



Sagar Distillery Limited

Corporate Office: Lal Durbar Marg, Kathmandu,
Registered office: Devchuli - 01 Nawalparasi, Nepal | Phone no. : 014504222

Quarterly Financial Results for first quarter (F.Y. 2082/83 B.S.)

Unaudited Statement Of Financial Position As On 31st Ashwin 2082

		This Quarter Ending Ashwin 2082	Corresponding Previous year Quarter Ending Ashwin 2081	Previous Quarter Ending Ashad 2082
ASSETS				
NON-CURRENT ASSETS				
a.	Property, Plant And Equipment	499,031,179	488,572,649	500,465,034
b.	Capital Work-In-Progress	18,380,869	16,537,237	18,276,152
c.	Intangible Assets	600,871	582,026	620,227
d.	Right Of Use Assets	1,025,756	1,025,756	1,025,756
e.	Deferred Tax Assets	41,223,222	41,839,347	46,468,322
f.	Investments	18,072,168	89,710,212	99,707,080
g.	Other Non-Current Assets			
	Total Non-Current Assets	578,334,064	638,267,227	666,562,570
CURRENT ASSETS				
a.	Inventories	87,593,198	47,485,959	70,240,809
b.	Financial Assets	5,025,653	450,653	5,137,110
c.	Trade Receivables	416,386,438	228,860,311	420,344,885
d.	Cash And Cash Equivalents	1,569,664	2,117,295	843,823
e.	Other Current Assets	286,459,705	100,462,039	91,513,402
	Total current assets	797,034,658	379,376,257	588,080,029
TOTAL ASSETS		1,375,368,722	1,017,643,484	1,254,642,599
EQUITY AND LIABILITIES				
EQUITY				
a.	Equity			
	i. Share Capital	726,000,000	580,800,000	580,800,000
b.	Other Equity	218,682,448	192,205,685	234,006,369
	Total Equity	944,682,448	773,005,685	814,806,369
NON-CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	84,099,745	95,184,069	87,596,333
	ii. Lease Payables	598,509	598,509	598,509
b.	Deferred Tax Liabilities	-	-	-
	Total non-current liabilities	84,698,254	95,782,578	88,194,842
CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	289,826,275	87,124,000	289,972,797
	ii. Lease Payables	537,771	537,771	537,771
	iii. Trade Payables	25,684,287	9,844,893	32,036,798
	iv. Other Liabilities	22,436,375	34,993,469	22,739,481
b.	Statutory &Other Current Liabilities	7,503,313	16,355,087	6,354,541
c.	Current Tax Liabilities (Net)	-	-	-
	Total current liabilities	345,988,020	148,855,220	351,641,387
TOTAL EQUITY AND LIABILITIES		1,375,368,722	1,017,643,484	1,254,642,599

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

	This Quarter Ending Ashwin 2082	Corresponding Previous year Quarter Ending Ashwin 2081	Previous Quarter Ending Ashad 2082
Gross Revenue From Operations	59,970,840	25,315,523	429,154,974
Less: Excise Duties	32,356,530	13,573,440	236,427,796
Less Sales Return	-	-	13,052,530
Net Sales Revenue	27,614,310	11,742,083	179,674,647
Less: Cost Of Goods Sold	10,276,143	5,940,559	78,592,323
Gross Profit	17,338,167	5,801,524	101,082,324
Other Operating Income	2,778,026	13,338,680	39,354,649
Gain On Investments Through Fair Value	-	-	(689,954)
Total Income From Operations	20,116,193	19,140,204	139,747,019
Employee Benefit Expenses	14,998,363	10,112,889	33,998,827
Administration And Other Expenses	2,676,571	3,452,043	12,061,802
Selling And Distribution Expenses	13,556,806	20,893,196	55,124,209
Operating & Non-Operating Profit	(11,115,547)	(15,317,924)	38,562,180
Depreciation And Amortisation	2,502,610	2,928,247	9,563,283
Finance Costs	6,950,864	5,311,499	23,594,064
Profit Before Tax	(20,569,021)	(23,557,671)	5,404,833
Income Tax Expenses			
Deferred Tax	(5,245,100)	(6,007,206)	1,378,233
Current Tax			
Profit For The Year	(15,323,920)	(17,550,464)	4,026,601
Other Comprehensive Income			
Items That Will Not Be Reclassified To Profit Or Loss:			
Other Comprehensive Income			
Total Comprehensive Income For The Year	(15,323,920)	(17,550,464)	4,026,601

