



KINGFISHER AIRLINES LIMITED

ANNUAL REPORT 2012 - 2013



Kingfisher Airlines Limited

Registered Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore - 560 001

NOTICE

NOTICE IS HEREBY GIVEN OF THE EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held at Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025 on Tuesday, September 24, 2013 at 1.30 p.m. for the following purposes:

1. To receive and consider the accounts for the year ended March 31, 2013 and the reports of the Auditors and Directors thereon;
2. To elect a Director in the place of Mr. Subhash R. Gupte who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. B. K. Ramadhyani & Co., are eligible for re-appointment.

By Order of the Board

Place : Goa
Date : August 14, 2013

Bharath Raghavan
Chief Legal Officer & Company Secretary

Notes :

1. **A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Meeting.

2. The Register of Members and Share Transfer Books will remain closed from Thursday, September 19, 2013 to Tuesday, September 24, 2013 (both days inclusive).
3. Members are required to intimate immediately to the Company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 (Telephone No: 040-44655000, Fax. No: 040-23420814), in case of shares held in physical form and to their respective Depository Participants, in case of shares held in dematerialized/ electronic form:-
 - a) any change in their registered addresses along with PIN Code Number; and
 - b) details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 1956, can be sent to their email addresses, as a measure of "Green Initiatives" introduced by the Ministry of Corporate Affairs (MCA).

4. Members holding equity shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address stated in Note No. 3 above.
5. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address stated in Note No. 3 above.
6. Nomination facility for equity shares is available for Members. The prescribed format in this regard can be obtained from Company's Registrars and Transfer Agents, at the address stated in Note No. 3 above.
7. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members holding equity shares in physical form are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerializing their shareholdings in the Company.
8. Members attending the Annual General Meeting are requested to bring with them the following:
 - a. Members holding equity shares in dematerialised form, their DP & Client ID Numbers.
 - b. Members holding equity shares in physical form, their Folio Numbers.
 - c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
 - d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The Company would accept Attendance Slip from a Member actually attending the Meeting; or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other Member/person.

The Meeting is for Members or their proxies only. Please avoid being accompanied by non-Members/children.

9. The Company has designated an exclusive email Id viz. investor.relations@flykingfisher.com to enable the investors to post their grievances and monitor its redressal.
10. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to section 187 of the Companies Act 1956, authorizing their representative to attend and vote at the Annual General Meeting.
11. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of director being re-appointed is given in the Corporate Governance Section of the Annual Report.

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BOARD OF DIRECTORS

Dr. Vijay Mallya, *Chairman & Managing Director*

Mr. Subhash R. Gupte, *Vice Chairman*

Mr. A. K. Ravi Nedungadi

Mr. Manmohan Singh Kapur

PRESIDENT & CFO - THE UB GROUP

Mr. A. K. Ravi Nedungadi

CHIEF EXECUTIVE OFFICER

Mr. Sanjay Aggarwal

CHIEF FINANCIAL OFFICER

Mr. A. Raghunathan

**CHIEF LEGAL OFFICER &
COMPANY SECRETARY**

Mr. Bharath Raghavan

AUDITORS

M/s. B. K. Ramadhyan & Co.
Chartered Accountants
4B, 4th Floor, 68, Chitrapur Bhavan,
8th Main, 15th Cross, Malleswaram,
Bangalore – 560 055

REGISTERED OFFICE

UB Tower, Level 12, UB City,
24, Vittal Mallya Road,
Bangalore – 560 001

To The Members,

Your Directors present the 18th Annual Report along with the Audited Accounts of your Company for the year ended March 31, 2013.

Operations

Your Company's operations during the year ended March 31, 2013 have resulted in:

(Rs. in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Gross Income	6,834.61	58,239.08
Earnings before financial charges, lease rentals, depreciation & amortization and taxes (EBITDAR)	(8,294.07)	(259.90)
Less:		
Depreciation & Amortization	2,387.82	3,418.66
Lease Rentals	7,100.81	10,584.54
Financial charges	14,361.55	12,763.35
Profit / (Loss) before taxes	(32,144.25)	(27,026.45)
Provision for taxes (including FBT)	-	11,180.85
Net Profit / (Loss) from ordinary activities after tax	(32,144.25)	(15,845.60)
Exceptional Item	10,866.95	7,434.48
Net Profit / (Loss) after tax	(43,011.20)	(23,280.08)

Operations

During the year under review, in view of the difficult operating environment as well as the engine problems, your Company's airline operations and finances were severely affected. United Breweries (Holdings) Limited has filed a suit in the City Civil Court at Bangalore against International Aero Engines AG, its shareholders / joint venture partners and your Company being O.S. No. 6406 of 2012, alleging that the IAE V-2500 A5 engines supplied to your Company were inherently defective, both in design and manufacture, and has claimed damages of USD 210,400,000 plus Rs. 1621,000,000 (aggregating to approximately Rs.14,771 million as per the current exchange rate of approx Rs. 62.5 per US Dollar) and has reserved liability to claim further damages. No relief is sought against your Company in the said suit. Your Company discontinued international operations with effect from April 1, 2012. Thereafter for the reasons mentioned above, coupled with coercive action by the tax authorities who attached your Company's accounts as well as the sources of revenue to your Company, your Company defaulted in its payments to

several creditors and also delayed payment of salaries to its employees. Certain sections of employees resorted to sudden absence from work periodically, making it impossible for your Company to maintain its schedule integrity. The Director General of Civil Aviation ("DGCA") suspended your Company's Scheduled Air Operator's Permit ("SOP") on October 5, 2012 and the SOP expired by efflux of time on December 31, 2012. As per civil aviation regulations, your Company has a period of 2 years to renew the SOP. Your Company has submitted its application for renewing your Company's SOP as also a revival plan for renewing the SOP and reviving the operations of your Company in a phased manner, which is under consideration of DGCA.

The revival plan has also been shared with the Lenders to your Company who however have been generally unsupportive of your Company's efforts to revive the airline causing further hardship to your Company. Nevertheless, your Company diligently continues its efforts to bring in fresh infusion of funds into your Company and discussions with various prospective investors are underway, despite the persistent negative media statements being made by the Lenders about your Company as well as the hostile recovery action initiated by the Lenders proving to be a major concern for these investors.

United Breweries (Holdings) Limited ("UBHL"), Dr. Vijay Mallya and Kingfisher Finvest (India) Limited have filed a suit in the Hon'ble Bombay High Court, being Suit No. 311 of 2013 ("the Suit") against the consortium of bankers (Bombay Suit) who have advanced loans to your Company, inter alia, seeking the following reliefs:-

- For a declaration that the Corporate Guarantee dated 21st December, 2010 given by UBHL, the Personal Guarantee dated 21st December, 2010, given by Plaintiff 3 (Dr. Vijay Mallya), the Pledge Agreement dated 21st December, 2010, are void ab-initio and non-est;
- For a permanent order and injunction restraining the Defendants 1 to 18, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon, in furtherance or in any manner giving effect to the impugned Notices dated 16th March, 2013, or from taking any other or further steps to act upon or in furtherance of the Pledge Agreement dated 21st December, 2010, save and except in accordance with the procedure set out in clause 8.1 of the MDRA, issuing a notice thereunder;

- (c) *For an order and declaration that the transfer of 26,46,155 and 1,00,00,000 equity shares in USL and MCFL respectively held by Plaintiff 1 (UBHL), from the DP Account of Plaintiff 1 to the DP Account of Defendant 18, done pursuant to the impugned Notices is without the authority of law and void;*
- (d) *That Defendants 1 to 18 be ordered and directed by a mandatory order of this Hon'ble Court to restore status quo ante for all acts, deeds and things done pursuant to the said impugned Notices;*
- (e) *For a permanent order and injunction restraining the Defendants 1 to 18, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon or in furtherance of the Corporate Guarantee dated 21st December, 2010 given by UBHL, the Personal Guarantee dated 21st December, 2010, given by Plaintiff 3 (Dr. Vijay Mallya) and the Pledge Agreement dated 21st December, 2010;*
- (f) *That an order and decree of damages of the sum of Rs. 3199.68 crores as set out in the Particulars of Claim be awarded to the Plaintiffs;*
- (g) *Pending hearing and final disposal of the Suit, for a temporary order and injunction restraining the Defendants 1 to 18, their servants, agents or assigns, or any other persons claiming by, through or under them or any of them, from acting upon, in furtherance or in any manner giving effect to the impugned Notices dated 16th March, 2013, or from taking any other steps to act upon or in furtherance of the Pledge Agreement dated 21st December, 2010, save and except in accordance with the procedure set out in clause 8.1 of the MDRA, including issuing a notice thereunder;*
- (h) *Pending hearing and final disposal of the Suit, for a temporary order and injunction restraining the Defendants 1 to 18, their servants, agents or assigns, or any other persons claiming by, through or under them or any of them, from acting upon or in furtherance of the Corporate Guarantee dated 21st December, 2010 given by UBHL, the Personal Guarantee dated 21st December, 2010, given by Plaintiff 3 (Dr. Vijay Mallya) and the Pledge Agreement dated 21st December, 2010.*

Your Company is a party defendant to the Suit, but no reliefs are sought against your Company. The Plaintiffs in the Suit

moved an application in the Suit seeking ad-interim relief and pressed for a temporary order and injunction restraining the consortium of bankers, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon, in furtherance or in any manner giving effect to the impugned Notices dated March 16, 2013, or from taking any other or further steps to act upon or in furtherance of the pledge agreement, save and except in accordance with the procedure set out in clause 8.1 of the MDRA, including issuing of a notice thereunder. By an order dated April 2, 2013 the Hon'ble Bombay High Court declined the interim relief to the extent pressed for by the Plaintiffs at the aforesaid hearing. The consortium of banks have sold the shares pledged but the said sale of shares is still under challenge as the order passed by the Hon'ble Bombay High Court was at an ad-interim stage, and therefore still sub-judice. The Suit is pending before the Hon'ble Bombay High Court.

Your Company has also received recall notice dated April 2, 2013 from the State Bank of India ("Lender's Agent"), calling upon your Company to forthwith pay the entire alleged principal and all accrued interest on and all other monies in respect of the various facilities aggregating to Rs. 6493.29 crores, failing which they would initiate steps for recovery.

Your Company also received Notice dated May 3, 2013, issued jointly by SBICAP Trustee Company Ltd. and State Bank of India as Lenders' Agent to your Company purportedly under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI ACT"), calling upon your Company to discharge the alleged outstanding liability of Rs. 6,027.42 crores (Rupees Six Thousand Twenty Seven Crores and Forty Two Lacs only) together with interest from April 1, 2013 and all other incidental expenses, to the Lender Banks within 60 (sixty) days from the date of the Notice, failing which SBICAP Trustee Company Limited would exercise its rights under Section 13(4) of the SARFAESI Act with respect to the secured assets listed in Annexure 1 to the said Notice. United Breweries (Holdings) Limited and Dr. Vijay Mallya have also been served with similar notices as alleged Guarantors on behalf of your Company. Your Company has challenged the legality and validity of these notices and is in consultation with its legal advisors to take other steps as may be advised by the legal advisors to protect your Company's interests.

Thereafter the Lenders have filed proceedings before the Debt Recovery Tribunal ("DRT") at Bangalore. Your Company is in the process of consulting its legal advisors to protect its interests in these proceedings.

Your Company's immovable property viz Kingfisher House is subject matter of a Notice of Attachment from Service Tax authorities and Possession Notice by SBICAP Trustee Company Limited on behalf of the consortium of banks. Your Company is in the process of seeking legal advise in this regard.

In view of operating losses incurred during the year, your Directors do not recommend payment of any dividend.

Subsidiary

The statement of your Company's interest in its only subsidiary, Vitae India Spirits Limited, as at March 31, 2013, prepared in accordance with the provisions of Section 212(3) of the Companies Act, 1956 is attached to the Balance Sheet.

Outlook

Your Company is confident that the persistent and committed efforts of the management to bring in fresh infusion of funds will be successful, provided that the Lenders show interest and commitment in reviving the operations of your Company instead of the current hostile and negative approach that is proving a major cause of concern to investors.

Capital

During the year under review, your Company's Authorised Share Capital remained unchanged at Rs. 42,500,000,000/- comprising of 1,650,000,000 Equity Shares of Rs. 10/- each and 2,600,000,000 Preference Shares of Rs. 10/- each.

