



Annual General Meeting

2076-77

2nd Annual Report
2076-077

“गाउँको उत्पादन शहरमा, शहरको पूँजी गाउँमा”



मुक्तिनाथ कृषि कम्पनी लि.

MUKTINATH KRISHI COMPANY LTD.

(An Associate Company of Muktinath Bikas Bank Ltd.)

“समृद्धिको आधार कृषि”

www.muktinathkrishi.com



Board of Directors



Bharat Raj Dhakal
Chairperson



Sitaram Kaphle
Director



Narayan Kumar Shrestha
Director



Tulasi Ram Dhakal
Director



Prakash Shrestha
Director



Mohan Basnet
Director



Vijay Kumar Gurung
Director

Advisors



Dr. LK Pandey



Arun Singh



Pradyuman Pokharel

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Notice of Annual General Meeting

Honourable Shareholder Members!!

According to the 31th Board Meeting of Board of Directors held at Muktinath Krishi Company Ltd., the Annual General Meeting of the Company will be held on the mentioned date, time and venue for discussion on the following matters mentioned as below. Hence, this notice has been published to inform all the shareholders for your valuable participation.

Date, Venue and Time :

Date: 2077/09/20, Monday (4th January, 2021)

Time: 11: 00 AM

Venue: Basundhara-3, Kathmandu, Royal Complex Conference Hall

Contact Details: 01-4950097/ 9802350110/9802350113

Topics for Discussion:

Common Agendas:

1. Discussion on the Annual Report of Board of Directors of the fiscal year 2076/77 and decision regarding the same.
2. Disburse Auditor's Report along with Profit/Loss, Cash Flow and other details of the fiscal year 076/077.
3. Appoint Auditor for the fiscal year 076/077 and fix Remuneration.

Special Agendas,

1. Fix Salary, Services and Facilities of the Chairperson.
2. Approval of Meeting Allowance of Chairperson and Board of Directors.
3. Approval of Admin & Finance Policy and Human Resource Policy of the Company.
4. Amendments in the point number 4 i.e. objectives of the company as follows, (A): In Agriculture sector 'Ja' and 'Jha' point amendment and add points i.e.; 'Dda', 'Ddha', 'Nna', 'Ta', 'Tha' and 'Da' and in (U) section add 'Ca' and 'Cha' in other objectives.
5. Miscellaneous.

Bharat Raj Dhakal
Chairperson



Introduction of the Company

Nepal is an agricultural country. Despite the fact that, the main occupation of majority of Nepalese residing in rural areas is Agriculture, expected outcome has not been gained. Establishing subsistence Agriculture system into reputed and commercialized occupation through the modern skills, fund, technology and market is considered as the current need. Thus, in this context, Muktinath Krishi Company Ltd. has been established to coordinate effectively in the effort made by different governmental, non-governmental and private sectors. Muktinath Krishi Company has formulated plans with the belief of increasing organic and healthier production by operating new commercialized mission in the agricultural sector of Nepal.

We are well known that Muktinath Bikas Bank that has been established in 2063 with the major slogan 'People should not go to Bank, Bank must go to them' has been delivering the quality financial services from village to city areas. While investing to the farmers of remote areas, we realized that not only financial access but agricultural inputs such as Fertilizer, Seed, Agriculture Tools, Chemicals, Irrigation methods and technical assistance will strengthen the agriculture production. Along with that, we realized that, if farmers do not have access to market to sell their products there won't be changes in the living standard of Farmers. Considering the fact, this company has a major objective of creating value chain in Agriculture by providing financial and non-financial support to Farmers.

Muktinath Krishi Company Ltd. is not limited in earning profits. It has aim to develop agriculture and provide quality services to farmers by supporting and promoting existing Agriculture Companies, Firms and Cooperatives already established in the Ward, Rural Municipality, Municipality and Districts and carry administrative works in order to connect producers and consumers in an appropriate way.

Vision

- To foster sustainable development in Agriculture economy.

Mission

- Replacing Agriculture into competitive, reputable and commercialized occupation and youth's preference sector.

Major Objectives of the Company:

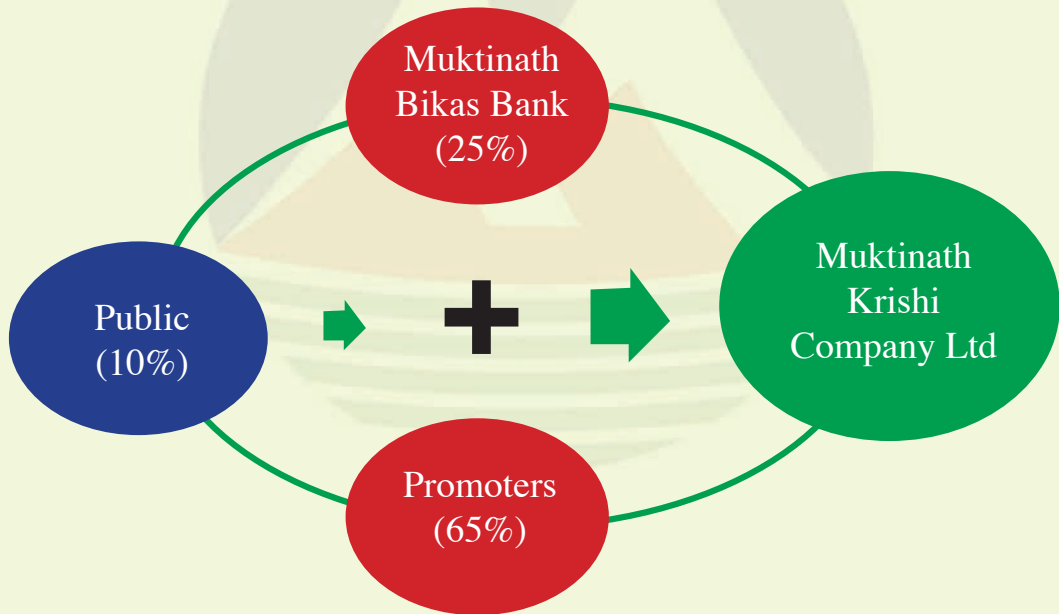
- To coordinate effectively for the increase of Agriculture production and products.
- United investment with co-existence in Agriculture.
- Supply quality resources of Agriculture production.
- Establish Agriculture Industries.
- Establish Agriculture Market Centers.



- Manage post-harvest for the Agriculture Products.
- Research and development of Agriculture technology.
- Import Agriculture Goods.
- Exchange innovative Technologies.
- Manage Agriculture Forest.
- Provide agriculture related technical services.
- Assist as a catalyst to for beginning new business.
- Facilitate between Farmers and Consumers.

Promoters & Financial Structure

Muktinath Bikash Bank Limited including 836 from various professions are the promoters of Muktinath Krishi Company Limited. Company have 100 corer authorized capital and 40 corers paid of capital.



Muktinath Krishi Company Board of Directors 2nd Annual Report :

Fiscal Year 2076/77

Respected Shareholder members, board of directors of the company, distinguished guests and everyone present in the Second Annual General Meeting of the Muktinath Krishi Company Ltd.!!!

