



मुक्तिनाथ कृषि कम्पनी लि.

MUKTINATH KRISHI COMPANY LTD.

An Associate Company of Muktinath Bikas Bank



INTERIM FINANCIAL STATEMENT

As on 32nd Ashad 2082

For FY 2081-82

Muktinath Krishi Company Limited

Quarterly Statement of Financial Position

As at 32nd Ashad 2082 (16th July 2025)



मुक्तिनाथ कृषि कम्पनी लि.
MUKTINATH KRISHI COMPANY LTD.
 (An Associate Company of Muktinath Bikas Bank Ltd.)

Amount in Rs

Particulars	MKCL		
	Upto this quarter (32nd Ashad , 2082)	Previous Quarter Ending 31st Chaitra 2081	Corresponding Previous Year Quarter (Audited)
ASSETS			
Non-Current Assets			
Property, Plant and Equipments	137,769,259	150,596,791	154,957,315
Biological Assets	115,000	115,000	230,000
Intangible Assets	6,911,605	5,616,060	6,428,335
Investment	172,105,079	126,428,500	102,552,000
Total Non-Current Assets	316,900,942	282,756,351	264,167,650
Current Assets			
Inventories	174,239,575	227,194,779	235,194,565
Trade and Other Receivables	449,382,000	681,511,334	463,224,393
Other Receivables	112,043,683	-	-
Income Tax Assets	7,255,214	6,880,370	6,648,923
Prepayments	-	1,213,636	739,452
Cash & Cash Equivalents	43,315,413	37,469,392	16,613,812
Deferred Tax Assets	23,482,078	27,402,668	27,402,668
Total Current Assets	809,717,962	981,672,179	749,823,813
Total Assets	1,126,618,904	1,264,428,530	1,013,991,463
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	700,000,000	700,000,000	700,000,000
Other Equity	63,211,749	(8,784,352)	(43,403,719)
Total Equity	763,211,749	691,215,648	656,596,281
Liabilities			
Non-Current Liabilities			
Deferred Tax Liabilities	-	-	-
Total Non-Current Liabilities	-	-	-
Current Liabilities			
Trade and Other Financial Liabilities	206,064,077	330,674,448	200,421,057
Provisions	7,312,082	5,212,082	7,220,408
Short Term Loan	150,030,997	237,326,352	149,753,717
Total Current Liabilities	363,407,155	573,212,882	357,395,182
Total Equity and Liabilities	1,126,618,904	1,264,428,530	1,013,991,463

Muktinath Krishi Company Limited

Quarterly Statement of Profit or Loss

As at 32nd Ashad 2082 (16th July 2025)



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Amount in Rs

Particulars	MKCL		
	Upto this quarter (32nd Ashad, 2082)	Previous Quarter Ending (31st Chaitra 2081)	Corresponding Previous Year Quarter (Audited)
Revenue from Operations	724,104,950	489,048,461	667,606,359
Less: Cost of Goods Sold	564,777,862	392,614,011	493,787,768
Gross Profit	159,327,089	96,434,450	173,818,591
Sale of an Investment	81,250,000	-	
Other Income	16,101,092	8,051,683	538,306
Total Income	256,678,180	104,486,133	174,356,898
Operating Expenses			
Personnel Expenses	54,051,534	40,455,275	57,972,533
Other Operating Expenses	41,392,509	24,324,482	48,176,792
Financial Expenses	17,766,506	9,803,426	26,458,517
Depreciation and Amortisation Expenses	18,775,024	7,412,916	21,663,641
Total Operating Expenses	131,985,574	81,996,099	154,271,483
Non Operating (Income)/Expenses	-	-	191,121
Total Expenses	131,985,574	81,996,099	154,462,604
Profit before Income Tax	124,692,606	22,490,033	19,894,294
Provision for Staff Bonus	2,187,396	-	-
Profit Before Income Tax	122,505,210	22,490,033	-
Tax Expenses			
Current Tax	18,051,706	-	-
Deferred Tax Expenses /(Income)	3,920,590	-	(1,841,603)
Total Tax Expenses	21,972,296	-	(1,841,603)
Profit for the Period	100,532,914	22,490,033	21,735,897
Basic Earning Per Share (EPS)-Annualized	14.36	4.28	3.11

Muktinath Krishi Company Limited

Statement of Cash Flow

As at 32 Ashad 2082 (16 Jul 2025)



