

UNILEVER NEPAL LIMITED 31ST ANNUAL REPORT 2023-24 (2080-81)





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1. Basis of Preparation and Presentation

The terms 'UNL', 'the Company', 'your Company', 'we', 'our', and 'us' refer to Unilever Nepal Limited. Our Integrated Annual Report encompassing the Statutory Reports, (page nos. 92-120), contains information about us, how we create value for our stakeholders and how we run our business. It includes our strategy, business model, market outlook and key performance indicators. The Report of Board of Directors and the Management Discussion and Analysis includes details of our performance as well as our approach to sustainability and risk management. Our Corporate Governance actions, part of the Report of Directors, (page no. 34-39), contains an analysis of steps taken in Corporate Governance including information as required under the Securities Board of Nepal (Listing Obligations and Disclosure Requirements) Securities Registration and Issue Regulation, 2073 and Directives related to Corporate Governance for Listed Companies, 2074. Our Financial Statements and Notes are on pages 92-120. The Integrated Annual Report, Statutory Reports and Financial Statements have been approved by Board of Directors.



Standards & Frameworks

The auditors have audited the financial statements of Unilever Nepal Limited (the Company), which comprise the statement of financial position as at 31 Asadh 2081 (15th July, 2024), Statement of Profit & Loss, Statement of other comprehensive income, the Statement of Changes in Equity, the Statement of Cash flows for the year ended, and the Notes to Financial Statements, including a summary of significant accounting policies.



Accountability Statement

To ensure the integrity of facts and information, the Board of Directors and Management of the Company have reviewed the Integrated Annual Report. Further, the Board of Directors confirms that the Integrated Annual Report, taken as a whole, is fair, balanced and provides necessary information to stakeholders on the Company's performance, business model, and strategy, together with a description of the material risks and opportunities.



Forward-looking Statement

Statements in this Integrated Annual Report, particularly those that relate to the Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, generally identified by words such as 'may', 'believe', 'outlook', 'plan', 'anticipate', 'continue', 'estimate', and 'expect', may constitute forward-looking statements within the meaning of applicable laws and regulations. Such statements are necessarily dependent on projection and trends and constitute our current expectations based on reasonable assumptions. However, the actual results might differ from those expressed or implied in such forward-looking statements due to risks, uncertainties, and other external factors.



Materiality Determination

This Integrated Annual Report provides fair and balanced information about the relevant matters that substantively affect the Company's ability to create value both positively and negatively, including risks and opportunities and favorable and unfavorable performance or prospects. To identify material information or matters, we have taken a holistic perspective by regularly engaging with the various key stakeholders.



Assurance by Independent Auditor

The enclosed standalone and consolidated Financial Statements of your Company have been audited by Independent Auditors CSC & Co. Chartered Accountants. The auditors are independent of the Company in accordance with the code of ethics for professional accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to audit of the financial statements under the provisions of the Companies Act, 2063. The auditors have conducted the audit in accordance with Nepal Standards on Auditing (NSAs). In Auditor's Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st Ashad 2081 (15th July 2024), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Reporting Element	Status of Assurance
Financial Information	CSC & Co. Chartered Accountants
Non-Financial Performance	
Compliance with Conditions of Corporate Governance as stipulated under NEPSE	CSC & Co. Chartered Accountants
Company Secretarial Audit	CSC & Co. Chartered Accountants
Plastics recovery, recycling audit assurance	PKF TR Upadhy & Co.
Other Non-Financial Performance information	Internally reviewed and assured by the management of the company

2.

Corporate Overview Unilever at a glance



Consumers

We believe **8/10 households** in Nepal use one or more of **our brands**

Two Brands exceeding **NPR. 1 Billion** (Sunsilk and Glow & Lovely)



Our People

29.8% Female
Gender Balance

ZERO
Workplace Casualty

Approximately **50,000 Retailers** reached across Nepal

17,491 Retailers use our e-B2B App - Shikar



Customers

2,200 MT Plastics collected annually and **77%** of it gets **recycled** of which **55%** gets used in our products

87% of renewable energy used for manufacturing 30,050 KL recycled water usage

1 Million lives touched by CSR



Planet & Society



Suppliers & Business Partners

+135 Suppliers
NPR. 388 Crore material spends

26,662 MT annual manufacturing footprint



Shareholders

NPR. 824 Crores
Turnover (2.8% decline)

NPR. 196 Crores
Profit after Tax (6.58% growth)

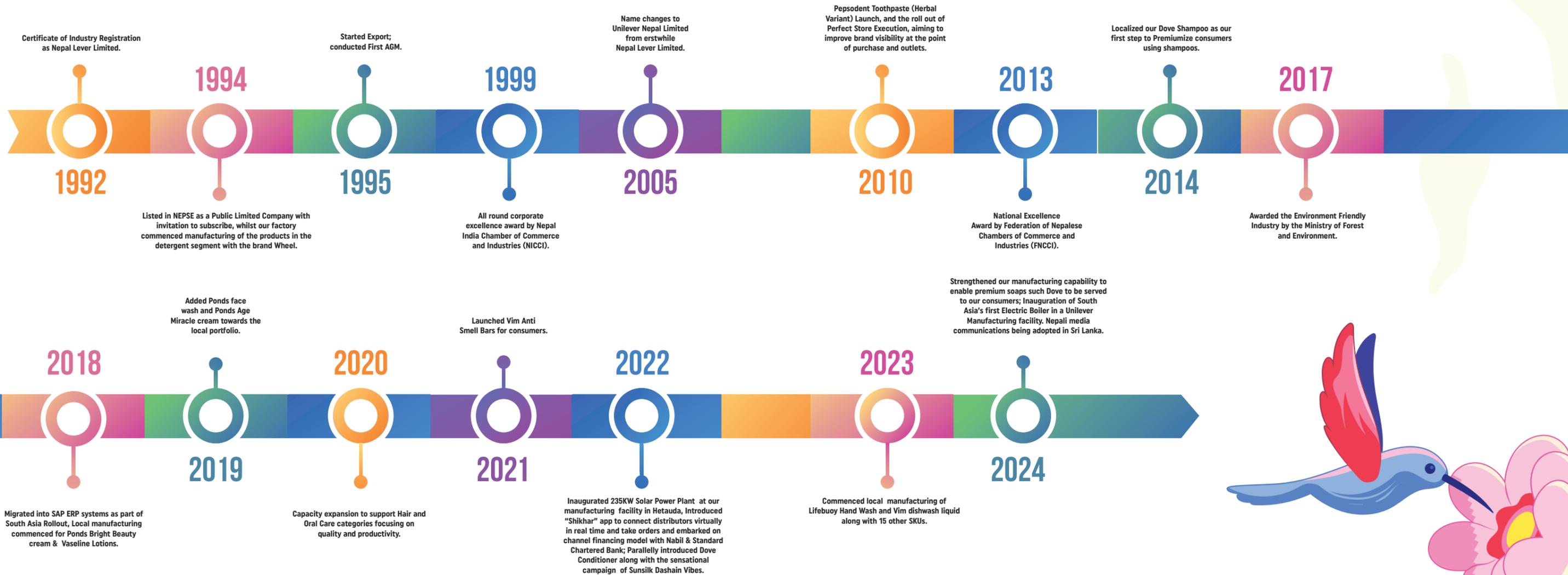
NPR. 1,714/-
Dividend per Share (8% growth)

About the Company

31 Years of Doing Well by Doing Good

Unilever Nepal Limited (UNL) is one of the largest Fast-Moving Consumers Good (FMCG) manufacturing organization based here in Nepal with operations spanning over 30+ years. **We believe what's good for Nepal, is good for us.** We are a company of brands and people driven by our purpose of making sustainable living a commonplace. We believe that 8 out of 10 households here in Nepal consume at least one of our brands every day to feel good, look good and to get more out of life; giving us a unique opportunity to add vitality to life and create a brighter future.

UNL has a clear and compelling strategy and has built a wide resilient portfolio of products with 17 brands spanning across Hair Care, Skin Care, Oral Care, Home Care Categories. We manufacture approximately 27,000MT each year, which is made available to our consumers through approximately 50,000 retail outlets and digital platforms that serve across Nepal. Our then Compass business strategy integrates sustainability across business operations, enabling us to deliver 4G growth; growth that is consistent, competitive, profitable and responsible. In a rapidly evolving world, where digitization and sustainability have taken centre stage, we are steadfastly progressing on our purpose-led and future-fit journey.



Our Strategy, Purpose and Vision

Our Purpose

To make sustainable living a common place.

Our Financial Ambition

Double – digit EPS growth driven by topline and healthy profit.

Our Strategic Priorities

Growing the Core with unmissable brand superiority

Reshaping portfolio in high growth & premium spaces

Market making backed by Innovation & Technology

Leadership in channels of the future

We will operate by aim to outperforming in our current business while accelerating transformation to serve Nepal's evolving aspirations.

Keeping our distinctive capabilities Future Fit

Winning in Nepal	Fuel for Growth	Digital Enterprise	Sustainability	Local Talent
Deeper consumer understanding	Generate savings to reinvest behind our brands	Sell more, save more and execute better	Focus on climate, nature, Plastics and Livelihood	Development and diversity to reflect the fabric of Nepal

For the Benefit of Our Stakeholders

Consumers	Suppliers and Business Partners	Planet and Society
Customers	Our People	Shareholders

Our Presence

Unilever Nepal Limited (UNL) has an extensive presence across Nepal, with operations spanning various districts from different provinces. In Province 3, key locations include Kathmandu, Lalitpur, Bhaktapur, Chitwan, Dhading, and Makwanpur. Other prominent areas include Ilam, Jhapa, and Morang in Province 1; Rautahat, Parsa, and Bara in Province 2; and Rupandehi, Kapilvastu, Dang, and Nawalparasi in Province 5. The company also has a significant reach in Province 4, particularly in Kaski, Tanahu, and Nawalparasi, and extends into western and far-western regions like Surkhet, Kanchanpur, and Dadeldhura in Provinces 6 and 7. This broad distribution reflects Unilever's diverse consumer base and its strategic positioning to cater to a wide geographical market.



Our Banking Partners:

- Standard Chartered Bank Limited
- Nabil Bank Limited
- Nepal State Bank of India
- Himalayan Bank Limited

Board of Directors



Mr. Dev Bajpai
Chairman

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 Law School. Before joining HUL, he was Senior Director, Legal & Compliance, ICICI Venture Funds Management Company Limited.



Mr. Amlan Mukherjee
CEO & Managing Director

Mr. Amlan Mukherjee has been working as the Managing Director of Unilever Nepal Limited (UNL) starting April 2020. He has 32 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). His rich and extensive experiences of handling large businesses from the scratch, leading complex M&As etc. help him to fulfill his responsibilities accurately and impactfully.



Mr. Ravi Bhakta Shrestha
Promoter 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 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. Honourable 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 Prasadhha Prabal Gorkha Dakhhin Bahu 'Second' by Government of Nepal, Knight Officer of the Order of Merit of the Republic of Italy, and Certificate of Merit by Government of the Republic of Korea.



Mr. Subhas Bajracharya
Independent Director, Chair of Audit Committee

Mr. Subhas Bajracharya 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. Ravishankar A.
Director (Nominee, Hindustan Unilever Limited)

Mr. Ravishankar A. currently heads Finance for the US\$ 1.5 billion Beauty & Wellbeing business at Hindustan Unilever Limited (HUL). Prior to this, he served as the Group Finance Controller and Head of Investor Relations of HUL. In a career spanning over 18 years with Unilever, Ravi has performed a wide variety of leadership roles covering areas of business and corporate finance, financial planning and procurement. He has lived and worked in India, United Kingdom, and Switzerland where he has had the experience of working and leading diverse teams. Ravi is an Electronics engineer and has an MBA from Indian Institute of Management, Lucknow.



Mr. Yogesh Mishra
Director (Nominee, Hindustan Unilever Limited)

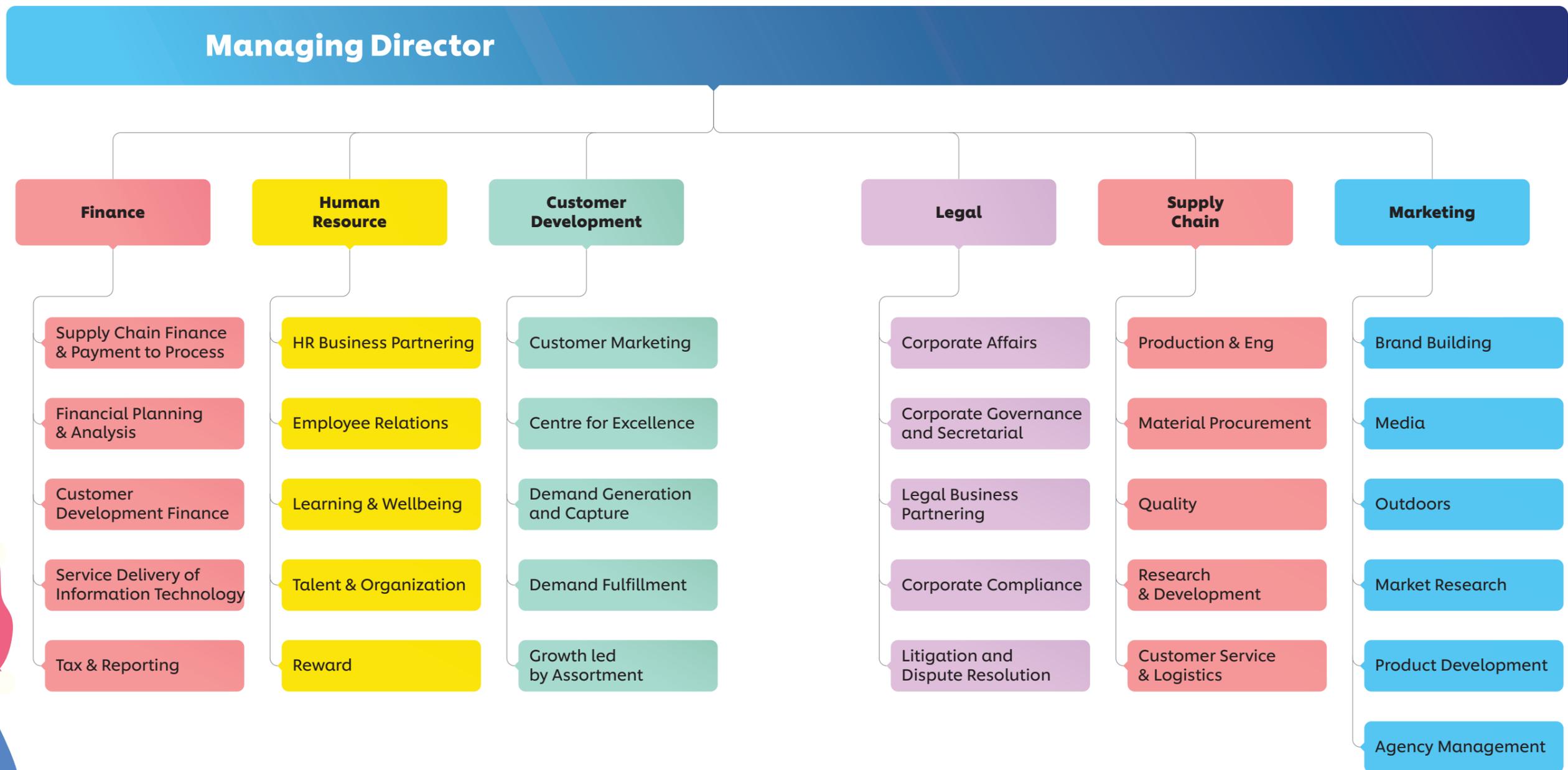
Mr. Yogesh Mishra is a qualified Chemical Engineer and joined Unilever in February 1990. He has done various roles in Operations Management, Manufacturing Operations, GMP, Operational Excellence, and Quality Management. His key roles in past are Manufacturing Manager at various UL factories, Head of 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 Vice President Beauty & Personal Care, South Asia.



Ms. Harman Dhillon
Director (Nominee, Hindustan Unilever Limited)

Ms. Harman Dhillon is the Executive Director of Beauty & Wellbeing at Hindustan Unilever Limited and General Manager - Unilever, South Asia. She is a well-rounded business leader with expertise in strategic thinking, consumer insights, brand development, P&L management and leading diverse team. Harman has successfully launched and grown major beauty and personal care brands across South Asia, North America, and Europe. In her previous roles, she led HUL's premiumization portfolio in skincare, revamped brands like Lakmé, and launched Dove hair and TRESemmé in India. She also managed the global TRESemmé business from London. Harman has received numerous awards, including Cannes Lions, Effies and Emvies, and has been recognized in various prestigious lists such as Economic Times Women Ahead and Business World's top 100 marketers. She joined HUL in 2006 after working with Tata Administrative Services.

Organizational Structure



Our Value Creation Model

What we depend on...

 <p>Financial Capital</p>	<p>Funds generated from our operations and financing activities that we utilize to deliver long-term sustainable growth and value creation to our stakeholders.</p> <p>NPR 4,847 Mn Net worth NPR 2,636 Mn Cash from Operation</p>
 <p>Nature Capital</p>	<p>Integrating sustainability into our business strategy, we are continuously working towards our ESG goals to lead change and make a positive difference to people and planet.</p> <p>87% Renewable energy consumed 77% Recyclable and reusable plastics</p>
 <p>Human Capital</p>	<p>Our driven and talented people are instrumental in achieving our purpose; we are committed to upskilling our workforce to create a future-ready workforce.</p> <p>222 People +3,743 hrs of training 6% attrition Females: 29.8% Males: 70.2%</p>
 <p>Social & Relationship Capital</p>	<p>Continuous engagement with stakeholders to strengthen relationships and create a positive impact on our communities through our geography-focused interventions.</p> <p>NPR 19.87 Mn in CSR spend +1 Mn people touched by social programs.</p>
 <p>Intellectual Capital</p>	<p>With remagned UNL, we continue to focus on science, technology, and innovation to drive superior consumer and customer experience.</p> <p>17 brands and trademarks</p>
 <p>Manufactured Capital</p>	<p>Our new-age manufacturing sites and end to-end digital transformation of supply chain enable us to deliver superior quality products to our consumers.</p> <p>1 own manufacturing site. State of the Art Robotic Arm in handlings and operations 62% reduction in Co2 emissions through electric boiler installation Dedicated lines for manufacturing Hair and Skin Care</p>

What we do...

	<p>Generate Consumer Insights & Adopt We spend quality time behind our consumers, combining it with social listening and traditional consumer research. Our marketing, along with our local/regional R&D team develop, finetune our brands and products.</p>
	<p>Efficiently Source, Manufacture & Deliver Each year, we buy large quantities of raw materials and packaging materials to make our products to run our business. Our factories and third-party manufacturers convert materials using state-of-the-art technology into the products we sell.</p>
	<p>Marketing & Sales We create an increasing amount of tailored digital content ourselves to connect with consumers and make it easy for them to choose our brand and use many channels to make our brands wherever and whenever they shop.</p>
	<p>Consumer Use We believe, 8 out of 10 households in Nepal use our products to feel good and get more out of their lives.</p>

The value we created for...

 <p>Consumers</p>	<p>We aim to provide superior-quality products and brands at par with the formulations of other neighbouring markets that the increasingly discerning consumers are looking for.</p> <p>Page 42 →</p>
 <p>Customers</p>	<p>We partner with traditional trade distributors, retailers, organized trade and digital commerce marketplaces to grow our business and theirs.</p> <p>Page 52 →</p>
 <p>Suppliers and Business partners</p>	<p>We partner with suppliers to help innovate our products and support mutual and sustainable growth.</p> <p>Page 54 →</p>
 <p>Our People</p>	<p>We aim to reward people fairly for the work they do and help them find their purpose while fostering a culture for personal and professional growth alongside business growth.</p> <p>Page 56 →</p>
 <p>Planet & Society</p>	<p>We aim to improve the health of the planet while contributing to a fairer and more socially inclusive world.</p> <p>Page 20 →</p>
 <p>Shareholders</p>	<p>We aim to deliver consistent, competitive performance and drive long-term value creation for our shareholders. We today stand with the dividend of 1714 from 1580 last year per equity share.</p> <p>Page 82 →</p>

Hair Care



Skin Care



Skin Cleansing



Oral Care



Household Care



Fabric Care



Sustainability Framework

Integrated Sustainability Strategy



1. Operations

Driving change through our own operations and workforce

- 77% of plastics recycled and 55% reused in the course of the operation
- Installation of electric boiler and heat pump has achieved 62% of reduction in Co2 emissions
- Reverse Osmosis and water use practices led to 17% reduction in overall water consumption
- 87% of operating energy sourced from renewable resources



2. Value Change

Using our size and reach to influence our entire value change.

Our Shikhar platform – B2B Order placing platform empowers retailers like never before, enabling them to access our products with just a few clicks, independent of a salesperson’s availability. This advancement is the reality we have brought to life through Shikhar. By equipping retailers with tools to check product availability, view pricing, and place orders at their convenience, we have fundamentally transformed their business operations. This strategic innovation has positively impacted 17,491 retailers across Nepal, ensuring our products are consistently available on shelves to meet consumer demand. It also reinforces our position as an industry leader dedicated to pushing the boundaries of excellence.



3. Our Brand

Leveraging our purpose-led brands

- On World Oral Health Day, we advanced the message of A Happy Mouth is a Happy Body with Pepsodent activations. Through oral hygiene workshops and dental check-up camps, in collaboration with the Dentist Association of Nepal, we garnered over 100,000 views and 5,000 engagements.
- Dove driving the agenda of beauty as a source of confidence and not anxiety through its collaboration with a team of women footballers of ANFA (All Nepal Football Association)



4. Wider Society

Catalyzing change in communities through partnerships & advocacy (CSR)

- The “Mountain Clean Up Campaign-2024”, led by the Nepal Army in collaboration with other government agencies demonstrates the depths of impact your company has made with the taken initiative.
- Company has extended NPR 1,00,00,000 to the Government of Nepal as a relief to the victims of devastating Rukum and Jajarkot earthquakes. Additionally, your company spent NPR 25,15,474 for buying blankets, tents and food items for the victims of the earthquake.
- Collaboration with Maiti Nepal to raise awareness and solidarity to combat human trafficking in Nepal

ESG Materiality Matrix

We live in an uncertain and constantly changing world. Having a formal process to identify our material sustainability issues helps us report on those that matter most to our business and stakeholders. We use our sustainability materiality assessment to identify priority sustainability issues across our value chain so that we are able to report on the issues of most interest to our stakeholders.

Material Topics



Climate

We this year reduced 62% of carbon emission by using electric boiler in our factory operations as part of our contribution to combat climate change.



Human Rights

We collaborated with esteemed Maiti Nepal Organization and join hands to end and counter human trafficking in Nepal.



Sustainable Sourcing

Towards our NDPE (Non-deforestation, pit exploitation commitment, we sustainably source key raw material of soap noodles by paying changes to ensure sustainable procurement.



Water

We have put in place world class mechanism to recycle 30,050 KL of waters across our factory operations.



Governance Ethics and Compliance

We ensure that we are compliant with the prevailing governance laws and maintain board hygiene. We embed non-retaliation and ensure active investigations.



Packaging and Waste

We recycle 77% of our total industry plastic waste and bring back the 55% of it in our manufactured products.



Diversity

Our leadership team is diverse with representation from all the countries of South Asia. Our gender ratio is competitive with 29.8% of female workforce.



Creating Intelligent Enterprise

In today's fast-evolving business environment, the concept of the intelligent enterprise is increasingly becoming a cornerstone for organizations seeking to maintain a competitive edge.



Migrating to Cloud Servers to agility respond to our customers

UNL has embarked on this journey and as a key enabler of this transformation is migrating operations to the cloud, as demonstrated by adopting Hindustan Unilever Limited's (HUL's) IKEA's approach which supports our front end field force with faster response time to service orders. The cloud adoption enhances operational efficiency, scalability, and data accessibility, allowing us to optimize their resources and respond to market demands with agility. The cloud infrastructure empowers us to streamline processes, reduce costs, and harness the power of real-time data, positioning them to thrive in a digital-first world.

