



मुक्तिनाथ कृषि कम्पनी लि.

MUKTINATH KRISHI COMPANY LTD.

An Associate Company of Muktinath Bikas Bank



INTERIM FINANCIAL STATEMENTS

As on Poush End 2081

For FY 2081-82

Muktinath Krishi Company Limited

Quarterly Statement of Financial Position



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

As at 29 Poush 2081 (13 Jan 2025))

Amount in Rs

Particulars	MKCL	
	Upto this quarter (29th Poush, 2081)	Corresponding Previous Year Quarter (29th Poush, 2080)
ASSETS		
Non-Current Assets		
Property, Plant and Equipments	154,258,760	71,264,687
Biological Assets	230,000	230,000
Intangible Assets	5,886,818	4,320,345
Investment	102,552,000	125,201,859
Total Non-Current Assets	262,927,578	201,016,891
Current Assets		
Inventories	175,613,662	226,446,054
Trade and Other Receivables	638,440,960	363,644,434
Income Tax Assets	6,715,768	5,689,934
Prepayments	1,705,820	2,461,224
Cash & Cash Equivalentents	41,121,218	29,167,374
Deferred Tax Assets	27,402,668	25,561,065
Total Current Assets	891,000,095	652,970,085
Total Assets	1,153,927,674	853,986,976
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	700,000,000	700,000,000
Other Equity	(39,122,481)	(60,058,955)
Total Equity	660,877,519.00	639,941,045
Liabilities		
Non-Current Liabilities		
Deferred Tax Liabilities		
Total Non-Current Liabilities	-	-
Current Liabilities		
Trade and Other Financial Liabilities	305,755,928	121,692,861
Provisions	5,212,082	4,804,962
Short Term Loan	182,082,145	87,548,108
Total Current Liabilities	493,050,155.23	214,045,931
Total Equity and Liabilities	1,153,927,674	853,986,976

Muktinath Krishi Company Limited

Quarterly Statement of Profit or Loss

As at 29 Poush 2081 (13 Jan 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 (29th Poush, 2081)	Corresponding Previous Year Quarter (29th Poush, 2080)
Revenue from Operations	389,293,486	194,662,137
Less: Cost of Goods Sold	313,564,217	138,517,722
Gross Profit	75,729,269	56,144,415
Other Income	118,712	296,390
Total Income	75,847,981	56,440,805
Operating Expenses		
Personnel Expenses	27,144,664	25,238,492
Other Operating Expenses	21,437,402	16,959,627
Financial Expenses	6,019,006	4,876,681
Depreciation and Amortisation Expenses	6,586,005	4,325,379
Total Operating Expenses	61,187,077	51,400,179
Non Operating (Income)/Expenses	-	120,580
Total Expenses	61,187,077	51,520,759
Profit before Income Tax	14,660,904	4,920,047
Tax Expenses		
Current Tax	-	-
Deferred Tax	-	-
Total Tax Expenses	-	-
Profit for the Period	14,660,904	4,920,047
Basic Earning Per Share (EPS)-Annualized	4.19	1.41

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 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, 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 29th Poush 2081.

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 | - Chairman |
| b) Mr. Bharat Raj Dhakal | - Managing Director |
| c) Mr. Tulsi Ram Dhakal | - Director |
| d) Mr. Govinda Bahadur Raut | - Director |
| e) Mrs. Sugarika KC | - Public Director |
| f) Mr. Sharad Chadra Shrestha | - Independent Director |
| g) 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 Bikash Bank Ltd.	Parent Company	Bank Balance	38,681,111
Muktinath Bikash Bank Ltd.	Parent Company	Interest Income	35,420
Muktinath Nursery Bank Ltd.	Subsidiary Company	Sale of Goods	732,220
Muktinath Trading Limited	Subsidiary Company		287,922,045
Muktinath Fertilizer Bank Ltd.	Subsidiary Company		4,584,536
Muktinath Seed Bank Ltd	Subsidiary Company	Purchase of Goods	1,503,772
Muktinath Fertilizer Bank Ltd	Subsidiary Company		20,000
Muktinath Trading Ltd.	Subsidiary Company		21,744
Muktinath Nursery Bank Ltd.	Subsidiary Company	Payable to Subsidiaries	10,207,389
Muktinath Foods Bank Ltd.	Subsidiary Company		8,722,526
Muktinath Agro Machinery Company Ltd.	Subsidiary Company		133,137
Muktinath Seeds Bank Ltd.	Subsidiary Company		1,242,621
Muktinath Live Stock Bank Ltd.	Subsidiary Company	Receivable from Subsidiaries	1,672,579
Muktinath Trading Company Ltd.	Subsidiary Company		153,209,733
Muktinath Fertilizer Bank Ltd.	Subsidiary Company		10,501,298
Muktinath Itech Ltd	Subsidiary Company		2,462,459
Muktinath Herbal Bank Ltd.	Subsidiary Company		7,897,601
Muktinath Climate Care Ltd	Subsidiary Company		590,531

b) Board Meeting Allowances (Upto Poush End)

No. of Meetings: 6

Total Meeting Allowance: 2,10,000

3.12. Comparative Figures

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