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Particulars	MKCL	
	Upto this quarter (32nd Ashad, 2082)	Corresponding Previous Year Quarter (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit for the year	122,505,210	19,894,294
Adjustment for:		
Depreciation/Impairment on Property, Plant and Equipment	18,775,024	21,663,641
Interest on Lease		10,847,447
Lease Rent		(14,480,819)
Interest Income		(395,420)
Income from Portfolio Management Services		-
Change in Fair Value of Securities	6,082,554	488,684
Profit/Loss on Sale of Fixed Assets		
Operating Profit Before Working Capital Changes	147,362,788	38,017,827
Changes In Working Capital		
(Increase)/decrease in Inventories	60,954,991	(36,691,346)
(Increase)/decrease in Trade and Other Receivables	(98,201,290)	(232,172,253)
(Increase)/decrease in Other Current Assets	133,161	208,897
Increase/(decrease) in Other Financial Liabilities	-	75,702,476
Increase/(Decrease) in Trade and Other Payables	5,643,020	53,133,576
Increase/(decrease) in Other Liabilities	91,674	
Income Taxes Paid (Net of Refunds)	(18,051,706)	
Net Cash Flows Generated / (Used) from Operating Activities (A)	97,932,638	(101,800,824)
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received		395,420
(Increase)/decrease in Investment	(69,553,079)	(43,350,141)
Income from Sale of Securities	-	(488,684)
Payments for purchase of Property, Plant and Equipment	(5,098,705)	(37,420,191)
Adjustment for Derecognition of Right of use assets	4,661,346	
Purchase/Sale of Biological Assets	115,000	(230,000)
Payments for Intangible Assets	(1,632,879)	(3,158,178)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(71,508,317)	(84,251,774)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from the issue of Equity and Preference Share	-	140,000,000
Adjustment/ Restatement in Retaining Earning		(4,536,922)
Proceeds/(Repayment) of Secured Loan	277,280	-
Interest Paid		
CASH FLOW FROM FINANCING ACTIVITIES (C)	277,280	135,463,078
Total Cash Flow from Operating, Investing and Financing Activities (A+B+C)	26,701,601	(50,589,520)
Opening Cash and Cash Equivalents	16,613,813	67,203,332
Closing Cash and Cash Equivalents	43,315,413	16,613,813

Muktinath Krishi Company Limited

Statement of Change in Equity

As at 32 Ashad 2082 (16 July 2025)



मुक्तिनाथ कृषि कम्पनी लि.

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A. Equity Share Capital						Amount in Rs.
Opening Balance						700,000,000
Changes in Equity Share Capital during the year						-
Balance as at 32 Ashad 2082						700,000,000
B. Other Equity						
Particulars	Reserves & Surplus				Total Other Equity	
	Share Premium	Retained Earnings	Capital Reserve	Fair Value Reserve	Amount in Rs	
As at 31 Ashad 2081	9,738,810	(54,399,708)	1,257,179	-	(43,403,719)	
Adjustment/Restatement	-	-	-	-	-	
Restated Opening Balance	9,738,810	(54,399,708)	1,257,179	-	(43,403,719)	
Profit for the year		100,532,914			100,532,914	
Reversal of Fair Value Reserve		6,082,554			6,082,554	
Change in Fair Value					-	
As at 32 Ashad 2082	9,738,810	52,215,759	1,257,179	-	63,211,748	

1. Corporate Information

Muktinath Krishi Company Limited (“the Company”) is a public limited company established on 14th Bhadra 2075 (30 Aug 2018), under the provisions of Companies Act-2063 of Nepal, with the registration no. 197475/075/076. The registered office of the Company and the principal place of business is located at Basundhara, Kathmandu. The company has regional offices located at Kathmandu, Dhangadi, Birendranagar, Butwal, Pokhara, Chitwan, Bardibas, and Itahari.

The Company’s activity involves, predominantly, business of agricultural products including production, trading and marketing of the agro products as well as supply of agricultural equipment’s, agriculture related consultancy services, seeds, agricultural research and development and technology transfer.

2. Basis of Preparation

2.1. Statement of Compliance

The financial statements have been prepared and presented under the historical cost convention, on accrual basis and in accordance with Accounting Standards and Principles, issued by Accounting Standard Board (ASB) of the Institute of Chartered Accountants of Nepal.

2.2. Interim Period and Approval of Financial Statement

Interim Period:

The Company has prepared the statements based upon Nepali calendar starting from 1st Shrawan 2081 and ending on 32nd Ashad 2082.

2.3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of previous financial year. There has been no change in accounting policies as compared to that of previous year which would have any significant effect on these financials.