Automating Interbank payments with Host-to-Host (H2H) Integrations.

Another essential aspect of our intelligent enterprise revolves around automating payments using integration of Host-to-Host (H2H) payment systems. H2H payments enable secure, automated, and seamless financial transactions between UNL and Banks, directly linking their accounting systems without manual intervention. This automation significantly reduces processing times, minimizes errors, and enhances financial security. By streamlining payment processes, we have significantly optimized cash flow management, improve operational efficiency, and maintain tighter control over our financial activities, ensuring alignment with strategic objectives.



Building a digital factory

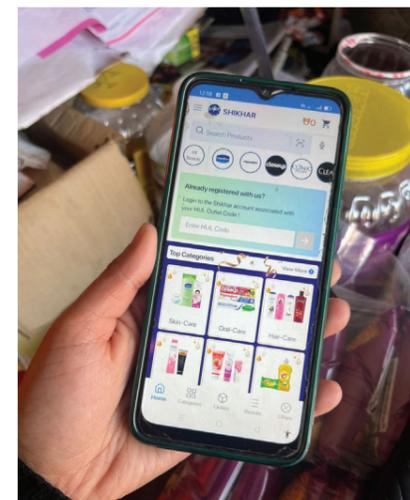
The concept of a digital factory plays a crucial role in the intelligent enterprise framework. UNL's Digital factory journey began in 2022 and has significantly moved ahead with HUL support. We have leverage advanced technologies such as automation, artificial intelligence, and robotics to enhance production efficiency, reduce errors, and minimize operational waste. We are in the process of upgrading our factory with technology that enables real-time monitoring, allowing for dynamic adjustments to production lines based on data insights. By transforming traditional manufacturing into a digital ecosystem, we believe we can create a more agile supply chain, improve product quality, and accelerate our response time to market, driving innovation and building a competitive advantage in business operations.

Unilever Nepal is embarking on a global program of innovation within the factory production environment to maintain and improve operational efficiency. This program involves a variety of digital factory initiatives that adopt existing and emerging technology and digital services. This technology and services will enable Unilever to keep pace with its competitors and maintain the operational efficiencies necessary to operate its business in a competitive marketplace.

In order to meet the business objectives and realize the efficiencies offered it is necessary to design, build and operate digital factory systems at a cadence that current corporate technology or third-party incumbent services are not resourced or structured to accommodate at this point in time. It is therefore necessary to propose timely solution designs for the Digital Factory that support the business objectives in a secure manner. These solutions will also implement the necessary cyber security controls and procedures to reduce cyber risk.

Digital Factory program ensure to secure the data transfer, software and hardware in the factory environment to meet the requirements of the Factory Cyber Security standards. The principles of this architecture with relevance to DFOS Edge Devices is covered in Network Security Architecture. The strategic factory network segmentation has been implemented at a factory in line with the Factory Network Cyber Security Standard, this solution will be migrated to the strategic factory architecture inline the standard.

- Collection and publishing identified existing data points within existing control systems to a cloud-based storage location
- Deployment of Edge Gateway, OPC-UA Server and interim Firewall hardware within factory site to support an approved and secure path from the control systems layer to the cloud
- Hosting within factory utilizing Kepware OPC UA Server and Microsoft OPC Publisher to send data to Microsoft Azure



Shikhar B2B App and CD Training

Our Shikhar platform – B2B Order placing platform empowers retailers like never before, enabling them to access our products with just a few clicks, independent of a salesperson's availability. This advancement is the reality we have brought to life through Shikhar. By equipping retailers with tools to check product availability, view pricing, and place orders at their convenience, we have fundamentally transformed their business operations. This strategic innovation has positively impacted 8100 retailers across Nepal, ensuring our products are consistently available on shelves to meet consumer demand. It also reinforces our position as an industry leader dedicated to pushing the boundaries of excellence.

Over the years, we have invested in online training to our field force, equipped with the skills necessary to navigate advanced technologies in complex operational environments with our distribution network embedded with advanced feature of GPS Tagging and monitoring of efficiency.



Step up in Data security and Data Analytics

In addition, leveraging advanced analytics tools like Power BI dashboards and implementing robust cybersecurity measures are critical to sustaining an intelligent enterprise. As we embrace Power BI and data transformation tools to transform our complex data into actionable insights, empowering our teams to make data-driven decisions, we have also placed a strong emphasis to safeguard our IT environment with the right data and cyber security protocols. The Unilever Global cybersecurity framework has been implemented here in UNL in a phased manner to ensure safeguarding sensitive information and ensuring business continuity in an increasingly digital landscape. Together, we believe these elements have create a resilient, adaptive enterprise equipped to meet the challenges of modern business while driving our sustainable growth and innovation to the future.

3. Performance Overview

MESSAGE FROM CHAIRMAN

“Your company has recorded an improved profitability of NPR 1,955 Mn this fiscal year. Our product diversification strategy across core categories, followed with premiumization, localization and implementation of effective product/pricing strategies in Home and Skin Cleansing categories aided us to gain vital fuel for growth and in return generate value to our stakeholders.”

Dear Shareholders,

Firstly, I express my deepest condolences for the loss of lives during the road, air accidents, recent flood and landslide in different parts of Nepal. I also pray for a quick recovery for those who have suffered injuries during this calamity. We stand in solidarity with the affected families and the nation.

Global Outlook

“Innovation distinguishes between a leader and a follower”, quote from Apple co-founder Steve Jobs seems to resonate profoundly with businesses today given the disruptive market dynamics throughout the globe. After the initial optimism of a “new normal” post-pandemic recovery, the world again finds itself in unique situations underpinned by mounting societal polarities, cyber insecurity, tech disruptions, generative misinformation, unstable governments while old risks of inflationary pressures, unemployment, threats to biodiversity amidst long standing geopolitical tensions persist. IMF’s World Economic Outlook projects global growth standing to be steady but slow at 3.2 percent in 2024 and 3.3 percent in 2025.

As we look ahead to 2025, the resilience of the global economy seems to face novice challenges. We’re already seeing signs of a slowdown in both manufacturing and services sectors, which will likely test the emerging stability we’ve observed in recent years. According to the World Economic Forum’s Global Risks Report 2024, key concerns such as economic uncertainty, supply-driven price pressures, food insecurity and rising debt are becoming significant hurdles. Censorships and misinformation seem to loom and geopolitical tensions—particularly over oil, trade routes, and tech supply chains in East Asia will continue to cloud economic forecasts.



Prosperous Nepal : Happy Nepali

The regional outlook for South Asia and East Asia-Pacific remains positive; inflation rates have dropped to 4.8% from 5.9% in 2023 and 9.2% in 2022. Core inflation is also decelerating, expected to reach 4.5% in 2024. Looking home, despite global uncertainties, the Nepalese economy remains relatively stable with GDP growth of 5.61% in 2022, 1.95% in 2023 and 3.87% in the fiscal year ending July 2024. This has led to an increase in per capita income of USD 1,434 (approx. 3%) which presents opportunities for consumption growth. This supported with lower inflation from 8% to 6% y-o-y first half, coupled with upward foreign exchange reserves presents a conducive business environment for growth.

However, the challenges of liquidity constraints, outbound migration, inverted duty structures, high production costs, and weak investment protection continue to impede our pathways to growth. As a result, this year, we've observed a concerning trend in industrial sector, with its contribution in GDP dropping from 13.6% in the fiscal year 2022/23 to 13% in Fiscal year 2023/24. This decline signifies slow demand scenarios, despite the marginal growth in per capita income. We believe that the contribution of manufacturing sector to the GDP has remain steady and positive in order to pivot industrialization and attract additional investment. This requires enabling policies and right industry climate for companies to invest in manufacturing sector.

In spirit of "Prosperous Nepal: Happy Nepali" embraced by the recent Investment Summit 2024, I would like to express my heartfelt gratitude to our Prime Minister for propelling a series of progressive changes in industry laws as we keenly look forward to the initiatives of sustainable economic growth in Nepal.

Given the above context amidst the adversities, your company is well seated as it has prioritized diversification, derisking and localization to unlock new market opportunities in the fragmented consumer landscape. We have focused on talent and agility as key driver to deliver our growth ambition for 2025 and beyond. We believe that our digitalization journey will further add synergy into our collaborative efforts to add vitality to consumer base and assist in paving the way forward as a futuristic organization here in Nepal.

Low Demand

UNL in the current fiscal year, experienced low consumer demand largely attributed by inflation, consumer choice, customer creditworthiness and low liquidity resulting in -2.8% decline in our turnover generated from operations. We do acknowledge that this is not in par with our internal expectation, and we have taken proactive steps to win consumer hearts and do expect the situation would change in the near to medium term. We believe the increase in foreign remittances and government expenditure on infrastructure and welfare measures will propel the consumption and in turn the procurement process in the future. Therefore, in anticipation, this year, UNL has substantially increased its expenditure in terms of brand building, updating value proposition and increasing spends on consumer promotion to stay ahead in the curve.

Leading Local Manufacture

Your company has triumphed in a dynamic 31-year journey, conquering not only market shifts in an early liberalized economy striding over political unrest and internal conflicts. Today Unilever Nepal boasts significantly high corporate market share in the categories where we operate and stands to be the largest manufacturer of consumer goods in Nepal in beauty personal care and home care categories. As the largest manufacturing industry in a country where industries contribute 13% to the GDP, Unilever Nepal Limited continues to play a pivotal role in promoting self-sustainability.

Undoubtedly, with accelerated localization agenda across procurement of raw and packaging materials, brand communications, consultancies and human resources, we are perhaps the best positioned company in Nepal to align in heart and soul with Government's "Make in Nepal" drive towards building a self-sustaining economy. We have successfully localized footprints of our production categories of Sunsilk, Dove, Lakme, Clear etc. Coupling the agenda with effective pricing strategies in Home Care and Skin Cleansing aided by symphony saving initiatives in overheads, your company is relentlessly striving to be the market leader in FMCG business in Nepal.

In the same spirit, we have been continuously 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,

intellectual property, investment adverse regulation, inverted duty structures in some of the raw materials etc. Going forward, with gradual structural shift of Nepal from central government to federal government, more robust local engagement and demand capture can be expected. We have shared our views with the Sovereign Credit Rating Company Fitch and expressed our optimism towards a strong Nepal in the future.

Category Focus at the Core

In Nepal, the overall economic growth rate is predicted to be 5% near to the end of 2025 after a steep fall of 1.5% last year. The liquidity constraints showed signs of ease with 2.1% increase in the initial quarters of FY 2023/24 paving way for the unlock of our full potential. However, despite these seemingly positive outlooks, demand remained largely unstable with rising debt rates. Harnessing the slight economic recovery amidst challenging demand scenarios, the team of your company have successfully navigated these challenges to record an improved profitability of NPR 1,955Mn vs last fiscal year. Our product diversification strategy across core categories, followed with premiumization, localization and implementation of effective product/pricing strategies in Home and Skin Cleansing categories aided us gain vital fuel for growth and in return generate value to our stakeholders.

With this success in hand, we have embedded more launches in the line on skin care, upgrading our capacity in oral care and improving our consumer connection in home care. We believe, with strong focus in safety, quality, security and operating excellence will aid this agenda into long-term success.

Digitally Powered Growth

Cognizant of the everchanging and generative consumer behavior dominated by the rise in virtual connectedness, we realized that sharpening our competitive edge and strengthening our digital footprint is an important element for organization's success. As a result, we have embarked on a journey to embrace the boundless potential of digital initiatives and reach that Nepal has secured to enhance our efficiency and productivity as an organization.

Today, 15.40 million Nepalese consumers are equipped with internet access with 4.5 million population using digital wallets. Using this insight, we have explored adopting applications which enable direct reach to consumers combined with Shikar, B2B applications and other E-Com platforms that are currently present in Nepal. Furthermore, shared services operations have been moved to cloud data management, Host-to-Host payment platforms allowing real time operations with our suppliers and customer base.

Consumers

Consumers are at the core of our operation; not only do we ensure world class product formulation at par with the neighboring markets we also pick up local insights and design in our product and product communications to win consumer minds. Most importantly, we believe its important to be truly Nepali in our product offering and align with the values of our consumers.

This year, as a priority move we focused on providing price promotions by effective discounts or through added product for the same value across 60% of our portfolio. In a year where consumer spending is extremely frugal, we believe remaining price relevant is an important factor to win in the market.

Unparalleled Commitment to Shareholders

With immense sense of pride and gratitude, we would like to share, as a testament to our company's ever set commitment towards its shareholders that Unilever Nepal Limited stands to be highest dividend per share paying company in Nepal with the current declaration NPR 1,714 per equity share. Our EPS stands at NPR 2,123 which is an 6.58% increase from last year.

We do acknowledge that we did fall short from our growth expectations, challenged by recovering economy, primarily, demand and supply chain adversities and we remain committed to improve on this position as we embark on this new fiscal year.

Developing Local Talent

With growing resentments induced by low employment opportunities and quality of life, staggering number of 5,000 youths leave the country daily with a worrisome upward trend. Amidst these challenges, UNL continues to be benchmarked as one of the most favored inbound opportunities in Nepal. Aware of the need to unlock these dividend population of the country, we have continuously opened learning pathways, career development opportunities through diverse learning avenues, leveraging on its global presence and substantial reach in terms of global standards.

We have initiated a vision geared towards localization of key managerial positions in the last year in the spirit of promoting local talent to lead the future of this organization. Today, we have succeeded in embedding two local resources leading our marketing and legal function. Along with this, in line with the SDG mandates, inclusivity across all classes and genders, enhancing livelihood continues to be our pointers for our ambition of an equitable and safe workplace.

Non-Negotiable March Towards Sustainability

The Global Sustainable Development Report 2024 highlights, food security, improved nutrition and sustainable agriculture among others as key concerns resulting to be relatively worrisome for developing countries. The pristine Himalayas of Nepal continues to remain exposed to globally rising temperatures and threatened habitat. In light of these developments, through the Mountain Clean Up Campaign 2023 in collaboration with the Nepal Army, for the fourth time in a row, we have emerged from being a mere spectator to an active driver of culture of embedding planet protection in themes of discharging our corporate social responsibility.



Inside the value chain, it is notable to mention that 89% of the total energy consumed at our manufacturing site comes from renewable sources specifically geared towards reducing carbon emissions and optimization of water usage. Further, we have put plans in pipeline to expedite migration to a cyclical economy where integration of waste back to production cycle would outweigh the waste produced. Today, we have an impressive volume of 30,050 KL of recycled water usage in our factory operations. We also mention with pride that our percentage of recyclable and reusable plastics stand to be 77% and 55% respectively of our total manufacture.

Looking Ahead

The relative resilience of the world economy in the recent years will continue to be tested entering 2025. Global economic activity is stalling with the signs of slowdown in both the manufacturing and services sectors. World Economic Forum's Global Risks Report 2024 highlights economic uncertainty, supply driven price pressures, debt distress as dominant challenges against the emerging economic resilience. The report also suggests that over the next two years, geopolitical tensions over oil, trade routes and advancement of technological supply chains in East Asia will dilute the economic predictions going forward. Continued supply-side pressure and demand uncertainty could contribute to persistent inflation and high interest rates.

It is crucial to note that despite the decrease in inflationary pressures from last year, the manufacturing sector's downturn highlights a disconnect between broader economic policies and sector-specific performance. This underscores the urgent need for targeted strategies to revitalize manufacturing, ensuring that overall economic growth is mirrored across all sectors for balanced and sustainable development.



However, with integrated-than-ever supply chain, futuristic and sustainable manufacturing, focused category marketing with an aide of agile customer operations, we have plenty of opportunities to look forward in the next fiscal year breaking barriers of geography, scarce human capital, technology, inclusivity and sustainability. Furthermore, our commitment to localization and driving local manufacture will continue to holistically underscore our pathway ultimately contributing to economic and societal prosperity.

We believe that performance linked concessions should be at the heart and spirit of policies aimed at economic progression for Nepal. We take this opportunity to highlight that customs duties have once again proven to be a major revenue source for the government, increasing from 18% last year to 18.6% this year with extractive taxing initiatives hurtful to genuine businesses in Nepal. We request with due genuity that the Government of Nepal brings robust policies against the inverted duty structure and create duty friendly environment for local business in Nepal. Regressive taxing policies and expense deductions have shaken investor confidence in Nepal and continues to mar our local economy.

Amidst this context, I am delighted to witness UNL's share price reach an unprecedented record high. This remarkable achievement is a clear indication of the unwavering confidence that investors have in your company and its management. While we celebrate this significant accomplishment, it is equally important to acknowledge the challenges faced in trading your company's shares due to regulatory restriction in numbers. As we continue to advocate for these necessary reforms in different forums, it is essential to maintain the momentum and support from all stakeholders. The successful adoption of odd lot trading will not only alleviate the current difficulties but also reinforce the confidence of small investors in the market's accessibility and fairness.

On the bright side, going forward we expect increased market confidence as the Nepal Stock Exchange (NEPSE) saw a noteworthy rise in index points, with an increase from 4.4% last year to 6.8% and I have great confidence that we will continue to remain a key focus in manufacturing industry sector as we continue to be strong driver for market capitalization.

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

On the auspicious occasions of Vijay Dashami and Deepawali, I extend my heartfelt best wishes to all of you. Most importantly, I want to take this opportunity to express my profound gratitude to each of you, our esteemed shareholders. We trust our shareholders as our ambassadors and we would welcome the shareholders to bring to the attention of the relevant arms of Government, various policy matters that need due care, which we believe would be immensely beneficial for overall prosperity of the country. May this festive season bring joy, prosperity, and light into your lives and homes. We look forward to achieving greater milestones together in the years to come.

Warm Regards,
Dev Bajpai
Chairman

MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

Firstly, I express my deepest condolences to the departed souls during the road, air accidents and flood in different parts of Nepal. I also pray for a quick recovery for those who have suffered injuries during this calamity. We stand in solidarity with the affected families and the nation.

We at Unilever Nepal Limited faced a tough demand-supply landscape primarily attributed to sluggish demand during the 2023-24 financial year. Despite these challenges, we focused on key strategies of strengthening our core and delivered standout brand superiority, expanded into premium markets, and enhanced our presence in future-focused channels. We also remained committed to operational excellence, improving our gross margins, and increasing investment in our brands and long-term growth initiatives.

Our total revenue reached NPR 824 crores, which is decline of 2.8% vs our last year revenue of NPR 848 crores. Given the difficult environment conditions our volumes dipped to a -9.1% vs. 2023 majority in Premium Skin Care, Skin Cleansing and Home Care business. However, we have achieved a notable improvement in our net margin over the full year and surpassed the milestone of NPR 196 crores reflecting a 210 basis point increase when compared to last year.

It is also important to note that for approximately 60% of our own portfolio, we have passed significant value back to the consumers (price drop or volume added back) which diluted the topline marginally.

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We prioritized our consumer franchise and accelerated passing on key material savings in 60% of our portfolio in the form of price discounts, permanent price reductions, extra product filling and cross promotions as part of our value creation journey. In this year, we are proud to announce that over 23 SKUs across categories were added to our localized portfolio and leveraged the distribution scale advantage of our frontline field force. Our supply chain agility remains a key strategic lever in delivering this incremental turnover in a short span.

MR. AMLAN MUKHERJEE
MANAGING DIRECTOR



Strategic Outlook: Passing on Value, Localization, and Digitization

In Beauty and Personal Care, we made significant strides in localization by refreshing products, packaging, and communication across our iconic brands. We continued our endeavor of transforming our existing portfolio such as PONDS, Dove, Lakme, and Rin, which are now part of our extended localized offering. Lux and Lifebuoy were relaunched with impactful digital activations, localized communication, and digital theater advertising across 29 screens in major cities of Nepal.

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We are proud to announce that, as per the data shared to us we are the largest spender in Media and in the digital landscape allowing our brands to remain stronger, sharper during this challenging environment aiding top of mind recall in our consumers. Furthermore, in our shared services operations, we have consolidated our banking operations, simplified our payments process, and leveraged banking partnerships to efficiently operate under the present circumstance.

Potentials of Growth

Realizing that we operate in an ecosystem with substantial internet reach, through projects like Shakti and Shikhar, this year we partnered with local entities to ensure our products are visible and accessible through emerging channels of e-commerce and online platforms. Our key focus was to build strong customer relations and revamp our channels with individualized and curated support across Nepal. This year, we introduced Project Soulmate to redefine the consumer experience of product selection by placing dedicated beauty advisors at the forefront.

In manufacturing, we increased Hair Care line capacity by 33% through batch cycle optimization, which significantly reduced our conversion costs. Additionally, we enhanced our oral care line capacity by 10% with the installation of advanced cartoner technology. Cost optimization remained a key focus throughout the year which helped us reduce expenses while driving business growth. This year, we continued to leverage our Symphony program which focuses on reducing our material costs, delivering savings and offering the best quality products at competitive prices, even amidst an inflationary environment.

We also utilized the Integrated Planning Model (IPM) for improved distribution and stock availability, and the Centralized Materials Requirement Planning (CMRP) system for greater efficiency in material sourcing. Our demand and fulfillment processes have become more agile, allowing us to respond dynamically to customer preferences, priorities, and demand.

Touching Lives: Making Sustainable Living a Commonplace

On World Oral Health Day, we advanced the message of A Happy Mouth is a Happy Body with Pepsodent activations. Through oral hygiene workshops and dental check-up camps, in collaboration with the Dentist Association of Nepal, we garnered over 100,000 views and 5,000 engagements.

Our commitment to sustainability, aligned with the UN Sustainable Development Goals, remains unwavering. Currently, 89% of our energy consumption comes from renewable sources, reflecting our strong focus on reducing carbon emissions. We are also proud to report the use of 30,050 KL of recycled water in our factory operations. Additionally, we have transitioned 55% of our plastic portfolio to a sustainable structure, including shampoo bottles, caps, soap wrappers, and tube caps.

Towards CSR, we have been participating in the Mountain Cleanup Campaign since 2019 and this year we collected 11,000 kg of waste from Mt. Everest, Mt. Lhotse, and Mt. Nuptse. Since 2019, the campaign has removed over 108 tons of waste, including the remains of 12 deceased individuals, and collected 1,255 tons of plastic waste.

As a testament to our ongoing commitment against upholding principles of human rights, this year we supported Maiti Nepal's 32nd Anniversary Walkathon, themed **"Journey to Justice: Stop Human Trafficking"**. Notably, we also responded promptly to the 6.4 magnitude earthquake in Jajarkot and West Rukum districts that claimed 154 lives and left 365 injured. We wholeheartedly continue to commit to the reconstruction and rehabilitation of earthquake victims.

Our people are our strength, and we uphold inclusivity daily. We stand among the leading advocates for a women-integrated workforce in Nepal. By making accessible online learning platforms, LinkedIn Learning licenses, Udemy certification programs and Degreed, a customized Unilever Learning Management System, we have strived to make our employees future-fit. Our employees benefit from upskilling learning opportunities led by experts from South Asia. We also focus on attracting top talent through engagement with campuses and offering internship programs aimed 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 and we have ensured 3734+ training hours for our employees digitally and in person within and outside Nepal.

Business With Integrity

Business Integrity (BI) is a key enabler for us to conduct business in a transparent and ethical manner. This year, we have advanced our mission of instilling our key policies among employees and business partners through various immersive and discussion-oriented sessions covering themes of respect, dignity, and fair treatment, anti-bribery and corruption, accurate reporting, data protection, gifts and hospitality, privacy, and responsible partnering.

