



**LIMITED REVIEW REPORT**

We have reviewed the accompanying statement of unaudited financial results (including unaudited statement of Assets & Liabilities) read together with notes thereon of Manipal Finance Corporation Ltd ('the Company') for the quarter ended 30<sup>th</sup> September 2011 and the year to date results for the period 1<sup>st</sup> April 2011 to 30<sup>th</sup> September 2011, *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.

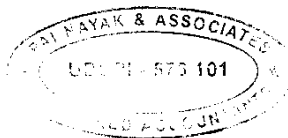
We have conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the 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

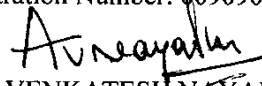
- 1 The extraordinary income as per item no. 13 of the statement, represents "Interest write back" on settlement of deposits/debentures/Debts. As per the explanation given to us, the principal portion of Debentures/deposits/debts write back (arising on settlement) for the quarter ending 30<sup>th</sup> Sept 2011 is Rs.72.58 Lakhs ( P Y Rs.19.60 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 2011 is Rs.146.31 Lakhs). ). The corresponding amount for the half year ending 30<sup>th</sup> Sept 2011 is Rs.126.92 Lakhs ( P Y Rs..59.30 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 Net Profit (Loss) for the period (as per per item no. 14 of the statement), is being arrived at after considering "Provision for Non Performing Assets written back". Such amount for the quarter ending 30<sup>th</sup> Sept 2011 is Rs. 236.47 lakhs ( P Y Rs.Nil), for the half year ending 30<sup>th</sup> Sept 2011 is Rs.240.08 Lakhs ( P Y Rs.Nil) and for the year ending 31<sup>st</sup> March 2011 is Rs.119.24 Lakhs. The aforesaid amounts have been netted off under item no. 7 of the statement viz: "Provision for NPA & Bad debts written off (net of write back)". The results of the Company for the quarter under review, shows profit on account of reversal of provisions as aforesaid and also on account of "Bad debts recovered" Rs.43.24 Lakhs, being accounted as "Other Operating Income".

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 : 11<sup>th</sup> November 2011



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

  
AMMUNJE VENKATESH NAYAK  
Partner (M No: 204685)