During the year under review, the Issued, Subscribed and Paid-up Share Capital of your Company has increased from Rs. 11,307,472,740/- divided into 577,647,274 Equity Shares of Rs. 10/- each and 553,100,000 8% Cumulative Redeemable Preference Shares of Rs. 10/- each to Rs. 13,618,229,900/- divided into 808,722,990 Equity Shares of Rs. 10/- each and 553,100,000 8% Cumulative Redeemable Preference Shares of Rs. 10/- each on account of the conversion of 50,956,985 8% Optionally Convertible Debentures of Rs. 100/- each into 231,075,716 equity shares of Rs. 10/- each.

Depository System

The trading in the equity shares of your Company is under compulsory dematerialization mode. As of date, equity shares representing 99.91% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are

requested to take advantage of the same and avail of the facility of dematerialization of your Company's shares.

Auditors' Report

As regards the observations in point no. 1 of the Auditors' Report, your Company has adopted the Exposure draft on Accounting Standard – 10 (Revised) 'Tangible Fixed Assets' which allows such costs on major repairs and maintenance incurred to be amortized over the incremental life of the asset. Your Company has extended the same treatment to costs incurred on major repairs and maintenance for engines pertaining to aircrafts acquired on Operating Lease.

As regards the observations in point no. 3 of the Auditors' Report, the note numbers 34, 44, 46, 49, 52, 53 & 56 of Notes to Financial Statements are self explanatory.

As regards the observations in point no. 4 of the Auditors' Report, your Company has come to the conclusion that no amount needs to be recognized in the financial statement for impairment loss based on information gathered, both internally as well as external sources, regarding the recoverable amount of assets.

As regards the observations in the Annexure to the Auditors' Report, your Company has taken / is taking necessary steps to ensure improvement in certain procedures and also compliance with relevant laws.

Directors

Mr. Subhash R. Gupte, Director, retires by rotation and, being eligible, offers himself for re-appointment.

As informed to the Members in the last Annual Report, during the year under review, Mr. Manmohan Singh Kapur was appointed as an Additional Director with effect from April 24, 2012. He was appointed as a Director of your Company, liable to retire by rotation at the last Annual General Meeting of your Company, held on September 26, 2012.

The regulations of DGCA require that a person cannot be appointed as Director of an aviation company unless security clearance is obtained from the Government of India. Your Company had made applications for security clearance of the following persons for appointment as Independent Non-Executive Directors:

1. Mr. Shrikant Ruparel – who unfortunately passed away during the pendency of such application.

2. Mr. Subramaniam Santhanakrishnan who was nominated by State Bank of India in its capacity as the Lead Bank of the consortium of Lenders. However, during the pendency of such application, the Lenders suddenly commenced hostile enforcement action against your Company as mentioned hereinabove and rescinded the nomination of Mr. Subramaniam Santhanakrishnan.
3. Mr. Lalit Bhasin – whose application for security clearance is pending.

Your Company is in the process of identifying a few more reputed persons for nomination as Independent Directors subject to such regulatory clearances as may be required.

Auditors

M/s. B. K. Ramadhyani & Co., your Company's Auditors have confirmed that they are eligible for re-appointment at the ensuing Annual General Meeting and it is proposed to re-appoint them and to fix their remuneration.

Listing of Shares of Your Company

All the equity shares of your Company are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fee for the year 2013-14 has been paid to these Stock Exchanges.

Corporate Governance

A report on Corporate Governance is annexed separately as part of this Report along with a certificate of compliance from a Company Secretary in Practice. Necessary requirements of obtaining certifications/ declarations in terms of Clause 49 have been complied with.

Management Discussion and Analysis

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report is annexed and forms an integral part of the Annual Report.

Human Resources

The information required to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, have been included as an annexure to this Report.

Employee Stock Option Plan (ESOP)

Your Company had approved ESOP 2011 at the Annual General Meeting of your Company held on September 28, 2011. As on date, your Company has not granted any options under ESOP 2011.

ESOP 2005/06 have been discontinued effective September 28, 2011 and no further options have been granted in terms of ESOP 2006.

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956 and the rules framed there under are not applicable to your Company.

The relevant information relating to Foreign Exchange Earning and Outgo appears in the Note No. 31 (a) to (e) to the Financial Statements.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to the Financial Statements of your Company for the year ended March 31, 2013, the Board of Directors reports that:

- in the preparation of the Accounts for the year ended March 31, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2013 and of the Loss of your Company for the year ended March 31, 2013;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- the accounts for the year ended March 31, 2013, have been prepared on a going concern basis.

Thank You

Your Directors place on record their sincere appreciation for such of the stakeholders that have continued to support your Company.

For and on Behalf of the Board of Directors

Goa
August 14, 2013

Dr. Vijay Mallya
Chairman & Managing Director

**STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A)
OF THE COMPANIES ACT, 1956 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**
Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs. 60,00,000 per annum

SL. NO.	NAME	AGE	DESIGNATION / NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YRS.	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
1	ANNU PRAVIN GAIKWAD	31	CAPTAIN	6,951,618	10+2, ATPL	12	16.07.2007	Air Deccan
2	ANSHAY MALHOTRA	25	CAPTAIN	6,213,585	HSC, ATPL	6	18.06.2007	Fresher
3	BED PRAKASH UPRETI	49	CAPTAIN	6,808,361	M. A.	28	01.04.2005	NECON AIR
4	BHANUMOHAN KAILA	45	VICE PRESIDENT - AGENCY SALES (WEST & SOUTH INDIA)	6,840,127	B.A., DHM, PGDBM	24	01.12.2006	United Spirits Ltd.
5	CHIRAG THAKKAR	28	CHECK PILOT	7,610,693	10+2, ATPL	9	13.06.2005	Air Deccan
6	DIMITRIOS SIPSAS	61	CAPTAIN	7,364,048	ATPL	12	27.01.2010	Olympic Aviation
7	DUMISANI MOYO	52	CAPTAIN	8,344,673	ATPL	30	01.06.2007	Oman Air
8	G SUMI RAJAKUMAR	28	CAPTAIN	6,699,360	10 +2, CPL	8	04.08.2006	Air Deccan
9	GEORGIOS MAVROEIDIS	58	CAPTAIN	7,037,173	ATPL	13	01.09.2010	Olympic Aviation
10	HITESH PATEL	48	EXECUTIVE VICE PRESIDENT	38,715,402	MBA	29	18.01.2005	Jet Blue
11	INDERPREET SINGH	34	MANAGER - FOQA (ATR)	6,974,910	10+2 ATPL	12	03.03.2008	Continental Airlines
12	IOANNIS FRAGKOS	55	CAPTAIN	7,037,173	ALTP	17	01.09.2010	Olympic Aviation
13	IVAN JALALUDDIN	49	EXAMINER	7,178,143	HSC / ATPL	27	17.02.2008	Air India
14	JAYDEEP BRAHMBHATT	27	CAPTAIN	6,822,018	HSC, ATPL	7	06.05.2006	Fresher
15	KOTHANDARAM KRISHNA REDDY	54	CAPTAIN	6,615,152	10+2, ATPL	34	03.08.2009	IAF
16	M S VENKATESHWAR	48	CAPTAIN	6,183,302	10+2 ATPL	29	08.05.2009	IAF
17	MADHUKRISHNA R D	36	CAPTAIN	6,792,985	10+2, ATPL	15	21.04.2004	Air Deccan
18	MANOJ KUMAR AGARWAL	49	CAPTAIN	6,641,194	10+2, ATPL	30	14.05.2009	IAF
19	MARIA PATRICIA MONTA	57	CAPTAIN	6,873,735	ATPL	36	07.05.2006	Air Aces
20	MURALI RAMACHANDRAN	43	SR. VICE PRESIDENT - GROUND SERVICES	7,007,166	IHM	22	01.11.2008	Jet Airways
21	N N KASHIB	51	CAPTAIN	6,729,360	10+2, ATPL	32	15.06.2005	Air Deccan
22	N S KADIAN	57	CHECK PILOT	6,428,518	10+2, ATPL	38	16.05.2006	Air Deccan
23	NAVEEN CHAWLA	42	VICE PRESIDENT - INTERNATIONAL SALES	6,083,960	MBA	22	19.04.2010	Qatar Airways
24	NAVEEN RAHI	48	CAPTAIN	6,872,068	10+2, ATPL	29	01.04.2009	IAF
25	NIELS PEDER TERNVING	64	CAPTAIN	10,992,360	ATPL	29	25.07.2008	Scandinavian
26	PETER ANDREW FIWA	47	CAPTAIN	6,873,736	Deg in C Eng, ATPL, TRI	25	17.08.2006	Air Malawi
27	PRAVEEN SHARMA	52	CHECK PILOT	6,601,460	M. Sc.	31	01.10.2005	Tata Steel
28	PRAVIN VIJAY GAIKWAD	36	CAPTAIN	6,797,202	10+2, ATPL	15	16.07.2007	Air Deccan
29	PRIYA PAUL	40	CHECK PILOT	7,419,360	10+2, ATPL	19	24.09.2007	Fresher
30	PUNEET GROVER	44	CHECK PILOT	6,249,360	ATPL	23	14.07.2007	Air Sahara
31	RAJESH VERMA	54	EXECUTIVE VICE PRESIDENT	13,362,218	B. A., PGDBM	28	20.06.2006	Jet Airways
32	RAJU RAJBANSHI	50	CAPTAIN	6,644,923	ATPL	29	16.06.2005	ROYAL NEPAL AIRLINES
33	RANBIR MOHAN	63	EXAMINER	7,036,936	10+2, ATPL	43	18.09.2009	Indian Airlines
34	RICARDO JARAMILLO	42	CAPTAIN	8,017,798	ATPL	20	01.05.2007	Serca Aeropurto El Dorado Bogota
35	RONALD NAGAR	63	SR. VP - OPERATIONS & TRAINING	11,609,340	ISC	38	19.02.2008	Indian Airlines
36	SAMARJEET SINGH CHEEMA	36	DGM - FLIGHT OPERATIONS DEL	7,509,360	10+2, ATPL	15	30.05.2005	Air Deccan
37	SANJAY AGGARWAL	44	CEO	33,927,986	M. S.	18	27.09.2010	Spice Jet
38	SERGIO CARRASCO	43	CAPTAIN	7,364,048	ATPL	22	21.02.2006	Air Aces
39	SHAILAJA GOPINATH	34	CAPTAIN	6,830,160	CPL	13	19.01.2007	Air Mahawaty Newzealand
40	SHITAL PATEL	38	CAPTAIN	6,699,985	ATPL	17	26.07.2008	Aer Arrann
41	SIKANDAR SHARMA	34	DEPUTY CHIEF - FLIGHT SAFETY	7,096,568	H.S.C.	12	15.01.2005	Jet Airways
42	SOURAV SINHA	46	SR. VP & CHIEF INFORMATION OFFICER	8,265,174	M. Tech.	21	27.06.2008	Qatar Airways
43	SUNDARESAN NAGARAJAN	55	HEAD - CORPORATE FINANCE	8,307,360	CA	31	01.11.2011	United Spirits Limited
44	TALMAT AMAR FERMAT	64	CAPTAIN	7,364,048	ATPL	42	02.05.2008	Air Algeria
45	V SATISH KUMAR	40	CHECK PILOT	7,347,360	10+2, ATPL	19	17.02.2006	Air Deccan
46	VIJAY K. ARORA	60	EXECUTIVE DIRECTOR - GLOBAL SALES	7,850,551	B. A.	36	01.12.2006	United Spirits Ltd.
47	VIJAY KAMAL	54	CHECK PILOT	6,567,110	HSC, ATPL	34	01.05.2005	Air Deccan
48	YOGESH PREMCHANDAANI	31	CAPTAIN	6,729,860	B.E- IT, ATPL	6	09.01.2007	Air Sahara
49	ZORAN RAKIC	52	CAPTAIN	9,129,453	ATPL	30	01.06.2007	Jet Airways

STATEMENT OF PARTICULARS OF EMPLOYEES (Contd.)



Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs. 5,00,000 per month

SL. NO.	NAME	AGE	DESIGNATION / NATURE OF DUTIES	REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE IN YRS.	DATE OF COMMENCEMENT OF EMPLOYMENT	PARTICULARS OF PREVIOUS EMPLOYMENT
1	AADITIYA J. GARG	29	CHECK PILOT	2,464,120	10+2, ATPL	6	10.04.2007	Air Deccan
2	ARPIT CHHATWAL	25	CAPTAIN	6,625,948	HSC, ATPL	5	10.12.2007	Fresher
3	ASHISH RANJAN	52	CHECK PILOT	3,267,447	10+2, ATPL	33	01.05.2004	Air Deccan
4	AVNI DOGRA	45	CHECK PILOT	5,089,707	HSC / CPL	24	23.10.2007	Air Sahara
5	B. N. KISHORE	50	CAPTAIN	3,424,976	ATPL	29	22.12.2008	IAF
6	BABU Y S	54	INSTRUCTOR	2,707,287	10+2, ATPL	34	02.05.2004	Air Deccan
7	DHIRAJ BALIRAM KANASE	43	CHECK PILOT	1,039,544	B. A.	22	04.08.2005	Indian Air Force
8	DINESH KANT SHARMA	51	EXAMINER	2,287,152	B. Sc.	27	03.01.2005	IAF
9	GAUTAM MALHOTRA	30	CAPTAIN	1,566,519	HSC, ATPL	10	01.04.2009	AIR DECCAN
10	INDIRA S. MITTRA	47	DGM - FLIGHT OPERATIONS MAA / CCU	3,421,644	ATPL	26	01.01.2009	Air Deccan
11	JASBIR SINGH	57	CAPTAIN	1,365,006	MBA	28	17.09.2007	Reliance Group
12	KARL J KATRAK	34	CHECK PILOT	2,346,158	10+2, ATPL	13	27.09.2003	Air Deccan
13	KRISHNAMURTHY SHANKAR	49	SYNTHETIC FLIGHT INSTRUCTOR	3,855,428	H.S.C.	26	09.05.2005	IAF
14	MAHESH KUMAR SHARMA	44	CHECK PILOT	3,267,174	10+2, ATPL	22	09.06.2003	Air Deccan
15	MANOJ CHACKO	43	EVP - COMMERCIAL	4,204,680	MBA	20	21.12.2009	AMEX
16	MANOJ T. DURUTKAR	33	SR. AIRCRAFT MAINTENANCE ENGINEER (A&C)	629,274	AME Diploma	8	20.06.2006	Indian Airlines
17	MOHNISH S. CHADDA	47	EXAMINER (SECONDED FLIGHT OPERATIONS INSPECTOR, DG	4,686,074	H.S.C.	25	07.11.2005	Air Lanka
18	NATASHA GUPTA	25	CAPTAIN	6,666,191	P.U.C.	3	24.05.2007	Fresher
19	NIRBHAY SINGH	33	CAPTAIN	682,206	10+2, ATPL	12	01.04.2003	Air Deccan
20	NITIN ANAND	41	HEAD - FLIGHT SAFETY	6,754,252	H.S.C.	20	23.11.2006	Air Deccan
21	P. ABHIJIT BHUSHAN	49	CAPTAIN	1,678,512	H.S.C.	28	03.01.2005	Jet Airways
22	PRAMOD SHARMA	51	EXAMINER	6,025,895	H.S.C.	28	07.03.2006	Indian Airlines
23	PRATIK C. MEHTA	34	CAPTAIN	619,866	B.Sc	12	16.12.2005	JET AIRWAYS
24	R. SENTHIL VELAN	40	SHIFT MANAGER (A&C)	662,900	AME Diploma	18	13.04.2007	Jet Airways
25	RAJESH MALIK	44	EXAMINER	6,553,580	H.S.C.	22	24.06.2005	Singapore Airlines
26	RAJIB BHATTACHARYYA	45	INSTRUCTOR	6,058,580	H.S.C.	24	28.04.2006	Alliance Air
27	RAJIV KOTHIYAL	54	EXAMINER	2,306,346	10+2, ATPL	29	01.01.2009	Air Deccan
28	RAKESH KAPOOR	47	EXAMINER	6,179,580	10+2, ATPL	26	15.04.2008	IAF
29	RANJAN SAIKIA	43	CAPTAIN	742,079	10+2, ATPL	21	27.09.2007	Fresher
30	RAVI NATHAN	52	CAPTAIN	1,056,560	10+2, ATPL	33	08.06.2003	Air Deccan
31	REHAL H S	55	CHECK PILOT	1,179,340	10+2, ATPL	36	21.04.2004	Air Deccan
32	S. KASTURI CHARI	43	SHIFT MANAGER (A&C)	662,900	AME Diploma	21	19.04.2007	Jet Airways
33	SAMIR SHEOPORI	61	CAPTAIN	2,031,412	H.S.C.	31	03.01.2005	Alliance Air
34	SANJEEV MARWAH	45	AVP - FLIGHT OPERATIONS TRAINING	3,670,732	H.S.C.	23	07.03.2006	Indian Airlines
35	SAUGATA SENGUPTA	35	SR. AIRCRAFT MAINTENANCE ENGINEER (A&C)	704,359	AME Diploma	9	20.01.2006	Sahara Airlines
36	SRINIVAS RAO	45	CAPTAIN	3,098,513	B. Sc.	24	03.10.2006	Sri Lankan Airways
37	SUMANT MISRA	46	GENERAL MANAGER - FLIGHT OPERATIONS	7,887,309	H.S.C.	25	15.06.2005	Singapore Airlines
38	SYRUS S. MAZDA	56	CAPTAIN	1,934,828	H.S.C.	32	01.09.2005	Blue Dart Aviation
39	VANDITA VERMA	27	CAPTAIN	6,327,661	B. Sc., ATPL	5	10.12.2007	Fresher
40	VARINDAR NATH SHARMA	59	SENIOR EXECUTIVE PILOT	5,563,580	10+2, CHPL	39	21.09.2009	Global Vectra Helicorptor / IAF
41	VIKRAM KAPOOR	44	INSTRUCTOR	6,079,542	B. Com.	23	03.10.2006	Sahara Airlines
42	VIMAL ROY	41	GENERAL MANAGER - FLIGHT OPERATIONS TRAINING	7,653,580	H.S.C.	19	03.01.2005	Jet Airways
43	VISHOK MANSINGH	48	AVP - ENGINEERING LOGISTICS & SYSTEMS	5,077,215	B. E.	27	05.08.2008	Blue Dart Aviation Ltd
44	VISHWAS GANESH DATAR	56	CAPTAIN	4,409,239	ATPL	34	17.11.2008	IAF

Notes :

1. Remuneration as shown above includes Salary, House Rent Allowance, Company's contribution to Provident Fund, value of Residential Accommodation and monetary value of perquisites as per Income Tax Rules.
2. No Employee is on Contract Employment. Other Terms and Conditions are as per Service Rules of the Company from time to time.

For and on Behalf of the Board of Directors

Goa
August 14, 2013

Dr. Vijay Mallya
Chairman & Managing Director

1. Company's Philosophy on Corporate Governance

Your Company is committed to excellence in corporate governance practices and recognizes that good corporate governance is a continuous exercise. Your Company aims at achieving transparency, accountability, equity and ethics in all facets of its operations and in all interaction with its stakeholders. Your Company believes that all its operations and actions must result in enhancement of overall shareholder value over a sustained period of time without compromising in any way compliance with laws and regulations.

2. Board of Directors

During the financial year under review, effective April 24, 2012, your Company's Board of Directors comprised

4 Directors (1 Executive Director and 3 Non-Executive Directors) as follows:

• Dr. Vijay Mallya	– Chairman & Managing Director
• Mr. Subhash R. Gupte	– Vice Chairman & Non – Executive Director
• Mr. A. K. Ravi Nedungadi	– Non – Executive Director
• Mr. Manmohan Singh Kapur	– Non – Executive Independent Director

During the year under review, Nine Board Meetings were held i.e. on April 10, 2012, April 24, 2012, May 30, 2012, June 23, 2012, June 29, 2012, August 10, 2012, November 7, 2012, December 12, 2012 and February 4, 2013.

Attendance of each Director at the Board Meetings during the year under review and at the last Annual General Meeting and details of number of outside Directorships and Committee position(s) held by each of your Directors as on date are given below:

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on September 26, 2012	# No. of Other Companies in which Director	No. of Committees (other than your Company) in which Chairman/ Member
1.	Dr. Vijay Mallya	Chairman & Managing Director	7	Yes	16	Nil
2.	Mr. Subhash R. Gupte	Vice Chairman & Non-Executive Non-Independent Director	7	Yes	6	3 (Chairman of 2)
3.	Mr. A. K. Ravi Nedungadi	Non-Executive Non-Independent Director	8	Yes	4	4 (Chairman of 1)
4.	Mr. Manmohan Singh Kapur	Non-Executive Independent Director	6	Yes	10	9 (Chairman of 2)

NOTE:

The above details are in respect of their Directorship only in Indian Companies.

- Out of 16 other companies in which Dr. Vijay Mallya is a Director, 6 are Private Limited companies and 1 is a company incorporated under Section 25 of the Companies Act, 1956.
- Out of 6 other companies in which Mr. Subhash R. Gupte is a Director, 2 are Private Limited companies and 1 is a company incorporated under Section 25 of the Companies Act, 1956.
- Out of 4 other companies in which Mr. A. K. Ravi Nedungadi is a Director, 1 is a Private Limited company.
- Out of 10 other companies in which Mr. Manmohan Singh Kapur is a Director, 2 are Private Limited companies.

As informed to the Members in the last Annual Report, the composition of the Board is below the minimum requirement specified in Clause 49 of the Listing Agreement, wherein at least half of the Board should comprise of Independent

Directors. Your Company has taken and continues to take proactive steps to achieve compliance with the listing requirements. However, in case of airline companies, your Company is further required to comply with the Civil

Aviation Requirement (“CAR”) prescribed by the Director General of Civil Aviation, more specifically CAR Section 3- Air Transport Series ‘ C’ Part II dated 01st March, 1994, pursuant to which Directors shall be appointed only after their security clearance. As you are aware, the applications made by your Company for obtaining prior security clearance in respect of Mr. Shrikant Ruparel, Mr. Lalit Bhasin and Mr. Subramaniam Santhanakrishnan for appointing them as Independent Directors of your Company are pending with the Ministry of Civil Aviation. In this context, your Company regrets to inform of the sad demise of Mr. Shrikant Ruparel on February 11, 2013 during the pendency of such application. Further, as mentioned in the Directors Report, State Bank of India, in its capacity as the Lead Bank and the Lender’s Agent, rescinded the nomination of Mr. Subramaniam Santhanakrishnan as a Director on the Board of your Company during the pendency of the application. Your Company is in the process of identifying a few reputed persons for nomination as Independent Directors subject to such regulatory clearances as may be required.

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTOR

Director retiring by rotation and seeking re-appointment

Mr. Subhash R. Gupte is a Chartered Accountant with over four decades of corporate, financial, administration and personnel experience. He has over two decades experience in the Aviation Industry and served as the Acting Chairman and Managing Director of Air India prior to joining the UB Group. He is the Vice-Chairman of the UB Group and has served in that capacity for over 21 years.

The details of his Directorship in other Indian Companies are as under:

Other Directorships	Position held
Sanofi India Limited (formerly Aventis Pharma Limited)	Director
Mangalore Chemicals & Fertilizers Limited	Director
UB Electronic Instruments Limited	Chairman
United Helicharters Private Limited	Chairman
VJM Media Private Limited	Chairman
Federation of Indian Chambers of Commerce & Industry (FICCI)	Executive Committee Member

He holds the following other Committee positions:

Name of the Committee	Position held
Audit Committee	
Sanofi India Limited (formerly Aventis Pharma Limited)	Chairman
Mangalore Chemicals & Fertilizers Limited	Member
Shareholders/Investors Grievance Committee	
Sanofi India Limited (formerly Aventis Pharma Limited)	Chairman

Mr. Subhash R. Gupte does not hold any shares in your Company.

3. AUDIT COMMITTEE

The Audit Committee was constituted on December 21, 2005 to meet the requirements under both the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, no meetings of the Committee were held.

