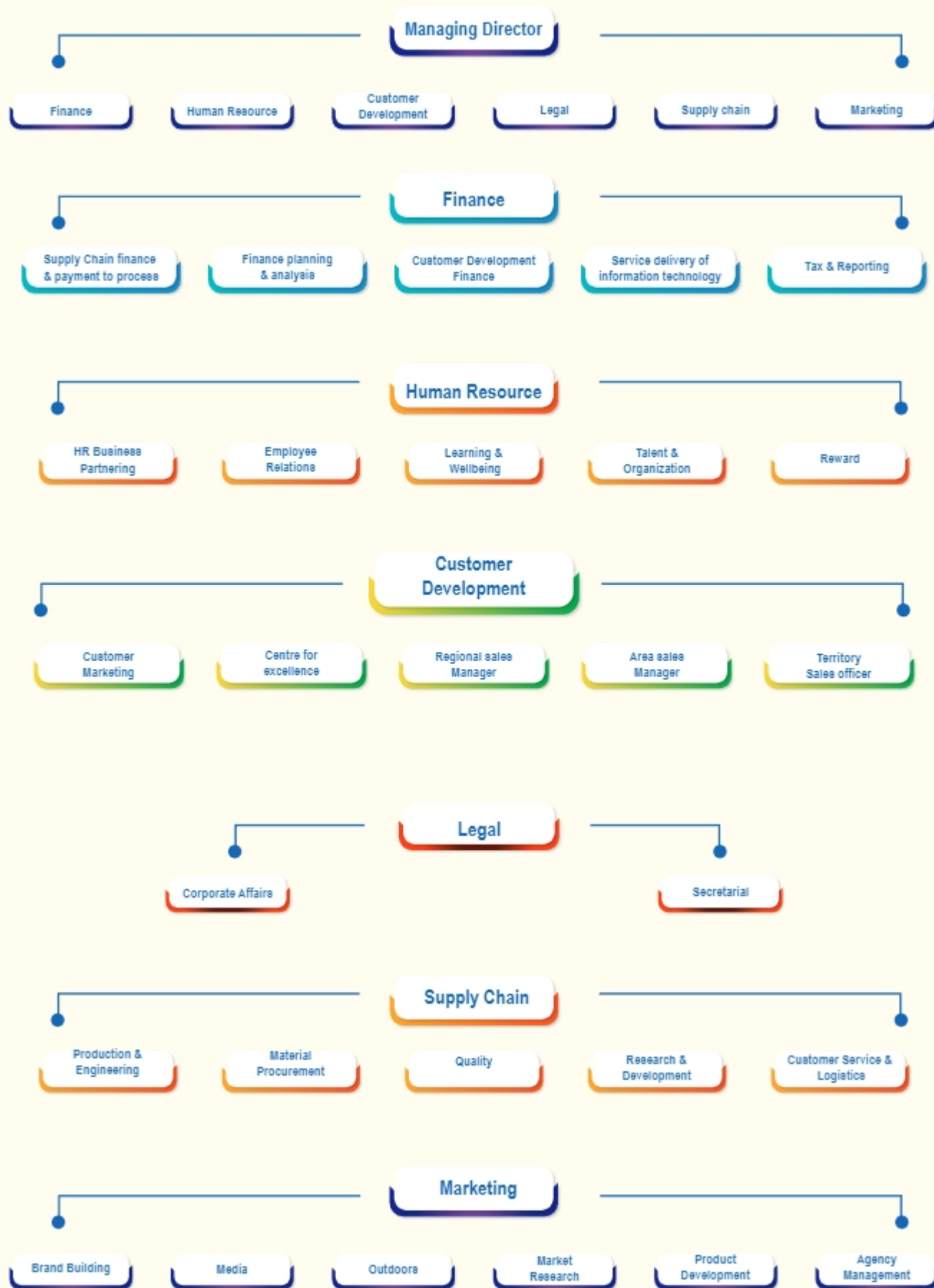


A long-standing hand at Hindustan Unilever with a career spanning 20 years+ in Marketing. At Unilever, she has handled different roles running large businesses, her last assignment as Vice president of Haircare where she has built a winning portfolio for the category which has strong leadership positions in the country and across South Asia. She has also done Brand Development stints crafting brands based out of India & London with assignments like launch of Dove Hair, Tresemmé, Conditioners & many more in India which has helped the business stay ahead of the curve, strengthening global brands like Tresemmé for the US and LATAM markets and launch of futuristic platforms like Be beautiful amongst other things. She is presently the Vice President for Beauty and Wellbeing business group for HUL.

MS. HARMAN DHILLON
DIRECTOR



ORGANIZATIONAL STRUCTURE



CHAIRMAN'S STATEMENT



Your company has delivered an unmatched dividend outputs and profit after tax (PAT) of NPR 1,834 million which is a 19% increment compared to the previous year.

Dear Shareholders,

Firstly, I express my deepest condolence to the departed souls during recent earthquake in Jajarkot and Rukum District. I also pray for quick recovery to those who have suffered injuries during this calamity. As a responsible Corporate Citizen your company has tried to extend all possible helps towards those who are affected in collaboration with relevant authorities. We stand in solidarity with the affected families and the nation.

Time has come again, to celebrate with you the successes that your company has achieved and importantly, to walk you through the challenges that continue to surround us. Despite the surmounting liquidity hurdles coupled with inflationary pressures and dropping consumption, this year, your company has delivered unmatched dividend and profit after tax (PAT) of NPR 1,834 million which is a 19% increment compared to the previous year.

The World We Operate In:

"Play by the rules but be ferocious" – Phil Knight's quote seems to resonate profoundly with businesses today, given the current state of the global economy. After the initial optimism of a "new normal" post-COVID recovery, the world again finds itself navigating through inflationary waters. Ongoing unfortunate conflicts are causing economic disruptions worldwide, leading to crises in food and energy sectors. Additionally, new global risks of unsustainable debt levels, low growth, and geopolitical tensions have created a complex scenario of "polycrisis" which poses challenges to achieving sustainable growth. Fiscal policies are becoming stricter, and investments are slowing down. World Economic Outlook 2023 highlights that the estimated growth rate of 3.4% after the pandemic is projected to limit at 2.8% by the end of 2023. The need for self-reliance was never more important for each country while the world needs to move towards economic inclusivity.

NEPAL-OPPORTUNITY AMIDST ADVERSITY:

Amidst these turbulent global challenges, we look towards a hopeful development. The shifting dynamics of supply chains, away from major hubs, have opened opportunities for our neighbors; a strategic advantage for Nepal in terms of harnessing the transformative impacts of supply diversification, market expansion, economic resilience, energy transition and digital transformation. Nepal's journey from a least developed economy to developing one will bring in benefit to the citizens. Nepal is also fostering her strength in the space of green energy, tourism etc. More such opportunities are expected to be harnessed in the near future. Constrained liquidity, record high outbound migration, rising inflation, weak investment protection, high cost of production, rent seeking policies continue to impede Nepal's long-standing ambitions of economic prosperity. However, as an industry we believe policy innovations around production linked incentives (PLI) and schemes incentivizing local manufacture will uplift the momentum of industrial progress in Nepal.

PARTNER IN DRIVING SELF-RELIANT LOCAL MANUFACTURING:

This is a special year for your company. You along with innumerable past and present employees can take pride for a glorious thirty years journey. In this period if we have gained something which is most important that is consumer trust. We serve arguably nine of the ten Nepali households at least once a year with our power brands driven by world class quality products made in Nepal. Today, we boast of substantial corporate market share standing to be one of the largest manufacturers of consumer goods in Nepal. In a country where industries contribute 13.5% to the GDP, your company, with accelerated localization agenda across procurement of raw materials, brand communication, premium import categories, consultancies, and human resources, is perhaps, the best poised company in Nepal to align in heart and soul with "Make in Nepal" drive towards building a self-sustaining economy. In this drive, your company, this year, has localized 35 new SKUs and provided consumers, in a short span of time, quality products towards skin care, hair care, hand wash etc. In the same spirit, your company has been relentlessly partnering with government agencies to advocate, suggest, collaborate, and vocalize on policy revisions surrounding import centric policies, restrictive regulations on capital market, advertisement, trading constraints, investment adverse regulations etc.

UNWAVERING COMMITMENT TO GROWTH DELIVERY:

Nepal had an overall economic growth falling from 5% to 1.5% this year as per Economy Survey of Nepal 2079/80 BS -Ministry of Finance. 0.1% decline in deposit has been reported as per Nepal Rastra Bank during the initial months of FY 2023/24 placing significant pressure on businesses to unlock their full potential. Despite the hurdles, we have achieved top-line growth of 15.6% which speaks about our enhanced consumer confidence. The business health is captured with PAT of NPR 1,834 million from last year's NPR 1,542 million due to our successful pricing strategies in home care and skin cleansing categories aided by internal overhead savings. With fresh launches across categories, capacity up-gradation of oral care, consumer enhancement on home care and addition of packing line for hair care by embedding art of intelligence and automation, your company believes that it is continuing to foster culture of excellence, quality improvement and cost optimization.

REMAINING FUTURE FIT AND SUSTAINABLE:

Cognizant of the severe brittle, anxious, non-linear, and incomprehensible scenario, we realized that sharpening our competitive edge and strengthening our digital footprint is the demand of today's age of artificial intelligence and digitization. With 11.51 million Nepalese consumers having internet access and 4 million using digital wallets, your company is leveraging technology to enhance its value chain towards e-commerce, influencer marketing, and increasing consumer awareness to accelerate customer engagement, data sourcing, and brand communication. The Global Sustainable Development Report 2023 highlights concerns of global warming, loss of biodiversity, and natural resource deterioration, particularly, affecting developing countries. Nepal's pristine Himalayas face the consequences of rising global temperatures and habitat threats. As part of our commitment to green energy, we have invested NPR 35 million in 234KV solar energy this year for our factory installations and 60% of the energy consumed in our manufacturing is sourced from renewable sources. This year, we collaborated with the Nepal Army for the third time for the Mountain Clean Up Campaign 2023, collecting 35 tonnes of waste from areas of Sagarmatha, Lhotse, Annapurna, Barun-Tse, actively promoting the culture of planet protection and corporate social responsibility. Our recent association with Nepal Women Football Team is a humble endeavour to support and promote equality and unlock huge future potential. We also get inspiration from the amazing journey of our youth stars who are making the country proud.

UNPARALLELED COMMITMENT TO SHAREHOLDERS AND LOCAL TALENT:

As a testament to your company's ever set commitment towards its shareholders, your company stands to be the highest dividend per share paying company in Nepal with NPR 1,580 per equity share. With this the EPS stands to be the highest in the history of your company despite novel challenges of high inflation of 7.5%. With resentments induced by low employment, staggering number of 3,000 youths leave the country daily with a worrisome upward trend. Our people are our strength, we uphold inclusivity, we stand amongst avid drivers of women integrated workforce in Nepal, and we are proud of our women workforce who are working in three shifts in our factory operations at Hetauda. Your company continues to be benchmarked as one of the most favored inbound opportunities in Nepal. We have opened learning pathways with 3,000 hours of courses, career development opportunities leveraging on our global presence. Only this year, 10 local talents were deployed for immersive in-person trainings in larger economies of South Asia. Our endeavor is to deploy local talents to larger Unilever organization in order to put them in global map. We have this year geared towards localization of key managerial positions in spirit of larger consumer interaction tailored to the demands of local customers.

ALWAYS FOR NEPAL AND NEPALIS:

I would like to inform you that like past natural calamities, your company has stood by the side of Nepal Government during recent earthquake. Your company had managed to deliver relief materials to Jajarkot and Rukum districts on very next day of earthquake hit the districts. Your company commits to work with Nepal Government for reconstruction and rehabilitation of earthquake victims in affected areas.

LOOKING AHEAD:

In a nutshell, inflation, low investments, loss of biodiversity, geopolitical confrontation, societal polarization, and cyber insecurity have been highlighted as global risks expected to sit around for a while. At home, we anticipate that the going may remain tough, but we are confident that we will manage it with utmost diligence. Going forward, with Unilever Nepal Limited's resilient supply chain, purposeful marketing with agile customer operations, we have plenty of opportunities to look forward in the next fiscal year & beyond breaking barriers of geography, procurement, human capital, technology, inclusivity, and sustainability. Most importantly, I would like to thank you, our shareholders, for your overwhelming and continued trust, support, and confidence in Unilever Nepal Limited.

**Warm regards,
Dev Bajpai,
Chairman**

MANAGING DIRECTOR'S STATEMENT



Your company has recorded a topline growth of 15.6% and a bottom-line growth of 19%, enabling a dividend delivery of Rs. 1580 per share for this fiscal year.

It is with great pleasure that I present to you the key pursuits, of fiscal year 2022-23 (FY 79-80), undertaken by your company. With a sense of conviction strong as ever, this year too, your company has marched through challenges of sloppy consumption, rising inflation, high interest rates, restrained liquidity, and depleting forex reserves. Amidst these challenges your company has recorded a topline growth of 15.6% and a bottom-line growth of 19%, enabling a dividend delivery of Rs. 1580 per share for this fiscal year.

This year also marks the 30th year of our operations and gives me immense pride to lead operations that provides consistent, sustainable and profitable growth to all our stakeholders. I would like to extend my gratitude to all shareholders, employees, business partners and suppliers who empowered us during this period.

We pride on our world class manufacturing; at the heart of it lies our commitment to safety, quality, and sustainability. This year, we have doubled hygienic mixer for oral care and have fully automated hair care sachet line through state of art technologies.

Towards our endeavour of localization, we have localized 35 Stock Keeping Units, across key categories to increase consumer reach and assure finer product experiences for our valued consumers. Catering to ever evolving needs of our consumers, we expanded and diversified our hair care and skin care portfolio, while significantly enhanced our home care portfolio.

Realizing that we operate in an ecosystem where internet reach is quite substantial, we have, this year partnered with local entities to ensure dedicatedly that our products are visible and are accessible through emerging channels of e-commerce and online platforms.

Consumer insights are the life and blood of our organization. This year marked an unprecedented consumer engagement across our business categories. In oral care, through Close Up: First Move Nahjika au campaign, we were able to garner 7.6M engagement and amazing participation of more than 2700 plus youths. Driving brand awareness coupled with oral health became one of our key anchors, utilizing our associations with benevolent health care foundations and professional associations in Nepal.

These awareness communications in record numbers substantially drove our visibility in digital as well as print media. In hair care, continuing our streak of success, through Sunsilk Dashain Vibes 2, over 1000M brand interactions were secured through influencer marketing. It is also pertinent to mention that for the first time, towards hair care, we launched a localized commercial using Sunilk Gang of Girls where local influencers and participants spearheaded the advertisement.

This year has been truly remarkable, in terms of combating unfair competition, where we were able to take down ads disparaging to our portfolio, identify and action amicably on counterfeit and look alike brands impeding on our skin care, hair care and home care categories from general, modern, and digital trade platforms, of a value close to 86 million of our hard-earned business.