Looking Ahead: Vision of Prosperous Nepal

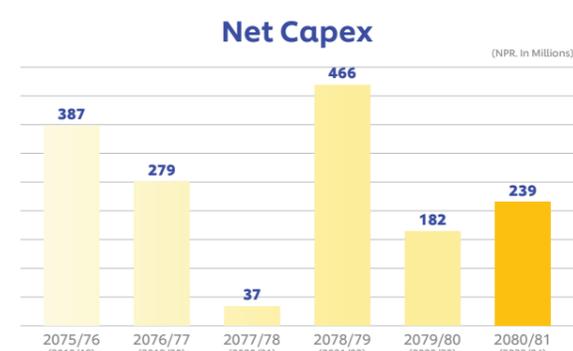
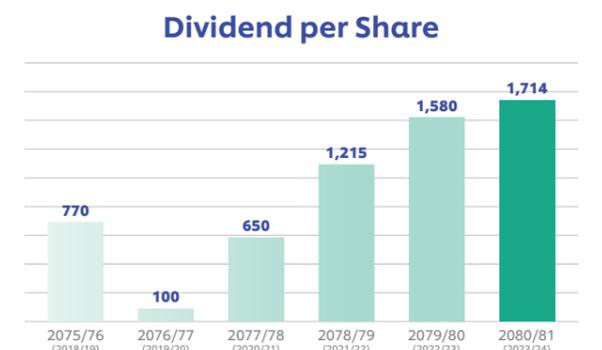
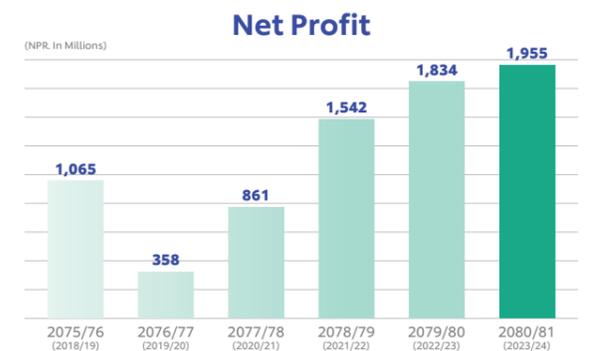
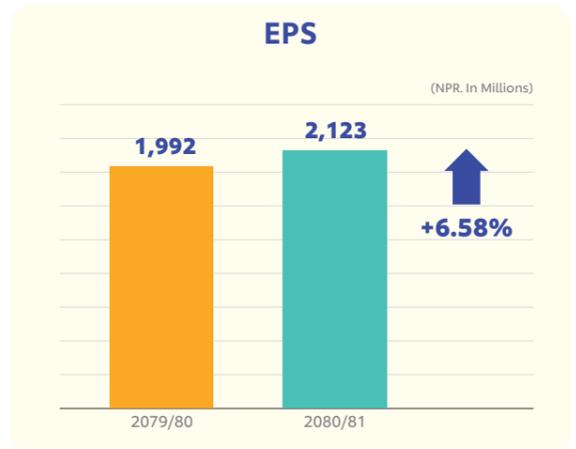
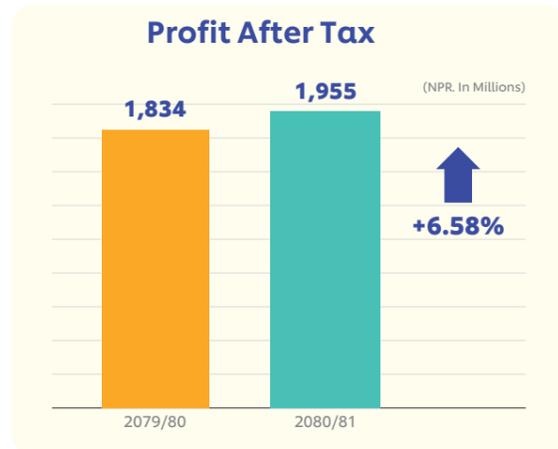
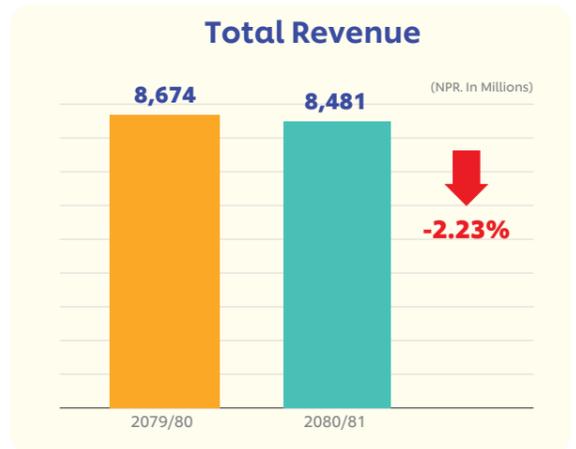
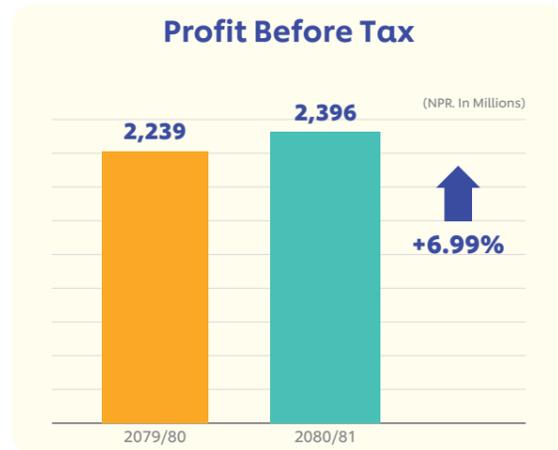
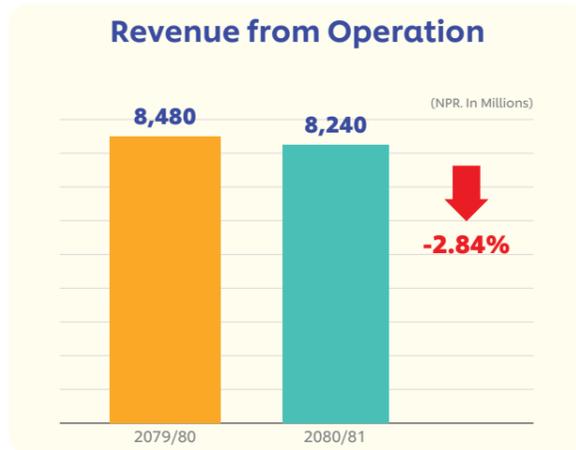
Our company has always operated under the principle- **"what is good for Nepal, is good for Unilever Nepal"**, a conviction we've upheld for 31 years. Looking ahead, we are committed to excelling in our current business while accelerating our efforts to support Nepal's goals for localization and sustainable development. We unconditionally align with the Government of Nepal's agenda of "Prosperous Nepal: Happy Nepal" as upheld in the recent Investment Summit 2024 chaired by the honorable Prime Minister and reputed dignitaries across the globe, geared towards building a sustainable investment climate in Nepal. Towards the mission, I'm confident that Unilever Nepal will relentlessly march ahead by strengthening our portfolio and delivering consistent value to our consumers.

Lastly, I want to extend my sincere gratitude to our dedicated teams across frontline sales, offices, factories, and the entire value chain, whose hard work drives our success. Our people are at the heart of our mission, supported by leaders who are committed to building future talent. Lastly, I'd like to thank our shareholders for their ongoing trust, support, and confidence in Unilever Nepal Limited. We also express gratitude to our employees retiring in the next year and welcome all the new joiners.

Director's Report

Unilever Nepal Limited faced a tough demand-supply landscape in the 2023-24 financial year due to sluggish demand and liquidity crunch. Despite this, the company focused on strengthening its core by focusing on value proposition, price benefits and extra offers to regain consumer franchise. Given this context, our gross revenue declined by 2.8% and volume by 9.1% mainly in Premium Skin Care, Skin Cleansing, and Home Care. However, we achieved a notable improvement in net margin, surpassing NPR 1,955 Mn reflecting a 210-basis point increase year-on-year driven by softer commodity pricings and symphony savings. We remain committed to operational excellence, improving gross margins, and increasing investment in brands and long-term growth initiatives.

Financial Highlights



Long Term Track Record

Profit & Loss

(NPR in Millions)

Particulars	2075-76 (2018-19)	2076-77 (2019-20)	2077-78 (2020-21)	2078-79 (2021-22)	2079-80 (2022-23)	2080-81 (2023-24)
Revenue from Operations	5,754	5,547	5,731	7,334	8,480	8,240
Other Operating Income	518	141	59	121	194	241
Total Revenue	6,272	5,688	5,790	7,455	8,674	8,481
Gross Profit	2,312	1,760	1,824	2,556	3,271	3,682
Profit Before Tax	1,372	572	1,051	1,882	2,239	2,396
Profit After Tax	1,065	358	861	1,542	1,834	1,955
EPS	1,157	383	935	1,675	1,992	2,123

Balance Sheet

(NPR in Millions)

Particulars	2075-76 (2018-19)	2076-77 (2019-20)	2077-78 (2020-21)	2078-79 (2021-22)	2079-80 (2022-23)	2080-81 (2023-24)
No. of Shares	920,700	920,700	920,700	920,700	920,700	920,700
Total Assets	3,857	3,718	4,753	5,805	6,495	7,081
Plant Property and Equipment (incl Intangibles)	982	1,162	1,050	1,376	1,453	1,558
ROU	-	-	-	215	211	220
Investments in Fixed Deposits	574	335	934	1,129	1,380	2,181
Current Assets	2,871	2,514	3,673	4,190	4,798	5,266
Share Capital	92	92	92	92	92	92
Retained Earnings & Reserves	2,232	1,876	2,513	3,560	4,269	4,754
Current Liabilities	1,512	1,736	2,005	2,077	1,922	2,037
Non-Current Liabilities	20	13	143	76	212	197
Shareholder Equity/Net Assets	2,324	1,968	2,605	3,652	4,361	4,847
Capital Employed	2,345	1,981	2,748	3,728	4,573	5,044
Market Capitalization	18,644	17,309	17,857	16,904	30,381	43,575

Ratio Analysis

Particulars	2075-76 (2018-19)	2076-77 (2019-20)	2077-78 (2020-21)	2078-79 (2021-22)	2079-80 (2022-23)	2080-81 (2023-24)
Gross Profit Ratio	40%	32%	32%	35%	39%	45%
Profit Before Tax Ratio	24%	10%	18%	26%	26%	29%
Net Profit Ratio	19%	6%	15%	21%	22%	24%
Current Ratio	1.9	1.4	1.8	2.0	2.5	2.6
Assets Turnover Ratio	1.5	1.5	1.2	1.3	1.3	1.2
Return on Equity	46%	18%	33%	42%	42%	40%
Return on Total Assets	28%	10%	18%	27%	28%	28%
Earnings Per Share	1,157	383	935	1,675	1,992	2,123
Dividend per Share	770	100	650	1,215	1,580	1,714
Dividend Payout Ratio	67%	26%	70%	73%	79%	81%
Market Value Per Share (NPR)	20,250	18,800	19,395	18,360	32,998	47,328
Price Earnings Ratio	17	49	21	11	17	22
Net Worth Per Share/Return on Shareholders' Fund	2,525	2,137	2,829	3,967	4,737	5,264
Return on Capital Employed	58%	29%	38%	51%	50%	48%

% of Gross Revenue

Vertical Analysis of Profit and Loss Statement

STATEMENT OF PROFIT OR LOSS

For the year ended Asadh 31 2081 (15th July 2024)

(NPR in Millions)

Particulars	2076-77 (2019-20)	%	2077-78 (2020-21)	%	2078-79 (2021-22)	%	2079-80 (2022-23)	%	2080-81 (2023-24)	%
Net Sales Revenue	5,688	100%	5,790	100%	7,455	100%	8,674	100%	8,481	100%
COGS	3,928	69%	3,966	68%	4,899	66%	5,403	62%	4,799	57%
Gross Profit	1,759	31%	1,824	32%	2,556	34%	3,271	38%	3,682	43%
Employee benefits expenses	332	6%	381	7%	523	7%	589	7%	632	7%
Other Expenses	855	15%	391	7%	131	2%	413	5%	640	8%
Operating Profit	572	10%	1,051	18%	1,903	26%	2,269	26%	2,410	28%
Finance Cost	-	0%	-	0%	20	0%	30	0%	14	0%
Profit Before Tax	572	10%	1,051	18%	1,882	25%	2,239	26%	2,396	28%
Income Tax Expenses										
Current Tax	272	5%	173	3%	334	4%	415	5%	444	5%
Deferred Tax	(58)	-1%	17	0%	7	0%	(10)	0%	(3)	0%
Net Profit	358	6%	861	15%	1,542	21%	1,834	21%	1,955	23%

*% of Net Sales Revenue

Vertical Analysis of Balance Sheet

Particulars	2076-77 (2019-20)	%	2077-78 (2020-21)	%	2078-79 (2021-22)	%	2079-80 (2022-23)	%	2080-81 (2023-24)	%
ASSETS										
Non-Current Assets										
Property, plant & equipment	1,083	29%	994	21%	1,342	23%	1,441	22%	1,557	22%
Intangible assets	79	2%	56	1%	33	1%	12	0%	1	0%
Right of use Assets-Lease	-	0%	-	0%	215	4%	211	3%	220	3%
Deferred tax assets	47	1%	31	1%	24	0%	33	1%	36	1%
Non-Current Assets										
Inventories	626	17%	843	18%	1,123	19%	964	15%	1,020	14%
Trade and other receivables	847	23%	982	21%	1,359	23%	1,664	26%	1,105	16%
Investments	335	9%	934	20%	1,129	19%	1,380	21%	2,181	31%
Cash and cash equivalents	662	18%	766	16%	546	9%	755	12%	827	12%
Bank balance other than CCE	35	1%	34	1%	25	0%	27	0%	31	0%
Current tax assets	-	0%	109	2%	-	0%	-	0%	99	1%
Prepayments	9	0%	5	0%	7	0%	9	0%	3	0%
Total Assets	3,723	100%	4,753	100%	5,805	100%	6,495	100%	7,081	100%
EQUITY AND LIABILITIES										
Equity										
Share capital	92	2%	92	2%	92	2%	92	1%	92	1%
Retirement Benefit Scheme Reserve	796	21%	659	14%	781	13%	776	12%	760	11%
Retained earnings	1,085	29%	1,854	39%	2,779	48%	3,493	54%	3,994	56%
Non-Current Liabilities										
Lease Liabilities	-	0%	-	0%	55	1%	189	3%	172	2%
Provisions	13	0%	143	3%	21	0%	22	0%	25	0%
Current Liabilities										
Trade and other payables	1,589	43%	1,892	40%	1,801	31%	1,809	28%	1,862	26%
Lease Liabilities	-	0%	-	0%	179	3%	45	1%	106	1%
Provisions	114	3%	113	2%	84	1%	59	1%	69	1%
Current tax liabilities	34	1%	-	0%	13	0%	9	0%	-	0%
Total Equity and Liabilities	3,723	100%	4,753	100%	5,805	100%	6,495	100%	7,081	100%

*% of Total Assets

ESG Highlights



No. of plastics collected/recycled

2200T Collected
1700T Recycled



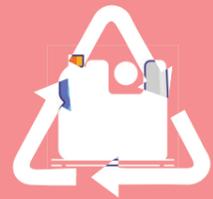
No. of trees planted

135 Planted



Percentage of Renewable energy consumption

89%



percentage of recyclable and reusable plastics

55% reused and 77% recycled



Volume of recycled water usage in the factory

30050 KL

2,200 MT

Plastic collected

1,700 MT

Recycled

30050 KL

Recycled water usage

62%

carbon reduction with installation of electric boiler with cutting edge technology towards our commitment against climate change and sustainability



Awards and Recongnitions



The Managing Director of Unilever Nepal Limited, Mr. Amlan Mukharjee was invited as a panelist at the Nepal Investment Summit 2024. This event gathered leaders, investors, and policymakers to discuss investment opportunities in Nepal. The MD's inclusion as a panelist highlights UNL's significant role in the economy and its commitment to sustainable growth of Nepal. This recognition underscores UNL's leadership and influence, showcasing its efforts to drive innovation and contribute to Nepal's investment potential. The MD provided valuable insights into the consumer goods sector and emphasized the importance of a conducive environment for investments.



Your company demonstrated 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 Certificate of Merit from The Institute of Chartered Accountants of Nepal (ICAN), with the award being presented by Honorable Deputy Prime Minister & Finance Minister, Mr. Bishnu Prasad Poudel. This award serves as a testament to our company's persistent commitment to maintaining transparency and precision in financial reporting.

Daraz Most Active Seller Award to Unilever Nepal Limited as a recognition for demonstrating exceptional performance on the Daraz platform. Our Company received this award based on several criteria, including their high participation rate, extensive reach, significant engagement, and impressive views.



Meeting with Honorable Deputy PM and Finance Minister Mr. Bishnu Prasad Poudel by the Managing Director of Unilever Nepal Limited (UNL), Mr. Amlan Mukharjee along with our JV Partner Mr. Ravi Bhakta Shrestha and briefed the Minister on the "Make in Nepal" agenda and highlighted the positive industry response since his appointment. He also discussed tax structure issues faced by manufacturing multinational companies in Nepal. The Minister responded positively and assured to consider the suggestions on merit. Unilever Nepal remains committed to serving Nepali consumers and creating value for the nation.

Unilever Nepal Limited was honored with the Growth Sellers Sales Excellence Award, recognizing their outstanding achievements in sales and market growth. This award highlights UNL's commitment to excellence in sales strategies, customer engagement, and market expansion. It underscores the company's ability to innovate and adapt in a competitive market, ensuring sustained growth and customer satisfaction.



The FLAME Awards Asia 2024, Delhi, for Sunsilk Dashain Vibes 3 campaign [Gold, Silver & Bronze] - Pond's # habitof2 Campaign [Gold & Silver]. Instituted in the year 2006, Flame Awards acknowledges and celebrates the best of the rural marketing & communication projects, Initiatives and practices in India and Asia. This year, our company proudly bagged Gold, Silver and Broze awards for Sunsilk Dashain Vibes 3 campaign and Gold and Silver awards for Pond's #habitof2.



4.

Purpose Led Brands: Delivering Exceptional Value

Consumers are at the center of everything we do. Our focus is to deliver exceptional value that resonates with them. Empowering consumers through superior, affordable, aspirational products and exceptional experiences, is core to our value proposition. Today's consumers are increasingly adopting a holistic approach scrutinizing product quality, its environmental and social impact, as well as the brand's underlying message. Meeting the evolving needs of our consumers, we have launched a range of innovative products that deliver on price, quality sustainability and brand values. LUX, a core brand for Unilever Nepal Ltd., has undergone a significant revamp in both product formulation and packaging. The new premium packaging has revitalized the brand. The formulation now includes popular ingredients among Nepali consumers, such as Vitamin C and Vitamin E which gives you Flaw-less Glow. Towards our Home Care, Rin, Vim and Wheel was upgraded with cleaning properties and consumer sensory with fragrance enhancement.

UNILEVER NEPAL LIMITED

LUX®

अब अझै बढी बचत
अझै बढी ग्लो

बचत रु. 20

अब LUX Flaw Less Glow, LUX Even-Toned Glow, LUX Fresh Glow
100g X 4 = 400gm मात्र Rs. 180/- मा

LUX Fresh Glow
LUX Even-Toned Glow
LUX Flaw Less Glow

Creating Consumer Value

Basis our market study and consumer insights we have unearthed on how important price remains towards our Nepali households and consumer's monthly wallets. Given this context, we decided to reduce our price of soaps and detergents by 10% to 15% enabling to pass on the benefits of softer commodity price to the consumers. Similarly, at competitive price points we have added extra grammage keeping value consciousness as a priority. We strongly believe that this is the right strategy to win and retain our consumers in the long run.

UNILEVER NEPAL LIMITED

Lifebuoy

अब अझै बढी बचत
अझै बढी सुरक्षा

बचत रु. 20

अब Lifebuoy Care, Lifebuoy Nature र Lifebuoy Lemon Fresh
100g X 4 = 400gm प्याकमा पनि उपलब्ध छ,
मात्र रु. 160/- मा

Marketing Campaigns

We continue to strengthen our connect with consumers through poignant and sincere campaigns touching the sentiments and engagements of dynamic youth of the country.

Dove's Beauty with Care

For over 20 years, Dove has been working to make beauty a source of confidence, not anxiety. This year Dove Nepal took Women's Day as an opportunity to appreciate women in Two different ways.

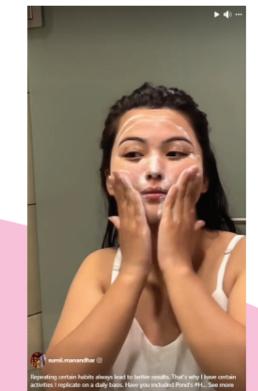
Our continuation of collaboration with All Nepal Football Association (ANFA), Dove on 8th March came up with a collaborative video showcasing the beauty of the sport and the dedication and passion of the Nepali Women's National football team. The video highlighted the players, their stories of struggle, dedication, and obstacles along the way.

The digital film capturing the story of the Nepali National Women's team garnered positive feedback from the audience and many related to these women, creating a stronger bond with the team. The campaign garnered over 35M Views on social media platforms.



Purposeful Skincare with Pond's #Habitof2

In the present era, women embody progressiveness, grace, and authenticity. While pursuing their dreams and ambitions, they also hold their beauty and skin health in high regard. However, the prevalent Air Quality Index (AQI) in Kathmandu poses a significant challenge, adversely impacting their skin's well-being. Embedding this sense of dilemma in our branding we took initiative of #Thehabitof2 campaign on the 20th of April, 2024. It aimed to encourage women to practice a habit of washing their face two time a day for results of clean skin. The campaign concluded with a total of 29M impressions on social media and 1100+ live trials in colleges.





Impactful Impression with Glow & Lovely Relaunch

This year, the Glow and Lovely relaunch focused on the functional benefits of multi vitamins for the skin and its incorporation in the product. For the relaunch, Princy Khatiwada was onboarded as the ambassador for the brand leveraging our impact on sunsilk gang of girls and the popularity of Twinny Girls, we decided to use one of them as the face of Glow and Lovely to assess our target market seeking glow. With the intense popularity she has received over the years in TikTok and her recognition at a local level, a local film was developed with the communication "HD Nikhar". Post launch, the contents have gathered 35.7 million impressions and 217.3k engagement on social media



Sunsilk Dashain Vibes 3

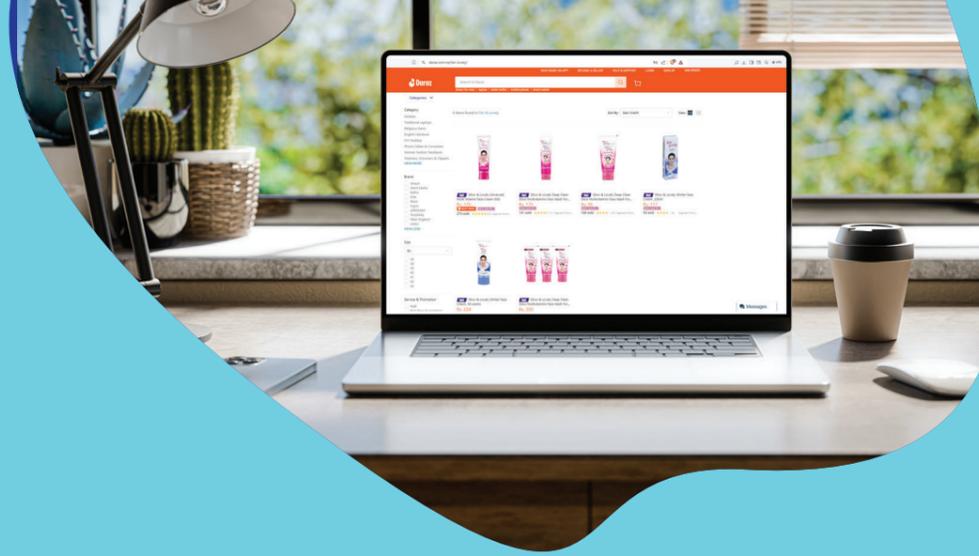
Continuing the stride, SunsilK Dashain Vibes 2023, this year was carried under the theme "Let's Celebrate Hair, Let's SunsilK," signifying a celebration that embraced and appreciated every type of hair and hairstyle aimed to make Dashain a Mega Celebration of hairstyles.