I would like to welcome the respected shareholder members, board of directors of the company, distinguished guests and everyone present in the Second Annual General Meeting of the Muktinath Krishi Company Ltd.

More than half of the total population of Nepal are dependent on Agriculture sector for their livelihood. This demonstrates the role of Agriculture in the economy of the nation. That the effort of Muktinath Bikas Bank Ltd. and all the promoters for the establishment of Company for the development of the Agriculture Sector since overall basis for the human's life is food.

Stepping to third year, we have considered two years as a foundation year. Company has started planning, Office management, human resource management, development of policies and regulations, co-ordination with different national and international agencies, Organizations and Companies including management of essential fertilizers, seeds, chemicals and agriculture machineries, tools and accessories, introducing the same in the market by branding and co-branding model. Similarly, we have given priority for advocating to the government through various mediums for adopting required policy formation for the overall development of Agriculture.

This Company has appointed Chief Executive Officer who has worked long time and gained experience in the Agriculture Business with the aim to adopt the comprehensive change and innovation (especially of India) and intensely increase the agriculture production and productivity. In the process of implementing plan of the past year, It has been difficult to implement different field related work due to influence of global pandemic of corona virus-Covid 19 in this year.

This Annual report of the Company includes brief introduction of the Company, Plan of Government for this year and role of Company, Annual Report of Auditor (Financial Statements), Progress of the Company till date, and Proposed Annual Work Plan.

FY 2076/077 ACTIVITIES AND OUTCOME

FY 2076/077 is considered as the base year for the Research, Project identification, planning and make a way for the execution of the regular income generation activities

including start-up year for the long-term project implementation. Following are the major activities carried out in the FY 2076/077.

S.N.	Activities	Description	Outcome
1	Basic Team Formation	Recruitment of Chief Executive Officer, Senior Manager including formation of separate division for Finance, Sales & Marketing, Market Research & Promotion, Field Management & Technical Division.	Specific team setup leading formation of proper plan and execution for the same in better way.
2	Policy formation	Admin-Finance and Human Resource policy formation including different standard operating procedures for the daily operation	All activities are implementing as per standard draft policies and SoPs.
3	Corporate Head Office Establishment	Identified the location, design and started establishment of MKCL head office in Basundhara-3 (Royal Complex), Kathmandu	Established standard head office with long term plan.
4	Identification of long-term strategy of company	Worked out on the possibility of Agri-inputs business, financing mechanism including output business of agriculture products in Nepal. Also, workout on the app in Nepali agribusiness sector including possibility of international trade. Long term strategy to focus on seeds business. Gradually enter into output business linking with input supply.	Already entered into Agri inputs business and in international trade.
5	Business Association with International Inputs manufacturer company	Research & Identified International Agriculture Inputs supply company, multiple discussion, negotiation and long -term agreement done with six International and Multinational company for long term	Got access of quality inputs as per the need of Nepal market in co-branding/Co-creation model.
6	Cooperation with NGOs/ INGOs	Cooperation with different National and International Non-Government organization for Research and Development related projects.	Agreed and started Commercial Agriculture for Smallholder Agriculture under UKAID in Province 2 and 5. And also started different project with Luthern World Relief in Bardiya. (Onion & Turmeric)

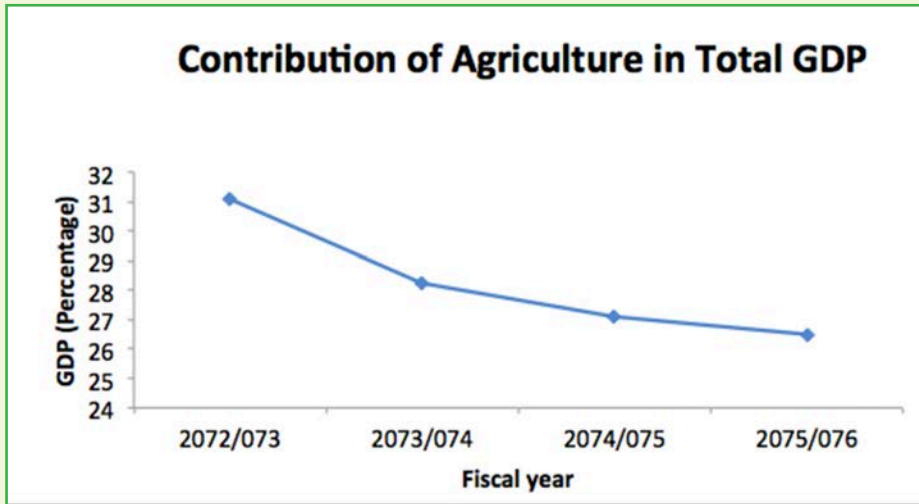


7	Hybrid paddy project	Tie up with Savannah Seeds for hybrid paddy (Sava 134 & Sava 127) and sold 9.5 MT of hybrid paddy during the period of lockdown.	Successfully entered in the market and transaction made 10 districts and reached around 2500 farmers.
8	Operation of Agriculture Farm	Team formation, field preparation, yearly business planning and implementation of daily field operation smoothly in both Nibuwabot, Syangja and Godawari, Lalitpur.	Syangja farm establishing for fruit seedling and Godawari farm establishing for vegetables research & production farm.
9	Hybrid paddy project	Tie up with Savannah Seeds for hybrid paddy (Sava 134 & Sava 127) and sold 9.5 MT of hybrid paddy during the period of lockdown.	Successfully entered in the market and transaction made 10 districts and reached around 2500 farmers.
	Exploring in Government & Non-Government tender	Enrolled company in standing list of many Government and non-Government organization for the supply of Agriculture inputs and technology. Additionally, participated in tender and supplied inputs to few organizations.	Recognition of company in different tender platform and government institution.
10	Warehouse in Balkhu	To start formal purchase and sale of Agriculture outputs such as Potato, Onion, Garlic, Turmeric etc., identified and rented warehouse in Balkhu. Potatoes sourced directly from farm and sold. Unfortunately, lockdown started and did not identified sourcing channel.	Explored Muktinath inputs such as Potato, Paddy Seeds, Agri Machinery and other products to the large number of arming community.
11	Chemical Fertilizer Project	Identified Chemical fertilizer as one of the big agriculture projects of Nepal. Explore our interest in International Supplier/Manufacturer community and started participated in Tenders of Krishi Samagri Company Limited. Participated in seven consequent tenders started from 28 January.	Explored company in National International business platform. Awarded with two tenders for supply and delivery of 25,000 MT Urea and 20,000MT DAP fertilizer.
12	Commercial coordination and promotion with Nepalese Producers	Coordination with the Co-operatives, small and medium traders that are producing Agricultural goods such as: Agri Lime, Vermicompost, local seeds, Green Tea for marketing and started sale and distribution of the products.	Marketing of the mentioned Agriculture accessories and Products have been ongoing. Similarly, business promotion of small and medium traders is ongoing respectively.