We were also successful to transition to 1/4th of our plastic portfolio to sustainable structures; I would like to highlight that our factory uses 43% national electricity and 17% in-house solar plants ensuring 60% of zero emission energy.

Our people are our strength, and we uphold inclusivity in any given day; we stand amongst avid drivers of women integrated workforce in Nepal. It is immensely proud to share that our women workforces have been working in three shifts in our factory operations. Our employees are benefitting through upskilling learning opportunities led by experts from South Asia. We also focus on attracting top talents through engagement with campuses and offering internship programs aiming at dedicated youth throughout Nepal. These initiatives aim to fortify the brand's presence among the youth community and attract the finest talents to the company.

Fostering our long-standing solidarity with the country's youth, we engaged with Women's Football Association in presence of Minister of Youth and Sports which garnered acceleration by 50+ media houses and associated, this year, with National Music Award 2023 which levelled our engagement with the key musicians of Nepal.

Business Integrity (BI) is our key enabler for us to carry out business in a transparent and ethical manner. This year we have spearheaded our mission of inculcating among our employees through various immersive and discussion-oriented sessions on our key policies. It is pertinent to highlight that curated communications were sent to all our distributors and vendors to impart our commitment of embedding culture of business integrity within our suppliers and business partners with whom we work and are sharing long standing relationships.

Businesses with purpose grow and likewise, our deliveries are an outcome of our purpose of making sustainable living a common place. Relentless output towards garnering consumer reach, localization, digitization, green energy solutions embedding sustainability throughout our value chain continue to remain our anchors for the years to come. Lastly, we firmly stand with Government's "Make in Nepal" drive and remain hopeful of chartering our prosperous future towards self-reliance.

**Warm regards,
Amlan Mukherjee**

NOTICE OF THE 30th AGM OF UNILEVER NEPAL LIMITED

It is hereby notified to all the shareholders that, the 30th (Thirtieth) Annual General Meeting (AGM) of Unilever Nepal Limited (UNL) will be held on Tuesday, 12th December 2023 (26th of Mangshir 2080) at 04:30 P.M. (NST) to transact the following business. The venue of the meeting shall be Hotel Yak and Yeti, Durbar Marg, Kathmandu.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Accounts 2079-80 (17th July 2022 to 16th July 2023), Balance Sheet, Cash Flow Statement and Reports of the Board of Directors and Auditors for the period ended 16th July 2023 (31st of Asar 2080).
2. To appoint Auditors and to fix their remuneration for the year beginning 17th July 2023 (1 Shrawan 2080)
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 initiatives.
5. To reappoint Mr.Subhas Bajracharya as an Independent Director of the company for the maximum period of four years from the conclusion of the 30th Annual General Meeting.
6. Any other matter(s) with the permission of the Chair.

SPECIAL BUSINESS:

1. To consider and approve necessary changes in the Memorandum of Association.
"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 4 of the existing Memorandum of Association of the Company as below:

SHARE CAPITAL

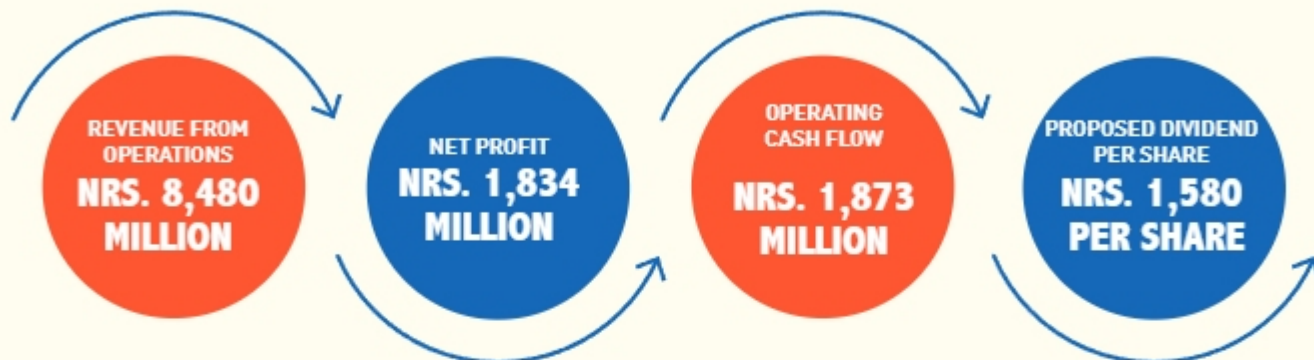
Article 4: The authorized capital of this Company shall be Rs. 2,14,00,00,000/- (Two billion Fourteen million rupees) divided into 2,14,00,000 shares of Rs. 100/- each. The shares may be divided into preference or ordinary shares and several classes of shares with or without terms of conditions.

Date: 21st November, 2023
Registered Office:
Basamadi-3,
Hetauda, Makwanpur, Nepal

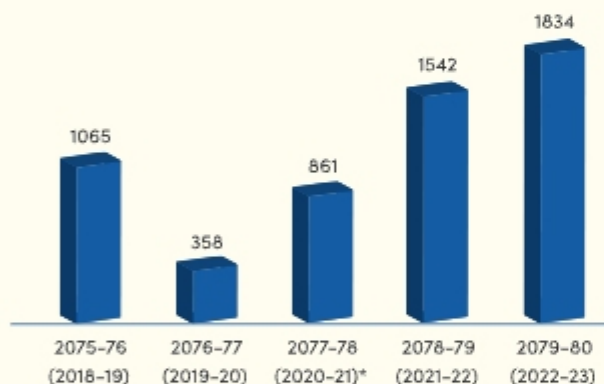
For Unilever Nepal Limited
Sangeeta Shrestha
Company Secretary

REPORT OF THE BOARD OF DIRECTORS

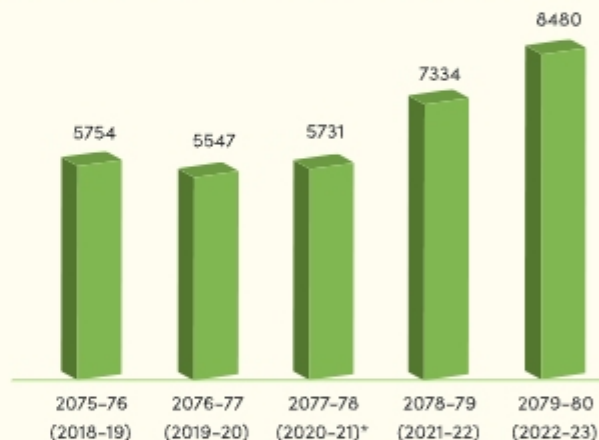
FINANCIAL HIGHLIGHTS



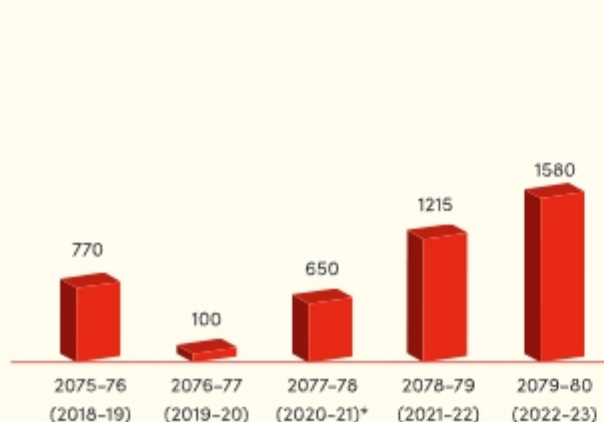
NET PROFIT (Rs. Million)



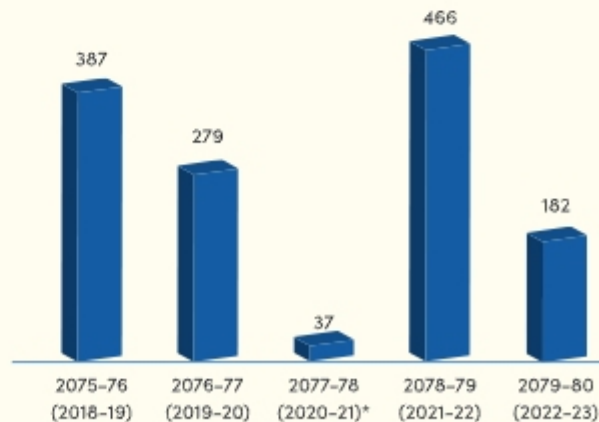
REVENUE FROM OPERATIONS (Rs. Million)



DIVIDEND PER SHARE



NET CAPEX (Rs. Million)



FINANCIAL PERFORMANCE SUMMARY

Profit or Loss Statement	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)	2079-80 (2022-23)
Revenue from operations	5754	5547	5731	7334	8480
Other operating income	518	140	59	122	194
Profit from Operations	1315	524	1015	1809	2148
Finance Cost	0	0	0	20	30
Finance Income	56	48	36	94	120
Profit Before Tax	1372	572	1051	1882	2239
Net Profit for the year	1065	358	861	1542	1834

Statement of Financial Position	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)	2079-80 (2022-23)
Property, plant and equipment (Incl Intangibles)	982	1162	1050	1376	1453
Right of use Assets -Lease	-	-	-	215	33
Deferred tax assets	0	47	31	24	211
Investment in Fixed Deposit	574	335	934	1129	1380
Net Current Assets (Current & non-current)	769	429	590	908	1284
Share capital	92	92	92	92	92
Retained earnings and reserves	2232	1881	2513	3560	4269

Key ratios	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)	2079-80 (2022-23)
PBT (% of Revenue)	24	10	18	26	26
PAT (% of Revenue)	19	6	15	21	22
Fixed Assets Turnover (No. of Times)	6	5	5	5	6
Earning per share of Rs. 100	1157	389	935	1675	1992
Dividend proposed per share of Rs. 100	770	100	650	1215	1580

Others	2075-76* (2018-19)	2076-77* (2019-20)	2077-78* (2020-21)	2078-79* (2021-22)	2079-80 (2022-23)
UNL share price on NEPSE**	20,250	18,800	19,395	18,360	32,998
Market Capitalisation (Rs. Mn)	18,644	17,309	17,857	16,904	30,381

** BASED ON YEAR-END CLOSING PRICES QUOTED ON NEPSE

The fiscal year 2079-80 brought with it a host of economic challenges. Geopolitical disruptions in the global supply chain caused significant increases in commodity prices, resulting in unprecedented levels of inflation worldwide. Central banks around the world responded by raising interest rates, leading to a slowdown in demand and currency complications in key markets thereby generating substantial pressures on input costs.

With unwavering determination, we confronted these challenges, steadfast in our commitment to preserving our long-term strategies. We maintained our investments in R&D, our brand portfolio, and sustainability initiatives, all with a dedicated focus on delivering enduring value to our esteemed shareholders. 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 16% and 19% respectively in financial year 2079-80. Profit after tax at NPR 1,834 million and EPS per share NPR 1,922 was up 19%. The Board of Directors proposed a final dividend of NPR 1,580 per share highest ever in the history of Unilever Nepal, subject to approval of shareholders at the AGM. The turnover growth is largely led by Skin and Hair Care. The growth in net profit is on account of higher sales coupled with cost-saving measures implemented to drive efficiencies across our functions, including supply chain, procurement, packaging, and overheads. Additionally, well-calibrated pricing strategies played a crucial role in safeguarding our business model against the escalating 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

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



multi-stakeholder model

CONSUMERS CUSTOMERS EMPLOYEES SOCIETY PLANET SHAREHOLDERS

consistent financial performance

COMPETITIVE GROWTH MARGIN IMPROVEMENT CASH GENERATION TOP 1/3 TSR

UNL CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY UPDATE

The Company helped collect 35 tonnes of waste from Mt. Everest and other peaks through the campaign led by Nepal Army



Mountains have always been a symbol and pride of Nepal and around 1,75,000 tourists visit Nepal for mountain trekking and expedition each year. However, they also leave behind waste which has created a massive waste management problem in the mountains. Understanding that businesses simply cannot prosper without a healthy planet and society, your company has been partnering the Mountain Cleanup Campaign, an initiative led by Nepal Army to clean up and remove waste and plastics from major peaks in Nepal.

The Mountain Clean-up Campaign 2023 marks the third consecutive year Unilever Nepal has been associated with the mountain cleanup activity and this year the campaign has witnessed tremendous dedication from army personnel, sherpas, locals, and volunteers to collect waste from three major peaks - Mt. Sagarmatha (Mt. Everest)-Lhotse region, Mt. Annapurna, and Mt. Baruntse. With a dedicated team of 97 members, 35 tonnes of waste were collected from these four mountain regions and has been handed over to the recycling partners for coprocessing and recycling.

To honor Unilever’s continued support for the program, the Managing Director of Unilever Nepal, Amlan Mukherjee was also conferred with the Chief of Army Staff (COAS) Badge for Nature Conservation by General Prabhu Ram Sharma, the current Chief of Army Staff of Nepal Army.

Unilever Nepal is proud to have played a small part to keep the country’s mountains beautiful and blossoming for generations to come.

The Company helped collect 1518 tons of plastic waste in partnership with Avni Ventures

Unilever Nepal has also taken a monumental leap in its commitment to a waste free world by withdrawing the entire quantity of plastic generated in packaging and reprocessing a significant portion of it. In fact, your company also moved one fourth of its entire plastic portfolio on sustainable structure (all shampoo bottles, caps, soap wrapper and tube caps) and the aim is to achieve significantly more by the end of this year.

Currently Unilever Nepal factory uses 43% energy from national grid electricity which is produced from hydro power. 17% energy from in house solar plants to cater thermal & electrical energy requirement. Therefore 60% of total energy requirement is at zero emission level.

Through its efforts, your company is reaffirming its commitment to the environment and living its commitment ‘to make sustainable living commonplace.’



Unilever Nepal Celebrates World Yoga Day

International Yoga Day, observed on June 21 each year, aims to promote physical and mental well-being through the ancient Indian practice of yoga. The 2023 theme was Yoga for Vasudhaiva Kutumbkam or One Earth, One Family, One Future. your company has lent its support for the World Yoga Day celebrations in Pokhara Rangashala in Kaski district by distributing yoga mats and installing handwash stations around the venue.





UNILEVER NEPAL LIMITED



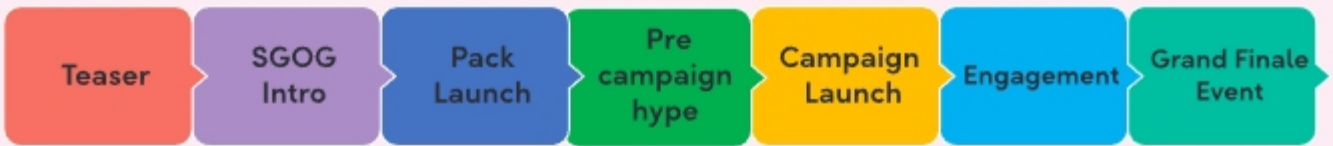
नयाँ sunsilk जसको ACTIVE MIX ले बनाउँछ तपाईंलाई जहिले READY TO SHINE!