Sunsilk proudly unveiled the three exceptional winners of SunsilK Dashain Vibes 3 Contest Ms. Sajina Khanal, Ms. Susmita Banjara & Ms. Vijaya Pradhan on December 27, 2023. They have now joined the SunsilK Gang of Girls, standing alongside our brand ambassador, Princy and Prisma. The SunsilK Gang of Girls is a community that celebrates beauty, confidence, and sisterhood among many young girls across the country.



Sunsilk Dashain Vibes 3 Received

Participation	Views	Reach
4485+	147M+	41M+



Creating Categories of the Future

Rising awareness about global trends and brands through digital platforms is propelling creation of new demand spaces and future formats. We are forging the future through on-trend and relevant innovations designed specifically for consumers and future channels, driving adoption of key future formats through compelling communication that addresses categories triggers and barriers and scaling up education led sampling to further engage consumers. During this year, we used these levers to disproportionately invest in market making and premium cells.

Launch of Lakme Sun Expert Ultra Matte Lotion

With the growing demand space of Sun Protect in Nepal, and the need for premiumization of skin portfolio for UNL, we decided to launch Lakme Sun Expert in SPF 50 and SPF 30 in 2024. The launch campaign was executed in 2 phases (curiosity and reveal phase). Multiple touchpoints were used to trigger curiosity, across digital & outdoor, using #meinthesun. In the latter phase, #stuninthesun was used to reach the same TG, using the same touchpoints to reveal the product by creating relevance. The BTL Umbrella campaign became viral with over 3.3 million impressions & almost 1 million engagements on Social Media. Overall, the launch campaign of Lakme Sun Expert was a huge success with almost 52 million impressions on social media & over 3.8 million engagement, in only 2 months.



Reach	Impression	Engagement
8M+	52M+	3.8M+

Digital Activation to build awareness

Bright Lock Technology with Rin

Our Home Care business segment requires significant renovation to remain competitive within the market. As a result, we believe this would transform the washing culture of Nepal as it pivots towards the segment valuing convenience and fragrance.

We have initiated the relaunch of Rin Detergent Powder, a product crafted with Bright lock technology & superior ingredients to ensure clothes are bright like new. This innovative product is designed to meet the highest standards of quality, providing an exceptional laundry experience & sensory for our customers.



Power of Lemon with Vim Liquid



As an additional step into premiumization in our Home Care segment, we have successfully introduced vim liquids as a innovation to Nepali households to simplify the chores of dishwashing and kitchen cleanliness.

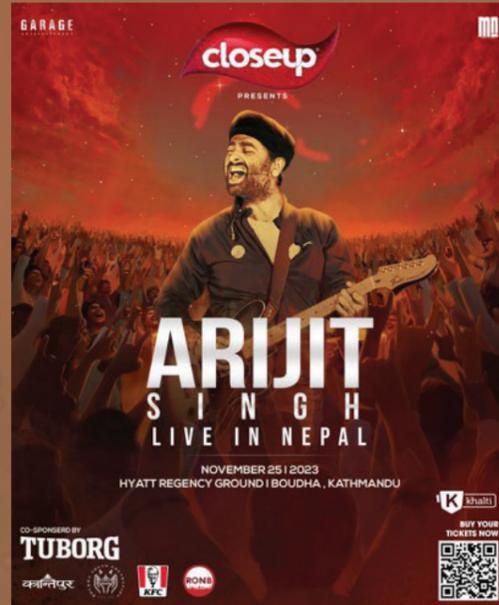
The launch year has surpassed out internal estimates and we truly believe that this product adds joy into the Nepali households. This year, we launched an enhanced version of our Vim Liquid, featuring superior functionality with the power of lemon. This new formulation is capable of cleaning a sink full of dishes with just one spoonful.



Reach	Impression	Engagement	YouTube Views
12M+	50M+	4M+	6M+

Reach	Impression	Engagement	YouTube Views
4.3M+	48M+	3M+	10.2M+

Driving in-person Engagements



PRESENTS

ARIJIT SINGH LIVE IN NEPAL



Celebrating Togetherness with Closeup

Closeup Nepal, collaborated with Garage entertainment and MN Productions Nepal for the event “Arijit Singh Live in Nepal” Concert as the Title Sponsor which took place on November 25, 2023, at Hyatt Regency Ground, Boudha, Kathmandu. It aimed to celebrate the magic of music and build a lasting connection with its youthful audience. As a brand that cherishes the spirit of music and its enthusiasts, Closeup Nepal created an unforgettable experience for all the concert attendees which was estimated to be 20k. This sponsorship was a testament to Closeup Nepal’s dedication to bringing people together through shared experiences and passions. The prominent presence at the event, received exceptional visibility and branding opportunities through digital marketing platforms, including social media, event website, and email marketing campaigns, which reached a wide and diverse audience. The On-Site Activation at the event, allowed the brand to engage directly with the audience and create lasting brand impressions. The campaign had a reach of 7.9M, impressions of 47M and total engagement of 8.4M. On digital front it garnered 7.8M Views 117K+ #closeupwitharijit






NEW LIFEBUOY HANDWASH

PUMP RUB CHOO

THE VIRUS



FIGHTS 99.9% BACTERIA & VIRUSES IN SECONDS*

Making It Personal with Lifebuoy

In January 2023, we launched Lifebuoy Handwash with a locally produced TV commercial featuring Nepali talent. To raise awareness about the new brand, we promoted the TVC through traditional media (TV) and digital platforms. We implemented an on-ground sampling strategy in credible locations such as hospitals, restaurants, and malls in the top 8 towns where people frequently visit for dining, health check-ups, and entertainment.

To encourage trials of Lifebuoy Handwash, we partnered with these locations, branded their handwashing areas, and provided a one-month free supply of Lifebuoy Handwash. To emphasize the importance of handwashing before meals and after using the restroom, we placed a bottle of handwash and branded the handwashing space with handwashing steps Poster.

This activity successfully generated a total of 1.327 Mn trials across 8 major towns: Kathmandu, Pokhara, Biratnagar, Birtamod, Butwal, Janakpur, Narayanghat, and Nepalgunj.



Keep Brushing Keep Smiling with Pepsodent

Pepsodent has always been a firm believer in promoting dental hygiene. This year, Pepsodent took a significant step forward in reinforcing its position as the leading oral care brand in Nepal by collaborating with Nepal Dental Association on the occasion of World Oral Health Day, celebrated on March 20. This partnership was strategically crafted to establish Pepsodent as the go-to solution for all oral care needs, ensuring that our brand is synonymous with health and trust in the minds of consumers. For the on-ground activation, the brand associated with Nepal Dental Association for Dental Awareness Program in 15 Hospitals in Kathmandu, Lalitpur and Bhaktapur areas with a reach of 1500+ patients whereas for the digital activation, it was centred on the theme "Keep Brushing, Keep Smiling. Happy mouth can set the tone for a happy day" was floated across with strong influencer marketing which successfully garnered over 15K engagements on Facebook and Instagram, reached more than 3.8M people, and achieved over 6.2M impressions and 6 lakhs + views.



Digital Theater & Digital Hoarding Boards

With the increasing trend of Nepalese consumers attending movies for entertainment, we began placing our TVCs in QFX Cinemas. Our advertisements across categories were featured in a total of 17 QFX Cinemas, spanning 40+ screens across Nepal, both within and outside the Kathmandu Valley. Also, to ramp up our Brand visibility in outdoor space, we have placed our Advertisements in 25+ Digital Hoarding boards in Kathmandu and Pokhara.



5.

Nurturing Collaborative Partnerships

Building Collaborative Shakti

We take immense pride in our 31-year legacy of dedicated service to our consumers, made possible through strong partnerships nationwide. Our extensive network, spanning from the southern plains to the northern hills and across the east-west corridor of Nepal, is driven by a deep sense of collaboration that has proven to be a significant competitive advantage.



Our Shakti Program exemplifies our commitment to reaching every corner of the country. Leveraging the strength of our extensive and responsive distributor network, we have successfully expanded our product reach to even the most remote areas. This program not only contributes to our revenue growth but also solidifies our position as a brand that truly understands and serves the needs of consumers, regardless of their location. Through this bold initiative, we ensure our presence is felt in every village and town, leaving no market untapped in our pursuit to become a household name.

A tap away with Shikhar

We are continuously empowering our business partners with commitment to impacting the daily lives of our valued consumers by integrating technologies of efficiency. Our Shikhar platform empowers retailers like never before, enabling them to access our products with just a few clicks, independent of a salesperson's availability. This advancement is the reality we have brought to

life through Shikhar. By equipping retailers with tools to check product availability, view pricing, and place orders at their convenience, we have fundamentally transformed their business operations. This strategic innovation has positively impacted 12,000 retailers across Nepal, ensuring our products are consistently

available on shelves to meet consumer demand. It also reinforces our position as an industry leader dedicated to pushing the boundaries of excellence.

Nurturing Channels of Value

In 2023, we embarked on a visionary journey to redefine how we serve our customers by reclassifying our outlets into distinct channels—Retail, Key Retail, Cosmetic, and Wholesale. This strategic masterstroke allowed us to tailor our offerings with precision and efficiency. By understanding the unique needs of each segment, we've crafted specialized marketing strategies that resonate deeply with our customers, leading to increased loyalty, higher sales, and an unshakable market presence. This channel revamp is a shining example of our ability to innovate and adapt, ensuring that we stay ahead of the curve.



Building Partners of Future

At our core, we are increasingly guided by consumer insights and behaviors as we position ourselves in an ever more informed market. By identifying and classifying over 700 open-format stores as Non-Modern Trade (NMTs) across Nepal, we have strategically positioned ourselves to lead in emerging markets. This proactive approach enables us to closely monitor and support these stores, ensuring their growth under our guidance. Our focus on NMTs is not merely about expanding our market presence; it is about shaping the future of retail, one store at a time.



Marching with Footprints of Impact

We prioritize focus and impact in our strategy. By concentrating our efforts on the top 17 towns—accounting for 60% of the population and 70% of the GDP—we are strategically positioning our brand in the most critical markets. This targeted approach ensures that our brand maintains prominence in the most influential regions, reinforcing our leadership position. The outcomes are clear: exceptional visibility, heightened brand recognition, and a direct connection with the core consumers of the nation.

Growing in Our Forte:

We've taken bold steps to fortify our assortment with sharp focus on business group led strategies. With the new concept of Service Mix, each business group in every store is catered with varying insights with multiple sales person analyzing in varied time scales to capture the best possible insights on the product positionings. This novice approach is already showing results with recorded 42% of sales growth and 32% of assortment growth.



Cultivating Proactive Partnerships

Our distributors are integral to our operations, serving as a fundamental component of our business model. In acknowledgment of their pivotal role, we have strategically adjusted our investment plans to align with our ambitious growth objectives. This initiative is not merely aimed at securing their support but is focused



on establishing a framework for mutual success. By cultivating these essential relationships, we facilitate a smooth distribution of products and services, thereby propelling our business forward with the dynamic momentum that genuine collaboration fosters.

Staying Aware and Informed

In our unwavering pursuit of excellence, we meticulously address every detail. By thoroughly assessing our frontline sales team, closely monitoring attrition rates, and providing comprehensive insurance coverage, we ensure the integrity and security of our operations. This commitment is not solely about reducing turnover; it is focused on fostering a resilient and motivated workforce capable of delivering superior results. Our steadfast dedication to these processes underscores our relentless quest for perfection. Furthermore, 350 distributors have successfully completed the KYC process, with additional partners currently being onboarded.

Tapping in Moments of Joy

We understand that festivals are more than just celebrations—they are powerful moments of connection. Our festival activations are crafted to capture the essence of these moments, creating experiences that resonate deeply with consumers. By aligning our brand with the joy and spirit of celebration,

we not only boost sales but also strengthen our bond with customers, making us an integral part of their most cherished memories. These activations are a powerful reminder of our ability to connect, inspire, and lead.



Together with Soulmates

Through the Soulmate Program, we have reimagined the retail experience by positioning dedicated beauty advisors as the face of our brand. These professionals are not merely sales personnel; they serve as brand ambassadors and provide personalized guidance and unparalleled expertise to our customers. This initiative elevates the point of purchase into a moment of discovery and delight, ensuring that customers depart with not only a product but also a sense of empowerment and satisfaction. It is this level of innovation that distinguishes us as leaders in the industry.



Unblocking with Channel Financing



In a financial landscape where cash flow is paramount, we have implemented an advanced payment system designed to enhance our financial stability while providing robust support to our partners. This channel financing initiative transcends traditional payment methods, serving as a strategic enabler that ensures the seamless operation of our business. By adopting this forward-thinking approach, we not only sustain our current momentum but actively accelerate it, enabling us to concentrate on our core mission of delivering exceptional products and services.

Winning with Diversity

Diversity is a cornerstone of our strength, and we take pride in leading with a workforce that mirrors the diverse communities we serve. With women constituting 25% of our team overall and approximately 50% in Kathmandu itself, we are nurturing an environment where varied perspectives drive innovation and achievement. Our commitment to diversity extends further, with 100% of our Modern Trade operations being managed by women, highlighting our conviction in the transformative power of inclusion. This dedication to gender diversity is not merely a corporate responsibility but a strategic asset that propels our growth and distinguishes us in the marketplace.

6. Future-Fit Supply Chain



At Unilever Nepal, our supply chain is guided by four core principles that align with our Global Supply Chain Strategy. We march with unwavering commitment to be the leading supplier every day, everywhere, through a digitally enabled, world-class value chain that ensures superior product quality and exceeds the expectations of our customers, consumers, and employees. Our absolute commitment to our core values—Safety, Quality, and Sustainability—remains central throughout our chain of operations.

Safety, Health, Environment & Sustainability

Safety remains our highest priority at Unilever, as demonstrated by our continuous efforts and initiatives. This year, we have adopted a targeted approach to enhance workplace safety, including the implementation of a country safety subcommittee framework to strengthen safety governance. We have also made significant investments in infrastructure and behavioral safety. Our digital initiatives—such as the Advanced Driver Assessment System (ADAS), video analytics, and the Build app—and engagement programs like the Safety Premier League are driving improvements in safety behavior. Our factories have excelled in various external audits, including SMETA Cultural Audit, Global Risk Consultant (GRC) Audit, Reality Check Audit, and Structural Testing Audit, underscoring our robust safety culture.

On the environmental front, we are fully aligned with Unilever’s global sustainability agenda, which emphasizes “Care for Planet.” We have undertaken multiple initiatives to reduce our carbon footprint and optimize water usage. Notably, the installation of an electrical boiler—the first of its kind in South Asia for Unilever—and a heat pump has achieved a 62% reduction in CO2 emissions. Additionally, upgrades to our reverse osmosis (RO) systems and water reuse practices have led to a 17% reduction in overall water consumption. Our energy consumption has decreased by 15%, with 87% of our energy now sourced from renewable resources. We are committed to achieving a zero-carbon footprint by further reducing our reliance on fossil fuels.

Capacity Upgradation, Innovation, Engineering excellence & Future Fit technology

Our business is actively accelerating to incorporate premium global products into our local portfolio. To support this expansion, we have undertaken several initiatives to enhance our manufacturing capabilities and strengthen the local presence of our internationally renowned brands, including Sunsilk, Dove, Lakme, and Clear.

We have implemented technical upgrades to our shampoo packing lines, resulting in automation that has significantly increased productivity. Through various technical interventions, we have optimized batch cycle times, unlocking a 33% increase in capacity on our shampoo lines. These improvements have also led to reductions in utility and manpower costs. Additionally, we have boosted our oral care line capacity by 10% through the installation of advanced, high-end cartoners.

As a testament to remaining future fit, we have introduced installation of state of art technology-soap stamper with provision of auto synchronization unlocking our efficiency potentialities in our valued Oral Line.

Quality Improvement & Cost optimization

Ensuring the availability of high-quality products in the market remains a fundamental priority for our business. We are committed to continually enhancing consumer satisfaction and product safety across our entire portfolio.

In alignment with the latest technological advancements, we consistently upgrade our manufacturing and laboratory facilities to deliver superior products. Our implementation of a Statistical Process Control (SPC) system allows for more efficient monitoring of manufacturing processes, thereby ensuring exceptional product quality. In addition to robust mistake-proofing systems and Digital Eye of Consumer (DEOC) vision cameras, we have introduced a technical intervention this year by replacing inkjet coding with laser coding. This enhancement improves consumer legibility and helps maintain a high level of trust in our products.

Cost optimization remains a critical component of our business strategy, allowing us to reduce expenses and enhance value to fuel growth. This year, we have continued to leverage the “Symphony” program, which is designed to optimize material costs, generate savings, and ensure the delivery of high-quality products to consumers at competitive prices, even amidst ongoing inflationary pressures.

Journey towards excellence in servicing

We had and have kept customer at priority, supporting service throughout the liquidity crisis being faced by our distributors, retailers and thereby reaching to distributors /retailers more frequently with optimized orders, Multi clubbing and incentivizing the business partners to ensure the demand generated is filled on time and thus the demand is not lost and diverted.



7.

Our People: Diverse, Inclusive and Performance Driven

Driving Inclusivity, Diversity and Well Being

We are committed to fostering an inclusive culture that celebrates diversity of any form and upholding principles of human rights ensuring equal opportunities for each individual. We stand firmly against unlawful discrimination and harassment in all covert or overt forms.

Our strategy for Equity, Diversity, and Inclusion (ED&I) emphasizes inclusivity and advocacy, driving change through progressive policies and steadfast support. We are redefining the balance between work and personal life, while maintaining the core values that underpin our success. By facilitating a harmonious work-life integration, we empower our employees to excel professionally while also focusing on their personal wellbeing. Our dedication to ED&I and work-life balance underscores our commitment to cultivating a diverse and thriving workforce.

Building Capability and Leadership Edge

In today's rapidly evolving business landscape, preparing our workforce for future challenges is crucial. At Unilever Nepal, we are dedicated to advancing our team's capabilities through a comprehensive learning ecosystem. We are focused on unlocking our employees' full potential and fostering a culture of innovation tailored to each valued human resource.

Our strategy incorporates online platforms to empower employees in managing their professional development. We have curated a selection of resources, including LinkedIn Learning, Udemy certifications, and our proprietary platform, Degreed, to equip our workforce with essential skills. Additionally, our virtual learning initiatives, led by industry experts from South Asia, are designed to deliver practical benefits and enhance our collective expertise. We remain committed to cultivating a learning environment centered on key competencies, ensuring our team is well-prepared for the future of business in tandem with the professional developments. Our goal is to develop an agile, confident workforce underpinned by strong sense of leadership and capable of adapting to the ever-changing work landscape.

Fostering Growth, Culture, and Enhanced Employee Experience

Our vision is to strengthen our position as a leading employer by attracting, developing, and retaining exceptional talent. As the nature of future careers evolves with increased flexibility and empowerment, we are placing ownership of growth in the hands of our people. We promote a caring leadership culture that supports skill development, performance, experience, and leadership. With our talent management strategy shifting towards a data-driven approach, we are better equipped to ensure equitable access to opportunities.

This strategy has led to exceptionally high engagement levels, with 84% engagement scores. This year, we have significantly enhanced our employees' experience by launching the Unilever Nepal HR portal. This centralized platform streamlines HR-related inquiries and tasks, improving efficiency and providing employees with easy access to information and resources. This initiative reflects our dedication to creating a supportive and responsive work environment.



Embedding Psychological Safety

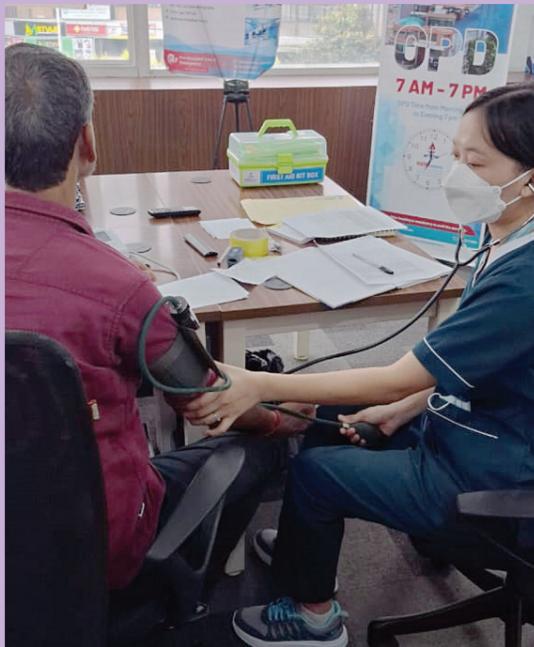
Our recent workshop on psychological safety was a crucial step toward understanding and improving team dynamics. We conducted an assessment survey to gather quantitative data on the team's psychological safety, which served as a basis for an essential dialogue aimed at identifying and implementing necessary behavioral changes to foster a safer, more open work environment.

The quantitative data provided a baseline for future improvements, while the qualitative insights from team discussions added depth to the findings. The primary objective of the workshop was to identify actionable steps for enhancing psychological safety, using the survey data as a starting point for conversation rather than definitive measures. Moving forward, we will leverage both quantitative and qualitative insights to guide the development of a more psychologically supportive work environment.

Ensuring Comprehensive Well Being

At Unilever, we prioritize physical health as a cornerstone of overall wellbeing, alongside mental, emotional, and purposeful health. This year, we conducted a comprehensive annual health check-up for all employees, designed to ensure optimal health and identify potential issues early. The check-up included ten detailed body assessments to provide a holistic view of each employee's health status.

Following the assessments, employees received personalized consultations with our company doctor, offering tailored advice on maintaining or improving their health. Our commitment to physical health reflects our dedication to fostering a healthier, more productive workplace. We are proud to invest in our employees' wellbeing, supporting their personal and professional growth.



Cross Functional Enrichment: HR Pit Stop

At Unilever Nepal, we are dedicated to fostering a collaborative and informed workplace. Our HR Pit Stop sessions are a key initiative designed to engage and educate employees, ensuring alignment with the company's goals and priorities.

During each HR Pit Stop, department heads present updates on their projects and provide insights into the company's functional priorities. This initiative promotes cross-functional understanding and collaboration, showcasing how different departments contribute to overall success. Each session also features a 'Get to Know Me' segment, where an employee shares personal stories and interests, strengthening our sense of community.

Overall, HR Pit Stop sessions are designed to be both engaging and educational, facilitating knowledge sharing and personal connections to build a cohesive and motivated team.

Managing Talent and Strengthening Our Employer Brand

In a competitive job market, our approach to talent acquisition and development focuses on proactive engagement. This year, we have intensified our efforts to connect with students through guest lectures and job fairs, reinforcing our commitment to strong university partnerships and talent development programs. Our objective is to mentor and empower exceptional students, preparing them for leadership roles within their academic communities. We offer internships that provide valuable real-world experience, enhancing their education and skill sets.

Furthermore, we have expanded our engagement with potential talent via our global Unilever LinkedIn page, where we share insights from experienced leaders and offer a glimpse into career paths at Unilever Nepal. This approach not only aims to attract top talent but also to build a community of professionals who are well-prepared for future challenges and opportunities.



8.

Making Sustainable Living a Commonplace

Unilever Continues Support for Mountain Clean-Up Campaign 2024

Unilever Nepal's social responsibility philosophy is deeply rooted in the understanding that businesses cannot thrive without a healthy planet and society. Recognizing the mountains as a symbol of pride for Nepal and a major attraction for tourism, your company acknowledges the significant waste management challenges posed by these visitors. To address this issue, Unilever Nepal has partnered with the Nepal Army in the Mountain Cleanup Campaign, an initiative since 2019, aimed at cleaning up and removing waste and plastics from major peaks in Nepal.

The "Mountain Clean Up Campaign-2024", led by the Nepal Army in collaboration with other government agencies demonstrates the depths of impact your company has made with the taken initiative. Conducted from April 11th to June 5th, this year's campaign successfully collected 11,000 kilograms of high mountain waste and the remains of five deceased individuals, including one skeleton, from Mt. Everest, Mt. Lhotse, and Mt. Nuptse.

Since its inception in 2019, the Mountain Clean Up Campaign has collected over 108 tons of waste and the remains of 12 deceased individuals, showcasing a sustained commitment to environmental preservation and highlights the collaborative efforts of various organizations to address the critical issue of waste management in Nepal's iconic mountain regions.

