



SAGAR DISTILLERY

Sagar Distillery Limited

Corporate office: Lal Colony Marg, Kathmandu
Registered office: Devchuli - 01 Nawalpur, Nepal | Phone no. : 014504222

Quarterly Financial Results for Third Quarter (FY 2082.83) Annexure 14 [Related to Rule 26(1)]

Unaudited Statement Of Financial Position As On 30th Chaitra 2082

	This Quarter Ending Chaitra 2082	Corresponding Previous year Quarter Ending Chaitra 2081	Previous Quarter Ending Poush 2082	
ASSETS				
NON-CURRENT ASSETS				
a.	Property, Plant And Equipment	498,403,578	482,919,273	496,161,889
b.	Capital Work-In-Progress	110,771,557	16,904,435	53,812,136
c.	Intangible Assets	329,134	530,060	359,109
d.	Right Of Use Assets	512,878	1,025,756	512,878
e.	Deferred Tax Assets	56,950,683	51,159,603	53,801,995
f.	Investments	130,342,473	46,578,505	102,800,197
g.	Other Non-Current Assets			
	Total Non-Current Assets	797,310,303	599,117,633	707,448,205
CURRENT ASSETS				
a.	Inventories	114,953,760	85,257,498	99,738,443
b.	Financial Assets	5,796,922	1,572,441	6,979,206
c.	Trade Receivables	472,140,141	272,953,461	421,992,778
d.	Cash And Cash Equivalents	2,401,930	1,486,937	722,128
e.	Other Current Assets	84,183,766	165,143,888	249,457,395
	Total current assets	679,476,519	526,414,224	778,889,951
	TOTAL ASSETS	1,476,786,822	1,125,531,858	1,486,338,155
EQUITY AND LIABILITIES				
EQUITY				
a.	Equity			
	i. Share Capital	726,000,000	580,800,000	726,000,000
b.	Other Equity	196,575,032	223,664,917	205,774,140
	Total Equity	922,575,032	804,464,917	931,774,140
NON-CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	157,366,498	88,260,044	140,107,924
	ii. Lease Payables	-	598,509	-
b.	Deferred Tax Liabilities	-	-	-
	Total non-current liabilities	157,366,498	88,858,553	140,107,924
CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	288,804,797	185,624,000	288,728,275
	ii. Lease Payables	598,509	537,771	598,509
	iii. Trade Payables	38,915,106	19,179,442	42,617,882
	iv. Other Liabilities	60,305,528	19,935,605	74,470,301
b.	Statutory & Other Current Liabilities	8,221,351	6,931,570	8,041,123
c.	Current Tax Liabilities (Net)	-	-	-
	Total current liabilities	396,845,291	232,208,388	414,456,091
	TOTAL EQUITY AND LIABILITIES	1,476,786,822	1,125,531,858	1,486,338,155

Unaudited Statement Of Profit Or Loss And Other Comprehensive Income For The Quarter Ended Chaitra 2082

	This Quarter Ending Ashwin 2082	Corresponding Previous year Quarter Ending Ashwin 2081	Previous Quarter Ending Ashad 2082	
Gross Revenue From Operations	194,052,833	158,887,776	129,184,884	
Less: Excise Duties	109,321,181	87,159,839	69,039,195	
Less Sales Return	-	-	-	
Net Sales Revenue	84,731,652	71,727,937	60,145,689	
Less: Cost Of Goods Sold	34,062,124	30,771,927	25,375,466	
Gross Profit	50,669,528	40,956,010	34,770,223	
Other Operating Income	13,604,627	38,309,867	4,260,827	
Gain On Investments Through Fair Value	-	-	-	
Total Income From Operations	64,274,155	79,265,877	39,031,049	
Employee Benefit Expenses	42,715,316	22,611,834	29,160,475	
Administration And Other Expenses	8,379,165	8,433,287	6,146,900	
Selling And Distribution Expenses	35,832,328	34,968,267	20,107,616	
Operating & Non-Operating Profit	(22,652,654)	13,252,489	(16,383,941)	
Depreciation And Amortisation	7,457,933	8,753,562	6,659,290	
Finance Costs	17,348,746	15,542,428	12,068,306	
Profit Before Tax	(47,459,333)	(11,043,502)	(35,111,538)	
Income Tax Expenses				
Deferred Tax	(12,102,130)	(3,313,051)	(8,953,442)	
Current Tax				
Profit For The Year	(35,357,203)	(7,730,450)	(26,158,096)	
Other Comprehensive Income	-	-	-	
Items That Will Not Be Reclassified To Profit Or Loss:	-	-	-	
Other Comprehensive Income	-	-	-	
Total Comprehensive Income For The Year	(35,357,203)	(7,730,450)	(26,158,096)	
	Ratios	This Quarter Ending Chaitra 2082	Corresponding Previous year Quarter Ending Chaitra 2081	Previous Quarter Ending Poush 2082
Earning Per Share(EPS)	(6.49)	(1.77)	(7.21)	
Current Ratio	1.71	2.27	1.88	
Return on Assets	-2.39%	-0.69%	-1.76%	
Net Worth Per Share(Excluding Assets Revaluation) in Rs.	127.08	138.51	128.34	

