



SAGAR DISTILLERY

आजको प्रयास  
भोलिको सफलता



ANNUAL  
REPORT  
2081/82





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Sagar Distillery Ltd. (estd. 2014) (SAGAR), is modern manufacturer of high-quality spirits with products in the Whiskey, Vodka and Gin segments with ancillary products in the country liquor segment. We meticulously craft every product with inputs from a diverse array of industry experts to deliver an uncompromising consumer experience. We are deeply passionate about creating and building brands that people love and value. Currently, we offer one product in the ultra-premium segment, one product in the premium segment and four products in the mass market segment in addition to the products in country-liquor segment. SAGAR committed to excellence in every drop it produces. Every product is carefully crafted with the objective of delivering an unparalleled consumer experience. At the heart of the company lies a strong set of core principles that shape its high-performance culture, guide its key business strategies, and drive its future growth.

In pursuit of sustainable profitability, the company is strategically transforming itself to build a strong and resilient business model. It has forged key alliances that enhance its competitive position and increase its flexibility to meet emerging challenges

Marking a significant milestone in its journey, Sagar Distillery Limited was officially listed on the Nepal Stock Exchange (NEPSE) in Fiscal Year 2082/83.



### Core Values

#### **Passionate**

We work to be better, everyday

#### **Uncompromising**

Quality is non-negotiable from grain to glass.

#### **Innovative**

We push boundaries, and work towards something new.

#### **Open**

We listen, adapt, and evolve with feedback, from each-other and consumers



### Vision

**"To create meaningful experiences through innovative spirits that delight consumers."**

To craft premium spirits that honor Nepal's rich heritage and resonate with the evolving tastes of Nepali consumers. We passionately blend tradition with innovation to create world-class experiences - rooted in quality, inspired by culture, and driven by bold ambition to meet the tastes of tomorrow.



### Mission

**By 2030, Sagar Distillery aims to be one of the Nepal's leading premium spirits company**

combining a passion for creating meaningful experiences with the preferences of Nepali consumers. Through thoughtful expansion, bold innovation, and consistent drive, we aim to elevate everyday moments—from local gatherings to global celebrations—while staying true to our values.



The Board of Directors of Sagar Distillery Limited comprises accomplished professionals with diverse expertise spanning marketing, finance, legal governance, entrepreneurship, and commercial operations. The Board is led by Ms. Alka Goyal, Chairperson, who brings extensive experience in strategic leadership, governance, and brand-building across domestic and multinational organizations. The Board is further strengthened by Mr. Ashutosh Khetan, whose background in corporate finance, risk advisory, and international financial consulting contributes to robust financial oversight and strategic evaluation. Mr. Rajeeb Prasad Pyakurel adds multi-sector leadership and operational insight, while Mr. Ratan Kumar Chaudhary brings decades of practical business and trading experience, supporting informed decision-making. The Board also benefits from the independent oversight of Mr. Jyoti Dahal, whose expertise in corporate law, regulatory compliance, and governance enhances transparency, accountability, and ethical conduct.

Collectively, the Board provides balanced guidance, sound governance, and strategic direction, supporting the Company's commitment to sustainable growth, financial discipline, and long-term value creation for all stakeholders.







## CHAIRPERSON'S MESSAGE

Dear Shareholders, Members of the Board, and Valued Stakeholders,

Firstly, I extend my deepest condolences to the families of the martyrs who lost their lives during the tragic events of September 2025. The loss of many young lives and the suffering of those injured have deeply saddened us all. We honor their sacrifice with respect and remembrance, standing in solidarity with the grieving families during this difficult time.

Despite these hardships, the resilience and unity of the Nepali people continue to inspire us. While communities, infrastructure, and businesses faced significant disruption, Sagar Distillery Limited (SAGAR) remained committed to responsible operations, supporting livelihoods, and contributing positively to national progress. As we move forward, we do so with humility, hope, and determination to play our part in building a stronger, more inclusive, and prosperous Nepal, honoring those we have lost through meaningful action.

It is an honor to address you at a transformative moment in Sagar Distillery's journey. As we navigate an increasingly complex operating landscape, we remain guided by a clear and compelling Vision—to create meaningful experiences through innovative spirits that delight consumers. This vision continues to inspire our actions and strengthen our resolve as a bold challenger in Nepal's evolving liquor industry.

### A Challenging Yet Defining Market Context

The business environment around us remains challenging. Political unrest, rising competitive pressures, shifting consumer lifestyles, erosion of the traditional drinking population, and the socio-economic impact of mass migration continue to test the resilience of our sector. Yet, these pressures have reinforced what we believe deeply as a company: that being a challenger requires clarity, courage, and conviction.

Nepal's liquor market today stands at an inflection point. Legacy brands continue to dominate mainstream value segments, but a new generation of consumers—urban, aspirational, and quality-seeking—is reshaping expectations. For Sagar, the opportunity lies not in expanding volume, but in elevating value: through premiumization, innovation, and brand experiences that are built on authenticity, quality, and craft. In this, our Core Values – Passion to be better every day, an Uncompromising approach to quality, and a drive to Innovate with purpose—guide every step we take.

### Strategic Direction and Emerging Capabilities

Over the past year, we have taken bold decisions to reposition Sagar Distillery for long-term relevance. We have strengthened operational discipline, modernized our



“Nepal's liquor market today stands at an inflection point. Legacy brands continue to dominate mainstream value segments, but a new generation of consumers—urban, aspirational, and quality-seeking—is reshaping expectations.”





capabilities, refined our portfolio, and embraced a culture where speed is not a choice but a necessity. These efforts reflect our belief that fundamentals must be more than strong- they must be our hygiene, and ultimately, our competitive advantage.

However, strategy alone is not enough. Our future depends on leadership at every level. I call upon our managers and team leaders to continue demonstrating the courage to decide, the urgency to act, and the responsibility to deliver results in line with our ambitions. The challenger mindset must be lived in every function, every market, and every execution moment.

A key strategic milestone this year is the **Malt Project** at our Devchuli factory, made possible by the capital raised through going public. For the first time, Sagar Distillery can produce its own malt spirits - reducing dependency on external sources, strengthening quality control, and enabling the creation of distinctive, premium spirits. Beyond capacity, this project empowers innovation, elevates consumer experiences, and positions us to craft world-class products, aligning with our long-term vision of becoming Nepal's leading premium spirits company.

## Key Enablers to Drive Our Vision

To deliver meaningful consumer experiences and execute our long-term strategy, we remain anchored in five critical enablers that shall remain our fundamentals.

### 1. Governance & Compliance

A responsible business is a sustainable business. We remain committed to strong governance, transparent operations, and ethical practices that uphold the trust of our shareholders and regulatory bodies.

### 2. Quality Over Quantity

We follow an uncompromising approach—from grain to glass. Our Core Value of being *Uncompromising* is central to everything we produce, ensuring that every bottle we craft reflects consistency, authenticity, and excellence.

### 3. Consumer Centricity

We innovate with purpose. Our focus is to understand evolving need states, lifestyle shifts, and consumption patterns to deliver brands that resonate with today's evolving Nepalese consumer.

### 4. Innovation

Innovation is not a department; it is a mindset. Guided by our Core Value of *Innovative*, we are developing a more contemporary, relevant, and premium portfolio that meets tomorrow's expectations.



These enablers, supported by a culture driven by *Passion to be better every day*, will define our competitive advantage as we scale into the future.

## 5. Automation & Operational Excellence

Automation is a cornerstone of our future-ready operations. By modernizing systems, digitizing processes, and strengthening manufacturing efficiency, we ensure precision, consistency, and scalability across our operations. Automation enhances productivity, minimizes variability, and creates a strong backbone that supports quality, speed, and long-term cost competitiveness.

These enablers—supported by a culture driven by our *Passion to be better every day*—will define our competitive advantage and propel Sagar Distillery toward its vision of delivering meaningful experiences through innovative spirits.

## Leadership and Accountability

However, strategy and investments alone will not secure our future. Our leaders must champion this transformation—driving speed, clarity, and discipline across teams. I call upon every manager, supervisor, and team leader to take ownership of this shift, to inspire their people, and to ensure that our ambitions translate into measurable outcomes on the ground.

## A New Chapter as a Public Company

To our valued shareholders, your trust carries greater weight as we embark on our first years as a publicly listed company. This milestone increases our responsibility, raises expectations, and strengthens our commitment to transparency, governance, and sustainable value creation.

To the respected regulatory bodies SEBON, NEPSE, our Board of Directors, Employees, Distributors, Partners, and loyal consumers, thank you for your unwavering support. Your belief in our path forward fuels our determination to build a Sagar Distillery Limited that is bold in vision, strong in fundamentals, and relentless in execution.

Let us move ahead with the spirit of a challenger and the discipline of a leader- as one team, one ambition, and one commitment to excellence.

Thank you.

**Alka Goyal**  
Chairperson



## CEO'S MESSAGE

Dear Shareholders,

It gives me great pride in presenting the Annual Report of Sagar Distillery Limited (SAGAR) for fiscal year 2081/82—our first year as a publicly listed company. This year marks a defining moment in our transformation journey as we evolve from an operating distillery into a modern, national liquor company grounded in strong consumer understanding, disciplined execution, and responsible governance. With a growing and diverse base of shareholders placing their trust in us, our sense of responsibility has deepened, and we remain committed to honoring that trust through every decision we make.

The operating environment around us continues to shift in profound ways. Socio-political changes remain unpredictable, creating uncertainty across the economic landscape and influencing commodity prices, supply chains, and commercial behaviour. Industry-wide, marketing and trade budgets have tightened, requiring sharper prioritization and more disciplined choices. Across the value chain, retailers are demanding greater value, while competition in the market has intensified, with look-alike offerings contributing to cluttered shelves and making brand visibility harder than ever. In such conditions, maintaining quality, protecting margins, and earning consumer preference all become increasingly challenging.

Yet, amidst this complexity, one lesson stands out clearly: the companies that succeed are those that master execution. Today, the real differentiator lies in disciplined, high-quality execution across every touchpoint—from grains to glass, from distributor operations to retail presence, and ultimately from shelf impact to consumer choice. It is practical, rigorous work. It is not always glamorous. But it is the work that moves the business forward.

Our approach as a leadership team is shaped by this understanding. We believe our next phase of growth depends not on reinventing our direction, but on executing the strategy we already have—deeply, deliberately, and relentlessly. It calls for leadership that is closer to the shelf, more engaged with market realities, and more connected to how consumers think, behave, and choose.

This belief is deeply embedded in our strategy for FY 2082/83, which is anchored on four clear pillars:

First, we are building a stronger, wider, and more efficient distribution system—enhancing coverage across Nepal, doubling our availability with efficient teams, and ensuring availability that is managed, not assumed. This includes protecting value through disciplined trade terms, improving our route-to-market structure, and strengthening margin and incentive frameworks with data-backed decision-making.

Second, we are strengthening and premiumizing our brand and product portfolio—ensuring the right propositions, right pack sizes, and the right price ladders that deliver more value to consumers, while enhancing visibility that drives choice in both On-Trade and Off-Trade channels. Our portfolio vision is guided by our consumer-centric mission and our ambition to build long-term brand equity rather than chasing short-term volume.

Third, we are reinforcing strong financial and operational discipline—reducing market credit, optimizing working capital, improving supply chain efficiency, and building margin-accretive models that allow sustained reinvestment into the business, ultimately shortening our cash cycles. Operational efficiency is crucial because costs reduce with scale and efficiency—and scale must be earned through disciplined execution.

Fourth, we are transforming internal capabilities and culture—building a performance-driven organization that is

“Today, the real differentiator lies in disciplined, high-quality execution across every touchpoint—from grains to glass, from distributor operations to retail presence, and ultimately from shelf impact to consumer choice. It is practical, rigorous work.”





faster, more accountable, and better equipped. As we scale, we are investing deeply in frontline capability, structured training, modern systems, and leadership development. Our teams will be empowered to execute with consistency, confidence, and clarity.

A significant strategic addition this year is our Malt Project at our Devchuli factory- an ambition we were able to

initiate only through the capital infusion made possible by going public. This facility, with an annual capacity of 9.9 lakh liters, will enable us to produce our own malt spirits for the first time in our history. It opens a new world of opportunities: reducing our dependency on procuring spirits from other distilleries, creating the foundation to craft our own malt-based spirits, and unlocking avenues to produce world-class liquids for future export markets. More importantly, it aligns powerfully with our long-term mission of becoming Nepal's premium spirits company- elevating consumer experiences and strengthening our ability to build distinctive, high-quality brands from the ground up. The Malt Project is not just a capacity expansion; it is a strategic shift that strengthens our control over quality, innovation, and product differentiation for years to come.

Throughout this transformation, we are guided by the values that define who we are and the kind of company we aspire to become. We act with passion, striving to be better every day in how we operate and how we serve our consumers. We remain uncompromising on quality, upholding the highest standards across every step of our process. We stay innovative, pushing boundaries and exploring better ways to create products and experiences that stand apart. And we remain open, listening closely to our teams, our partners, and our consumers, and adapting with humility and agility as the market evolves. These values shape not only our strategy, but our behaviour, our decisions, and the culture we continue to build.

The year ahead will be a period of disciplined expansion, meaningful capability building, and focused execution. With stronger systems, a clearer strategic pathway, and a committed, capable team, Sagar Distillery is poised to become a more resilient, more competitive, and more future-ready company.

I extend my sincere appreciation to our Board, our employees, our distribution partners, and to you- our shareholders for your continued support and belief in our vision. We are excited about the journey ahead and remain committed to creating enduring value for all our stakeholders.

Saurav Karanjeet  
**Chief Executive Officer**



# Board of Directors

**Ms. Alka Goyal**  
Chairperson



Qualification:  
Master of Business  
Administration (MBA)  
Date of Appointment: 2080/08/15

Ms. Alka Goyal is an experienced business professional with over fourteen years of exposure in marketing and management across reputed domestic and multinational organizations. She brings to the Board a strong understanding of market dynamics, strategic planning, and organizational leadership. She was associated with Shivam Cement Limited as a Director. Over the course of her career, Ms. Goyal has held leadership roles in established organizations, contributing to brand development, market expansion, and structured business growth initiatives. As Chairperson of the Company, Ms. Goyal provides strategic direction to the Board and ensures the effective discharge of its responsibilities. She plays a key role in strengthening governance practices, promoting ethical conduct, and facilitating constructive engagement between the Board and Management. Her approach emphasizes long-term value creation, prudent decision-making, and alignment with shareholder and stakeholder interests. Ms. Goyal's experience, judgment, and leadership continue to support the Company's strategic objectives and reinforce its commitment to sustainable growth and strong corporate governance.

**Mr. Ashutosh Khetan**  
Director



Qualification:  
Master of Business  
Administration (MBA)  
Date of Appointment: 2080/08/15

Mr. Ashutosh Khetan is a seasoned finance and business advisory professional with over ten years of experience across corporate finance, investment analysis, risk advisory, and strategic consulting. He brings to the Board strong expertise in financial management, risk assessment, and institutional advisory, developed through exposure to global consulting and financial services environments. He is also involved as Director of Lumbini Ceramics Limited. Over the course of his professional career, Mr. Khetan has worked with reputed international and regional organizations, including Houlihan Lokey (London and Singapore), Bloomberg LP (Singapore), Abacus Capital (Singapore), and Nexia Risk Advisory (Singapore), where he was involved in investment analysis, corporate restructuring, risk management, and financial advisory assignments. As a Director of the Company, Mr. Khetan contributes to Board deliberations with a strong focus on financial discipline, risk governance, and strategic evaluation. His global exposure and analytical approach support informed decision-making and strengthen the Board's oversight on financial sustainability and long-term value creation. Mr. Khetan's professional experience and structured perspective continue to add depth to the Company's governance framework and strategic direction.



**Mr. Rajeeb Prasad Pyakurel**  
Director



Qualification:  
**Master of Business  
Studies (MBS)**  
Date of Appointment: 2080/08/15

Mr. Rajeeb Prasad Pyakurel is an experienced business professional with extensive exposure to corporate leadership, business management, and strategic oversight across multiple sectors. He brings to the Board strong entrepreneurial insight, operational understanding, and a practical approach to governance and business growth. He is also serving as a Director at Himalayan Life Insurance Limited and Highlife Foods Pvt. Ltd. in order roles. In addition, he holds the position of Chairperson at Captive Investment Company Pvt. Ltd. Through his leadership roles, Mr. Pyakurel has been actively involved in guiding organizational strategy, overseeing business operations, and supporting sustainable enterprise development. As a Director of the Company, Mr. Pyakurel contributes to Board deliberations with a focus on strategic alignment, operational effectiveness, and long-term value creation. His multi-sector experience strengthens the Board's perspective on business diversification, risk awareness, and governance practices. Mr. Pyakurel's leadership experience and balanced judgment continue to support the Company's strategic objectives and reinforce its commitment to sound corporate governance and sustainable growth.

**Mr. Ratan Kumar Chaudhary**  
Director



Qualification:  
**Intermediate in  
Arts (I.A.)**  
Date of Appointment: 2081/06/04

Mr. Ratan Kumar Chaudhary is a senior business professional with over three decades of experience in trade and commercial enterprises. He brings to the Board deep practical knowledge of business operations, market practices, and long-standing industry relationships. He had served as a Director at Janaki Finance Company Limited. Over the years, Mr. Chaudhary has been actively involved in trading and business activities, gaining extensive exposure to commercial decision-making, financial discipline, and enterprise management. As a Director of the Company, Mr. Chaudhary contributes valuable insights grounded in his long-standing business experience. His practical approach, market understanding, and judgment support the Board in strategic deliberations, risk awareness, and sustainable business growth. Mr. Chaudhary's experience and perspective continue to strengthen the Company's governance framework and support its long-term objectives.

**Mr. Jyoti Dahal**  
Independent Director



Qualification:  
**Bachelor of  
Laws (LL.B.)**  
Date of Appointment: 2080/08/14

Mr. Jyoti Dahal is an experienced legal professional with extensive exposure in corporate law, regulatory compliance, and governance advisory. He brings to the Board strong expertise in legal oversight, compliance frameworks, and institutional governance, supported by his involvement across diverse corporate and regulatory environments. He has served as an Independent Director at Barahi Hydropower Public Limited and is a Member of the Federation of Nepalese Chambers of Commerce and Industry (Capital Market Forum). Mr. Dahal has also been associated as a Legal Advisor with Green Hill City Pvt. Ltd. and as a Regulatory Affairs Advisor at Rizu Consultancy Pvt. Ltd. He has further worked as a Program Officer at SILT Consultants Pvt. Ltd., contributing to governance advisory, compliance structuring, and institutional capacity-building initiatives. In addition to his professional engagements, Mr. Dahal has authored several articles on corporate law, insolvency, economic offenses, company law, and regulatory frameworks, published in various national journals and legal platforms. As an Independent Director of the Company, Mr. Dahal provides objective judgment and independent oversight, with a focus on regulatory compliance, risk governance, and ethical business conduct. His legal acumen and governance-oriented perspective strengthen the Board's ability to uphold transparency, accountability, and sound corporate governance practices.



## Leadership Team



### **Saurav Karanjeet**, Chief Executive Officer

Mr. Saurav Karanjeet joined Sagar Distillery on April 2025 as Chief Executive Officer. With nearly 20 years of experience in integrated marketing, brand strategy, and portfolio management across Nepal, Malaysia, and India, he leads company-wide strategy, portfolio growth, and market innovation. He specializes in consumer insights, brand development, portfolio optimization, and integrated marketing, translating strategic vision into impactful business outcomes. He holds an MBA in Integrated Marketing from Kathmandu University (KU) and is recognized for delivering sustainable growth and strengthening market leadership across all brands.



### **Anit Kumar Paudel**, Chief Operating Officer

Mr. Anit Kumar Paudel joined Sagar Distillery on February 2022 as Chief Operating Officer. With over 24 years of experience in finance, audit, and operations across the liquor, hospital, and fintech sectors, he drives enterprise-wide operational strategy, business transformation, and financial performance. He specializes in streamlining complex operations, enhancing productivity, optimizing profitability, and implementing scalable processes that enable sustainable, high-impact business results. He holds an EMBA from Ace Institute of Management (affiliated with Pokhara University) and an MBS from Tribhuvan University, providing the strategic and analytical foundation to lead large-scale business operations effectively.



### **Niroj Gajurel**, National Sales Manager

Mr. Niroj Gajurel joined Sagar Distillery on June 2025 as National Sales Manager. With over 24 years of experience in the liquor, beverage, and education industries, he leads national sales strategy, distributor network expansion, and revenue growth initiatives. He specializes in market penetration, key account management, team leadership, and performance optimization, ensuring the company maintains a strong and competitive presence across regions. He holds a B.A. from Tri-Chandra Multiple Campus and is known for building high-performing sales teams, scaling distribution networks, and delivering measurable business growth.







### **Nitesh Thakur, Senior Manager – Factory**

Mr. Nitesh Thakur joined Sagar Distillery as Factory Manager on August 2021. With over 16 years of experience in blending, quality, and factory management within the liquor industry, he leads production strategy, operational excellence, and process optimization. He specializes in implementing best-in-class manufacturing practices, quality assurance, and compliance standards, ensuring consistent product excellence and scalable operational efficiency. He holds a degree in Food Technology from the College of Applied Food and Dairy Technology (CAFODAT) and is recognized for driving innovation, operational discipline, and high-performing manufacturing teams.



### **Anish Chandra Gautam, Senior Manager – Brand & Marketing**

Mr. Anish Chandra Gautam joined Sagar Distillery on September 2024 as Senior Manager – Brand & Marketing. With over 15 years of experience across the liquor, beverage, advertising, and IT industries, he leads brand vision, portfolio innovation, and market differentiation strategies. He excels at leveraging consumer insights, driving multi-channel marketing, and delivering measurable growth in competitive markets. He holds a B. Com in Marketing and Advertising from the University of Pune and is known for strengthening brand equity, accelerating portfolio growth, and executing high-impact marketing strategies.



