



मुक्तिनाथ कृषि कम्पनी लि.

MUKTINATH KRISHI COMPANY LTD.

An Associate Company of Muktinath Bikas Bank



INTERIM FINANCIAL STATEMENT

As on Poush End 2080

For FY 2080-81

Muktinath Krishi Company Limited

Condensed Consolidated Statement of Financial Position

As at 29 Poush 2080 (14 Jan 2024)



Amount in Rs

Particulars	Group Balance		Stand Alone	
	29 Poush 2080	31 Ashad 2080	29 Poush 2080	31 Ashad 2080
ASSETS				
Non-Current Assets				
Property, Plant and Equipments	81,080,947	68,483,322	71,494,687	60,659,997
Intangible Assets	4,320,345	4,353,191	4,320,345	4,353,191
Trade and Other Receivables	31,556,014	20,381,653	31,556,014	20,381,653
Investment	20,000,000	20,000,000	102,000,000	36,000,000
Total Non-Current Assets	136,957,306	113,218,166	209,371,046	121,394,841
Current Assets				
Inventories	235,957,180	199,150,081	226,446,054	198,503,219
Trade and Other Receivables	336,759,545	223,795,705	332,088,420	231,052,140
Investment	23,201,859	23,201,859	23,201,859	23,201,859
Income Tax Assets	5,713,269	5,422,067	5,689,934	5,413,450
Prepayments	2,461,224	2,183,822	2,461,224	2,183,822
Cash & Cash Equivalents	95,941,658	89,288,801	29,167,374	67,203,332
Deferred Tax Assets	25,561,065	25,561,065	25,561,065	25,561,065
Total Current Assets	725,595,799	568,603,400	644,615,930	553,118,887
Total Assets	862,553,105	681,821,566	853,986,976	674,513,727
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	700,000,000	560,000,000	700,000,000	560,000,000
Share Call Money				
Other Equity	(63,183,259)	(63,604,002)	(60,058,955)	(60,602,694)
Total Equity	636,816,741	496,395,998	639,941,045	499,397,306
Liabilities				
Non-Current Liabilities				
Deferred Tax Liabilities				
Total Non-Current Liabilities	-	-	-	-
Current Liabilities				
Trade and Other Financial Liabilities	133,383,296	81,585,019	121,692,861	71,275,872
Provisions	4,804,962	4,852,139	4,804,962	4,852,138
Short Term loan	87,548,108	98,988,410	87,548,108	98,988,410
Total Current Liabilities	225,736,366	185,425,568	214,045,931	175,116,420
Total Equity and Liabilities	862,553,107	681,821,566	853,986,976	674,513,726

Muktinath Krishi Company Limited

Condensed Consolidated Statement of Profit or Loss
For the period ended 29 Poush 2080 (14 Jan 2024)



Amount in Rs

Particulars	Group Balance		Stand Alone			
	Poush Only 2080	29 Poush 2080	Poush Only 2080	29 Poush 2080	Poush Only 2079	Poush end 2079
Revenue from Operations	98,461,180	189,895,244	103,228,072	194,662,137	49,845,648	89,245,744
Less: Cost of Goods Sold	68,699,957	130,289,145	76,928,534	138,517,722	34,392,021	71,977,807
Gross Profit	29,761,223	59,606,099	26,299,539	56,144,415	15,453,627	17,267,936
Other Income	258,536	407,845	147,082	296,390	156,365	553,650
Total Income	30,019,759	60,013,944	26,446,621	56,440,805	15,609,992	17,821,586
Operating Expenses						
Personnel Expenses	15,031,847	27,402,752	12,867,587	25,238,492	8,869,058	17,936,551
Other Operating Expenses	8,894,347	18,466,004	7,387,970	16,959,627	7,053,962	12,896,195
Financial Expenses	2,429,990	4,876,681	2,429,990	4,876,681	2,769,770	4,777,070
Depreciation and Amortisation Expenses	2,357,265	4,350,876	2,331,768	4,325,379	4,118,244	4,118,244
Total Operating Expenses	28,713,449	55,096,313	25,017,315	51,400,179	22,811,033	39,728,060
Non Operating (Income)/Expenses	119,830	120,580	119,830	120,580	-	89,401
Total Expenses	28,833,279	55,216,893	25,137,144	51,520,759	22,811,033	39,817,461
Profit before Income Tax	1,186,481	4,797,051	1,309,477	4,920,047	(7,201,041)	(21,995,876)
Tax Expenses						
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
Total Tax Expenses	-	-	-	-	-	-
Profit for the Period	1,186,481	4,797,051	1,309,477	4,920,047	(7,201,041)	(21,995,876)
Basic Earning Per Share (EPS)		1.37		1.41		(7.86)



Muktinath Krishi Company Limited

Condensed Consolidated Statement of Change in Equity (Group)
As at 29 Poush 2080 (14 Jan 2024)