The Company helped collect 1255 tons of plastic waste in partnership with Avni Ventures

Unilever Nepal with its unwavering commitment to environmental sustainability through a significant partnership with Avni Ventures, resulting in the collection of 1255 tons of plastic waste. This monumental effort reflects Unilever Nepal's dedication to creating a waste-free world by not only withdrawing the entire quantity of plastic generated in packaging but also reprocessing a substantial portion of it.

Additionally, Unilever Nepal has transitioned one-fourth of its entire plastic portfolio to a sustainable structure, including all shampoo bottles, caps, soap wrappers, and tube caps, with ambitious plans to achieve even more by the end of this year. Through these initiatives, Unilever Nepal is reaffirming its commitment to the environment and living its mission to make sustainable living commonplace.



Unilever Nepal Celebrates World Yoga Day

Unilever Nepal's commitment to promoting health and wellness in the community was exemplified through its participation in the International Yoga Day celebrations on June 21, 2024. The theme for this year's event was "Yoga for Peaceful Coexistence and Unity." Unilever Nepal marked the occasion by distributing branded T-shirts to participants at the Indian Embassy in Birgunj. This initiative underscores Unilever Nepal's dedication to fostering physical and mental well-being, aligning with its broader social responsibility philosophy of enhancing the quality of life for the communities it serves.

Unilever Nepal Supports Maiti Nepal 'Journey to Justice: Stop Human Trafficking'

Unilever Nepal supported Maiti Nepal's 32nd Anniversary Walkathon, themed "Journey to Justice: Stop Human Trafficking." This impactful event brought together individuals, organizations, and government stakeholders in a unified effort against human trafficking. The event highlighted the importance of raising awareness and solidarity to combat human trafficking and also emphasized our collective responsibility in this fight. Your company showcased unity and commitment, reinforcing the message that together, we can create a future free from exploitation. Unilever Nepal's support for this initiative underscores its dedication to addressing critical social issues and fostering a safer, more just society.

Standing in Solidarity with the People of Nepal

Unilever Nepal has once again demonstrated its unwavering commitment to supporting the community in times of crisis. Following the devastating 6.4 magnitude earthquake that struck Jajarkot and West Rukum districts on November 3, 2023, resulting in the tragic loss of at least 154 lives, injuring 365 individuals, and causing the complete destruction of 26,557 houses and partial damage to 35,455 houses, Unilever Nepal promptly delivered relief materials to the affected areas. In collaboration with the Government of Nepal, Unilever Nepal is dedicated to the reconstruction and rehabilitation of earthquake victims, reaffirming its commitment to standing by the side of the community and contributing to the recovery and rebuilding efforts in the aftermath of natural calamities.



9. World Class Legal

Focused Legal Partnering

The Legal function of the Company continues to be a valued business partner to the entire verticals of the company that provides solutions to protect the Company and enables it to thrive in a volatile, uncertain, complex, and ambiguous environment. It serves as a cornerstone of company's operational integrity, enabling it to navigate the complexities of today's business environment. By fostering partnerships across various departments, the Legal function ensures that the Company not only complies with legal standards but also thrives ethically and sustainably. This approach of creating "value with values" is essential for the Company's long-term success and reputation.

Advocacy, Representation and Policy Reforms:

The Company, through its Legal and Corporate Affairs function, has been actively engaging with a wide range of governmental and non-governmental stakeholders. These include Ministries, Departments, and umbrella organizations such as the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the Confederation of Nepalese Industries (CNI). The aim of these engagements has been to advocate for investment-friendly legislative changes that benefit industries across broader agendas. The Company through Legal and Corporate Affairs function has taken a proactive role in liaising with various stakeholders to push for reforms that create a more conducive environment for industrial growth and investment. The advocacy and liaison efforts has yielded progressive reforms in some of the legislations. These achievements have not only benefited industries at large but have also paved the way for attracting more foreign investments into Nepal. Some of the legislative changes have created a more favorable business climate, making Nepal a more attractive destination for foreign investors. This, in turn, contributes to the overall economic growth and development of the country. The efforts in advocacy and liaison demonstrate company's commitment to fostering a business-friendly environment, thereby supporting both local industries and the national economy.

Combating Counterfeits

The Company believes that the menace of counterfeits can be effectively addressed through enforcement actions supplemented by building awareness among the consumers of tomorrow. Other than conducting several awareness programs, the department is proactively working with government authorities to prevent other companies from importing counterfeit products and simultaneously stopping the parallel importation of Unilever IP products from third countries. The Company has engaged with various stakeholders, including Industry Bodies, Regulatory bodies like the Department of Industries, Advertisement Board, other companies, and E-Commerce platforms to curb counterfeiting. There has been physical takedowns and discontinuation of counterfeit and replicas of Unilever trademark products from the local market. While several orders have been issued against parallel and counterfeit importers condemning their actions as illegal and infringement of intellectual property of Unilever Nepal. These intensive actions have scored our unwavering commitment to protecting our brand and ensuring that only genuine Unilever products reach our valued customers. Furthermore, these actions are also taking place on online platforms. Partnering with the e-commerce giant of Nepal, Daraz, the legal department has taken charges against IP infringing dealer's and products, with several products being delisting from Daraz creating ripple effect against the infringers. These proactive efforts have set a new standard in the industry, showcasing our unwavering commitment to protecting our brand and ensuring its presence in the highest quality in the market.

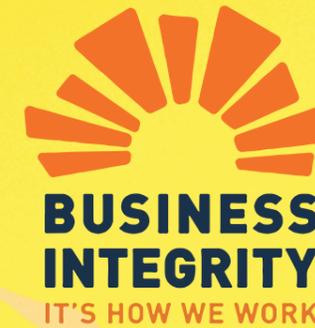


Litigation and Recovery

The Legal team's efforts have not only helped to safeguard the Company's interests but have also contributed to the In-House lawyering of Unilever Nepal has shifted from traditional mode and has been bringing value to the table for the company. This approach has been effective both for team members and business giving positive results in many litigations the company had been coming through. The Legal team's efforts have not only helped to safeguard the Company's interests but have also contributed to the broader industry by promoting transparency, fairness, and ethical conduct. By championing these principles, the Legal function reinforces our commitment to operating with integrity and accountability. The department attends to the unjust advantage of the Company's generous credit allowance, its significant market presence and where creditors have failed to return or settle the amounts. These issues can negatively impact the Company's financial security and its progression. Consequently, the Legal department is actively managing settlements, creditor's compliance with their contractual obligations as per the law.

Business Integrity

Our principles and values are embedded in our Code and Code Policies, which apply to all our employees. Every year, our employees undertake mandatory training on these Policies through online and offline training modules, and they also make an annual business integrity pledge. Our Business Integrity guidelines include clear processes for managing Code breaches.



During the year, we achieved a significant milestone with 100% of our employees completing the mandatory Business Integrity Training. Additionally, employees received training from external experts on investigating code breaches. Remarkably, no cases pertaining to any areas of our Code and Code Policies were raised, reflecting our strong commitment to ethical conduct.

Our Code and Code Policies underscore our dedication to fighting corruption in all its forms. We are steadfast in our commitment to eradicating any unethical practices or behaviours through our zero-tolerance policy. Furthermore, our Responsible Sourcing Policy and Responsible Business Partner Policy provide us with visibility into our third parties, ensuring that their business principles align with our own. This alignment is crucial in maintaining the integrity and ethical standards of our operations.



10. Governance Overview

Our commitment to integrity and top-tier governance is fundamental to our corporate behavior. We are driven by a purpose that extends beyond profit, believing that business should serve a greater good. Over the years, our Corporate Governance has evolved, deeply anchored in our core values of Integrity, Responsibility, Respect, and Pioneering. Our history is a testament to growth fueled by innovative ideas and strong values.

Our Core Values



Integrity



Respect



Responsibility



Pioneering

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 is dedicated to upholding robust Corporate Governance principles within the Company. It consistently sets high governance standards that not only comply with applicable laws but also exceed them in many aspects of our operations. The Board holds ultimate responsibility for developing strategy, managing substantial capital expenditures, shaping the Company's capital structure and financing matters, supervising policies, procedures, and internal controls, cultivating and monitoring the Company's culture, and promoting ethical behavior.



Fahd Hassan Sheriff currently holds the position of CFO and IT Manager for Unilever Nepal Limited. Fahd joined the UNL team from Unilever Sri Lanka on the 1st of February 2022 and has been instrumental in redefining Finance and the IT landscape for UNL. Prior to this Fahd served Unilever Sri Lanka for 12 years in various roles in Supply Chain Finance, Group Management Accounting and in transformation projects linked to Business continuity, Insurance, SAP Implementation and in separation of Margarine and the Tea business in Unilever Sri Lanka. Fahd is a Fellow Member of the Institute of Chartered Management Accountant (UK), Associate Member of Chartered Institute of Marketing (UK) and holds an MSc in Business Analytics from the Robert Gordon University (Scotland).



Sudeep Sarkar has joined Unilever Nepal from 1 July 2023 as National Sales Head. He has been in the Unilever group since 1994 and had taken on a variety of roles in the Customers Development and Customer Management. A graduate from Kolkata University, he has worked in different roles in FMCG sector – thereby gaining deep insights into the businesses and has acquired skills, which include strategic planning, sales & marketing, relationship management, business development and training management. His determination, leadership qualities, good communication skills and zest for challenges are his strongest assets.



Sanjoy Bhattacharyya, Mechanical engineer from Indian Institute of Engineering Science & Technology – Shibpur, Kolkata, started his career in 1996 with Birla DLW, a German JV company. He joined HUL in 2001, working in various roles and locations across all categories in HUL at different factories & HUL Mumbai HO. Sanjoy is a Supply chain professional, experience in leading large, diverse & multi geographical team. He has garnered diverse knowledge in Long Term Manufacturing Strategy, Energy savings, Sustainability at manufacturing, Data analytics, consumer insight, Quality Improvement & People Development. Sanjoy is known for his deep understanding of Process & engineering and his eagerness to implement new technologies.



Imtiaz Mahmud has joined Unilever Nepal from April 2023 as Head of Supply Chain. Prior to joining Unilever, he took many roles across supply chain in GlaxoSmithKline for over 7 years. He has an excellent knowledge on South Asian supply and sourcing market chains focused in FMCG industries. His experience also includes, among others, management of operation development of third party logistics, ensuring primary delivery product cost efficiency at British American Tobacco Company for 7 years.



Saurav Karanjeet has joined Unilever Nepal from 16th January 2023 as Marketing Head. Saurav has worked across different verticals of sales and marketing spanning more than fifteen years of experience from a diverse range of reputed companies like Gorkha Brewery, Carlsberg India, Jawalakhel Group of Industries, Him Electronics Private Limited, Samsung India Electronics India Limited, Himalayan Snacks and Noodles Private Limited and World Link Communications.



Govinda Shahi commenced his journey with Unilever Nepal on the 15th of February, 2013. Since joining Unilever Nepal, Mr. Shahi has held different roles, each contributing effectively to the company's growth and success. Effective from the 1st of January 2024, Mr. Shahi took on the role of leading the Legal, Secretarial, and Corporate Affairs functions. In recognition of his outstanding contributions during Covid-19, Mr. Shahi was honored with the Unilever Hero Award -2021.



Sanishtha Bhatia has joined Unilever Nepal from 1 July 2023. Prior to joining Unilever, Sanishtha has completed her MBA in Human Resource Management from the prestigious XLRI Institute in Jamshedpur. She leads the Human Resource Management for Unilever Nepal across factory and the corporate office.

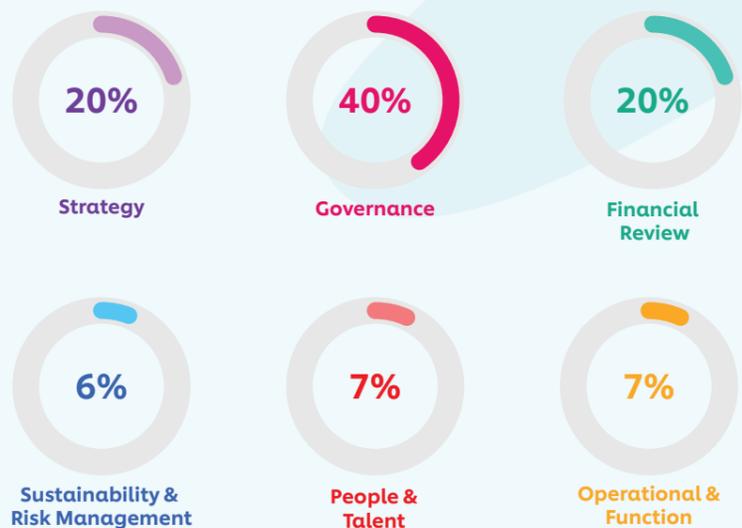
Key Responsibilities of the Committees

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

Attendance of Director at Board and Committee Meetings

SN	Date	Board Meeting	Presence				
			ACM	RCM	Ravi Bhakta Shrestha	Subhash Bajracharya	Rabindra Bhakta Shrestha
1	10-Aug-23	178 th	-	-	No	Yes (1)	Yes (1)
2	13-Oct-23	179 th	69 th	3 rd	No	Yes (3)	Yes (3)
3	31-Jan-24	180 th	-	-	No	Yes (1)	Yes (1)
4	12-Mar-24	181 st	70 th	4 th	No	Yes (3)	Yes (3)
5	1-Apr-24	182 nd	-	-	No	Yes (1)	Yes (1)
6	25-Jun-24	183 rd	71 st	-	No	Yes (2)	Yes (2)
Total Meeting attended						11	11

Board activities and Key Discussions

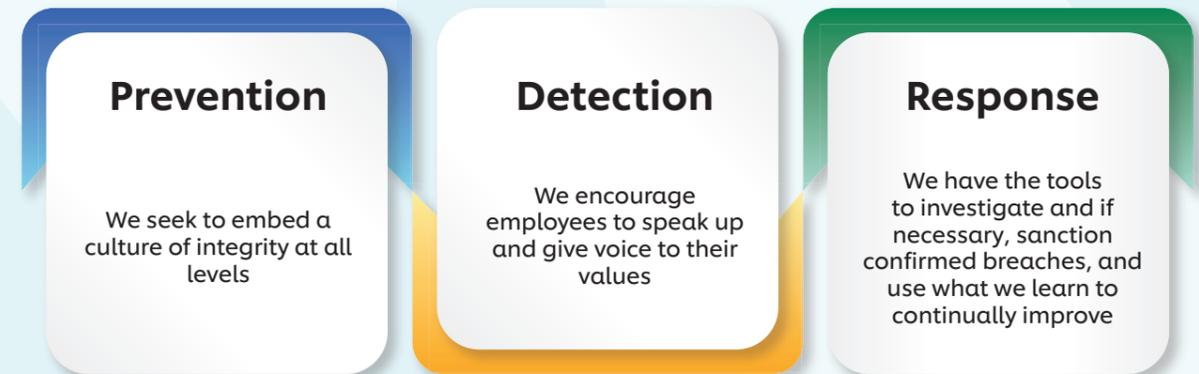


Business Integrity and Compliance

We expect everyone at UNL to be an ambassador of our high ethical standards – what we call 'Business Integrity.' Behaving with integrity is part of who we are. We have strong values and clear policies and standards to ensure our employees not only do things right but also do the right thing.

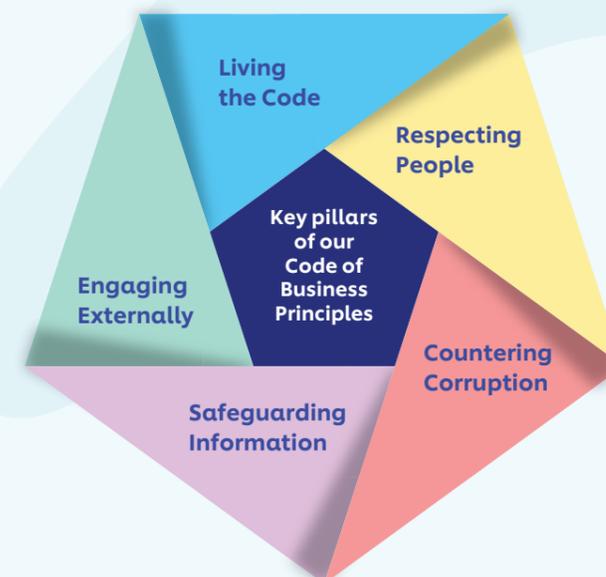
Business Integrity Framework

Business Integrity is all about how we work. Our Business Integrity Framework ensures that how we do business is fully aligned with our values and applicable laws and regulations. It has three pillars:



Code of Business Principles

Our Code of Business Principles is our guidebook for putting our values into practice. It sets out a clear standard of conduct to ensure that we make the right choice always. The Code and Code Policies provide a framework of simple 'Musts' and 'Must Nots' designed to be readily applied by employees in their day-to-day work. They are mandatory for all employees and others working for UNL.



Risk Governance Structure



Our Risk and Opportunities

Our risk appetite and approach to risk management

We have an elaborate Risk Management Framework, aligning with SEBON’s Good Governance Guidelines and following Unilever’s Global Risk Assessment Framework with an Independent Director at its helm that aims to embed risk management in the normal course of business. Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. The objective of risk assessment framework is to provide to the operating management, a proactive and value adding review process, which enables them to maintain a risk profile associated with transactional controls at an acceptable level. This is an ongoing process to track the evolution of the risks and delivery of mitigating action plans. The Board has overall responsibility for the management of risks and for reviewing the effectiveness of the system of internal control and risk management approach.

The Risk Management 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 considers both the potential impact and the likelihood of their occurrence, with the aim of safeguarding our business’s overall performance and reputation.

Risk management is integral to our strategy and to the achievement of our long-term goals. Our success as an organization depends on our ability to identify and leverage the opportunities generated by our business and the markets we operate in. In doing this, we take an embedded approach to risk management which puts risk and opportunity assessment at the core of the Board’s Agenda, which is where we believe it should be.

UNL’s appetite for risk is driven by the following:

- Our actions on issues such as plastic and climate change must reflect their urgency, and not be constrained by the uncertainty of potential impacts.
- Our behaviors must be in line with our Code of Business Principles (Code) and Code Policies.
- Our ambition to continuously improve our operational efficiency and effectiveness

Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to UNL’s Senior Management and Board and Board Committees including, where appropriate, the Managing Director, Chief Financial Officer, Audit Committee, and Risk Management Committee.

For each of our principal risks, we have a risk management framework detailing the internal controls we have in place and who is responsible for managing both the overall risk and the individual controls mitigating that risk. Our assessment of risk considers short and long term as well as internal and external risks, including financial, operational, sectoral, sustainability (particularly Environmental, Social and Governance related risks), information, cyber security, legal and compliance, and any other risks as may be determined by the Company Leadership teams. How the identified risks are changing as well as emerging risk areas are reviewed on an ongoing basis, and formally by Risk Management Committee and the Board at least twice a year.

Processes

We engage in a wide range of processes and activities across our operations covering strategy, planning, execution, and performance management. Risk management is integrated into every stage of the business cycle. These procedures are formalized and documented and are increasingly being centralized and automated into transactional and other information technology systems.

Risk and Internal Adequacy

The Board advised by the Risk Management Committee, where appropriate, regularly reviews the significant risks and decisions that could have a material impact on UNL. These reviews consider the level of risk that the Company is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. The Company’s internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company’s internal controls environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company’s risk management policies and systems.

Principal risks

In the following pages, we have identified the risks that we currently regard as the most relevant to our business. These are the risks that we see as most material to UNL’s business and performance at this time. There may be other risks that could emerge in the future.

In the following pages, we have identified the risks that we currently regard as the most relevant to our business. These are the risks that we see as most material to UNL’s business and performance at this time. There may be other risks that could emerge in the future.

We regularly review our risk areas and the Company’s leadership retains the responsibility for determining the nature and extent of significant risks and drawing out commensurate mitigation plans. We identify the most relevant risks for our business and reflect on whether the level of risk associated with each of our principal risks is increasing or decreasing. We set out below our principal risks, certain mitigating actions that we believe help us to manage our risks, and the increase/decrease corresponding to each of these.



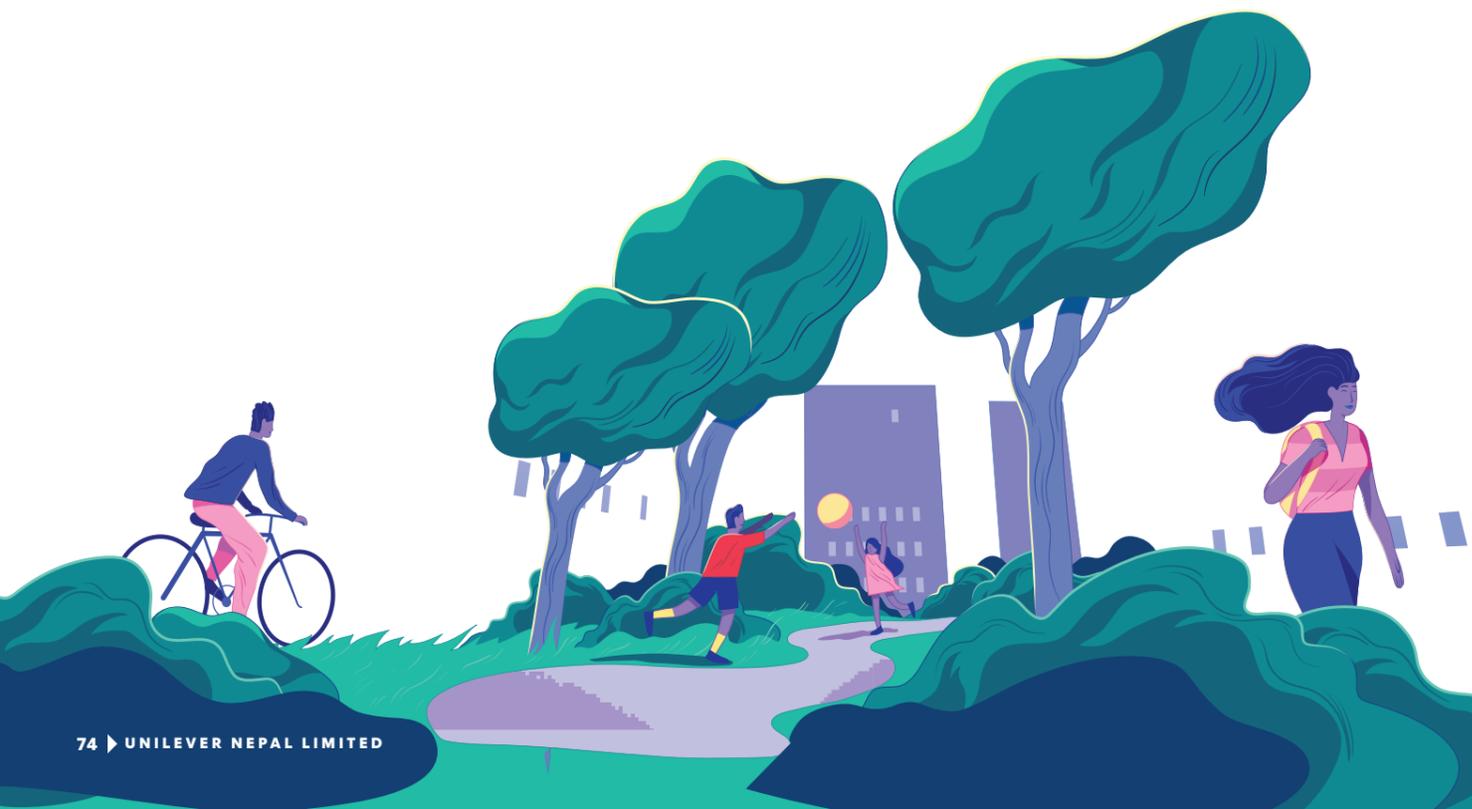
Risk	Risk Description	Management of Risk	Level of Change
Brand Preference	<p>Our success depends on the value and relevance of our brands and products to our consumers and on our ability to innovate and remain competitive.</p> <ul style="list-style-type: none"> Consumer tastes, preferences, and behaviours are changing more rapidly than ever before. The increased competitive intensity due to entry of new players may fuel it further. We see a growing trend for consumers preferring brands which meet both their functional needs and have an explicit social or environmental purpose. Under indexation of product portfolio in segments, where substantial market is moving to, may lead to loss of market share and long-term competitive disadvantage. Our ability to create innovative products that continue meeting the needs of consumers and deploy the right communication, both in terms of messaging content and medium, are critical to the continued strength of our brands 	<ul style="list-style-type: none"> The Company monitors external market trends and collates consumer, customer, and shopper insights to develop category and brand strategies. We invest in markets and segments where we have built, or are confident that we can build, competitive advantage. Our R&D function actively identifies ways to translate trends in consumer preferences into new technologies for incorporation in future products. Our innovation management process converts category strategies into projects which deliver new products to market. We develop product ideas both in-house and with selected partners to enable us to respond to rapidly changing consumer trends with speed. Our brand communication strategies are designed to optimize digital communication opportunities. We develop and customize brand messaging content, specifically for each of our chosen communication channels (both traditional and digital) to ensure that our brand messages reach our target consumers. Our brand teams are driving social purpose into their brand's proposition and communications. 	No Change
Legal & regulatory	<p>Compliance with laws and regulations is an essential part of UNL's business operations.</p> <ul style="list-style-type: none"> Increase in and changes in regulations, that have applicability at direct/ indirect taxes, industry laws/regulations, data privacy, corporate governance, listing and disclosure, food standards compliance, packaged commodities, labour laws, consumer communications and advertising, imports, among others, and manner of enforcement may lead to adverse impact on growth and profitability and increased exposure to civil and/or criminal actions leading to damages, fines, and criminal sanctions against us and/or our employees with possible consequences for our corporate reputation. Changes to laws and regulations could have a material impact on the cost of doing business. 	<ul style="list-style-type: none"> We are committed to complying with the laws and regulations of the country. In specialist areas, the relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles. Our legal and regulatory teams are involved in monitoring and reviewing our regulatory practices to provide reasonable assurance that we remain aware of and are in line with all relevant laws and legal obligations. The teams also work with the industry bodies like CNI, FNCCI, relevant ministerial bodies and departments in making recommendations on newer and evolving regulations keeping the multistakeholder model in mind. 	No Change