Nepalese Agriculture Scenario and Government's Programmes

A subsistence oriented agrarian economy is predominant in Nepal. 65.8% of total population is engaged in agriculture in which 60.2% are male and 72.8% are female. In 2075/076, agriculture contributes of 26.5% in total GDP which is 5.02% decreased compared to last year. Therefore, it is important to make Agriculture commercial and profitable.



(Source: Central Bureau of Statistics Nepal, 2076)

Although Nepal has got diversified climatic condition and ecology, only 21% of total land is cultivable. Inadequate extension and research services, poor access to credit, weak producer associations and lack of technological advancement are major barriers to agricultural growth and can be a source of conflict. Moreover, the process of urbanization is increasing in the alarming rate.

Despite large constraints, the coordination among government, non-government and private sectors can lead to profitable and commercial Agriculture sector. Currently, Nepal Government have also developed various strategic plan for sustainable Agriculture development.

Nepal Government's major Plans for 2077/78

Nepal government has an impressive range of policy documents for the development of the agricultural sector. The Nepal government has allocated NRs 41.40 billion for the agriculture sector in the ongoing Fiscal Year 2077/078. This is 2.81 percent of the total budget. The government allocated NRs 34.80 billion in 2076/077 and NRs 22.84 billion in 2075/076. Compared to the agriculture budget of the previous fiscal year, the

agriculture budget of this year has increased by NRs 6.6 billion or about 19 percent. The government has given priority in the agriculture budget to address the challenges and opportunities created by the Corona pandemic.

Enhancing the quality of spending: The quality of spending is just as important as the amount. The agricultural sector is hampered by the absence of competent advisors, policy makers and researchers, and planning and coordination capacity is very weak. Traditionally, agriculture policy-making has been undertaken in a non-transparent, centralized way, doing little to consult the intended beneficiaries of policies. There are still provinces and communes who receive no money of their own from the national budget to devote to agriculture. Therefore, there is much needed to enhance the quality of spending.

The government has focused especially to followings activities for the fiscal year 2077/078 in agriculture sector:

1. “One Agriculture, One Animal” program management.
2. Self-reliant in Milk and meat related products.
3. Prime Minister Agriculture Modernization Program will be strengthened through local level.
4. Organic farming to be branded and commercialized.
5. Establishing hub market in Chobar, Kathmandu.
6. Community agriculture will be provided allowance.
7. Fertilizers distribution subsidy will be increased.
8. Students in Agriculture College will be provided internship and job opportunities.
9. Farmers can now pay crop instrument after the production.
10. Subsidy to sugarcane farmer.
11. Barren land to be used in fruits production.
12. Cattle quarantine facility to be imposed in the major check points.
13. Farmers will be provided the facility of credit card.

Role of Muktinath Krishi Company Ltd. in Agriculture Development of Nepal

For the last few decades, billions of agricultural products are being imported from various countries including India without increasing the declining agricultural production and productivity and due to inability to feed the growing population. The country's economy is weakening due to import of goods and there are various facts that even after paying money people lack quality food and eventually face various health related problems.

Constituting three geographical structure i.e.; Mountains, Hills and Terai, Nepal has an excellent climate. It is possible to cultivate throughout the year under proper management

according to the demand and choice of Customers. Despite this, due to inability to develop Agriculture as a dignified and high-income business there is high requirement of investment and management of private sectors as in other Countries.

Established with the massive investment of eminent individuals in the private sector, Muktinath Krishi Company Ltd., will prove to be a cornerstone for the beginning of commercialization of the overall Agricultural sector of Nepal.

The Company can play a direct and indirect role in various areas required for sustainable agricultural development adopted by Government of Nepal.

- Company can work as a source for the Agriculture related Research and Development.
- Assist in the national and international Marketing.
- Encourages investment of private sectors in Agriculture.
- Establish Agriculture Occupation as an accountable and profitable Occupation.

The company aims work in a systematic way by connecting Rural Co-operatives in Production and Urban Co-operatives in Marketing. This way Agricultural activities can be connected to one institutional chain and we can reach to a larger Community eventually leading to sustainable Agriculture Development.

In a country with a small market like Nepal, if small and medium scale businesses and investment cannot be mobilized in a systematic manner, only large investment will not be able to find a market. Therefore, the spirit of "Let's All Go Together, Rise and Develop Together" adopted by this company seems to be the only way to uplift the Agribusiness.

Situation of Nepal's Market and Plan of Company

According to the study of the market demand of Agricultural products requirement of Nepal such as Seeds and Saplings, Chemical Fertilizers, Crop protection Chemicals, Bio Fertilizers and Pesticides and Agri Machinery and Accessories, we can estimate more than NRs. 50 billion annual turnover. Out of which, the company aims to enter 4.35% of the total market demand this year. This year, the marketing of Chemical Fertilizers and Agricultural Machineries has been given priority.

Similarly, demand for local products into such as Flour, Honey, Ghee, Nuts, Spices, etc. in the city-centric market into consideration, there is aim to establish a brand and start sale and distribution of the products.

Agriculture Market



FY 2077/078 Implementation Plan

Following plans have been made for the FY 2077/78 according to the possibility, Government's plan and Company's objective

S.N.	Major Activities	Brief Description
1	Establishment of MKCL- Zonal Centers, Team Building and Training	Establish Contact Centers in atleast 1/1 place in Province 1, 2, Gandaki and Lumbini Province and appoint employees, provide Training and start Business.
2	Website development including E-Commerce	Launch international standard business website including e-commerce.
3	Establishment and operation of Central Office of Company	The office started in the previous fiscal year has been established and brought into operation. Expand the area/floor of the central office as per the requirement of the Project.
4	Program for Organic Crop Protection	Registration and Marketing of more than five products in the Project related to Crop Protection (Organic Chemical and Nutrients)

5	Chemical Fertilizer related Program	Regular participation in the Fertilizer's Tender organized by Agriculture Input Company Ltd. Successful Supply Fertilizer under two tender we received last year. Similarly, initiate with international producers/suppliers for sustainable coordination.
6	Project related to Chemical Pesticides	Registration and Marketing of at least 20 products of reputed Companies of India.
7	Seed Project	Work for the registration of at least 5 types of Vegetables, 2 types of Paddy (hybrid). Similarly, co-ordinate with the suitable international Company for hybrid Maize Seed. Likewise, collection and marketing of local seeds such as Vegetables, Paddy, Maize, Wheat, etc.
8	Farm Machinery Project	Expand the availability of Agriculture Tools and increase the marketing quantity in a notable manner
9	Women Empowerment Program	Selection of at least 100 women entrepreneurs and engage them in Agriculture Business. Similarly, purchase varieties of food products such as Honey, Pickle, Ghee, Flour, Species produced by the women groups and Co-operatives from the entire nation and support for marketing of the products.
10	Co-ordination and Implementation with various development Projects	Different Development Projects: Participate in various Projects for coordination with NGOs and INGOs. Likewise, completion of the current projects within time.
11	Research and Development in Agriculture Farms	Proper management of the Fruit Nursery and Vegetable Research Centers established on Syangja and Godawari and establish them as a Farmers Knowledge Center. Start producing grafted saplings of Tomato in a commercialized way in order to prevent Tomato from insects and diseases.
12	Central Storage Centre establishment Project	Operate Storage Center of Agriculture inputs of approx. 10, 000 square feet capacity. Similarly, searchland in between Birgunj to Chitwan for establishment of Muktinath Agriculture Resource Center.
13	Development Project	Purchase Agriculture Products produced by Farmer's Group and Co-operatives. Purchase and Marketing of Turmeric and Onion produced in Bardiya district. Similarly, Purchase products from the commercialized Vegetable and Fruits farming project operated in Province 2 and Lumbini Province and eventually do marketing of those products.