### **Ranjana Shrestha, Manager – Sales Operations**

Ms. Ranjana Shrestha joined Sagar Distillery on November 2023 as Operations Manager – Sales & Distribution. With over 24 years of experience in the liquor industry, she drives sales execution, distribution strategy, and operational alignment to maximize commercial performance. She specializes in strategic sales forecasting, distributor management, market intelligence, and performance monitoring, ensuring disciplined execution and scalable growth. She holds an M.A. in Sociology from Ratna Rajya Laxmi Campus and an MBS from Shanker Dev Campus, contributing to operational excellence and business expansion.



### **Amrit Neupane, HOD – Finance**

Mr. Amrit Neupane joined Sagar Distillery on January 2024 and currently serves as HOD – Finance. With nearly 7 years of experience in the liquor industry and audit firms, he drives financial strategy, analysis, and control, ensuring operational efficiency and sustainable business growth. He specializes in budgeting, forecasting, compliance, and financial governance, enabling informed, strategic decision-making across the organization. He is a Chartered Accountant (CA) certified by the ICAI and is recognized for strengthening financial resilience, risk management, and cross-functional collaboration.



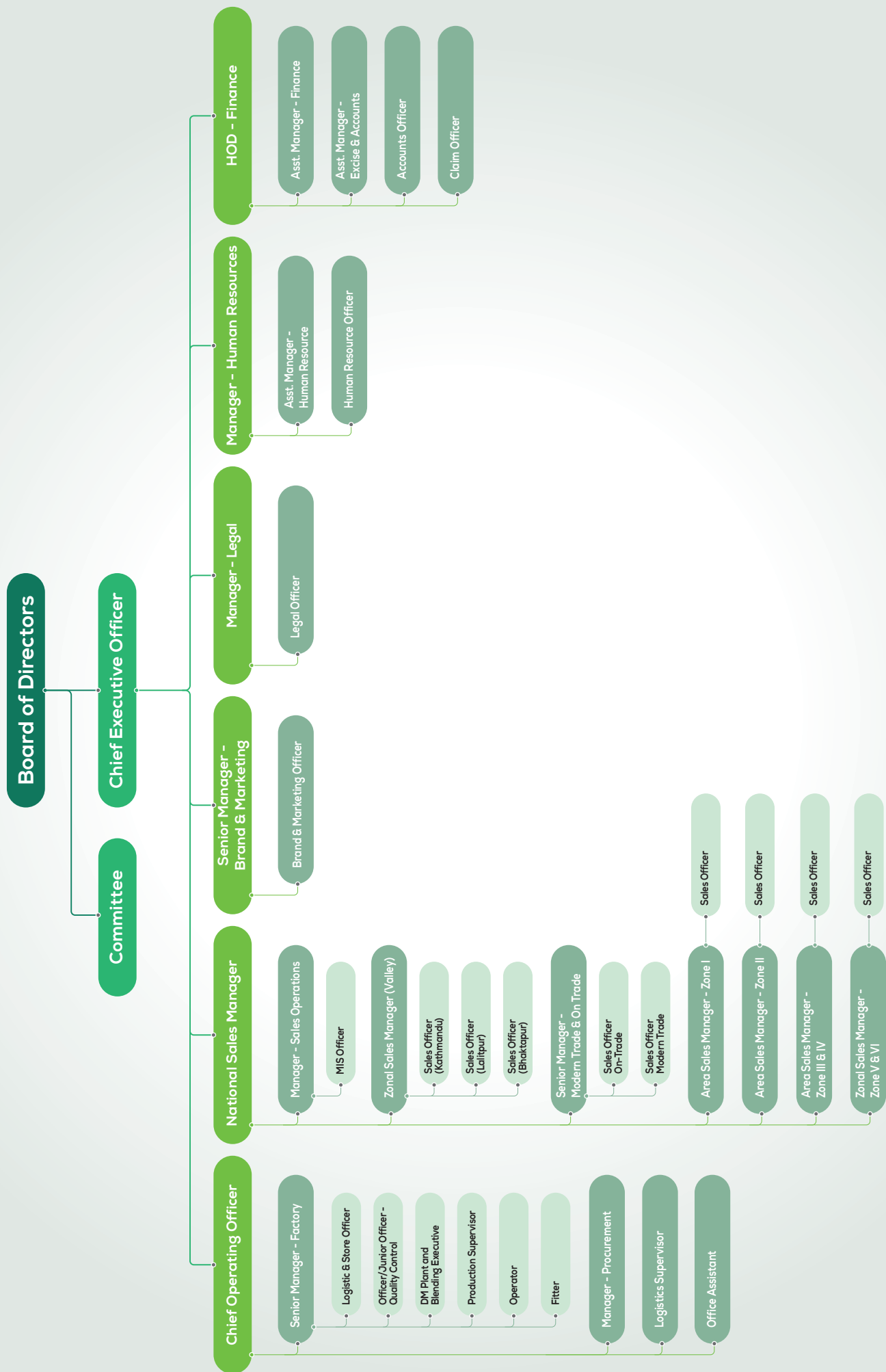
### **Pardeep Paudel, Manager – Procurement**

Mr. Pardeep Paudel joined Sagar Distillery on December 2022 as Assistant Procurement Manager and currently serves as Procurement Manager. With over 13 years of experience in the liquor, automobile, and infrastructure sectors, he leads procurement strategy, supplier management, and operational governance, ensuring seamless production and cost efficiency. He specializes in strategic sourcing, contract negotiation, supply-chain optimization, and compliance-driven procurement, supporting agile and high-performance operations. He holds an MBS from the Central Department of Management, Tribhuvan University and is recognized for strengthening procurement governance, supplier reliability, and operational continuity.



### **Birat Maharjan, Manager – Human Resources**

Mr. Birat Maharjan joined Sagar Distillery on September 2024 as Assistant Human Resources Manager and currently serves as Human Resources Manager. With nearly seven years of experience in the liquor, brokerage, automobile, and home appliances industries, he leads workforce strategy, organizational development, and performance management. He specializes in developing high-performing teams, driving strategic HR initiatives, and transforming organizational culture to align human capital with business objectives. He holds an MBA in Human Resources from King's College, affiliated with Westcliff University, and is recognized for fostering a collaborative, growth-oriented, and performance-driven environment.



Note: The Organization Structure as depicted above keeps evolving according to the needs and strategies of the organization.



## Our Brands







## A Tribute to Belief. A Celebration of Craft.

### "Inspired by Nepalese Belief. Crafted Across Continents."

NEPSE Bulls was envisioned as a tribute to deeply rooted Nepalese beliefs—symbols of strength, optimism, and resilience. To honour this inspiration, the creation of the blend demanded a meticulous, uncompromising approach.

The journey of NEPSE Bulls spans continents and cultures. Master blenders from Scotland, the United States, and India came together, collaborating across borders to explore the full potential of Scottish malts. Through this collective expertise, more than 60 unique whisky expressions were developed—each a study in balance, character, and depth.

From this extensive exploration, one blend distinguished itself. It stood apart not by intensity alone, but by harmony—skillfully bringing together three of the rarest aged single malts sourced from the celebrated Highland and Speyside regions of Scotland.

Blended with crisp glacier water, the final expression achieved a layered complexity that feels both refined and resonant—meticulously crafted to align with the Nepalese palate while maintaining global standards of excellence.



## "A Whisky Shaped by Belief, Refined through Global Mastery."

### CHARACTER & TASTING EXPERIENCE

- Crafted for Depth and Distinction.
- Rare Malts. Singular Expression.
- Each malt selected for NEPSE Bulls brings its own identity—depth from age, elegance from origin, and balance from thoughtful blending. Together, they form a whisky that reflects patience, precision, and purpose.
- The inclusion of glacier water lends clarity and smoothness, allowing each flavour layer to unfold naturally. It enhances purity, softness, and flow—creating a whisky that is both complex and remarkably approachable.



ABV.  
40%



Colour  
**Rich golden copper with shimmering, glassy highlights**



Aroma  
**Delicate floral notes harmonised with complex fruit tones of melon, pear, orange, and almond**



Palate  
**Layers of summer fruits, caramel, white chocolate, vanilla, and brioche drizzled in honey.**



Finish  
**Sweet and creamy, gently rounded with a touch of lingering spice.**

# ROYAL BLUE

PERFECTLY SMOOTH



SAGAR  
DISTILLERY

SAGAR DISTILLERY

SAGAR DISTILLERY

SD'S

ROYAL  
BLUE

GOLD  
RESERVE



A UNIQUE BLEND CRAFTED EXQUISITELY  
FOR NEPAL

AUTHENTIC & SMOOTH

SD'S

ROYAL  
BLUE

GOLD  
RESERVE

ROYAL BLUE HAS TRUE  
CHARACTER. IT IS AUTHENTIC,  
EVOKES TRADITION, AND  
BRINGS OUT TRUE SENSE OF  
ROYALTY. ITS SLIGHTLY WOODY  
& FRUITY AROMA IS PAIRED  
WITH OAK NOTES AND A LIGHT  
BODY. THE FINISH IS DELIVERED  
REFRESHINGLY WITH SLIGHTLY  
OAKY NOTES TOPPED OFF WITH  
A FRUITY FINISH.

34.23%v/v

750ml/size



## Smooth by Design. Refined by Choice.

### "A Smoother Expression of Nepalese Whisky."

Royal Blue was conceived with a clear purpose—to redefine expectations within Nepal’s mass-market whisky segment. Where conventional offerings are often perceived as harsh, Royal Blue sets out to deliver smoothness, balance, and consistency without compromising on flavour.

Crafted using ingredients sourced from trusted, high-quality manufacturers, Royal Blue reflects a thoughtful approach to blending. Each component is carefully selected and combined with fresh glacial water, enhancing clarity and smoothness across every sip.

Through precise filtration and controlled blending techniques, the whisky achieves a refined, approachable profile—one that retains warmth and character while offering a noticeably smoother drinking experience. The result is a whisky designed for everyday enjoyment, elevated by craftsmanship and consistency.

## CHARACTER & TASTING EXPERIENCE

- Consistency You Can Trust.
- Crafted for Everyday Sophistication.
- Royal Blue is built for consumers who value balance and reliability. Its profile is warm, familiar, and easy-going—making it an ideal choice for both seasoned drinkers and those seeking a smoother introduction to whisky.
- The use of glacial water brings natural softness, while advanced filtration ensures a clean, consistent flavour from bottle to bottle. Together, these elements define Royal Blue’s signature smoothness.

**“Passionateley  
Crafted to be  
Perfectly Smooth.”**



ABV.  
**34.23%**



Colour  
**Deep gold,  
reflecting  
warmth and  
maturity.**



Aroma  
**Balanced notes of  
oak layered with  
gentle fruit tones.**



Palate  
**Warm oak  
character that  
is smooth and  
approachable.**



Finish  
**Clean, fruity  
finish that  
lingers softly.**





# GREY WOLF

PLATINUM FILTERED



GREY  
WOLF

— Triple Distilled —

PLATINUM FILTERED

750ML/25.4oz



SAGAR DISTILLERY

34.23% ALC/VOL

## Clarity by design.... Precision by Craft.

### Refined Strength. Remarkable Purity.

Grey Wolf was developed with a distinct purpose—to offer a lower-strength alternative to conventional 40% ABV vodkas, without compromising on clarity, smoothness, or taste.

At the heart of Grey Wolf lies an advanced Russian filtration system, designed to refine the spirit through seven meticulous stages. Each filtration cycle passes the blend through charcoal, silver, and platinum, progressively removing impurities while preserving balance and character.

This multi-layered process results in a vodka of exceptional clarity and a refreshing, crisp flavour profile. Smooth, clean, and precise, Grey Wolf is crafted for those who appreciate subtlety, purity, and effortless drinkability which is the result of our seven-stage filtration process.

# “Unmistakably Pure.”



### CHARACTER & TASTING EXPERIENCE

- Refined for Modern Preferences.
- Lower Strength. Higher Precision.
- By offering a lower alcohol strength, Grey Wolf delivers a lighter, smoother experience—ideal for modern consumption preferences while maintaining the integrity of a premium vodka.
- The use of charcoal, silver, and platinum filtration draws from time-tested Russian vodka-making traditions, ensuring purity, neutrality, and a clean finish in every pour.



ABV.  
**34.23%**



Colour  
**Crystal  
clear,  
reflecting  
exceptional  
purity**



Aroma  
**Odourless  
and clean**



Palate  
**Neutral  
and smooth**



Finish  
**Silky smooth  
with a delicate  
hint of rose**





## Inspired by the Himalayas. Crafted in Harmony.

### A Gin as Pure and Vibrant as the Himalayas.

Berries & Blues was created as a celebration of nature's balance—where purity, flavour, and visual expression come together in a refined gin experience inspired by the Himalayas.

Crafted using organic Himalayan botanicals, Berries & Blues begins its journey with a meticulous seven-stage filtration process, designed to achieve exceptional smoothness and clarity. This careful refinement creates a clean foundation upon which the gin's character is built.

The spirit is then infused with natural Himalayan extracts, delivering a distinctive and layered flavour profile—fresh, aromatic, and elegantly complex. To complete the experience, the gin is colour-enhanced to reflect the icy blue hues of Himalayan glaciers, creating a visual identity that mirrors its origin and purity. The result is a gin that is as visually striking as it is refined on the palate.

# “Where Himalayan Purity meets Botanical Expression”



### CHARACTER & TASTING EXPERIENCE

- Crafted for Balance and Freshness.
- Organic Botanicals, Thoughtfully Layered
- Juniper forms the backbone, complemented by coriander and lifted by bright citrus notes. Subtle floral and herbal accents add depth, creating a gin that unfolds gracefully with every sip.
- Colour Inspired by Glaciers.
- The arctic blue hue is a visual tribute to Himalayan glaciers—cool, clean, and unmistakably fresh—reinforcing the gin's sense of place and identity.



ABV.  
**34.23%**



Colour  
**Arctic blue,  
inspired by  
Himalayan  
glaciers.**



Aroma  
**Juniper and  
coriander with a  
refreshing lift  
of citrus.**



Palate  
**Juniper layered  
with rose, citrus,  
and mint, finishing  
with cinnamon  
on the tail.**



Finish  
**Sweet spices  
with a lasting sense  
of freshness.**



*The*  
**GOVERNOR**  
SMOKEWOOD CASK WHISKY



## TWO LEGENDARY MALTS ONE EXCEPTIONAL BLEND



Savor The Exceptional Blend of  
Highland & Speyside Scotch Malts

## New Launch

### The Governor - Where Balance Meets Character

Whisky connoisseurs have always known that greatness lies not in a single note, but in the artful balance between many. A distinguished whisky is never just sweet, or just smoky—it is a harmony of complexity, crafted with intention. Rooted in the world's most respected whisky-making regions, The Governor draws from both Highland and Speyside malts, bringing together the best of two legendary traditions. The richness of Highland depth intertwines seamlessly with the elegant, fruity softness of Speyside. Every sip reveals layers of vanilla, oak, caramel, and gentle spice, culminating in a profile that feels refined yet accessible—crafted with both authenticity and ambition. The whisky is then finished in Smoke-Wood casks, adding a soft, lingering smoke that rounds out the blend. This final touch creates a flavour that is complex, composed, and unmistakably well-balanced.

# CRAFTED TO THOSE WHO APPRECIATE A FINE WHISKY

## A WHISKY FOR THE DISCERNING

### Craftsmanship in Every Detail

At the heart of The Governor lies a commitment to precision. Each component—every malt, every cask, every step—has been chosen to uphold the values of quality and character. The result is a whisky that doesn't shout for attention but earns it through sophistication.

### A Blend Born of Two Regions

From the Highlands comes depth and structure. From Speyside comes smoothness and subtle fruit. Together, they shape a whisky that celebrates nuance, texture, and global heritage. attention but earns it through sophistication.

### Finished in Smoke-Wood

The Smoke-Wood finish imparts a soft, refined smokiness—never overpowering, always complementary. It leaves behind a warm, elegant aftertaste that lingers just long enough.



ABV.  
42.8%



Colour  
Deep Gold



Aroma  
Deep oak, transitioning  
to vanilla, caramel  
with smoke and spices  
on the tail



Palate  
Subtle oak with  
caramel and vanilla  
sweetness, with  
tasting smoky taste



Finish  
Caramel & spices with  
a subtle smoke finish



***MAXX***

**FULL ON, MAXX FUN**



## New Launch

### Crafted for Bold Expression

True whisky appreciation begins where craft meets character. MAXX was created for those who seek more than a drink—they seek an experience shaped by depth, balance, and bold identity. Meticulously crafted for the discerning palate, MAXX stands as a bold and expressive smoky whisky. Born from handpicked premium grains, its blend is shaped with precision and enriched by a refined touch of smoky oak, giving it a profile that is both complex yet effortlessly smooth. The first sip unfolds like a symphony—rich vanilla notes dance across the palate, seamlessly balanced by warm spice that lingers and adds intrigue. A gentle wave of smokiness wraps around the flavours, tying together the whisky's layered character and delivering an experience that resonates with both seasoned whisky enthusiasts and curious new explorers.

# WHERE SMOOTHNESS MEETS BOLD SMOKED CHARACTER.

## WHERE SMOOTHNESS MEETS BOLD SMOKED CHARACTER.

### Craftsmanship in Every Detail

Every element of MAXX reflects balance and boldness. From grain selection to the final smoky finish, this whisky is built for those who appreciate a profile with depth, warmth, and a touch of daring complexity.

### A Bold Blend Born From Premium Grains

We use carefully curated selection of grains chosen for their natural richness. These grains create a foundation that supports both sweetness and structure, setting the stage for a refined smoky expression.

### A Delicate Touch of Smoky Oak

The signature smokiness comes from oak influence—controlled, subtle, and expertly layered. The result is a whisky where smoke enhances rather than overwhelms, ensuring smooth drinkability with a memorable edge.



ABV.  
**34.23%**



Colour  
**Golden  
Amber**



Aroma  
**Fruity with vanilla  
& smoky notes**



Palate  
**Pleasant and smooth  
notes of sweet vanilla,  
oak extract & smoky  
finish**



Finish  
**Sweet fruity  
and smoky tail**



## Brand & Marketing Activities

### Strategic Brand Engagement

#### Corporate Cricket League Prize Distribution Ceremony

Nepse Bulls Rare Malt Whisky sponsored the Corporate Cricket League Prize Distribution Ceremony, held at Hyatt Palace, as part of its targeted brand-building initiatives aimed at high-value corporate audiences. The event attracted an estimated 250+ attendees, including employees and senior management representatives from 20 leading corporate houses, providing meaningful access to an influential and decision-making consumer segment. The engagement was designed to enhance premium brand visibility and deepen recall among urban, professionally accomplished consumers. Key highlights included a curated whisky tasting and cocktail experience, reinforcing product credentials and trial, alongside the prize distribution ceremony recognizing Winners, Runners-Up, and Best Players. A live music performance further elevated the overall guest experience and dwell time. This association strengthened Nepse Bulls Rare Malt Whisky's premium positioning and supported long-term brand equity creation through controlled, high-quality experiential touchpoints within the corporate ecosystem.



### Community-Centric Brand Engagement

#### Indra Jatra 2081

Royal Blue actively participated in a major community-based cultural celebration held from 17th to 23rd September 2024 across Basantapur, Kathmandu, with engagement concentrated along key procession routes including Jhocheen, Indrachowk, and Bangemuda. The initiative reached an estimated 50,000+ devotees and visitors, positioning the brand within one of Kathmandu Valley's most significant cultural gatherings. Through free tasting experiences and offerings made in support of the Lakhe, Pulkisi, and Kumari chariots, the brand demonstrated respect for local traditions while building authentic connections with the community. This engagement reflects Royal Blue's long-term commitment to responsible, culturally rooted brand building—leveraging high-footfall community platforms to enhance mass visibility, trust, and familiarity, while reinforcing the brand's presence within core urban consumption corridors.



**Impact Snapshot:** Enabled direct brand exposure to **50,000+ consumers** over a 7-day period, strengthening community goodwill and broad-based brand recall through culturally aligned engagement.

## Targeted Experiential Brand Engagement Nepse Bulls Present Laughter for Life

Nepse Bulls Rare Malt Whisky Collaborated with Mr. Sandeep Chhetri to present “Laughter for Life”, a curated experiential engagement held on 24th November 2024 at Moksh, Jhamsikhel, featuring renowned Nepali stand-up comedian Sandeep Chhetri. Sandeep Chhetri is widely recognized for pioneering modern stand-up comedy in Nepal, known for his sharp, socially observant humor and his role in popularizing the genre through platforms such as Standup Comedy Nepal. His association brought cultural relevance, credibility, and high engagement value to the event. The gathering hosted 100+ invite-only participants, including gym enthusiasts, medical professionals, and business leaders, representing a health-conscious, socially influential, and urban consumer cohort. The event enabled controlled brand sampling, with 30ml servings of Nepse Bulls provided to gym enthusiasts and doctors, alongside structured interactions and conversations around the brand’s positioning and credentials.

This initiative was designed to foster meaningful engagement rather than mass reach –leveraging content-led entertainment to build brand affinity, encourage trial, and strengthen recall within selective, influence-driven consumer segments.



**Impact Snapshot:** Engaged 100+ high-value urban professionals through an invite-only experiential format, driving premium brand trial, direct feedback, and strengthened salience among socially influential audiences.

## Strategic Brand Association with Innovation Leadership Information and Communication Technology (ICT) Award

The Governor Smokewood Cask Whisky served as the official sponsor for the Information and Communication Technology (ICT) Award, held on 20th December 2024 at Hyatt Regency, Kathmandu. The association strategically positioned the brand alongside innovation, leadership, and excellence within Nepal’s rapidly growing technology ecosystem.



The event hosted 300+ attendees, including policymakers, innovators, entrepreneurs, IT professionals, and digital influencers, offering the brand access to a forward-



thinking, high-influence audience shaping Nepal’s digital and economic future. The evening recognized outstanding contributions, innovation, and leadership in the national IT sector, reinforcing a narrative of progress and achievement. As part of the engagement, The Governor Smokewood Cask Whisky curated a whisky tasting and cocktail dinner, enabling premium product trial within a controlled, upscale environment. The experience reinforced

the brand’s refined character and strengthened recall among a discerning, success-driven consumer base. This sponsorship reflects the brand’s deliberate strategy to align with platforms that celebrate leadership and innovation, supporting long-term brand equity building among influential professional and decision-making communities.