VITAMINS
OILS &
PROTEINS

HAIR
TOO GOOD
TO HOLD
BACK

WINNING WITH BRANDS AND INNOVATION



Sunsilk Dashain Vibes 2

Sunsilk Dashain Vibes was initiated during Nepal's biggest festival Dashain. Sunsilk took this initiation to create fun moments for its target group becoming a part of their major enjoyment during the festive season. Keeping up with the success of season 1, Sunsilk Dashain Vibes 2 was launched with the theme of "Double Celebration". Participants had to send their entries through a video or photo showcasing their amazing hairstyles and Dashain vibes. The success of the second version which received 3732 entries was supported by On-ground activations and digital promotions. The campaign garnered over 100M views through all digital platforms.

TELEVISION COMMERCIAL LOCALIZATION

Sunsilk, The largest hair care brand in Nepal Launched a localised TVC for the 1st time with its Sunsilk Gang of Girls. Sunsilk Gang of Girls include Sunsilk Nepal's Brand Ambassadors Prisma and Princy along with the winners of the brand's digital campaign Sunsilk Dashain Vibes 2

PORTFOLIO EXPANSION WITH NEED IDENTIFICATION

- This year portfolio expansion was planned in hair care with specific need identification of our target consumers where Dove's premium sachet segment was introduced. Similarly, Rs.4 Maha Sachet was introduced in Sunsilk to cater the need of consumers with longer hair. Dove conditioner were localised and in addition to 2 variants in bottles, conditioner was launched in affordable pack size and was made available in sachet.
- Identifying the growing hair fall issues among target group, Anti Hair Fall variants was launched in Sunsilk as Sunsilk Onion & jojoba oil Shampoo and in Dove Shampoo as Dove Hair fall rescue Shampoo.

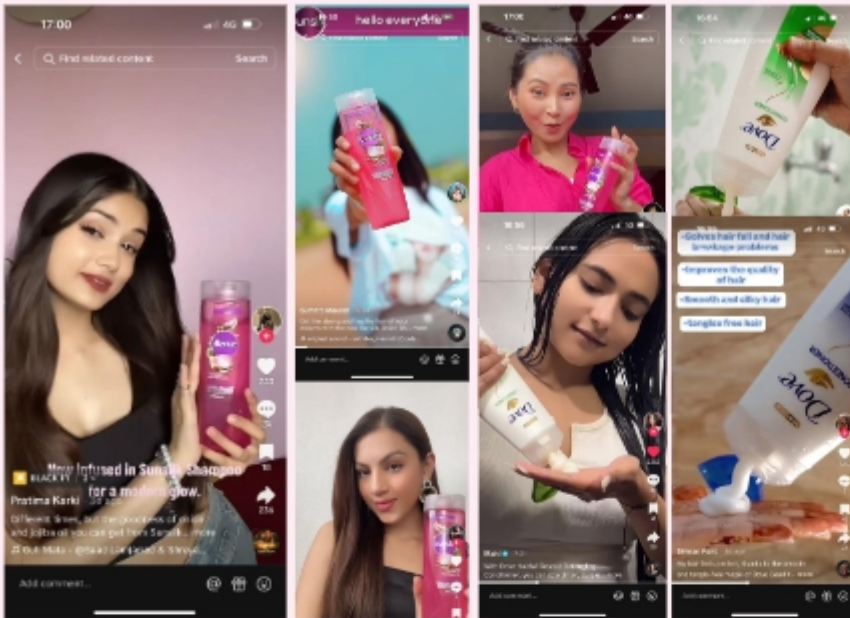


VISIBILITY DRIVE

Direct Reach to consumers with Trade Visibility in 5000 Outlets



DIGITAL & INFLUENCER MARKETING



Digital has become one of the major space where consumers trust people who they find persuasive. That's where influencer marketing comes into the picture. To capitalize the growing Trend of Influencer Marketing our Brands such as Sunsilk and Dove integrated with some of the local influencers to promote new launched products.

15m+view FB/Insta/Social media

UNL AND IT'S BRANDS ASSOCIATES WITH WOMEN'S NATIONAL FOOTBALL TEAM



Association Announced through Press Conference with 50+ Media Houses



Honourable Minister of Youth and Sports attended as Chief Guest



Association Follow-up announcement through Print Ads



Press Release published in 19 Newspapers, 11 TV Channel and 50+ online portals

RIN WASH DEMO ACTIVATION



Rin Safai Utsab was conducted in 7 major towns in East where Rin stall was set up to show Live washing demo the audience. Various engagement activities along with sample distribution was done. Total TG reached: 5000

VIM LIQUID-DIGITAL ACTIVATION



Reach: 3.9 M
Impression: 18.6 M
Engagement: 2.3 M

1.8 Million audience reached through Influencers' in Social media.

Objective: to create Awareness

RTB: Power of lemon that cleans sinkful of utensils with just 1 spoon

Target: Female, 25+, Homemakers, Top 12 cities.

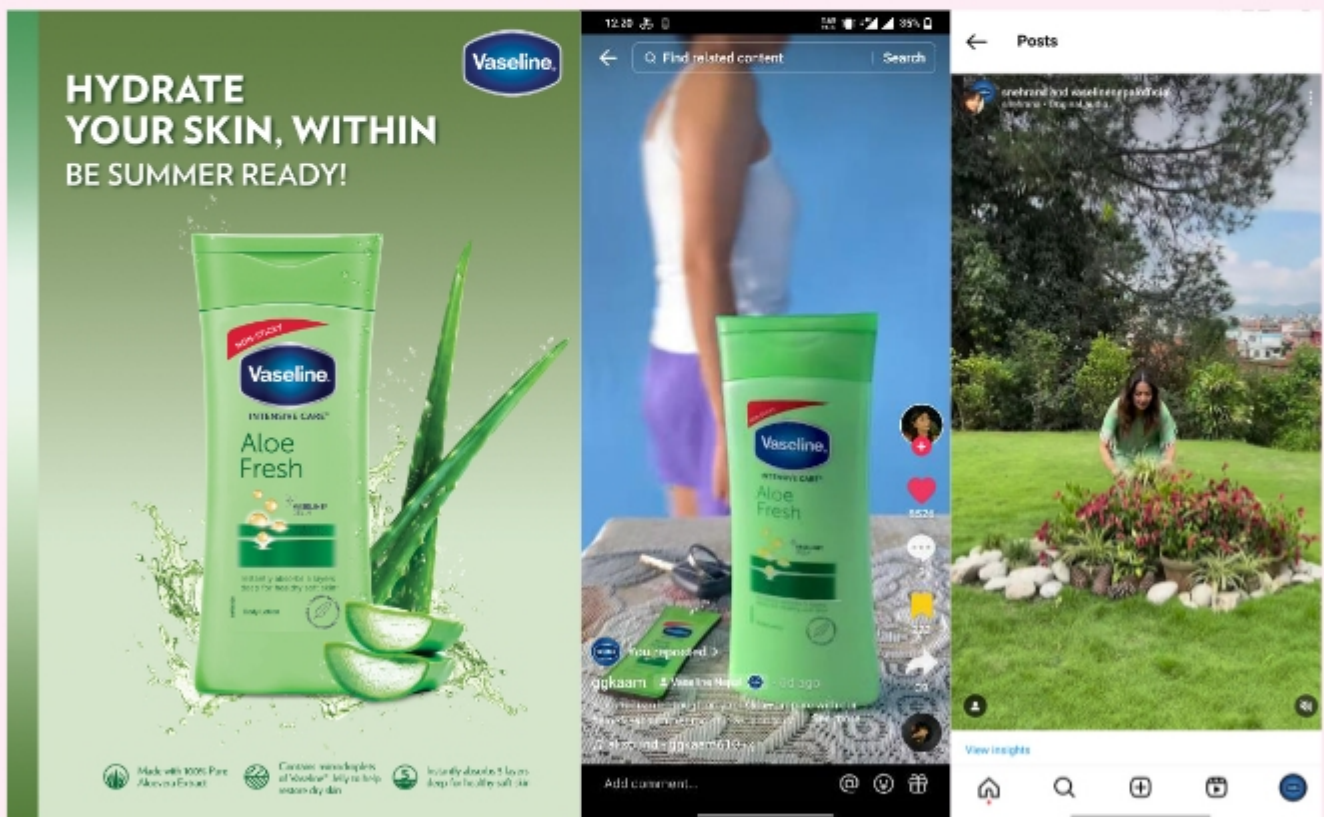
Platform: Facebook and Instagram

COSMETIC OUTLET VISIBILITY- VALLEY



Drive Visibility in top 50 cosmetic outlets of Valley with major BWP brands

LAUNCH OF VASELINE ALOE FRESH LOTION



1.9 Mn Impressions
 2.9 Mn impressions | 13K clicks | Likes: 21k +
 5.3 Mn Reach | 23.8 Mn Impressions

#THEHABITOF2

FOCUSED ON REGIME BUILDING WITH THE IDEA OF AM-PM, WITH POLLUTION AS THE AGGRESSOR OF THE CAMPAIGN. The campaign was initiated with the objective of the campaign was to bring behavioural changes in Face washing habits as Nepal has some of the most polluted cities in the world that makes the consumers' skin dull and makes it lose their glow.

Campaign concluded with 29MN impressions on social media
1100+ sampling in colleges



CLOSEUP BRAND ACTIVATION



Closeup had associated with Little Angels College of Management (LACM) Carnival - food festival last year in September, 2022. The event was the ideal platform for presenting talent and innovative ideas for students organized by students of LACM with footfall of 15k. It had the capacity to attract thousands of audiences for which Closeup prominently displayed brand's trademark to boost recognition and recall through an engaging activation campaign to connect with its TG. Visitors took a selfie/picture of themselves or with their friends smiling which was uploaded in Social Media channels with hashtag #CloseupLACM. Call to action

through different SM Posts where 2 lucky winners were announced through SM Channels basis highest engagement

Digital promotions – Viber

Closeup identified the opportunity to activate in Viber post Call roadblock promotion. The intention was to create brand awareness through brand visibility among Viber users. In 3 months, we received 27M+ impressions with 85k clicks.



Modern Trade Visibility - BBSM Outlets for Dashain



Bhatbhateni being one of the leading supermarkets in Nepal, we drove visibility for our major brands where we covered 5 branches in 2022.

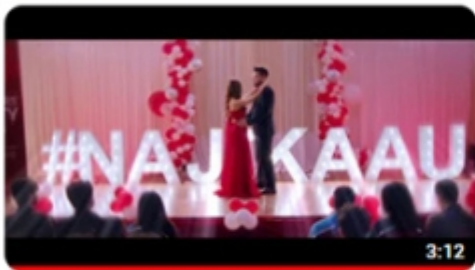
CUP DIGITAL ACTIVATION – VALENTINE’S CAMPAIGN

Cup Digital Activation



Closeup First Move #NajikAau is a digital campaign initiated during Valentine’s month as it captured the essence of Valentine’s Day. The name itself pushed the audience to engage in making their first move in their relationship or potential relationship towards their special one to reminisce their firsts in a relationship by celebrating love and closeness.

A theme song “Najik Aau” was created to increase relevance among today’s audience. A trend factor was brought in with a well-known singer, Sushant KC, who created a buzz with his name and voice which had 7M views. It had a visually stunning music video based on Love, Freshness and Closeness riding upon Valentine’s Day that effectively captured the essence of the campaign which allowed the audience to visualize the brand’s aesthetics associating Closeup toothpaste every time they listen to the song. It served as a recall factor.



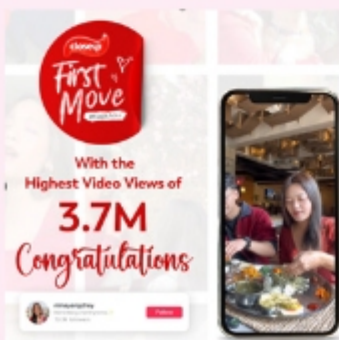
#NajikAau - Closeup Nepal First Move Official Music Video | Sushant Kc | Aakriti...



Launched the campaign with Call to Action through 50 influencers and 10 singers through videos and posts.



Received 2700+ amazing participation, 34.3M+ views and 7.6M engagement. Call to action through different SM Posts where 5 lucky winners and 50 consolation prizes were announced. #CloseupNepal – 22.4Mn, #NajikAau – 24.5 Mn | #NajikAau – 24.5 Mn



Through encouragement to contribute audiences’ personal experiences, our campaign forged a deep emotional connection with them where we were successful in efficiently interacting using social media and influencer marketing, which inspired them to take part in the campaign. This campaign highly developed brand equity and build brand awareness.

NATIONAL MUSIC AWARDS ASSOCIATION



Print Advertising NMA



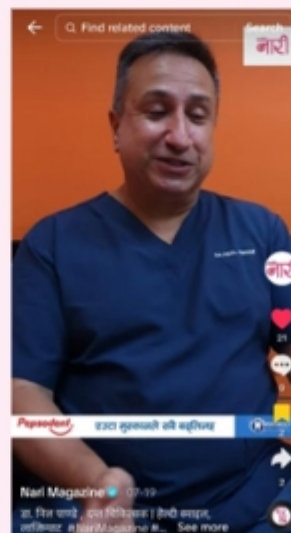
NMA is one of the biggest music awards programs where we had associated to promote CUP 's core values as a musical youth brand in hotspot events to build credibility.

PEPSODENT BRAND ACTIVATION



Collaborated with Happy Smile Health Foundation (HSHF) to create brand awareness and educate on oral health among general public through Dental Health check-ups and educate brushing twice a day. Our main purpose was to highlight and build our brand purpose by using Pepsodent as an evidence and reasoning to support claims on Cavity Protection and oral care solutions which removes plaque and bacteria from your teeth that can lead to cavities and other dental problems.

NARI MAGAZINE – SPECIAL EDITION ON DENTAL HEALTH



We had associated with Nari Magazine during July where they had a Special edition on Dental health where these Dentist Influencers educated on maintaining oral health and the benefits of brushing your teeth. We had a Print Ad in Magazine to serve as a brand recall factor.