2.4. Going Concern

The Board of Directors and company’s management have made an assessment of the Company’s ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.5. Use of Estimates

The preparation of Financial Statements in conformity with NFRS requires management to make judgments, estimates and assumptions, in the application of accounting policies that affect the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Any revisions to accounting estimates are recognized prospectively in current and future periods.

2.6. Functional and Presentation Currency

The functional currency of the company is Nepalese Rupee in which the financial statements has been presented. All values are rounded to the nearest rupee except where otherwise presented.

3. Significant Accounting Policies

3.1. Revenue Recognition

Revenue from sales of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Significant risk and rewards of ownership is transferred upon the products leaving the warehouse and/or establishment from which the products are being sold. Sales are recognized net of trade discounts, price reduction, and indirect coverage subsidy, rebates and sales taxes.

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis. Other revenues are recognized on accrual basis when the amount of revenue can be estimated reliably and benefits is estimated to flow into the Company.

3.2. Foreign Currency Transactions

Transactions entered into by the Company in a currency other than the currency of primary economic environment in which it operates are recorded at the rates ruling when the transactions occur. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit or Loss. Unsettled foreign currency monetary assets and liabilities, if any are translated at the rates ruling at the Interim date.

3.3. Property, Plant and Equipment (PPE)

Recognition and measurement: Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Depreciation: Property, plant and equipment (PPE) are depreciated over the estimated useful life, on a straight-line basis, from the day the assets are ready for intended use. Assets acquired under financial lease and leasehold improvements are amortized over the lower of estimated useful life and lease term.

The estimated useful lives of assets for the current period of significant items of property, plant and equipment are as follows:

Category	Estimated Useful Life
Leasehold Asset	As per Agreement
Building and Structures	20 years
Plastic and Other Structures	5 years
Computer & Accessories	5 years
Vehicle (Four-Wheeler)	7 years
Vehicle (Two-Wheeler)	7 years
Furniture & Fixtures	5 years
Plant & Machineries	5 years
Office Equipment & Machineries	5 years
Other fixed asset like flex print board, battery etc.	2 years
Software	5 years

The company adopts cost model for entire class of PPE. The company has not measured any PPE at revaluation model or at fair value. The items of PPE are measured at cost less accumulated depreciation and any accumulated impairment losses. Assets having acquisition cost less than or equal Rs. 5,000/- before VAT, have been booked as an expense in the Statement of Profit & Loss.

Disposals: On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

3.4. Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Acquired computer software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognized as a capital improvement and added to the original cost of the software. These costs are amortized over the estimated useful life of 5 years. Costs associated with maintaining computer software are recognized as an expense as incurred.

3.5. Financial assets & financial liabilities

Trade and Other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost.

Inventories

Inventories are initially recognized at cost and subsequently at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale. Full provision is made for an obsolete stock that cannot be used or is damaged or defective or cannot be sold in the market.

Taxation

Income tax expenses comprises of current tax and deferred tax charge.

Current tax is determined in accordance with Income Tax Act 2058. The income tax expense which is recognized in the Statement of Profit & Loss, except to the extent it relates to items recognized directly in Equity or Other Comprehensive Income in which case it is recognized in Equity or in Other Comprehensive Income. Current tax is the amount expected or paid to tax authorities in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the Interim date and any adjustment to tax payable in respect of prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary difference can be utilized. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantially enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax Interim group and relate to income taxes levied by the same taxation authority, and when the group has legal right to offset.

The Company has recognized deferred tax Expenses for the period.

Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. On initial recognition, all investments are measured at cost. Except investment made at Nepal Warehousing Company Limited which is taken at fair market value. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fee and duties.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently carried at amortized cost.

3.6. Share Capital

Financial Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's equity shares are classified as equity instruments.

3.7. Contingencies, Provisions and Commitments

A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

The company do not have substantial amount of contingent liabilities against its name and has not made any commitments whatsoever to affect the financial statement.

There are no significant changes in contingencies, provisions and commitments during the Interim period.

3.8. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flows from regular revenue generating & investing activities of the company are segregated.

3.9. Events after Interim Period

No material events exist subsequently to the reporting date of the condensed financial statements that require disclosures or adjustments in the interim financial statements.

3.10. Earnings Per Share (EPS)

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the company for the period by the weighted average number of ordinary shares outstanding during the Interim period.