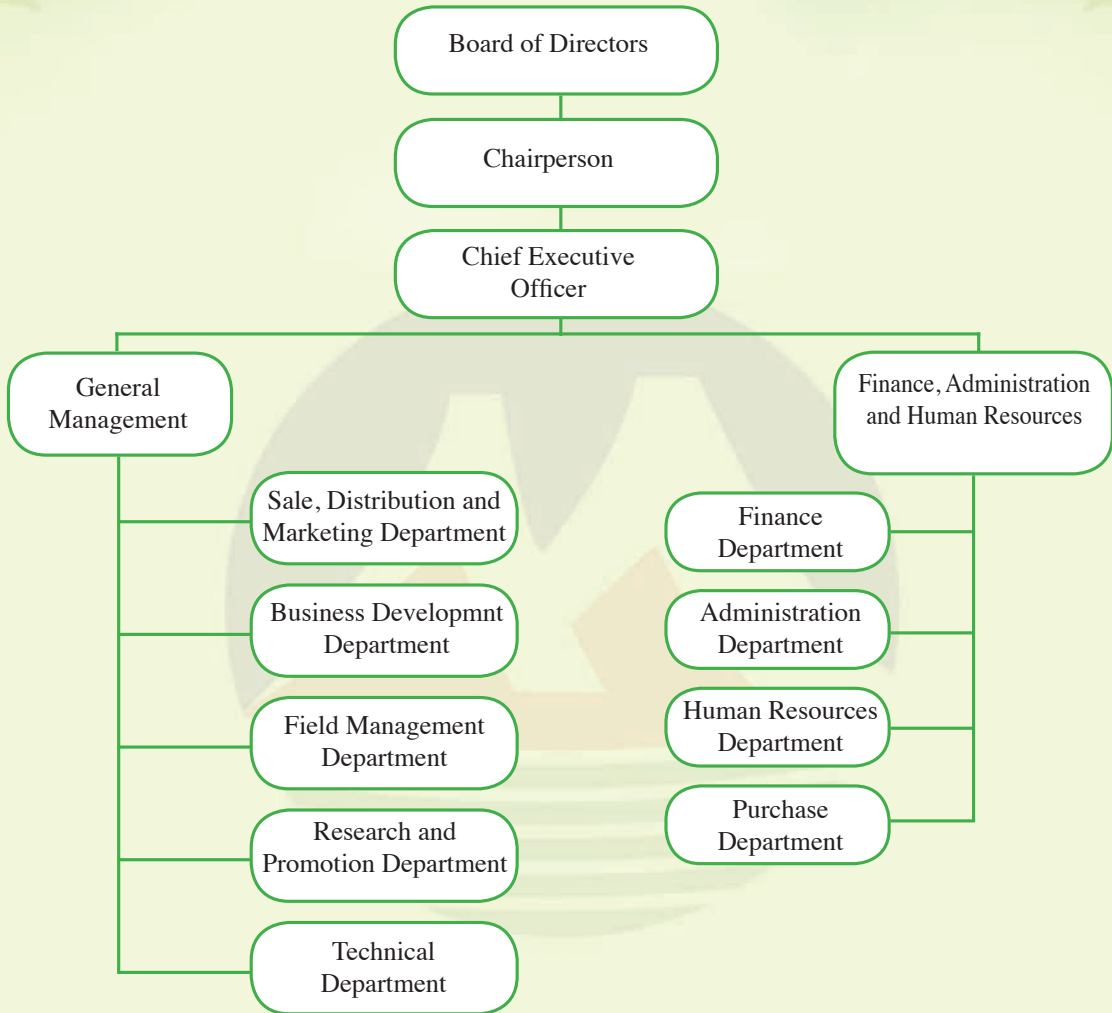
14	Establishment of Muktinath Agro Mart	Establish and operate Muktinath Agro Mart in Basundhara, Kathmandu and Pokhara, Kaski. Similarly, conduct research for establishment of Agro Mart in major center of Provinces. Various Agriculture related Fertilizer, Seeds, Pesticides, Tools and Accessories and more than 50 local products will be collected, processed and packaged and kept for sales and distribution in this Agro Mart.
15	Identification and Selection of Cooperatives	Interaction with Agriculture Cooperatives of the entire nation. Formal cooperation with at least 25 Cooperatives and start business activities.
16	Establishment of Agriculture Resource Centre	Will establish 20 Agriculture Research Centres and begin commercialized business from major Agriculture Inputs Distribution Centers of the Country such as : Dhankuta, Morang, Jhapa, Ilam, Sunsari, Saptari, Sarlahi, Parsa, Bara, Chitwan, Dang, Surkhet, Nepalgunj, Kailali, Nuwakot, Kavre, Kaski, Tanahu, Syanja and other districts.
17	Business Plan Formation of Agriculture and Forestry related Loan	Facilitate Farmers and Agriculture Traders for overall business plan formation in taking loan from Banks and financial institutions.
18	Initiate Youtube and Muktinath Krishi Television	Establish and operate different means communication for dissemination of Agriculture related technologies and agriculture information to all the Nepalese.
19	Establishment of Company's International contact point	Establish Contact Center/offices in India, Dubai and other places for international technology and business.
20	Roof Farming Program	Co-ordinate in the program of Agriculture Input Centre and Nepal Government, Roof Farming in at least 50 households of Kathmandu Valley.

Human Resources

Employees are a key part of the company's mission and vision. The chief executive officer has been entrusted with the full responsibility of conducting the company's regular activities, formulating plans and coordinating international business. He has worked for a long period in India in the value chain of Seeds and Agriculture. In addition, the Board of Directors has given an executive responsibility to the Chairperson and has played an important role in making the Company responsive and accurate by advising the employees on policy advice and advocacy in the national and international bodies.



As the company enters its third year from its second year, more than 30 employees have been directly employed. It is planned to appoint more than 50 employees by the end of FY 2077/2078. Currently, the Company has the following divisions and branches to provide business services.