Consequent upon the resignations of the Independent Directors viz Diwan Arun Nanda, Mr. Anil Kumar Ganguly and Mr. Ghyanendra Nath Bajpai from the Board, who were also Members of the Audit Committee, your Company was unable to meet the requirement of the Listing Agreement that atleast two third of the members of Audit Committee shall be Independent Directors for reasons already set out hereinabove. Once your Company obtains necessary security clearances for adequate number of Independent Directors, the Audit Committee will be constituted to ensure compliance with the listing agreement.

The current composition of the Committee is as given below:

- Mr. A. K. Ravi Nedungadi
- Mr. Manmohan Singh Kapur

The terms of reference to the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, (besides some other functions as are referred to it by the Board of Directors) which are as follows:

- Regular review of accounts, accounting policies, disclosures, etc.

- Review of the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Qualifications in the draft audit report.
- Establishing and reviewing the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- The Committee shall have post audit discussions with the independent auditors to ascertain any area of concern.
- Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems.
- To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.
- To look into the matters pertaining to the Directors' Responsibility Statement with respect to compliance with Accounting Standards and Accounting Policies.
- Compliance with Stock Exchange legal requirements concerning financial statements to the extent applicable.
- The Committee shall look into any related party transactions i.e., transactions of your Company of a material nature, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- Appointment and remuneration of statutory and internal auditors.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

4. SHARE ALLOTMENT, TRANSFERS AND INVESTOR GRIEVANCE COMMITTEE

The Share Allotment, Transfers and Investor Grievance Committee was constituted on December 21, 2005 to operate in terms of the provisions related thereto in

the Listing Agreements with the Stock Exchanges and/or the provisions as prescribed or may be prescribed in this regard by the Companies Act, 1956.

During the year under review, the said Committee comprised of the following Directors:

- Mr. Subhash R. Gupte
- Mr. A. K. Ravi Nedungadi

Mr. Bharath Raghavan, Chief Legal Officer & Company Secretary, is the Compliance Officer of your Company.

During the year under review, one meeting of the Committee was held on September 26, 2012.

Your Company/ Company's Registrars received 3 complaints during the financial year, all of which were resolved to the satisfaction of shareholders/ investors.

There are no complaints or transfer of shares pending as on March 31, 2013.

5. REMUNERATION & COMPENSATION COMMITTEE

The Remuneration Committee originally constituted on March 16, 2005 was reconstituted as the Remuneration & Compensation Committee on October 15, 2008. The Committee is authorized, inter alia, to deal with matters relating to framing policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of top executives, remuneration of Directors, strategies for attracting and retaining employees, employee development programmes and other key issues referred by the Board of Directors of your Company.

Consequent upon resignation of Diwan Arun Nanda, the Committee now comprises only Mr. A. K. Ravi Nedungadi. No meetings of the Committee were held during the year under review. Your Company will reconstitute the Committee in compliance with the provisions of the listing agreement once your Company identifies a few reputed persons for nomination as Independent Directors and obtains such regulatory approvals as may be required for their appointment as Directors of your Company.

Mr. Bharath Raghavan, Chief Legal Officer & Company Secretary, is the Secretary to the Committee.

a) Sitting fees of Non-Executive Directors:

Name of the Director	Fees paid for attending Board/ Committee Meetings (Rs.)
Mr. Subhash R. Gupte	1,70,000
Mr. A. K. Ravi Nedungadi	2,00,000
Mr. Manmohan Singh Kapur	1,20,000

None of the Non-Executive Directors of your Company have any pecuniary relationship or transaction with your Company.

b) Shareholding of Non Executive Directors during the year under review:

None of the Non-Executive Directors owned any shares on beneficial basis during the year under review.

6. GENERAL BODY MEETINGS

The details in respect of the last three Annual General Meetings are furnished as under:

Financial Year	Date	Time	Venue
2009-2010	September 30, 2010	12.45 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.
2010-2011	September 28, 2011	11.30 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.
2011-2012	September 26, 2012	2.30 p.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore – 560 025.

All the resolutions set out in the Notices, including Special Resolutions were passed by the Shareholders.

Postal Ballot

Your Company has not passed any resolution at the above Annual General Meetings which was required to be passed through Postal Ballot as per the provisions of the Companies Act, 1956 ("the Act") and the rules framed thereunder.

Your Company has not conducted any Postal Ballot exercise for passing any resolution during the year under review.

At this meeting also, there is no special resolution requiring passing by way of Postal Ballot.

No special resolution is proposed to be passed through Postal Ballot at present.

7. DISCLOSURES

During the year under review, there were no materially significant related party transactions with your Company's promoters, the Directors or the management their subsidiaries or relatives that may have potential conflict with the interests of your Company at large. Details of related party transactions form part of Notes to Accounts.

During the year under review, your Company has complied with all the statutory requirements comprised in the Listing Agreement Regulations / Guidelines / Rules of the Stock Exchanges / SEBI / other statutory authorities except in respect of the composition of Independent Directors on the Board of Directors and Audit Committee, for reasons beyond its control, as set out hereinabove.

There were no other instances of non-compliance by your Company nor have any penalties, strictures have been imposed by stock exchanges or SEBI or any statutory authorities, on any matter related to capital markets, during the last three years.

8. MEANS OF COMMUNICATION

The unaudited quarterly, half-yearly results are sent to all the Stock Exchanges where the shares of your Company are listed. The results are normally published in Business Standard and Vijaya Karnataka. The audited financial results for the year ended March 31, 2013 were published in the Financial Chronicle and Kannada Prabha.

The results and presentation to analysts/ investors are displayed on your Company's website www.flyingfisher.com.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion & Analysis Report forms part of this Annual Report.

10. GENERAL SHAREHOLDERS' INFORMATION

a)	Annual General Meeting	
	Date	September 24, 2013
	Time	1.30 p.m.
	Venue	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.
b)	Financial Year	April 1, 2012 to March 31, 2013
c)	Dates of Book Closure	September 19, 2013 to September 24, 2013 (both days inclusive)
d)	Dividend Payment Date	Your Company has not declared any dividend for the period April 1, 2012 to March 31, 2013.
e)	Listing Fees	The listing fees for the year 2013-14 have been paid to both the Stock Exchanges where your Company's equity shares are listed.
f)	Registered Office	UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore 560 001.

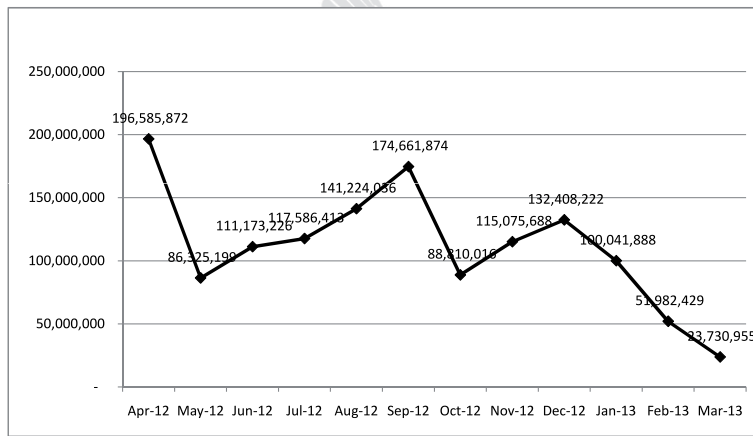
g)	Listing on Stock Exchanges in India	Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai - 400 001. National Stock Exchange of India Limited, Exchange Plaza, C/1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
h)	Stock Code	BSE- 532747 NSE- SYMBOL - KFA
i)	ISIN No.	INE438H01019
j)	Financial Calendar for the period April 1, 2013 to March 31, 2014 is as given below:	
	First Quarter Results	By August 14, 2013
	Second Quarter Results	By November 14, 2013
	Third Quarter Results	By February 14, 2014
	Audited Financial Results for the Year 2013-14	By May 30, 2014
k)	Market Price Data	The shares of your Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The table below sets out the monthly high and low quotations of the shares traded during the year under review. Your Company's Management cautions the readers that the share price performance shown in the table below should not be considered to be indicative of the share price in the future.

I) Share Price of your Company

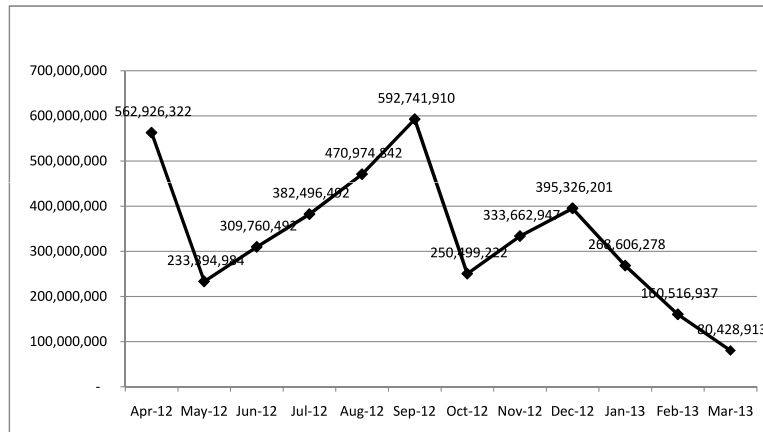
Month	ON BSE				ON NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (Nos.)
April 2012	21.00	13.00	15.25	196585872	21.20	14.25	15.25	562926322
May 2012	15.55	10.20	10.50	86325199	15.50	10.35	10.50	233394984
June 2012	14.25	10.05	12.05	111173226	14.45	9.85	12.10	309760492
July 2012	12.58	9.35	9.40	117586413	12.55	9.20	9.40	382496492
August 2012	10.36	7.01	8.91	141224036	11.90	7.05	9.00	470974842
September 2012	17.18	8.61	16.12	174661874	17.20	8.50	16.15	592741910
October 2012	15.35	9.90	12.60	88810016	15.35	9.85	12.60	250499222
November 2012	14.86	11.93	13.28	115075688	14.80	11.95	13.35	333662947
December 2012	18.09	12.74	14.92	132408222	18.00	12.70	14.90	395326201
January 2013	15.45	12.41	12.78	100041888	16.15	12.40	12.80	268606278
February 2013	13.45	9.13	9.70	51982429	13.50	9.10	9.80	160516937
March 2013	10.35	7.93	7.98	23730955	10.50	7.95	8.00	80428913

Your Company's performance for the period from April 1, 2012 to March 31, 2013 vis-à-vis BSE Sensex & NSE NIFTY:

Your Company vis-à-vis BSE



Your Company vis-à-vis NSE



m) Registrar and Share Transfer Agents

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Tel. No. : 91 - 040 - 44655000
Fax No. : 91 - 040 - 23420814
Email : einward.ris@karvy.com

n) Share Transfer System

The power to consider and approve share transfers/ transmission/ transposition/ consolidation/ subdivision etc. has been delegated to a Committee of Directors as indicated under the heading "Share Allotment, Transfers and Investor Grievance Committee". The Committee meets when necessary. The requirements under the Listing Agreement/ Statutory regulations in this regard are being followed.

o) Distribution of Shareholding as on March 31, 2013

Shareholding of nominal value (Rs.)	Shareholders		Share Amount	
	Number	% to total	In Rs.	% to total
upto - 5,000	164,067	68.82	291,981,530	3.61
5,001 - 10,000	32,837	13.77	286,920,090	3.55
10,001 - 20,000	18,093	7.59	291,759,950	3.61
20,001 - 30,000	6,901	2.89	182,103,700	2.25
30,001 - 40,000	3,355	1.41	122,834,070	1.52
40,001 - 50,000	3,480	1.46	167,874,110	2.08
50,001 - 100,000	5,132	2.15	398,453,340	4.93
100,001 and above	4,523	1.90	6,345,303,110	78.46
Total	238,388	100.00	8,087,229,900	100.00

p) Shareholding Pattern as on March 31, 2013

Sl. No.	Name of Shareholder	No. of shares	% of holding
1.	Promoter and Promoter Group	259,792,433	32.12
2.	Financial Institutions / Banks	103,280,636	12.77
3.	Insurance Companies	1,136,595	0.14
4.	Bodies Corporate	117,434,156	14.52
5.	Individuals	300,574,693	37.18
6.	Trusts	38,772	0.00
7.	Clearing Members	7,962,887	0.98
8.	Foreign Institutional Investors	6,882,868	0.85
9.	Non Resident Indians	10,914,150	1.35
10.	Foreign Nationals	705,800	0.09
	Total	808,722,990	100.00

q) Percentage of Shares held in Physical & Electronic Form as on March 31, 2013

Sl. No.	Category	Holders	Total Shares	% To Equity
1.	Physical	34	725,339	0.09
2.	NSDL	158,404	582,221,626	71.99
3.	CDSL	79,950	225,776,025	27.92
Total		238,388	808,722,990	100.00

Your Company has not issued GDRs/ADRs/Warrants.

