ज्योति क्यापिटल लि.
JYOTI CAPITAL LTD

JYOTI WEEKLY OUTLOOK

17th Aug to 22nd Aug ,2025

Review Period: 15th Aug to 22nd Aug, 2025

MARKET OVERVIEW

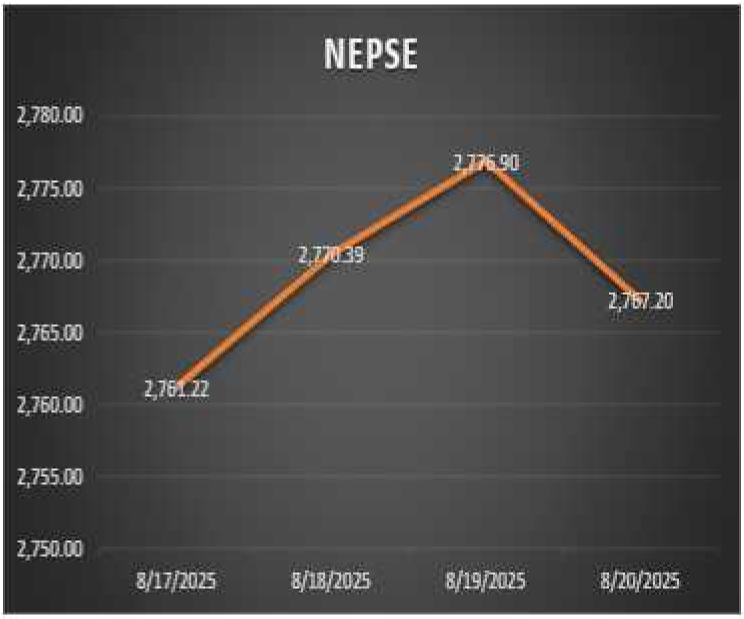
MACRO ECONOMIC UPDATE

NEWS UPDATE

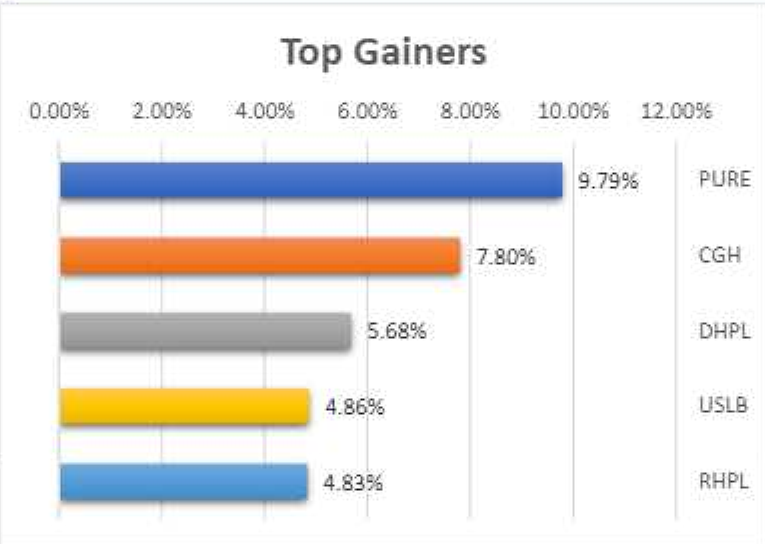
WEEKLY MARKET UPDATE

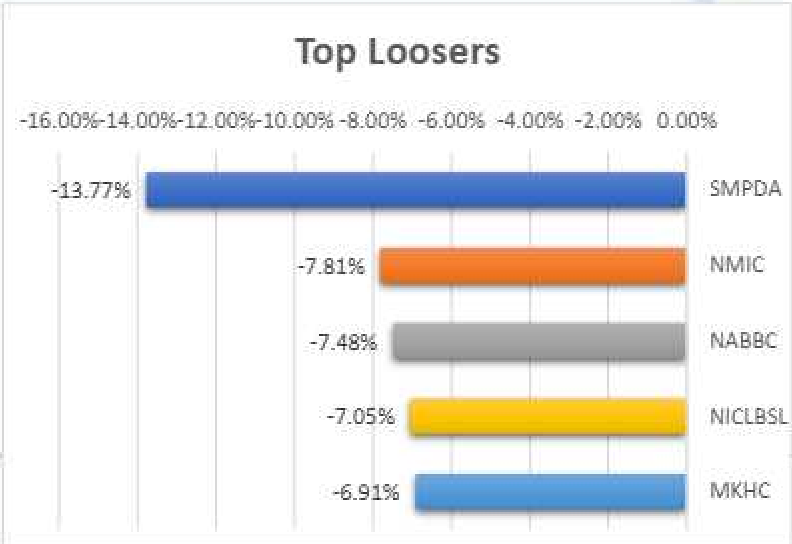
The NEPSE index posted a weekly loss of 1.09% (30.39 points), closing at 2,757.97 on the last trading day of the review period. Market conditions remained volatile throughout the week, with the index fluctuating between an intraday high of 2,803.25 and a low of 2755.88. Trading activity showed decline, with weekly turnover decreasing from approximately NPR 7.34 billion on Sunday to NPR 4.89 billion by Thursday's session.

