



मुक्तिनाथ कृषि कम्पनी लि.

MUKTINATH KRISHI COMPANY LTD.

An Associate Company of Muktinath Bikas Bank



INTERIM FINANCIAL STATEMENTS

As on Ashwin End 2081

For FY 2081-82

Muktinath Krishi Company Limited

Quarterly Statement of Financial Position

As at 30 Ashwin 2081 (16 Oct 2024)



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

Amount in Rs

Particulars	MKCL		
	This Quarter Ending (30th Ashwin, 2081)	Previous Quarter Ending (31st Ashadh, 2081)	Immediate Previous Year Quarter Ending (30th Ashwin, 2080)
ASSETS			
Non-Current Assets			
Property, Plant and Equipments	81,048,500	73,318,807	61,702,889
Intangible Assets	6,261,008	5,430,471	5,564,735
Trade and Other Receivables	1,158,130	32,423,828	248,525
Investment	102,000,000	102,000,000	59,720,853
Total Non-Current Assets	190,467,638	213,173,106	127,237,002
Current Assets			
Inventories	165,344,369	231,948,500	220,800,620
Trade and Other Receivables	500,979,928	420,644,906	184,376,787
Investment	-	-	-
Income Tax Assets	11,154,007	5,651,044	10,672,753
Prepayments/Advances and Deposits	98,187,032	649,367	107,020,253
Cash & Cash Equivalent	29,421,663	1,855,169	35,065,476
Deferred Tax Assets	25,561,065	25,561,065	25,561,065
Total Current Assets	830,648,064	686,310,050	583,496,955
Total Assets	1,021,115,702	899,483,156	710,733,956
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	700,000,000	700,000,000	560,000,000
Other Equity	(20,616,375)	(37,160,628)	(62,934,678)
Total Equity	679,383,625	662,839,372	497,065,322
Liabilities			
Non-Current Liabilities			
Deferred Tax Liabilities			
Total Non-Current Liabilities	-	-	-
Current Liabilities			
Trade and Other Financial Liabilities	194,273,337	81,604,332	84,902,037
Provisions	5,258,574	4,745,545	5,258,574
Short Term Loan	142,200,167	150,293,907	123,508,023
Total Current Liabilities	341,732,078	236,643,784	213,668,634
Total Equity and Liabilities	1,021,115,702	899,483,156	710,733,956

Muktinath Krishi Company Limited**मुक्तिनाथ कृषि कम्पनी लि.****MUKTINATH KRISHI COMPANY LTD.**

(An Associate Company of Muktinath Bikas Bank Ltd.)

Quarterly Statement of Profit or Loss

For the period ended As at 30 Ashwin 2081 (16 Oct 2024)

Amount in Rs

Particulars	MKCL		
	This Quarter Ending (30th Ashwin, 2081)	Previous Quarter Ending (31st Ashadh, 2081)	Immediate Previous Year Quarter Ending (30th Ashwin, 2080)
Revenue from Operations	212,224,661	291,744,563	84,661,474
Less: Cost of Goods Sold	166,237,266	239,776,943	59,074,263
Gross Profit	45,987,395	51,967,620	25,587,211
Other Income	7,301	30,880	7,196,258
Total Income	45,994,696	51,998,500	32,783,470
Operating Expenses			
Personnel Expenses	10,725,000	16,387,550	13,255,029
Other Operating Expenses	13,799,100	22,083,041	16,649,547
Financial Expenses	1,942,270	7,580,257	3,800,471
Depreciation and Amortisation Expenses	2,984,072	4,299,039	1,401,406
Total Operating Expenses	29,450,443	50,349,888	35,106,454
Non Operating (Income)/Expenses	-	(4,914,066)	-
Total Expenses	29,450,443	45,435,822	35,106,454
Profit before Income Tax	16,544,253	6,562,679	(2,322,984)
Tax Expenses			
Current Tax	-	-	-
Deferred Tax	-	-	-
Total Tax Expenses	-	-	-
Profit for the Period	16,544,253	6,562,679	(2,322,984)
Basic Earning Per Share (EPS)	2.363	0.938	(0.41)

Muktinath Krishi Company Limited

Quarterly Statement of Change in Equity

As at 30 Ashwin 2081 (16 Oct 2024)



A. Equity Share Capital		Amount in Rs.
Opening Balance		700,000,000
Changes in Equity Share Capital during the year		-
Balance as at 31 Ashwin 2081		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	9,738,810	(48,632,176)	1,257,179	(6,082,554)	(43,718,741)
Adjustment/Restatement	-	(4,565)	-	-	(4,565)
Restated Opening Balance	9,738,810	(48,636,742)	1,257,179	(6,082,554)	(43,723,306)
Profit for the year		6,562,679			6,562,679
Share Issue Expenses					
Share Distribution					
Reversal of Fair Value Reserve		(6,082,554)		6,082,554	-
Change in Fair Value					
As at 31 Ashad 2081	9,738,810	(48,156,617)	1,257,179	-	(37,160,628)
Adjustment/Restatement	-	-	-	-	-
Restated Opening Balance	9,738,810	(48,156,617)	1,257,179	-	(37,160,628)
Profit for the year		16,544,253			16,544,253
Share Issue Expenses					-
Share Distribution					-
Reversal of Fair Value Reserve					-
Change in Fair Value					-
As at 30 Ashwin 2081	9,738,810	(31,612,364)	1,257,179	-	(20,616,375)

Muktinath Krishi Company Limited

Quarterly Statement of Cash Flow

As at 30 Ashwin 2081 (16 Oct 2024)



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 (An Associate Company of Muktinath Bikas Bank Ltd.)