**Impact Snapshot:** Delivered premium brand exposure to 300+ high-influence stakeholders, driving targeted trial and strengthening brand salience within Nepal’s innovation and leadership ecosystem.



## Premium Youth Engagement Activation New Year's Eve - Neetesh Jung Kunwar Live Performance

As part of its portfolio-wide youth engagement strategy, The Governor Smokewood Cask Whisky sponsored a New Year's Eve Celebration on 31st December 2024 at Sync Lounge, leveraging live music and nightlife culture to connect with emerging premium consumers. The event hosted 250+ Gen Z and Millennial attendees and featured a live performance by Neetesh Jung Kunwar, one of Nepal's most influential contemporary musicians with strong resonance among younger audiences. The association enabled the brand to embed itself within culturally relevant moments valued by urban youth and music-led social communities. The curated setting and artist-led engagement enhanced brand recall and reinforced its positioning within premium social experiences.

This activation supported long-term brand equity building by aligning The Governor Smokewood Cask Whisky with celebration, modernity, and cultural relevance, while maintaining a controlled and premium experiential environment. It also strengthened emotional connections with target consumers through authentic cultural participation. Such initiatives continue to play a strategic role in expanding brand visibility and relevance among Nepal's evolving urban lifestyle segments.



**Impact Snapshot:** Delivered focused exposure to **250+ high-engagement youth consumers**, enhancing emotional brand connection and reinforcing relevance within the urban premium whisky consumption segment.

## Regional Expansion Activation 6<sup>th</sup> Butwal Street Festival 2021

Royal Blue strengthened its regional market presence through participation in the 6th Butwal Street Festival, held from 12th to 15th January 2025 in Butwal, a key growth market outside the Kathmandu Valley. The festival attracted a broad consumer base aged 21 to 55, supported by 150 food stalls and continuous cultural programming. Royal Blue operated a dedicated brand stall, integrating brand visibility, on-ground sales interaction, and gamified direct consumer engagement like Hit the Dart - driving participation and recall. This activation reinforced Royal Blue's strategy of building scale and familiarity in regional markets by combining mass reach, cultural relevance, and direct consumer engagement.



**Impact Snapshot:** **Enhanced brand visibility and engagement** in the Butwal market, supporting long-term penetration and recall within a priority regional growth corridor.

## Cultural Event mixed with Lifestyle & Youth Engagement Catwalk Holi Celebration 2081

The Governor Smokewood Cask Whisky hosted a vibrant Holi Celebration on 13th March 2025 at Cat Walk, Pokhara (Foot Track – Open Space), with a strategic focus on engaging Gen Z and Millennial consumers. Designed as a lifestyle-led brand experience, the event successfully blended cultural festivity with contemporary entertainment, reinforcing the brand's connection with youthful, urban audiences. The celebration attracted over 500 attendees, including party enthusiasts, social media influencers, and prominent local personalities, creating a dynamic mix of consumers and opinion leaders. High-energy music, live performances, dance, and immersive color play formed the core of the festivities, encouraging active participation and sustained engagement throughout the event. The lively atmosphere reflected the brand's bold and premium personality while fostering memorable consumer interactions.

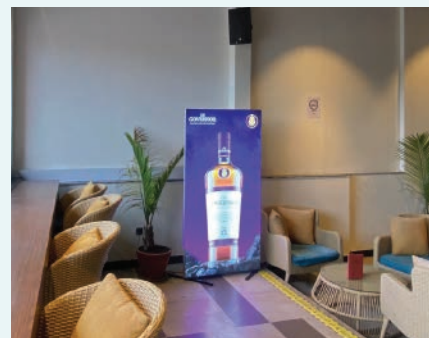
The open-space venue played a key role in maximizing visibility and interaction, allowing the brand to stand out within a large, socially vibrant setting. This format enabled organic content creation, social sharing, and word-of-mouth amplification, extending the event's reach beyond physical attendance. Overall, the Holi Celebration effectively positioned The Governor Smokewood Cask Whisky within contemporary youth and urban leisure culture, strengthening brand recall and reinforcing its aspirational lifestyle appeal.



**Impact Snapshot:** Delivered direct engagement with **500+ young, socially influential consumers**, enhancing brand visibility, experiential recall, and affinity within a dynamic lifestyle context.

## Urban Experiential Activation Grassland Festival- City Takeover

The Governor Smokewood Cask Whisky strengthened its urban premium presence through dual activations at Hardrock and Busy Bee Kathmandu on 16th and 17th May 2025. The events attracted 500+ attendees in each venue, comprising influencers, singers, and artists, enabling high-quality engagement with trend-setting urban consumers. The experience featured complimentary whisky sampling, whisky-based cocktails, and interactions with top Nepali artists and influencers, including Sushant KC, Malvika Subba, Shirish Dali (Albatross), and Nattu Shah, enhancing the brand's visibility and aspirational positioning. Positive consumer response translated into notable on-site sales, underscoring effective conversion through experiential marketing. This initiative demonstrates The Governor's strategy of leveraging lifestyle and influencer-led platforms to deepen urban premium market engagement, drive trial, and strengthen brand recall among socially influential audiences.



**Impact Snapshot:** Engaged **1,000+ urban trendsetters** through curated experiential touch-points, delivering strong brand trial, affinity, and incremental bar sales.



# Macro-Economic Outlook of Nepal (2082/83)

## 1. Overview of Nepal's Evolving Economic Landscape

Nepal enters fiscal year 2082/83 amid a blend of stabilizing recovery signals and persistent structural headwinds. The previous year's economic performance showed steady progress in manufacturing, moderate household consumption, and strong remittance inflows. However, these positive indicators were tempered by an inconsistent tourism rebound, subdued private-sector investment, tightening liquidity across markets, and intermittent political uncertainty.

This environment has created a landscape where **traditional consumption channels remain cautious**, while **emerging retail and lifestyle-driven segments demonstrate stronger momentum**. For alcoholic beverages, this results in a mixed but potentially advantageous market—challenging in volume growth but attractive in value-driven opportunities.





## 2. Domestic Demand Drivers Influencing the Beverages Sector

### ■ Household Consumption Supported by Remittances

Remittances continue to fuel household liquidity, supporting stable retail spending even as living costs fluctuate. This resilience has been particularly visible in the off-trade channel, where home-consumption occasions sustained steady demand. Middle-income consumers remain active in retail purchases, providing a reliable consumption base for the liquor sector.

### ■ Tourism and Hospitality Still Recovering

Tourism showed signs of improvement but remained irregular due to travel constraints, domestic disruptions, and inconsistent international arrivals. As a result, hotels, restaurants, *sekuwa* houses, *khaja ghars*, and entertainment venues—key on-trade drivers—continued to witness demand volatility. Consequently, premium whisky, RTD, and experiential categories tied to hospitality remained below full potential.

### ■ Evolving Consumer Lifestyles

A new generation of urban, aspirational consumers is reshaping the liquor market. They prefer authenticity, refined taste profiles, brand storytelling, and safer, more selective drinking experiences. The growing health-conscious mindset among youths and the increasing migration of legal-age drinkers abroad are reducing mass-volume consumption and accelerating a shift toward *value premiumization* and *more responsible drinking patterns*.

## 3. Pricing Conditions, Excise Dynamics & Cost Pressures

Excise duties continue to influence pricing architecture across all categories, raising shelf prices and affecting affordability among price-sensitive consumer segments where category penetration has historically been highest. At the same time, volatility in the cost of spirit, malt, packaging materials, fuel, and logistics continues to exert pressure on production economics.

In this environment, **volume expansion becomes difficult**, and revenue growth is achieved largely through:

- Deeper penetration,
- Improved realizations,
- Premium and value-premium mix gains,
- Disciplined pricing strategies, and
- Operational efficiency.

This dynamic places a premium on **manufacturing resilience**, domestic spirit production, and robust supply-chain systems—areas where Sagar is making deliberate, long-term investments.

## 4. Manufacturing Conditions & Industry Structure

Nepal's manufacturing environment has moderately improved due to better energy reliability, increased production capacity utilization, and ongoing investments in modern equipment and sustainable energy solutions. For distilleries, enhanced energy availability and technology-based process control have enabled more consistent production cycles.

However, the industry still grapples with:

- Import dependence for critical raw materials,
- Long logistics lead times,
- Uneven provincial distribution infrastructure, and
- Competitive pressure from regional and unregulated operators.

Producers with **localized production**, **backward integration**, and **efficient manufacturing systems** are better positioned to buffer input volatility and safeguard margins—capabilities Sagar Distillery is rapidly strengthening.

## 5. Industry Implications & Market Shifts

### ■ Short-Term Volume Moderation

- Industry volume growth is expected to remain subdued in early 2082/83, driven by:
- Migration of young drinking-age consumers,
- Excise-led price escalation,
- Uneven tourism activity, and
- Pressure on lower-income consumers.
- Mainstream categories face heightened competition and pricing sensitivity. New launches must offer differentiated value to break through.

### ■ Value Growth Expected to Outpace Volume Growth

- Although volumes remain constrained, value growth remains promising due to:
- Premium and value-premium portfolio expansion,
- Improved consumer lifestyle aspirations,
- Elevated packaging and brand experiences, and
- Trading up within urban and semi-urban markets.





#### ■ Shift Toward Off-Trade and Hybrid Consumption Spaces

With hospitality still normalizing, retail shops, convenience outlets, modern trade, and local on-trade channels (sekuwa/khaja ghar, bhattis) continue to drive growth. These channels demand:

- Strong availability,
- Retail execution,
- Packaging appeal, and
- Brand visibility all of which carry increased cost of entry for emerging brands.

### 6. Sagar Distillery's Position & Performance Within the Macro Context

Despite the mixed macro landscape, Sagar Distillery delivered steady performance, supported by:

- Growth in premium portfolio brands such as The Governor and Nepse Bulls,
- Successful new brand launches,
- Strategic distribution expansion outside Kathmandu Valley, and
- Improved price realization through portfolio mix shifts.

#### Operationally, Sagar made meaningful strides by:

- Completing financial procedures for its Malt Production Facility,
- Modernizing manufacturing processes,
- Tightening credit and liquidity management, and
- Strengthening distribution fundamentals.

These initiatives not only enhanced resilience but also aligned the company with emerging consumer expectations for **quality, authenticity, and premium experiences**. By reducing dependency on purchased spirits and advancing domestic malt capability, Sagar is building a long-term competitive advantage.

The company's challenger mindset-characterized by innovation, agility, disciplined execution, and responsible governance positions it to outperform larger incumbents in a shifting marketplace.

### 7. Outlook for Fiscal Year 2082/83

#### ■ Market Conditions

- Volumes may remain under pressure due to excise escalation, shrinking drinking population, and lifestyle shifts toward mindful consumption.
- Retail-led consumption is expected to remain strong, supported by remittance-driven liquidity and festival cycles.
- Premium and malt-based spirits are expected to grow above category average.
- Horizontal expansion remains challenging, with availability acting as the primary growth lever.



#### ■ Opportunities

- Accelerated premiumization through malt-based spirits and innovative offerings.
- Strengthening brand experiences in on-trade and modern trade environments.
- Capturing younger drinking-age consumers via differentiated product formats and taste profiles.
- Leveraging improved manufacturing efficiency to reinvest in brand-building and distribution expansion.
- Growing off-trade demand in urban hubs and provincial centers.

#### ■ Risks

- Continued volatility in input costs and import dependence.
- Pressure from illicit and low-cost alternatives.
- Changing consumer perceptions toward alcohol among younger demographics.
- Macropolitical and socio-economic events that may disrupt sentiment or continuity.



### 8. Conclusion: Strengthened Foundations for a Premium Future

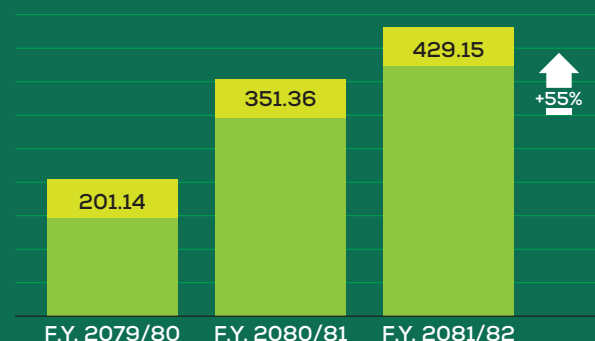
Nepal's macroeconomic trajectory for 2082/83 reflects cautious yet steady progress. The liquor sector, though challenged by volume constraints, is clearly transitioning toward **premium, experience-driven, and higher-quality consumption**. Growth will favor companies that demonstrate operational excellence, innovation capability, and strong executional discipline.

Sagar Distillery enters this fiscal year with strengthened manufacturing capacity, a more focused and premium-leaning portfolio, improved financial and distribution fundamentals, and an organizational culture committed to **speed, quality, and innovation**. These strengths not only equip the company to navigate the evolving macro environment responsibly but also position it to capture **outsized value** as the Nepali spirits market evolves into a more refined and experience-oriented category.

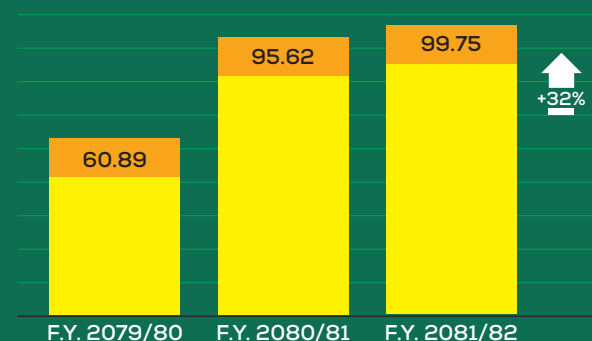
# Financial Performance Highlights

Particulars	Ashad 32, 2082 (July 16, 2025)	Ashad 31, 2081 (July 15, 2024)	Ashad 31, 2080 (July 15, 2024)
Gross Revenue	429,154,974	351,362,143	201,136,635
Gross Profit	99,750,555	95,615,541	60,891,536
Operating profit	38,365,367	(14,098,090)	26,719,727
Profit for the year	2,430,469	(21,531,027)	(28,028,623)
Networth of Company	813,210,236	812,195,368	235,636,274
No Of Shares	5,808,000	5,808,000	2,250,000
Networth Per Share	140.02	139.84	104.73
Current Assets	583,872,672	347,397,555	209,403,875
Current Liabilities	366,061,357	182,966,756	341,862,238
Current Ratio	1.60	1.90	0.61
Total Assets	1,249,966,254	1,078,231,015	706,988,155

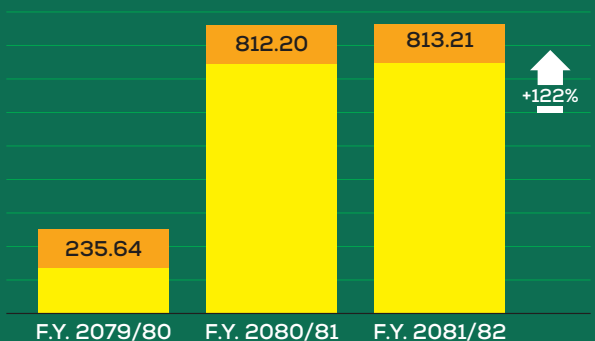
## Gross Revenue



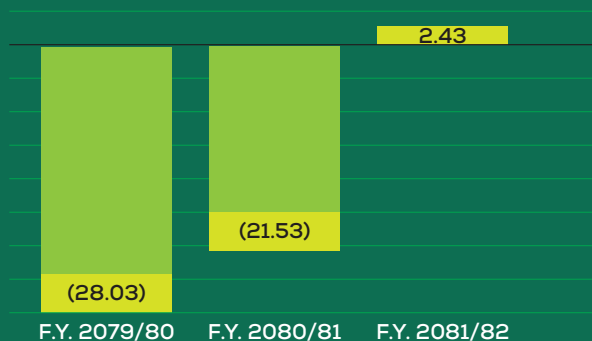
## Gross Profit



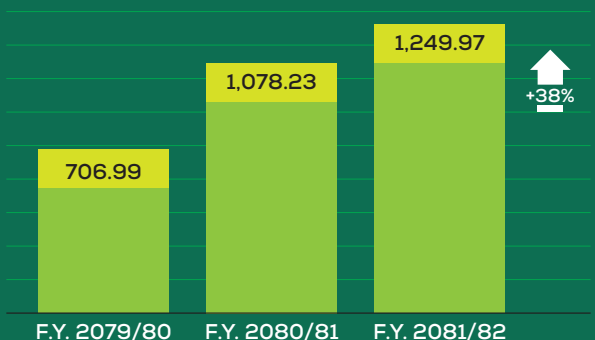
## Total Net Worth



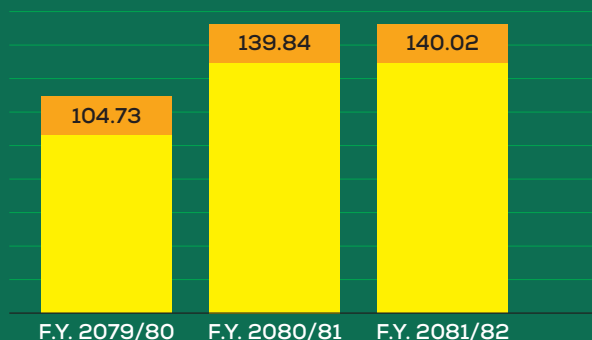
## Profit for the Year



## Total Assets



## Net Worth per Share





## Last 3 Years financial position of the company

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
a) Property, plant and equipment	500,592,599	491,318,794	495,637,108
b) Capital work-in-progress	21,551,370	16,537,237	-
c) Intangible assets	447,273	623,600	408,538
d) Right of use assets	512,878	1,025,756	1,538,633.25
e) Deferred tax Assets	44,848,553	47,846,553	-
f) Investments	98,140,910	173,481,520	-
g) Other non-current assets	-	-	-
<b>Total non-current assets</b>	<b>666,093,583</b>	<b>730,833,459</b>	<b>497,584,280</b>
<b>CURRENT ASSETS</b>			
a) Inventories	69,279,224	45,733,129	10,958,975
b) Financial assets	5,137,110	431,653	1,392,080
c) Trade receivables	453,463,942	257,504,314	137,683,971
d) Cash and cash equivalents	783,375	13,025,487	299,518
e) Other current assets	55,209,020	30,702,973	59,069,331
<b>Total current assets</b>	<b>583,872,672</b>	<b>347,397,555</b>	<b>209,403,875</b>
<b>TOTAL ASSETS</b>	<b>1,249,966,254</b>	<b>1,078,231,015</b>	<b>706,988,155</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity			
i) Share capital	580,800,000	580,800,000	225,000,000
b) Other equity	232,410,236	231,395,367	10,636,274
<b>Total equity</b>	<b>813,210,236</b>	<b>812,195,367</b>	<b>235,636,274</b>
<b>NON-CURRENT LIABILITIES</b>			
a) Financial liabilities			
i) Borrowings from banks	70,694,661	82,470,381	127,946,530
ii) Lease Payables	-	598,510	1,136,280.05
b) Deferred tax liabilities	-	-	406,833
<b>Total non-current liabilities</b>	<b>70,694,661</b>	<b>83,068,891</b>	<b>129,489,643</b>
<b>CURRENT LIABILITIES</b>			
a) Financial Liabilities			
i) Borrowings from banks	306,874,469	134,719,679	235,626,545
ii) Lease Payables	598,509	537,771	482,435.92
iii) Trade payables	32,238,607	16,670,758	10,911,386
iv) Other liabilities	26,349,772	31,038,548	94,841,872
b) Current tax liabilities (net)	-	-	-
<b>Total current liabilities</b>	<b>366,061,357</b>	<b>182,966,756</b>	<b>341,862,238</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,249,966,254</b>	<b>1,078,231,015</b>	<b>706,988,155</b>

# Management Discussion and Analysis

Sagar Distillery Limited is one of the emerging distillery companies in Nepal, operating a state-of-the-art bottling plant located at Devchuli-01, Nawalpur. The Company is managed responsibly and sustainably, with a strong commitment to creating value for its customers, shareholders, consumers, and the communities it serves.

Sagar Distillery markets and distributes a diverse range of alcoholic beverages under 70 UP, 40 UP, 30 UP, and 20 UP categories. With a growing portfolio and an expanding distribution network, the Company is well-positioned to capture high-growth opportunities across premium segments, high-value occasions, and evolving consumer preferences.

The management recognizes that creating shared value for all stakeholders including shareholders, employees, consumers, customers, and communities is fundamental to long-term success. Guided by this belief, Sagar Distillery continues to invest in sustainable business practices, product innovation, and operational excellence to drive profitable growth and strengthen its market presence in Nepal's dynamic liquor industry.

