



Manipal Finance Corporation Ltd.

Regd. Office: "Manipal House"- Manipal – 576 104
Udupi Dist., Karnataka
Ph: 0820-2570741
CIN : U65910KA1984PLC005988

Ref:MFCL/HO/SEC/0501/2016
May 31, 2016

Mr. Ravindra Palande
Assistant General Manager
Dept. of Corporate Services
Bombay Stock Exchange Ltd.
Regd. Office: Floor 25
P J Towers, Dalal Street
Mumbai – 400 001

Dear Sir,

Sub: Annexure 1 – Statement on Impact of Audit Qualifications

With reference to the above, please find enclosed herewith the Annexure 1 – Statement on Impact of Audit Qualifications for the financial year ended 31.03.2016.

Kindly take the aforementioned documents on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For MANIPAL FINANCE CORPORATION LTD,


Managing Director
Managing Director



ANNEXURE 1

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016.
[See Regulations 33/52 of the SEBI (LODR) Regulations (Amendment), 2016]

Name of the Company: **MANIPAL FINANCE CORPORATIN LTD (CIN: L65910KA1984PLC005988)**

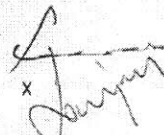
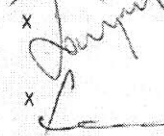
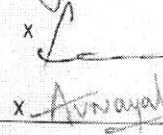
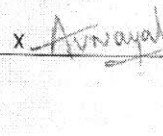
I.	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total income	Not Applicable	Not Applicable
	2.	Total Expenditure	Not Applicable	Not Applicable
	3.	Net Profit/(Loss)	Not Applicable	Not Applicable
	4.	Earnings Per Share	Not Applicable	Not Applicable
	5.	Total Assets	Not Applicable	Not Applicable
	6.	Total liabilities	Not Applicable	Not Applicable
	7.	Net worth	Not Applicable	Not Applicable
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable



ii. Audit Qualification (each audit qualification separately):

- Details of Audit Qualification: Enclosed
- Type of Audit Qualification: Qualified Opinion
- Frequency of qualification: Same as qualified last year. (Sl.No.1 of the annexure is repetitive since 1999-2000 and Sl.No.2 of the annexure is repetitive since 2003-04 with some modifications on year to year basis).
- For Audit Qualification(s) where the impact is quantified by the auditor, Management Views: Not Applicable.
- For Audit Qualification(s) where the impact is not quantified by the auditor:
 - Management's estimation on the impact of audit qualification: Not Applicable.
 - If Management is unable to estimate the impact, reasons for the same: Not Applicable.
(refer Note 23.02 and 5.01 of Notes to Accounts of the Audited Financial Statement for the year ended 31st march, 2016.)
 - Auditors' Comments on (i) or (ii) above: Notes to audited financial statement asstated by the Management in (ii) above is self-explanatory.

Signatories:

iii.

- CEO/Managing Director 
- CFO 
- Audit Committee Chairman 
- Statutory Auditor 

Place: Manipal
Date: 30/05/2016

Extract from Auditors Report to the Members of Manipal Finance Corporation Ltd.

Basis for the qualified opinion:

1. We draw attention to Note No.23.02 of the financial statements. The Company has incurred losses and its majority of funds are blocked in Non Performing Assets, raising a doubt about the Company to continue as a going concern. The Company has presented a scheme of arrangement for restructure of liabilities as detailed in Note No.5.01 of the financial statements and subsequently withdrawn the same, for reasons given therein. The Company is exploring the possibility of presenting the new scheme of arrangement, as detailed in the aforesaid Notes. The account, however have been prepared on a "going concern basis" in view of management perception as detailed in Note No.23.02 as aforesaid. However we are unable to comment on the ultimate reliability of Company's assets including the Fixed Assets under lease. Accordingly we are also unable to comment on the Company's ability to settle its debts/liabilities (including Deposits, Subordinated debts and Secured Redeemable Debentures.)

2. We draw the attention to Note 5.01 of the Financial Statements. The Company has stopped (i) repayment of matured debentures & matured subordinated debts and (ii) payment of interest on debentures and subordinated debts from 1st day of July 2002 and proposed a scheme of arrangement before the Hon'ble High Court of Karnataka, as referred to in the aforesaid Note (which is since withdrawn and we are informed that the Company is exploring the possibility of presenting a new scheme of arrangement). Further the Company has also stopped repayment of deposits matured for repayment from the aforesaid date. All the debts of the Company i.e debentures, subordinated debts and deposits are matured for repayment. The Company has provided for interest on deposits/debentures/debts upto 30th June 2002 and not thereafter.

There are also many instances of settlement of debentures, debts and public deposits at the discounted rates with partial/full waiver of interest, which has been done with mutual consent. We are also informed that the remaining depositors/ debenture holders / debt holders have approached the Company for settlement of the dues and the Company is in the process for the same.

As per the information given to us various consumer courts (including the Appellate Authorities/Courts acting under the Consumer Protection Act) have passed the orders, for the repayment of certain deposits/debentures/debts with interest and other costs. The detailed information on these orders have not been made available to us. However we are informed that the Company has settled the dues of such customers in many cases, which also includes settlement at discounted rates with partial/full waiver of interest and many of the remaining such persons have approached the Company for settlement.

We draw the attention to the Statement made by the Management of the Company in note no. 5.01 of the Financial Statement which is as follows: "Considering the facts that the Company has settled the dues of depositors/debenture holders/debt holders at the discounted rates as stated above, that the remaining customers have approached the Company for settlement of their dues, that the orders issued by the various consumer courts including the appellate authorities/courts therein, that the Company has settled the many of such consumer court cases, that the total debts of the Company have reduced considerably because of settlement as aforesaid and that the Company is exploring the possibility of framing the new scheme of arrangement, it is not feasible for the Company to ascertain accurately its liability on any given date".

Considering all the facts as given above, we qualify our opinion that it is not feasible for us to ascertain accurately the liability of the Company as on the date of the Balance Sheet.

For MANIPAL FINANCE CORPORATION LTD.


Managing Director