



मुक्तिनाथ कृषि कम्पनी लि.

MUKTINATH KRISHI COMPANY LTD.

An Associate Company of Muktinath Bikas Bank



INTERIM FINANCIAL STATEMENT

As on Chaitra End 2080

For FY 2080-81

Muktinath Krishi Company Limited

Condensed Consolidated Statement of Financial Position

As at 30 Chaitra 2080 (12 Apr 2024)



Particulars	Group Balance		MKCL	
	This Quarter Ending	Immediate Previous Year Ending (Audited)	This Quarter Ending	Immediate Previous Year Ending (Audited)
ASSETS				
Non-Current Assets				
Property, Plant and Equipments	80,486,396	68,483,322	71,567,530	60,659,997
Intangible Assets	6,557,689	4,353,191	6,557,689	4,353,191
Trade and Other Receivables	31,794,260	20,381,653	31,794,260	20,381,653
Investment	20,000,000	20,000,000	102,000,000	36,000,000
Total Non-Current Assets	138,838,346	113,218,166	211,919,480	121,394,841
Current Assets				
Inventories	318,277,350	199,150,081	315,351,069	198,503,219
Trade and Other Receivables	386,058,538	223,795,705	373,357,839	231,052,140
Investment	-	23,201,859	-	23,201,859
Income Tax Assets	5,677,490	5,422,067	5,645,476	5,413,450
Prepayments	126,031	2,183,822	126,031	2,183,822
Cash & Cash Equivalents	49,243,404	89,288,801	43,859,453	67,203,332
Deferred Tax Assets	25,561,065	25,561,065	25,561,065	25,561,065
Total Current Assets	784,943,877	568,603,400	763,900,933	553,118,887
Total Assets	923,782,223	681,821,566	975,820,412	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	(51,938,734)	(63,604,002)	(43,718,741)	(60,602,694)
Total Equity	648,061,266	496,395,998	656,281,259	499,397,306
Liabilities				
Non-Current Liabilities				
Deferred Tax Liabilities				
Total Non-Current Liabilities	-	-	-	-
Current Liabilities				
Trade and Other Financial Liabilities	177,288,476	81,585,019	221,106,672	71,275,872
Provisions	4,760,962	4,852,139	4,760,962	4,852,139
Short Term Loan	93,671,519	98,988,410	93,671,519	98,988,410
Total Current Liabilities	275,720,957	185,425,568	319,539,153	175,116,421
Total Equity and Liabilities	923,782,223	681,821,566	975,820,412	674,513,727



Muktinath Krishi Company Limited
Condensed Consolidated Statement of Profit or Loss
For the period ended As at 30 Chaitra 2080 (12 Apr 2024)



Amount in Rs

Particulars	Group Balance		MKCL				
	Current Year		Current Year		Previous Year		
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	Immediate Previous Year Ending (Audited)
Revenue from Operations	189,952,777	379,848,021	181,473,379	376,135,515	89,329,560	178,575,303	392,547,695
Less: Cost of Goods Sold	137,266,039	267,555,184	127,308,229	265,825,951	73,517,081	145,494,889	289,193,129
Gross Profit	52,686,738	112,292,837	54,165,150	110,309,564	15,812,479	33,080,415	103,354,566
Other Income	2,361,149	2,768,993	2,314,619	2,611,009	461,692	1,015,341	2,511,095
Total Income	55,047,887	115,061,831	56,479,768	112,920,574	16,274,170	34,095,756	105,865,661
Operating Expenses							
Personnel Expenses	14,956,512	42,359,264	13,627,300	38,865,792	9,527,048	27,463,600	40,603,219
Other Operating Expenses	21,764,223	40,230,227	20,395,116	37,354,743	9,344,286	22,240,481	22,511,791
Financial Expenses	3,693,750	8,570,431	3,693,750	8,570,431	2,502,751	7,279,821	12,182,620
Depreciation and Amortisation Expenses	3,379,124	7,730,000	2,413,636	6,739,015	2,862,251	6,980,495	13,195,119
Total Operating Expenses	43,793,609	98,889,922	40,129,802	91,529,981	24,236,336	63,964,396	88,492,749
Non Operating (Income)/Expenses	(16,718)	103,862	(16,718)	103,862	-	89,401	277,517
Total Expenses	43,776,891	98,993,784	40,113,084	91,633,843	24,236,336	64,053,797	88,770,266
Profit before Income Tax	11,270,996	16,068,046	16,366,684	21,286,731	(7,962,165)	(29,958,041)	17,095,394
Tax Expenses							
Current Tax	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	6,623,108
Total Tax Expenses	-	-	-	-	-	-	6,623,108
Profit for the Period	11,270,996	16,068,046	16,366,684	21,286,731	(7,962,165)	(29,958,041)	10,472,287
Basic Earning Per Share (EPS)		3.06		4.05		(4.06)	1.87



Muktinath Krishi Company Limited

Consolidated Statement of Change in Equity (Group)

As at 30 Chaitra 2080 (12 Apr 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 30 Chaitra 2080		700,000,000

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			1,148,702
Restated Opening Balance	-	(66,751,826)	1,257,179	(16,823,896)	(82,318,543)
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	(68,517,438)	1,257,179	(6,082,554)	(63,604,002)
Adjustment/Restatement		-			-
Restated Opening Balance	9,738,810	(68,517,438)	1,257,179	(6,082,554)	(63,604,002)
Profit for the year		16,068,046			16,068,046
Share Issue Expenses	-	(4,402,778)	-	-	(4,402,778)
Share Distribution	-	-	-	-	-
Reversal of Fair Value Reserve	-	-	-	-	-
Change in Fair Value	-	-	-	-	-
As at 30 Chaitra 2080	9,738,810	(56,852,169)	1,257,179	(6,082,554)	(51,938,734)