## Financial Performance Overview

### Financial Overview

Particulars	FY 2081/82	FY 2080/81	YoY Growth
Gross Sales	429,154,974	351,362,143	22.14%
Net Sales	179,674,647	175,395,023	2.44%
Gross Profit	99,750,555	95,615,541	4.32%
EBITA	38,365,367	(14,098,090)	0.00%
Net Profit	2,430,469	(21,531,027)	
Total Assets	1,249,966,254	1,078,231,015	15.88%

### Key Financial Ratios

Particulars	FY 2081/82	FY 2080/81	YoY Growth
Share Capital	580,800,000	580,800,000	0.00%
Reserves & Surplus	232,410,236	231,395,368	0.49%
Net Profit	2,430,469	(21,531,027)	
Gross Profit Ratio	23%	27%	-14.59%
Current Ratio	1.60	1.90	-11.80%
Total Net worth	813,210,236	812,195,368	0.14%
Net Worth Per Shares	140.02	139.84	0.14%

### Geography-wise Sales

Particulars	FY 2081/82	FY 2080/81	FY 2079/80
Kathmandu Valley	33%	55%	43%
Province I	15%	8%	4%
Province II	20%	8%	20%
Province III	6%	5%	11%
Province IV	8%	3%	4%
Province V	13%	10%	8%
Province VI	5%	11%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 3 Years Financial Performance

Particulars	FY 2081/82	FY 2080/81	FY 2079/80
Gross Sales	429,154,974	351,362,143	201,136,635
Gross Profit	99,750,555	95,615,541	60,891,536
Share Capital	580,800,000	580,800,000	225,000,000
Reserves and Surplus	232,410,236	231,395,367	10,636,274
Total Assets	1,249,966,254	1,078,231,015	706,988,155
Net worth Per Share	140.02	139.84	104.73
Net Profit	2,430,469	(21,531,027)	(28,028,623)



## VERTICAL ANALYSIS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	F.Y. 2081/82	%	F.Y. 2080/81	%	F.Y. 2079/80	%
Gross Revenue from operations	429,154,974	100.00%	351,362,143	100.00%	201,136,635	100.00%
Less: excise duties	236,427,796	55.09%	175,967,120	50.08%	106,754,661	53.08%
Less: Sales Return	13,052,530		-			
<b>Net sales revenue</b>	<b>179,674,647</b>		<b>175,395,023</b>		<b>94,381,974</b>	
Less: cost of goods sold	79,924,092	18.6%	79,779,482	22.7%	33,490,438	16.7%
<b>Gross profit</b>	<b>99,750,555</b>	<b>23.24%</b>	<b>95,615,541</b>	<b>27.21%</b>	<b>60,891,536</b>	<b>30.27%</b>
Other operating income	37,911,942	8.83%	1,487,847	0.42%		0.00%
Gain on investments through fair value	(613,516)	-0.14%	4,389,998	1.25%		0.00%
<b>Total income from operations</b>	<b>137,048,981</b>	<b>31.93%</b>	<b>101,493,386</b>	<b>28.89%</b>	<b>60,891,536</b>	<b>30.27%</b>
Employee benefit expenses	34,820,092	8.11%	39,434,427	11.22%	19,078,807	9.49%
Administration and other expenses	10,831,289	2.52%	9,631,412	2.74%	9,059,739	4.50%
Selling and distribution expenses	53,032,233	12.36%	66,525,636	18.93%	6,033,263	3.00%
<b>Operating profit</b>	<b>38,365,367</b>	<b>8.94%</b>	<b>(14,098,090)</b>	<b>-4.01%</b>	<b>26,719,727</b>	<b>13.28%</b>
Depreciation and amortisation	10,592,370	2.47%	10,062,924	2.86%	10,345,096	5.14%
Finance costs	22,344,528	5.21%	45,623,400	12.98%	45,381,503	22.56%
<b>Profit before tax</b>	<b>5,428,469</b>	<b>1.26%</b>	<b>(69,784,413)</b>	<b>-19.86%</b>	<b>(29,006,874)</b>	<b>-14.42%</b>
<b>Income tax expenses</b>						
Current tax	-		-			
Deferred tax	2,998,000	0.70%	(48,253,386)	-13.73%	(978,251)	-0.49%
<b>Profit for the year</b>	<b>2,430,469</b>	<b>0.57%</b>	<b>(21,531,027)</b>	<b>-6.13%</b>	<b>(28,028,623)</b>	<b>-13.94%</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
PPE Revaluation Reserve						
Actuarial Gain/(Loss) of Employee Benefits						
Items that may be re-classified subsequently to Profit or Loss:						
Exchange Difference on translation of Foreign operations	-		-		-	
<b>Other comprehensive income</b>	<b>-</b>		<b>-</b>		<b>-</b>	
<b>Total comprehensive income for the year</b>	<b>2,430,469</b>	<b>0.57%</b>	<b>(21,531,027)</b>	<b>-6.13%</b>	<b>(28,028,623)</b>	<b>-13.94%</b>

## HORIZONTAL ANALYSIS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	F.Y. 2081/82	%	F.Y. 2080/81	%	F.Y. 2079/80	%
Gross Revenue from operations	429,154,974	213.36%	351,362,143	174.69%	201,136,635	100.00%
Less: excise duties	236,427,796	221.47%	175,967,120	164.83%	106,754,661	100.00%
Less: Sales Return	13,052,530		-			
<b>Net sales revenue</b>	<b>179,674,647</b>	<b>190%</b>	<b>175,395,023</b>	<b>186%</b>	<b>94,381,974</b>	<b>100%</b>
Less: cost of goods sold	79,924,092	238.6%	79,779,482	238.2%	33,490,438	100.0%
<b>Gross profit</b>	<b>99,750,555</b>	<b>163.82%</b>	<b>95,615,541</b>	<b>157.03%</b>	<b>60,891,536</b>	<b>30.27%</b>
Other operating income	37,911,942	0.00%	1,487,847			100.00%
Gain on investments through fair value	(613,516)	0.00%	4,389,998			100.00%
<b>Total income from operations</b>	<b>137,048,981</b>	<b>225.07%</b>	<b>101,493,386</b>	<b>166.68%</b>	<b>60,891,536</b>	<b>100.00%</b>
Employee benefit expenses	34,820,092	182.51%	39,434,427	206.69%	19,078,807	100.00%
Administration and other expenses	10,831,289	119.55%	9,631,412	106.31%	9,059,739	100.00%
Selling and distribution expenses	53,032,233	879.00%	66,525,636	1102.65%	6,033,263	100.00%
<b>Operating profit</b>	<b>38,365,367</b>	<b>143.58%</b>	<b>(14,098,090)</b>	<b>-52.76%</b>	<b>26,719,727</b>	<b>100.00%</b>
Depreciation and amortisation	10,592,370	102.39%	10,062,924	97.27%	10,345,096	100.00%
Finance costs	22,344,528	49.24%	45,623,400	100.53%	45,381,503	100.00%
<b>Profit before tax</b>	<b>5,428,469</b>	<b>-18.71%</b>	<b>(69,784,413)</b>	<b>240.58%</b>	<b>(29,006,874)</b>	<b>100.00%</b>
<b>Income tax expenses</b>						
Current tax	-		-			
Deferred tax	2,998,000	-306.47%	(48,253,386)	4932.62%	(978,251)	100.00%
<b>Profit for the year</b>	<b>2,430,469</b>	<b>-8.67%</b>	<b>(21,531,027)</b>	<b>76.82%</b>	<b>(28,028,623)</b>	<b>100.00%</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
PPE Revaluation Reserve						
Actuarial Gain/(Loss) of Employee Benefits						
Items that may be re-classified subsequently to Profit or Loss:						
Exchange Difference on translation of Foreign operations	-		-		-	
<b>Other comprehensive income</b>	<b>-</b>		<b>-</b>		<b>-</b>	
<b>Total comprehensive income for the year</b>	<b>2,430,469</b>	<b>-8.67%</b>	<b>(21,531,027)</b>	<b>76.82%</b>	<b>(28,028,623)</b>	<b>100.00%</b>

## Proposed Future Project

### The Malt Project: Building the Foundation for Sagar's Premium Future

Sagar Distillery is undertaking a significant strategic initiative through the establishment of a state-of-the-art malt distillation plant within its existing factory premises. Designed to meet the highest standards of quality, efficiency, and process control, the facility will have the licensed capability to produce approximately 990,000 liters of high-quality malt spirit annually, marking a major milestone in the company's evolution.

Beyond production, Sagar plans to age select malt spirits in the Himalayan region, leveraging the unique conditions of altitude, temperature variation, and natural purity. This Himalayan maturation approach is envisioned as a defining hallmark of Sagar's future premium portfolio, offering a distinctive identity and a compelling point of differentiation in the Nepali spirits market.

The Malt Project substantially reduces the company's dependence on malt spirits procured from third countries—supplies that are often exposed to high and fluctuating prices. By internalizing malt production, a critical ingredient in premium whisky making, Sagar strengthens control over quality, ensures supply security, and improves long-term cost stability.

As consumer preferences continue to evolve toward refined, malt-forward, and premium whisky experiences, this initiative positions Sagar to remain future-ready across multiple segments. More than a capacity expansion, the Malt Project represents a strategic transformation—empowering the company with end-to-end control over craftsmanship, enabling greater innovation, and supporting the development of distinctive, high-quality brands.

By combining in-house malt production with Himalayan maturation, Sagar Distillery is laying a strong foundation to elevate consumer experiences, enhance margin resilience, and build long-term competitive advantage. The Malt Project will play a central role in fueling Sagar's ambition to emerge as one of Nepal's leading and most respected spirits companies, firmly anchored in quality, authenticity, and innovation.





## Our People

At Sagar Distillery Ltd., our people are at the heart of our success. Their dedication, resilience, and professionalism power our growth, strengthen our culture, and drive operational excellence. We take pride in cultivating a capable, collaborative, and diverse workforce where experience, youthful energy, gender, and ethnic diversity intersect to produce innovation. Ensuring the right person in the right role enhances organizational capability, accelerates execution, and maximizes our overall effectiveness.



## Holistic Employee Wellness & People-Centric Care

### Physical & Occupational Wellness

We ensure our workforce remains healthy, safe, and fully operational through structured annual health screenings, comprehensive dental and eye camps, certified First Aid and Fire Safety training, and mandatory PPE for employees in higher-risk roles. These preventive measures reduce workplace risk, enhance readiness, and reinforce our commitment to a safe, healthy, and productive working environment.

In addition, we have established partnerships with reputed medical institutions to extend wellness support beyond the workplace. These tie-ups provide employees—and their immediate family members—access to emergency assistance, priority health services, and discounted health checkups, ensuring holistic care and peace of mind.



#### परिभाषा-

हाम्रो आइडलजि वा अस्पताल पूर्वोक्त अर्थ पाइने वा बुझिने किसिमको विद्यमान विद्यमान भएको वा पाइने भएको स्वास्थ्य नै उपलब्ध सोत साधनको प्रयोग गरी लक्ष्य दिने उपचारलाई प्रभाविक उपचार भनिन्छ।

यो उपचार कुनैदम भएको उपलब्ध सोत साधन, सुविधा तथा तालिमको ज्ञानको आधारमा आधारित उपचार हो।



## Psychological & Emotional Wellness

We take a proactive approach to emotional and psychological well-being. Through structured Stress Management programs, an open culture of communication, and ongoing recognition



initiatives, we build resilience and sustained engagement. Our emphasis on empathy, transparency, and encouragement ensures employees feel valued, mentally supported, and empowered to perform at their optimal level.

## Equal Opportunity & Inclusive Practices

We are committed to fairness, equity, and merit-based employment practices. Recruitment decisions are driven by structured HR plans and fully objective criteria, without discrimination on the basis of race, gender, ethnicity, religion, language, civil status, or any other attribute. Our outsourced factory workforce includes a significant number of women from the

local community, contributing to gender inclusion, livelihood creation, and economic empowerment. Child labor is strictly prohibited. We continue to expand our team strategically, strengthening capability in alignment with our growing business scale.

## Performance & Engagement Culture

Every new employee undergoes a structured orientation to understand the company's values, operations, and expectations. Roles, responsibilities, and KPIs are clearly defined to ensure accountability, clarity, and fair



performance assessment. Recognition frameworks highlight achievements and contributions, reinforcing a culture of performance, transparency, and excellence. Behavioral standards guide interactions across the company, promoting collaboration and consistency.

## Life-Event Support & Human Connection

We recognize that trust, loyalty, and belongingness are built beyond the boundaries of work. Significant life events are celebrated with empathy, care, and dignity. New parents receive thoughtfully curated Employee Care Packages designed to support their transition into parenthood. Employees celebrating weddings are provided with one week of special paid leave along with a meaningful company gift. These gestures reinforce that our commitment is not only to employee performance—but to their lives, families, and the milestones that shape who they are.





## Cultural, Recreational & Learning Initiatives

We champion an engaging, inclusive, and learning-oriented workplace. Cultural celebrations such as Teej, International Women's Day, International Men's Day, Dashain & Tihar, Christmas, Holi, and National Dress/Topi Diwas foster unity and cultural pride. Recreational engagements, including Futsal tournaments and Sales Meets, enhance teamwork, energy, and motivation. Knowledge-sharing sessions and structured training programs on platforms such as Microsoft 365, Goal Setting, and technical competencies expand skills and strengthen organizational effectiveness.





## Strategic Workforce Excellence & HR Optimization

Our HR strategy is built on capability enhancement, retention, and digital efficiency. A formal Training Calendar aligned with Training Needs Analysis (TNA) addresses technical, behavioral, and compliance requirements. Integrated HR digitization through HRIS streamlines attendance, leave, performance management, and employee data, improving accuracy and productivity. Retention and recognition frameworks aligned with milestones and achievements reinforce loyalty, continuity, and long-term commitment. This strategic approach ensures every individual is supported, empowered, and aligned with the company's performance objectives.



## Employer Branding & Talent Attraction

We proactively strengthen our employer brand to attract strong, talented, and values-aligned candidates. Our presence in job fairs, campus engagements, and professional platforms such as LinkedIn showcases our culture, opportunities, and workplace environment. Clear communication of growth pathways, benefits, and organizational values positions us as an employer of choice.

To further expand our talent pipeline and support continuous learning, we have tied-up with academic institutions. These partnerships not only enhance our visibility among emerging talent but also provide exclusive tuition-fee discounts for employees who wish to pursue higher studies, promoting both employer branding and internal career advancement.





## Our Operations

Sagar Distillery Limited derives its foundation of operational excellence through efficient factory management and sustainable production practices. The factory boasts a robust annual licensed production capacity of 50.10 lakh litres of blended liquor and 9.90 lakh litres of malt and other spirits, ensuring a future proof production and bottling facility with consistent supply to meet growing market demands. Currently, most of its raw materials – except malt spirits are sourced domestically, reflecting our commitment to supporting the national circular economy. In line with our future growth strategy, we are planning to commence malt spirit production within Nepal, which will enable complete localization of high quality raw material sourcing, reducing import dependency and enhancing value creation within the country.

Our factory operations prioritize community empowerment and sustainability. A significant portion of our workforce comprises local women, whose inclusion not only supports production efficiency but also contributes to the upliftment of rural livelihoods – a key pillar of our social responsibility. Safety and well-being remain at the heart of our operational excellence framework, guided by our internal Occupational Health and Safety (OHS) policy, which ensures a secure and compliant working environment for all employees. From an operational perspective, our integrated supply chain plays a vital role in ensuring seamless coordination between procurement, production, and distribution. We continuously optimize logistics and inventory systems to achieve efficiency, minimize wastage, and maintain product quality from factory to market.

Additionally, employee engagement initiatives – including skill development programs, performance recognition, and welfare activities – are driving a culture of accountability, innovation, and teamwork across all operational levels. Through these combined efforts, Sagar Distillery Limited is evolving as a model of localized, safe, and sustainable operational excellence, firmly aligning industrial performance with community development and national progress. To ensure consistent quality, efficiency, and product excellence, we have equipped its production facility with advanced infrastructure and state-of-the-art technology. The following key systems and equipment form the backbone of our blending and bottling operations, reinforcing our commitment to precision, hygiene, and superior product quality thus ensuring our moto of highest quality from Grain to Glass.



### Bottling Unit

The factory is located in Devchuli Metropolitan City, Nawalpur, just 1.5 kilometers away from the East-West Highway, ensuring convenient access for transportation and logistics. The surrounding environment is filled with natural greenery, creating a peaceful and eco-friendly atmosphere that supports sustainable operations. The factory is spread across a total area of 4-03-14 (approximately 4 bigha and 3 kattha and 14 dhur), providing ample space for production units, storage facilities, administrative buildings, and future expansion. Its strategic location not only offers excellent connectivity but also a clean and green environment, making it highly suitable for long-term industrial growth.

### Plant and Machinery Highlights

- **Demineralized Plant (DM Plant):** Sagar Distillery Limited has a 10 kl/H Demineralized water plant, which remove all the minerals and hardness from raw water making it ideal for blending.
- **Stainless Steel Vessel/Tanks and fittings:** We are very aware of high-quality product delivery, for the conformation, we adopt higher grade SS vessel/Tanks and fittings (SS 304 Grade) for storage of Spirit and preparation of blends.





- **Russian multi-graded filtration System:** We have specially designed Russian Multi-graded filtration system that smoothen the blend during Vodka production which also give shine to the blend.
- **Sparkler filtration System:** We adopt a uniquely designed filtration system having 15 layers of filtration to remove foreign particles thus shining & polishing our blends

### Supply Chain Management

Our national distributor operates two warehouses that provide immediate logistics savings and significantly faster lead times. This dual-warehouse setup strengthens market coverage, enhances revenue potential, and ensures consistent product availability across key regions. By maintaining stronger shelf presence and supporting timely replenishment, it also improves fulfillment efficiency for JIT (Just-In-Time) retailers, ultimately boosting overall supply-chain performance.

### Equal Employment Opportunity

Sagar Distillery Ltd. is committed to ensuring Equal Employment Opportunity (EEO) across all levels of our operations. We promote a fair, inclusive, and non-discriminatory work environment where hiring, promotion, training, and compensation decisions are based solely on merit, skills, and performance. It strictly prohibits discrimination on the basis of gender, caste, ethnicity, religion, age, disability, or any other protected characteristic. The distillery encourages diversity within its workforce and ensures that all employees are provided with equal access to opportunities for growth and development. Through transparent HR policies, grievance-handling mechanisms, and regular awareness initiatives, Sagar Distillery Ltd. upholds a workplace culture rooted in respect, equality, and ethical employment practices.

### Employee Engagement

We promote strong employee engagement by fostering a supportive, safe, and inclusive work environment where



employees feel valued and motivated. We invest in regular training programs, skill-development workshops, and performance-based incentives to enhance productivity and career growth. Open communication channels, periodic staff meetings, and feedback mechanisms encourage employees to share ideas and participate in decision-making processes. Additionally, the distillery emphasizes teamwork, recognition of outstanding performance, and initiatives that promote employee well-being, helping build a committed and high-performing workforce.

### Sustainability Measurement

Sagar Distillery Ltd. measures sustainability by closely monitoring its environmental, social, and economic impacts across all stages of operation. The company tracks key indicators such as energy consumption, water usage, waste generation, and emissions to ensure compliance with environmental standards and promote resource efficiency. Regular audits of effluent treatment, recycling practices, and carbon footprint help the distillery identify improvement areas and reduce ecological impact. On the social front, it evaluates employee welfare, workplace safety, and community engagement initiatives to strengthen responsible business practices. Financial sustainability is assessed through cost efficiency, long-term value creation, and ethical governance. By integrating these measurement systems, Sagar Distillery Ltd. works toward sustainable growth while maintaining accountability and transparency.



### Building Scale with Speed and Reach

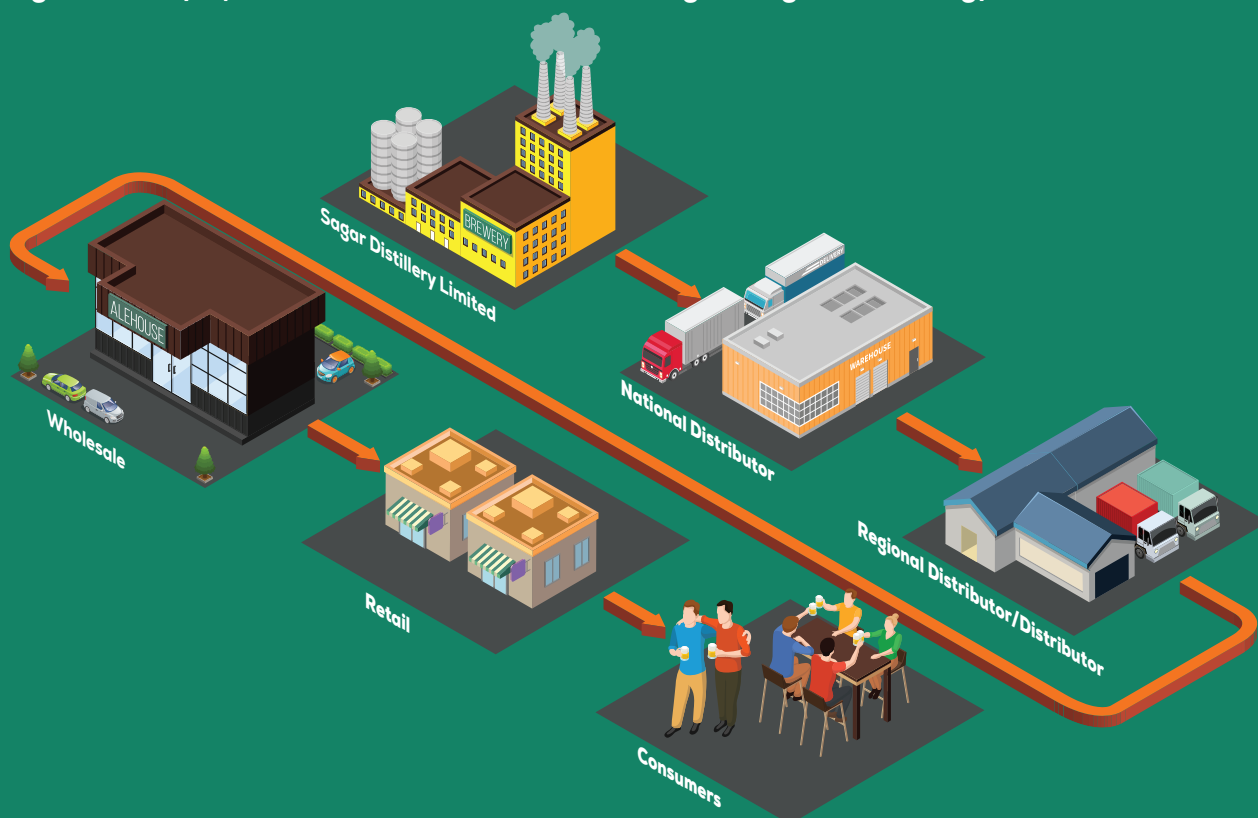
Sagar Distillery Limited has significantly strengthened its distribution architecture to support wider geographic penetration and faster execution. We expanded our distribution network to 42 distributors, including ND and RD partners. This expansion enhanced market reach, improved service levels, and shortened fulfillment cycles—directly supporting the company’s strategy of improving accessibility and availability of its brands across Nepal.