In the early day of the week, market showed large price drop by displaying a bearish candle with upper price rejection. Candles formed on second day and third day were bullish but both had long upper wick signifying price rejection. The candles were formed by gaping up recovering loss up to approximately fifty percent of first day's candle (considering body of first day's candle). However, the volume subdued within the trading week. On last trading day, the price action broke the support of 50 MA. On the positive side, according to Fibonacci retracement level, at 61.8 %, the price action is in support of 2755.38 level.



MARKET OUTLOOK





During the review period, interest rates for deposits and loans and advances were published. A majority of banks kept their interest rates for deposits unchanged compared to the previous month. Standard Chartered Bank Limited (SCB) implemented the sharpest reduction in institutional fixed deposit (FD) rates, trimming them by 1.13 percentage points—from 6.26% in Shrawan to 5.13% in Bhadra. Similarly, Siddhartha Bank Limited (SBL) cut its institutional FD rate by 0.75 percentage points, reducing it from 4.75% to 4%. On the other hand, Prabhu Bank Limited (PRVU) stood out as the only bank to increase rates, raising its institutional FD rate by 1.10 percentage points in Bhadra.

Shiva Shree Hydropower (SSHL) will issue 100% rights share issuance from Bhadra 19. Likewise, the NFO of RBB Focus 40 will open from Bhadra 18. Protective Micro Insurance will issue an IPO to the general public and has appointed Laxmi Sunrise Capital as the issue guarantor. Shreenagar Agritech Industries will issue IPO shares to locals of Rupandehi and Palpa districts, as well as to Nepalese employed abroad, starting from Bhadra 11. For the general public, Bandipur Cable Car and Tourism Limited will issue 43,41,080 units of IPO shares from Bhadra 11. City Hotels will issue 80% rights share from Bhadra 23. Himalayan Life Insurance, through its promoted scheme "HLI Large Cap Fund," will issue 20 crore units of a mutual fund scheme to the general public from Bhadra 15.

Meanwhile, Citizens Mutual Fund–2 has proposed an 8.25% cash dividend, and Citizens Super 30 Mutual Fund has proposed a 12.75% cash dividend for FY 2081/82. Similarly, NMB 50 has proposed a 15% cash dividend, while NMB Sulav Investment Fund–II has also proposed a 15% cash dividend for FY 2081/82.

News:

1. Disbursement of concessional loans fell sharply—by nearly Rs 42 billion—in the first 11 months of FY 2024/25, largely due to delayed government interest subsidies.
2. The government collected Rs 85.19 billion in revenue and spent Rs 46.30 billion, marking modest but positive fiscal management in the first month of FY 2025/26.
3. Precious metal prices declined: gold fell by Rs 700 per tola, and silver also dropped slightly.
4. The Naubise–Nagdhunga tunnel is nearing completion with 93% physical progress, and toll rates have been set for upcoming usage.
5. Phedikhola Hydropower announced an IPO worth Rs 175 million, offering 25% to the public for its 4.3 MW project in Bhojpur.
6. In Mahottari, paddy plantation coverage accelerated dramatically—from 30% in late July to about 75% by mid-August, thanks to favorable rainfall and use of groundwater.