LIFEBUOY LIQUID HANDWASH LAUNCH ACTIVITIES

GT Branding



MT Branding



Activated in HRP O/Ls
2000 Counter Tops placed in all HRP O/Ls

Digital



2.1 Cr Impressions 5.5 Mln Reach

Details	Reach	Impression	Video Views
FB Performance	45,43,440	1,26,98,609	16,26,959
IG Performance	9,98,571	34,61,010	3,63,570
YT Performance		48,90,011	11,58,658
Total	55,42,011	2,10,49,630	31,49,187

LIFEBUOY AS A HYGIENE PARTNER IN CWC CRICKET LEAGUE 2

Coverage Pictures



Lifebuoy as Hygiene Partner
Touching Consumers Passion Points & National Pride

Mileage
On Ground Activations & Visibility
60 Mins TVC + 100+ Ashton
Total 6 Print Ad Insertions

Reach
On-ground: 1 Lacs+
TV Viewership : 20 Mln
Digital Viewership : 35 Mln | Budget Spent: 3.6 Mln NPR

LIFEBUOY AS A HYGIENE PARTNER FOR CWC CRICKET LEAGUE 2

Coverage Pictures



They Qualified for Cricket World Cup Qualifiers



Whole Nation was behind the Team

LIFEBUOY AS A HYGIENE PARTNER FOR THE VOICE OF KIDS NEPAL

Coverage Pictures



Lifebuoy as Hygiene Partner

Reaching to the targeted Consumers/audience and Households

Mileage

- 90 secs Advert per episode
- Aston Ads, 4 times per episode
- Bumper Break

Mileage

- LB Performance of the Day
- Hand washing shots before entering the Stage
- Launch of LB HW to be announced by Anchor
- Pump Rub Choo established through the Program



WINNING IN THE MARKETPLACE

Emerging channels of the Future.

Looking at the future in the space of distribution network, its mandatory that we put a strong footprint in the channels of future such as Modern Trade (MT) and Ecommerce. We had robust engagement with MT partners on revamping the Terms of Trade (TOT) which helped us deliver strong business in Banner stores this year. We have revamped UNL share of shelf in MT accounts and executed world class visibility. We have also started visibility programs in Convenience stores and Marts starting from Kathmandu valley. We are also increasing our engagement and footprint in Ecommerce and UNL has been awarded as "Top Seller- FMCG Category" in Daraz Seller Summit 2023.

With introduction of B2B retailer app Shikhar, we have unlocked a new era of demand capturing from Retailer directly which will enable more frequent distribution in connect with speed and accuracy. We have 13000+ outlets who have enrolled Shikhar and been placing their orders though this application.

Harnessing technology:

In the space of the new business journey of technology, we have created a model to capture the demand from the market in a robust manner. This demand capture is done through Sales-Edge app which is fully driven with a solid backend data that ease the job of the (Dealer Sales Representative) DSR and provide a guideline to increase assortment selling through machine learning system. This monitors DSR activities throughout day and helps to evaluate their performance. Another application called, I-Square has the feature to capture the attendance and working pattern in the marketplace which has enable field-force with robust data which are measurable and can be actioned upon. This resulted us significant increase of assortment in the market and ensure great execution everyday.

Robust Infra led Distribution:

Your company has one of the largest distribution network in Nepal with direct presence in 72 out of 77 districts with 139 distributors. Our direct coverage has crossed 45,000 outlets. With the category expansion and the tech-based innovation on assortment selling, we are planning to reach to 50,000 outlets in 2024 by tapping white spaces and rural activation. We have also implemented added service mix to demand capture front in 4000 outlets in top towns and which has delivered sales & assortment growth in double digit. We have a plan to get 100% customers to IKEA (our billing software) by 2024.



WINNING SUPPLY CHAIN AMID BANI SCENARIO

The Supply chain team continues its vision of delivering “Outstanding Service with highest consumer perceived Quality at lowest Cost” amid severe BANI- Brittle, Anxious, Non-linear, and incomprehensible scenario. This year your company sought to achieve this through Localization, Capacity enhancement, cost Optimization, Engineering & Service Excellence, keeping our core values intact with respect to Safety, Quality & Sustainability..

Safety, Health, Environment & Sustainability

Safety, a non-negotiable and basic requirement of working condition, remains our top-priority and the same was resonated through various actions undertaken.

We have worked on all three aspects of safety, i.e., Hardware, Software and mindware. While we continue to invest on infrastructure, digital tools are also being used to improve the safety surveillance. We also organized specific behaviour-based safety campaigns and training to develop the safety culture at ground and embed safety as first priority in the mind of our workforce.

Further through Unilever Compass, we set out to decouple our growth from our environmental footprint, while increasing our positive social impact. Apart from various activities taken across all the operation to reduce energy and material waste, we have collected and processed more plastic than we sell.



Capacity upgradation, Engineering excellence & Future Fit technology



Keeping in line with the increased market demand and requirement to support the business, various activities were taken to upgrade our manufacturing capacity, and further to facilitate localization of imported premium pack.

We have doubled our Oral Manufacturing Capacity with new installation of double size hygienic mixer, which has resulted in enhancement of productivity and minimisation of losses in Oral Care. We have also installed one more Hair Sachet packing line, which has resulted in 50% Increment in Production capacity and supported the increasing demand of Shampoo Sachet

in market. Also, this 50% Increment through new Sachet line has been executed with full automation of manual activities at packing line by Auto Case Erector, Traffic Controlled Case Distribution and Conveying System. Along with these installations, we have re-built the Shampoo plant with state of art technologies like Robotic case packer etc.

We've also become future fit by developing the Capacity of Jumbo Bags handling with EOT Cranes in Factory



Quality Improvement & Cost optimization

Quality is an integral part of business, there is a continuous endeavour to ensure better consumer satisfaction as well as consumer safety in all our products.

In line with Global requirement, we have upgraded the manufacturing set up to handle future fit milder preservative formulation. Technical interventions like installation of Vision Camera to eliminate coding defect, if any and upgradation of lab completed, which will help to maintain consumer trust in our product at a high level.

An important aspect of business, Cost optimization enables us to cut the cost and add value as fuel for business growth. "Symphony" program aims at improving the Material cost, it continues to deliver savings and provide the best quality

products to the consumers at best price even during ongoing inflationary time.

Journey towards excellence in servicing

We have achieved improvements in service levels. We have leveraged upon Integrated Planning Model (IPM) for improvised distribution and improved stocks availability. Through Centralized Materials Requirement Planning (CMRP), we continue to gain efficiency in material sourcing and requisition. We have managed to cater ever highest business demand and product SKU level through space & inventory optimisation by incorporating cutting edge technologies.

WINNING WITH PEOPLE CAPABILITY DEVELOPMENT INTERVENTIONS



In our ever-changing business landscape, it's crucial for our workforce to be well-prepared for the future. Learning is key to unlocking our team's potential and driving innovation. Your company we prioritizes continuous learning through various channels.

Central to our strategy is leveraging online platforms for flexible learning, enabling employees to take charge of their development. We provide resources like LinkedIn Learning, Udemy certifications, and our customized system, Degreed. These resources equip our workforce with current skills for today's dynamic business environment. Virtual opportunities led by experts in South Asia enhance our learning experiences, delivering tangible benefits. We're dedicated to prioritizing learning in specific areas to ensure our team is future fit.

Our goal is to empower every member to acquire and enhance skills, embrace flexibility, and navigate the evolving landscape of work.

Managing Talent and Strengthening: Our Employer Brand

In a highly competitive job market, we prioritized attracting and retaining top talent through meaningful engagement with students, both digitally and on campus. This focus on university partnerships and talent initiatives has consistently been a top priority for UNL, yielding significant success in Nepal. Our aim is to empower and mentor exceptional students, cultivating them as advocates and experts in their institutions. We offer internship programs that provide hands-on experience with live projects, enhancing their learning and skills. Our purpose-driven culture solidified our position as a top employer, ultimately aiming to strengthen our brand's presence in the student community, attracting the best talent.

Fostering growth Culture

We aim to cultivate a Growth Culture centered around three principles: Human, Purposeful, and Accountable. Our forward-looking strategies empower our employees to craft their development and career paths based on their individual purpose and unique aspirations. This approach has resulted in exceptionally high engagement levels with 84% engagement scores.

Fostering Inclusivity, Diversity, and Work-Life Balance at Unilever Nepal

Your company is dedicated to creating an inclusive environment that embraces diversity, upholds human rights, and ensures equal opportunities. We firmly reject all forms of unlawful discrimination or victimization. Our ED&I approach focuses on inclusivity and advocacy, driving change through progressive policies and steadfast support. We're transforming the relationship between households and work, while preserving the core principles that underpin our success. We believe flexibility is vital in our evolving work landscape. Our aim is to achieve a seamless work-life balance for all employees, enabling them to excel in their careers and prioritize personal rejuvenation. Our commitment to ED&I and work-life balance reflects our dedication to building a balanced, diverse, and thriving organization.



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 8 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 13th October 2023 recommended final dividend of NRs. 1,580/- per share on each equity share for the financial year that ended on 16th July 2023.

Business Risk & Future Outlook

As your company progresses into the future, our unwavering commitment remains focused on surpassing expectations. We are dedicated to delivering consistent, competitive, responsible, and profitable growth. It is essential for us to remain true to the core principles of our business, which have been pivotal in our success. These principles encompass robust innovation, enhanced consumer value, expanded market development, and the execution of world-class strategies. We recognize a significant opportunity to expand our operations in Nepal and leverage the economic growth prospects that the country offers. As we anticipate increased competition within this growth trajectory, rest assured that our company is well-prepared to both defend and expand our leadership positions in the market with resolute determination.

We not only leverage upon our access to world-class resources and research and development as being 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. Refer detailed analysis on risk on page number....

Our strategic choices for growth

In 2021 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.

Given the current economic context, we took rapid measures to expand our portfolio by introducing additional 35 SKUs (totalling to 125 SKUs) at various price points to protect our consumer franchise in price sensitive categories. We have also entered into E-Commerce and continue to invest behind modern trade to generate new growth and capture consumer demand. We have generated savings and invested towards the development of brands within the Brand and Marketing Investment category.

Further, to ensure transparent and customer-centric transactions, we have introduced operational effective reviews to ensure quality of growth health of distributor. These reviews are a vital part of our efforts to ensure that our core values and ethics are upheld in our value chain and that Unilever's growth strategies are not being misused for individual gain by any of our distributors. We emphasize ethical guidelines for our distributors and communicate potential consequences for violations. We provide support and training to distributors on the Business Integrity and Customer Development (CD) Honour code to ensure our growth strategies benefit both parties. Transparency and open communication are integral to the process, and we address issues collaboratively.

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. The most recent launches include Lifebuoy Handwash, Vim Liquid, Ponds Acne, Dove Conditioner, Sunsilk Conditioner etc.

Business Partnering Growth with Credit Governance

Your company 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.

At present, your company has achieved a 13% participation rate from our distributors in our channel financing initiative. We are dedicated to further incentivizing and encouraging more of our distributors to take advantage of this channel for their maximum benefit.

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 able to synergize with the South Asia Technology roadmap to leverage Digital Tech to Simplify our process and develop our agility in operations.

Our largest transformation occurred in our procure to pay process (P2P) including others which unfolded as follows:

Host-to-Host Payment system:

Building upon the progress made last year with Pega and SAP Concur, we have extended our efforts this year by introducing a new transformation – an automated Host-to-Host Payment system. A Host-to-Host Payment system is a secure and automated method for transferring funds allowing for seamless and secure transactions. In this system, payment instructions and data are transmitted directly from one system to another without manual intervention, reducing the risk of errors and fraud.

Radio Frequency Identification (RFID):

Physical asset verification used to be a time-consuming process, requiring a substantial allocation of human resources over several days. However, a recent development involved the implementation of Radio Frequency Identification (RFID) which has brought about a substantial automation of fixed asset management. RFID is 1st Implemented in Nepal in Manufacturing Sector and is a form of wireless communication that incorporates the use of electromagnetic or electrostatic coupling in the radio frequency portion of the electromagnetic spectrum to uniquely identify an object. This implementation has led to streamlined reconciliation processes, reduced asset identification and verification times to just a few hours, and overall strengthen the asset tagging and identification process.

SAP Cloud migration:

Your company also migrated servers to robust cloud platform which not only ensures data protection and privacy but also ensures enhanced data accessibility. The cloud platform also significantly boosts operational efficiency, as it streamlines processes, reduces downtime, and facilitates smoother collaboration within our organization. Additionally, the advanced security features of the cloud safeguard our corporate and shareholder data, reinforcing our commitment to protecting your investments and interests in the company.

Export model Development:

Further, your company has also developed an export model with the aim of expanding the company's market reach beyond domestic boundaries and into the global arena. Incorporating an export model into our IT system not only accelerates our readiness for a swift market entry but also provides a proactive approach to identifying and integrating legal requirements seamlessly. This ensures a smooth transition to export operations, reducing the potential for future complications while enhancing our agility in global markets.

Degreed – Learning and Development:

Each day we build new capabilities in Systems, Workforce and Business Models with strong focus on external orientation and partnerships across large IT Companies/Industry Bodies. We are also invested to make sure that our talent is digitally enabled and future-fit to ride the digital transformation wave. We have enhanced our digital degreed platform, transforming it into a more visually engaging learning hub. This upgrade ensures that learners can more easily comprehend the content and grasp ideas with increased effectiveness.

Customer service and distribution transformation:

In addition to the aforementioned improvements, we've also made several enhancements to our customer service and distribution software. This includes upgrades to applications like the Shikhar App, used for order placement and customer feedback, as well as the IKEA software for streamlined sales billing, all aimed at enhancing our business operations.

Reshaping Finance with Continuous Learning

Your company places a strong emphasis on upskilling our most valuable asset, our people. Your company has also seconded its talents to Hindustan Unilever Limited this year, aiming to immerse them in the market and incorporate best practices and innovative ideas through on-field training. This strategy has proven to be highly effective, enhancing individual skills and aligning and improving the company's business processes.

Navigating the Future of Tax and Expert Leverage

Your company have successfully implemented "Future of Tax," a global Unilever initiative aimed at enabling the Unilever tax function to align with our overarching business strategy while maintaining adaptability in an ever-evolving landscape. The fundamental components of this project involve proactive engagement with external stakeholders, harnessing expertise, and fostering flexible partnerships. Presently, with Uniops overseeing operations and data management, the group tax team strategizing, tax business partners identifying opportunities and managing risk, and experts from Ernst and Young LLP, India, and B.K. Agrawal contributing to overall tax compliance and controversy resolution, our company has effectively cultivated an agile tax function. Moreover, during the fiscal year, we encountered the global Future of Tax Corporate Audit and successfully cleared it.

National Best Presented Annual Report Award

Your company demonstrates a robust commitment to transparency when it comes to the annual report presented to you, encompassing financial performance, internal controls, and business strategies. This unwavering dedication ensures that you, as shareholders, have access to a comprehensive understanding of our company's performance and growth plans while adhering rigorously to regulatory guidelines for precise and accurate reporting. We are pleased to share that your company was honoured with the bronze medal from The Institute of Chartered Accountants of Nepal (ICAN), with the award being presented by Mr. Prakash Sharan Mahat, Nepal's Finance Minister. This award serves as a testament to our company's persistent commitment to maintaining transparency and precision in financial reporting.