During the year under review, 50,956,985 8% Optionally Convertible Debentures of Rs. 100/- each were converted into 231,075,716 equity shares of Rs. 10/- each.

r) Dematerialisation of Shares

99.91% of the paid-up capital was held in dematerialized form as on March 31, 2013 and as on date.

s) Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, your Company has adopted a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel, a copy of which is available at your Company's website, www.flykingfisher.com. All members of the Board and senior management personnel affirmed compliance with the Code for the year ended March 31, 2013 and a declaration to this effect signed by the CEO forms part of this report.

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, your Company has adopted a "Code of Conduct for Prevention of Insider Trading". This Code is applicable to all the Directors and designated employees of your Company.

t) Address for Correspondence

Shareholder correspondence should be addressed to your Company's Registrar and Share Transfer Agents:

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Tel. No. : 91-040-44655000
Fax No. : 91-040-23420814
Email ID : einward.ris@karvy.com

Investors may also write to or contact Mr. Bharath Raghavan, Chief Legal Officer & Company Secretary at:

Kingfisher Airlines Limited
Kingfisher House, Western Express Highway,
Vile Parle (East), Mumbai – 400 099.
Tel No. : 91-022-26262392 Fax No. : 91-022-26262317

In compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, an exclusive email Id, viz investor.relations@flykingfisher.com has been designated for registering complaints by investors, which has been displayed on the website of your Company www.flykingfisher.com.

u) Clause 5A of the Listing Agreement

Pursuant to Clause 5A of the Listing Agreement, your Company's Registrars & Transfer Agents have already sent reminders to all the shareholders whose share certificates were returned undelivered and remained unclaimed. Necessary action is being taken to transfer

the unclaimed shares, in respect of the shareholders who have not yet responded, to a folio in the name of "Unclaimed Suspense Account". The voting rights on such shares shall remain frozen till rightful owners claim the shares.

NON MANDATORY REQUIREMENTS

a.	Remuneration Committee	Your Company has constituted a "Remuneration & Compensation" Committee.
b.	Shareholders Rights	Your Company's half-yearly results are published in English and Kannada newspapers. Hence the same are not sent to the shareholders.
c.	Training of Board Members	The Board of Directors comprises of well experienced and accomplished members and their formal training is considered not necessary.
d.	Whistle Blower Policy	Your Company has a Whistle Blower Policy in place.



CERTIFICATE ON CORPORATE GOVERNANCE

The Members of
Kingfisher Airlines Limited

We have examined the compliance of conditions of Corporate Governance by Kingfisher Airlines Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except to the extent as already mentioned in the Corporate Governance Report.

We state that in respect of investor grievances received during the year ended March 31, 2013, no grievances are pending against the Company as per records maintained by the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Bangalore
August 14, 2013

M. R. GOPINATH
Company Secretary (in practice)
FCS 3812 CP 1030

CEO / CFO CERTIFICATE

In terms of the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the certificates from CEO / CFO have been obtained.

On behalf of the Board of Directors

Goa
August 14, 2013

Dr. Vijay Mallya
Chairman & Managing Director

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics of the Company for the financial year ended March 31, 2013.

Goa
August 14, 2013

Sanjay Aggarwal
Chief Executive Officer

1. Curtailed operations

2013 was a very difficult year for your Company. In March 2012, your Company got suspended from IATA's settlement program, which meant that your Company could not sell tickets through several thousand IATA travel agents in India. While your Company devised a way to sell tickets through a handful of agents which who were willing to enter into a direct settlement agreement with your Company, this however limited our distribution reach to the customers, especially the high paying last-minute corporate clients.

In light of the distribution limitation, your Company significantly curtailed its schedule to prevent flying empty aircraft. Your Company still had to discount the tickets to attract customers due to their dwindling confidence levels. Ongoing media barrage and statements from various stakeholders further compounded the negative customer sentiment.

2. Other challenges and group support

During the year, the rupee continued to depreciate and put further strain on cash flows. Approximately 75% of your Company's operating cost is tied to the US dollar. Fuel prices and interest rates remained high in 2012-2013, leading to significant losses. In the face of reluctance of the Banks to provide much needed working capital, the promoter group continued to fund your Company during this difficult period to pay for fuel, airport charges, salaries, etc. In the 2012-13 fiscal year, the group provided a support of Rs. 1,340 crores to your Company.

Your Company has received recall notice dated April 2, 2013 from the State Bank of India ("Lender's Agent"), calling upon your Company to forthwith pay the entire alleged principal and all accrued interest on and all other monies in respect of the various facilities aggregating to Rs. 6493.29 crores, failing which they would initiate steps for recovery.

Your Company also received Notice dated May 3, 2013, issued jointly by SBICAP Trustee Company Ltd. and State Bank of India as Lenders' Agent to your Company purportedly under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act,

2002 ("SARFAESI ACT"), calling upon your Company to discharge the alleged outstanding liability of Rs. 6,027.42 crores (Rupees Six Thousand Twenty Seven Crores and Forty Two Lacs only) together with interest from April 1, 2013 and all other incidental expenses, to the Lender Banks within 60 (sixty) days from the date of the Notice, failing which SBICAP Trustee Company Limited would exercise its rights under Section 13(4) of the SARFAESI Act with respect to the secured assets listed in Annexure 1 to the said Notice. United Breweries (Holdings) Limited and Dr. Vijay Mallya have also been served with similar notices as alleged Guarantors on behalf of your Company. Your Company has challenged the legality and validity of these notices and is in consultation with its legal advisers to take other steps as may be advised by the legal advisors to protect your Company's interests.

Thereafter the Lenders have filed proceedings before the Debt Recovery Tribunal ("DRT") at Bangalore. Your Company is in the process of consulting its legal advisors to protect its interests in these proceedings.

Your Company's immovable property viz. Kingfisher House is subject matter of a Notice of Attachment from Service Tax authorities and Possession Notice by SBICAP Trustee Company Limited on behalf of the consortium banks. Your Company is in the process of seeking legal advise in this regard.

3. Continued disruptions and suspension of operations

Even though your Company curtailed operations, the cash flow constraints caused disruptions or delays in flight operations. These disruptions were caused by oil companies refusing to refuel aircraft, airport authorities not allowing the aircraft to depart, or employees refusing to come to work.

In September, due to salary delays, one group of employees stopped coming to work and hence your Company was forced to suspend its operations and declare a lock-out on October 01, 2012. The lock out was lifted after a week. However, due to disruption in flight schedule, DGCA on grounds of potential inconvenience to the travelling public, suspended your Company's Scheduled Air Operator's Permit ("the SOP"). Thereafter the SOP expired on

December 31, 2012. Under civil aviation regulations, your Company has a period of 2 years to renew the SOP.

4. Dialogue with Civil Aviation authorities

Your Company remained in dialogue with the authorities to restart operations. Your Company presented a viable restart plan to DGCA and the Civil Aviation Authorities which is acceptable to the said authorities, subject to recapitalization of your Company. Since recapitalization with a foreign investor would have been a long term process, your Company presented a two-phase revival plan to the authorities.

- o **Phase 1 (Limited Restart Plan)** involved restarting the airline operations of your Company with a limited fleet of 7 aircraft (5 Airbus + 2 ATRs), gradually increasing to 21 aircraft (10 Airbus + 11 ATRs) in a period of 3-4 months. UB Group offered to organize funding of approximately Rs. 650 crore to implement this phase.
- o **Phase 2 (Full Recapitalization Plan)** of your Company envisaged bringing a new investor with fresh capital. This plan would address the issues of debt restructuring, servicing, and repayment.

The UB Group agreed to organize financing for Limited Restart as your Company believed that the dialogue with investors will progress faster and conclude once the airline business is operational.

While the authorities remain supportive of your Company's restart, these authorities are awaiting recapitalisation of your Company for granting the necessary permissions for renewal of the SOP and restart of operations.

5. Changes in FDI Policy

In September 2012, the Government of India finally announced the long awaited change to FDI policy allowing foreign airlines to buy up to 49% stake in Indian carriers though with many operational riders regarding need for Open Offer, etc. The policy change is a relief of sorts for the struggling Indian aviation industry.

6. Investor Dialogue

Despite suspended operations and suspension/subsequent expiry of the SOP, your Company engaged in dialogue with several Asian carriers for a potential investment in your Company. Some of these discussions matured to the level of detailed and extensive due diligence on your Company and a written offer of investment. However, due to political uncertainty in India, constant negative media statements made by the Lenders about your Company as well as hostile recovery action initiated by the Lenders, those discussions did not fructify into an investment.

Your Company remains in dialogue with several investors and believes that there is a rationale for investment for various strategic and non-strategic investors. As on the date of this report, your Company is engaged in discussions with one such potential investor. Below is the value proposition for any investor looking at investing in your Company:

- a) **A foothold in the Indian aviation space** – India remains one of the fastest growing aviation markets in the world. Third largest economy with a 300 million strong middle class but less than 1% of the population flies. Young population with growing personal income, high aspirations and rising propensity to fly. Airbus estimates CAGR for the next 20 years at 9.9%.
- b) **Growing importance of aviation in policy making** – Government is coming out with a series of far reaching reforms in aviation and allied sectors. Some of the already announced policy changes include - changes to the FDI policy, allowed foreign borrowings to reduce high-interest rate Rupee loans, allowed import of jet fuel.
- c) **Improving Infrastructure** – Airports Authority of India is expected to invest \$9 billion to improve aviation infrastructure and add 30 new airports in the next 5 years. Incentives are being offered to promote low frills airports in Tier 2-3 cities. This will lead to manifold increase in traffic.
- d) **Promoter Support** – Promoters are willing to

continue support for the revival of your Company. Valuation of your Company is very attractive at the moment.

- e) **Kingfisher Airlines Brand** – At its peak your Company was the largest airline in India with a five-star rating from Skytrax. A recent brand valuation conducted by Grant Thornton put the brand value at \$550M once the airline business becomes operational.
- f) **Scheduled Air Operator's Permit (SOP)** – Your Company has one of the limited number of Air Operator's Permit issued to scheduled carriers. While the SOP has currently expired, it can be renewed within a matter of days until December 31, 2014 by capitalizing your Company in line with the revival plan submitted to DGCA.
- g) **Fleet Availability** – Your Company had 12 aircraft on its SOP at the time of expiry of the SOP. Your Company is confident of acquiring additional aircraft during the ramp up.
- h) **Management and Technical Staff** – Your Company still has appropriate staff on its payroll. These include the senior and mid level managers and sufficient number of pilots, engineers, dispatchers to operate up to 20 aircraft. Additional staff can be hired as the airline business ramps up.
- i) **Ground Handling Equipment and Aircraft Spares** – Your Company has equipment and parts that will be required to support the fleet.
- j) **Slots and airport space** – Your Company still has access to most of its premium slots and has curbside and ramp space at various airports.

7. Industry Operating Environment

- a. The Indian airline industry continues to grapple with profitability pressures. The primary drivers of losses are high crude price, weak rupee, and high interest rates. This is over and above an already high fuel price due to punitive sales tax and high airport charges.

- b. This is demonstrated by the fact that despite the challenges faced by your Company, which led to a curtailed schedule for the first six months of the year and no operations for the last six months of FY13, both Spicejet and Jet Airways reported losses for the year.
- c. The other airlines had to raise fares to partially compensate for the increase in operating cost and that led to drop in passenger traffic. DGCA reported a drop in traffic of 5% FY13 over FY12.