NEPSE Technical Indicators - Detailed Analysis

At the start of the week, the market saw a sharp decline, forming a bearish candle with clear upper-price rejection. On the following two days, bullish candles emerged, but both carried long upper wicks, again signaling selling pressure. These candles opened with upward gaps and managed to recover roughly 50% of the first day's losses. However, trading volume remained subdued throughout the week. By the final session, price action slipped below the 50-day moving average support. The RSI has also entered the oversold territory, currently at 39.50. On a positive note, the Fibonacci retracement indicates a support level at 2755.38, corresponding to the 61.8% retracement zone.

Support and Resistance Levels:

The strong resistance zone is at 2900-2925 level. Moreover, market has receded below the support zone of 2765-2800 level making intermediate resistance zone.

Bollinger Bands and Volume Behavior:

While observing the Bollinger Bands, the price level has dropped below the Mid Line of the Bollinger band and has consolidated on the line of 2757.97. On the positive side the index has not moved towards the lower band. This is further validated by support of 2755.38 referenced from Fibonacci retracement at 61.8%. The volume has been receding from ~ NPR.7.34 billion to ~ NPR 4.89 billion level showing a controlled exit of players rather than fierce exit.

RSI (Relative Strength Index):

RSI of the daily chart shows reading of 39.50. It can be regarded as a positive sign that RSI did not break down below 39 level as in the first trading day, the RSI was 39.69

MACD (Moving Average Convergence Divergence):

At present MACD line is below the signal line with a wider gap showing bearish trend and no signals of bullish reversal

Moving Averages:

All three major moving averages (MA-5, MA-50, MA-200) show mixed results.

MA-5	2,766.74
MA-50	2,768.56
MA-200	2,702.15

The 5-day and 50-day moving average shows the index has receded below the MA line stating a bearish trend.

Technical Insights

At the beginning of the week, the market experienced a notable decline, marked by the formation of a bearish candle that closed below the 2765–2800 key support level. On the second day, the index showed some bullish attempt with a small green candle featuring an upper shadow (green spinning top). Although this candle formed at a support level, it reflected hesitation and provided only a weak signal of a bullish reversal. However, it did manage to generate another bullish candle with a long upper wick (inverted hammer) that closed above the close of the previous green spinning top.

Despite this slight bullish tone, the movement was overshadowed by low volume and lack of confirmation. The following two candles indicated buyers exiting, as they formed consecutive lower highs compared to the inverted hammer, effectively eroding the bullish gains from the second trading day.

On the last day of the week, the index broke below the 2765–2800 support zone. Nevertheless, it is currently testing the 2755.38 support level, corresponding to the 61.8% Fibonacci retracement.

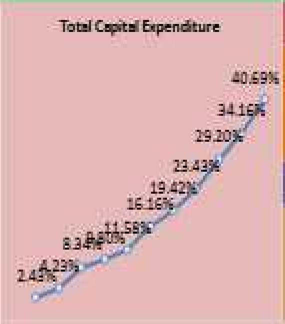
Macro- Economic Data Dashboard

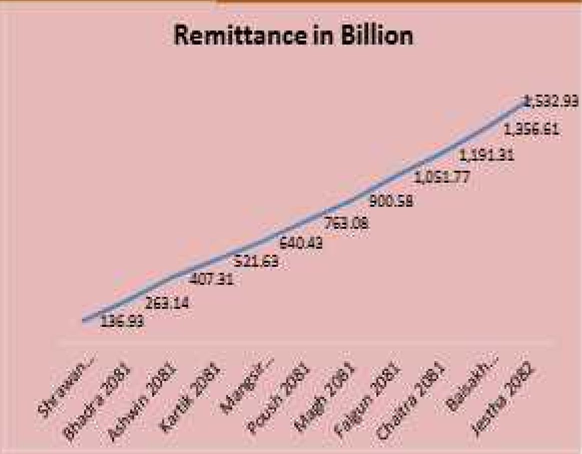
For the Month of Jestha 2082

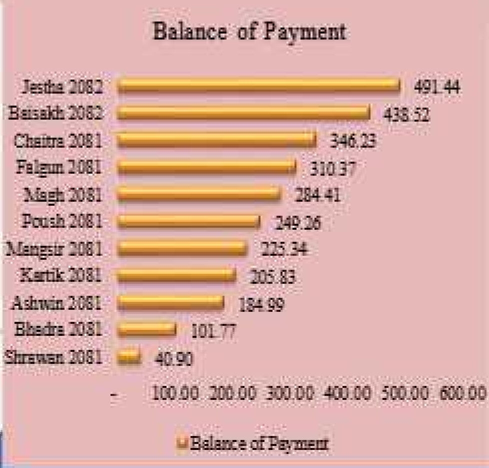
Gross Domestic Product	Total Budget (2080/81)	Total Capital Budget (2080/81)	Total Revenue Budget (2080/81)	Imports	Exports
NRs. 6,107 B	NRs. 1,860 B	NRs. 352 B	NRs. 1,419 B	NRs 1,645 B	NRs 248 B