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 taken and same are supplemented with building awareness amongst the consumers of tomorrow. Your Company continued to engage with various stakeholders including Industry Bodies, Regulatory bodies like Department of Industries, Advertisement Board, other companies and E-Commerce platforms to curb the menace of counterfeiting. One of the key activities undertaken by your Company in this direction is taking action against Trademark infringers and propagating intellectual property awareness, particularly among school and college students. Your company has effectively advocated in legislative changes and interpreted existing laws to ensure favorable decision against competitors.

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.



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. The employees were also trained by external expert to investigate code breaches. 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.



AWARDS AND RECOGNITION



COAS Commendation Badge to UNL MD & Legal Head for contribution towards environment Conservation(Mountain Clean up 2023)



ICAN National Best Presented Annual Report
Bronze Award (Manufacturing category).



Daraz Bestseller Award to
UNL (FMCG Category)



Unilever Nepal has won the prestigious 'The HRM Award for Corporate Excellence 2022-MNC' which was presented by the Vice President of Nepal - Honourable Nanda Kishor Pun - to our LTs earlier today. We want to extend our heartfelt thanks to each of you for your invaluable contribution. We are grateful to be part of such a talented and driven team. Congratulations to all of us.

DIRECTORS	<p>Mr. Dev Bajpai – Chairman Mr. Amlan Mukherjee – Managing Director Mr. Ravi Bhakta Shrestha-Nominee Director Mr. Subhas Bajracharya – Independent Director Vacant Post (Director representing public shareholder)* Ms. Suman Hegde-Nominee Director Ms. Harman Dhillon-Nominee Director Mr. Yogesh Mishra-Nominee Director</p>
COMPANY SECRETARY COMPLIANCE OFFICER	<p>Ms. Sangeeta Shrestha Mr. Govinda Bahadur Shahi</p>
AUDITORS	<p>CSC & Co, Chartered Accountants Kathmandu, Nepal</p>
BANKERS	<p>Standard Chartered Bank Limited Global IME Bank of Kathmandu Limited Nabil Bank Limited Nepal State Bank of India Himalayan Bank Limited Everest Bank Limited</p>
REGISTERED OFFICE & FACTORY	<p>Hetauda-3 Basamadi Dist. Makwanpur, Nepal P.O. Box-11, Tel: 977-57-411047 Website: www.unilevernepal.com</p>
CORPORATE OFFICE	<p>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</p>
SHARE REGISTRAR	<p>Sunrise Capital Limited Kamalpokhari P. Box No. 12055 Tel: 977- 01- 4428550/4428660 Kathmandu, Nepal</p>

* Election of Public shareholder is presently stayed by the order of Honourable high court at Patan

CORPORATE GOVERNANCE

Governance Overview

Upholding integrity and the highest standards of governance has been ingrained in our corporate culture from the outset. Our Corporate Governance framework has matured over the years, firmly rooted in our fundamental values of Integrity, Responsibility, Respect, and Innovation. We consistently establish elevated governance benchmarks that not only comply with existing legislation but also extend beyond regulatory requirements in various facets of our operations

Corporate Governance Structure

Our Governance Structure is multi-tiered, comprising the Board of Directors, Board Committees, & Managing Director (MD), and the Leadership Team. The Board's vigilant oversight ensures that the company's operations are conducted with the utmost integrity, taking into account the interests of shareholders, employees, customers, and the community at large. In this way, the Board of Directors acts as the guardian of the company's values and purpose, while steering it toward a prosperous and purposeful future and is ably supported by the Board Committees, the MD, and the Leadership Team.

Board of Directors

"The Board's primary role is to ensure the long-term sustainable success of the Company for the mutual benefit of all stakeholders."

Board Committees

The Board committees play specialized roles of overseeing financial reporting, nominating qualified candidates, and managing risks, to enhance governance and strategic decision-making.

Audit Committee

Risk Management Committee

Asset and Liability Management Committee

Managing Director (MD) and the leadership team

"The MD, supported by the Leadership team, is responsible for ensuring delivery of the Company's strategy, business plans and financial performance"

Key Responsibilities of the Committees

Audit Committee	Risk Management Committee	Asset and Liability Management Committee
<p>Accuracy, transparency, and compliance of the company Financials Statements;</p> <p>Effectiveness of the company's internal control and risk management systems;</p> <p>The company's compliance with relevant laws, regulations, and ethical standards.</p> <p>The appointment of the Statutory Auditor and oversee the auditor's independence and effectiveness.</p>	<p>Monitoring and reviewing the Risk Management Policy</p> <p>Implementation of the risk management framework;</p> <p>Identify and assess potential risks that could impact the organization's objectives and operations;</p> <p>Strategies to mitigate or manage identified risks</p>	<p>The company's assets to achieve optimal returns and liquidity.</p> <p>The company's liabilities to ensure they are in alignment with the company's asset structure .</p> <p>The organization liquidity to meet its financial obligations as they arise.</p> <p>The appropriate balance between assets and liabilities</p>

Attendance of Director at Board and Committee Meetings

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

Board Members	Designation	Board Meeting	Audit Committee Meeting	Risk Management Committee
Mr.Dev Bajpai	Chairman	7 (out of 7)	N/A	N/A
Mr. Subhas Bajracharya	Independent Director	7 (out of 7)	3(out of 3)	2(out of 2)
Mr. Amlan Mukherjee	Managing Director	7 (out of 7)	N/A	N/A
Mr.Ravi Bhakta Shrestha	Nominee Director	7 (out of 7)	3(out of 3)	2(out of 2)
Mr. Yogesh Mishra	Nominee Director	2 (out of 7)	1(out of 3)	1(out of 2)
Ms.Asha GopalKrishnan *	Nominee Director	5 (out of 7)	1(out of 3)	1(out of 2)
Mr.Krishnan Sundaram**	Nominee Director	7 (out of 7)	3(out of 3)	2(out of 2)

*Ms. Asha GopalKrishnan was replaced by Ms.Suman Hegde with effective date from 14TH June 2023.

** Mr. Krishnan Sundaram was replaced by Ms. Harmon Dhillon with effective date from 2nd September 2023.

RISK REVIEW

The company has implemented a structured Company Risk Review System, a methodical approach to systematically assess and pinpoint potential risks within various facets of its operations, including business, financial, operational, and reputational domains.

Our company has established a Risk Committee, aligning with SEBON's Good Governance Guidelines and following Unilever's Global Risk Assessment Framework with an Independent Director at its helm. This is a key component of our corporate governance structure, designed to ensure compliance with regulatory standards and international best practices in risk management.

This committee convenes for review meetings on a quarterly basis, during which it deliberates on the identified risks. These risks are thoroughly examined, classified using a risk matrix, and strategic mitigation measures are formulated. The risk assessment process involves prioritizing these risks based on a predefined matrix, which takes into account both the potential impact and the likelihood of their occurrence, with the aim of safeguarding our business's overall performance and reputation.



Financial Risk Management		Management of Risk
	Risk Description	
i	<p>Trade Receivables Credit risk management is the systematic process through which a company assesses, mitigates, and controls the potential financial risks associated with extending credit to customers. It involves a comprehensive approach to evaluating the creditworthiness of customers and managing credit policies to maintain a balance between business interests, viability, and prudent financial decision-making.¹</p>	<p>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.</p> <p>Outstanding customer receivables are regularly monitored and all customers are covered by bank guarantees. Exceptions are addressed and authorized by the relevant authorities, following a thorough evaluation of the counterparty's qualifications, financial capabilities, trade norms, and the current state of business and economic circumstances.²</p> <p>Credit risk from balances with banks and financial and investments in fixed deposit is managed by maintaining the balances with highly reputed commercial banks only.</p>
ii	<p>Cash deposits and Investment in Fixed Deposits</p>	
B	<p>Liquidity Risk Liquidity risk pertains to the challenge a company may encounter when it comes to fulfilling its commitments linked to its financial liabilities.</p>	<p>¹The Company maintained a cautious funding strategy, with a positive cash balance throughout the year ended 31 Ashad, 2080.</p> <p>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 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.</p> <p>Further, as per the global risk reading for Nepal – its recommended to consolidate banking operations to one large stable local bank. Hence, with that we have already consolidated our operations to three trusted commercial banks of Nepal and will continue evaluating the risk involved if any.¹</p>
C	<p>Market Risk</p>	
i	<p>¹Currency risk 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 equipment²</p>	<p>¹The 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>As at 31 Ashad 2080, there is no unhedged exposure to the Company on holding financial assets (trade receivables) and liabilities (trade payables) other than in their functional currency.¹</p>
ii	<p>¹Commodity price risk 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.¹</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>
iii	<p>¹Interest rate risk Investment in fixed deposits at fixed rates exposes the Company to fair value interest rate risk.¹</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>

In addition to the above board-level risk assessments, our company also takes a granular approach by identifying risks specific to each functional area. These risks are thoroughly examined, and strategies for mitigation are discussed during our regular meetings. Furthermore, we've implemented a comprehensive Global Financial Control framework. Under this framework, we systematically assess both key and non-key controls on a monthly, quarterly, and annual basis. This rigorous testing and review process ensures the effectiveness of our financial controls, offering an additional layer of security to safeguard the company's financial well-being and operational integrity.

HUMAN CAPITAL

Human Capital

Unilever Nepal is committed to attracting, developing, and retaining a talented team that contributes to collective success. It focuses on modern knowledge, skills, and mindset to address business challenges and maintain a competitive edge. Teamwork is key to achievements, with employees dedicated to positive change. With employee engagement at 84%, high satisfaction is evident. The company fosters a learning environment, encourages feedback, and provides targeted training for performance improvement. Development is emphasized for all staff, offering world-class opportunities regardless of position or gender, with various training and exposure programs provided.

Equal Employment Opportunity

The company follows a policy of recruiting candidates based on our Human Resource Workforce Plan. All candidates are assessed impartially without regard to race, gender, ethnicity, religion, language, or civil status, in line with Equal Employment Opportunity principles. The aim is to attract, develop, and retain a talented team, fostering a workplace where every team member contributes to collective success. Initiatives in employment practices, compensation, talent management, diversity, inclusion, and team member relations are crucial, especially in today's challenging economic climate.

The company's multicultural environment is inclusive and values each team member for their abilities and individuality. It strives to create a positive and innovative work atmosphere that celebrates teamwork. The company's goal is to provide a workplace where all employees feel included, safe, and empowered to make valuable contributions.

Freedom of Association

Unilever Nepal upholds employees' freedom of association and is committed to engaging in discussions and negotiations with unionized employees. An open-door policy is actively encouraged. Currently, there are two unions in operation within the group, representing the interests of 137 employees.

Child Labour

As part of its ongoing commitment, the company promotes and adheres to decent work practices and human rights. It strictly prohibits the use of child labour and does not hire anyone under the age of 18. This policy is integrated into the group's policies and procedures. There is no immediate risk of child labor in any of the company's operations.

Workplace Rights Policy

The company's Workplace Rights Policy sets forth transparent guidelines and internally accepted standards for employee treatment, ensuring fairness for all stakeholders. Adherence to these policies undergoes regular audits. The policy is aligned with both the country's Labor Act and international human rights standards. The company is committed to providing an inclusive workplace where all community members have equal opportunities for employment and development, irrespective of race, gender, religion, or disability.

Prevention of Sexual Harassment

Unilever is dedicated to maintaining a work environment where every employee is treated with dignity, respect, and receives fair treatment. Additionally, there is a commitment to fostering a work environment that supports the professional development of employees and promotes equal opportunities. The company has a zero-tolerance policy for any form of sexual harassment and is fully committed to taking all necessary measures to prevent such incidents. A specific Sexual Harassment at Workplace Policy has been established.

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 B.K. Agrawal, 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	1,258
Administrative expenses during the fiscal year	325
9. List of audit committee members, their remuneration and facilities:

Name	Remuneration
Mr. Subhas Bajracharya - Chairman	**
Mr. Ravi Bhakta Shrestha - Member	**
Mrs. Suman Hegde - Member	-
Mrs. Harman Dhillon- Member	-
Mr. Yogesh Mishra - Member	

During the year, the Audit Committee reviewed the internal audit report and the actions initiated for resolving the issues. The audit committee also 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 (CSC & Co.) and recommended their adoption by the

Board of Directors.

(**) During the year, a total amount of NPR 3,24,000 /- 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 in Lakhs				
S.N.	Particulars	Directors	MD	Managers/Officers/Staff
1.	Meeting Fee	3.24	-	-
2.	Salary & Allowances	-	481.53	2,524.86
3.	Car Facility	No	Yes	Yes
4.	Accommodation	No	Yes	Note (b)
5.	Insurance Coverage	No	No	Yes
6.	Number of Persons	7	1	223

a) Office cars with drivers, fuel and maintenance are provided to the Managing Director, Supply Chain Manager, Finance Manager, Sales 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 257.02 lakhs as on 31 Ashad, 2080.

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: 21 November 2023

Amlan Mukharjee
Managing Director
Unilever Nepal Limited
Kathamandu
Date: 21 November 2023

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

1. Report of the Board of Directors

Covered in Directors Report of this Annual Report (page 16 to 17)

2. Auditor's Report : Included in Annual Report (page 53 to 55)

3. Audited Financial Reports

Balance Sheet, Profit and Loss Account, and Cash Flow Statement and related Schedules. Included in Annual Report (page 56 to 87)

4. Legal Proceedings.

None of the active litigations 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

- 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. Management's view on this is neutral.
- 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	20,600	16,557	8,471	18,120
Q2	20,499	17,700	6,016	18,150
Q3	25,200	18,150	8,318	24,010
Q4	37,838	22,000	11,399	32,998

6. Problems and Challenges

Internal

- Rise in cost of operations with inflation.

External

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

Strategy

- Proactively monitor the internal, external environment and consumer behaviour patterns.
- 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

Sangeeta Shrestha

Company Secretary
Unilever Nepal Limited
Kathamandu, Baneshwor
Date: 21 November 2023

DISCLOSURE UNDER RULE 20(4) THE 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 13TH October 2023 and the signed copy of same has been sent to Securities Board of Nepal for recording.

Brief Excerpts of the Corporate Governance Report

1. Compliance to the Directions and Directives issued by the regulatory body from time to time and all the requirement of prevailing Acts and Regulations including Directions:
 - Complied
2. Compliance to the terms and conditions prescribed by the regulator at the time of issuing license.
 - Complied
3. Compliance to the directions given by the regulatory body during review, inspection and supervision:
 - Complied

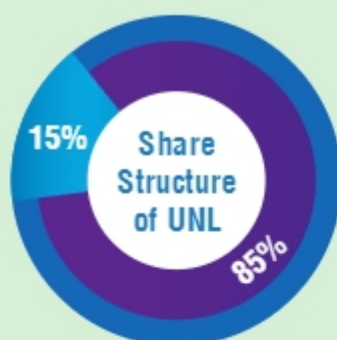
Govinda Bahadur Shahi

Compliance Officer
Unilever Nepal Limited
Kathamandu
Date: 21 November 2023

SHAREHOLDER/REGISTRAR TO SHARES INFORMATION

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



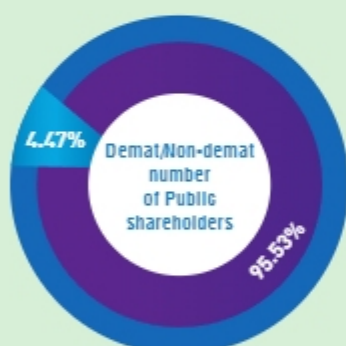
■ Promoter Shareholders ■ Public Shareholders

	Kitta	Percentage
Promoter shareholders	782595	85
Public Shareholders	138105	15
Total	920700	100

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



■ Public Demat ■ Public Non Demat

	Kitta	Percentage
Public Demat	175720	95.53
Public Non Demat	8220	4.47
Total	1455	100

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 channels 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).