Risk	Risk Description	Management of Risk	Level of Change
Supply Chain	<p>Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers.</p> <ul style="list-style-type: none"> Our supply chain network is exposed to potentially adverse events, such as physical disruptions, environmental and industrial accidents, labour unrest, trade restrictions, or disruptions at a key supplier, which could impact our ability to deliver orders to our customers. The cost of our products can be significantly affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs may negatively impact business, especially if such movements are not effectively managed. Geopolitical uncertainty around the world has challenged and continues to challenge the resilience and continuity of our supply chain. Maintaining manufacturing and logistics operations will continue to require ongoing focus and flexibility. 	<ul style="list-style-type: none"> We have contingency plans designed to enable us to secure alternative key material supplies at short notice, to transfer or share production between manufacturing sites and to use substitute materials in our product formulations and recipes. Commodity price risk is actively managed through forward buying of traded commodities, other hedging mechanisms and product pricing. Trends are monitored and modelled regularly and integrated into our forecasting process. We have policies and procedures designed to ensure the health and safety of our employees and the products in our facilities, and to deal with major incidents including business continuity and disaster recovery. 	No Change
Macro Economic Volatility	<p>Uncertain macro-economic outlook coupled with geopolitical uncertainties may impact consumer demand for our products, disrupt sales operations, and/or impact the profitability of our operations.</p> <ul style="list-style-type: none"> Prolonged and accentuated commodity price increases; rise in unemployment, fall in disposable incomes could lead to a demand shock. 	<ul style="list-style-type: none"> Our flexible business model allows us to adapt our portfolio and respond quickly to develop new offerings that suit consumers' and customers' changing needs during economic downturns. We regularly update our forecast of business results and cash flows, and, where necessary, rebalance investment priorities. We believe that many years of exposure to challenging market conditions have given us experience of operating and developing our business successfully during periods of economic and political instability. 	No Change

Risk	Risk Description	Management of Risk	Level of Change
Systems & Information	<p>The Company's operations are increasingly dependent on IT systems and the management of information.</p> <ul style="list-style-type: none"> The cyber-attack threat of unauthorized access and misuse of sensitive information or disruption to operations continues to increase. Such an attack could inhibit our business operations in a number of ways, including disruption to sales, production and cash flows, ultimately impacting our results. Increasing digital interactions with customers, suppliers, and consumers place greater emphasis on the need for secure and reliable IT infrastructure and careful management of the information that is in our possession to ensure data privacy. Given the changes in ways of working of all our employees as well as our customers and suppliers, with increased activities online, there has been a greater reliance on certain elements of our IT infrastructure. We are particularly reliant on third party experts in this space and thus the impact of any disruptions on their operations also poses a risk for us. Accelerated pace of digitization of our operations also gives rise to the need to detect and mitigate risks arising from technological advancements such as deployment of AI, Robotics Process Automation, Machine Learning. 	<ul style="list-style-type: none"> To reduce the impact of external cyberattacks impacting our business we have firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats. We also maintain a robust system for the control and reporting of access to our critical IT systems. This is supported by an annual Programme of testing of access controls. We have policies covering the protection of both business and personal information, as well as the use of IT systems and applications by our employees. Our employees are trained to understand these requirements. We also have a set of IT security standards and closely monitor their operation to protect our systems and information. We have moved all systems and data to cloud this year. Robust and scalable system architecture with multi-level redundancy, is built on the cloud that allows real time data replication capability. This ensures system resilience including minimum downtime of the systems and minimum to zero data loss in case of any disaster. We have standardized ways of hosting information on our public websites and have systems in place to monitor compliance with appropriate privacy laws and regulations, and with our own policies. We are increasingly putting in place review and monitoring frameworks for new age automations to assess inherent open risks and mitigate the same. 	Increase
Quality and Safety	<p>The quality and safety of our products are of paramount importance for our brands and our reputation.</p> <ul style="list-style-type: none"> The risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure, or other factors cannot be excluded. Labelling errors can have potentially serious consequences for both consumer safety and brand reputation. Therefore, on-pack labelling needs to provide clear and accurate ingredient information so that consumers can make informed decisions regarding the products they buy. 	<ul style="list-style-type: none"> Our product quality processes and controls are comprehensive, from product design to customer shelf. Our internal safety and quality norms are constantly reviewed to ensure that our products meet the most stringent norms. We have a robust quality inspection process in all manufacturing and warehousing locations to avoid and detect quality and safety issues. Also, we have a well-defined and periodic sampling and inspection process both at the distributor floor and on the market shelf ensuring quality of delivered product. Our key suppliers are externally certified, and the quality of material received is regularly monitored to ensure that it meets the rigorous quality standards that our products require. We have processes in place to ensure that the data used to generate on-pack labelling is compliant with applicable regulations and UNL labelling policies in order to provide the clarity and transparency needed for consumers. 	No Change

Risk	Risk Description	Management of Risk	Level of Change
Talent	<p>Ensuring employee safety and well-being is a key priority for us. A skilled workforce and agile ways of working are essential for the continued success of our business.</p> <ul style="list-style-type: none"> With the rapidly changing nature of work and skills, there is a risk that our workforce is not equipped with the skills required for the new environment. Our ability to attract, develop, and retain a diverse range of skilled people is critical if we are to compete and grow effectively. The loss of management or other key personnel or the inability to identify, attract, and retain qualified personnel could make it difficult to manage the business and could adversely affect operations and financial results. We now work in an interweaving ecosystem of physical and virtual workspaces and our ability to manage hybrid ways of working will be the key to operational effectiveness. 	<ul style="list-style-type: none"> We have always ensured safe working conditions for our employees and are providing the necessary infrastructure and equipment across all operations to strictly adhere to the highest safety measures. We constantly invest in upskilling, reskilling, redeployment, and dynamic allocation of our talent. We regularly review our ways of working to drive speed and simplicity through our business to remain agile and responsive to marketplace trends. We are adopting flexible ways of working to unlock internal capacity and optimize talent deployment. Over the years we have developed a good equity to attract top talent. We have an integrated management development process which includes regular performance reviews, underpinned by a common set of leadership behaviors, skills, and competencies. We have development plans to upskill and reskill employees for future roles and will bring in flexible talent to access new skills. We have targeted programmes to attract and retain top and niche talent, and we actively monitor our performance in retaining a diverse talent pool. 	No Change
Ethics	<p>Our brands and reputation are valuable assets, and the way in which we operate, contribute to society, and engage with the world around us is always under scrutiny.</p> <ul style="list-style-type: none"> Acting in an ethical manner, consistent with the expectations of customers, consumers, and other stakeholders, is essential for the protection of the reputation of UNL and its brands. Any significant breach to our Code by employees or extended enterprises would lead to damage to UNL's corporate reputation and business results. 	<ul style="list-style-type: none"> Our Code and our Code Policies govern the behavior of our employees, suppliers, distributors, and other third parties who work with us. Our processes for identifying and resolving breaches of our Code and our Code Policies are clearly defined and regularly communicated throughout UNL. Data relating to such breaches is reviewed by Management Committee and by relevant Board Committees that help to determine the allocation of resources for future policy development, process improvement, training, and awareness initiatives. Our Responsible Partner Policy helps us improve the lives of the people in our supply chains by ensuring human rights are protected and makes a healthy and safe workplace a mandatory requirement for our suppliers. We have detailed safety standards and monitor safety incidents at the highest level. Through our Brands with Purpose agenda, a number of our brands are taking action on societal issues such as fairness and equality. 	No Change

Risk	Risk Description	Management of Risk	Level of Change
Climate Change	<p>Climate change and governmental actions to reduce such changes may disrupt our operations and/or reduce consumer demand for our products.</p> <ul style="list-style-type: none"> Climate change may impact our business in various ways through increased costs or reduced growth and profitability. Physical environment risks such as water scarcity could impact our operations, reduce demand for our products that require water during consumer use or decrease sales on account of reduced product efficacy due to water shortage. Uncertainty in timing and severity of summer, winter, and monsoon may impact the seasonal swings that we get on our mixes. Increased frequency of extreme weather events such as high temperatures, or floods could cause increased incidence of disruption to our supply chain, manufacturing, and distribution network. Market risks associated with the energy transition and rising energy prices could disrupt our operations and increase costs. Our inability to reduce our carbon footprint and meet conscious consumption agenda across consumer segments may be detrimental to our reputation and growth in the long term. 	<p>As part of our sustainability goals, we monitor climate change and are responding by ensuring that we reduce the environmental impact of our operations to the extent possible.</p> <ul style="list-style-type: none"> Remove as much carbon from our operations and supply chain as we can Sustainably source all our key commodities Ensure deforestation-free supply chain <p>To deal with the water scarcity and quality problems in the country, we are making water-saving formulations available for seasonal deployment across portfolios. We also have ongoing plans to de-seasonalize our product portfolios to deal with extreme unfavorable seasonal swings. We monitor governmental developments around actions to combat climate change and take proactive action to minimize the impact on our operations.</p>	Increased



NOTICE OF THE 31ST AGM OF UNILEVER NEPAL LIMITED

It is hereby notified to all the shareholders that, the 31st (Thirty-first) Annual General Meeting (AGM) of Unilever Nepal Limited (UNL) will be held on Monday, 28th October 2024 (12th of Kartik 2081) at 04:30 P.M. (NST) to transact the following business. The venue of the meeting shall be Everest Hotel, Baneshwor, Kathmandu.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Accounts 2080-81 (17th July 2023 to 15th July 2024), Balance Sheet, Cash Flow Statement and Reports of the Board of Directors and Auditors for the period ended 15th July 2024 (31st Asad 2081);
2. To appoint auditors and to fix their remuneration for the year beginning 16th July 2024 (1st of Shrawan 2081);
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; and
5. Any other matter(s) with the permission of the Chair.

Date : 7th October 2024

Registered Office : Hetauda-3, Basamadi, Makwanpur, Bagmati Province, Nepal

For Unilever Nepal Limited

Govinda Bahadur Shahi

Company Secretary

Additional Disclosure as per section 109(4) of the Companies Act, 2063

1. Review of the transactions of the Previous Year:
As covered above under the "Financial Highlights" sections.
2. Impact, if any, caused on the transactions of the Company from National & International Situations:
As covered above under the "Managerial Statements".
3. Achievements in the current year as at the date of report and opinions of the Board of Directors on matters to be done in the future:
As covered above under the "Financial Highlights" and "Looking Ahead" section.
4. Industrial or Professional Relations of the company:
During the year, the relationships of your Company with its employees was harmonious resulting in no strike.
5. Alterations in the Board of Directors and the reasons therefore:
Ms. Suman Hegde was replaced by Mr. Ravishankar Ambalaparambil on 10th February 2024.
6. Major things affecting the transactions:
As covered above under "Managerial Statements".
7. If there are any remarks in the Audit Report, the comments of the Board of Directors on such remarks:
None.
8. Amount recommended for the payment by way of Dividend:
Board of Directors has proposed the dividend of Rs. 1,714 per share to the shareholders of the company for the fiscal year 2080-81.
9. In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by your Company for such shares prior to the forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares:
No shares have been forfeited till date.
10. Progress of transactions of the Company and of its subsidiary company(ies) in the previous financial year and, review of the situation existing at the end of that financial year:
The company has no subsidiaries.
11. Major transactions completed by the company and its subsidiary company(ies) in the financial year and any material changes taken place in the transaction of the company during that period:
None
12. 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.
13. Details of shareholding taken by the directors and officers of the Company in the previous financial years and in the event of their involvement in share transactions of the company, details of information received by the company from them in that respect:
Nil
14. Details of disclosures made about the personal interest of any director and his/her close relative in any agreement related with the Company during the previous year:
Nil
15. In the event that the Company has bought its own shares (buyback), the reasons for such buyback, number & face value of such shares and amount paid by the Company for such buy-back:
The company did not buy back its own shares during the year.
16. 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.

17. Total Management expenses during the year

	NPR in Lakhs
Employee expenses during the fiscal year	1,451
Administrative expenses during the fiscal year	335

18. Name list of the members of Audit committee, remuneration, Allowances and facilitates received by them, details of the functions performed by that committee and details of suggestions, if any, made by that committee:

Name		Remuneration
Mr. Subhas Bajracharya	Chairman	**
Mr. Ravi Bhakta Shrestha	Member	**
Mr. Ravishankar Ambalaparambil	Member	-
Ms. 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 81,000 /- was paid as meeting fees to Mr. Ravi Bhakta Shrestha & Mr. Subhas Bajracharya. Moreover, travel expenses of these Audit Committee members for attending the Audit Committee meetings are borne by the company whenever required.

19. Amount receivable by the company from Directors, Managing Director, substantial shareholders and their close relatives and associated firms, companies, etc.:

Nil.

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

NPR/ Lakhs				
S.N.	Particulars	Directors	MD	Managers/Officers/Staff
1.	Meeting Fee	2.97	-	-
2.	Salary & Allowances	-	586.93	2,662.96
3.	Car Facility	No	Yes	Yes
4.	Accommodation	No	Yes	Note (b)
5.	Insurance Coverage	No	No	Yes
6.	Number of Persons	7	1	222

Notes:

- a) Office cars with drivers, fuel and maintenance are provided to the Managing Director, Supply Chain Manager, Finance Manager and Sales 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.

21. Unclaimed Dividends:

Total unclaimed dividend is NPR 305.2 lakhs as on 31 Ashad, 2081.

22. Details of sale and purchase of properties pursuant to Section 141:

Nil.

- 23. Details of transactions carried on between the associated companies pursuant to Section 175: Refer Note 2.2.19 of the financial statement.
- 24. Any other matters required to be disclosed in the director's report by the Companies Act, 2063 or other laws in force: -
None
- 25. Other relevant issues: -
No

On behalf of Board of Directors as approved on 25th September 2024

Dev Bajpai
Chairperson

Amlan Mukherjee
Managing Director

Fahd Sheriff
Chief Finance Officer

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

1. Report of the Board of Directors
Covered in Directors Report of this Annual Report (pg. 34-39)
2. Auditor’s Report: Included in Annual Report (pg. 88-91)
3. Audited Financial Reports
 - Balance Sheet, Profit and Loss Account, and Cash Flow Statement and related Schedules: Included in Annual Report (pg. 92-120)
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
 - a. Management’s view on the performance of the stock of the body corporate in the Stock Exchange:
Price and transactions of the Company’s shares are being determined by the open share market operations through a duly established Stock Exchange. Management’s view on this is neutral.
 - b. High, Low and Closing price of the stocks of the company during each quarter of the preceding year along with total volume of trading of shares and number of days traded.

Quarter	Maximum Price (in NPR)	Minimum Price (in NPR)	No. of trade	Closing Price
Q1	39,930	32,338	8,675	36,000
Q2	45,151	35,210	5,240	40,000
Q3	42,300	38,300	4,790	40,450
Q4	49,250	38,400	7019	47,328

6. Problems and Challenges
 - Internal
 1. Rise in cost of operations with inflation and lowering demand.
 - External
 1. Fluctuation in foreign currency exchange rates impacting raw materials and packaging materials cost.
 2. Rise in cost of operations due to increase in commodity prices and energy price hikes caused by inflationary pressures.
 - Strategy
 1. Proactively monitor the internal, external environment and consumer behaviour patterns.
 2. Innovations and productivity/Savings program across all areas to fuel profit and growth.
7. Corporate Governance
Management’s initiatives towards good corporate governance shall be described:
 - Incorporated in detail under Corporate Governance section in this Annual Report-UNL

Date: 25th September 2024

Govinda Bahadur Shahi
Company Secretary
Unilever Nepal Limited
Kathamandu, Baneshwor

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

The Board of Directors had approved the financial reports and corporate governance report as per the prescribed law on the 25th September 2024 and the signed copy of same has been sent to the 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 requirements 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

Compliance Officer
Govinda Bahadur Shahi
Unilever Nepal Limited
Kathmandu

Date: 25th September 2024

Certified By
Bikesh Madhikarmi
CSC & Co.
Chartered Accountants

Date: 25th September 2024



Stakeholder Engagement and Review

At UNL, we believe that businesses must focus on creating value for every stakeholder across the value chain – Consumers, Customers, Suppliers & Business Partners, Our People, Planet & Society and Shareholders. Our strategy and business model prioritize stakeholders, focusing on their evolving needs and expectations. This approach helps us make informed decisions, build trust, and ensure sustained value creation. Our stakeholder engagement framework enhances our understanding of their interests through tailored strategies, integrating their perspectives into our strategy, strengthening relationships, and boosting confidence in the Company.

Consumers

9 out of 10 households in India use one or more of our brands. Deeply understanding, evaluating and staying ahead of consumers' evolving needs and expectations are critical to our success.

Customers

By fostering a win-win partnership with traditional trade distributors, retailers, organised trade and digital commerce platforms, we unlock mutual growth and enhanced customer value.

Suppliers and Business Partners

We build strong partnerships with suppliers and business partners, ensuring a reliable flow of materials and exceptional service delivery.

Our People

Investing in our people is an investment in the Company's future. By creating a positive workplace environment, we help our employees to be the best version of themselves.

Planet and Society

We recognise that a healthy business can only prosper in a healthy society and planet and continue to embed sustainability across our value chain.

Shareholders

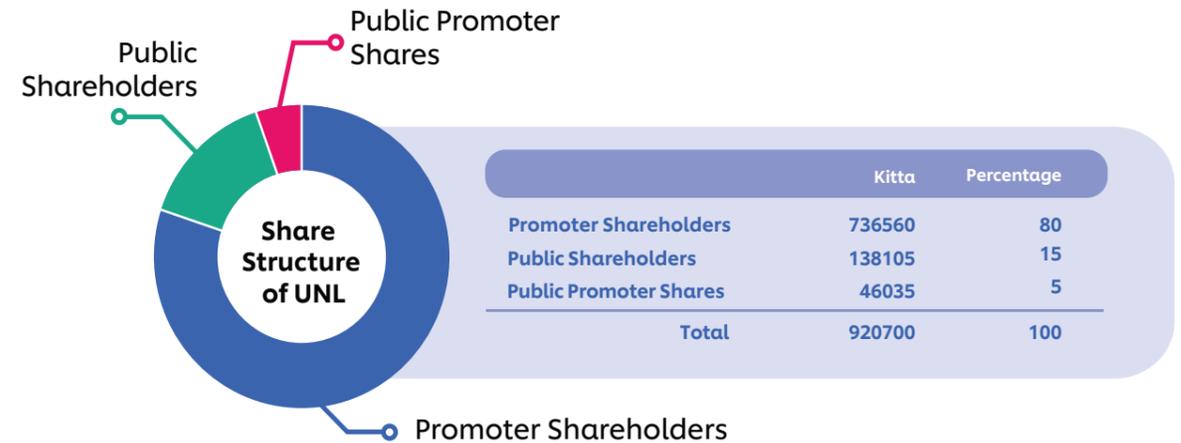
Shareholders are crucial for our business. They provide us with capital to grow, hold us accountable for performance against our stated purpose and enhance our credibility.

Investor's Relationship

Your company is one of the highest priced companies in the Nepal Stock Exchange that has delivered consistent high returns to its shareholders. The stock prices of the company have consistently remained high, despite the massive slide in the NEPSE Index. The company's consistent strong performance over the years has established it as a leading driver of the manufacturing sector index.

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 which includes 80% of Hindustan Unilever Limited and 5% of Sibkrim Holdings Pvt. Limited and 15% by general public shareholders.



Shareholder Engagement & Communication

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".

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. 8,240 million in the current year. However, due to economic slow in the country it's revenue decreased by 2.8% vs the revenue of FY 2079/80. In spite of the decline, the tax contributions from all its business operations to the national treasury have also shown remarkable growth over the years. In the fiscal year 2080/81, the company's income tax payment alone reached Rs. 405 million, reflecting a 45% increase over the past six years. When considering all taxes combined, including Income Tax, VAT, Excise, Custom Duty, and deductible taxes, the company has contributed over NPR 2,634 million in the current financial year, 2080/81.