To further streamline supply movement and improve last-mile execution, Sagar introduced a Regional Distributor (RD) channel. This new layer within the distribution structure has strengthened coverage efficiency, particularly in remote and high-potential micro-markets. By enabling quicker dispatch, better service support, and deeper reach into territories previously underserved, the RD model has become a critical enabler of scalable and cost-efficient expansion beyond traditional trade routes.

Sagar Distillery also achieved meaningful progress in outlet expansion and penetration. Unique outlet coverage increased, also growing the total outlet coverage significantly widening the company’s retail footprint. This expansion strengthened product availability across urban, semi-urban, and rural markets, reinforcing Sagar’s long-term ambition of deepening category presence and making its brands accessible to a broader consumer base nationwide.

Our sales performance continues to be driven by a balanced presence across Valley and Out-of-Valley (OOV) markets. The Valley remains a strategically important urban hub, characterized by dense retail, dynamic consumer behavior, and strong on-trade influence. Here, the focus is on gaining share in a highly competitive environment through sharper execution, stronger customer relationships, and enhanced brand visibility. Out-of-Valley markets contribute a larger share of the business, where network expansion, availability, and penetration remain the primary growth levers. A well-structured distributor network - compact and efficient in the Valley and broader across OOV regions—ensures effective servicing of geographically diverse markets and supports growing regional demand.

This distribution strength is reinforced by dedicated field manpower across both regions, enabling disciplined market execution, effective outlet servicing, and consistent sales momentum. Together, these capabilities ensure speed of execution, national reach, and a strong platform to support Sagar Distillery’s premiumization, innovation, and long-term growth strategy.



## Annual Sales Meet 2082

### आजको प्रयास, भोलिको सफलता

The Annual Sales Meet held in Ashadh 2082 marked a significant milestone in aligning Sagar Distillery Limited's field force with the company's strategic objectives, operating discipline, and future growth agenda. The meet served as a powerful platform to unify teams across Nepal around a common direction and reinforce the role of sales as a key driver of execution excellence.

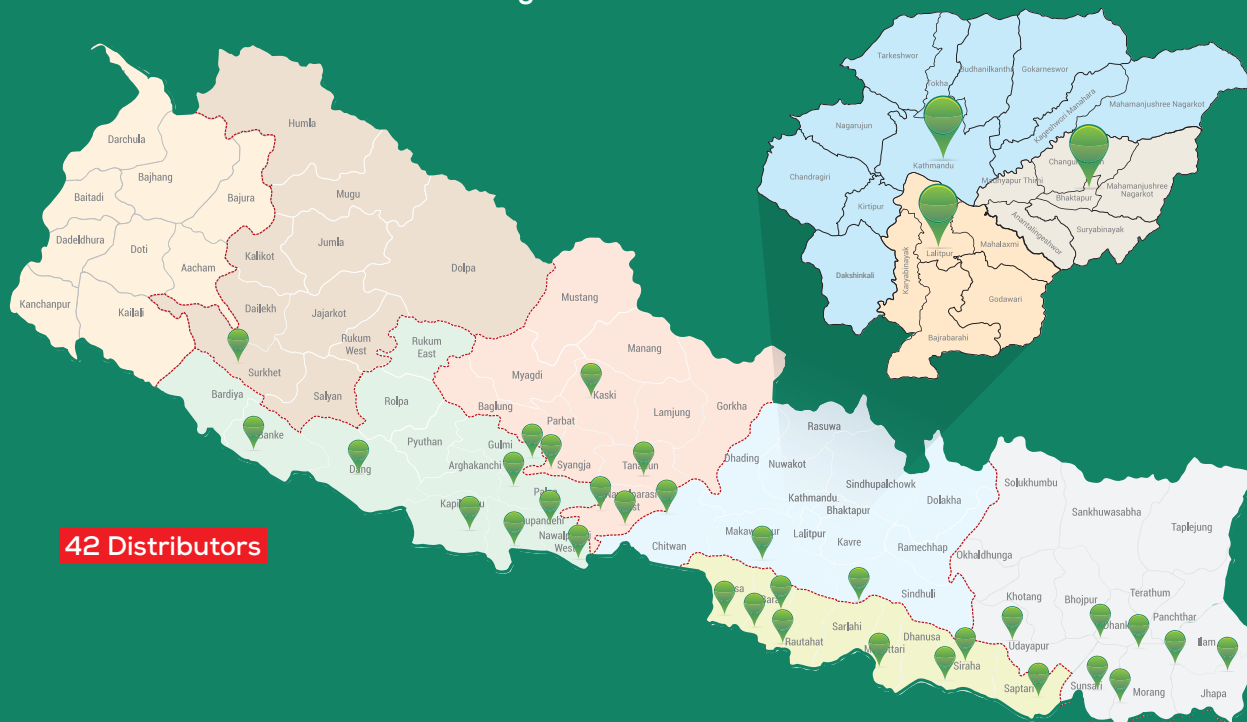
At the heart of the program were three core messages that define Sagar's sales philosophy: **Competence** – building deep understanding of our products, sharpening hard and soft selling skills, and strengthening ways of working. **Clarity** – reinforcing why we do what we do, how we execute in the market, and how our actions are guided by core values and a clear ambition to be a prominent player in Nepal's liquor industry. **Confidence** – empowering the sales force with knowledge and direction to execute with speed, conviction, and accountability in the marketplace.

A key highlight of the meet was comprehensive training on "The Perfect Sales Call" framework, which provided a structured, end-to-end approach to selling—from pre-visit preparation and outlet engagement to need discovery, solution presentation, objection handling, call closure, and effective follow-up. This framework strengthened the quality of market visits, improved consistency in execution, and enhanced productivity across the field force. Participants were also oriented on reporting systems, sales terminology, operational workflows, and strategic selling tools, ensuring better alignment between field activities and business priorities. The program emphasized disciplined execution, sharper customer engagement, and a more professional approach to sales operations.

Overall, the Annual Sales Meet successfully instilled a holistic sense of salesmanship, reinforcing pride, ownership, and responsibility among the field force. Equipped with the right skills, mindset, and framework, the team is now better prepared to represent Sagar Distillery Limited in the market with confidence, consistency, and speed.



### Distribution Network & Outlet Coverage







*The*  
GOVERNOR

# Board of Directors' Report

Presented by the Chairperson on behalf of the Board of Directors

For the Fiscal Year 2081/82 (2024/25)

Pursuant to Sub-section (4) of Section 109 of the Companies Act, 2063.

Respected Shareholders,

I, on behalf of the Board of Directors of Sagar Distillery Limited, would like to extend a cordial welcome to all our esteemed shareholders, the auditor, and other distinguished participants present in this Third Annual General Meeting of the Company.

While acknowledging the challenges faced by the global and national economy, it is a matter of satisfaction that our liquor production and sales business has progressed comparatively better than in the previous fiscal year. The Board of Directors would like to express sincere gratitude to all shareholders, employees, customers, well-wishers, and related stakeholders for their important contributions in introducing and promoting our brands Nepse Bulls, The Governor, Royal Blue, Maxx, Grey Wolf, Maxx and Berries & Blues in the market.

The Company expresses its commitment to present these brands, as well as future products, before customers as high-quality brands and to further expand their sales.

Today, in accordance with the provisions of the Companies Act, 2063, I hereby present before you for approval the Balance Sheet, Income Statement, Cash Flow Statement, and other financial statements for FY 2081/82, along with the Auditor's Report, and also present the Company's achievements, policies, and future plans as follows:

## Review of Last Fiscal Year's Business

The Board of Directors is pleased to inform that during FY 2081/82; the Company has achieved the following level of sales turnover. If the turnover continues to grow at a similar rate, we are confident that the Company will continue to perform well in the coming years.

Particulars	FY 2080/81 (Rs.)	FY 2081/82 (Rs.)
Sales Revenue	351,362,143	429,154,974
Less: Excise Duty	(175,967,120)	(236,427,796)
Less: Sales Return	-	(13,052,530)
Less: Cost of Sales	79,779,482	79,924,092
<b>Gross Profit</b>	<b>95,615,541</b>	<b>99,750,555</b>
<b>Profit for the Year</b>	<b>(21,531,027)</b>	<b>2,430,469</b>

## Sales Performance till date in FY 2082.83

The company has achieved sales of NPR 9.42 crore up to the end of Mangsir, FY 2082/83. The sales growth during the period has remained modest, primarily due to the impact of the "Genz Movement" in Nepal, which affected overall market demand and distribution activities across the industry.

## Impact of National and International Situations on Company's Business

- Due to the global economic slowdown and its effect on the Nepalese economy, economic activities have declined significantly. This has resulted in reduced demand and consumption, including within the liquor industry.
- At the same time, the notable rise in prices of petroleum products and food items, increasing international inflation, and various other global and domestic developments have created additional economic challenges.
- The Company's business has been affected by the country's economic and significant increases in the cost of raw materials.
- High inflation, rising import costs of raw materials, and overall price increases across the country have caused fluctuations in our business. However, if political stability, peace, industrial security, financial discipline, and interest rate corrections are achieved, the coming years will likely be more favorable for the Company's operations.

## Board's Opinion on Achievements and Future Plans

- During FY 2081/82, the Company recorded a turnover of Rs. 429,154,974
- It is a matter of pride that during this year, the Company launched and distributed two new liquor brand **Maxx** and **The Governor** in the market.
- In coming years, the Company aims to introduce more premium brands. Plans are in place to manage production costs and increase sales volume of the manufactured brands.



### **Malt Distillation Plant Installation at Sagar Distillery Limited, Nawalpur, Nepal**

Sagar Distillery Limited has planned the installation of a Malt Distillation Plant at its premises in Nawalpur, Nepal. The plant is being established to strengthen our in-house malt production capabilities and to enhance the quality and authenticity of our malt-based products.

To complement this initiative, the company is also constructing a dedicated maturation warehouse within the Himalayan region, chosen for its ideal climatic conditions that support the natural aging process of spirits. This facility will mature malt spirits for a minimum of 1 to 10 years, allowing the spirits to develop refined flavors and first-rate quality.

■ This strategic investment will enable the company to:

- Reduce dependence on expensive imported malt spirits.
- Lower production costs while maintaining superior quality standards.
- Open new market opportunities for the sale of aged spirits both domestically and internationally.
- Minimize lead time associated with imported malt spirits previously sourced from Scotland.

The proposed Malt Distillation Plant will have a production capacity of 9.90 lakh liters per year. The company has successfully completed financial closure with Himalayan Bank Limited, issued the purchase order for plant and machinery, and expects the project to be completed by the end of FY 2082/83.

### **Internal Control System**

Sagar Distillery Limited maintains a comprehensive system of internal controls designed to promote transparency, streamline operations, and ensure compliance with all applicable laws and standards. Through continuous internal evaluations, the company identifies potential risks and areas for improvement, reinforcing governance through oversight and accountability. Comprehensive policies and procedural guidelines, aligned with statutory and industry requirements, guide daily operations across all departments.

Regular internal reviews and audits are conducted every three months from FY 2082. 83 to assess the effectiveness of controls and compliance frameworks. Each audit cycle concludes with presentations and discussions of findings, following which the Audit Committee formulates key recommendations for the Board of Directors to review and implement.

The primary objective of these audits is to ensure that all operational processes remain efficient, effective, and fully aligned with both domestic and international standards. This approach strengthens operational and financial efficiency, ensures regulatory compliance, and fosters leadership accountability and organizational resilience.

While internal audits have been conducted internally to date, the company plans to engage an independent external authority to perform internal audits starting from FY 2082/83. This integrated governance framework underscores Sagar Distillery Limited's commitment to maintaining the highest standards of transparency, integrity, and performance excellence across all aspects of its operations. In Summary company has provided followings

- Maintained financial discipline and timely statutory compliance.
- Strong relations with regulatory authorities, banks, and investors.
- DNM system implemented to improve efficiency and reporting.
- Regular internal reviews and audits to monitor operations and compliance.
- Staff training and development programs to enhance skills and productivity.
- Active participation in social and environmental initiatives.
- Focus on production efficiency, cost control, and quality assurance.
- Ongoing efforts to strengthen corporate governance and risk management.

### **Industrial and Business Relations**

The company continues to place strong emphasis on building and nurturing long-term relationships with its distributors, wholesalers, retailers, and consumers who trust and support our brands. These relationships are strengthened through meaningful social, cultural, and business collaborations that reflect the company's commitment to shared growth and responsible engagement.

By upholding strict compliance with laws and regulations and maintaining a high degree of transparency and integrity, the company has established and sustained constructive relationships with various government bodies and regulatory institutions, including the Department of Industry, Inland Revenue Department, Customs Department, Office of the Company Registrar, Securities Board of Nepal, Nepal Stock Exchange Limited, as well as with banks, financial institutions, and other investment partners.

Looking ahead, the company remains dedicated to further strengthening these partnerships in a trustworthy, transparent, and sustainable manner, ensuring continued confidence and collaboration among all its stakeholders.

The Company has also contributed and provided support to the development of local infrastructure around the factory area to maintain good industrial and business relations.

#### **■ Changes in the Board of Directors**

At the end of FY 2080/81, the Board consisted of:

- Ms. Alka Goyal, Chairperson
- Mr. Ashutosh Khetan, Director
- Mr. Hari Chandra Khanal, Director

- Mr. Rajeeb Prasad Pyakurel, Authorized Representative of Captive Investment Pvt. Ltd.
- Mr. Jyoti Dahal, Independent Director

In the Second Annual General Meeting held on 2081/06/04, the Board was expanded by appointing Mr. Ratan Kumar Chaudhary as Director, making a total of six directors.

Subsequently, Mr. Hari Chandra Khanal resigned on 2081/11/21 due to personal reasons. The Company is currently being managed under the five-member Board consisting of: Ms. Alka Goyal (Chairperson), Mr. Ashutosh Khetan, Mr. Rajeeb Prasad Pyakurel, Mr. Ratan Kumar Chaudhary, and Ms. Jyoti Dahal (Independent Director).

## Main Factors Affecting Business

During the year, the economy remained slow, and activities to boost growth were limited. Since the liquor industry depends on rising incomes and active markets, the slowdown led to working capital issues, delayed payments from distributors, and unhealthy competition. As a result, the company's business growth fell short of expectations.

The Government of Nepal raised customs duties on certain raw materials used in liquor production, along with higher excise duties and foreign exchange rates. At the same time, increases in fuel prices, transportation costs, and imported material expenses pushed up overall production costs.

- Many young people are migrating abroad for work and study, reducing the local population that typically consumes liquor.
- Some consumers have shifted their preference to other drinks like beer, leading to lower liquor consumption.
- Despite these challenges, the company's management has remained committed and professional, ensuring steady production, distribution, and protection of shareholders' investments.

## Acknowledgement

Finally, on behalf of the Board of Directors, I would like to express heartfelt thanks to all our dedicated shareholders for their continued support. The Board also extends sincere appreciation to our distributors, the Government of Nepal, the Department of Inland Revenue, the Office of the Company Registrar, and all relevant authorities for their invaluable cooperation. We also express our gratitude to our hardworking employees, legal advisors, auditors, and all individuals associated with the Company for their tireless contribution to our progress.

Thank You.

For and on behalf of the Board of Directors

**Alka Goyal**  
Chairperson

## Others Disclosures Pursuant to Sub-section (4) of Section 109 of the Companies Act, 2063.

- **Comments in the Auditor's Report**  
No remarks or qualifications have been made in the Auditor's Report.
- **Recommendation for Dividend**  
No dividend has been recommended.

### Total Management Expenses of Current and Previous Year

Particulars	Current Year (NPR)	Previous Year (NPR)
Employee Benefit Expenses	34,820,092	39,434,427
Administrative Expenses	10,831,289	9,631,412
Total Expenses	45,651,381	49,065,839

- **Forfeiture of Shares**  
No shares have been forfeited.
- **Transactions with Subsidiary Companies**  
The Company has no subsidiary, therefore no such transactions exist.



## ■ Directors' Shareholdings

As of the end of FY 2081/82, the shareholding details of the Directors are as follows:

S.N.	Name	Address	Shares Held
1	Ms. Alka Goyal	Kathmandu Metropolitan City Ward No. 01	617,477
2	Mr. Ashutosh Khetan	Kathmandu Metropolitan City Ward No. 10	843,413
3	Mr. Ratan Kumar Chaudhary	Ilam Municipality Ward No. 07	37,000
4	Mr. Rajeeb Prasad Pyakurel (on behalf of Captive Investment Pvt. Ltd.)	Bidur Municipality Ward No. 01, Nuwakot	75,000
5	Mr. Jyoti Dahal (Independent Director)	Bigu-03, Bulung, Dolakha	–

None of the directors are involved in share trading activities of the Company.

## ■ Contracts Involving Directors' Personal Interest

No agreements exist in which any director or their close relatives have a personal interest with the Company.

## ■ Purchase of Company's Own Shares

The Company has not purchased its own shares.

## ■ Audit Committee

There was no Audit Committee during FY 2081/82.

## ■ Outstanding Dues

No directors, executive heads, or related parties owe any amount to the Company.

## ■ Remuneration and Allowances

S.N.	Name	Position	Remuneration / Allowance (Rs.)
1	Ms. Alka Goyal	Chairperson	Rs. 5,500 per meeting
2	Other Directors	–	Rs. 5,000 per meeting
3	Mr. Nischal Lalwani	Auditor	Rs. 300,000 (excluding VAT)
4	Mr. Saurav Karanjeet	Chief Executive Officer	Rs. 1,706,452

No unpaid dividends remain.

## ■ Transactions under Section 141 and 175 of the Act

No purchase or sale of property under Section 141.

No inter-company transactions under Section 175.

No other matters remain to be disclosed as per the Act and prevailing laws.

# Annual Compliance Report Related to Corporate Governance

(Pursuant to the Governance Guidelines of Listed Body Corporate, 2074)

<b>NAME OF THE LISTED BODY CORPORATE:</b>	SAGAR DISTILLERY LIMITED
<b>ADDRESS, EMAIL INCLUDING WEBSITE:</b>	Devchuli Municipality-01, Nawalpur District, Nepal Contact Office: Kathmandu Metropolitan City - 01 Email: info@sagardistilleries.com Website: www.sagardistilleries.com Phone: 01-4504222

## 1. Details Relating Board of Directors:

### a) Name of the Chairperson of the Board of Directors and Date of Appointment:

Ms. Alka Goyal was appointed as the Chairperson of the Board of Directors on 2080/08/15 as per the decision of the Annual General Meeting held on the same date. She has provided strategic guidance and oversight in ensuring effective governance and compliance with SEBON and NEPSE standards.

### b) Details regarding the share structure of the organization (promoter, ordinary public and others):

The company's authorized and issued share capital consists entirely of ordinary shares listed on NEPSE. The shareholding composition of the company is as follows:

Share Type	Number of Shares	Percentage (%)
Promoters	58,08,000	80%
Public	14,52,000	20%

### c) Details relating to Board of Directors:

S.N.	Name	Position	Group / Category	Appointment Date
1	Ms. Alka Goyal	Chairperson	Promoter Group	2080/08/15
2	Mr. Ashutosh Khetan	Director	Promoter Group	2080/08/15
3	Mr. Rajeeb Prasad Pyakurel	Director	Promoter (Captive Investment Co. (P.) Ltd.)	2080/08/15
4	Mr. Ratan Kumar Chaudhary	Director	Promoter Group	2081/06/04
5	Mr. Jyoti Dahal	Independent Director	Independent	2080/08/14

The Board comprises professionals with diverse expertise in business management, finance, and corporate leadership. No family relationship exists among board members.

### d) Meetings of the Board of Directors:

During the fiscal year 2081/82, a total of 20 meetings of the Board of Directors were held. All meetings maintained quorum and were duly minuted. **No meeting was adjourned without quorum.**

S.N.	Date of Board Meeting in This F.Y.	No. of Directors Present	No. of Directors Signing Dissenting	Date of Board Meeting in Previous F.Y.
1	2081/05/09	5	-	2080/04/07
2	2081/06/14	6	-	2080/04/11
3	2081/08/10	5	-	2080/04/12
4	2081/08/25	5	-	2080/04/18
5	2081/08/26	4	-	2080/04/25
6	2081/10/25	4	-	2080/05/22
7	2081/11/03	4	-	2080/07/13
8	2081/11/05	4	-	2080/07/19
9	2081/11/07	5	-	2081/08/05
10	2081/11/09	5	-	2080/08/13
11	2081/11/15	4	-	2080/08/15
12	2081/11/21	5	-	2080/10/23
13	2081/11/26	3	-	2080/12/16
14	2081/11/28	5	-	2080/12/29
15	2081/12/01	4	-	2081/01/31
16	2081/12/08	3	-	2081/02/19



S.N.	Date of Board Meeting in This F.Y.	No. of Directors Present	No. of Directors Signing Dissenting	Date of Board Meeting in Previous F.Y.
17	2081/12/19	3	-	2081/02/19
18	2081/12/27	5	-	2081/03/19
19	2081/01/16	4	-	2081/03/24
20	2082/03/29	3	-	2081/03/24

- Maximum interval between two consecutive meetings: 75 days.
- Per meeting allowance: NPR 5,500 for Chairperson and NPR 5,000 for Directors.
- The annual general meeting approving meeting allowances was held on 2080/08/15.

## 2. Details Relating to Conduct of Directors and Others

The Company follows the code of conduct as prescribed by prevailing corporate governance regulations. A separate internal code is under development. No director from the same family serves on the Board. Directors have completed disclosures regarding their interests, holdings, and contractual relationships within 15 days of appointment.

## 3. Details Regarding the Organization's Risk Management and Internal Control System




■ Risk Management Committee Composition

**Mr. Ashutosh Khetan**  
Member

**Mr. Saurav Karanjeet**  
Member

The committee reviews strategic, operational, and compliance-related risks and recommends measures for mitigation.

Internal control systems are supported by comprehensive financial and HR manuals, procurement procedures, and internal audit mechanisms. Quarterly internal audits are conducted, with reports reviewed by the Audit Committee and the Board for action.