Contribution to National Economy

UNL ranks among the country's top contributors to tax revenue. Its income has experienced substantial growth, increasing from Rs. 5,754 million in FY 2075-76 to Rs. 8,480 million in the current year. As a result, the tax contributions from all its business operations to the national treasury have also shown remarkable growth over the years.

In the fiscal year 2079/80, the company's income tax payment alone reached Rs. 4,049 million, reflecting a 32% increase over the past five years. When considering all taxes combined, including Income Tax, VAT, Excise, Custom Duty, and deductible taxes, the company has contributed over Rs. 1,929 million in the current financial year, 2079/80.

SHARE MARKET INFORMATION

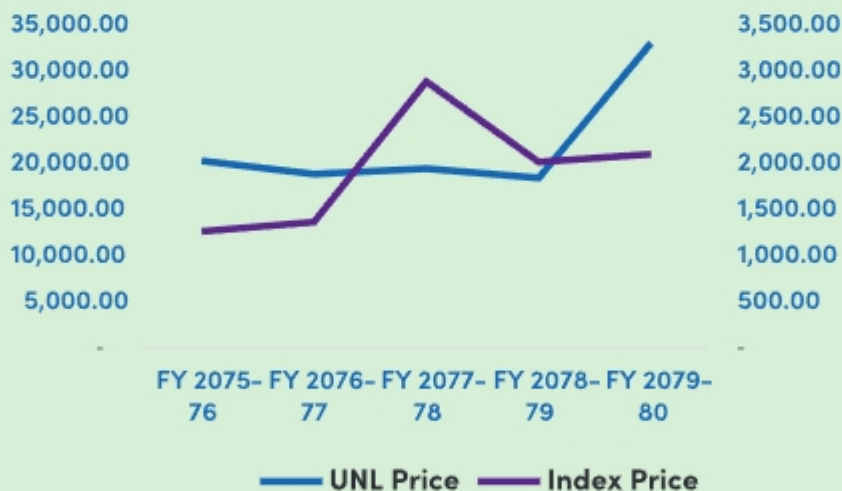
UNL has consistently stood out as a leading company in the Nepal Stock Exchange. Despite the recent downturn in the market index, UNL's stock price has shown remarkable resilience, reaching an all-time high of Rs. 37,838. UNL's stock price has seen a significant increase, surging from 18,360 last year to 32,998 this year, despite the NEPSE Index declining by 800 points over the past two years.

The company has maintained a strong track record of delivering impressive performance, and this year, they have set a historic milestone by proposing the highest dividend payout in UNL's history. When it comes to dividend history, UNL has consistently exceeded the 100% mark in dividend payouts. With a market capitalization of Rs. 33.32 billion, this company, known for its consistent and resilient performance, has established itself as a leading player in the manufacturing sector.

Market Capitalization

The company stands out as a high-performing stock in the NEPSE, closing the financial year with a trading price of Rs. 32,998 and a market capitalization of Rs. 33.32 billion.

STOCK MARKET INDEX



DIVIDEND DISTRIBUTION (PER SHARE)



STATEMENT OF VALUE ADDED

Value Created :- Your Company creates value for its stakeholders and business by efficiently managing and maximizing the returns on all capital resources.

Net Profit

NRS. 1,834 MILLION

Total expense to be paid to the Employees as Bonus

NRS. 251 MILLION

Contribution To National Treasury

NRS. 1,929 MILLION

Direct Employment

NO. OF EMPLOYEES 223

Allocation for Corporate Social Responsibility

NRS. 21.13 MILLION

Addition to Reserve and Surplus

NRS. 709 MILLION

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

OR

RTA/RTS extension No.: 113, 116

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 accompanying financial statements of Unilever Nepal Limited ("the Company"), which comprise the statement of financial position as at 31 Ashad 2080 (16 July 2023), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matters
<p>Recognition and Measurement of Revenue (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 control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods.</p> <p>Discounts and incentives under various schemes are material and have arrangements with varying terms. Measurement of estimated discounts and incentives' accruals relating to these schemes requires judgement, and with the requirement of NFRS 15- Revenue from Contracts with Customers, such estimated discounts and incentives have to be shown separately as they are unfulfilled performance obligations.</p>	<p>Our audit procedures: We assessed the Company's revenue recognition and measurement policies including those relating to discounts and incentives for sales.</p> <p>We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the identification, recognition and measurement of discounts and incentives for schemes.</p>

Key Audit Matters	How our audit addressed the key audit matters
<p>The audit focused on accurate measurement of revenue because of:</p> <ul style="list-style-type: none"> • inherent risk involved around revenue recognition and measurement as the performance of the company highly depends on the revenue, and • the requirement of financial reporting framework to defer revenue in relation to unfulfilled performance obligations of contract with customers at the end of the reporting period. 	<p>We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives, subsequent claims accounted by the company, to assess the appropriateness of accruals outstanding as at year end.</p> <p>We performed detailed analysis of revenue, analytical testing with monthly sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and sample verification of the supporting information of the revenue transactions.</p> <p>We tested cut-off date sales transaction as well as subsequent receipts after the year end date.</p> <p>We examined the contracts entered with customers and reviewed the management’s estimate relating to unfulfilled performance obligations relating to the sales made during the year.</p> <p>We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NFRS 15. Our results No material exceptions were noted.</p>

Other Information

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

STATEMENT OF FINANCIAL POSITION

As at 31 Ashad 2080 (16 July 2023)

Figures in NPR

	Note	As at 31 Ashad 2080	As at 32 Ashad 2079
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	1,440,540,743	1,342,243,218
Intangible assets	4	12,292,970	33,327,812
Right of use Assets -Lease	5	211,356,122	215,455,487
Deferred tax assets	13	33,283,152	23,579,085
Total Non-Current Assets		1,697,472,987	1,614,605,602
Current assets			
Inventories	7	963,603,641	1,123,329,423
Financial assets			
Trade and other receivables	8	1,663,743,317	1,358,646,159
Investments	6	1,379,715,363	1,129,244,752
Cash and cash equivalents	9	755,269,740	546,171,365
Bank balance other than CCE	10	26,748,221	25,398,313
Other current assets			
Prepayments		8,555,135	7,287,845
Total current assets		4,797,635,417	4,190,077,857
Total assets		6,495,108,404	5,804,683,459
EQUITY AND LIABILITIES			
Equity			
Share capital	11	92,070,000	92,070,000
Retirement Benefit Scheme Reserve	12	775,703,501	781,306,486
Retained earnings	12	3,493,128,135	2,778,764,891
Total Equity		4,360,901,636	3,652,141,377
Liabilities			
Non-Current Liabilities			
Lease Liabilities	14	189,240,040	178,640,705
Provisions	15	22,470,671	21,149,821
Total Non-Current Liabilities		211,710,711	199,790,526
Current Liabilities			
Financial liabilities			
Trade and other payables	16	1,809,482,624	1,809,768,433
Lease Liabilities	14	44,607,271	54,644,237
Provisions	15	59,336,912	75,357,406
Current tax liabilities	24	9,069,250	12,981,480
Total Current Liabilities		1,922,496,057	1,952,751,556
Total Liabilities		2,134,206,768	2,152,542,082
Total Equity and Liabilities		6,495,108,404	5,804,683,459

The accompanying notes are an integral part of these financial statements.

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Madan Krishna Sharma
Partner
CSC & Co.
Chartered Accountants

Suman Hegde
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Harman Dhillon
Director

Sangeeta Shrestha
Company Secretary

Date: 13 October, 2023
Place: Kathmandu, Nepal

STATEMENT OF PROFIT OR LOSS

As at 31 Ashad 2080 (16 July 2023)

Figures in NPR

	Note	For the year 2079–80	For the year 2078–79
Revenue from operations	17	8,480,357,126	7,333,614,727
Other income	18	193,550,855	121,784,570
TOTAL INCOME		8,673,907,981	7,455,399,297
EXPENSES			
Cost of materials consumed	19	4,278,291,764	4,154,843,871
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	20	142,968,275	(187,285,838)
Employee benefits expenses	21	589,199,266	523,321,177
Depreciation and amortisation expenses	3,4,5	294,617,039	243,517,276
Finance Cost	22	29,634,285	24,959,254
Other expenses	23	1,099,956,819	813,575,397
TOTAL EXPENSES		6,434,667,448	5,572,931,137
Profit before tax		2,239,240,533	1,882,468,160
Income Tax Expense	24	(404,919,250)	(340,487,616)
Profit from continuing operations		1,834,321,283	1,541,980,544
Net Profit for the year		1,834,321,283	1,541,980,544
Basic and Diluted Earnings per share	26	1,992	1,675

The accompanying notes are an integral part of these financial statements.

Dev Bajpai
Chairman

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Director

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Managing Director

Madan Krishna Sharma
Partner
CSC & Co.
Chartered Accountants

Suman Hegde
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Harman Dhillon
Director

Sangeeta Shrestha
Company Secretary

Date: 13 October, 2023
Place: Kathmandu, Nepal

STATEMENT OF OTHER COMPREHENSIVE INCOME

As at 31 Ashad 2080 (16 July 2023)

Figures in NPR

	Note	For the year 2079–80	For the year 2078–79
Net Profit for the year as per Statement of Profit or Loss		1,834,321,283	1,541,980,544
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/(Loss) on defined benefit pension schemes	25	684,232	947,608
Deferred Tax on Actuarial Gain/(Loss)		(116,320)	-
Other comprehensive gain/(loss) for the year, net of tax		567,912	947,608
Total comprehensive gain/(loss) for the year, net of tax		1,834,889,195	1,542,928,152

STATEMENT OF CHANGES IN EQUITY

As at 31 Ashad 2080 (16 July 2023)

Figures in NPR

	Share capital	Retirement Benefit Scheme Reserve	Retained earnings	Total
Balance at 31 Ashad 2078	92,070,000	658,780,520	1,854,172,774	2,605,023,294
Opening Adjustment for NFRS-16	-	-	(19,881,035)	(19,881,035)
Profit for the year	-	-	1,541,980,544	1,541,980,544
Other comprehensive income	-	-	947,608	947,608
Total comprehensive income	-	-	1,523,047,117	1,523,047,117
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
Profit for the year	-	-	1,834,321,283	1,834,321,283
Adjustment for NFRS-16	-	-	(1,875,451)	(1,875,451)
Other comprehensive income	-	-	567,912	567,912
Total comprehensive income	-	-	1,833,013,744	1,833,013,744
Dividends to shareholders	-	-	(1,118,650,500)	(1,118,650,500)
Retirement Benefit Payments	-	(5,602,985)	-	(5,602,985)
Balance at 31 Ashad 2080	92,070,000	775,703,501	3,493,128,135	4,360,901,636

The accompanying notes are an integral part of these financial statements.

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Madan Krishna Sharma
Partner
CSC & Co.
Chartered Accountants

Suman Hegde
Director

Subhas Bajracharya
Independent Director

Fahd Sherif
Chief Finance Officer

Yogesh Mishra
Director

Harman Dhillon
Director

Sangeeta Shrestha
Company Secretary

Date: 13 October, 2023
Place: Kathmandu, Nepal

STATEMENT OF CASH FLOW

As at 31 Ashad 2080 (16 July 2023)

Figures in NPR

	Note	As at 31 Ashad 2080	As at 32 Ashad 2079
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,834,321,283	1,541,980,544
Adjustments for:			
Income tax during the year	24	404,919,250	340,487,616
Depreciation on property, plant and equipment	3	95,125,237	91,167,108
Amortization of Intangible Assets	4	21,003,408	22,899,099
Depreciation on Right of Use-Lease	5	178,488,394	129,451,068
Allowance for inventory obsolescence	7	10,015,903	(43,582,337)
Provision for employee benefits	15	2,174,283	(133,143,031)
Other provisions	15	(16,306,015)	(17,162,955)
Provision for Bonus	21	251,317,680	211,275,887
Finance income	17	(120,463,351)	(93,704,657)
Fixed Assets write off	23	3,602,928	28,679,713
Right of Use-Lease write off	5	9,582,356	(2,339,692)
Finance Cost	22	29,634,285	20,151,998
Working capital adjustments:			
(Increase)/ decrease in Trade & Other receivables	8	(305,097,158)	(376,494,247)
(Increase)/ decrease in prepayments		(1,267,290)	(2,150,536)
(Increase)/ decrease in Inventories	7	149,709,879	(237,204,133)
Increase / (decrease) in trade and other payables	16	(43,607,573)	(172,508,522)
Cash generated from operations		2,503,153,499	1,307,802,923
Bonus paid		(211,292,877)	(117,946,630)
Income Tax Paid		(418,535,547)	(212,033,155)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,873,325,075	977,823,138
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds from sale of Property, Plant and Equipment		4,713,400	-
Interest Received		128,192,741	86,909,845
Acquisition of Property, plant and Equipment	3	(201,707,656)	(465,694,877)
Purchase of Intangibles	4	-	(328,525)
Decrease/(increase) in Right of Use-Lease		(185,846,837)	(98,636,563)
Adjustment in Plant, Property & Equipment		-	(2,452,769)
Decrease/(increase) in Investment on fixed deposits		(258,200,000)	(188,100,000)
Decrease/(increase) in Bank balance other than CCE		(1,349,908)	8,511,135
NET CASH FLOWS FROM INVESTING ACTIVITIES		(514,198,260)	(659,791,754)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,115,353,540)	(609,949,335)
Increase/(Decrease) in lease liability		(29,071,915)	(50,678,388)
Transferred to Retirement benefit Scheme Reserve		-	137,278,805
Payment from Retirement Benefit Scheme Reserve		(5,602,985)	(14,752,839)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,150,028,440)	(538,101,757)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		209,098,375	(220,070,373)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9	546,171,365	766,241,738
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	755,269,740	546,171,365

The accompanying notes are an integral part of these financial statements.

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Madan Krishna Sharma
Partner
CSC & Co.
Chartered Accountants

Suman Hegde
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Harman Dhillon
Director

Sangeeta Shrestha
Company Secretary

Date: 13 October, 2023
Place: Kathmandu, Nepal

NOTES TO FINANCIAL STATEMENTS

As at 31 Ashad 2080 (16 July 2023)

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 Companies Act, 2063 of Nepal.