8. Internal control systems and their adequacy

- a. Your Company has a proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes, codes of conduct and corporate policies are duly complied with.
- b. The Internal Audit department reviews the adequacy and efficacy of the key internal controls, guided by the Audit Committee of the Board.
- c. One of the objectives of your Company's Audit Committee is to review the reports submitted by the Internal Audit department and to monitor follow-up and corrective actions by Management.
- d. Your Company has a compliance procedure to ensure that all laws, rules and regulations applicable to it are complied with.
- e. The Company Secretary is the designated Compliance Officer to ensure compliance with Securities and Exchange Board of India regulations and with the Listing Agreement with The National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- f. Your Company has a process of both external and internal safety audits for each area of operation. Your Company is in full compliance with all laws, rules and regulations relating to airworthiness, air safety and other statutory operational requirements to the extent applicable.

g. Your Company, as part of its Risk Management strategy, reviews, on a continuous basis, its strategies, processes, procedures and guidelines to effectively identify and mitigate risks. Further, the Management has developed a procedure to ensure adequate disclosures of key risks and mitigation initiatives to the Audit Committee of the Board.

9. Analysis of operational performance for the period ended March 31, 2013

The current financial period is for the twelve month period from April 1, 2012 to March 31, 2013 (FY13). During this period your Company operated only for a 6 month period (April – September) and had to suspend operations effective October 01, 2012 due to reasons discussed above.

Financial Results of Operations:

	FY13	FY12	
	(Rs. million)	(Rs. million)	(% difference)
Income			
Passenger	4,430	49,102	(91%)
Cargo	372	4,356	(91%)
Excess Baggage	38	327	(88%)
Rebooking charges/ cancellation	174	1,150	(85%)
Other Income	1,821	3,305	(45%)
Total Income	6,835	58,240	
Expenditure			
Employees' costs	3,492	6,735	48%
Aircraft/ engine lease rentals	7,101	10,585	33%
Aircraft fuel expenses	4,021	29,459	86%
Operating and other expenses	7,615	22,305	66%
Depreciation/ Amortisation	2,388	3,419	30%
Interest & Finance charges	14,362	12,763	(13%)
Exceptional Item	10,867	7,434	(46%)
Total expenditure (inc. exceptional item)	49,846	92,700	

The results for the period April 1, 2012 to March 31, 2013 are not comparable with the results for the period April 1, 2011 to March 31, 2012 since

your Company operated only for a period of 6 months (April 1, 2012 to September 30, 2012) for reasons already mentioned above.

Income

Your Company's total income stood at Rs. 6,835 million during the twelve month period from April 1, 2012 to March 31, 2013.

a. Income from services formed 73% of total income at Rs. 5,014 million. The entire revenue was primarily domestic since your Company had discontinued its international operations effective April 10, 2012. Revenue generation has been significantly impacted since your Company has operated only for a period of 6 months (April 1, 2012 to September 30, 2012) as mentioned above.

b. As mentioned above, your Company discontinued its international operations effective April 10, 2012 and hence the revenue from international operations was insignificant as compared to the twelve month period ended March 31, 2012, when it stood at Rs. 13,809 million.

c. Other income stood at Rs. 1,821 million during the twelve month period from April 1, 2012 to March 31, 2013, a reduction of 45% when compared to the previous year ended March 31, 2012. Other Income comprised mainly of liabilities no longer applicable and written back of Rs. 1,664 million.

Expenditure

Total expenditure including exceptional items stood at Rs. 49,846 million during the twelve month period from April 1, 2012 to March 31, 2013, a reduction of 46% when compared to the previous year ended March 31, 2012.

a. **Aircraft fuel expenses:** Expenditure on fuel stood at Rs. 4,021 million during the twelve month period from April 1, 2012 to March 31, 2013. The expenditure is not comparable with the previous year since your Company has operated

only for a period of 6 months (April 1, 2012 to September 30, 2012) as mentioned above.

- b. **Aircraft Engine/Lease Rentals:** Aircraft/engine lease rentals stood at Rs. 7,101 million during the twelve month period from April 1, 2012 to March 31, 2013. Your company has returned 29 aircraft during the year and the fleet as on March 31, 2013 was 26 aircraft. On the contrary, during the previous year, your Company had operated 67 aircraft (scheduled and non scheduled) up to November 2011, 13 of which were owned through finance leases and 54 were held under operating leases. Since November 2011, till the end of the financial year your Company returned 16 aircraft and the fleet as on March 31, 2012 was 55 aircraft.
- c. **Employee Remuneration and Benefits (Personnel Costs):** Employee remuneration and benefits stood at Rs. 3,492 million during the twelve month period from April 1, 2012 to March 31, 2013. Your Company saw a reduction of 48% costs on employee remuneration. The number of employees of your Company for the period ended March 31, 2013 was 2,851 employees from 5,696 employees in the previous year ended March 31, 2012.
- d. **Other Operating Expenses:** Other operating expenses stood at Rs. 7,615 million during the twelve month period from April 1, 2012 to March 31, 2013. The reduction in cost was mainly due to highly curtailed operations in the first half of the fiscal year, followed by no operations in the second half of the fiscal year.
- e. **Interest and Finance Charges:** Interest and Finance Charges amounted to Rs. 14,362 million during the twelve month period from April 1, 2012 to March 31, 2013. Loan funds increased to Rs. 94,071 million as against Rs. 87,190 million. Your Company incurred

interests of Rs. 13,680 million on fixed and other loans as against Rs. 12,052 million incurred in FY12. Bank charges and guarantee commission stood at Rs. 681 million for the year under review as compared to Rs. 711 million in the previous year ended March 31, 2012.

- f. **Depreciation and Amortization:** Depreciation charges were Rs. 1,788 million during the year ended March 31, 2013 as compared to Rs. 3,010 million in the previous year ended March 31, 2013. Amortization charges stood at Rs. 600 million during the year ended March 31, 2013 versus Rs. 409 million for the year ended March 31, 2012.

10. Your Company's Outlook

The management is optimistic about recapitalization and restart of the airline operations of your Company. All efforts are directed towards a successful restart. While the growth in the industry has slowed, long term future of aviation in India remains bright. Many full-service foreign carriers have expressed an interest in entering the Indian aviation market and are in a wait-and-watch mode to see if the government is supportive of such initiatives. Even financial investors are keenly awaiting government's approval for foreign carriers to enter the market so that they can have an exit strategy if they so desire.

Cautionary Statement

Statements in the management discussion and analysis describing your Company's objectives, projections, estimate, expectations may be 'forward-looking statement' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions in the domestic markets and overseas markets in which your Company operates, changes in the Government Regulations, tax laws and other statutes and incidental factors.

TO

THE MEMBERS OF KINGFISHER AIRLINES LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of Kingfisher Airlines Limited (formerly known as Deccan Aviation Limited) ("the Company") which comprises of Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion:

1. Attention is invited to note 48 forming part of the Financial Statements ('Notes') regarding method of accounting of costs incurred on major repairs and maintenance of engines of aircrafts taken on operating lease of Rs. 664.22 lacs (year ended March 31, 2012 Rs. 28,480.24 lacs) (aggregate expenditure up to March 31, 2013 after eliminating expenditure on returned/redelivered assets Rs.25,020.97 lacs), which have been capitalized and amortized over the estimated

useful life of the repairs. In our opinion, this treatment is not in accordance with generally accepted accounting standards prevalent in India and ought to have been recognized in the Statement of Profit and Loss as and when incurred.

2. We further report that, except for the effect, if any, of matters stated in paragraphs 3 and 4 below, which are not ascertainable, had the observations made in paragraph 1 above and paragraphs 4 and 10 of our report to the members of the Company on the audit of the financial statements for the year ended March 31, 2012, dated May 30, 2012 (Previous year's Report) been considered,
 - a. The working results for the year ended March 31, 2013 would have been a loss of Rs. 415,801.51 lacs (year ended March 31, 2012 Rs. 344,402.41 lacs) as against the reported loss of Rs. 430,111.96 lacs (year ended March 31, 2012 Rs. 232,800.75 lacs). This does not take into account the derecognition of deferred tax credit recognized up to March 31, 2012 of Rs. 404,586.77 lacs during the year which should have been done through the Statement of Profit and Loss and not directly in the Surplus account (debit) included under the head 'Reserves and Surplus' in the balance sheet
 - b. The reserves and surplus as at March 31, 2013 would have been debit of Rs. 1,434,042.48 lacs (as at March 31, 2012 debit of Rs. 1,046,090.41 lacs) as against the reported figure of debit of Rs. 1,428,164.15 lacs (as at March 31, 2012 debit of Rs 621,314.83 lacs), other current liabilities as at March 31, 2012 would have been Rs 325,183.68 lacs as against the reported figure of Rs 325,171.29 lacs, fixed assets as at March 31, 2013 would have been Rs. 65,314.71 lacs (as at March 31, 2012 Rs 124,126.34 lacs) as against the reported figure of Rs. 71,193.04 lacs (as at March 31, 2012 Rs 144,302.75 lacs) and deferred tax asset as at March 31, 2012 would have been Rs. Nil as against the reported figure of Rs. 404,586.77 lacs.
 - c. The earnings (loss) per share for the year ended March 31, 2013 would have been Rs. (54.42) (year ended March 31, 2012 Rs. (68.92) as against the reported earnings (loss) per share of Rs. (56.27) (year ended March 31, 2012- Rs. (46.92)).
3. Attention is invited to paragraph 1 of the annexure to our report (impact of discrepancies, if any pending reconciliation of physical inventory of fixed assets taken during the year 2010-11 with book records), note 34 of the Notes (borrowing costs that may have to be decapitalized consequent to temporary suspension of work of supply of aircrafts in terms of AS 16), note 44 (certain accounts detailed in the said note being under review and reconciliation), note 46 (basis of computation of unearned revenue as at period end/refunds due on account of cancelled tickets/flights. Such estimates of number of unflown tickets and their average value,

based on which management has reportedly estimated the amount of unearned revenue/refunds due, not being drawn from accounting records, could not be reviewed by us), note 49 (use fees/ hourly and cyclic utilization charges payable by the Company in respect of certain assets taken on operating lease being treated as maintenance reserves, pending formalization of the matter with the relevant lessor), note 52 (write back of withholding tax accrued till March 31, 2011 and non provision for withholding tax thereafter, on amounts paid/ provided as payable to certain non residents/interest thereon, based on professional advice, which are subject to receipt of certain documentation from the relevant payees, the Company complying with the requisite formalities under the relevant tax laws and validation of the position stated in the books of account), note 53 regarding not writing off of unamortized borrowings costs of Rs. 3,021.78 lacs although the consortium banks have recalled their dues, for reasons stated in the note, note 56 regarding compensation and other costs payable by the Company consequent to termination of certain agreements not being determined and accordingly not provided for and foot note to note 17 regarding adhoc provision of Rs. 2,000.00 lacs made during the year (aggregate provision as at March 31, 2013 Rs. 2,634.71 lacs) for unserviceable/damaged engineering and in-flight inventories, pending detailed review and assessment (effect on revenue in all cases is not ascertainable).

4. Management has informed us that the 'recoverable amount' of assets within the meaning of accounting standard 28 is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of bids from prospective buyers/valuation report of an independent agency and the uncertainty of resumption of future operations/results of operations thereafter.

Qualified Opinion:

In our opinion and to the best of our knowledge and according to the information and explanations given to us, *except for the effects of the matters described in paragraphs 1 to 4 of the Basis for Qualified Opinion paragraph*, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013,
- ii. In the case of Statement of Profit and Loss, of the loss for the year ended on that date and
- iii. In the case of Cash Flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

Attention is invited to note 45 to the Notes regarding the financial statements being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded (Net worth as at March 31, 2013 (Rs.1,291,981.85 lacs), the scheduled

air operator's permit issued by the Director General of Civil Aviation, Government of India (Permit) has lapsed and the consortium banks have recalled their debts to the Company. These events cast significant doubt on the ability of the Company to continue as a going concern. The appropriateness of the said basis is inter alia dependent on the Company's ability to obtain renewal of the Permit, infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/ other liabilities and resuming normal operations. Our opinion is not modified in this respect.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, *except for the effects of matters described in paragraph 1 of the Basis for Qualified Opinion paragraph*, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report, comply in all material respects, with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - e. On the basis of written representations received from Directors as on March 31, 2013 and taken on record by the Board of Directors, we report that none of the Directors of the Company, are disqualified as on that date from being appointed as a director, under clause (g) of sub-section (1) of section 274 of the Act.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. RAMADHYANI & CO.