Third Quarter Disclosures as on Chaitra 2082 as per Annexure 14, Rule 26 (1) of Securities Registration and Issue Regulations, 2073

Analysis of Shares Transaction

The company's shares are actively traded in the Nepalese capital market, reflecting continued investor interest and confidence. The management remains focused on enhancing financial performance and ensuring steady growth in both revenue and profitability, shares transaction details of this quarter (3rd Quarter of FY 2082/83) according to data published on the NEPSE are mentioned below:
Maximum Price: 2360 | Minimum Price :1729
Shares Traded: 17,54,865 | Closing Price: 1922
Total Transaction Days: 54 Days

Analysis of Management

In Q3 FY 2082/83, Sagar Distillery Limited delivered strong revenue performance with gross revenue reaching NPR 194.05 million, a 22% growth year-on-year, underpinned by portfolio expansion, strengthened distributor partnerships, and growing consumer acceptance of flagship brand The Governor Whisky. While investments in market infrastructure, human capital development, and brand activation continue to impact short-term profitability, the management views these as foundational investments necessary for sustainable long-term growth. The company remains committed to improving operational efficiencies, rationalizing costs, and leveraging the improved political and economic environment in Nepal to accelerate market penetration and revenue growth in the quarters ahead.

i. Strengthening Liquidity, Credit Management & Financial Discipline

Trade receivables increased to NPR 472.14 million, up 12% quarter-on-quarter and 73% year-on-year, reflecting higher credit exposure in new markets and causing a moderate lengthening of the operating cycle. To address this, the company will strengthen credit discipline through regular audits, risk-tiered credit policies, and structured distributor management, which will improve receivable turnover and reinforce working-capital control. These measures will stabilize collections, enhanced liquidity management, and support operational efficiency and sustainable growth.

ii. Expansion of Distribution, Market Performance and Portfolio Mix Improvement

The company executed a major distribution expansion into Tier 2 & hilly markets, improving availability in previously underserved areas. Enhanced logistics and distributor capabilities enabled better service levels, on shelf availability, and incremental market share gains. Combined with new SKU launches and focused premium brand execution, the company achieved steady revenue growth and an improved product mix.

Problems and Challenges

The third quarter presented a mix of structural, regulatory, and operational challenges for the company and the broader liquor industry in Nepal, even as the national political environment showed signs of stabilization following the general elections. Sagar Distillery remained committed to navigating these challenges while sustaining its strategic growth agenda.

i. **Trade Liquidity and Working Capital Conditions** Tight liquidity conditions across the distribution chain persisted through the quarter, with cautious restocking behaviour and delayed collections creating friction in secondary sell-through velocity. The company actively managed credit exposure through risk-tiered distributor policies and structured collection discipline, strengthening the financial foundation of the trade network for the periods ahead.

ii. **Disruptions and Regulatory Headwinds** Third quarter presented concentrated consumption disruption materially diluted by government restrictions on public gatherings, while mandatory liquor sales bans during the electoral cycle which also collided with festival sales period of Holi leading to compressed sell-through volumes during an otherwise active trade period. This created a compounded revenue gap that affected both primary dispatch and secondary offtake across the distribution network.

iii. **Evolving Consumer Preferences and Gradual Market Softness** Nepal's spirits market continues its gradual transition driven by demographic shifts, rising health awareness, and incremental migration of young adults while consumers selectively trading across categories and occasions. These are long-cycle structural shifts rather than acute shocks, SAGAR's ongoing premiumisation strategy is specifically designed to capture value growth ahead of volume, positioning our brands favourably as consumer preferences mature.

iv. **Structural Readiness and Outlook for Q4 and FY 2083/84** Notwithstanding the quarter's headwinds, the company enters Q4 with its strongest operational foundation to date, a wider distribution network, an established premium portfolio anchored by The Governor's sustained growth trajectory, and a maturing Route-to-Market infrastructure built for scale. The new government's demonstrated political stability has meaningfully improved distributor and investor sentiment, and while specific policy reform remains under observation, the broader operating environment is the most constructive it has been in several years. Management is focused on converting this structural readiness into accelerating secondary offtake, disciplined collections, and a strong fiscal year close, building the commercial and financial platform from which FY 2083/84 ambitions will be launched.

Corporate Governance

Board of Directors, Audit Committee, and Team Management are committed to strengthening corporate governance within the company.

Declaration

The CEO of the Company hereby individually accepts responsibility for the accuracy of the information and the details contained in this statement. The CEO also declares that the information provided herein, to the best of his knowledge and belief, does not contain any false or misleading statements or material facts. The omission of any statement that might affect investors' decisions has been avoided.

Saurav Karanjeet
CEO