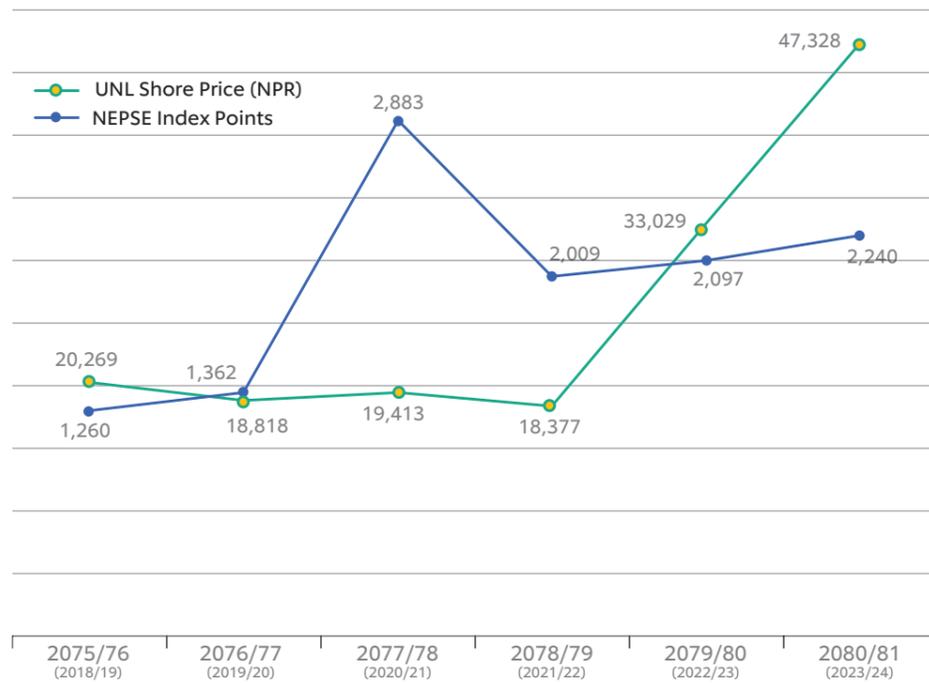
Contribution to National Economy

Particulars	2076-77 (2019-20)	2077-78 (2020-21)	2078-79 (2021-22)	2079-80 (2022-23)	2080-81 (2023-24)
Total Revenue	5,688	5,790	7,455	8,674	8,481
Duties					
Excise	318	310	427	497	489
VAT	763	763	1,021	1,188	1,163
Custom	292	270	378	437	370
TDS	230	180	119	234	207
Income Tax	170	165	288	368	405
Total Tax	1,773	1,687	2,233	2,723	2,634

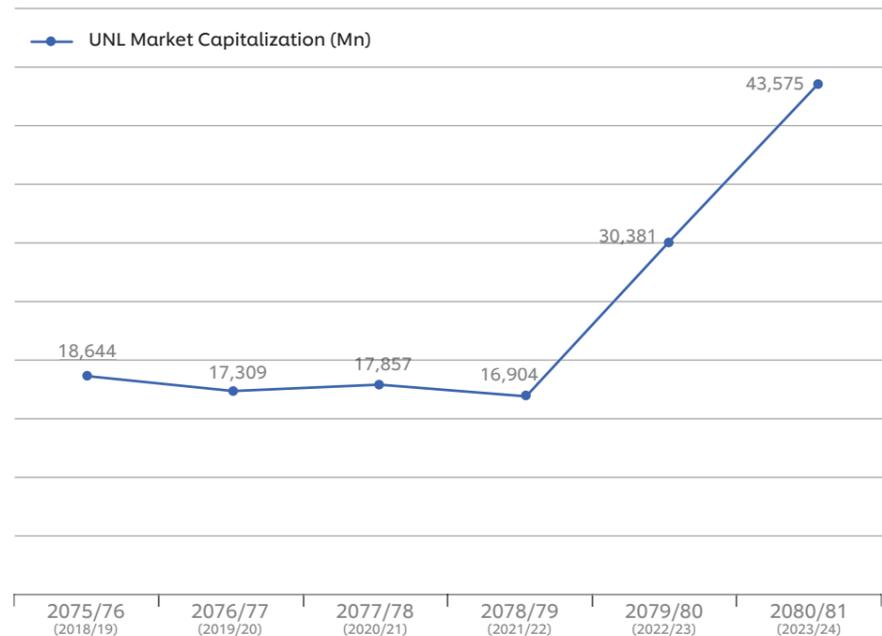
Share Market Information

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 18,818 last year to 47,328 this year, despite the NEPSE Index declining by 1,152 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. 43.57 billion, this company, known for its consistent and resilient performance, has established itself as a leading player in the manufacturing sector.

NEPSE Index Vs. UNL Share Price

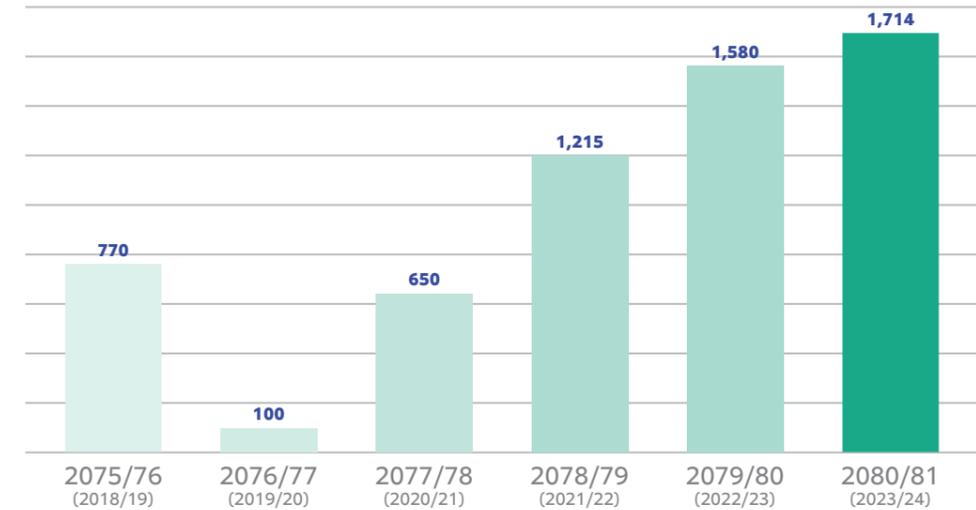


UNL Market Capitalization (Mn)



Dividend Distribution

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 25th September 2024 recommended final dividend of NRs. 1,714/- per share on each equity share for the financial year that ended on 15th July 2024.

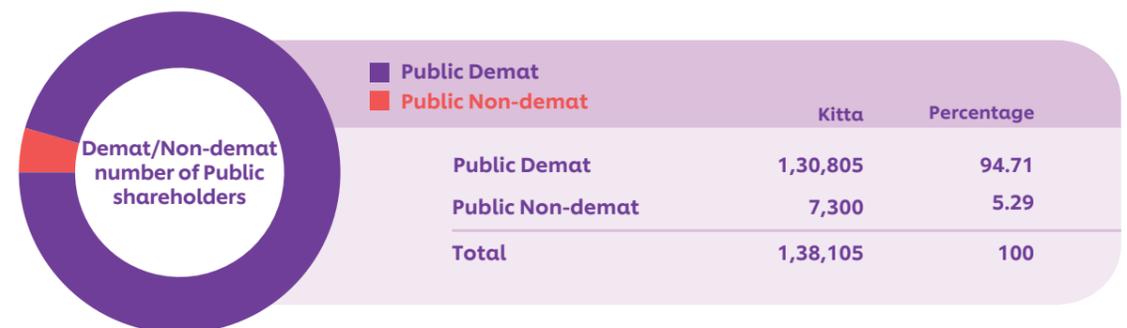


Unclaimed Dividend/Unpaid Dividend

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

The Total Unclaimed dividend as on Ashad 32, 2081 (July 15, 2024) remained 30.52 Mn. The details of unclaimed dividends can be obtained from our Share Registrar, M/s Sunrise Capital Limited.

Share Dematerialization Update of shares available in public



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.



We are proud to have created value by generating a net profit of 1,955 million, contributing 2,634 million to the national treasury, and rewarding employees with 269 million in bonuses. Our workforce expanded with 222 new jobs, and we invested 24 million in CSR initiatives. Additionally, 486 million was added to our reserves, ensuring sustainable growth.

Value Shared with: By running a sustainable and responsible business, we create value which is subsequently retained by our business, making it stronger and shared with all our stakeholders.

The value we created for

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

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:

Laxmi Sunrise Capital Limited

Kamalpokhari, Kathmandu, Nepal
 Tel: 977-1-5970064 (Ext: 205)
 Email: info@lscapital.com.np
 Web: www.lscapital.com.np

Company Secretary

Mr. Govinda Bahadur Shahi
 Email: Unl.shareholdersconnect@unilever.com
 Phone no: 977-1-4795963 / 9801133857

13. Financial Statements

CSC & Co
Chartered Accountants

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

Independent Auditor’s Report

To the Shareholders of 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 2081(15 July 2024), 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 2081 (15 July 2024), 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 Institute of Chartered Accountant of Nepal’s (ICAN) 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 2081(15 July 2024). 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 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 as required by 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>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 	<p>Our audit procedures:</p> <ul style="list-style-type: none"> We assessed the Company’s revenue recognition and measurement policies including those relating to discounts and incentives for sales. We obtained an understanding, assessed and tested the operating effectiveness of internal control relating to the identification, recognition and measurement of discounts and incentives for schemes. We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives, subsequent claims accounted by the company to assess the appropriateness of accruals outstanding as at year end. We performed detailed analysis of revenue analytical testing with monthly sales information filed with tax authorities, testing the



Key Audit Matters	How our audit addressed the key audit matters
<p>performance of the company highly depends on the revenue, and</p> <ul style="list-style-type: none"> 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>timing of its recognition and accuracy of the amounts recognized and sample verification of the supporting information of the revenue transactions.</p> <ul style="list-style-type: none"> We tested cut-off date sales transaction as well as subsequent receipts after the year end date. We examined the contracts entered with customer and reviewed the management's estimate relating to unfulfilled performance obligations relating to the sales made during the year. We assessed the adequacy of the disclosures in respect of revenue to be disclosed as per NFRS 15. <p>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 2080-2081 (2023-2024) 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 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

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



Bikesh Madhikarmi
Partner

Place: Kathmandu
Date: September 25, 2024

UDIN: 241001CA013918Nd4Z

Unilever Nepal Limited Statement of Financial Position

As at 31 Ashad 2081 (15 July 2024)

Figures in NPR.

Note	As at 31 Ashad 2081	As at 31 Ashad 2080
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,557,347,354	1,440,540,743
Intangible assets	547,913	12,292,970
Right of use Assets -Lease	220,028,970	211,356,122
Deferred tax assets	36,392,476	33,283,152
Total Non-Current Assets	1,814,316,713	1,697,472,987
Current Assets		
Inventories	1,019,640,460	963,603,641
Financial assets		
Trade and other receivables	1,105,057,979	1,663,743,317
Investments	2,181,235,143	1,379,715,363
Cash and cash equivalents	827,193,141	755,269,740
Bank balance other than CCE	31,332,569	26,748,221
Other current assets		
Current Tax Assets	99,112,710	-
Prepayments	2,857,291	8,555,135
Total current assets	5,266,429,293	4,797,635,417
Total assets	7,080,746,006	6,495,108,404
EQUITY AND LIABILITIES		
Equity		
Share capital	92,070,000	92,070,000
Retirement Benefit Scheme Reserve	760,286,146	775,703,501
Retained earnings	3,994,166,372	3,493,128,135
Total Equity	4,846,522,518	4,360,901,636
Liabilities		
Non-Current Liabilities		
Lease Liabilities	171,718,326	189,240,040
Provisions	25,268,344	22,470,671
Total Non-Current Liabilities	196,986,670	211,710,711
Current Liabilities		
Financial liabilities		
Trade and other payables	1,862,166,556	1,809,482,624
Lease Liabilities	105,851,091	44,607,271
Provisions	69,219,171	59,336,912
Current tax liabilities	-	9,069,250
Total Current Liabilities	2,037,236,818	1,922,496,057
Total Liabilities	2,234,223,488	2,134,206,768
Total Equity and Liabilities	7,080,746,006	6,495,108,404

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

As per our report of even date.

<u>Dev Bajpai</u> Chairman	<u>Ravi Bhakta Shrestha</u> Director	<u>Amlan Mukherjee</u> Managing Director	<u>Bikesh Madhikarmi</u> Partner CSC & Co. Chartered Accountants
<u>Ravishankar Ambalaparambil</u> Director	<u>Subhas Bajracharya</u> Independent Director	<u>Fahd Sheriff</u> Chief Finance Officer	
<u>Yogesh Mishra</u> Director	<u>Harman Dhillon</u> Director	<u>Govinda Bahadur Shahi</u> Company Secretary	

Date : 25 September, 2024

Place: Kathmandu, Nepal

Unilever Nepal Limited Statement of Profit or Loss

For the year ended 31 Ashad 2081 (15 July 2024)

Figures in NPR.

Note	For the year 2080/81	For the year 2079/80
Revenue from operations	8,239,838,658	8,480,357,126
Other income	240,723,248	193,550,855
TOTAL INCOME	8,480,561,906	8,673,907,981
EXPENSES		
Cost of materials consumed	3,857,114,100	4,278,291,764
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	(54,479,183)	142,968,275
Employee benefits expenses	631,825,106	589,199,266
Depreciation and amortisation expenses	341,218,044	294,617,039
Finance Cost	14,139,726	29,634,285
Other expenses	1,295,029,037	1,099,956,819
TOTAL EXPENSES	6,084,846,830	6,434,667,448
Profit before tax	2,395,715,076	2,239,240,533
Income Tax Expense	(440,671,643)	(404,919,250)
Profit from continuing operations	1,955,043,433	1,834,321,283
Net Profit for the year	1,955,043,433	1,834,321,283
Basic and Diluted Earnings per share	2,123	1,992

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

As per our report of even date.

<u>Dev Bajpai</u> Chairman	<u>Ravi Bhakta Shrestha</u> Director	<u>Amlan Mukherjee</u> Managing Director	<u>Bikesh Madhikarmi</u> Partner CSC & Co. Chartered Accountants
<u>Ravishankar Ambalaparambil</u> Director	<u>Subhas Bajracharya</u> Independent Director	<u>Fahd Sheriff</u> Chief Finance Officer	

Date : 25 September, 2024

Place: Kathmandu, Nepal

Unilever Nepal Limited
Statement of Other Comprehensive Income
For the year ended 31 Ashad 2081 (15 July 2024)

Figures in NPR.

Note	For the year 2080/81	For the year 2079/80
Net Profit for the year as per Statement of Profit or Loss	1,955,043,433	1,834,321,283
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Actuarial Gain on defined benefit pension schemes	844,342	684,232
Deferred Tax on Actuarial Gain	(143,538)	(116,320)
Other comprehensive gain for the year, net of tax	700,804	567,912
Total comprehensive gain for the year, net of tax	1,955,744,237	1,834,889,195

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

As per our report of even date.

Dev Bajpai
Chairman

Ravi Bhakta Shrestha
Director

Amlan Mukherjee
Managing Director

Bikesh Madhikarmi
Partner
CSC & Co.
Chartered Accountants

Ravishankar Ambalaparambil
Director

Subhas Bajracharya
Independent Director

Fahd Sheriff
Chief Finance Officer

Yogesh Mishra
Director

Harman Dhillon
Director

Govinda Bahadur Shahi
Company Secretary

Date : 25 September, 2024

Place: Kathmandu, Nepal

Unilever Nepal Limited
Statement of Changes in Equity
For the year ended 31 Ashad 2081 (15 July 2024)

Figures in NPR.

	Share Capital	Retirement Benefit Scheme Reserve	Retained Earnings	Total
Balance at 1 Shrawan 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
Profit for the year	-	-	1,955,043,433	1,955,043,433
Adjustment for NFRS-16	-	-	-	-
Other comprehensive income	-	-	700,804	700,804
Total comprehensive income	-	-	1,955,744,237	1,955,744,237
Dividends to shareholders	-	-	(1,454,706,000)	(1,454,706,000)
Retirement Benefit Payments	-	(15,417,355)	-	(15,417,355)
Balance at 31 Ashad 2081	92,070,000	760,286,146	3,994,166,372	4,846,522,518

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

As per our report of even date.

Dev Bajpai
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Director

Harman Dhillon
Director

Govinda Bahadur Shahi
Company Secretary

Date : 25 September, 2024

Place: Kathmandu, Nepal

Unilever Nepal Limited
Statement of Cash Flows
For the year ended 31 Ashad 2081 (15 July 2024)

Figures in NPR.

Note	As at 31 Ashad 2081	As at 31 Ashad 2080
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,955,043,433	1,834,321,283
Adjustment for:		
Income tax during the year	24 440,671,643	404,919,250
Depreciation on property, plant and equipment	3 122,021,306	95,125,237
Amortization of Intangible Assets	4 11,745,057	21,003,408
Depreciation on Right of Use-Lease	5 207,451,680	178,488,394
Allowance for inventory obsolescence	7 (6,782,792)	10,015,903
Provision for employee benefits	15 2,501,857	2,174,283
Other provisions	15 10,878,879	(16,306,015)
Provision for Bonus	21 268,879,358	251,317,680
Finance income	18 (154,058,414)	(120,463,351)
Fixed Assets write off	23 10,444,411	3,602,928
Right of Use-Lease write off	5 10,981,524	9,582,356
Finance Cost	22 14,139,726	29,634,285
Working capital adjustments:		
(Increase)/ decrease in Trade & Other receivables	8 558,685,338	(305,097,158)
(Increase)/ decrease in prepayments	5,697,845	(1,267,290)
(Increase)/ decrease in Inventories	7 (49,254,028)	149,709,879
Increase / (decrease) in trade and other payables	16 30,118,730	(43,607,573)
Cash generated from operations	3,439,165,553	2,503,153,499
Bonus paid	(251,300,691)	(211,292,877)
Income Tax paid	(551,962,927)	(418,535,547)
Net cash flows from Operating Activities	2,635,901,935	1,873,325,075
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from sale of Property, Plant and Equipment	79,882	4,713,400
Interest Received	147,838,634	128,192,741
Acquisition of Property, plant and Equipment	3 (249,352,210)	(201,707,656)
Purchase of Intangibles	4 -	-
Decrease/(increase) in Right of Use-Lease	(227,106,052)	(185,846,837)
Adjustment in Plant, Property & Equipment	-	-
Decrease/(increase) in Investment on fixed deposits	(795,300,000)	(258,200,000)
Decrease/(increase) in Bank balance other than CCE	(4,584,348)	(1,349,908)
Net cash flows from Investing Activities	(1,128,424,094)	(514,198,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,449,719,465)	(1,115,353,540)
Increase/(Decrease) in lease liability	29,582,380	(29,071,915)
Transferred to Retirement benefit Scheme Reserve	-	-
Payment from Retirement Benefit Scheme Reserve	(15,417,355)	(5,602,985)
Net cash flows from Financing Activities	(1,435,554,440)	(1,150,028,440)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	71,923,401	209,098,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	755,269,740	546,171,365
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	827,193,141	755,269,740

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

As per our report of even date.

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Chairman

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Director

Harman Dhillon
Director

Govinda Bahadur Shahi
Company Secretary

Date : 25 September, 2024

Place: Kathmandu, Nepal

Unilever Nepal Limited
Notes to Financial Statements
For the year ended 31 Ashad 2081 (15 July 2024)

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.

Standards Issued but not yet effective

Following the 334th Council Meeting held on 11 September 2024, the application of Nepal Financial Reporting Standards 2024 (NFRS 2024) is mandatory for the reporting periods beginning on or after 16 July 2025. These standards reflect the latest changes in financial reporting requirements and are consistent with International Financial Reporting Standards (IFRS 2024), ensuring alignment with international reporting practices. The NFRS 2024 consists of the Preface and Conceptual Framework, 17 Nepal Financial Reporting Standards, 25 Nepal Accounting Standards, 15 IFRICs, and 5 SICs, which form an integral part of the standards.

The company is in the process of assessing the implementation of the Nepal Financial Reporting Standards 2024 (NFRS 2024). The implementation plan includes reviewing current accounting policies, upgrading financial systems, and providing training to key personnel.

2.1.2. The Financial Statements are authorized for issue by the Board of Directors on 25 September 2024 (9 Ashoj, 2081).

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, 2081 and 31 Ashad, 2080.

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 186,303,663 for the year ended 31 Ashad, 2081. Interest on lease liabilities is NPR 14,139,726.

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, 2081.

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 15,417,355 (FY 2079-80: NPR 5,602,985) 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	Amount in NPR
Profit before tax (PBT)	2,395,715,076
Add: Bonus allocation included in PBT	268,879,358
Add: CSR allocation as per Industrial Enterprise Act 2076	24,199,142
PBT for bonus calculation	2,688,793,576
Bonus @ 10%	268,879,358

● 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	Amount in NPR
Profit before tax (PBT)	2,395,715,076
Add: CSR allocation as per Industrial Enterprise Act 2076	24,199,142
PBT for CSR provision	2,419,914,218
CSR allocation as per Industrial Enterprise Act @ 1%	24,199,142

Auditors' remuneration and expenses

Particulars	Amount in NPR
Statutory audit fees	500,000
Tax audit fees	231,000
Group reporting audit fees	165,000
Quarterly limited review	115,000
Labor audit fees	66,000
Corporate Governance Report	55,000
Reimbursement of out-of-pocket expenses	145,000
Total	1,277,000

2.2.19. Related party transactions

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

Transactions with key management personnel

Key management personnel compensation

Particulars	Current year (NPR)	Previous Year (NPR)
Short-term employee benefits	58,692,902	48,153,466
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.

Other related party transactions

(Amount in NPR.)

Particulars	Transactions		Outstanding Balance		
	Current Year	Previous Year	Current Year	Previous Year	
Holding company (HUL)	Royalty	151,647,087	149,586,536	128,900,024	127,148,556
	Dividend	1,163,764,800	894,920,400	425,387	425,387
	SAP Implementation Cost	-	-	1,565,739	1,565,739
	SAP Recurring Cost	-	-	-	-
Ultimate holding company (Unilever PLC)	Reimbursement of Trial Cost	-	-	-	-
	Royalty	31,641,982	64,397,542	85,954,792	59,059,107
	Purchase of Raw Materials from PT. Unilever Oleochemical	99,082,341	103,702,002	-	-
	Debit note for Training program to Marketers from Unilever UKCR limited, UK	-	-	1,425,236	1,096,201
Fellow and Group Subsidiaries	Debit note for IC GM Talent Pool from Unilever UKCR limited, UK	-	-	280,910	280,910
	Debit note for Senior Strategic Leadership Virtual Program from Unilever UKCR limited, UK	387,099	1,373,685	1,167,632	1,167,632
	Credit Note for Raw Materials from Unilever Asia Pte Ltd.	-	-	(12,894)	-
	Purchase of Raw Materials from PT. Unilever Oleochemical Indonesia	-	-	69,226,342	-
	Unilever Asia Pte Ltd. For Labasa Farabi Rebate	(1,791,521)	(19,659,685)	-	-
	Unilever N.V, Netherland for International Assignee Cross Charge	4,685,775	6,411,262	26,782,917	23,133,729

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 2081 and 31 Ashad 2080, 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 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 273,180,065 and acceptance outstanding NPR 71,164,640 (FY 2079-80: NPR 159,792,264 and NPR 71,697,115, 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 the Administrative Review for the financial years 2066-67, 2067-68, 2068-69, 2069-70, 2071-72 and 2072-73 and has gone into appeal with Revenue Tribunal for the disputed matters. Details of the same are presented herewith:

(Amount in NPR.)

Fiscal Year	Case Pending At	Additional Demand	Recognized as Contingent Liability
2008-09 (2065/66)	*RT verdict in favor, pending at Supreme Court	4,526,110	2,687,376
2009-10 (2066/67)	*RT verdict in favor, pending at Supreme Court	73,890,673	105,005,767
2010-11 (2067/68)	*RT verdict in favor, pending at Supreme Court	82,039,678	137,415,110
2011-12 (2068/69)	*RT verdict in favor, pending at Supreme Court	74,268,437	117,863,709
2012-13 (2069/70)	*RT verdict in favor, pending at Supreme Court	21,827,906	19,668,402
2013-14 (2070/71)	Administrative Review, IRD	68,031,475	83,798,388
2014-15 (2071/72)	*RT verdict in favor, pending at Supreme Court	73,586,797	45,513,854
2015-16 (2072/73)	*RT verdict in favor, pending at Supreme Court	34,538,942	48,137,471
2016-17 (2073/74)	Administrative Review, IRD	29,675,105	39,690,453
2017-18 (2074/75)	Administrative Review, IRD	43,677,078	53,263,045
2018-19 (2075/76)	Administrative Review, IRD	35,262,783	39,064,486
Total		541,324,983	692,108,060

c) Value Added Tax (VAT) Matters

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

(Amount in NPR.)

Fiscal Year	Case Pending At	Additional Demand	Recognized as Contingent Liability
2008-09 (2065/66)	*RT verdict in favor, pending at Supreme Court	2,134,087	4,658,940
2010-11 (2067/68)	*RT verdict in favor, pending at Supreme Court	186,290	266,041
2014-15 (2071/72)	*RT verdict in favor, pending at Supreme Court	577,186	960,641
2015-16 (2072/73)	*RT verdict in favor, pending at Supreme Court	8,524,924	14,118,641
2016-17 (2073/74)	Administrative Review, IRD	5,802,408	8,567,618
Total		17,224,894	28,571,881

* Revenue Tribunal has ruled in Favor of UNL on 12 litigations from FY 2009 to 2015 across Income tax, VAT and TDS. Consequently, the total exposure of NPR 43.8 Crores recorded as a contingent liability in our books is now closer to being derecognize, although for the cases ruled in favor of UNL, the department has appealed to the Supreme Court.