### Roles & Responsibilities of the Committee

- Oversee the implementation of the Company's risk management systems and frameworks.
- Assess potential risks and evaluate procedures to minimize or mitigate them.
- Develop, implement, and monitor the Company's risk management plan to ensure effective risk control and compliance.

### Formation:

- This Committee was formally constituted in Fiscal Year 2082/83.

## 4. Details Relating Notice and Information Flow

The Company maintains full transparency in its communication with stakeholders. Notices of Annual and Special General Meetings are published in national daily newspapers and the company's website. No penalties or warnings have been issued by regulatory bodies for non-disclosure.

<b>Last Annual General Meeting</b>	2081/06/04
<b>Special General Meeting</b>	2081/11/21
<b>Medium of Publication</b>	City Post National Daily and Arthik National Daily

## 5. Details Relating Organization Structure and Personnel

The Company has established a clear organizational structure supported by a Personnel Service By-law covering recruitment, training, remuneration, leave, and code of conduct. As of Ashad End 2082, the company has a total of 63 employees, including 8 in management positions. Succession planning is implemented for key roles.

### ■ Key Management Personnel:

1.	Mr. Saurav Karanjeet	Chief Executive Officer
2.	Mr. Anit Kumar Paudel	Chief Operating Officer
3.	Mr. Nitesh Thakur	Factory Manager
4.	Mr. Niroj Gajurel	National Sales Manager
5.	Ms. Ranjana Shrestha	Operations Manager

6.	Mr. Anish Chandra Gautam	Brand & Marketing Manager
7.	Mr. Amrit Neupane	Finance Head
8.	Mr. Pardeep Paudel	Manager (Procurement & Administration)
9.	Mr. Birat Maharjan	Manager ( Human Resource)

## 6. Details of Account and Audit of the Institution

The financial statements of Sagar Distillery Limited are prepared in accordance with Nepal Financial Reporting Standards (NFRS) and approved by the Board on 2082/09/03. Internal audits are conducted quarterly, and the statutory audit was completed on 2082/09/01.



The Audit Committee oversees the audit process, reviews internal control findings, and submits quarterly reports to the Board of Directors. The company pays a meeting allowance of NPR 5,000 to committee members.

### Roles and Responsibilities of Audit Committee are as follows:

- Review the accounts and financial statements of the Company to ensure accuracy, completeness, and the veracity of the facts presented.
- Assess and monitor the effectiveness of the internal financial control system and the risk management framework of the Company.
- Oversee and evaluate the internal auditing processes to ensure compliance, efficiency, and independence.
- Recommend potential auditors for appointment, determine their remuneration and terms of engagement, and present these recommendations to the General Meeting for ratification.
- Supervise and review the auditor's adherence to professional conduct, standards, and directives as mandated by the competent authority under prevailing laws.
- Develop and enforce policies regarding the selection, appointment, and evaluation of auditors, aligned with statutory requirements.
- Formulate accounting policies for the Company and ensure their implementation and enforcement.
- Ensure compliance with any long-term audit reporting requirements issued by regulatory authorities and incorporate such requirements into the Company's audit reports.
- Execute additional responsibilities assigned by the Board of Directors related to accounting, financial management, and auditing.
- Ensure that accounting books, audit reports, balance sheets, and financial statements are maintained in accordance with applicable laws, regulatory directives, and institutional rules.
- Examine financial records to confirm that supporting evidence and reported details are accurate and reliable.
- Guarantee that internal auditing functions are conducted independently, effectively, and consistently.
- Monitor and ensure that the Company's accounts, budgets, and internal control systems are regularly maintained and updated.
- Ensure proper maintenance and safeguarding of accounting books, internal audit records, and electronic audit documentation.
- Provide professional opinions and recommendations on matters referred to the Committee by the Board of Directors.
- Verify the Company's compliance with directions, notifications, and mandates issued by governing authorities.
- Inspect and monitor the Company's procurement and purchasing systems to ensure efficiency, appropriateness, and cost-effectiveness.
- Perform any ancillary or additional duties with financial implications as delegated by the Board, ensuring alignment with the Committee's mandate.

### Formation:

- This Committee was formally constituted in Fiscal Year 2082/83.



## ■ Assets & Liability Committee Composition



**Mr. Ratan Kumar Chaudhary** Chairperson  
**Mr. Saurav Karanjeet** Member

### Roles and Responsibilities:

- Review and verify ownership documents of the Company's properties.
- Conduct due diligence to ensure that all properties are properly registered and that statutory dues, including duties and taxes, have been paid to the relevant authorities.
- Ensure that all properties of the Company are adequately insured against risks.
- Examine and review any pending or ongoing litigation related to the Company's properties.
- Assess and monitor the Company's contingent liabilities to ensure proper disclosure and management.

*Note: The Property & Liability Committee is responsible for safeguarding the Company's assets and ensuring compliance with legal, statutory, and risk management requirements.*

### Formation:

- This Committee was formally constituted in Fiscal Year 2082/83.

## 7. Other Details

The Company has not taken any loans, advances, or financial facilities from individuals or institutions having a financial interest in its directors or their family members. No external party has used company property for personal benefit. All licensing conditions and regulatory directives have been complied with.

## 8. Legal Proceedings

- The company has following legal cases and has taken appropriate legal representation to protect its interest.

S.N.	Respondent's Name	Court
1	Best on Multipurpose Enterprises Pvt. Ltd.	Lalitpur District Court
2	Pranja Suppliers	Kathmandu District Court
3	H. & T. Concern Pvt. Ltd.	Kathmandu District Court
4	Diamond Trade and Suppliers	Dhanusha District Court

**Anit Kumar Paudel**  
Chief Operating Officer / Compliance Officer  
Date: 2082/08/26

**Nischal Lalwani**  
Auditor  
Date: 2082/08/26

Approved by the Board of Directors on: 2082/09/03

## सागर डिस्टिलरी लिमिटेडको तेस्रो वार्षिक साधारण सभा सम्बन्धी सूचना

आदरणीय शेयरधनी महानुभावहरू,

यस कम्पनीको मिति २०८२/०९/०३ गते बिहिबार दिनको ४:०० बजे बसेको सञ्चालक समितिको बैठकको निर्णयानुसार कम्पनीको तेस्रो वार्षिक साधारण सभा निम्न मिति, समय तथा स्थानमा देहायका विषयहरूमा छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी एवं उपस्थितिका लागि यो सूचना प्रकाशित गरिएको छ ।

**वार्षिक साधारण सभा हुने मिति, समय र स्थान**

मिति : २०८२/०९/१७ गते, आइतबार (तदनुसार ११ जनवरी २०२६)

समय : बिहान ९:३० बजे ।

स्थान : इला रिसोर्ट, गैडाकोट, नवलपुर

### छलफलका विषयहरू:

#### क) सामान्य प्रस्तावहरू:

१. सञ्चालक समितिको तर्फबाट अध्यक्षज्यूले प्रस्तुत गर्नु भएको आ.व. २०८१/८२ को वार्षिक प्रतिवेदन उपर छलफल गरि पारित गर्ने ।
२. लेखापरिक्षकको प्रतिवेदन सहितको २०८२ आषाढ मसान्तको वासलात र सोही मितिमा समाप्त आ.व. २०८१/८२ को नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण र सम्बन्धित अनुसूचीहरू छलफल गरी पारित गर्ने ।
३. आ.व. २०८२/८३ को लेखापरिक्षण गर्नका लागि लेखा परिक्षकको नियुक्ति गर्ने र निजको परिश्रमिक निर्धारण गर्ने सम्बन्धमा (हालको लेखापरिक्षक लालवानी ऐण्ड एसोसिएट्सका लेखा परिक्षक निश्चल लालवानीज्यू पुनः नियुक्तीका लागि योग्य हुनु हुन्छ),
४. सर्वसाधारण शेयरधनीहरूबाट प्रतिनिधित्व गर्ने २ (दुई) जना संचालकहरूको निर्वाचन गर्ने ।
५. संस्थापक शेयरधनी समूहको तर्फबाट रिक्त सञ्चालक पदमा नियुक्त हुनु भएका सञ्चालकज्यूको नियुक्तीलाई अनुमोदन गर्ने सम्बन्धमा,

#### ख) विशेष प्रस्ताव:

१. कम्पनी ऐन, २०६३ को दफा १०५ (१) (ख) बमोजिम कम्पनीको व्यवसाय संचालनको लागि कर्जा प्राप्त गर्ने र सोसँग सम्बन्धित अख्तियारी सम्बन्धमा

#### ग) विविध ।

### वार्षिक साधारण सभा सम्बन्धी थप जानकारी:

१. तेस्रो वार्षिक साधारण सभा प्रयोजनका लागि मिति २०८२/०९/१४ गते (१) एक दिन कम्पनीको शेयरधनी दर्ता किताब बन्द गर्ने निर्णय गरिएको छ । मिति २०८२/०९/१३ गतेसम्म नेपाल स्टक एक्सचेञ्ज लिमिटेडमा कारोबार भई सि.डि.एस.एण्ड क्लियरिङ लिमिटेडबाट राफसाफ समेत भई प्रचलित नियमानुसार यस कम्पनीको शेयर रजिष्ट्रार श्री मुक्तिनाथ क्यापिटल लिमिटेड, नारायणचौर, नक्साल, काठमाण्डौमा रहेका शेयरधनी दर्ता किताबमा अद्यावधिक भई कायम हुन आएका शेयरधनीहरू मात्र वार्षिक साधारण सभामा भाग लिन तथा मतदान दिन सक्नेछन् ।
२. शेयरधनी महानुभावहरूको सुविधाको लागि हाजिरी पुस्तिका सभास्थलमा सभा हुने दिन विहान ८:३० बजे देखि सभा सञ्चालन रहेसम्म खुल्ला रहने छ ।
३. वार्षिक साधारण सभामा भाग लिन आउनु हुने शेयरधनी महानुभावहरूले हितग्राही खाता खोलिएको (डिम्याट)/शेयर प्रमाण पत्र वा आफ्नो परिचय खुल्ने प्रमाण वा सोको प्रतिलिपी साथमा लिई आउनु हुन अनुरोध छ । अन्यथा सभा हुने स्थानमा प्रवेश गरी छलफल तथा मतदानमा भाग लिन पाइने छैन ।
४. साधारण सभामा भाग लिन प्रतिनिधि नियुक्ति गर्दा प्रोक्सी पत्र साधारण सभा हुनु भन्दा ४८ घण्टा अगावै कम्पनीको कर्पोरेट कार्यालयमा (काठमाण्डौ जिल्ला, काठमाण्डौ महानगरपालिका, वडा नं. ०१, लालकोलोनी मार्ग) दर्ता गराउनु पर्नेछ । प्रोक्सी दर्ता गरिसकेपछि सो वदर गराउन चाहेमा सोको सूचना सभा हुनुभन्दा २४ घण्टा अगावै प्रोक्सी दर्ता गरेको स्थानमा लिखित निवेदन दर्ता गर्नुपर्नेछ । प्रतिनिधि मुकुरर गर्दा केहि शेयर आफैसँग बाँकी राखी प्रतिनिधि मुकुरर गर्न पाइने छैन । सम्पूर्ण शेयरको लागि एकै व्यक्तिलाई प्रतिनिधि मुकुरर गर्नु पर्नेछ । प्रतिनिधि मुकुरर गर्ने शेयरधनी सभामा स्वयं उपस्थित भएमा उक्त मुकुरर गरिएको प्रतिनिधि (प्रोक्सि) स्वतः रद्द हुनेछ ।
५. सर्वसाधारण समूहको निर्वाचन सम्बन्धी कार्यक्रम वार्षिक साधारण सभा हुनुभन्दा ७ दिन अगावै कम्पनीको कर्पोरेट कार्यालय लालदरबार काठमाण्डौको सूचना पटीमा टाँस गरिनेछ ।
६. सञ्चालक निर्वाचन सम्बन्धमा कम्पनीको कर्पोरेट कार्यालय स्थित सागर डिस्टिलरी लिमिटेड, निर्वाचन अधिकृतको कार्यालय, काठमाडौं - ०१, काठमाडौंले प्रकाशन गरेको निर्वाचन कार्यतालिका अनुसार हुनेछ ।
७. नाबालक वा अशक्त/विक्षिप्त व्यक्ति शेयरधनीहरूको हकमा यस कम्पनीको शेयरधनी दर्ता पुस्तिकामा संरक्षकको रुपमा नाम दर्ता भएको व्यक्तिले मात्र साधारण सभामा भाग लिन र प्रतिनिधि (प्रोक्सी) तोक्न पाउनुहुनेछ ।
८. प्रतिनिधि नियुक्त गर्ने शेयरधनी कम्पनी वा संगठित संस्था भएमा त्यस्तो कम्पनी वा संगठित संस्थाले नियुक्ती गर्ने व्यक्तिको नाम ठेगाना र परिचयपत्र सहित सो संस्था वा कम्पनीको आधिकारिक लेटरहेडमा सो कुरा खुलाई संस्थाको छाप, आधिकारिक व्यक्तिको दस्तखत भएको हुनुपर्नेछ । संस्थागत शेयरधनी बाहेक अरुले प्रतिनिधि नियुक्त गर्दा प्रोक्सी मार्फत कम्पनीको अर्को कुनै शेयरधनीलाई मात्र गर्न सकिनेछ ।
९. विविध शीर्षक अन्तर्गत सभामा छलफल गर्न ईच्छुक शेयरधनीहरूले सभा हुनुभन्दा सात दिन अगावै छलफलको विषय खोली कम्पनी सचिव मार्फत लिखित रुपमा सञ्चालक समितिका अध्यक्षलाई जानकारी दिनुपर्नेछ ।
१०. संचालक निर्वाचन सम्बन्धी विस्तृत जानकारीको लागि कम्पनीको केन्द्रीय कार्यालय काठमाडौं - १ स्थित निर्वाचन अधिकृतको कार्यालयमा सम्पर्क राख्नुहुन अनुरोध गरिन्छ ।
११. वार्षिक साधारण सभा सम्बन्धी अन्य जानकारी आवश्यक भएमा यस कम्पनीको केन्द्रीय कार्यालय काठमाडौं-१ मा कार्यालय समय भित्र सम्पर्क गर्नुहुन वा वेबसाईट [www.sagardistilleries.com](http://www.sagardistilleries.com) मा हेर्नुहुन अनुरोध छ ।

संचालक समितिको आज्ञाले,  
कम्पनी सचिव



## Disclosure Under Rule 26(2) Of Securities Registration and Issue Regulation, 2073

### 1. Report of the Board of Directors:

- Covered in the Directors' Report section of this Annual Report.

### 2. Auditor's Report:

- Included in the Annual Report.

### 3. Audited Financial Reports:

- Included in the Annual Report.

### 4. Legal Proceedings:

- The company has following legal cases and has taken appropriate legal representation to protect its interest.

S.N.	Respondent's Name	Court
1	Best on Multipurpose Enterprises Pvt Ltd.	Lalitpur District Court
2	Pranja Suppliers	Kathmandu District Court
3	H. & T. Concern Pvt. Ltd.	Kathmandu District Court
4	Diamond Trade and Suppliers	Dhanusha District Court

### 5. Analysis of Stock Performance of the Body Corporate:

#### i) Management's view on stock performance:

The prices and transactions of the Company's shares are determined by open market operations through a duly established Stock Exchange. The Management maintains a neutral stance regarding the stock performance.

#### ii) High, Low, and Closing Prices of the Company's Stocks:

The Company was listed in Fiscal Year 2082/83, and quarterly stock performance data are available in the Stock Exchange records.

### 6. Problems and Challenges:

- The Company has faced significant challenges due to:
- Notable rise in petroleum and food product prices.
- Increasing international inflation and global economic developments.
- Rising costs of raw materials and imports.
- Overall domestic price increases.

### 7. Corporate Governance:

- Detailed information is incorporated under the Corporate Governance section of this Annual Report.

# Financial Statement





**Independent Auditors' Report  
To The Shareholder of Sagar Distillery Limited  
Report on the Audit of the Financial Statement**

**Opinion**

We have audited the financial statements of Sagar Distillery Limited which comprise the Statement of financial position as at Ashad 32, 2082 (July 16, 2025), and the Statement of profit or loss and other comprehensive income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies including Notes to the financial statements.

In our opinion, the affirming financial statements present fairly, in all material respects, the financial position of **Sagar Distillery Limited** as at Ashad 32, 2082 (July 16, 2025), and of its financial performance and its 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 Nepalese Standards on Auditing (NSAs). 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 firm in accordance with the ICAN's handbook of Code of Ethics for Professional Accountants together with ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.





SN	Key Audit Matter	Auditor's Response
1.	<p><b>Revenue Recognition</b></p> <p>Revenue primarily comprises income from product sales and is recognized at a point in time upon delivery of goods to customers, when control of the goods is transferred. At this point, it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and related costs can be measured reliably. At the time of recognition, no significant performance obligations remain outstanding.</p> <p>Revenue recognition is considered a key audit matter due to the inherent risk of material misstatement arising from the high volume of transactions, the susceptibility to management judgment, and the potential risk of inappropriate or premature recognition of revenue.</p>	<p>Our audit procedures in relation to revenue recognition were designed and performed in accordance with NSA and included, particularly is the following :</p> <p><b>A. Evaluation of Internal Controls</b></p> <p>We obtained an understanding of and evaluated the design and implementation of relevant internal controls over revenue recognition at both system and manual processing levels. We also assessed whether the Company's revenue recognition policies are consistent with the applicable financial reporting framework and relevant accounting standards.</p> <p><b>B. Contract Review and Compliance Testing:</b></p> <p>On a sample basis, we reviewed underlying contracts and supporting documentation, where applicable, to assess whether revenue has been recognized in accordance with the contractual terms and applicable accounting standards.</p> <p><b>C. Risk-Based Journal Entry Testing:</b></p> <p>We performed risk-based testing of journal entries recorded in revenue accounts, including identification and examination of unusual or manual journal entries that did not follow the expected posting patterns.</p> <p><b>D. Revenue from Non-Operating Activities:</b></p> <p>During the year, revenue from core operations is 82.83% of total revenue, and revenue from non-operating activities is 17.14% of total revenue. Revenue from non-operating activities directly impacts the company's profitability, although its recurrence in future periods is uncertain. Revenue from trading shares, constituting 17.2% of total revenue, is not part of the company's usual business activities. It directly impacts profitability but is uncertain to recur in future periods.</p>





2.	<p><b>2. Information Technology General Controls</b> Information Technology (IT) controls with respect to recording transactions, generating various reports in compliance with regulatory requirements, form an important part of the overall process. Such reporting is highly dependent on the effective functioning of the information systems used by the Company.</p> <p>We have considered this as a Key Audit Matter since any control lapses, validation failures, incorrect input of data, or incorrect extraction of data may result in inaccurate reporting to management, shareholders, and regulators.</p>	<p>Our audit approach regarding the Information Technology controls of the Company included the following:</p> <p>A. Understanding the process of feeding data into the system and reviewing the extraction of financial information and financial statements from the existing IT systems of the Company.</p> <p>B. Reviewing reports generated by the system on a sample basis. We also verified income booking under various revenue streams on a test basis through the system.</p>
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### **Other Information**

Management is responsible for other information. The other information comprises all information in the annual report (if any) other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

### **Responsibilities of Management and those charged with Governance for the financial statements**

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, the 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 the management either intend 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.

### **Auditors' 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 NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with NSAs, 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 the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- conclude on the appropriateness of the 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 the company'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 the company 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; and
- obtain sufficient and appropriate audit evidence regarding the financial information of the company's activities to express an opinion of financial statements.

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 confirming that we have complied with the relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be considered to bear on our independence, including, where applicable, any related safeguards.

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





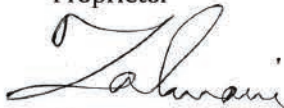
***Report on the requirements of Company Act, 2063***

We have obtained satisfactory information and explanations considered necessary for the purpose of our audit, and to the best of our knowledge and belief, such information and explanations were satisfactory. The returns and records provided by the Company were adequate for the purposes of our audit.

The financial statements, including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows, together with a summary of significant accounting policies and other explanatory notes, have been prepared, in all material respects, in accordance with the provisions of the Companies Act, 2063, and are in agreement with the Company's books of accounts. The accounts and records of the Company have been properly maintained in accordance with prevailing laws.

Based on the information available to us and the explanations provided during the course of our audit, we observed that the business of the Company has been conducted satisfactorily, and its transactions were within the scope of its authority. We did not encounter any instances of accounting-related fraud, nor did we find any cases where the Board of Directors, any director, or any office bearer of the Company acted contrary to legal provisions, caused loss or damage to the Company, or misappropriated the Company's funds.

Nischal Lalwani  
Proprietor



Place: Kathmandu, Nepal  
Date: December 16, 2025  
UDIN: 251216CA00677ztgFp



**SAGAR DISTILLERY LIMITED**  
**Statement of Financial Position**  
AS AT ASHAD 32, 2082 (JULY 16, 2025)

Amount in Rs.

	Note	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
a) Property, plant and equipment	2A	500,592,599	491,318,794
b) Capital work-in-progress	2A	21,551,370	16,537,237
c) Intangible assets	2B	447,273	623,600
d) Right of use assets	2C	512,878	1,025,756
e) Deferred tax Assets	3	44,848,553	47,846,553
f) Investments	4	98,140,910	173,481,520
g) Other non-current assets	5	-	-
<b>Total non-current assets</b>		<b>666,093,583</b>	<b>730,833,459</b>
<b>CURRENT ASSETS</b>			
a) Inventories	6	69,279,224	45,733,129
b) Financial assets	7	5,137,110	431,653
c) Trade receivables	8	453,463,942	257,504,314
d) Cash and cash equivalents	9	783,375	13,025,487
e) Other current assets	5	55,209,020	30,702,973
<b>Total current assets</b>		<b>583,872,672</b>	<b>347,397,555</b>
<b>TOTAL ASSETS</b>		<b>1,249,966,254</b>	<b>1,078,231,015</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity			
Share capital	10	580,800,000	580,800,000
b) Other equity	11	232,410,236	231,395,367
<b>Total equity</b>		<b>813,210,236</b>	<b>812,195,367</b>
<b>NON-CURRENT LIABILITIES</b>			
a) Borrowings from banks	12	70,694,661	82,470,381
b) Lease Payables	13	-	598,510
c) Deferred tax liabilities	3	-	-
d) Other Non-current Liabilities	14	-	-
<b>Total non-current liabilities</b>		<b>70,694,661</b>	<b>83,068,891</b>
<b>CURRENT LIABILITIES</b>			
a) Borrowings from banks	12	306,874,469	134,719,679
b) Lease Payables	13	598,509	537,771
c) Trade payables	15	32,238,607	16,670,758
d) Other liabilities	14	26,349,772	31,038,548
Current tax liabilities (net)		-	-
<b>Total Current Liabilities</b>		<b>366,061,357</b>	<b>182,966,756</b>
<b>Total Liabilities</b>		<b>436,756,018</b>	<b>266,035,647</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,249,966,254</b>	<b>1,078,231,014</b>

The accompanying notes are an integral part of the financial statements.  
For and on behalf of Sagar Distillery Limited

As per our attached report.