Utilization (Total Budget)	Utilization (Cap Budget)	Revenue Collection	Base Rate	InterBank
NRs.1,523 B	NRs.223 B	NRs.1,179 B	6.09%	2.99%

% Utilization	% Utilization	Nepal Govt Balance in NRB	Consumer Price Inflation
81.87%	63.20%	NRs 340 B	2.72







As of mid-June 2025, Nepal's macroeconomic and financial situation shows improved outlook supported by moderated inflation, rising remittances, fiscal expansion, and growth in external trade. Year-on-year consumer price inflation (CPI) stood at 2.72 %, down from 4.17% in the same period last year. Food inflation dropped to 0.54 % and non-food and services inflation was 3.94%. Based on year-on-year, education sector was the highest contributor for Non-food and Services inflation. Wholesale price inflation (WPI) also significantly moderated to 1.56 %, with decline in Fuel and Power prices. Regionally, inflation was highest in Koshi Province at 4.18% and lowest in Gandaki at 1.75%. Merchandise exports surged by 77.8 %, while imports increased by 13.1 % resulting in a 6.3% rise in the trade deficit to Rs. 1,397.23 billion. Despite the deficit, the export-import ratio improved to 15.1 % from 9.6%.

Remittance inflows grew by 15.47 % in NPR terms and 12.7 % in USD terms, reaching Rs. 1,532.9 billion. The current account recorded a surplus of Rs. 307.3 billion, and the balance of payments (BoP) stood at a strong surplus of Rs. 491.44 billion. Foreign exchange reserves increased to USD 18.70 billion, providing 17.6 months of merchandise import coverage. Foreign direct investment (FDI) increased to Rs. 11.9 billion from Rs. 8.24 billion a year ago.

In the fiscal sector, government expenditure reached Rs. 1523.11 billion at the end of fiscal year, fulfilling 82 % of the budget. This included Rs. 980 billion in recurrent expenditure, Rs. 223 billion in capital spending, and Rs. 320 billion in financial management. Only 63% of targeted CAPEX was fulfilled in the past fiscal year. Similarly, only 83.06% of Revenue target was fulfilled. 81.75 % of tax revenue was achieved and 95.45% of budgeted non tax revenue was achieved by government. Moreover, 44.97 % of budgeted grants were received by the government.

The government's cash balance at NRB was Rs. 340 billion at the eleven-month period. In terms of monetary indicators, broad money (M2) expanded by 11.98 % year-on-year basis. Net foreign assets rose significantly by Rs.645 billion, while reserve money increased by 12.1 %. Domestic credit rose 6.02 % during the period, and private sector credit from BFIs increased by 8.68 % on year-on-year basis. Deposits at BFIs also increased by 11.98 % on Y-0-Y basis, with fixed deposits making up the largest share of ~ 67%. Notably, credit was primarily backed by land and buildings (74.21%) and current assets (14.53 %), and major credit expansion occurred in the Wholesale/Retail sector (18.89%) and highest being in Consumable Loan (20.20%). Meanwhile, based on product, Term Loan account for the highest investment of ~37 %

Liquidity management by NRB involved absorbing Rs. 21,343.50 billion through deposit collections and standing deposit facilities, while injecting Rs. 2.70 billion via Overnight Liquidity Facility. Interbank transactions amounted to Rs. 61 billion, significantly lower than the previous year. Interest rates declined across the board: the average base rate of commercial banks is recorded at 6.09 %, and lending rates of Commercial banks were recorded at ~ 8 %. Deposit rates also dropped across all types of BFIs. Lastly, in the capital market, the NEPSE index reached 2,655.4 in mid-June 2025, up from 2,112.3 a year ago, and total market capitalization rose by 32.10 % on Y-0-Y basis. A total of 272 companies were listed on NEPSE, with BFIs and insurance companies comprising 52.12 % of market capitalization. Securities worth Rs. 4,423.04 were listed during the period, including bonus shares, ordinary shares, mutual funds, and right shares. The Securities Board of Nepal approved public issues totaling Rs. 39 billion during the period. Overall, the report reflects Nepal's weak fiscal performance, major credit diversion into consumption rather than capital formation, speculative and probably short-lived export bulge with continuation of remittance influx.