A. Equity Share Capital					
	Amount in Rs				
Opening Balance	560,000,000				
Changes in Equity Share Capital during the year	140,000,000				
Balance as at 29 Poush 2080	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 32 Ashad 2079	-	(67,900,527)	1,257,179	(16,823,896)	(83,467,244)
Adjustment/Restatement		1,148,702			
Restated Opening Balance	-	(66,751,826)	1,257,179	(16,823,896)	(83,467,244)
Profit for the year		7,470,978			7,470,978
Share Issue Expenses		(500,000)	-	-	(500,000)
Share Distribution	9,738,810	-	-	-	9,738,810
Reversal of Fair Value Reserve		(8,736,590)	-	8,736,590	-
Change in Fair Value		-	-	2,004,752	2,004,752
As at 31 Ashad 2080	9,738,810	(68,517,437)	1,257,179	(6,082,554)	(64,752,704)
Adjustment/Restatement		-			-
Restated Opening Balance	9,738,810	(68,517,437)	1,257,179	(6,082,554)	(64,752,704)
Profit for the year		4,797,051			4,797,051
Share Issue Expenses	-	(4,376,308)	-	-	(4,376,308)
Share Distribution	-	-	-	-	-
Reversal of Fair Value Reserve	-	-	-	-	-
Change in Fair Value	-	-	-	-	-
As at 29 Poush 2080	9,738,810	(68,096,694)	1,257,179	(6,082,554)	(64,331,961)



Muktinath Krishi Company Limited

Condensed Statement of Change in Equity (Standalone)

As at 29 Poush 2080 (14 Jan 2024)



A. Equity Share Capital

Opening Balance	360,000,000
Changes in Equity Share Capital during the year	340,000,000
Balance as at 29 Poush 2080	700,000,000

B. Other Equity

Particulars	Reserves & Surplus				Total Other Equity
	Share Premium	Retained Earnings	Capital Reserve	Fair Value Reserve	Amount in Rs
Opening Balance	-	(67,900,527)	1,257,179	(16,823,896)	(83,467,244)
Adjustment/Restatement	-	1,148,702	-	-	1,148,702
Restated Opening Balance	-	(66,751,826)	1,257,179	(16,823,896)	(82,318,543)
Profit for the year		10,472,287			10,472,287
Share Issue Expenses		(500,000)			(500,000)
Share Distribution	9,738,810				9,738,810
Reversal of Fair Value Reserve		(8,736,590)		8,736,590	-
Change in Fair Value				2,004,752	2,004,752
As at 31 Ashad 2080	9,738,810	(65,516,129)	1,257,179	(6,082,554)	(60,602,694)
Adjustment/Restatement					-
Restated Opening Balance	9,738,810	(65,516,129)	1,257,179	(6,082,554)	(60,602,694)
Profit for the year		4,920,047			4,920,047
Share Issue Expenses		(4,376,308)			(4,376,308)
Share Distribution					-
Reversal of Fair Value Reserve					-
Change in Fair Value					-
As at 29 Poush 2080	9,738,810	(64,972,390)	1,257,179	(6,082,554)	(60,058,955)

Muktinath Krishi Company Limited

Condensed Consolidated Statement of Cash Flow

As at 29 Poush 2080 (14 Jan 2024)



Amount in Rs

Particulars	Group Balance		Stand Alone	
	29 Poush 2080	31 Ashad 2080	29 Poush 2080	31 Ashad 2080
CASH FLOW FROM OPERATING ACTIVITIES:				
Profit Before Income Tax	4,797,051	14,094,086	4,920,047	17,095,394
Adjustments for:				
Depreciation and Amortization Expense	4,350,876	13,195,119	4,325,379	13,195,119
Interest Income	(407,845)	(1,260,008)	(296,390)	(1,260,008)
Income from Portfolio Management Services	-	-	-	-
Change in Fair Value of Securities	-	(133,730)	-	(133,730)
Profit/Loss on Sale of Fixed Assets	-	(146,118)	-	(146,118)
Operating Profit Before Working Capital Changes	8,740,082	25,749,349	8,949,035	28,750,657
Movements in Working Capital:				
(Increase)/decrease in Inventories	(36,807,099)	(47,586,006)	(27,942,835)	(46,939,144)
(Increase)/decrease in Trade and Other Receivables	(124,138,201)	(136,230,101)	(112,210,642)	(143,486,536)
(Increase)/decrease in Other Current Assets	(568,604)	(891,679)	(553,886)	(883,062)
Increase/(decrease) in Other Financial Liabilities	51,798,277	9,934,196	50,416,989	(374,951)
Increase/(decrease) in Other Liabilities	(11,487,479)	46,771,424	(11,487,479)	46,771,425
Income Taxes Paid (Net of Refunds)	-	-	-	-
Net Cash Flows Generated / (Used) from Operating Activities (A)	(112,463,024)	(102,252,817)	(92,828,817)	(116,161,611)
CASH FLOW FROM INVESTING ACTIVITIES:				
Interest Received	407,845	1,260,008	296,390	1,260,008
(Increase)/decrease in Investment	-	8,336,747	(66,000,000)	(7,663,253)
Income from Sale of Securities	-	133,730	-	133,730
Payments for purchase of Property, Plant and Equipment	(16,915,655)	(30,686,278)	(15,127,223)	(22,862,953)
Payments for purchase/sale of Biological Assets	(230,000)	-	(230,000)	-
Payments for Intangible Assets	0	(3,951,399)	0	(3,951,399)
Profit/Loss on Sale of Fixed Assets	-	146,118	-	146,118
Net Cash Flows (Used) / Generated from Investing Activities (B)	(16,737,810)	(24,761,073)	(81,060,833)	(32,937,748)
CASH FLOW FROM FINANCING ACTIVITIES:				
Increase in Equity Share Capital	140,000,000	200,000,000	140,000,000	200,000,000
Adjustment/ Restatement in Retaining Earning	(4,376,308)	648,701	(4,376,308)	648,701
Increase in Share Premium	-	9,738,810	-	9,738,810
Increase in Capital Reserve	-	-	-	-
Net Cash Flows Generated / (Used) from Financing Activities (C)	135,623,692	210,387,511	135,623,692	210,387,511
Total Cash Flow from Operating, Investing and Financing Activities (A+B+C)	6,422,858	83,373,621	(38,265,957)	61,288,152
Opening Cash and Cash Equivalents	89,288,801	5,915,180	67,203,332	5,915,180
Closing Cash and Cash Equivalents	95,711,659	89,288,801	28,937,375	67,203,332