Service Flow Chart

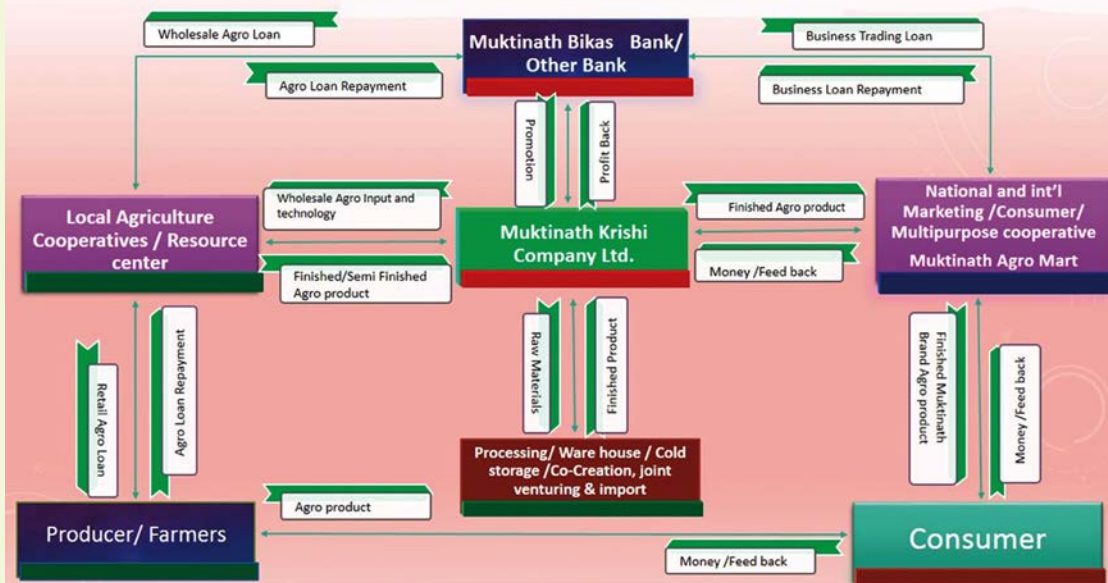


मुक्तिनाथ कृषि कम्पनी

MUKTINATH KRISHI COMPANY

(An Associate Company of Muktinath Bikas Bank Ltd.)

Service Flow Chart



Independent Auditor's Report

To the Shareholders of Muktinath Krishi Company Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Muktinath Krishi Company Limited (hereinafter referred as "the Company") which comprise the statement of financial position as at Ashad 31, 2077 (July 15, 2020), the statement of profit and loss, the statement of other comprehensive income, the statement of cash flows, the statement of changes in equity, and notes to the financial statement including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at Ashad 31, 2077 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ICAN's (*Institute of Chartered Accountants of Nepal*) handbook of code of ethics for professional accountants and we have fulfilled our other ethical responsibilities in accordance with the ICAN's handbook of the code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

We have nothing to report on the other information in the Annual Report. The directors are responsible for the other information presented in the Annual Report and Accounts of FY 2076-77 together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Nepal Financial Reporting Standards (NFRSs) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on financial statements. We are responsible for direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.



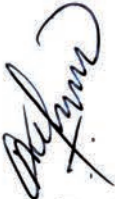
We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Reports on other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows, have been prepared in accordance with the requirements of the companies Act, 2063 and are in agreement with the books of account maintained by the Company; and proper books of account as required by law maintained by the Company including relevant records relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and records of the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company, we have not come across cases where board of directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company and violated any provision of Companies Act 2063 or acted in a manner to jeopardize the interest and security of the Company and its investors.



Anil Paudel
Proprietor
A.P. & Associates
Chartered Accountants



Place: Kathmandu
Date: 2077-08-29
UDIN: 201224CA007846mr4z

Muktinath Krishi Company Limited

Basundhara, Kathmandu

Statement of Financial Position

As at 31 Ashad 2077 (15 July 2020)

Amount in Rs

Particulars	Note	As at 31 Ashad 2077	As at 31 Ashad 2076
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	6	15,737,838	9,908,621
Intangible Assets	7	27,685	35,595
Total Non-Current Assets		15,765,523	9,944,216
Current Assets			
Inventories	17	10,628,813	-
Income Tax Assets	14.1	1,329,027	-
Cash & Cash Equivalents (CCE)	8	159,350,610	181,758,236
Trade and Other Receivables	9	10,702,822	282,202
Other Current Assets	10	1,408,261	337,178
Total Current Assets		183,419,533	182,377,616
Total Assets		199,185,056	192,321,832
EQUITY AND LIABILITIES			
Equity			
Share Capital	4	180,000,000	180,000,000
Retained Earnings	5	17,019,894	11,593,796
Total equity		197,019,894	191,593,796
Liabilities			
Non-Current Liabilities			
Deferred Tax Liabilities	11	414,724	451,130
Total Non-Current Liabilities		414,724	451,130
Current Liabilities			
Trade and Other Financial Liabilities	12	1,697,678	106,614
Provisions	13	52,760	-
Income Tax Liabilities	14.1	-	170,292
Total Current Liabilities		1,750,438	276,906
Total Equity and Liabilities		199,185,056	192,321,832

See accompanying notes to the Muktinath Krishi Company Limited financial statements (1-20)
For Muktinath Krishi Company Limited

Sandeep Rijal
Asst. Accounts Officer

Salil Kumar Srivastava
Chief Executive Officer

Bharat Raj Dhakal
Chairperson

As per our report of even date

Sitaram Kaphle
Director

Tulsi Ram Dhakal
Director

Mohan Kumar Basnet
Director

CA Anil Paudel
Proprietor
A. P. & Associates
Chartered Accountants

Prakash Prasad Shrestha
Director

Vijay Kumar Gurung
Director

Narayan Kumar Shrestha
Director

Date: 2077-08-29
Place: Kathmandu, Nepal



Muktinath Krishi Company Limited

Basundhara, Kathmandu

Statement of Profit and Loss

For the period ended 31 Ashad 2077 (15 July 2020)

Amount in Rs

Particulars		Note	As at 31 Ashad 2077	As at 31 Ashad 2076
I	Revenue from Operations	15	15,303,537	-
II	Less: Cost of Goods Sold	17	13,137,218	-
III	Gross Profit (I-II)		2,166,319	-
IV	Other Income	16	17,145,444	19,058,384
V	Total Income (III+IV)		19,311,763	19,058,384
VI	Expenses			
	Employee Benefit Expense	18	5,021,436	682,000
	Depreciation and Amortisation Expense	6 & 7	2,048,754	1,089,840
	Other Expenses	19	5,279,384	1,555,541
	Total expenses (IV)		12,349,573	3,327,381
VII	Profit Before Tax (III-IV)		6,962,190	15,731,003
VIII	Tax Expenses			
	(1) Current Tax		1,572,498	3,686,076
	(2) Deferred Tax		(36,406)	451,130
	Total Tax Expense (VI)		1,536,092	4,137,206
IX	Profit for the Year (V-VI)		5,426,098	11,593,796
X	Other Comprehensive Income		-	-
XI	Total Comprehensive Income for the Year (VII + VIII)		5,426,098	11,593,796
	Basic Earning Per Share (EPS)	20	3.01	6.44

See accompanying notes to the Muktinath Krishi Company Limited financial statements (1-20)

For Muktinath Krishi Company Limited

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Date: 2077-08-29
Place: Kathmandu, Nepal

Muktinath Krishi Company Limited

Basundhara, Kathmandu

Statement of Cash Flow

For the period ended 31 Ashad 2077 (15 July 2020)