Muktinath Krishi Company Limited

Consolidated Statement of Change in Equity (Stand Alone)

As at 30 Chaitra 2080 (12 Apr 2024)



A. Equity Share Capital	Amount in Rs.
Opening Balance	360,000,000
Changes in Equity Share Capital during the year	340,000,000
Balance as at 30 Chaitra 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		21,286,731			21,286,731
Share Issue Expenses		(4,402,778)			(4,402,778)
Share Distribution					-
Reversal of Fair Value Reserve					-
Change in Fair Value					-
As at 30 Chaitra 2080	9,738,810	(48,632,176)	1,257,179	(6,082,554)	(43,718,741)



Muktinath Krishi Company Limited

Consolidated Statement of Cash Flow

As at 30 Chaitra 2080 (12 Apr 2024)



Amount in Rs

Particulars	Group Balance		Stand Alone	
	Upto This Quarter (YTD)	Immediate Previous Year Ending (Audited)	Upto This Quarter (YTD)	Immediate Previous Year Ending (Audited)
CASH FLOW FROM OPERATING ACTIVITIES:				
Profit Before Income Tax	16,068,046	14,094,086	21,286,731	17,095,394
Adjustments for:				
Depreciation and Amortization Expense	7,730,000	13,195,119	6,739,015	13,195,119
Interest Income	(456,458)	(1,260,008)	(300,473)	(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	23,341,589	25,749,349	27,725,272	28,750,657
Movements in Working Capital:				
(Increase)/decrease in Inventories	(119,127,269)	(47,586,006)	(116,847,850)	(46,939,144)
(Increase)/decrease in Trade and Other Receivables	(173,675,441)	(136,230,101)	(153,718,307)	(143,486,536)
(Increase)/decrease in Other Current Assets	1,802,368	(891,679)	1,825,765	(883,062)
Increase/(decrease) in Other Financial Liabilities	95,703,457	9,934,196	149,830,800	(374,951)
Increase/(decrease) in Other Liabilities	(5,408,068)	46,771,424	(5,408,068)	46,771,425
Income Taxes Paid (Net of Refunds)	-	-	-	-
Net Cash Flows Generated / (Used) from Operating Activities (A)	(177,363,364)	(102,252,817)	(96,592,388)	(116,161,611)
CASH FLOW FROM INVESTING ACTIVITIES:				
Interest Received	456,458	1,260,008	300,473	1,260,008
(Increase)/decrease in Investment	23,201,859	8,336,747	(42,798,141)	(7,663,253)
Income from Sale of Securities	-	133,730	-	133,730
Payments for purchase of Property, Plant and Equipment	(19,700,228)	(30,686,278)	(17,613,702)	(22,862,953)
Payments for purchase/sale of Biological Assets	-	-	-	-
Payments for Intangible Assets	(2,237,344)	(3,951,399)	(2,237,344)	(3,951,399)
Profit/Loss on Sale of Fixed Assets	-	146,118	-	146,118
Net Cash Flows (Used) / Generated from Investing Activities (B)	1,720,744	(24,761,073)	(62,348,715)	(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	(4,402,778)	648,701	(4,402,778)	648,701
Increase in Share Premium	-	9,738,810	-	9,738,810
Increase in Capital Reserve	-	-	-	-
Net Cash Flows (Used in) from Financing Activities (C)	135,597,222	210,387,511	135,597,222	210,387,511
Total Cash Flow from Operating, Investing and Financing Activities (A+B+C)	(40,045,398)	83,373,621	(23,343,880)	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	49,243,403	89,288,801	43,859,452	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 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 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 30th Chaitra 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. Bharat Raj Dhakal (Re-elected on 2080.09.25) | - Managing Director |
| c) Mr. Tulsiram 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) | |
| f) Mr. Mohan Kumar Basnet (Tenure Expired on 2080.09.25) | - Director |
| g) Mr. Chiranjivi Aryal (Tenure Expired on 2080.10.18) | - Director |
| h) Mrs. Shikha Maskey (Tenure Expired on 2080.09.25) | - Director |
| i) 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	18,257,842
Muktinath Bikash Bank Ltd.	Parent Company	Interest Income	534,262
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	12,23,494
Muktinath Seed Bank Ltd.	Subsidiary Company	Sales of Goods	996,145
Muktinath Live Stock Bank Ltd.	Subsidiary Company	Receivable/ Payable to Subsidiaries	3,679,783
Muktinath Nursery Bank Ltd.	Subsidiary Company		11,407,412
Muktinath Foods Bank Ltd.	Subsidiary Company		9,025,735
Muktinath Agro Machinery Company Ltd.	Subsidiary Company		1,001,181
Muktinath Trading Company Ltd.	Subsidiary Company		6,839,140
Muktinath Herbal Bank Ltd.	Subsidiary Company		8,140,466
Muktinath Fertilizer Bank Ltd.	Subsidiary Company		2,101,850
Muktinath Seeds Bank Ltd.	Subsidiary Company		8,808,219



b) Meeting Allowances

S.N	Meeting	No of Meeting	Meeting Allowance
1.	Board Meeting	19	6,28,500
2.	HR Committee	3	15,000
3.	Procurement Committee	5	31,000

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 120% business growth in the last quarter of the year compared to the first half in the immediately preceding financial year.