Chartered Accountants

Firm registration number: 002878S

(Shyam Ramadhyani)

Partner

Membership No. 019522

Place : Mumbai

Date : May 30, 2013

(AS REFERRED TO IN PARAGRAPH 1 OF PARA ON REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KINGFISHER AIRLINES LIMITED)

1. a. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. *However, comprehensive description of assets and current location are to be incorporated in the asset records after completion of reconciliation referred to in paragraph 1(b) below.*
 - b. *Fixed assets were physically verified by the management during the year 2010-11. Pending completion of reconciliation which has not been completed, discrepancies, if any, cannot be ascertained (refer note 51 of the Notes). Certain assets of the Company are in the custody of airports to which it has no access (carrying value not ascertained)(refer foot note 4 to note 13 of the Notes)*
 - c. There was no substantial disposal of fixed assets during the year.
2. a. Management has conducted physical verification of inventory at reasonable intervals during the year.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. *Pending updating of records and reconciliation, book balances as at March 31, 2013 have been adopted.*
3. a. As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - b. As informed, the Company has taken loans from two companies covered in the register maintained under section 301 of the Act. The total loan amount outstanding as at year end was Rs. 49,004.26 lacs and the maximum amount outstanding at any time during the year was the same amount. The rate of interest and terms and conditions on which the said loans are taken is not prima-facie prejudicial to the interests of the Company. No stipulations for repayment have been prescribed and as such no comments regarding regularity of payments are being made.
4. In our opinion and according to the information and explanation given to us, and taking into consideration management's representation that a large number of items purchased are of a special nature for which alternative quotations cannot be obtained, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory. *Internal controls in respect of sale of services to be strengthened. Subject to our observations in paragraph 1(b) above and note 46 of the Notes, during the course of our audit, no*
 5. a. According to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Act have been so entered.
 - b. Further, contracts or arrangements referred to in section 301 of the Act and aggregating to Rs. 5.00 lacs or more per party have been entered into at prices which are reasonable as compared to similar services rendered to / by other parties except in respect of advertisement & sales promotional expenses of Rs. 38.19 lacs, purchases of goods of Rs. 0.10 lacs, and miscellaneous income of Rs. 9.19 lacs where we are unable to make any comments on reasonability of rates since there were no similar transactions with third parties at the relevant time.
 6. The Company has not accepted any deposits from the public.
 7. The Company has an internal audit system commensurate with its size and nature of its business.
 8. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act for the products of the Company.
 9. a. *Undisputed statutory dues in respect of service tax, withholding taxes, fringe benefit tax dues and professional tax have not been regularly deposited with the appropriate authorities.* Undisputed statutory dues in respect of provident fund, employees' state insurance, investor education and protection fund, wealth tax, customs, excise duty, cess as applicable, have generally been regularly deposited with the appropriate authorities barring delays in certain months.
 - b. According to the information and explanations given to us:-
 - (i) No amounts were outstanding as at year end on account of undisputed amounts payable in respect of employees' provident fund and state insurance, investor education and protection fund, wealth tax, sales tax, customs duty, excise duty and cess for a period of more than six months from the date they became payable.
 - (ii) *Undisputed amounts payable in respect of tax deducted at source of Rs.62,035.34 lacs, service tax of Rs. 7,303.77 lacs, professional tax of Rs. 44.04 lacs (In all cases relating to the years 2007-08 to 2012-13), fringe benefit tax of Rs. 55.87 Lacs (balance of tax for the financial year 2008-09) and gratuity to resigned employees of Rs. 410.10 Lacs (relating to the year 2011-2012 and 2012-13) were outstanding for a period of more than six months from the date they became payable (excluding applicable interest in all cases) (to the extent*

identified pending review and reconciliation of the relevant accounts). The due dates for these amounts are as per respective statutes. The tax deducted at source liability indicated in this paragraph is without considering tax on certain payments to non-residents (liability withdrawn/not provided for based on professional advice) as referred to in note 52 of the Notes.

- c. According to the information and explanations given to us, the following dues have not been deposited with the concerned authorities on account of dispute

Year	Estimated amount (Rs. in Lacs)	Pending before
Tax deducted at source		
Liability arising out of rejection of approvals under section 10(15A) of the Income Tax Act, 1961.	12,028.73	Supreme Court of India
2004 - 09	144.74	Commissioner of Income tax (Appeals)
2007 - 08	272.94	Commissioner of Income tax (Appeals)
2008 - 09	1,194.32	Commissioner of Income tax (Appeals)
Service Tax		
2004-05 to 2007-08	464.94	Customs, Excise and Service Tax Appellate Tribunal
January 2005 to September 2007	19,067.67	Customs, Excise and Service Tax Appellate Tribunal.
June - October 2006	553.80	Customs, Excise and Service Tax Appellate Tribunal.
June 2008 to April 2010	722.20	Customs, Excise and Service Tax Appellate Tribunal.
2005 - 06 to 2009 - 10	168.38	Customs, Excise and Service Tax Appellate Tribunal.
2010 - 11	429.14	Customs, Excise and Service Tax Appellate Tribunal.

10. The Company's accumulated losses at the end of the financial year were more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of loans and interest to banks and financial institutions. *Estimated unpaid overdue interest and installments to banks and institutions as at March 31, 2013 aggregated to Rs. 284,538.21 lacs including devolved guarantees/ letters of credit unfunded as at that date. The over dues relate to the financial years 2011- 2012 and 2012-13.*
12. According to the information and explanations given to us and based on the documents and records

produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of the clause 4(xii) of the Order are not applicable to the Company.

13. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund / society. Accordingly, the provisions of the clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given guarantees during the year for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company.
16. Based on information and explanations given to us by the management, term loans taken during the year have been applied for the purpose for which they were obtained, wherever specified by the bank in the relevant sanction letters.
17. *According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis to an aggregate extent of Rs. 745,468.39 lacs have been used for long term investment as at March 31, 2013.*
18. Based on information and explanations given to us by the management, the Company has made not any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
19. No debentures were outstanding as at March 31, 2013. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
21. As per the information and explanations furnished to us by the management, no material frauds on or by the Company and causing material misstatements to financial statements have been noticed or reported during the course of our audit, except for charge backs received by the Company from credit card service providers due to misutilisation of credit cards by third parties of Rs. 34.02 lacs.

For **B. K. RAMADHYANI & CO.**
Chartered Accountants
Firm registration number: 002878S

Place : Mumbai
Date : May 30, 2013

(Shyam Ramadhyani)
Partner
Membership No. 019522

Particulars	Note No.	As at March 31, 2013		As at March 31, 2012	
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	136,182.30		113,074.73	
(b) Reserves and Surplus	4	(1,428,164.15)		(621,314.83)	
			(1,291,981.85)		(508,240.10)
(2) Non - current liabilities					
(a) Long term borrowings	5	689,854.32		569,540.18	
(b) Other long term liabilities	7	408.30		1,150.13	
(c) Long term provisions	8	1,560.24		1,958.57	
			691,822.86		572,648.88
(3) Current Liabilities					
(a) Short term borrowings	9	175,909.68		233,459.66	
(b) Trade payables	10	264,316.86		281,651.86	
(c) Other current liabilities	11	434,624.00		325,171.29	
(d) Short term provisions	12	6,412.90		6,618.22	
			881,263.44		846,901.03
TOTAL			281,104.45		911,309.81
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	13	70,912.84		143,155.26	
(ii) Intangible assets	13	280.20		1,147.49	
		71,193.04		144,302.75	
(b) Non - current investments	14	2.56		2.56	
(c) Deferred tax assets (Net)	6	-		404,586.77	
(d) Long term loans and advances	15	110,639.58		192,205.56	
(e) Other non current assets	16	12,740.56		17,762.25	
			194,575.74		758,859.89
(2) Current Assets					
(a) Inventories	17	16,607.03		20,478.51	
(b) Trade receivables	18	2,005.36		18,759.37	
(c) Cash and cash equivalents	19	1,904.54		18,226.73	
(d) Short term loans and advances	20	61,985.30		93,776.16	
(e) Other current assets	21	4,026.48		1,209.15	
			86,528.71		152,449.92
TOTAL			281,104.45		911,309.81

Summary of significant accounting policies and notes 1, 2, 22, 30, 31 & 33 - 57

The notes attached form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

For B. K. Ramadhyani & Co.
Chartered Accountants

Dr. Vijay Mallya
Chairman & Managing Director

A. K. Ravi Nedungadi
Director

Shyam Ramadhyani
Partner
Membership No. 019522

A. Raghunathan
Chief Financial Officer

Bharath Raghavan
Company Secretary

Place : Mumbai
Date : May 30, 2013

Place : Mumbai
Date : May 30, 2013

Statement of Profit and Loss for the year ended March 31, 2013



Particulars	Note No.	Year Ended March 31, 2013		Year Ended March 31, 2012	
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Income					
I Revenue from Operations	23		50,138.28		549,340.90
II Other income	24		18,207.85		33,049.90
III Total income (I + II)			<u>68,346.13</u>		<u>582,390.80</u>
IV Expenses					
Employee benefits expense	25		34,915.71		67,351.38
Aircraft / Engine Lease Rentals			71,008.05		105,845.44
Aircraft Fuel Expenses			40,216.61		294,588.58
Finance costs	26		143,615.48		127,633.52
Depreciation and amortization expense	27		23,878.29		34,186.59
Operating and Other Expenses	28		76,154.48		223,049.78
Redelivery and other costs on premature termination of certain contracts	29		108,669.47		74,344.72
Total Expenses			<u>498,458.09</u>		<u>927,000.01</u>
V Loss before tax (III-IV)			(430,111.96)		(344,609.21)
VI Tax expense:					
(1) Current tax			-		-
(2) Deferred tax			-	(111,808.46)	(111,808.46)
VII Loss for the year (V-VI)			<u>(430,111.96)</u>		<u>(232,800.75)</u>
VIII Earning per equity share:	32		(56.27)		(46.92)
Summary of significant accounting policies and notes	1, 2, 22, 30, 31 & 33 - 57				

The notes attached form an integral part of the Statement of Profit and Loss

As per our report of even date

For and on behalf of the Board of Directors

For B. K. Ramadhyani & Co.
Chartered Accountants

Dr. Vijay Mallya
Chairman & Managing Director

A. K. Ravi Nedungadi
Director

Shyam Ramadhyani
Partner
Membership No. 019522

A. Raghunathan
Chief Financial Officer

Bharath Raghavan
Company Secretary

Place : Mumbai
Date : May 30, 2013

Place : Mumbai
Date : May 30, 2013

1. Corporate Information

(a) Background

Kingfisher Airlines Limited (formerly known as Deccan Aviation Limited) ("the Company") is engaged in rendering scheduled and unscheduled aircraft passenger and cargo services, including charter services. The Company was incorporated on June 15, 1995 as a private limited company and converted itself into a public limited company on January 31, 2005. Consequently, the Company changed its name from Deccan Aviation Private Limited to Deccan Aviation Limited. On June 12, 2006, the Company's shares were listed on the Bombay Stock Exchange Limited and the National Stock Exchange Limited, pursuant to the Company's initial public offer of shares. The scheduled airline business of Kingfisher Training and Aviation Services Limited ("KTASL") (previously known as Kingfisher Airlines Limited) demerged on a going concern basis with the Company, with effect from April 1, 2008 as the demerger appointed date, vide scheme of arrangement approved by the honourable High Court of Karnataka vide its order dated June 16, 2008 under sections 391 to 394 of the Companies Act, 1956 ('Scheme'). The helicopter charter division of the Company was also hived off pursuant to the Scheme. The Company changed its name from Deccan Aviation Limited to Kingfisher Airlines Limited, with effect from September 5, 2008.

(b) Demerger of the commercial airline division of KTASL

- (i) Order of the Karnataka high court in form 42 of the Companies (Court) Rules, 1949 in respect of the Scheme is yet to be passed.
- (ii) Documentation in respect of transfer of certain assets and liabilities taken over pursuant to Scheme, to the name of the Company are pending. The Company is in the process of transfer of charges created by KTASL to its name in respect of securities granted for loans so taken over by the Company, in consultation with the Registrar of companies.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further, the financial statements are presented in the general format specified in schedule VI to the Companies Act, 1956 ('the Act').