Amount in Rs

Particulars	As at 31 Ashad 2077	As at 31 Ashad 2076
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	6,962,190	15,731,003
Adjustments for:		
Depreciation and Amortisation Expense	2,048,754	1,089,840
Interest Income	(17,145,444)	(19,058,204)
Provisions & Non Cash Expenses	52,760	-
Miscellaneous Income	-	(180)
Operating Profit Before Working Capital Changes	(8,081,740.00)	(2,237,541)
Movements in Working Capital:		
(Increase)/decrease Other Financial Assets	(10,420,620)	(282,202)
(Increase)/decrease Closing Stock	(10,628,813)	-
(Increase)/decrease Other Assets	(1,071,083)	(337,178)
Increase/(decrease) in Other Financial Liabilities	1,591,064	106,614
Increase/(decrease) in Other Liabilities	-	-
Income Taxes Paid (Net of Refunds)	(3,071,817)	(3,515,784)
NET CASH FLOWS GENERATED / (USED IN) FROM OPERATING ACTIVITIES (A)	(31,683,009)	(6,266,092)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	17,145,444	19,058,204
Miscellaneous income	-	180
" Payments for purchase of property, plant and equipment (including adjustments on account of capital work-in-progress, capital creditors & advances) "	(7,870,061)	(10,994,506)
Payments for intangible assets	-	(39,550)
NET CASH FLOWS (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)	9,275,383	8,024,328
C CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of equity share capital	-	180,000,000
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES (C)	-	180,000,000
TOTAL (A+B+C)	(22,407,626)	181,758,236
OPENING CASH & CASH EQUIVALENTS	181,758,236	-
CLOSING CASH & CASH EQUIVALENTS	159,350,610	181,758,236

See accompanying notes to the Muktinath Krishi Company Limited financial statements (1-20)

For Muktinath Krishi Company Limited

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Asst. Accounts Officer

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Date: 2077-08-29
Place: Kathmandu, Nepal

Muktinath Krishi Company Limited

Basundhara, Kathmandu

Statement of Change in Equity

For the period ended 31 Ashad 2077 (15 July 2020)

A. Equity Share Capital	Amount in Rs
Opening Balance	180,000,000
Changes in Equity Share Capital during the year	-
Balance as at 31st Ashad 2077	180,000,000

B. Other equity							
Particulars	Other Equity					Other	Total other equity
	Reserves & Surplus						
	Securities Premium Reserve	Retained Earnings	Capital Reserve	Capital Redemption Reserve	General Reserve		
Opening Balance		11,593,796					11,593,796
Profit for the year		5,426,098					5,426,098
As at 31st Ashad 2077	-	5,426,098	-	-	-		17,019,894

See accompanying notes to the Muktinath Krishi Company Limited financial statements (1-20)

For Muktinath Krishi Company Limited

Sandeep Rijal
Asst. Accounts Officer

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Director

Date: 2077-08-29
Place: Kathmandu, Nepal

Muktinath Krishi Company Limited

Basundhara, Kathmandu

Notes to Financial Statements

For the period ended 31 Ashad 2077 (15 July 2020)

Amount in Rs

4. Share Capital	As at 31 Ashad 2077	As at 31 Ashad 2076
Authorised Share Capital :		
(1,00,00,000 Equity Shares of Rs 100 each)"	1,000,000,000	1,000,000,000
Issued Share Capital :		
(40,00,000 Equity Shares of Rs 100 each)"	400,000,000	400,000,000
Paid-up Share Capital		
(36,00,000 Equity Shares of Rs 50 each paid up)"	180,000,000	180,000,000

Out of the total issued shares, 36,00,000 equity shares are offered to promoters & balance 4,00,000 equity shares are yet to offer to public. Out of the total shares offered to promoters, only 50% share capital has been called & paid-up. Remaining 50% will be called in future.

The shareholding pattern on the company is as follows.

Shareholder Category	No. of Share	% of holding
Muktinath Bikas Bank Ltd	1,000,000	27.78%
Bharat Raj Dhakal	60,000	1.67%
Tulsi Ram Dhakal	58,000	1.61%
Others Shareholders (Holding less than 1% of total share)	2,482,000	68.94%
Total	3,600,000	100.00%

Amount in Rs

5. Retained Earnings	As at 31 Ashad 2077	As at 31 Ashad 2076
Opening Balance	11,593,796	-
Transfer from Statement of Profit and Loss	5,426,098	11,593,796
Total	17,019,894	11,593,796


6. Property, plant and equipment and capital work-in-progress
Amount in Rs

Cost	Lease Hold Assets	Building & Structures	Computer & Accessories	Plant & Machineries	Furniture And Fixtures	Vehicles	Office Equipments & Machineries	Other Fixed Assets	Under Construction (See Note 1)	Total
Opening Balance as on 31st Ashad 2076	782,485	-	-	-	448,984	8,250,000	669,090	26,125	817,823	10,994,506
Additions	-	4,091,660	170,000	100,000	165,038	3,853,900	251,286	6,000	3,323,837	11,961,721
Revaluation and adjustments	-	-	-	-	-	-	-	-	-	-
Disposals/Capitalisation	-	-	-	-	-	-	-	-	(4,091,660)	(4,091,660)
Balance at 31st Ashad 2077	782,485	4,091,660	170,000	100,000	614,021	12,103,900	920,376	32,125	50,000	18,864,567
Depreciation and impairment losses										
Opening Balance as on 31st Ashad 2076	78,248	-	-	-	44,898	883,929	73,367	5,443	-	1,085,885
Charge for the year	156,497	76,228	19,981	9,432	93,685	1,501,549	168,543	14,928	-	2,040,844
Adjustment due to revaluations and others	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Balance at 31st Ashad 2077	234,745	76,228	19,981	9,432	138,584	2,385,478	241,910	20,371	-	3,126,729
Net book value										
Opening Balance as on 31st Ashad 2076	704,236	-	-	-	404,085	7,366,071	595,723	20,682	817,823	9,908,621
Balance as at 31st Ashad 2077	547,739	4,015,432	150,019	90,568	475,438	9,718,422	678,466	11,754	50,000	15,737,838
Footnotes:										

7. Intangible Assets

Amount in Rs

	Computer Software	Total
Opening Balance as on 31st Ashad 2076	39,550	39,550
Additions /Acquired	-	-
Disposals	-	-
Balance at 31st Ashad 2077	39,550	39,550
Amortisation and impairment losses		
Opening Balance as on 31st Ashad 2076	3,955	3,955
Charge for the year	7,910	7,910
Impairment losses	-	-
Balance as at 31st Ashad 2077	11,865	11,865
Net book value		
Opening Balance as on 31st Ashad 2076	35,595	35,595
Balance as at 31st Ashad 2077	27,685	27,685

Amount in Rs

8. Cash & Cash Equivalents (CCE)	As at 31 Ashad 2077	As at 31 Ashad 2076
a. Cash on hand	-	27,544
b. Balances with banks in current accounts		
Current accounts	19,350,610	1,730,692
Term deposits carried at amortised cost	140,000,000	180,000,000
Total	159,350,610	181,758,236

Cash and cash equivalents includes cash balance in hand, demand deposits with bank, other short term highly liquid investments with original maturity of three months or less.