* However, 2 points regarding TDS resulted in an unfavorable decision. Out of the total TDS exposure of NPR 39.2 Crores, NPR 29.8 Crores has been ruled in favor of UNL. Regarding the remaining 2 points where the Tribunal ruled against, the exposure amounts to NPR 9.4 Crores, with corresponding provisions made in our books. For the cases ruled against, UNL has appealed to Supreme Court.

d) Bank guarantee issued on behalf of the Company

The Company has taken following bank guarantees:

Issued to	Purpose	Amount in NPR	Beginning on	Valid till
Department of Customs	Exim code certificate	300,000	16 July 2023	17 July 2025
Green Hands Nepal Pvt. Ltd.	Construction of Godown	7,920,000	08 January 2024	07 January 2025

2.2.21. Commitments

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

(Amount in NPR.)

Area	FY 2080-81	FY 2079-80
SAP Automation	356,203	356,203
Milder Project	-	331,813
Capex for Safety Infrastructure	1,980,153	-
Capex Sachet Innovations	3,038,617	-
11 KVA Line & Electricity	2,590,868	-
Oral Capacity Creation	1,559,696	3,484,368
Hair Sachet Capacity Creation	-	2,519,991
Localization of Glow & Lovely	-	1,481,629
Localization of Ponds Age Miracle	-	491,006
Capex for Heat Pump	421,132	37,985,400
Capex for Additional Air Compressor	-	6,172,090
Quality Lab Upgradation	-	996,467
Localization of Dove	10,271,902	23,261,896
Localization of Ponds SuperLight Gel	1,618,232	-
Unilever Optimized Wireless System	-	3,555,900
Supp Capex for Heat Pump	1,845,718	-
HP-Laptop & Desktop	-	2,720,000
Others	1,476,091	4,110,821
Total Capital Commitments	25,158,612	87,467,584

2.2.22. Royalty

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

2.2.23. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flows from regular revenue generating & investing activities of the company are segregated.

2.3. Financial risk management objectives and policies

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

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

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
1. CURRENCY RISK	
<ul style="list-style-type: none"> 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 2081, there is no unhedged exposure to the Company on holding financial assets (trade receivables) and liabilities (trade payables) other than in their functional currency. 	<ul style="list-style-type: none"> 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.
2. COMMODITY PRICE RISK	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.
3. INTEREST RATE RISK	
<ul style="list-style-type: none"> Investment in fixed deposits at fixed rates exposes the Company to fair value interest rate risk. 	<ul style="list-style-type: none"> 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.

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

Currency exchange	USD/NPR		EURO/NPR	
	FY 2080-81	FY 2079-80	FY 2080-81	FY 2079-80
Number of Buy contracts	-	8	-	-
Aggregate "buy" foreign currency	-	71,307	-	-

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, 2081 and 31 Ashad, 2080. 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.

3. Property, plant and equipment

	Land	Buildings	Plant & Machinery	Office Equipment	Furniture and Fixture	Computers	Capital Work in Progress	Total
Cost								
Balance at 1 Shrawan 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
Additions	-	-	-	-	-	-	249,352,210	249,352,210
Transfer to PPE	-	56,025,707	388,757,673	270,000	2,158,470	9,024,508	(456,236,358)	-
Transfer to Intangible	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	(14,142,450)	(134,180)	(5,413,202)	(16)	-	(19,689,848)
Balance at 31 Ashad 2081	5,615,140	320,293,228	1,692,718,635	36,327,333	77,833,475	36,365,735	94,683,599	2,263,837,145
Depreciation and impairment losses								
Balance at 1 Shrawan 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
Charge for the year	-	14,812,349	99,624,868	1,977,071	898,959	4,708,059	-	122,021,306
Transfer to PPE	-	-	-	-	-	-	-	-
Disposals	-	-	(6,917,127)	(131,188)	(2,117,224)	(16)	-	(9,165,555)
Balance at 31 Ashad 2081	-	146,892,073	516,559,591	11,454,042	4,796,082	26,788,003	-	706,489,791
Net book value								
At 1 Shrawan 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
At 31 Ashad 2081	5,615,140	173,401,155	1,176,159,044	24,873,291	73,037,393	9,577,732	94,683,599	1,557,347,354
Gross carrying amount of any fully depreciated property, plant and equipments that are still in use.	-	-	53,603,122	802,695	700,683	15,697,227	-	70,803,727

Property, Plant and Equipment under construction

The net book value of capital work in progress of NPR 94.68 million includes amount majorly related to Safety Infra Capex (NPR 26.17million), Localisation of PAM & PBB 25mg with Overwrapping Machine (NPR 20.80million), Oral VLP Launch (NPR 8.68 million), Capex for Additional Air Compressor (NPR 7.18 million), which is currently under installation. The cost of the assets will be depreciated once the machine is installed and available for use.

4. Intangible Assets

	Computer Software	Total
Cost		
Balance at 1 Shrawan 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
Additions - Externally acquired	-	-
Disposals	-	-
Balance at 31 Ashad 2081	116,790,431	116,790,431
Amortisation and impairment Issues		
Balance at 1 Shrawan 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
Charge for the year	11,745,057	11,745,057
Disposals	-	-
Balance at 31 Ashad 2081	116,242,518	116,242,518
Net book value		
At 1 Shrawan 2079	33,327,812	33,327,812
At 31 Ashad 2080	12,292,970	12,292,970
At 31 Ashad 2081	547,913	547,913
Gross carrying amount of any fully amortised intangibles that are still in use	97,179,662	97,179,662

5. Right of Use Assets-Lease

	Total
Cost	
Balance at 1 Shrawan 2079	444,506,277
Additions	183,971,385
Disposals	(98,137,033)
Balance at 31 Ashad 2080	530,340,629
Additions	227,106,052
Disposals	(279,346,794)
Balance at 31 Ashad 2081	478,099,887
Accumulated Depreciation	
Balance at 1 Shrawan 2079	229,050,790
Additions	178,488,394
Disposals	(88,554,677)
Balance at 31 Ashad 2080	318,984,507
Additions	159,360,395
Disposals	(268,365,270)
NFRS 16 Lease Adjustment	48,091,285
Balance at 31 Ashad 2081	258,070,917
Net book value	
At 1 Shrawan 2079	215,455,487
Balance at 31 Ashad 2080	211,356,122
Balance at 31 Ashad 2081	220,028,970

6. Investments

	Maturity Period	Interest rate	As at 31 Ashad 2081	As at 31 Ashad 2080
Fixed Deposits in Banks				
Principal	1 Year	7.99% to 10.03%: CY 7.99% to 10.03%: PY	13,000,000	29,200,000
	Upto 6 months	4.25% to 6.10%: CY 10.03% to 10.13%: PY	2,161,500,000	1,350,000,000
Interest Accrued			6,735,143	515,363
Total			2,181,235,143	1,379,715,363

Of the total investment in fixed deposits, NPR.13,000,000 (2079-80 : 29,200,000)has been pledged with a bank for the purpose of extending housing loans to the employees.

7. Inventories

	As at 31 Ashad 2081	As at 31 Ashad 2080
Raw materials	210,358,873	283,408,887
Packing materials	156,113,468	143,135,689
Work-in-process	123,150,395	43,738,031
Finished goods	418,268,152	443,201,333
Goods intransit	97,842,087	47,814,453
Stores and Spares	41,906,166	37,086,722
Less: Allowance for Obsolescence	(27,998,681)	(34,781,474)
Total	1,019,640,460	963,603,641

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

	As at 31 Ashad 2081	As at 31 Ashad 2080
Trade receivables		
Secured Receivables	772,699,403	888,268,063
Unsecured Receivables	156,307,138	511,867,303
	929,006,541	1,400,135,366
Loans and Advances to Employee	1,210,377	2,913,936
Advance to suppliers	112,619,421	96,610,035
Advance to Custom Office	41,606,708	140,710,662
VAT and Custom Deposits	5,990,519	8,236,050
Other deposit	14,624,413	15,137,268
Total	1,105,057,979	1,663,743,317

- 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 395,469,521 has been provided as at Ashad 31, 2081 (NPR 392,921,517 as at Ashad 31, 2080) against the total receivables of NPR 395,469,521 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 2,498,145 (2079-80: 8,915,216) has been recognized as additional provision against the Elida receivables.
- For other trade receivables, provision for doubtful debts as at Ashad 31, 2081 is NPR 44,813,289 (NPR 6,825,579 as at Ashad 31, 2080).

9. Cash and Cash Equivalents

	As at 31 Ashad 2081	As at 31 Ashad 2080
Cash at banks	827,193,141	755,269,740
Total	827,193,141	755,269,740

10. Bank balance other than CCE

	As at 31 Ashad 2081	As at 31 Ashad 2080
Unpaid dividend account	30,688,082	25,701,562
Housing loan account	644,487	1,046,659
Total	31,332,569	26,748,221

11. Share Capital

	As at 31 Ashad 2081	As at 31 Ashad 2080
a) Authorised Shares		
Ordinary shares of Rs. 100 each	2,140,000,000	300,000,000
b) Ordinary shares subscribed and paid-up capital	Ordinary Share	Ordinary Share Capital
1 Shrawan 2079	920,700	92,070,000
Share Issue	-	-
31 Ashadh 2080	920,700	92,070,000
Share Issue	-	-
31 Ashadh 2081	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

	Retirement Benefit Scheme Reserve	Retained Earnings	Total
Balance at 1 Shrawan 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
Profit for the year	-	1,955,043,433	1,955,043,433
NFRS 16 Adjustment	-	-	-
Other comprehensive income	-	700,804	700,804
Retirement Benefit Payments	(15,417,355)	-	(15,417,355)
Dividends to shareholders	-	(1,454,706,000)	(1,454,706,000)
Balance at 31 Ashad 2081	760,286,146	3,994,166,372	4,754,452,518

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 15,417,355 (FY 2079-80: NPR 5,602,985) 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% (2079-80: 17%). Deferred tax Asset have been recognized in respect of all temporary differences that results in income tax payable in future periods.

Reconciliation of deferred tax assets	As at 31 Ashad 2081	As at 31 Ashad 2080
Opening Balance as on 1 Shrawan	33,283,152	23,579,085
Tax income/(expense) during the period recognized in profit or loss and OCI	3,109,324	9,704,067
Closing balance as on 31 Ashad, 2081	36,392,476	33,283,152

Details of the deferred tax asset, amounts recognized in profit or loss and amounts recognized in other comprehensive income are as follows:

Particulars	Charged/Credited to Profit or Loss and OCI	
	Asset/ (Liability) 2080-81	2080-81
Fixed Assets	(70,554,112)	(11,904,108)
Intangible assets	(44,743)	823,358
Right of use Assets -Lease	(37,404,925)	(1,474,384)
Lease Liabilities	47,186,801	7,432,757
Allowance for Obsolescence	9,806,330	719,242
Provision for leave encashment	3,061,457	442,729
Provision for other retirement benefits	4,733,815	1,331,733
Provision for CSR expenses	4,759,776	(1,153,075)
Provision for doubtful debts	74,848,077	6,891,071
Total	36,392,476	3,109,324

Particulars	Charged/Credited to Profit or Loss and OCI	
	Asset/ (Liability) 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

14. Lease Liabilities

	Non-Current	
	As at 31 Ashad 2081	As at 31 Ashad 2080
Lease Liabilities	171,718,326	189,240,040
Total	171,718,326	189,240,040
	Current	
	As at 31 Ashad 2081	As at 31 Ashad 2080
Lease Liabilities	105,851,091	44,607,271
Total	105,851,091	44,607,271

15. Provisions

Provision for employee benefits	Non-Current	
	As at 31Ashad 2081	As at 31Ashad 2080
Provision for Other Retirement Benefits (Refer Note 27)	7,829,705	7,636,611
Provision for Retirement Benefit Scheme	-	-
Provision for Leave Encashment	17,438,639	14,834,060
Total	25,268,344	22,470,671

Provision for employee benefits	Current	
	As at 31Ashad 2081	As at 31Ashad 2080
Provision for Other Retirement Benefits (Refer Note 27)	451,809	747,336
Provision for Retirement Benefit Scheme	-	-
Provision for Leave Encashment	569,930	570,219
Other Provisions		
Provision for CSR expenses (Refer Note 2.2.18)	25,460,600	21,130,759
Miscellaneous provisions (Refer Note A below)	42,736,832	36,888,598
Total	69,219,171	59,336,912

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 along with the provision for Variable Performance Pay.

The table below gives information about movement in other provisions:

	Provision for CSR expenses		Miscellaneous Provision	
	As at 31Ashad 2081	As at 31Ashad 2080	As at 31Ashad 2081	As at 31Ashad 2080
At the beginning of the year	21,130,759	10,837,507	36,888,598	64,055,777
Recognized during the year	24,199,142	22,618,591	20,950,702	28,048,833
Utilized during the year	(19,869,301)	(12,325,339)	(11,628,302)	(55,216,012)
Reversed during the year	-	-	(3,474,166)	-
At the end of the year	25,460,600	21,130,759	42,736,832	36,888,598
Current portion	25,460,600	21,130,759	42,736,832	36,888,598
Non - current portion	-	-	-	-

16. Trade and Other Payables

	As at 31Ashad 2081	As at 31Ashad 2080
Creditors for Goods and Services	396,257,345	516,646,523
Creditors for Expenses and Other Liabilities	623,473,932	470,190,476
Advance from Customers	1,837,416	-
Bonus payable	268,879,358	251,300,691
Employee related accruals	24,950,220	29,877,726
Royalty Payable	214,854,816	186,207,662
Audit fees payable	1,035,333	793,250
Others Payable	205,612,489	130,068,192
TDS Payable	28,832,599	13,118,142
Excise duty payable	34,984,256	70,736,833
VAT Payable	30,932,987	115,013,859
Unclaimed Dividend	30,515,805	25,529,270
Total	1,862,166,556	1,809,482,624

- 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

	For the year 2080-81	For the year 2079-80
Sale of goods	9,029,451,135	9,162,982,071
Less: Discount and Incentives	(789,612,477)	(682,624,945)
Total	8,239,838,658	8,480,357,126

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

18. Other Income

	For the year 2080-81	For the year 2079-80
Sale of Scrap	14,154,345	14,544,977
Interest Income on bank deposits	154,058,414	120,463,351
Interest on overdue from customer	72,510,489	58,542,527
Total	240,723,248	193,550,855

19. Cost of Materials Consumed

	For the year 2080-81	For the year 2079-80
Raw materials consumed	2,717,622,340	2,945,956,534
Packing materials consumed	1,088,701,795	1,262,552,801
Allowance for Inventory Obsolescence	50,789,965	69,782,429
Total	3,857,114,100	4,278,291,764

20. Changes in inventories of finished goods

(Including stock-in-trade) and work-in-progress)

	For the year 2080-81	For the year 2079-80
Opening inventories		
Finished goods	443,201,333	537,760,044
Work-in-progress	43,738,031	92,147,595
Closing inventories		
Finished goods	(418,268,152)	(443,201,333)
Work-in-progress	(123,150,395)	(43,738,031)
Total	(54,479,183)	142,968,275

21. Employee benefits expenses

	For the year 2080-81	For the year 2079-80
Salaries and wages	324,989,087	300,639,654
Leave expenses	5,305,866	3,165,352
Staff Bonus (Refer Note 2.2.18)	268,879,358	251,317,680
Contribution to provident, gratuity and other funds	16,176,338	14,495,824
Defined benefits plan expenses (Refer Note 27)	1,689,659	1,792,234
Workmen and staff welfare expenses	14,784,798	17,788,522
Total	631,825,106	589,199,266

22. Finance Cost

	For the year 2080-81	For the year 2079-80
Interest cost on lease -NFRS 16	14,139,726	29,634,285
Total	14,139,726	29,634,285

23. Other Expenses

	For the year 2080-81	For the year 2079-80
Advertising and sales promotion	457,715,446	337,393,775
AGM Expenses	1,851,711	1,241,852
Audit Fees & Expenses	1,277,000	1,062,133
Board Meeting Expenses	621,000	1,182,221
Carriage and freight	176,613,832	160,251,973
CSR Expenses (Refer Note 2.2.18)	24,199,142	22,618,591
Electricity, Fuel & Water	41,307,144	45,871,374
Fixed Assets Write off	10,444,411	3,602,928
Foreign exchange gain/(loss)	1,719,843	164,530
Insurance	33,180,316	19,839,816
Processing charges	47,557,459	42,784,509
Legal and Professional Services	108,748,153	76,924,913
Quality Control Charges	3,190,541	2,179,479
Rent	-	136,129
Repairs to building	2,398,358	1,299,330
Repairs to plant and equipment	38,939,453	43,025,359
Royalty Expenses	183,289,069	213,984,078
Security Expenses	34,988,892	33,329,794
Telephone Expenses	5,486,614	5,158,893
Travelling, Conveyance and Accommodation Expenses	44,438,175	53,947,277
Other Expenses	34,348,014	21,280,364
Provision for doubtful debt	42,714,464	12,677,501
Total	1,295,029,037	1,099,956,819

24. Income Tax

	For the year 2080-81	For the year 2079-80
Current tax expense		
Current tax on profits for the year	418,736,463	378,247,079
Adjustment for under provision in prior periods	25,188,042	36,492,558
Total current tax	443,924,505	414,739,637
Deferred tax expense		
Origination and reversal of temporary differences	(3,252,862)	(9,820,387)
Recognition of previously unrecognized deferred tax assets	-	-
Total tax expense for the year	440,671,643	404,919,250

Reconciliation of current tax expense and the accounting profit multiplied by Company's tax rate for 2080-81 and 2079-80 :

	For the year 2080-81	For the year 2079-80
Accounting profit before income tax excluding Elida service income and trading profit	2,395,715,076	2,239,240,533
Other service income	-	-
At Company's statutory income tax rate of 17% for normal operation and 25% for service income and trading profit (2079-80: 17% and 25%)	407,271,563	380,670,891
Adjustment for NFRS 16 Impact	5,998,916	(8,004,361)
Adjustment in respect of Repair & Maintenance allowed upto 7% of respective depreciation base of the pool of the assets	-	-

Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act	(12,856,280)	(9,400,823)
Adjustment in respect of Inventory	(1,153,075)	7,193,011
Adjustment in respect of Foreign exchange gain/loss	264,735	27,970
Adjustment in respect of provision for leave encashment	442,729	243,002
Adjustment in respect of provision for other retirement benefits	1,331,733	126,626
Adjustment in respect of CSR provisions	719,242	1,754,405
Adjustment in respect of other provisions	-	1,372,238
Adjustment for Fixed Assets written off	1,775,551	612,498
Other non-deductible expenses for tax purposes	8,050,278	1,496,447
Adjustment for Provision for doubtful debt	6,891,071	2,155,175
Adjustment for current year cases and Prior period tax	25,188,042	36,492,558
Total	443,924,505	414,739,637
Income tax expense reported in the statement of profit or loss	443,924,505	414,739,637

Current tax (assets)/liabilities

	As at 31 Ashad 2081	As at 31 Ashad 2080
Income Tax Liability	4,009,706,269	3,568,498,359
Less: Advance Income Tax	(4,108,818,979)	(3,559,429,109)
Total	(99,112,710)	9,069,250

25. Declared Dividends and Proposed Dividends

Declared and approved for during the year	Year Ended 2080/81	Year Ended 2079/80
Dividends on ordinary shares: Final dividend for 2079-80: NPR 1,580 per share (2078-79: NPR. 1,215 per share)	1,454,706,000	1,118,650,500
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 2080-81: NPR. 1,714 per share (2079-80: NPR. 1,580 per share)	1,578,079,800	1,454,706,000

26. Earnings per share

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

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

	Continuing Operations 2081	Continuing Operations 2080
Numerator		
Profit for the year and earnings used in basic EPS	1,955,043,433	1,834,321,283
Add: Interest on convertible debt	-	-
Less: Tax effect of above items	-	-
Earnings used in diluted EPS	1,955,043,433	1,834,321,283
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	2,123	1,992

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:

	Benefit cost charged to income statement				Re-measurement gain/(losses) in OCI				Balance at 31 Ashad 2081
	Balance at 1 Shrawan 2080	Service cost	Past Service cost	Net Interest	Sub-total included in profit or loss	Benefits paid	Experience adjustments	Sub-total included in OCI	
2080-81 changes in the defined benefit obligation and Fair value of plan assets									
Other retirement									
Benefit obligation	8,383,947	977,753	-	711,906	1,689,659	(947,750)	(844,342)	(844,342)	8,281,514
Benefit Liability	8,383,947	977,753	-	711,906	1,689,659	(947,750)	(844,342)	(844,342)	8,281,514
2079-80 changes in the defined benefit obligation and Fair value of plan assets									
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

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

	As at 31 Ashad 2081	As at 31 Ashad 2080
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:

	As at 31 Ashad 2081	As at 31 Ashad 2080
Assumptions	0.5%	0.5%
Sensitivity Level	Increase	Decrease
Impact on Defined benefit obligation - Other retirement benefits	(253,168)	266,893

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

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

Defined benefit obligation - other retirement benefit	As at 31 Ashad 2081	As at 31 Ashad 2080
Within the next 12 months (next annual reporting period)	451,809	747,336
Between 2 and 5 years	2,742,652	2,781,053
Between 6 and 10 years	7,906,567	7,842,924
Weighted average duration of the above defined benefit obligation	11.51 Years	11.61 Years

Report as per Section 78 of the Companies Act, 2063

The following particulars, unless specified, are as per the records/accounts of the company as of 31 Ashad 2081 (15 July 2024).

- No. of Shares Allotted
As of today, the company has 920,700 shares of NPR 100 each.
- No. of fully paid up and not paid up shares out of the total allotted shares
All shares are fully paid up.
- Details of Directors, Managing Directors, Auditors, Chief Executive, Managers and amount paid towards their remuneration, allowances and facilities

Particulars	Remuneration	Allowances	Facilities
Mr. Dev Bajpai, Chairman			
Mr. Ravishankar Ambalaparambil, Director			
Mr. Yogesh Mishra, Director			
Ms. Harman Dhillon, Director			
Mr. Ravi Bhakta Shrestha, Director			
Mr. Subhas Bajracharya, Independent Director			
Amount paid towards remuneration, allowances and facilities to the Managing Director & Other Managers	NPR 1,451 lakhs (Remuneration and Allowances)	NPR 335 lakhs Facilities as per Note k-(i) & (ii) below	
CSC & Co. Chartered Accountants Auditors	NPR 5.0 lakhs		"Reimbursement of traveling and out of pocket expenses are done on actual basis. Tax audit fees, labour audit fees & fees for audit of financial statement for consolidation purpose to be submitted to Hindustan Unilever Limited are paid separately."

- Names of the individual and body corporate shareholders holding five percent or more shares of the paid up capital and the details of shares and debentures held by such shareholders

	Percentage	No. of Shares	No. of Debentures
Hindustan Unilever Ltd., India	80%	736,560	NIL
Sibkrim Land & Ind. Co. Pvt. Ltd.	5%	46,035	NIL

- Total amount received from sale of shares and details of shares bought by the company or details of new shares or debentures issued by the company in the related financial year.
Nil.
Note: Amount of NPR 92,070,000 received against shares issued in the year 1995. There is no fresh issue of shares, and the company has not purchased any shares and debentures during the current fiscal year.
- The amount of outstanding dues to the company from directors, principal shareholders or their close relatives
Nil.
- Details of payment made or to be made against the sale of shares or for any other matter
Nil.
- Loan obtained from banks and financial institutions and total amount of principal and interest outstanding
Nil.
- Details of any amount claimed to be receivable by the company or payable by the company to any other person to details of, lawsuits, if any, ongoing in this respect

Particulars	Amount in NPR
Additional demands raised by the Tax Authorities on Income Tax Matters for which the company has filed appeals and pending decision from various appellate authorities	541,324,983
Additional demands raised by the Tax Authorities on VAT Matters for which the company has filed appeals and pending decision from various appellate authorities	17,224,894



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