What's in Sagar Distillery Limited's IPO for general public?

IPO Snapshot of Sagar Distillery Limited

Public Issue

Sagar Distillery Limited is poised to issue 11,90,640 units of shares at a face value of NPR 100 each to the general public (excluding Nepalese employed abroad) in the coming days. Below is a snapshot of the company and offering for our valued readers.

Company Profile

Originally established as a private limited company, Sagar Distillery was converted into a public limited company on 2080/02/07. The company produces and sells a wide range of alcoholic beverages with varying alcohol content in the Nepalese market.

Board of Directors & Promoters

The promoters of the company bring rich and diverse experience across Nepal's stock market, finance, EXIM trade, construction, insurance, and tourism sectors. The Board of Directors consists of Ms. Alka Goyal, Mr. Ashutosh Khetan, Mr. Rajiv Prasad Pyakurel, Mr. Ratan Kumar Chaudhary, and Mr. Jyoti Dahal (independent director). Their combined expertise is expected to create synergy and strengthen the company's strategic positioning. **Post-IPO, the Promoter-to-Public shareholding ratio will stand at 80:20**.

Financial Highlights

- Paid-up Capital (Post-IPO): NPR 72.60 Crore
- Book Value (FY 2080/81 – Audited): NPR 106.52 per share
- EPS (FY 2081/82 – Unaudited): NPR 0.59 per share
- The company has projected an improving EPS trend in coming years.
- The debt-to-equity ratio is on the higher side, resulting in elevated interest expenses.

Product Profile

Sagar Distillery manufactures and sells alcoholic beverages in the 70° UP, 40° UP, 30° UP, and 25° UP segments. Its product line includes whiskey, vodka, and gin under various brand names.

The company has recorded steady sales growth, demonstrating consumer acceptance of its product range. However, Nepal's liquor market is highly competitive, with the presence of large players in each sectors like:
- 25° UP Whiskey: Yeti Distillery, Nepal Liquor
- 40° UP Whiskey: Himalayan Distillery
- 40° UP Gin & Vodka: Vijay Distillery
- Gin & Vodka Segment: Yeti Distillery

In such a competitive environment, promotion, branding, and push sales strategies will be critical for growth. Encouragingly, rising consumer interest in *NEPSE Bulls* (one of Sagar Distillery's flagship products) presents an opportunity for further market penetration.

Future Plans & Utilization of IPO Proceeds

The company aims to raise NPR 14.52 Crore through the IPO (including IPO proceeds from Nepalese employees abroad). The funds will be allocated as follows:

1. NPR 9 Crore – Construction of an in-house plant for producing malt and grain spirit
2. Remaining proceeds – To settle short-term bank borrowings and other payables

Currently, the company imports malt from Scotland. Establishing in-house malt and grain spirit production facilities is expected to reduce import dependency, lower costs, and improve profit margins over time.

Credit Rating

On 2082/04/08, Infomerics Credit Ratings Nepal Ltd. assigned IRN B+ (IS) to the company. The rating indicates a high risk of default with respect to timely debt servicing. The rating is valid until 2083/04/07. As the company is still in its infancy and prioritizing sales growth and brand-building over profitability, its fundamentals may strengthen in the medium term, which could lead to a potential rating upgrade.

Advisory View

Sagar Distillery is in the brand-building stage within a competitive domestic liquor market. While this may require aggressive promotion and production leading higher inventories, and ultimate rise in receivables in the short run, the commissioning of the in-house malt and grain spirit plant could provide meaningful cost savings and long-term shareholder value. Investors should closely monitor these drivers.

Our Opinion

- The company's book value exceeds the face value of the IPO price.
- Sales and production growth have been satisfactory.
- A strong base of experienced promoters and board members adds credibility and synergy in brand promotion.
- With only 20% of paid-up capital in public float, we expect high demand for the stock upon listing.

Recommendation: BUY/Apply

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