



**LIMITED REVIEW REPORT**

We have reviewed the accompanying statement of unaudited financial results read together with notes thereon of Manipal Finance Corporation Ltd ('the Company') for the quarter ended 30<sup>th</sup> September 2010 and the year to date results for the period 1<sup>st</sup> April 2010 to 30<sup>th</sup> September 2010, *except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited/reviewed by us.* We have initialed the aforesaid statement, only for identification purpose. However the aforesaid statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

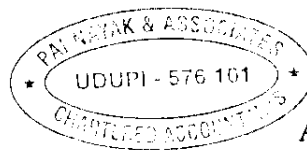
We have conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.

Subject to (1) (2) & (3) below and based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules 2006 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement

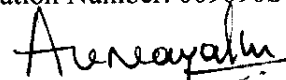
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|---|--|
| 1 | Interest write back on settlement of deposits/debentures/Debts for the quarter ending 30 <sup>th</sup> Sept 2010 is Rs.2.70 Lakhs ( P Y 13.40 Lakhs) has been considered in the results as extraordinary item. ( for the year ending 31 <sup>st</sup> March 2010 is Rs.71.27 lakhs). The corresponding amount for the half year ending 30 <sup>th</sup> Sept 2010 is Rs.11.99 Lakhs ( P Y Rs.18.20 Lakhs.) As per the explanation given to us, the principal portion of Debentures/deposits/debts write back (arising on settlement) for the quarter ending 30 <sup>th</sup> Sept 2010 is Rs.19.60 Lakhs( P Y Rs.60.43 Lakhs) is considered as capital receipt and directly taken to Capital Reserve in the Balance Sheet (for the year ending 31 <sup>st</sup> March 2010 is Rs.379.11 Lakhs). ). The corresponding amount for the half year ending 30 <sup>th</sup> Sept 2010 is Rs.53.90 Lakhs ( P Y Rs..94.73 Lakhs) |
| 2 | We draw the attention to Note No. 3 of the Notes, wherein the Company has not quantified the effect of Non-Provision of Interest on Deposits/Debentures/Subordinated Debts and interest on loans availed on these instruments from 1 <sup>st</sup> day of July 2002.   |
| 3 | The qualification by auditors in the audited accounts for the financial year ending 31.03.2010 in respect of preparation of accounts on going concern basis in spite of losses incurred and funds being blocked in non performing assets and non provision for Non Performing assets as on 30 <sup>th</sup> September 2010 amounting to Rs.124.07 (as on 31 <sup>st</sup> March 2010 Rs.170 Lakhs & as on 30 <sup>th</sup> September 2009 Rs.541.19 Lakhs) has not been addressed/accounted in the accompanying statement of unaudited financial results.  |

We hereby confirm that our firm is subjected to peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of the ICAI.

PLACE: MANIPAL  
DATE : 10<sup>th</sup> day of November 2010



For PAI NAYAK & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Registration Number: 009090S

  
AMMUNJE VENKATESH NAYAK  
Partner (M No: 204685)