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 Birendranagar, Dhangadi, Pokhara, Butwal, 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 equipments, 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 2080 and ending on 29th Poush 2080.

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)	5 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 capitalised 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 recognised 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 recognised as an expense as incurred.

3.5. Financial assets & financial liabilities

Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised 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 not recognized deferred tax for the Interim 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. 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 | - 100% holding Subsidiary 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. Tulsi Ram Dhakal (Re-elected on 2080.09.25) | - Director |
| c) Mr. Govinda Bahadur Raut (Re-elected on 2080.09.25) | - Director |
| d) Mr. Mohan Kumar Basnet (Tenure Expired on 2080.09.25) | - Director |
| e) Mr. Chiranjivi Aryal (Elected on 2080.09.25) | - Director |
| f) Mrs. Shikha Maskey (Tenure Expired on 2080.09.25) | - Director |
| g) Mr. Bharat Raj Dhakal (Re-elected on 2080.09.25) | - Managing Director |
| h) Mr. Ramsharan Timalsina | - Deputy General Manager & CS |

ii) Transactions with Related Parties

- a) Parent and Subsidiaries

Related Party	Nature of Relation	Nature of Transaction	Amount
Muktinath Agro Machinery Co. Ltd.	Subsidiary Company	Sales of Goods	5,700,000
Muktinath Livestock Bank Ltd.	Subsidiary Company	Sales of Goods	529,014
Muktinath Nursery Bank Ltd.	Subsidiary Company	Sales of Goods	246,654
Muktinath Seed Bank Ltd.	Subsidiary Company	Sales of Goods	996,145
Muktinath Nursery Bank Ltd.	Subsidiary Company	Receivable from Subsidiaries	139,163
Muktinath Foods Bank Ltd.	Subsidiary Company	Receivable from Subsidiaries	108,815
Muktinath Agro Machinery Co. Ltd.	Subsidiary Company	Receivable from Subsidiaries	156,592
Muktinath Trading Company Ltd.	Subsidiary Company	Receivable from Subsidiaries	222,901
Muktinath Fertilizer Bank Ltd.	Subsidiary Company	Payable to Subsidiaries	(332,330)
Muktinath Seeds Bank Ltd.	Subsidiary Company	Receivable from Subsidiaries	91,156
Muktinath Bikash Bank Ltd.	Parent Company	Bank Balance	22,497,217
Muktinath Bikash Bank Ltd.	Parent Company	Interest Income	227,697



b) Meeting Allowances

S.N	Meeting	No of Meeting	Meeting Allowance
1.	Board Meeting	14	474,500
2.	HR Committee	2	10,000
3.	Procurement Committee	3	15,000

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) Listing of Company Share in Nepal Stock Exchange

Muktinath Krishi Company Ltd. having authorized share capital of 1 Arba and the paid up capital of 70 Crore has allocated the 20% of its share capital to the General Public as per the decision of AGM on 2079.06.20. Previously, the Company's paid up capital was 40 Crore with 10% allocated to the General Public) for which the application was submitted on 2078.11.20.

The company's application for the Initial Public Offering (IPO) submitted to Securities Board of Nepal (SEBON) was approved on 2080.06.10 and accordingly the shares are listed on Nepal Stock Exchange (NEPSE) on 2080.08.29. The shares are trading at NPR. 1,090.60/- as on Poush end, 2080.

ii) Seasonality of Operation

The Company's historical data indicates that the company experiences higher revenue generation in Q3 and Q4, aligning with the peak of the growing season. The paddy, wheat, maize 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 340% business growth in the second half of the year compared to the first half in the immediately preceding financial year.