Particulars	MKCL		
	This Quarter Ending (30th Ashwin, 2081)	Previous Quarter Ending (31st Ashadh, 2081)	Immediate Previous Year Quarter Ending (30th Ashwin, 2080)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the year	16,544,253	6,562,679	(2,322,984)
Adjustment for:			
Depreciation/Impairment on Property, Plant and Equipment	2,984,072		1,401,406
Interest Income	(3,204)	(30,880)	(149,308)
Interest Expense	1,942,270	7,580,257	3,800,471
Income Tax Expense charged to Statement of Income	-		-
Working Capital Adjustments			
Decrease/(Increase) in Inventories	66,604,131	83,402,569	(22,271,482)
Decrease/(Increase) in Trade and Other Receivables	(183,375,650)	(47,815,971)	(4,125,039)
Decrease/(Increase) in Income Tax Receivables	-		-
Increase/(Decrease) in Trade and Other Payables	50,216,807	(139,502,340)	(62,933,776)
Increase/(Decrease) in Provisions	-		-
Increase/(Decrease) in Other Liabilities	51,814,813	56,606,970	62,444,770
Cash Generated from Operations	6,727,492	(33,196,716)	(24,155,943)
Income tax paid	-		-
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	6,727,492	(33,196,716)	(24,155,943)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase or Sale of PPE/Intangible Assets	(8,560,230)	(624,059)	(3,655,842)
(Increase)/Decrease of Employee Benefit	-		-
(Increase)/Decrease of Investments/Financial Assets	31,338,298	(629,567)	(674,909)
Interest/Dividend Received	3,204	30,880	149,308
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	22,781,272	(1,222,746)	(4,181,442)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of Equity and Preference Share	-		-
Proceeds/Repayment of Secured Loan	-		-
Adjustment of Retain Earning	-	(4,565)	-
Dividend Paid	-		-
Interest Paid	(1,942,270)	(7,580,257)	(3,800,471)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(1,942,270)	(7,584,822)	(3,800,471)
Net Increase in Cash and Cash Equivalents	27,566,495	(42,004,284)	(32,137,856)
Cash and Cash Equivalents at the Beginning	1,855,169	43,859,453	67,203,332
Exchange gains/(losses) in Cash and Cash Equivalents			
Cash and Cash Equivalents at the End	29,421,663	1,855,169	35,065,476

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 30th Ashwin 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 (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. Sharad Chandra Shrestha (Appointed on 2081.06.16)	- Director
g) Mr. Ramsharan Timalisina	- Deputy General Manager & CS

ii) Transactions with Related Parties

Parent and Subsidiaries

Related Party	Nature of Relation	Nature of Transaction	Amount
Muktinath Bikash Bank Ltd.	Parent Company	Bank Balance	6,39,53,165
Muktinath Bikash Bank Ltd.	Parent Company	Interest Income	3,57,102
Muktinath Seed Bank Ltd.	Subsidiary Company	Purchase of Goods	1,02,973
Muktinath Trading Company Ltd.	Subsidiary Company	Sales of Goods(As a National Distributor)	12,52,23,867
Muktinath Nursery Bank Ltd.	Subsidiary Company	Payable to Subsidiaries	1,17,27,665
Muktinath Foods Bank Ltd.	Subsidiary Company		87,23,077
Muktinath Agro Machinery Company Ltd.	Subsidiary Company		9,15,934
Muktinath Trading Company Ltd.	Subsidiary Company		6,17,02,206
Muktinath Herbal Bank Ltd.	Subsidiary Company		79,22,121
Muktinath Fertilizer Bank Ltd.	Subsidiary Company		7,11,489
Muktinath Seeds Bank Ltd.	Subsidiary Company		31,69,777
Muktinath Live Stock Bank Ltd.	Subsidiary Company		19,265
Muktinath Fertilizer Bank Ltd.	Subsidiary Company		7,11,489
Muktinath Itech Ltd	Subsidiary Company		18,29,110
Muktinath Climate Care Ltd	Subsidiary Company	Receivable from Subsidiaries	359,606

Board Meeting Allowances

No. of Meetings: 2

Total Meeting Allowance: Rs. 84,000

3.12. Comparative Figures

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