Ratios	This Quarter Ending Ashwin 2082	Corresponding Previous year Quarter Ending Ashwin 2081	Previous Quarter Ending Ashad 2082
Earning Per Share(EPS)	(8.44)	(12.09)	0.69
Current Ratio	2.30	2.55	1.67
Return on Assets	-1.11%	-1.72%	0.32%
Net Worth Per Share(Excluding Assets Revaluation) in Rs.	103.47	99.77	106.97

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

Analysis of Shares Transaction

Shares of the company were not traded during the quarter.

Analysis of Management

- Growth in Sales Volume and Revenue: Compared to Q1 of the previous financial year, the Company recorded a notable increase in both sales volume and overall revenue in Q1 of the current financial year. Focused efforts on strengthening the premium portfolio, particularly through brands such as The Governor and NEPSE Bulls, as well as new brand launches have yielded positive results. Further, targeted distribution expansion outside Kathmandu valley has contributed to increased revenue. These initiatives have resulted in enhanced visibility and improved brand equity in the market.
- Completion of Financial Procedures for Malt Production Facility: The company successfully completed all financial formalities and secured the necessary loan arrangements for establishing its upcoming Malt Production Facility. This strategic investment is expected to enable local production of high-quality malt, contributing to import substitution and long-term cost efficiency for its local product portfolio.
- Strengthening Liquidity and Credit Management: To ensure financial stability and efficient cash flow, the company has tightened its credit control policies. These measures are designed to strengthen liquidity discipline, reduce credit exposure, and enhance overall working capital management across trade operations.

Through focused execution of these initiatives, Sagar Distillery Limited continues to build a resilient foundation for sustainable growth. The company remains committed to operational excellence, market expansion, consumer-centric innovation, and financial discipline as key drivers of performance in the coming quarters.

Problems and Challenges

The first quarter presented several structural and market-driven challenges that continue to shape the operating landscape for Sagar Distillery and the broader liquor industry in Nepal.

- Shifting Consumer Base: Nepal's consumer demographic is undergoing a visible transformation. A growing portion of young, discerning consumers especially those entering the legal drinking age are migrating abroad, leading to a gradual decline in the domestic consumer base. Additionally, increasing health consciousness among urban youths has led to more controlled and selective drinking occasions. This evolving behavior calls for SAGAR to respond with a more aspirational portfolio and premium experiences that resonate with responsible, modern consumers & their evolving lifestyles.
- Media-Dark Environment: The liquor industry in Nepal continues to operate in a highly restrictive communication environment. With stringent prohibitions across traditional, trade, and now digital media, liquor brands are unable to advertise or engage directly with consumers. For emerging players like SAGAR, this presents a significant barrier to brand penetration and awareness, resulting in higher costs to achieve physical and mental availability in the market.
- Economic and Political Headwinds: The current political uncertainty and macroeconomic instability have led to a liquidity crunch across the trade network. Together with intense market competition in saturated market, this has translated into delayed receivables and tighter cash flows within the distribution chain, impacting overall working capital efficiency.

Despite these challenges, Nepal's liquor market stands at an inflection point. While legacy brands continue to dominate the value segment, a new generation of consumers is emerging - urban, aspirational & willing to pay more for quality and authenticity. The opportunity for SAGAR lies not in selling more liquor, but in selling better liquor through premiumization, innovation, & an elevated brand experience that redefines value in the Nepali market.

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