Sagar Distillery Limited

SAGAR DISTILLERY

Corporate office: Lal Colony Marg, Kathmandu
Registered office: Devchuli-01, Nawalparasi, Nepal / Phone no: 014504222

Quarterly Financial Results for Fourth Quarted (FY 2082.83)
Annexure 14
(Related to Rule 26(1))

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT ASHAD END 2083 (16 JULY 2026)

		This Quarter Ending Ashad 2083	Corresponding Previous Year Quarter Ashad 2082	Previous Quarter Ending Chaitra 2082
ASSETS				
NON-CURRENT ASSETS				
a.	Property, Plant And Equipment	496,469,998	500,592,599	498,403,578
b.	Capital Work-In-Progress	201,474,815	21,551,370	110,771,557
c.	Intangible Assets	270,946	447,273	329,134
d.	Right Of Use Assets	1,045,378	512,878	512,878
e.	Deferred Tax Assets	73,086,978	44,848,553	56,950,683
f.	Investments	-	98,140,910	130,342,473
g.	Other Non-Current Assets	-	-	-
	Total Non-Current Assets	**772,348,115**	**666,093,582**	**797,310,303**
CURRENT ASSETS				
a.	Inventories	85,605,403	69,279,224	114,953,760
b.	Financial Assets	3,653,231	5,137,110	5,796,922
c.	Trade Receivables	583,589,376	453,463,942	472,140,141
d.	Cash And Cash Equivalents	26,537,230	783,375	2,401,930
e.	Other Current Assets	66,382,837	55,209,020	84,183,766
	Total current assets	**765,768,077**	**583,872,672**	**679,476,519**
TOTAL ASSETS		**1,538,116,193**	**1,249,966,254**	**1,476,786,822**
EQUITY AND LIABILITIES				
EQUITY				
a.	Equity			
	i. Share Capital	726,000,000	580,800,000	726,000,000
b.	Other Equity	144,931,138	232,410,236	196,575,032
	Total Equity	**870,931,138**	**813,210,236**	**922,575,032**
NON-CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	303,033,177	70,694,661	157,366,498
	ii. Lease Payables	-	-	-
b.	Deferred Tax Liabilities	-	-	-
	Total non-current liabilities	**303,033,177**	**70,694,661**	**157,366,498**
CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	287,419,168	306,874,469	288,804,797
	ii. Lease Payables	598,509	598,509	598,509
	iii. Trade Payables	46,748,438	32,238,607	38,915,106
	iv. Other Liabilities	19,458,243	19,803,671	60,305,528
b.	Statutory &Other Current Liabilities	9,927,520	6,546,101	8,221,351
c.	Current Tax Liabilities (Net)	-	-	-
	Total current liabilities	**364,151,879**	**366,061,357**	**396,845,291**
TOTAL EQUITY AND LIABILITIES		**1,538,116,193**	**1,249,966,254**	**1,476,786,822**

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED ASHAD END 2083 (16 JULY, 2026)

	This Quarter Ending Ashad 2083	Corresponding Previous Year Quarter Ashad 2082	Previous Quarter Ending Chaitra 2082
Gross Revenue From Operations	476,362,019	429,154,974	194,052,833
Less: Excise Duties	266,467,506	236,427,796	109,321,181
Less Sales Return	-	13,052,530	-
Net Sales Revenue	**209,894,513**	**179,674,647**	**84,731,652**
Less: Cost Of Goods Sold	110,686,559	79,924,092	34,062,124
Gross Profit	**99,207,953**	**99,750,555**	**50,669,528**
Other Operating Income	(1,725,248)	37,911,942	13,604,627
Gain On Investments Through Fair Value	-	(613,516)	-
Total Income From Operations	**97,482,706**	**137,048,981**	**64,274,155**
Employee Benefit Expenses	52,056,168	34,820,092	42,715,316
Administration And Other Expenses	10,487,136	10,831,287	8,379,165
Selling And Distribution Expenses	87,436,070	53,032,233	35,832,328
Operating & Non-Operating Profit	**(52,496,668)**	**38,365,369**	**(22,652,654)**
Depreciation And Amortisation	10,504,626	10,592,370	7,457,933
Finance Costs	22,506,794	22,344,528	17,348,746
Profit Before Tax	**(85,508,088)**	**5,428,469**	**(47,459,333)**
Income Tax Expenses			
Deferred Tax	(28,238,425)	2,998,000	(12,102,130)
Current Tax	-	-	-
Profit for the year / period	**(57,269,663)**	**2,430,469**	**(35,357,203)**
Other Comprehensive Income	-	-	-
Items That Will Not Be Reclassified To Profit Or Loss:	-	-	-
Other Comprehensive Income	-	-	-
Total Comprehensive Income For The Year / Period	**(57,269,663)**	**2,430,469**	**(35,357,203)**

FINANCIAL RATIOS	This Quarter Ending Ashad 2083	Corresponding Previous Year Quarter Ashad 2082	Previous Quarter Ending Chaitra 2082
Earning Per Share(EPS)	(7.89)	0.42	(6.49)
Current Ratio	2.10	1.60	1.71
Return on Assets	-3.72%	0.19%	-2.39%
Net Worth Per Share(Excluding Assets Revaluation) in Rs.	**119.96**	**140.02**	**127.08**

Fourth Quarter / Year-End Disclosures as at Ashad end 2083 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. Share transaction details for this quarter (4th Quarter of FY 2082.83), according to data published on the NEPSE, are mentioned below:

Maximum Price: 1,944 | Minimum Price: 1,490 | Shares Traded: 5,75,280 | Closing Price: 1,618 | Total Transaction Days: 65 Days

Based on the closing price of Rs. 1,618 as at Ashad end 2083, the market capitalization of the company was approximately NPR 11,746.68 million. The price-to-book ratio stood at 17.34 times.