2.1.2 The Financial Statements are authorized for issue by the Board of Directors on 13 October 2023 (26 Ashoj, 2080).

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 31 Ashad, 2080 and 32 Ashad, 2079.

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 the 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 total cash outflow for lease is NPR 255,207,152 for the year ended 31 Ashad, 2080. Interest on lease liabilities is NPR 29,634,285.

The company's lease mainly comprises of buildings and motor vehicles. The company leases building for residential, manufacturing 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 31 Ashad, 2080.

Further details about right-of-use assets and lease liabilities are given in note 5 and note 14, respectively.

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 is 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 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 at the rate of 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 an independent actuary 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 financial year 2077-78.

During the current year, payment of NPR 5,602,985 (FY 2078-79: NPR 14,752,839) has been made to eligible employees out of Retirement Benefit Scheme Reserve.

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% (2078/79: 20%)

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.

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: -

Particulars	Figures in NPR	
	Amount in NPR	
Profit before tax (PBT)		2,239,240,533
Add: Bonus allocation included in PBT		251,317,680
Add: CSR allocation as per Industrial Enterprise Act 2076		22,618,591
PBT for bonus calculation		2,513,176,804
Bonus @ 10%		251,317,680

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: -

Particulars	Figures in NPR	
	Amount in NPR	
Profit before tax (PBT)		2,239,240,533
Add: CSR allocation as per Industrial Enterprise Act 2076		22,618,591
PBT for CSR provision		2,261,859,124
CSR allocation as per Industrial Enterprise Act @ 1%		22,618,591

Auditors' remuneration and expenses

Particulars	Figures in NPR	
	Amount in NPR	
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		17,633
Total		1,062,133

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 Pvt Ltd. 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 Pte. Ltd.
Significant Influence	Sibkrim Holdings Pvt Ltd.
Key Management Personnel	Amlan Mukherjee

(b) Transactions with key management personnel Key management personnel compensation

Particulars	Current year (NPR)	Previous Year (NPR)
Short-term employee benefits	48,153,466	77,574,480
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 leave encashment of key management personnel are not included above.

(c) Other related party transactions

Figures in NPR

Particulars	Transactions		Outstanding Balance		
	Current Year	Previous Year	Current Year	Previous Year	
	(NPR)	(NPR)	(NPR)	(NPR)	
Holding company (HUL)	Royalty	149,586,536	134,624,685	127,148,556	114,430,982
	Dividend	894,920,400	478,764,000	425,387	-
	SAP Implementation Cost	-	-	1,565,739	1,565,739
	SAP Recurring Cost	-	-	-	-
	Reimbursement of Trial Cost	-	(2,604,949)	-	(2,604,949)
Ultimate holding company (Unilever PLC)	Royalty	64,397,542	73,676,151	59,059,107	76,292,979
Fellow and Group Subsidiaries	Purchase of Raw Materials from Unilever India Export Limited	-	-	-	-
	Purchase of Raw Materials from PT. Unilever Oleochemical	103,702,002	37,371,351	-	192,867
	Debit note for Training programme to Marketers from Unilever UKCR limited, UK	-	-	1,096,201	1,096,201
	Debit note for IC GM Talent Pool from Unilever UKCR limited, UK	-	330,483	280,910	280,910
	Debit note for Senior Strategic Leadership Virtual Programme from Unilever UKCR limited, UK	1,373,685	-	1,167,632	-
	Debit note from Unilever N.V, Netherland for MCIP investment by ex-MD	-	-	-	-
	Unilever Europe Business Centre B.V., Netherland for Fair Share Cost	-	(144,185,091)	-	-
	Unilever Europe Business Centre B.V., Netherland for ETS Cost	-	(241,512,872)	-	-
	Unilever Asia Pte Ltd. - For Labasa Farabi Rebate	(19,659,685)	-	-	-
	Unilever N.V, Netherland for International Assignee Cross Charge	6,411,262	4,439,102	23,133,729	17,581,217

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 31 Ashad 2080 and 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 159,792,264 and acceptance outstanding NPR 71,697,115 (FY 2078-79: NPR 200,880,756 and NPR 142,772,641, 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, 2073-74, 2074-75 and 2075-76. The Company has received the final assessment order from Administrative Review for the financial years 2066-67, 2067-68, 2068-69, 2069-70, 2071-72 and 2072-73 has gone into appeal with Revenue Tribunal for the disputed matters. Details of the same are presented herewith:

Figures in NPR

Fiscal Year	Case lying at	Additional Demand	Recognized as Contingent Liability
2008-09 (2065/66)	Administrative Review, IRD	4,526,110	2,674,445
2009-10 (2066/67)	Revenue Tribunal	73,890,673	100,901,788
2010-11 (2067/68)	Revenue Tribunal	82,039,678	131,262,284
2011-12 (2068/69)	Revenue Tribunal	74,268,437	112,238,513
2012-13 (2069/70)	Revenue Tribunal	21,827,906	18,701,103
2013-14 (2070/71)	Administrative Review, IRD	68,031,475	77,936,214
2014-15 (2071/72)	Revenue Tribunal	73,586,797	32,564,566
2015-16 (2072/73)	Administrative Review, IRD	34,538,942	44,251,996
2016-17 (2073/74)	Administrative Review, IRD	29,675,105	36,352,003
2017-18 (2074/75)	Administrative Review, IRD	53,421,255	48,368,083
2018-19 (2075/76)	Administrative Review, IRD	37,812,128	35,262,783
Total		553,618,506	640,513,778

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:

Figures in NPR

Fiscal Year	Case lying at	Additional Demand	Recognized as Contingent Liability
2008-09 (2065/66)	Administrative Review, IRD	3,175,485	4,427,656
2010-11 (2067/68)	Revenue Tribunal	186,290	257,180
2014-15 (2071/72)	Revenue Tribunal	577,186	888,743
2015-16 (2072/73)	Administrative Review, IRD	8,524,924	12,520,436
2016-17 (2073/74)	Administrative Review, IRD	5,802,408	7,479,666
Total		18,266,293	25,573,681

d. Bank guarantee issued on behalf of the Company

The Company has taken following bank guarantees:

Figures in NPR

Issued to	Purpose	Amount in NPR	Beginning on	Valid till
Department of Customs	Exim code certificate	300,000	16 July 2023	17 July 2024
Green Hands Nepal Pvt. Ltd.	Construction of Godown	7,920,000	09 January 2023	08 January 2024

2.2.21 Commitments

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

Figures in NPR

Area	FY 2079-80	FY 2078-79
SAP Automation	356,203	-
Milder Project	331,813	26,830,485
Capex for Replacement of Transformer	-	31,510
Capex for Chiller Retrofitting	-	195,829
Mezzanine floor in RM Warehouse	-	4,764,463
Installation of Solar Electric Plant	-	2,541,834
Oral Capacity Creation	3,484,368	29,519,945
Hair Sachet Capacity Creation	2,519,991	12,918,985
Localization of GAL	1,481,629	1,368,129
Localization of PAM	491,006	5,126,539
Capex for Heat Pump	37,985,400	-
Capex for Additional	6,172,090	-
Quality Lab Upgradation	996,467	-
Localization of Dove	23,261,896	-
Unilever Optimized W	3,555,900	-
HP-Laptop & Desktop	2,720,000	-
Others	4,110,821	4,437,778
Total Capital Commitments	87,467,584	87,735,496

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.

2.2.24 Reclassification of previous year's figures with no impact on the retained earnings

Statement of Financial Position

Figures in NPR

Particulars	Note	As at 32 Ashad 2079 (As per previous year audited financial statement)	As at 32 Ashad 2079 (Reclassified comparative figures for current year)	Difference	Reason Reference
Non-Current Liabilities					
Lease Liabilities	14	54,644,237	178,640,705	123,996,468	A
Provisions	15	21,149,821	21,149,821	-	
Total Non-Current Liabilities		75,794,058	199,790,526	123,996,468	
Current Liabilities					
Financial liabilities					
Trade and other payables	16	1,801,007,998	1,809,768,433	8,760,435	B
Lease Liabilities	14	178,640,705	54,644,237	(123,996,468)	A
Provisions	15	84,117,841	75,357,406	(8,760,435)	B
Current tax liabilities	24	12,981,480	12,981,480	-	
Total Current Liabilities		2,076,748,024	1,952,751,556	(123,996,468)	

Statement of Profit or Loss

Figures in NPR

Particulars	Note	For the year 2078-79 (As per previous year audited financial statement)	For the year 2078-79 (Reclassified comparative figures for current year)	Difference	Reason
EXPENSES					
Depreciation and amortization	3,4,5	192,170,897	243,517,276	51,346,379	
Finance Cost	22	20,151,998	24,959,254	4,807,256	C
Other expenses	23	869,729,032	813,575,397	(56,143,635)	
TOTAL EXPENSES		5,572,931,137	5,572,931,137	-	

- The current lease liabilities were wrongly classified as non-current lease liabilities and vice versa.
- The minimum idle cost to be paid to 3rd parties was classified as provision although the amount was in the nature of accruals. So, it has been now reclassified in trade and other payables.
- During the current year, the company has recorded ROU assets and lease liabilities for the fixed charges paid to some third parties as embedded lease in accordance with NFRS 16. These agreements were effective from 1st January 2023 resulting reversal of processing charges amounting to NPR 56,153,635 pertaining to last year. The other impact of this reversal is on depreciation on ROU which is increased by NPR 51,346,379 and on the finance cost which is increased by NPR 4,807,256. These figures have now been accordingly reclassified in the audited figures of 2078-79.

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:

2.3.1 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. As at 31 Ashad 2080, 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>

2.3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a 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.

2.3.3 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 31 Ashad, 2080 and 32 Ashad, 2079. 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.

NOTES TO FINANCIAL STATEMENTS

As at 31 Ashad 2080 (16 July 2023)

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 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	1,855,445,292
Additions	-	-	-	-	-	-	201,707,656	201,707,656
Transfer to PPE	-	31,675,622	322,938,060	5,250,892	34,000	-	(359,898,574)	-
Transfer to Intangible	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
Disposals	-	(1,775,483)	(17,184,807)	(635,604)	(112)	(3,382,159)	-	(22,978,165)
Balance at 31 Ashad 2080	5,615,140	264,267,521	1,318,103,412	36,191,513	81,088,207	27,341,243	301,567,747	2,034,174,783
Depreciation and impairment losses								
Balance at 31 Ashad 2078	-	107,368,969	311,573,960	6,861,104	5,712,452	21,048,995	-	452,565,480
Charge for the year	-	13,609,966	67,614,258	3,302,830	1,546,664	5,093,389	-	91,167,107
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	-	513,202,074
Charge for the year	-	13,949,087	73,615,561	1,871,829	796,726	4,892,034	-	95,125,237
Transfer to PPE	-	-	-	-	-	-	-	-
Disposals	-	(1,094,116)	(9,954,165)	(373,587)	(87)	(3,271,316)	-	(14,693,271)
Balance at 31 Ashad 2080	-	132,079,724	423,851,850	9,608,159	6,014,347	22,079,960	-	593,634,040
Net book value								
At 31 Ashad 2078	5,615,140	130,153,896	733,625,534	29,002,033	77,572,454	11,367,777	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
At 31 Ashad 2080	5,615,140	132,187,797	894,251,562	26,583,354	75,073,860	5,261,283	301,567,747	1,440,540,743
Gross carrying amount of any fully depreciated property, plant and equipments that are still in use	-	-	53,697,952	639,399	474,183	2,620,950	-	57,432,484

Property, Plant and Equipment under construction

The net book value of capital work in progress includes amount of NPR 301.5 million majorly relating to Milder Preservatives in Hair & Skin Care (NPR 166.8 million), Hair Sachet Capacity (NPR 81.2 million), Localisation of PAM and PBB 25mg with Overwrapping Machine (NPR 15.9 million), Capex for Upgradation of Soap WRA-Nepal (NPR 11.5 million), which is currently under installation. The cost of the assets will be depreciated once the machine is installed and available for use.

The accompanying notes are an integral part of these financial statements.

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Madan Krishna Sharma
Partner
CSC & Co.
Chartered Accountants

Suman Hegde
Director

Subhas Bajracharya
Director

Fahd Sheriff
Independent Director

Yogesh Mishra
Chief Finance Officer

Harman Dhillon
Director

Sangeeta Shrestha
Company Secretary

Date: 13 October, 2023
Place: Kathmandu, Nepal

4. Intangible assets:

Figures in NPR

	Computer Software	Total
Cost		
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
Additions - Externally acquired	-	-
Disposals	(294,000)	(294,000)
Balance at 31 Ashad 2080	116,790,431	116,790,431
Amortisation and impairment losses		
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	83,756,619
Charge for the year	21,003,408	21,003,408
Disposals	(262,566)	(262,566)
Balance at 31 Ashad 2080	104,497,461	104,497,461
Net book value		
At 31 Ashad 2078	55,898,386	55,898,386
At 32 Ashad 2079	33,327,812	33,327,812
At 31 Ashad 2080	12,292,970	12,292,970
Gross carrying amount of any fully amortised intangibles that are still in use	326,000	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*	98,636,563
Disposals	(41,889,556)
Balance at 32 Ashad 2079	444,506,277
Additions	183,971,385
Disposals	(98,137,033)
Balance at 31 Ashad 2080	530,340,629
Accumulated Depreciation	
Balance at 31 Ashad 2078	-
Addition on account of Transition to NFRS- 16 on Shrawan 01, 2078	143,828,968
Additions*	129,451,070
Disposals	(44,229,248)
Balance at 32 Ashad 2079	229,050,790
Additions	178,488,394
Disposals	(88,554,677)
Balance at 31 Ashad 2080	318,984,507
Net Book Value	
Balance at 31 Ashad 2078	-
Balance at 32 Ashad 2079	215,455,487
Balance at 31 Ashad 2080	211,356,122

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

6. Investments:

Figures in NPR

	Maturity Period	Interest rate	As at 31 Ashad 2080	As at 32 Ashad 2079
Fixed Deposits in banks				
Principial	1 Year	7.99% to 10.03%: CY 10.03%: PY	29,200,000	21,000,000
	Upto 6 months	8.49% to 9.5%: CY 10.03% to 10.13%: PY	1,350,000,000	1,100,000,000
Interest Accrued			515,363	8,244,752
Total			1,379,715,363	1,129,244,752

Of the total investment in fixed deposits, NPR. 29,200,0000 (2078-79: 21,000,000) has been pledged with a bank for the purpose of extending housing loans to the employees.