Amount in Rs

9. Trade and Other Receivables	As at 31 Ashad 2077	As at 31 Ashad 2076
Trade Debtors	8,543,688	-
Advance to suppliers	2,159,134	70,000
Total	10,702,822	70,000



10. Other Current Assets	As at 31 Ashad 2077	As at 31 Ashad 2076
Prepaid Insurance	12,903	
Prepaid rental	195,183	165,887
Consumables	-	171,291
VAT Receivable	499,013	-
Staff Advance	101,335	
Other Receivables	10,000	-
Deposits	589,828	-
Total	1,408,261	337,178

Amount in Rs

11. Deferred Tax Liabilities	As at 31 Ashad 2077	As at 31 Ashad 2076
Deferred Tax Liabilities	414,724	451,130
Total	414,724	451,130

Amount in Rs

12. Trade and Other Financial Liabilities	As at 31 Ashad 2077	As at 31 Ashad 2076
Trade Creditors	413,108	-
Other Creditors	154,605	-
Staff Payables	365,278	
Audit Fee Payable	49,250	27,875
TDS Payable	334,837	20,069
Advances from Others	50,000	-
Other Payables	182,394	58,670
Rent Payable	49,794	-
Lease Liability	98,412	-
Total	1,697,678	106,614

Amount in Rs

13. Provisions	As at 31 Ashad 2077	As at 31 Ashad 2076
Provision for Gratuity	52,760	-
Total	52,760	-

14. Income Taxes

Amount in Rs

14.1 Income Tax Assets	As at 31 Ashad 2077	As at 31 Ashad 2076
Advance income tax	1,200,000	700,000
TDS receivable	5,387,601	2,815,784
Less: Provision for current tax	5,258,574	3,686,076
Income Tax Assets/ (Liabilities)	1,329,027	(170,292)

14.2. Income tax recognised in Statement of Profit and Loss	As at 31 Ashad 2077	As at 31 Ashad 2076
Current tax:		
Current income tax charge	1,572,498	3,686,076
Total (A)	1,572,498	3,686,076
Deferred tax:		
In respect of current year	(36,406)	451,130
Total (B)	(36,406)	451,130
Income tax expense recognised in the Statement of Profit and Loss (A+B)	1,536,092	4,137,206

Amount in Rs

15. Revenue from Operations	As at 31 Ashad 2077	As at 31 Ashad 2076
Sales after VAT registration	15,075,988	-
VAT Applicable Sales	8,617,195	
Exempt Sales	6,458,793	
Sales before VAT registration	240,923	
Less: Sales Return	(13,374)	-
Total	15,303,537	-

Note: The Company was registered on VAT as on Falgun 12, 2076.

Amount in Rs

16. Other income	As at 31 Ashad 2077	As at 31 Ashad 2076
Interest Income on Bank Deposits	17,145,444	19,058,204
Miscellaneous Income	-	180
Total	17,145,444	19,058,384

Amount in Rs

17. Cost of Goods Sold	As at 31 Ashad 2077	As at 31 Ashad 2076
Material Purchase	20,653,988	-
Direct Expenses:		
Import Cost	1,969,114	-
Packing Materials	1,142,929	-
Total Direct Expenses	3,112,043	-
Less: Closing Stock	10,628,813	-
Total Cost of Goods Sold	13,137,218	-

Amount in Rs

18. Employee Benefits Expense	As at 31 Ashad 2077	As at 31 Ashad 2076
Salaries & Wages	4,968,676	682,000
Gratuity	52,760	-
Total	5,021,435.81	682,000



19. Other expenses	As at 31 Ashad 2077	As at 31 Ashad 2076
Advertisement Expenses	28,231	117,784
AGM Costs	140,109	-
Audit Fee	50,000	28,250
Charges for Non-Funded Liabilities	719,860	-
Bank Charges	51,983	-
Bid Application Charges	60,000	-
Communication Expenses	31,252	39,550
Insurance Charges	64,845	92,366
Loading/Unloading Charges	49,707	-
Lodging and Fooding Expenses	63,776	-
Meeting Allowance	193,500	-
Meeting Expenses	16,672	-
Notary Costs	14,175	-
Office Expenses	191,914	209,751
Office Supplies	1,200	-
Power and Fuel	164,643	127,732
Pre-Incorporation Expenses	-	345,000
Printing & Stationery Expenses	43,895	115,585
Rent	1,814,065	100,000
Registration and Renewal	183,635	-
Farm Operation Costs	895,029	-
Transportation Cost	157,524	-
Travelling and Conveyance	182,904	208,520
Vehicle Expenses	105,977	171,002
Water, Electricity and Office Utilities	54,488	-
Total	5,279,384	1,555,541

Amount in Rs

20. Earnings per share	As at 31 Ashad 2077	As at 31 Ashad 2076
Profit for the year	5,426,098	11,593,796
Weighted average number of equity shares	1,800,000	1,800,000
Basic /diluted earnings per share	3.01	6.44

Muktinath Krishi Company Ltd.

Basundhara, Kathmandu

Schedule 1: Significant Accounting Policies and Notes to the Financial Statements **For the period ended 31 Ashadh 2077 (1 Shrawan 2076 to 31 Ashad 2077)**

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’s activity involve, predominantly, business of agricultural products including production, trading and marketing of the agro products as well as supply of agricultural equipment and agriculture related consultancy services.

2. Related party disclosure

2.1. Parties exercising control over the Company

a. Muktinath Bikas Bank Ltd. – Parent company holding 27.78% of the total share

2.2 Other related parties

a. Muktinath Capital Ltd. – Subsidiary Company of Muktinath Bikas Bank Ltd.

2.3 Key Management Personnel

a. Mr. Salil Kumar Srivastava - Chief Executive Officer

2.4 Transactions with related parties

Related Party	Nature of Relation	Nature of Transaction	Amount
Muktinath Bikas Bank Ltd.	Parent Company	Sales	71,552.50
Muktinath Bikas Bank Ltd.	Parent Company	Interest Income	17,131,681.45
Muktinath Capital Ltd.	Other related Party	Sales	5,062.50
Salil Kumar Srivastava	Chief Executive Officer	Employee Benefits	1,750,000
Salil Kumar Srivastava	Chief Executive Officer	Sales	4,830

3. Summary of significant accounting policies

3.1 Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention, on accrual basis and in accordance with Nepal Financial Reporting Standard (NFRS), issued by Accounting Standard Board (ASB) of the Institute of Chartered Accountants of Nepal. The company follows the Nepalese financial year based on Nepali Calendar starting from 1st Shrawan and ending on 31st Ashadh (17th July to 15th July). The current financial year has started from 17th July 2019.

3.2 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 re-



ported 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

3.3 Revenue Recognition

Revenue from sales of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer.

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, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

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.