Analysis of Management

In FY 2082/83, Sagar Distillery Limited recorded gross revenue of NPR 476.36 million, an increase of approximately 11% over the previous year (NPR 429.15 million), supported by portfolio expansion, strengthened distributor partnerships, and growing consumer acceptance of flagship brands including Governor Whisky and Nepse Bulls. Net sales revenue grew by around 17% to NPR 209.89 million. However, a significant increase in employee benefit expenses and selling and distribution expenses, together with elevated finance costs, resulted in an operating loss and a net loss for the year of NPR 57.27 million, compared with a net profit of NPR 2.43 million in the prior year. The management views the year's elevated investment in market infrastructure, human capital, and brand activation as foundational to sustainable long-term growth. With Nepal's macroeconomic indicators showing early signs of stabilization - inflation remaining contained, remittance inflows and foreign exchange reserves at healthy levels, and the new government's reform-oriented budget for FY 2083/84 prioritizing ease of doing business and economic formalization - the management remains committed to improving operational efficiencies, rationalizing costs, and accelerating market penetration and profitability in the coming year.

i. Strengthening Liquidity, Credit Management & Financial Discipline

Trade receivables stood at NPR 583.59 million, up approximately 24% over the preceding quarter (NPR 472.14 million) and around 29% year-on-year (NPR 453.46 million), reflecting higher credit exposure in new markets and a 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 are intended to stabilize collections, enhance liquidity management, and support operational efficiency and sustainable growth.

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

During the year the company executed a major distribution expansion into Tier-2 cities, 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 top-line revenue growth and an improved product mix, even as bottom-line profitability was pressured by the elevated cost base.

Problems and Challenges

The fourth quarter and the year as a whole presented a mix of structural, regulatory, and global macroeconomic challenges for the company and the broader liquor industry in Nepal. Sagar Distillery remained committed to navigating these pressures while sustaining its long-term growth agenda.

i. Declining Domestic Consumer Base

Nepal's liquor market continues to face structural headwinds from sustained outmigration of working-age adults, rising health and wellness awareness, and a shift toward lower-frequency, occasion-led consumption behaviour. These trends were particularly visible in urban markets, requiring the company to respond with sharper product positioning, premium experience delivery, and targeted portfolio diversification. Sagar Distillery is addressing this through innovation in product formats, premiumization of its brand portfolio, presence in right channels, and activation strategies focused on the aspirational consumer segment.

ii. Media-Dark Operating Environment & Entry Barriers

Strict regulations prohibiting advertising, digital promotion, and surrogate communication create a highly restrictive environment for brand building, disproportionately benefiting legacy players and limiting newer entrants like Sagar from rapidly scaling awareness. These challenges are compounded by complex outlet penetration, retail entry barriers, and intense competitive pressure from large industry players, who leverage economies of scale, aggressive trade investments, and extensive distribution networks.

iii. Global Supply Chain & Fuel Cost Pressures

The outbreak of the US-Iran conflict in 2082 triggered a sharp rise in global crude oil prices through the fourth quarter. As a landlocked country dependent on imported fuel routed through India, Nepal saw repeated fuel price increases and intermittent supply shortages during this period. This raised transportation and logistics costs across the company's supply chain and distribution network, while higher crude-linked input costs also fed directly into raw material prices. Together, these contributed to the year's higher cost of goods sold and selling and distribution expenses. The company managed this through tighter logistics planning and route optimization, and continues to monitor global energy markets closely.

iv. Economic Headwinds & Operating Environment

Nepal's macroeconomic backdrop turned comparatively more supportive during the year, even as structural pressures persisted. Following the Falgun 2082 general election, the new government's subsequent budget for FY 2083/84 - a reform-oriented plan targeting around 7% economic growth - prioritized ease of doing business, tax simplification, and formalization of the economy. Inflation remained contained, and steady remittance inflows together with healthy foreign exchange reserves provided external-sector stability. At the same time, liquidity conditions across the trade network remained tight and private sector credit growth stayed subdued. The liquor industry also absorbed a further increase in excise duty on alcoholic beverages under the Finance Bill for FY 2082/83, adding to sector-wide cost pressures. Delayed receivables from distribution partners, managed through the credit and collection measures outlined above, required continued active monitoring, and the company remains optimistic that sustained political and policy stability will translate into stronger consumer confidence and demand.

Corporate Governance

The 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