7. Inventories:

Figures in NPR

	As at 31 Ashad 2080	As at 32 Ashad 2079
Raw materials	283,408,887	287,110,747
Packing materials	143,135,689	140,189,269
Work-in-process	43,738,031	92,147,595
Finished goods	443,201,333	537,760,044
Goods in transit	47,814,453	54,378,316
Stores and Spares	37,086,722	36,509,022
Less: Allowance for Obsolescence	(34,781,474)	(24,765,570)
Total	963,603,641	1,123,329,423

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 31 Ashad 2080	As at 32 Ashad 2079
Trade receivables		
- Secured Receivables	888,268,063	936,383,521
- Unsecured Receivables	511,867,303	67,196,071
	1,400,135,366	1,003,579,592
Loans and Advances to Employee	2,913,936	1,677,142
Advance to suppliers	96,610,035	171,659,949
Advance to Custom Office	140,710,662	159,309,806
VAT and Custom Deposits	8,236,050	5,990,050
Other deposit	15,137,268	16,429,620
Total	1,663,743,317	1,358,646,159

- The fair values of all the above financial assets are equal to their carrying amounts.
- All the trade receivables secured against bank guarantees are classified under secured trade receivables.
- 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 392,921,517 has been provided as at Ashad 31, 2080 (NPR 384,006,301 as at Ashad 32, 2079) against the total receivables of NPR. 392,921,517 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 year, NPR 8,915,216 (2078-79: 27,232,677) has been recognized as additional provision against the Elida receivables.
- For other trade receivables, provision for doubtful debts as at Ashad 31, 2080 is NPR 6,825,579 (NPR 3,063,294 as at Ashad 32, 2079).

9. Cash and Cash Equivalents:

Figures in NPR

	As at 31 Ashad 2080	As at 32 Ashad 2079
Cash at banks	755,269,740	546,171,365
Total	755,269,740	546,171,365

10. Bank balance other than CCE

Figures in NPR

	As at 31 Ashad 2080	As at 32 Ashad 2079
Unpaid dividend account	25,701,562	22,405,702
Housing loan account	1,046,659	2,992,611
Total	26,748,221	25,398,313

11. Share capital:

Figures in NPR

	As at 31 Ashad 2080	As at 32 Ashad 2079
(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 2078	920,700	92,070,000
Share issue	-	-
32 Ashad 2079	920,700	92,070,000
Share issue	-	-
31 Ashad 2080	920,700	92,070,000

Of which:

736,560 shares held by Hindustan Unilever Limited, Mumbai, India

46,035 shares held by Sibkrim Holdings Pvt. Ltd.

138,105 shares held by the general public

12. Retained Earnings and Reserves:

Figures in NPR

	Retirement Benefit Scheme Reserve	Retained earnings	Total
Balance at 31 Ashad 2078	658,780,520	1,854,172,774	2,512,953,294
Opening Adjustment for NFRS-16	-	(19,881,035)	(19,881,035)
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 32 Ashad 2079	781,306,486	2,778,764,891	3,560,071,377
Profit for the year	-	1,834,321,283	1,834,321,283
NFRS 16 Adjustment	-	(1,875,451)	(1,875,451)
Other comprehensive income	-	567,912	567,912
Retirement Benefit Payments	(5,602,985)	-	(5,602,985)
Dividends to shareholders	-	(1,118,650,500)	(1,118,650,500)
Balance at 31 Ashad 2080	775,703,501	3,493,128,135	4,268,831,636

(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 Labour 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 FY 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 FY 2077-78 (2020-21). During the current year, payment of NPR 5,602,985 (FY 2078-79: NPR 14,752,839) has been made to eligible employees out of Retirement Benefit Scheme Reserve.

13. Deferred Tax Asset/ (Liabilities):

Deferred tax is calculated on temporary differences using a tax rate of 17% (2078-79: 17%).

Deferred tax Asset have been recognized in respect of all temporary differences that results in income tax payable in future periods.

	As at 31 Ashad 2080	As at 32 Ashad 2079
Reconciliation of deferred tax assets		
Opening Balance as on 1 Shrawan	23,579,085	30,539,528
Tax income/(expense) during the period recognized in profit or loss	9,704,067	(6,960,443)
Deferred Tax on Actuarial Gain/(Loss)		
Closing balance as on 31 Ashad, 2080	33,283,152	23,579,085

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)	Charged/Credited to Profit or Loss
	2079-80	2079-80
Fixed Assets	(58,650,004)	(7,335,229)
Intangible assets	(868,100)	255,266
Right of use Assets -Lease	(35,930,541)	(35,930,541)
Lease Liabilities	39,754,043	39,754,043
Allowance for Obsolescence	11,403,158	7,193,028
Provision for leave encashment	2,618,727	2,618,727
Provision for other retirement benefits	1,425,271	(2,249,099)
Provision for CSR expenses	3,596,781	1,754,405
Other provisions	1,976,811	967,532
Provision for doubtful debts	67,957,006	2,675,935
Total	33,283,152	9,704,067

Figures in NPR

Particulars	Asset/ (Liability)	Charged/Credited to Profit or Loss
	2078-79	2078-79
Fixed Assets	(51,314,775)	(966,451)
Intangible assets	(1,123,366)	(3,427)
Allowance for Obsolete Inventory	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)

14. Lease Liabilities:

Figures in NPR

	Non-current	
	As at 31 Ashad 2080	As at 32 Ashad 2079
Lease Liabilities*	189,240,040	178,640,705
Total	189,240,040	178,640,705
	Current	
	As at 31 Ashad 2080	As at 32 Ashad 2079
Lease Liabilities*	44,607,271	54,644,237
Total	44,607,271	54,644,237

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

15. Provisions:

Figures in NPR

	Non-current	
	As at 31 Ashad 2080	As at 32 Ashad 2079
Provision for employee benefits		
Provision for Other Retirement Benefits (Refer Note 27)	7,636,611	7,561,055
Provision for Retirement Benefit Scheme	-	-
Provision for Leave Encashment	14,834,060	13,588,766
Total	22,470,671	21,149,821
	Current	
	As at 31 Ashad 2080	As at 32 Ashad 2079
Provision for employee benefits:		
Provision for Other Retirement Benefits (Refer Note 27)	747,336	78,034
Provision for Retirement Benefit Scheme	-	-
Provision for Leave Encashment	570,219	386,088
Other Provisions:		
Provision for CSR expenses (Refer Note 2.2.18)	21,130,759	10,837,507
Miscellaneous provisions (Refer Note A below)*	36,888,598	64,055,777
Total	59,336,912	75,357,406

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

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:

	Provision for CSR expenses		Miscellaneous provisions*	
	As at 31 Ashad 2080	As at 32 Ashad 2079	As at 31 Ashad 2080	As at 32 Ashad 2079
At the beginning of the year	10,837,507	7,708,871	64,055,777	93,107,802
Recognized during the year	22,618,591	19,014,830	28,048,833	73,927,467
Utilized during the year	(12,325,339)	(15,886,194)	(55,216,012)	(102,979,492)
Reversed during the year	-	-	-	-
At the end of the year	21,130,759	10,837,507	36,888,598	64,055,777
Current portion	21,130,759	10,837,507	36,888,598	64,055,777
Non - current portion	-	-	-	-

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

16. Trade and other payables:

Figures in NPR

	As at 31 Ashad 2080	As at 32 Ashad 2079
Creditors for Goods and Services*	516,646,523	645,590,958
Creditors for Expenses and Other Liabilities	470,190,476	512,072,717
Advance from Customers	-	1,268,002
Bonus payable	251,300,691	211,275,888
Employee related accruals	29,877,726	48,222,825
Deposit - Others	-	500,000
Royalty Payable	186,207,662	190,723,962
Audit fees payable	793,250	866,307
Others Payable	130,068,192	116,932,856
TDS Payable	13,118,142	14,145,323
Excise duty payable	70,736,833	32,274,885
VAT Payable	115,013,859	13,662,400
Unclaimed Dividend	25,529,270	22,232,310
Total	1,809,482,624	1,809,768,433

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

- 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 2079-80	For the year 2078-79
Sale of goods	9,162,982,071	7,790,307,825
Less: Discount and Incentives	(682,624,945)	(456,693,098)
Total	8,480,357,126	7,333,614,727

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 2079-80	For the year 2078-79
Sale of Scrap	14,544,977	13,633,400
Interest Income on bank deposits	120,463,351	93,704,657
Foreign exchange gain/(loss)	-	70,627
Interest on overdue from customer	58,542,527	14,375,886
Total	193,550,855	121,784,570

19. Cost of materials consumed:

Figures in NPR

	For the year 2079-80	For the year 2078-79
Raw materials consumed	2,945,956,534	2,955,609,040
Packing materials consumed	1,262,552,801	1,059,045,597
Allowance for Inventory Obsolescence	69,782,429	140,189,234
Total	4,278,291,764	4,154,843,871

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

Figures in NPR

	For the year 2079-80	For the year 2078-79
Opening inventories		
Finished goods	537,760,044	380,513,137
Work-in-progress	92,147,595	62,108,664
Closing inventories		
Finished goods	(443,201,333)	(537,760,044)
Work-in-progress	(43,738,031)	(92,147,595)
Total	142,968,275	(187,285,838)

21. Employee benefits expenses:

Figures in NPR

	For the year 2079-80	For the year 2078-79
Salaries and wages	300,639,654	291,624,081
Leave expenses	3,165,352	4,185,393
Staff Bonus (Refer Note 2.2.18)	251,317,680	211,275,887
Contribution to provident, gratuity and other funds	14,495,824	12,150,142
Defined benefits plan expenses (Refer Note 27)	1,792,234	2,050,943
Workmen and staff welfare expenses	17,788,522	2,034,731
Total	589,199,266	523,321,177

22. Finance Cost:

Figures in NPR

	For the year 2079-80	For the year 2078-79
Interest cost on lease -NFRS 16*	29,634,285	24,959,254
	29,634,285	24,959,254

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

23. Other expenses:

Figures in NPR

	For the year 2079-80	For the year 2078-79
Advertising and sales promotion	337,393,775	308,484,648
AGM Expenses	1,241,852	339,458
Audit Fees & Expenses	1,062,133	1,057,067
Board Meeting Expenses	1,182,221	135,000
Carriage and freight	160,251,973	191,067,809
CSR Expenses (Refer Note 2.2.18)	22,618,591	19,014,830
Electricity, Fuel & Water	45,871,374	45,155,576
Fixed Assets Write off	3,602,928	28,679,713
Foreign exchange gain/(loss)	164,530	-
Insurance	19,839,816	17,783,542
Processing charges*	42,784,509	115,383,028
Legal and Professional Services	76,924,913	96,819,118
Quality Control Charges	2,179,479	2,931,002
Rent	136,129	1,914,749
Repairs to building	1,299,330	4,885,943
Repairs to plant and equipment	43,025,359	51,675,170
Royalty, Technical Support & Share Cost**	213,984,078	(177,397,132)
Security Expenses	33,329,794	24,985,094
Telephone Expenses	5,158,893	7,002,473
Travelling, Conveyance and Accommodation Expenses	53,947,277	43,639,147
Other Expenses	21,280,364	2,786,485
Provision for doubtful debt	12,677,501	27,232,677
Total	1,099,956,819	813,575,397

*The comparative figures have been reclassified. Refer note 2.2.24 for the detail.

**During the last year FY 2078-79, the company had 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 had been reversed and credited to Royalty, Technical Support & Share Cost in FY 2078-79.

24. Income Tax

Figures in NPR

	For the year 2079-80	For the year 2078-79
Current tax expense		
Current tax on profits for the year	378,247,079	314,602,641
Adjustment for under provision in prior periods	36,492,558	18,924,532
Total current tax	414,739,637	333,527,173
Deferred tax expense		
Origination and reversal of temporary differences	(9,820,387)	6,960,443
Recognition of previously unrecognized deferred tax assets	-	-
Total tax expense for the year	404,919,250	340,487,616

Reconciliation of current tax expense and the accounting profit multiplied by Company's tax rate for 2079-80 and 2078-79 :

Figures in NPR

	For the year 2079-80	For the year 2078-79
Accounting profit before income tax excluding Elida service income and trading profit	2,239,240,533	1,882,468,160
Other service income	-	-
At Company's statutory income tax rate of 17% for normal operation and 25% for service income and trading profit (2078-79: 17% and 25%)	380,670,891	320,019,587
Adjustment for NFRS 16 Impact	(8,004,361)	423,570
Adjustment in respect of Repair & Maintenance allowed upto 7% of respective depreciation base of the pool of the assets	-	987,780
Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act	(9,400,823)	(6,416,229)
Adjustment in respect of Inventory	7,193,011	(7,409,015)
Adjustment in respect of Foreign exchange gain/loss	27,970	-
Adjustment in respect of provision for leave encashment	243,002	451,863
Adjustment in respect of provision for other retirement benefits	126,626	284,213
Adjustment in respect of CSR provisions	1,754,405	489,326
Adjustment in respect of other provisions	1,372,238	(3,733,560)
Adjustment for Fixed Assets written off	612,498	4,875,551
Other non-deductible expenses for tax purposes	1,496,447	-
Adjustment for Provision for doubtful debt	2,155,175	4,629,555
Adjustment for current year cases and Prior period tax	36,492,558	18,924,532
Total	414,739,637	333,527,173
Income tax expense reported in the statement of profit or loss	414,739,637	333,527,173
Current tax (assets)/liabilities		
	As at 31 Ashad 2080	As at 32 Ashad 2079
Income Tax Liability	3,568,498,359	3,163,362,755
Less: Advance Income Tax	(3,559,429,109)	(3,150,381,275)
Total	9,069,250	12,981,480

25. Declared dividends and proposed dividends:

Figures in NPR

	Year ended 2079-80	Year ended 2078-79
Declared and approved for during the year:		
Dividends on ordinary shares: Final dividend for 2079-80: NPR 1,215 per share (2078-79: NPR. 650 per share)	1,118,650,500	598,455,000
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 2079-80: NPR. 1,580 per share (2078-79: NPR. 1,215 per share)	1,454,706,000	1,118,650,500

26. Earning 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 2080	Continuing Operations 2079
Numerator		
Profit for the year and earnings used in basic EPS	1,834,321,283	1,541,980,544
Add: Interest on convertible debt	-	-
Less: Tax effect of above items	-	-
Earnings used in diluted EPS	1,834,321,283	1,541,980,544
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	1,992	1,675

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:

2079-80 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 2080
	Balance at 1 Shrawan 2079	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	7,639,089	1,114,751	-	677,483	1,792,234	(223,000)	(824,376)	(824,376)	8,383,947
Benefit Liability	7,639,089	1,114,751	-	677,483	1,792,234	(223,000)	(824,376)	(824,376)	8,383,947

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 Shrawan 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

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 31 Ashad 2080	As at 32 Ashad 2079
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	Discount rate	
	0.5% Increase	0.5% Decrease
Sensitivity Level		
Impact on Defined benefit obligation - Other retirement benefits	(263,842)	278,532

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:

Figures in NPR

Defined benefit obligation - other retirement benefit	As at 31 Ashad 2080	As at 32 Ashad 2079
Within the next 12 months (next annual reporting period)	747,336	78,304
Between 2 and 5 years	2,781,053	2,858,470
Between 6 and 10 years	7,842,924	6,984,857
Weighted average duration of the above defined benefit obligation	11.61 Years	12.14 Years

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