<p>-----  <b>Alka Goyal</b>  Chairman</p>	<p>-----  <b>Ratan Kumar Chaudhary</b>  Director</p>	<p>-----  <b>Ashutosh Khetan</b>  Director</p>	<p>-----  <b>Nischal Lalwani FCA</b>  Principal  Lalwani &amp; Associates  Chartered Accountants</p>
<p>-----  <b>Jyoti Dahal</b>  Independent Director</p>	<p>-----  <b>Amrit Neupane</b>  HOD-Finance</p>	<p>-----  <b>Saurav Karanjeet</b>  CEO</p>	

Place: Kathmandu

Date: 16.12.2025



**SAGAR DISTILLERY LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
AS AT ASHAD 32, 2082 (JULY 16, 2025)

Amount in Rs.

	Note	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Gross Revenue from operations		429,154,974	351,362,143
Less: excise duties		(236,427,796 )	(175,967,120)
Less: Sales Return		(13,052,530)	-
<b>Net sales revenue</b>		<b>179,674,647</b>	<b>175,395,023</b>
Less: cost of goods sold	16	79,924,092	79,779,482
<b>Gross profit</b>		<b>99,750,555</b>	<b>95,615,541</b>
Other operating income	17	37,911,942	1,487,847
Gain on investments through fair value	4	(613,516)	4,389,998
<b>Total income from operations</b>		<b>137,048,981</b>	<b>101,493,386</b>
Employee benefit expenses	18	34,820,092	39,434,427
Administration and other expenses	19	10,831,289	9,631,412
Selling and distribution expenses	20	53,032,233	66,525,636
<b>Operating profit</b>		<b>38,365,367</b>	<b>(14,098,090)</b>
Depreciation and amortisation	21	10,592,370	10,062,924
Finance costs	22	22,344,528	45,623,400
<b>Profit before tax</b>		<b>5,428,469</b>	<b>(69,784,414)</b>
<b>Income tax expenses</b>	<b>23</b>		
Current tax		-	-
Prior Period tax		-	-
Deferred tax		2,998,000	(48,253,386)
<b>Net Profit/(Loss) after tax</b>		<b>2,430,469</b>	<b>(21,531,027)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
PPE Revaluation Reserve		-	-
Actuarial Gain/(Loss) of Employee Benefits		-	-
<b>Items that may be re-classified subsequently to Profit or Loss:</b>			
Exchange Difference on translation of Foreign operations		-	-
<b>Total comprehensive income for the year</b>		<b>2,430,469</b>	<b>(21,531,027)</b>
<b>Earning per equity share (face value of Rs. 100 each)</b>			
Basic EPS	24	0.42	(3.71)
Diluted EPS	24	0.42	(3.71)

The accompanying notes are an integral part of the financial statements.  
For and on behalf of Sagar Distillery Limited

As per our attached report.

-----  
**Alka Goyal**  
Chairman

-----  
**Ratan Kumar Chaudhary**  
Director

-----  
**Ashutosh Khetan**  
Director

-----  
**Nischal Lalwani FCA**  
Principal  
Lalwani & Associates  
Chartered Accountants

-----  
**Jyoti Dahal**  
Independent Director

-----  
**Amrit Neupane**  
HOD-Finance

-----  
**Saurav Karanjeet**  
CEO

Place: Kathmandu

Date: 16.12.2025

**SAGAR DISTILLERY LIMITED**  
**Statement of Cash Flows**  
AS AT ASHAD 32, 2082 (JULY 16, 2025)

Amount in Rs.

	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
<b>Cash Flow From Operating Activities</b>		
Profit before tax	5,428,469	(69,784,413)
<b>Adjustments:</b>		
Depreciation and impairment of property, plant and equipment	10,592,370	10,062,924
Interest Expense	22,344,528	45,623,400
Loss/(Gains) from disposal of Property, Plant and Equipment		
<b>Working capital adjustments:</b>		
(Increase)/Decrease in Inventories	(23,546,095)	(34,774,154)
(Increase)/Decrease in Trade and Other Receivables	(225,171,133)	(90,493,558)
Increase/(Decrease) in Lease Payables	(537,771)	(482,436)
Increase/(Decrease) in Trade Payables, Other Liabilities	10,879,072	(58,043,951)
<b>Net Cash from/(used in) operating activities</b>	<b>(200,010,560)</b>	<b>(197,892,188)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(24,191,103)	(21,984,030)
Proceeds from sale of Property, Plant and Equipment	-	-
(Increase)/Decrease in Investment	75,340,610	(173,481,520)
<b>Net Cash from/(used in) investing activities</b>	<b>51,149,507</b>	<b>(195,465,550)</b>
<b>Cash Flows from Financing Activities</b>		
Increase/(Decrease) in Short Term Loan	172,154,790	(100,906,866)
Proceeds/(Repayment) of Borrowings	(11,775,721)	(45,476,148)
Proceeds from issue of Shares/Advance Share	-	599,100,000
Share Issue Expenses	(1,008,600)	-
Prior Period Expenses	(407,000)	(1,009,879)
Interest Paid	(22,344,528)	(45,623,400)
Dividend Paid	-	-
<b>Net Cash from/(used in) financing activities</b>	<b>136,618,941</b>	<b>406,083,707</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12,242,112)</b>	<b>12,725,969</b>
Cash and Cash Equivalents at the beginning of the year	13,025,487	299,518
<b>Cash and cash equivalents at the end of the year</b>	<b>783,375</b>	<b>13,025,487</b>

The accompanying notes are an integral part of the financial statements.  
For and on behalf of Sagar Distillery Limited

As per our attached report.

-----  
**Alka Goyal**  
Chairman

-----  
**Ratan Kumar Chaudhary**  
Director

-----  
**Ashutosh Khetan**  
Director

-----  
**Nischal Lalwani FCA**  
Principal  
Lalwani & Associates  
Chartered Accountants

-----  
**Jyoti Dahal**  
Independent Director

-----  
**Amrit Neupane**  
HOD-Finance

-----  
**Saurav Karanjeet**  
CEO

Place: Kathmandu

Date: 16.12.2025



**SAGAR DISTILLERY LIMITED**  
**Statement of Changes in Equity**  
AS AT ASHAD 32, 2082 (JULY 16, 2025)

Amount in Rs.

	Equity and Reserves				
	Share Capital	Land Revaluation Reserves	Security Premium	Retained Earnings	Total
<b>Balance as at Shrawan 01, 2080</b>	<b>225,000,000</b>	<b>193,525,168</b>	<b>-</b>	<b>(182,888,894)</b>	<b>235,636,274</b>
Changes in Accounting Policies	-	-	-	-	-
<b>Restated Balance as at Shrawan 01, 2080</b>	<b>225,000,000</b>	<b>193,525,168</b>	<b>-</b>	<b>(182,888,894)</b>	<b>235,636,274</b>
Profit for the year	-	-	-	(21,531,027)	(21,531,027)
Increase In Deferred Expenses/ Prior Period Expenses	-	-	-	(1,009,879)	(1,009,879)
Other comprehensive income (OCI) - net of tax	-	-	-	-	-
Conversion of Share Application Money	355,800,000	-	-	-	355,800,000
Issue of shares	-	-	243,300,000	-	243,300,000
Land Revaluation Reserves	-	-	-	-	-
<b>Balance as at Ashadh 31, 2081</b>	<b>580,800,000</b>	<b>193,525,168</b>	<b>243,300,000</b>	<b>(205,429,800)</b>	<b>812,195,368</b>
Profit for the year	-	-	-	2,430,469	2,430,469
Increase In Deferred Expenses/ Prior Period Expenses	-	-	-	(407,000)	(407,000)
Other comprehensive income (OCI) - net of tax	-	-	-	-	-
Conversion of Share Application Money	-	-	-	-	-
Shares Issues Expenses	-	-	-	(1,008,600)	(1,008,600)
Land Revaluation Reserves	-	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	<b>580,800,000</b>	<b>193,525,168</b>	<b>243,300,000</b>	<b>(204,414,931)</b>	<b>813,210,237</b>

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

For and on behalf of Sagar Distillery Limited

As per our attached report.

-----  
**Alka Goyal**  
Chairman

-----  
**Ratan Kumar Chaudhary**  
Director

-----  
**Ashutosh Khetan**  
Director

-----  
**Nischal Lalwani FCA**  
Principal  
Lalwani & Associates  
Chartered Accountants

-----  
**Jyoti Dahal**  
Independent Director

-----  
**Amrit Neupane**  
HOD-Finance

-----  
**Saurav Karanjeet**  
CEO

Place: Kathmandu

Date: 16.12.2025

Sagar Distillery Ltd. (*hereinafter referred to as "the Company"*) is a public limited company having its registered office at Devchuli, Nawalpur, Nepal. The Company is engaged in production and distribution of liquor.

It is incorporated in 2014 AD, and converted to a public limited company on May 21, 2023, Sagar Distillery Limited (SDL), is modern liquor blending and bottling unit, manufacturing high- grade liquor like Vodka, Whiskey, Gin Etc. The Products of company includes Lollipop Gold/ Orange/ Lemon/Pannras under 70UP, Royal Blue, Grey Wolf, Beries & Blues, Maxx under 40UP and Nepse Bulls under 30UP & The Governor under 25UP.

These financial statements are approved for issue by the Company's board of directors on .....

## 1. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1.1. Basis of preparation of financial statements

#### a. Statement of compliance

These financial statements have been prepared in all material aspects in accordance with requirements of Company Act, 2063 of Nepal and applicable Nepal Financial Reporting Standards (NFRS) and the relevant presentation requirements thereof.

#### b. Historical cost convention

These financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below.

#### c. Current V/S Non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in NAS 1 - Presentation of Financial Statements based on the nature and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The company has classified the assets as current when:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Expected to be realized within twelve Month.
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- Held primarily for the purpose of the trading.

All other assets are classified as non-current.

The company has classified the liability as current when:

- It expects to be settled in normal operating cycle;
- It is due to be settled within twelve months after the reporting period ;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting period;
- Held primarily for the purpose of the trading.

The company has classified all other liabilities as non-current.

Deferred tax assets/ liabilities are classified as non- current.

#### d. Functional and presentation currency

The financial statements are presented in Nepalese Rupee (Rs.), which is the functional and presentation currency of the Company. Amounts in the financial statements are rounded off to the nearest rupee.

### 1.2. Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

The cost of property, plant and equipment which are not ready for their intended use till the date of statement of financial position, are disclosed under capital work-in-progress.

#### • Disposals and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the property, plant and equipment and is recognised in the statement of profit or loss.

#### • Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method over their useful lives and WDV Method. The estimated useful lives and Rate of depreciation of property, plant and equipment is as follows:



Assets	Method of Depreciation	Useful Lives	Rate Of Depreciation
Factory Shed	SLM	50 Years	
Boundary Wall /Factory Buildings	SLM	50 Years	
Furniture & Fixture	WDV		25%
Air Conditioner	WDV		25%
Offices Equipment	WDV		25%
Computer & Peripherals	WDV		25%
Vehicles	WDV		20%
Plant & Machinery	SLM	40 Years	
Other Assets	WDV		15%

Freehold land is not depreciated.

Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted if appropriate.

- **Impairment of property, plant and equipment**

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.3. Intangible assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible asset acquired separately are measured at cost. Cost includes expenditure that is directly attributable to the acquisition of an item of intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

- **Derecognition**

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, is recognised in statement of profit or loss in the year the asset is derecognised.

- **Useful economic lives, amortisation and impairment**

The useful economic life of an intangible asset is considered finite where the right to such asset is limited to a specified period of time by contract or by the likelihood of technological obsolescence. Intangible assets with finite lives are amortised using the straight-line method to write down the cost over its estimated useful economic lives and is recognised in statement of profit or loss.

Capitalized software and websites are amortized over a period of five years, as estimated by the management.

The amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

- **Impairment**

At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being greater than its recoverable amount, the assets are considered to be impaired and are return down immediately.

### 1.4. Financial instruments, financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the relevant instrument and are initially measured at its fair value plus or minus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities.

- **Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

- **Financial assets**

Financial assets include advances, trade receivables and cash or cash equivalents and other bank balances. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being measured at fair value through statement of profit or loss and other comprehensive income.

- **Subsequent measurement**

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both (a) the entity's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset.

Financial assets are classified as those:

- a. Measured at amortised cost

A financial asset is measured at amortised cost, if it is held solely for collection of cash flows arising from payments of principal and interest.

Advances, trade receivables and cash or cash equivalents and other bank balances are classified for measurement at amortised cost.

- b. Measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI, if it is held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in other operating income using the effective interest method.

- c. Measured at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income or foreign exchange gains or loss from these financial assets is included in other operating income.

- **Impairment of financial assets**

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortised cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances is recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition. Losses arising from impairment are recognised in statement of profit or loss.

- **Derecognition of financial assets**

Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

- **Financial liabilities**

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the statement of profit or loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the statement of financial position.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expired.

- **Offsetting financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **1.5. Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is determined on first-in first-out (FIFO) basis. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Raw material, packaging materials and bottles, stores and spares: Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and conditions.

Finished goods and work in progress: Cost includes cost of direct materials and labour and proportion of manufacturing overheads based on the normal operating capacity but excludes depreciation on plant and machinery.



### 1.6. Trade and other receivables

Trade receivables are amount due from customers for goods sold or services performed in the ordinary course of business. These are classified as current assets, if the collection is expected within twelve months after the reporting period. Where the collection is expected after twelve months after the reporting period, they are presented as non-current assets.

### 1.7. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks that are readily convertible and fixed deposit with original maturity of less than 3 months to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.8. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the repayable amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method.

### 1.9. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 1.10. Revenue

Revenue is measured at the fair value of the consideration received or receivable net of returns, discounts and value added taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customers, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The gross revenue of the company includes excise duty but excludes value added tax (VAT) collected on the behalf of the government and net revenue excludes all duties collected on the behalf of the government.

- **Sale of products**

Revenue from sale of products is recognised at the point of time when the significant risks and reward of ownership of the products has been transferred to the customer, usually on delivery of the products and there is no unfulfilled obligation that could affect the customers acceptance of the products: Revenue from sale of product is measured at the amount of transaction price, net of returns and allowances, discounts.

### 1.11. Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- **Company as lessor**

Rental income from operating lease is recognised on straight-line basis over the term of the relevant lease unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

- **Company as lessee**

The Company, as a lessee, recognizes a right of use asset and a lease liability for its leasing arrangements, as the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, as it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right of use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a systematic basis over the lease term.

In addition, the carrying amount of the lease liability is remeasured if there is modification; a change in lease term, a change in lease payments in case of early termination of the lease, the company derecognize lease liability and ROU Assets to reflect the full termination of the lease and recognize gain and loss on the termination of the lease. in profit and loss account.

### 1.12. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit or loss.

### 1.13. Employee benefits

#### a. Short-term obligations

Expenses in respect of short-term benefits are recognised on the basis of the amount paid or payable during which services are rendered by the employees. Liabilities for salary and allowances that are expected to be settled wholly

within 12 months after the end of the financial year in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### **b. Defined contribution plan**

These are plans in which the Company pays pre-defined amounts to publicly administered funds as per local regulations and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the social security fund with the government on account of provident fund, social security fund and gratuity. The Company's payments to the defined contribution plans are recognised as employee benefit expenses when they are due.

#### **1.14. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

#### **1.15. Income tax**

Income tax comprises of current tax and deferred tax. Current tax in the statement of profit or loss and other comprehensive income is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws applicable during the period, together with any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

#### **1.16. Earnings per share**

##### **a. Basic earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

##### **b. Diluted earnings per share**

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise of share options granted on convertible preference shares, debentures or to employees. Since, the company does not have any convertible instrument and has not granted any options to its employees, diluted earnings per share is considered the same as basic earnings per share.

#### **1.17. Segmental information**

The Company is engaged in the business of manufacture and sale of liquor. The executive committee of the Company (being the chief operating decision maker) assesses performance and allocates resources for the business of the Company as a whole and hence the management considers company's business activities as a single operating segment and no segment disclosures have been made in these financial statements.

#### **1.18. Provisions and contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The carrying amounts of provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### **1.19. Use of estimates and judgements**

The preparation of financial statements in conformity with NFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which



the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**a. Useful lives of property, plant and equipment**

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

**b. Leases**

The Company determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement and considers all relevant factors that create an economic incentive in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. After the commencement date, the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR requires estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates), when available and makes entity-specific estimates, wherever required.

**c. Provision for expected credit loss on trade receivables**

The measurement of expected credit loss reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of the actual default in the future. The company has not provided any provision for expected credit loss on trade receivables.

**SAGAR DISTILLERY LIMITED**  
**Notes to the Financial Statements**

**2A. Property, Plant and Equipment**

Amount in Rs.

Particulars	Land	Building	Factory Drainage	Furniture & Fixtures	Office Equipment	Vehicle	Plant and Machinery	Other Equipment	Under Construction	Total
<b>Cost:</b>										
<b>Balance at Shrawan 01, 2081 (16 July, 2024)</b>	<b>201,610,595</b>	<b>240,249,905</b>	<b>540,417</b>	<b>6,146,063</b>	<b>4,910,581</b>	<b>7,107,876</b>	<b>44,179,706</b>	<b>5,697,881</b>	<b>16,537,237</b>	<b>526,980,261</b>
Additions	11,180,003	1,467,752	-	197,945	486,046	5,324,175	-	521,049	3,634,268	22,811,238
<b>Borrowing Cost Capitalized</b>	-	-	-	-	-	-	-	-	<b>1,379,865</b>	<b>1,379,865</b>
<b>Disposals/ Capitalization</b>	-	-	-	-	-	-	-	-	-	-
Balance at Ashadh 32, 2082 (16 July, 2025)	212,790,597	241,717,658	540,417	6,344,008	5,396,627	12,432,051	44,179,706	6,218,930	21,551,370	551,171,364
<b>Depreciation &amp; Impairment:</b>										
<b>Balance at Shrawan 01, 2081 (16 July, 2024)</b>	<b>-</b>	<b>9,560,966</b>	<b>41,617</b>	<b>1,113,377</b>	<b>2,059,289</b>	<b>2,558,835</b>	<b>2,208,985</b>	<b>1,581,162</b>	<b>-</b>	<b>19,124,230</b>
Additions	-	4,834,353	27,021	1,276,119	778,919	1,264,753	1,104,493	617,508	-	9,903,165
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
<b>Balance at Ashadh 32, 2082 (16 July, 2025)</b>	<b>-</b>	<b>14,395,319</b>	<b>68,638</b>	<b>2,389,495</b>	<b>2,838,208</b>	<b>3,823,588</b>	<b>3,313,478</b>	<b>2,198,670</b>	<b>-</b>	<b>29,027,396</b>
<b>Carrying Amount:</b>										
As at Ashadh 31, 2081 (16 July, 2024)	201,610,595	230,688,940	498,800	5,032,686	2,851,293	4,549,041	41,970,721	4,116,719	16,537,237	507,856,031
<b>As at Ashadh 32, 2082 (16 July, 2025)</b>	<b>212,790,597</b>	<b>227,322,339</b>	<b>471,780</b>	<b>3,954,513</b>	<b>2,558,420</b>	<b>8,608,463</b>	<b>40,866,228</b>	<b>4,020,260</b>	<b>21,551,370</b>	<b>522,143,969</b>



**2B. Intangible Assets**

Particulars	Software	Total
<b>Cost:</b>		
Balance at Shrawan 01, 2081 (16 July, 2024)	881,634	881,634
Additions	-	-
Disposals	-	-
<b>Balance at Ashadh 32, 2082 (16 July, 2025)</b>	<b>881,634</b>	<b>881,634</b>
<b>Amortization &amp; Impairment:</b>		
Balance at Shrawan 01, 2081 (16 July, 2024)	258,035	258,035
Additions	176,327	176,327
Disposals	-	-
Adjustment due to impairment losses	-	-
<b>Balance at Ashadh 32, 2082 (16 July, 2025)</b>	<b>434,361</b>	<b>434,361</b>
<b>Carrying Amount:</b>		
As at Ashadh 31, 2081 (16 July, 2024)	623,600	623,600
As at Ashadh 32, 2082 (16 July, 2025)	447,273	447,273

**2C. Right of Use Assets**

Particulars	Office Building	Total
<b>Cost:</b>		
Balance at Shrawan 01, 2081 (16 July, 2024)	1,538,633	1,538,633
Additions	-	-
Termination	-	-
<b>Balance at Ashadh 32, 2082 (16 July, 2025)</b>	<b>1,538,633</b>	<b>1,538,633</b>
<b>Amortization &amp; Impairment:</b>		
Balance at Shrawan 01, 2081 (16 July, 2024)	512,878	512,878
Additions	512,878	512,878
Termination Adjustment	-	-
Adjustment due to impairment losses	-	-
<b>Balance at Ashadh 32, 2082 (16 July, 2025)</b>	<b>1,025,756</b>	<b>1,025,756</b>
<b>Carrying Amount:</b>		
As at Ashadh 31, 2081 (16 July, 2024)	1,025,756	1,025,756
As at Ashadh 32, 2082 (16 July, 2025)	512,878	512,878