3.11. Related Party Disclosure

i) List of Related Party

- | | |
|---|---|
| a) Muktinath Bikas Bank Ltd. | - Parent company holding 22.2% of the total share |
| b) Muktinath Agro Machinery Company Limited | - 100% holding Subsidiary Company |
| c) Muktinath Fertilizer Bank Limited | - 100% holding Subsidiary Company |
| d) Muktinath Food Bank Limited | - Associates company . |
| e) Muktinath Livestock Bank Limited | - 100% holding Subsidiary Company |
| f) Muktinath Nursery Bank Limited | - 100% holding Subsidiary Company |
| g) Muktinath Seed Bank Limited | - 100% holding Subsidiary Company |
| h) Muktinath Trading Company Limited | - 100% holding Subsidiary Company |
| i) Muktinath Herbal Bank Limited | - 100% holding Subsidiary Company |
| j) Muktinath Capital Ltd. | - Group Company |

Key Management Personnel

- | | |
|--|-------------------------------|
| a) Mr. Sitaram Kaphle (Re-elected on 2080.09.25) | - Chairman |
| b) Mr. Bharat Raj Dhakal (Re-elected on 2080.09.25) | - Managing Director |
| c) Mr. Tulsi Ram Dhakal (Re-elected on 2080.09.25) | - Director |
| d) Mr. Govinda Bahadur Raut (Re-elected on 2080.09.25) | - Director |
| e) Mrs. Sugarika KC (Elected on 2080.10.22) | - Director |
| f) Mr. Sarad Chandra Shrestha (Elected on 2081.06.16) | - Director |
| g) Mr. Ramsharan Timalsina (Appointed on 2076.09.20) | - Deputy General Manager & CS |

ii) Transactions with Related Parties

- a) Parent and Subsidiaries

Related Party	Nature of Relation	Nature of Transaction	Amount
Muktinath Bikash Bank Ltd.	Parent Company	Bank Balance	3,96,36,874
Muktinath Bikash Bank Ltd.	Parent Company	Interest Income	6,06,503
Muktinath Agro Machinery Co. Ltd.	Subsidiary Company	Sales of Goods	2,76,38,400
Muktinath Livestock Bank Ltd.	Subsidiary Company	Sales of Service	4,19,735
Muktinath Nursery Bank Ltd.	Subsidiary Company	Sales of Goods	55,34,280
Muktinath Seed Bank Ltd.	Subsidiary Company	Sales of Goods	1,28,83,457
Muktinath Trading Company Ltd.	Subsidiary Company	Sales of Goods & Service	27,35,88,201
Muktinath Foods Bank Ltd.	Associate Company	Sale of Service	4,80,000
Muktinath Herbal Bank Ltd.	Subsidiary Company	Sales of Goods	40,48,714
Muktinath Fertilizer Bank Ltd.	Subsidiary Company	Sales of Goods & Service	50,59,269
Muktinath Live Stock Bank Ltd.	Subsidiary Company	Receivable/ (Payable) to Subsidiaries & Associates Cos.	87,14,580
Muktinath Nursery Bank Ltd.	Subsidiary Company		(73,20,295)
Muktinath Foods Bank Ltd.	Subsidiary Company		(10,68,96,569)
Muktinath Agro Machinery Company Ltd.	Subsidiary Company		3,10,71,038
Muktinath Trading Company Ltd.	Subsidiary Company		18,43,78,146
Muktinath Herbal Bank Ltd.	Subsidiary Company		(7,16,701)
Muktinath Fertilizer Bank Ltd.	Subsidiary Company		1,05,98,066

Muktinath Krishi Company Ltd.

Notes to the Interim Financial Statements



Related Party	Nature of Relation	Nature of Transaction	Amount
Muktinath Seeds Bank Ltd.	Subsidiary Company		1,15,78,018
Muktinath Climate Care Ltd	Subsidiary Company		18,00,57

b) Meeting Allowances

S.N	Meeting	No of Meeting	Meeting Allowance
1.	Board Meeting	13	4,34,000

3.12. Comparative Figures

Previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary to confirm to the current year's presentation.

3.13. Other Disclosures

i) Seasonality of Operation

The Company's historical data indicates that the company experiences higher revenue generation in Q4, aligning with the peak of the growing season. The major paddy plantation and the vegetable season falling in second half of the year, and also the government subsidy program aligning within this period does significantly increase the company's business. The Company has experienced a decline in sales 19% as compare to last quarter of immediate preceding financial year due to application of credit control on sales. However, company has achieved a increase in business growth of 8.43 % as compared to end of immediate preceding financial year.