3.4 Property, plant and Equipment

Recognition and measurement: Property, plant and equipment 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 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	5 years
Building and 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 property and equipment. The company has not measured any property and plant at revaluation model and at fair value. The items of property and equipment 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 written off as an expense in the statement of Profit & Loss.

4.5 Inventory

Inventory is measured at the lower of “cost” and “net realizable value”, where,

» **cost includes**, cost of purchase (including taxes, transport, and handling) net of trade discounts received; costs of conversion (including fixed and variable manufacturing overheads); and other costs incurred in bringing the inventories to their present location and condition.

» **Net realizable value includes**, estimated selling price in the ordinary course of business, less the estimated

3.6 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 amounts 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 reporting 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 reporting group and relate to income taxes levied by the same taxation authority, and when the group has legal right to offset.

3.7 Financial assets & financial liabilities

3.7.1 Financial Assets

A financial asset is any asset that is cash, an equity instrument of another entity or

- i. a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or

- ii. a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instrument.

Financial assets of the company comprise of advances, other current assets, trade receivables and cash & cash equivalents. These instruments are mostly non-interest bearing and are expected to be settled or recovered within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of assets.

3.7.2 Financial Liabilities

A financial liability is any liability that is:

- i. A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- ii. A contract that will or may be settled the entity's own equity instrument's and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The liabilities are expected to be settled within a year. Therefore, it is assumed that the carrying amount represents the amortized cost of liabilities.

3.7.3 Contingencies and Provisions

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.

3.7.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

3.8. Events after reporting period

The company has no events reportable after the end of reporting period.

3.9. 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 reporting period.



Annex 1: Activities



Annex 2: Tin Mahale Description

First Amendment in MOU 2075

Provision in MOU	Points to be amended from MOU	Justification for Amendment
Point (Ja) of point (A) of Agriculture section- “To establish/ operate an agricultural information/ communication center, perform essential functions to transmit agricultural communication/information and sale or distribution of books, mobile applications, etc. relating to Agriculture.”	“To establish Agriculture Information/communication Center and operate and broadcast Radio/Television, perform essential functions to transmit agricultural communication/ information and sale or distribution of books, mobile applications, etc. relating to Agriculture.”	To operate various mediums including agricultural Television and Radio to disseminate various information related to Agriculture and Forestry to the Farmers and Agri Entrepreneurs.
Point (Jha) of point (A) of Agriculture section- “To import/export, purchase/ sale, distribution of various equipments for agricultural purposes.”	“Import/ Export, Purchase/ Sale, distribution of Chemicals, Biological and Organic Fertilizer, micro nutrients and pesticides, Agri Seeds and Agri Tools and Accessories.”	Make arrangements for import and export of fertilizers and pesticides as per the need which are indispensable factors in Agribusiness.
Add Point (Dda) of (A) of Agriculture section which is not mentioned	“To work as an Agent for the Insurance of Agriculture and Livestock Insurance.”	To provide Insurance facility to the Farmers associated to Agriculture Company.
Add Point (Ddha) of (A) of Agriculture section which is not mentioned	Prepare Technical and Financial Proposals for Farmers, Agriculture Professionals, Farmer’s Group and Co-operatives for receiving loans from Banks and financial institutions. Similarly, work as an agent of Banks and financial institutions, according to need.	To facilitate for the flow of credit by preparing realistic business plan of Farmers and Agri Entrepreneurs.
Add Point (Nna) of (A) of Agriculture section which is not mentioned.	Import/Export of materials related to Livestock and Fish Farming Business such as; Grains, tools, accessories, medicines, etc.	Despite said to work in overall Agriculture related work, due to the need of specialized objectives in various agencies working in the field of agriculture, livestock and fish farming related businesses have been added.

Add Point (Ta) of (A) of Agriculture section which is not mentioned	Establish and operate Workshop for the repair and maintenance of Agri Machineries and Accessories.	To form required structure for repair and maintenance of Agricultural Goods and operate respectively.
Add Point (Tha) of (A) of Agriculture section which is not mentioned	To establish necessary Research Sites/ Areas / Centers for import, local collection and registration of various types of biological, organic and chemical fertilizers / micro nutrients and pesticides, local, improved and hybrid seeds and to take necessary recommendations from the concerned bodies. Similarly, provide field trials to Farmers, Farmer Groups and cooperatives.	To make Agriculture more new technology friendly by conducting various research activities from the Company.
Add Point (Da) of (A) of Agriculture section which is not mentioned	To do Online business of Agriculture related Fertilizers, Seeds, Pesticides, Tools, Accessories and food items.	To provide door-to-door service of the growing Technology-Friendly Marketing and Consumer demand.
Add Point (Ca) of (U) of Agriculture section which is not mentioned	Establishment of auxiliary Companies related to transport and management in and outside Nepal to facilitate national and international Transportation of Agricultural goods.	Support for the safe import and export of Fertilizers, Seeds, Tools, Equipment and various Food items.
Add Point (Cha) of (U) of Agriculture section which is not mentioned	To establish Liaison / Branch / Business offices in different countries for Trade / Business of Agricultural Inputs such as Fertilizers, Seeds, Pesticides, Tools, Equipments, Poultry And Fish Feed and Food items and exchange of Agricultural Technologies.	To facilitate for the operation of international business and exchange of Technologies.



Senior Management



Bharat Raj Dhakal
Executive Chairperson



Salil Kumar Srivastava
Chief Executive Officer



Ramsharan Timalisina
Senior Manager

Details of Employees

Gopal Lamsal- Marketing Co-ordinator

Sujit Thakur-Assistant Field Manager

Bhumiraj Bhandari-Business Development Officer

Sagar Pandey-Technical Officer

Manish Dhakal-Purchase and International Trade Officer

Sandeep Rijal-Assistant Accounts Officer

Sanjina Dhakal-Assistant Admin and HR Officer

Marisha Chaulagain- Technical Officer

Aakash Adhikari- Research Assistant

Amish Mani Tripathi-Branding and Market Promotion Assistant

Buddhi Sagar Dhakal-Senior Market Assistant (Gandaki Province)

Lalit Singh-Technical Market Assistant (Province 2)

Sabita Sharma-Technical Assistant

Sabita Gautam-Accounts Assistant

Kamal Pandit-Technical Market Assistant (Bagmati Province)

Ramjanam Das-Mechanic and Sales Assistant

Ram Kadel-Technical Sales Assistant

Pradip Poudel-Agro Mart Assistant

Yasoda Baskota-Receptionist

Babita Dhungana-Technical Assistant

Dipesh Thapa-Sales Assistant (Province 1)

Milan Rai-Driver

Hem Sharma Dhakal-Syanja Farm Assistant

Beg Bahadur Khadka-Godawari Farm Assistant

Sima Kumari Praja-Office Assistant

"We deserve for self-sustainability of Nepali Agriculture"

कृषिमा आत्मनिर्भरताको उपायहरू खोजौं
समृद्धिका लागि मुक्तिनाथ कृषिलाई रोजौं



मुक्तिनाथ कृषि कम्पनी लि.
MUKTINATH KRISHI COMPANY LTD.

(An Associate Company of Muktinath Bikas Bank Ltd.)

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