**3. Deferred Tax Assets/(Liabilities)**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
Opening Deferred Tax Assets	47,846,553	-
Opening Deferred Tax Liabilities	-	406,833
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>47,846,553</b>	<b>(406,833)</b>
Deferred Tax Income/(Expense) transferred to OCI	-	-
Deferred Tax Income/(Expense) transferred to PL	(2,998,000)	48,253,386
<b>Closing Deferred Tax Assets/(Liabilities)</b>	<b>44,848,553</b>	<b>47,846,553</b>
Closing Deferred Tax Assets	44,848,553	47,846,553
Closing Deferred Tax Liabilities	-	-

**4. Investments**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
Investments in Secondary Shares (Held for Trading)	98,754,426	169,091,522
Add/ Less : Gain/ Loss on investment measured at FVTPL	(613,516)	4,389,998
<b>Total</b>	<b>98,140,910</b>	<b>173,481,520</b>

**5. Other Assets**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>Non-current</b>	-	-
<b>Non-current Total</b>	-	-
<b>Current</b>		
Advance for goods and services	26,708,366	5,833,079
Employee advances	1,299,308	357,948
Advance with statutory authorities	7,103,479	8,519,417
Prepaid expenses	1,058,507	1,262,660
Marketing and Travel Advances	4,112,498	2,733,887
Advance Capital Gain Tax (CGT)	4,647,496	-
Rebate on Interest Receivables	-	1,451,717
Others	10,279,366	10,544,265
<b>Current Total</b>	<b>55,209,020</b>	<b>30,702,973</b>
<b>Total</b>	<b>55,209,020</b>	<b>30,702,973</b>

**6. Inventories**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
At lower of cost and net realisable value		
Raw Material	34,393,375	18,630,119
Packaging Material	29,459,700	17,930,259
Consumables	536,262	651,915
Work In Progress- Blend	1,303,372	1,639,337
Promotional materials	1,225,541	1,634,280
Finished Goods	2,360,974	5,247,218
<b>Total</b>	<b>69,279,224</b>	<b>45,733,129</b>

**7. Financial Assets**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
LC Margin & Other Margins	4,837,110	131,653
Bank Gurantee	300,000	300,000
<b>Total</b>	<b>5,137,110</b>	<b>431,653</b>

**8. Trade and Other Receivables**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
Unsecured, considered good	453,463,944	257,504,314
<b>Total</b>	<b>453,463,944</b>	<b>257,504,314</b>

**9. Cash and Cash Equivalents**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
Cash on hand (as certified)	187,118	76,418
Cheque in hand	-	1,857,982
<b>Bank Balances:</b>		
<b>In current accounts</b>		
Prabhu Bank Ltd.	23,624	10,730,177
Nepal Investment Megha Bank Ltd.	160,738	160,738
Rastriya Banijya Bank Ltd.	127,973	181,801
Everest Bank Limited	165,924	15,924
Himalyan Bank Ltd.	117,997	2,448
<b>Total</b>	<b>783,375</b>	<b>13,025,487</b>



**10. Share Capital**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>Authorised Capital</b>		
Equity Shares of Rs. 100 each (Nos.)	10,000,000	10,000,000
Equity Shares of Rs. 100 each (NRs.)	1,000,000,000	1,000,000,000
<b>Issued and Subscribed Capital</b>		
Equity Shares of Rs. 100 each (Nos.)	7,260,000	6,600,000
Equity Shares of Rs. 100 each (NRs.)	726,000,000	660,000,000
<b>Paid-Up Capital</b>		
Equity Shares of Rs. 100 each (Nos.)	5,808,000	5,808,000
Equity Shares of Rs. 100 each (NRs.)	580,800,000	580,800,000
<b>Total</b>	<b>580,800,000</b>	<b>580,800,000</b>

**a. Reconciliation of number of shares outstanding**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
At the beginning of the year	580,800,000	22,50,00,000
Add: shares issued during the year	-	355,800,000
<b>Total</b>	<b>580,800,000</b>	<b>580,800,000</b>

**b. Rights, preference and restrictions attached to equity shares:**

The Company has one class of equity shares having a face value of Rs. 100 per share. Each holder of the equity shares is entitled to one vote per share.

**11. Other Equity**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>Share Application Money</b>		
Balance At Beginning Of Year	-	-
Issue / Transferred to share capital	-	-
<b>Balance at the end of the Year</b>	<b>-</b>	<b>-</b>
<b>Retained Earning</b>		
Balance at the Beginning	(205,429,800)	(182,888,894)
Profit/(Loss) during the year	2,430,469	(21,531,027)
Less: share issue expenses	(1,008,600)	-
Add: Prior Period Adjustment	(407,000)	(1,009,879)
<b>Total Retained Earning</b>	<b>(204,414,931)</b>	<b>(205,429,800)</b>
<b>Revaluation Reserves Through OCI</b>		
Balance At Beginning Of Year	193,525,168	193,525,168
Revaluation Gain On Land	-	-
<b>Balance At End Of The Year</b>	<b>193,525,168</b>	<b>193,525,168</b>
<b>Security Premium</b>		
Balance At Beginning Of Year	243,300,000	-
Issue / Transferred	-	243,300,000
<b>Balance at the end of the Year</b>	<b>243,300,000</b>	<b>243,300,000</b>
<b>Total</b>	<b>232,410,236</b>	<b>231,395,368</b>

**12. Borrowings from Banks**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>Non-current</b>		
Due to banks		
Term loan	82,510,981	123,992,815
Hire Purchase Loan	5,085,351	3,197,246
Less: Current Portion	(16,901,672)	(44,719,679)
<b>Total</b>	<b>70,694,661</b>	<b>82,470,381</b>
<b>Current</b>		
Short term and demand loan	289,972,797	90,000,000
Add: Current Portion of Non-Current Loan	16,901,672	44,719,679
<b>Total</b>	<b>306,874,469</b>	<b>134,719,679</b>
<b>Total Loans &amp; Borrowings</b>	<b>306,874,469</b>	<b>134,719,679</b>

**13. Lease Payables**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>Non-current</b>		
Lease Payables	598,509	1,136,280
Less: current matutities of lease payables	(598,509)	(537,771)
<b>Total</b>	<b>-</b>	<b>598,510</b>
<b>Current</b>		
Current maturities of lease payables	598,509	537,771
<b>Total</b>	<b>598,509</b>	<b>537,771</b>

**14. Other Liabilities**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
<b>Non-current</b>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Current</b>		
Audit Fee Payable	295,500	98,500
Employee benefits payable	5,211,404	3,453,620
Investment Payable (Share Invested)	3,328,798	-
Meeting Allowances	4,250	-
Provision for CSR	60,932	-
Advance collected from customers	4,425,258	4,084,424
TDS Payables	2,120,842	10,514,877
Other payable	10,902,787	12,887,127
<b>Current Total</b>	<b>26,349,772</b>	<b>31,038,548</b>
<b>Total</b>	<b>26,349,772</b>	<b>31,038,548</b>

**15. Trade Payables**

Amount in Rs.

Particulars	As at Ashad 32, 2082 (July 16, 2025)	As at Ashad 31, 2081 (July 15, 2024)
Trade payables for goods and services	32,238,607	16,670,758
<b>Total</b>	<b>32,238,607</b>	<b>16,670,758</b>



**16. Cost of Goods Sold**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Raw materials consumed	32,104,977	32,124,793
Packing and auxillary materials consumed	37,835,098	42,434,889
Manufacturing Expenses (16A)	6,761,809	8,814,547
<b>Opening stock</b>		
Semi finished goods	1,639,337	104,257
Finished goods	5,247,218	3,187,551
	<b>6,886,555</b>	<b>3,291,809</b>
<b>Closing stock</b>		
Semi finished goods	1,303,372	1,639,337
Finished goods	2,360,974	5,247,218
	3,664,346	6,886,555
Total change in semi finished goods and finished goods	3,222,209	(3,594,747)
<b>Total</b>	<b>79,924,092</b>	<b>79,779,482</b>

**16A. Manufacturing Expenses**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Wages Charge	4,664,083	5,427,468
Overtime Allowance	384,645	305,673
Power, Fuel & Electricity Expenses	860,477	1,063,430
Repair & Maintenance - Plant/Machinery	108,500	119,375
Other Expenses	744,104	1,898,601
<b>Total</b>	<b>6,761,809</b>	<b>8,814,547</b>

**17. Other Operating Income**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Interest Rebate	451,990	1,451,717
Misc Incomes	223,047	-
Gain or Loss on Sale of Investment	37,240,440	-
Exchange Gains	(3,534)	36,130
<b>Total</b>	<b>37,911,942</b>	<b>1,487,847</b>

**18. Employee Benefits Expenses**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Salary Expense	16,156,404	16,706,593
Allowance Expense	8,388,595	8,967,727
Provident Fund	1,598,545	1,645,361
Fuel and Maintances Allownces	1,331,584	1,370,580
Gratuity Expenses	720,113	551,482
TADA Expenses	4,817,574	7,714,898
Leave Encashment Expenses	170,593	1,086,113
Dashain Allowance	1,093,837	1,391,674
Employees' Bonus	542,847	-
<b>Total</b>	<b>34,820,092</b>	<b>39,434,427</b>

**19. Administrative Expenses**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Audit Fee	300,000	100,000
Additional Duties & Fines Expenses	141,228	-
AGM Expenses	269,967	-
Annual Maintenance Fee	269,740	162,000
Internet & Communication Expenses	534,879	686,420
Consultancy & Professional Fee	2,294,257	2,699,780
Postage & Courier Expenses	135,547	84,557
Renewal & Registration	1,051,305	580,891
Guest Entertainment	79,765	81,302
Fuel Expense	320,744	367,976
Meeting Allownaces	190,400	61,000
Insurance Expenses	1,281,191	1,291,587
Office Expenses	200,009	248,592
Office Supplies	-	20,319
Printing & Stationary Expenses	333,625	240,903
Repair & Maintenance (Block A)	55,550	57,550
Repair & Maintenance Office Equipment	-	32,815
Repair & Maintenance ( Block C)	333,238	187,279
Medical Expenses	12,581	16,803
Security Expenses	1,404,000	1,429,000
Staff Welfare Expenses	1,562,332	1,144,176
Tours & Travelling Expenses	-	122,293
Tax & Rates	-	16,169
Corporate social Responsibility Expenses	60,932	-
<b>Total</b>	<b>10,831,289</b>	<b>9,631,412</b>

**20. Selling and Distribution Expense**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Trade promotion	42,916,724	51,000,853
Advertisement Expenses	254,400	189,153
Branding and Marketing Expenses	4,605,714	8,764,719
Sales Meet Expenses	432,006	-
Sponsorship and Association Fee	-	1,210,735
Travelling Expenses	354,481	315,479
Delivery expense	4,468,907	5,044,696
<b>Total</b>	<b>53,032,233</b>	<b>66,525,636</b>

**21. Depreciation & Amortization Expenses**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Depreciation on Property, Plant & Equipment	9,903,165	9,394,146
Amortization of Intangible Assets	176,327	155,900
Amortization of Right of Use Assets	512,878	512,878
<b>Total</b>	<b>10,592,370</b>	<b>10,062,924</b>



**22. Finance Costs**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Interest expense:		
On term loan and HP Loan	6,206,163	25,879,671
On short term and Demand loan	15,814,299	19,558,793
On Lease Liability	130,329	185,664
Bank Charge and Commission	1,573,602	480,939
Less Interest Capitalized	(1,379,865)	(481,667)
<b>Total</b>	<b>22,344,528</b>	<b>45,623,400</b>

**23. Tax Expenses**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Tax on profits for the year	-	-
Prior period taxes	-	-
Deferred Tax	2,998,000	(48,253,386)
<b>Total</b>	<b>2,998,000</b>	<b>(48,253,386)</b>

**23.1. Reconciliation of Taxable Income and Accounting Profit**

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Profit before Income Tax	5,428,469	(69,784,413)
<b>Inadmissible expenses for tax purpose</b>	<b>-</b>	<b>200,000</b>
Interest on Lease Liability	130,329	-
Other Inadmissible Expenses	1,533,744	-
Capitalization of Repair Cost	-	-
Difference in depreciation		
As per Books	10,592,370	10,062,924
As per Tax	(19,387,724)	(4,145,833)
Allowable Donation U/s 12	-	-
Rental Expense on Lease	(668,100)	-
Gain on investments through fair value	613,516	-
Deductible Losses as per Income Tax	(184,185,674)	-
<b>Taxable Profit</b>	<b>(185,943,070)</b>	<b>(63,667,322)</b>
Tax Rate	30.00%	30.00%
<b>Tax Expense</b>	<b>-</b>	<b>-</b>

**23.1. Deferred Tax**

Amount in Rs.

Particulars	Carrying Value	Tax Base	Difference	Nature
Property, plant and equipment	287,802,002	250,716,049	(37,085,952)	DTE
Intangible Assets	447,273	486,823	39,550	DTI
Closing Stock of FG & WIP	-	-	-	DTE
Lease Liability	598,509	-	598,509	DTI
Taxable Losses		185,943,070	185,943,070	DTI
<b>Net Temporary Difference</b>			<b>149,495,178</b>	<b>DTI</b>
<b>Income Tax Rate</b>			<b>30.00%</b>	
Deferred Tax Liabilities / (Assets) upto the year			44,848,553	
Less: Opening Deferred Tax Assets/(Liabilities)			47,846,553	
Deferred Tax Income / (Expenses) for the year			(2,998,000)	

## 24. Earnings per Share

The company discloses basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees. Since, the company does not have any convertible instruments and has not granted any options to its employees, diluted EPS is considered the same as basic EPS.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
Profits attributed to equity holders of the Company	2,430,469	(21,531,027)
Weighted average number of shares	5,808,000	5,808,000
<b>Basic and diluted earnings per share</b>	<b>0.42</b>	<b>(3.71)</b>

## 25.1 Financial risk management objectives

The company's principal financial liabilities, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support its operations. The company's principal financial assets include trade and other receivables, cash & cash equivalents, that are derived directly from its operations. The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk. The company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimize potential adverse effects of such risks on the company's operational and financial performance.

## 25.2 Credit Risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The credit risk for the company primarily arises from credit exposures to trade receivables.

Trade and other receivables: The Company's business is predominantly through sales of goods hence credit exposure arises from trade receivables.

## 25.3 Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputations.

## Liquidity risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods.

Financial Liabilities	Less than 1 year	1-4 years	5 years and above	Total
<b>As on 31 Ashah, 2082</b>				
i) Borrowing	15,421,959.09	38,598,345.35	28,490,677.00	82,510,981.44
ii) Hire Purchase Loan	1,479,713.14	2,935,711.66	669,926.58	5,085,351.38
iii) Short Term Loan	306,874,469.09	-	-	306,874,469.09
iv) Other Financial Liabilities	52,037,008.66	-	-	52,037,008.66
	<b>375,813,149.98</b>	<b>41,534,057.01</b>	<b>29,160,603.58</b>	<b>446,507,810.57</b>
<b>As on 31 Ashdah, 2081</b>				
i) Borrowing	43,828,688.28	38,605,134.00	41,558,992.67	123,992,814.95
ii) Short Term Loans	890,990.85	2,306,254.65	-	3,197,245.50
iii) Hire Purchase Loan	90,000,000.00	-	-	90,000,000.00
iv) Other Financial Liabilities	16,439,247.52	-	-	16,439,247.52
	<b>151,158,926.65</b>	<b>40,911,388.65</b>	<b>41,558,992.67</b>	<b>233,629,307.97</b>

## 25.4 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, currency risk and other price risk such as equity price risk.

Interest Rate Risk: The company has material exposure to the debt instruments and on which interest rate is fluctuating according to the market.

## Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. The exchange gains or losses are recognized in profit or loss on the date of settlement.

## 25. 5 Categories of Financial Instruments

Particulars	As at Ashad 31, 2081		As at Ashad 31, 2080	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Current Assets</b>				
i) Trade Receivables	453,463,942.19	453,463,942.19	257,504,313.82	257,504,313.82
ii) Cash and Cash Equivalents	783,374.59	783,374.59	13,025,486.97	13,025,486.97
iii) Other Financial Assets	60,346,130.65	60,346,130.65	31,134,625.87	31,134,625.87
<b>Total</b>	<b>514,593,447.43</b>	<b>514,593,447.43</b>	<b>301,664,426.65</b>	<b>301,664,426.65</b>
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
Borrowings	70,694,660.59	70,694,660.59	82,470,381.32	82,470,381.32
<b>Current Liabilities</b>				
i) Borrowings	306,874,469.09	306,874,469.09	134,719,679.13	134,719,679.13
ii) Other Financial Liabilities	59,186,888.09	59,186,888.09	48,247,076.97	48,247,076.97
<b>Total</b>	<b>436,756,017.77</b>	<b>436,756,017.77</b>	<b>265,437,137.42</b>	<b>265,437,137.42</b>

## 26 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

The directors are of the belief that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

## 27. Related Party Disclosures

### A. Companies in which the investor (including close member of family) has significant influence

Sagar International Distributors Pvt Ltd

### B. Key Management Personnel

Ms. Alka Goyal	Chairman
Mr. Ashutosh Khetan	Director
Mr. Ratan Kumar Chaudhary	Director
Mr. Jyoti Dahal	Independent Director
Mr. Amrit Neupane	HOD – Finance
Mr. Saurav Karanjeet	CEO

### C. Summary of the transactions with related parties

Amount in Rs.

Particulars	For the year ended Ashad 32, 2082 (July 16, 2025)	For the year ended Ashad 31, 2081 (July 15, 2024)
<b>Sale of Goods</b>		
Sagar International Distributors Pvt Ltd	69,739,603	137,328,892
<b>Reimbursement of Expenses</b>		
Sagar International Distributors Pvt Ltd	14,326,434	-
<b>Summary of closing balances with related parties</b>		
Sagar International Distributors Pvt Ltd	297,386,326	237,124,931



**D. Transaction with key management personnel**

Amount in Rs.

<b>Particulars</b>	<b>For the year ended Ashad 32, 2082 (July 16, 2025)</b>	<b>For the year ended Ashad 31, 2081 (July 15, 2024)</b>
Meeting fees paid to Chairman and Directors	145,400	-
Meeting fees paid to Independent Director	45,000	-
<b>Salary and Allowance to related persons</b>		
Mr. Saurav Karanjeet (CEO)	1,706,452	-

**28. Contingent Liabilities and Commitments**

Company does not have any contingent liabilities as per the best judgement and estimates of management. Company also does not have any commitments at year end.

## Interim Financial Report



# 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 31<sup>st</sup> Ashwin 2082

		This Quarter Ending Ashwin 2082	Corresponding Previous year Quarter Ending Ashwin 2081	Previous Quarter Ending Ashad 2082
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
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			
	<b>Total Non-Current Assets</b>	<b>578,334,064</b>	<b>638,267,227</b>	<b>666,562,570</b>
<b>CURRENT ASSETS</b>				
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
	<b>Total current assets</b>	<b>797,034,658</b>	<b>379,376,257</b>	<b>588,080,029</b>
	<b>TOTAL ASSETS</b>	<b>1,375,368,722</b>	<b>1,017,643,484</b>	<b>1,254,642,599</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
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
	<b>Total Equity</b>	<b>944,682,448</b>	<b>773,005,685</b>	<b>814,806,369</b>
<b>NON-CURRENT LIABILITIES</b>				
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	-	-	-
	<b>Total non-current liabilities</b>	<b>84,698,254</b>	<b>95,782,578</b>	<b>88,194,842</b>
<b>CURRENT LIABILITIES</b>				
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)	-	-	-
	<b>Total current liabilities</b>	<b>345,988,020</b>	<b>148,855,220</b>	<b>351,641,387</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,375,368,722</b>	<b>1,017,643,484</b>	<b>1,254,642,599</b>

#### 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
<b>Net Sales Revenue</b>	<b>27,614,310</b>	<b>11,742,083</b>	<b>179,674,647</b>
Less: Cost Of Goods Sold	10,276,143	5,940,559	78,592,323
<b>Gross Profit</b>	<b>17,338,167</b>	<b>5,801,524</b>	<b>101,082,324</b>



Other Operating Income	2,778,026	13,338,680	39,354,649
Gain On Investments Through Fair Value	-	-	(689,954)
<b>Total Income From Operations</b>	<b>20,116,193</b>	<b>19,140,204</b>	<b>139,747,019</b>
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
<b>Operating &amp; Non-Operating Profit</b>	<b>(11,115,547)</b>	<b>(15,317,924)</b>	<b>38,562,180</b>
Depreciation And Amortisation	2,502,610	2,928,247	9,563,283
Finance Costs	6,950,864	5,311,499	23,594,064
<b>Profit Before Tax</b>	<b>(20,569,021)</b>	<b>(23,557,671)</b>	<b>5,404,833</b>
<b>Income Tax Expenses</b>			
Deferred Tax	(5,245,100)	(6,007,206)	1,378,233
Current Tax			
<b>Profit For The Year</b>	<b>(15,323,920)</b>	<b>(17,550,464)</b>	<b>4,026,601</b>
<b>Other Comprehensive Income</b>			
<b>Items That Will Not Be Reclassified To Profit Or Loss:</b>			
Other Comprehensive Income			
<b>Total Comprehensive Income For The Year</b>	<b>(15,323,920)</b>	<b>(17,550,464)</b>	<b>4,026,601</b>
<b>Ratios</b>	<b>This Quarter Ending Ashwin 2082</b>	<b>Corresponding Previous year Quarter Ending Ashwin 2081</b>	<b>Previous Quarter Ending Ashad 2082</b>
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%
<b>Net Worth Per Share(Excluding Assets Revaluation) in Rs.</b>	<b>103.47</b>	<b>99.77</b>	<b>106.97</b>

### 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



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**SAGAR DISTILLERY**

Lal Colony Marg, Kathmandu, Nepal  
info@sagardistilleries.com  
marketing@sagardistilleries.com

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[www.sagardistilleries.com](http://www.sagardistilleries.com)