(b) Use of estimates

In preparation of the financial statements in conformity with generally accepted accounting principles, estimates and assumptions, where necessary, have been made based on management's best knowledge and experience. Accordingly, actual results may differ from such estimates.

(c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue from charter services is recognized based on services provided and billed as per the terms of the contracts with the customers provided that the collection is reasonably certain. Revenue from sale of tickets of the airline and cargo operations is recognized in the period, in which the service is provided, i.e. on flown / carried basis. Such revenue is net of statutory fees to be collected from customers as per government regulations. Unearned revenue represents consideration on sale of passenger tickets and cargo against which the Company has to provide services in future periods and is included under Advances received / Forward sales. The same is released to the Statement of Profit and Loss as the services are rendered.

Fees for passenger initiated changes and cancellations of tickets are recognized as revenue in the period in which such changes / cancellations are effected.

Interest income is recognized on a time proportionate method when the right to receive income is established and that collection is reasonably certain. Income from sale of advertisement space is recognized on accrual basis over the period the advertisements are displayed.

The Company enters into barter arrangements with other parties for providing services in exchange for the Company's advertising in the other party's media or in exchange for other services or goods. Such transactions are recorded at the fair value of the services / goods received from the other party, or at the fair value of the services provided by the Company if it is not feasible to determine the fair value of the services / goods received.

(d) Fixed assets and Intangible assets

Fixed assets and intangible assets are stated at cost of acquisition less accumulated depreciation / amortization and impairment losses (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its

working condition for its intended use and also includes cost of modification and improvements to leased assets. Borrowing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

Cost of fixed assets not ready for intended use as of the balance sheet date are disclosed under capital work-in-progress. Advance paid towards acquisition of fixed assets are included in long term loans and advances.

(e) Depreciation

Depreciation on fixed assets, except non-compete fees, trademarks, design – aircraft interiors, software, leasehold improvements, is provided on a straight line basis at the rates prescribed under schedule XIV to the Companies Act, 1956 which are estimated to be the useful life of fixed assets by the management. Additions are depreciated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

- 1) Non Compete fees are amortized over the period of agreement (i.e. five years).
- 2) Trademarks are amortized over the period of four years.
- 3) Design – Aircraft Interiors are amortized over the period of seven years.
- 4) Software is depreciated over a period of 1 - 4 years, based on estimated useful life as ascertained by the management.
- 5) Leasehold improvements on operating leases are depreciated over the shorter of the period of the lease and their estimated useful lives.
- 6) Cost of major maintenance and overhaul of the engines are amortized over the period of estimated useful life of the repairs (3 years).
- 7) Movable cabins and mobile phones are depreciated over the period of five and two years, respectively, on a straightline method.

(f) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalized as a part of the cost of the assets. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs include amortization of ancillary costs incurred in connection with the arrangement of borrowings. The unamortized portion of ancillary costs incurred in connection with the arrangement of borrowings is included under 'Loans and Advances'.

(g) Leases – Where the Company is a lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessors effectively retain substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease payments including expenses incurred for bringing the leased asset to its working condition for intended use are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Profit or loss on sale and leaseback arrangements resulting in operating leases are recognized immediately in case the transaction is established at a fair value, else the excess over the fair value is deferred and amortised over the period for which the asset is expected to be used. If the sale price is below the fair value and the loss is compensated by future lease payments at below market price, the same is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the fair value at the time of sale and lease back transaction is less than the carrying amount of the asset, a loss equal to the amount of difference between the carrying amount and fair value is recognised immediately. In case of sale and leaseback arrangement resulting in a finance lease, any excess or deficiency of sales proceeds over the carrying value is deferred and amortised over the lease term in proportion to the depreciation of the leased asset.

(h) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted

average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(i) Maintenance costs

In respect of aircraft, aircraft engines and helicopters, the Company has entered into maintenance arrangements. Payments made to lessors for major maintenance expenditure as per the related maintenance agreements, comprising fixed period-based amounts and variable activity-based amounts are initially considered as maintenance deposits and expensed as and when maintenance expenditure is incurred/termination of agreements.

(j) Inventory

Inventories are valued at lower of cost or net realizable value. Cost of engineering inventories is determined on first in first out basis. In respect of reusable items such as rotables, special tools etc, provision for amortization / obsolescence is made based on the estimated useful life of the aircraft as derived from schedule XIV to the Companies Act, 1956. In-flight inventory is valued on weighted average basis, while inventory of fuel is valued on the basis of last fuel uplifted rates in respective aircrafts.

(k) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(l) Employee Benefits

(i) Defined Contribution Plan

The Company contributes on a defined contribution basis to employees' provident fund and pension scheme towards post employment benefits, all of which are administered by the respective government authorities. The Company also contributes to social security schemes in respect of its employees at certain overseas offices. It has no further obligation beyond making its contribution which is expected in the year in which it pertains.

(ii) Defined Benefit Plan

The Company has a defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year-end, which is calculated using Projected Unit Credit Method. Actuarial gains and losses are adjusted in the Statement of Profit and Loss.

(iii) Other long-term employee benefits

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year-end and charged to the Statement of Profit and Loss. Actuarial gains and losses are adjusted in the Statement of Profit and Loss.

(m) Income taxes

Tax expense comprises current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Deferred income taxes reflects the impact of current period timing differences between taxable and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

(n) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting and foreign currencies at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported at rate prevailing on the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the

exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise except that the Company had availed the option provided by notification (No. G.S.R. 225(E), dated March 31, 2009) issued by the Ministry of Corporate Affairs read with accounting standard 11 in respect of foreign exchange differences in respect of long term monetary assets and liabilities. The Company has not availed the option of the relevant notification after March 31, 2010.

(iv) Forward exchange contracts

The Company uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates. The Company does not use the forward exchange contracts for trading or speculation purposes. In respect of foreign currency monetary assets or liabilities in respect of which forward exchange contract is taken, the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period. Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all such outstanding derivative contracts at the end of the period and the resulting mark-to-market losses, if any, are recognized in the Statement of Profit and Loss.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and relevant taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(q) Stock option compensation expense

The Company accounts for stock option compensation expense based on the intrinsic value of the options granted which is the difference between the fair value of the share underlying the option and the exercise price of the option determined at the grant date. Compensation expense is amortized over the period of vesting on a straight-line basis. The accounting value of the options net of deferred compensation expense is reflected as Employee stock option outstanding.

(r) Initial costs on leased aircrafts

Expenses directly attributable and incurred in relation to aircrafts acquired on operating lease arrangement are deferred and amortized over the period of lease of aircrafts. Such expenses interalia include initial borrowing costs incurred on pre delivery payments for aircrafts till the Company novates / assigns the right to acquire the aircrafts in favor of the lessors.

(s) Incentives from aircraft manufacturers

Incentives from aircraft manufacturers are credited to statement of Profit and Loss in the year when such incentives are made available to the Company as per the terms of aircraft purchase agreements. This includes incentives granted for the purpose of meeting certain revenue expenses.

(t) Commission

Commission to travel agents is recognized when the corresponding revenues are recognized as income on flown / carried basis.

3 Share Capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Rs. In Lacs	Number	Rs. In Lacs
Authorized:				
Preference Shares of Rs. 10/- each	2,600,000,000	260,000.00	2,600,000,000	260,000.00
Equity shares of Rs. 10/- each	1,650,000,000	165,000.00	1,650,000,000	165,000.00
	<u>4,250,000,000</u>	<u>425,000.00</u>	<u>4,250,000,000</u>	<u>425,000.00</u>
Issued, subscribed and fully paid up:				
<i>8% Cumulative Redeemable Preference shares of Rs. 10/- each</i>				
At the beginning of the reporting period	553,100,000	55,310.00	553,100,000	55,310.00
At the close of the reporting period	<u>553,100,000</u>	<u>55,310.00</u>	<u>553,100,000</u>	<u>55,310.00</u>
<i>Equity shares of Rs. 10/- each</i>				
At the beginning of the reporting period	577,647,274	57,764.73	497,779,223	49,777.92
Issued during the reporting period	231,075,716	23,107.57	79,868,051	7,986.81
At the close of the reporting period	<u>808,722,990</u>	<u>80,872.30</u>	<u>577,647,274</u>	<u>57,764.73</u>
		<u>136,182.30</u>		<u>113,074.73</u>

Other Information:
1 Preference shares:

- a. 8% cumulative redeemable preference shares of Rs 10/- each were issued in conversion of loans and interest due to banks in terms of the MDRA. The preference shareholders do not have voting rights. The preference shares carry a 8% cumulative dividend rate. They are redeemable at par not later than 12 years from the date of the allotment.
- b. 97,00,000 6% redeemable preference shares of Rs.100/- each were allotted during the year 2008-09 pursuant to a contract without consideration being received in cash pursuant to the Scheme of Arrangement under sections 391 to 394 of the Companies Act 1956 approved by the honourable High Court of Karnataka dated June 16, 2008 which resulted in demerger of the scheduled airline business of Kingfisher Training and Aviation Services Limited. These shares have since been amended and converted into equity shares during the year ended March 31, 2011.
- c. 7.5% CCPS of Rs.10/- each were issued in conversion of loans and interest due to banks and certain promoter companies in terms of the Master Debt Recast Agreement dated December 21, 2010 (MDRA). These shares have since been converted into equity shares during the year ended March 31, 2011.

2. Equity shares:

	As at March 31, 2013		As at March 31, 2012	
	Number	Rs. In Lacs	Number	Rs. In Lacs
a. The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.				
b. Equity shares include shares allotted pursuant to a contract without consideration being received in cash. Equity shares were allotted during the year 2008 - 2009 pursuant to the Scheme of Arrangement under sections 391 to 394 of the Companies Act 1956 approved by the honourable High Court of Karnataka dated June 16, 2008 which resulted in demerger of the scheduled airline business of Kingfisher Training and Aviation Services Limited.	130,033,350		130,033,350	
c. Shares allotted by way of bonus shares by capitalization of securities premium and balance in Profit and Loss Account	27,284,390		27,284,390	
d. Shares issued on conversion of optionally convertible debentures	310,943,767		79,868,051	

3. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Equity Share Capital

Sr. No.	Name of the holder	As at March 31, 2013		As at March 31, 2012	
		No. of Shares held	% to total paid up capital	No. of Shares held	% to total paid up capital
a.	United Breweries (Holdings) Limited	172,763,399	21.36	197,833,555	34.25
b.	Kingfisher Finvest India Limited	58,348,533	7.21	63,478,570	10.99

4. Particulars of preference share holders holding more than 5% of the total number of preference share capital.

8% Cumulative Redeemable Preference Shares of Rs. 10/- each (CRPS)

Sr. No.	Name of the holder	As at March 31, 2013		As at March 31, 2012	
		No. of CRPS held	% to total paid up capital	No. of CRPS held	% to total paid up capital
a.	State Bank of India	182,250,000	32.95	182,250,000	32.95
b.	IDBI Bank Limited	112,500,000	20.34	112,500,000	20.34
c.	Bank of India	56,250,000	10.17	56,250,000	10.17
d.	UCO Bank	45,000,000	8.14	45,000,000	8.14
e.	Punjab National Bank	36,740,000	6.64	36,740,000	6.64
f.	United Bank of India	30,000,000	5.42	30,000,000	5.42
g.	Bank of Baroda	29,960,000	5.42	29,960,000	5.42

4 Reserves and Surplus

Particulars	As at	As at
	March 31, 2013	March 31, 2012
	Rs. In Lacs	Rs. In Lacs
Securities Premium		
As at Beginning of the year	146,333.35	134,345.16
Additions during the year	27,849.41	11,988.19
As at the end of the year	<u>174,182.76</u>	<u>146,333.35</u>
Share option outstanding account		
As at Beginning of the year	-	295.09
Transferred to Statement of Profit & Loss	-	(295.09)
As at the end of the year	<u>-</u>	<u>-</u>
Surplus i.e. balance in Statement of Profit & Loss		
As at Beginning of the year	(767,648.18)	(534,847.43)
Deferred Tax Asset recognized up to March 31, 2012 now derecognized (refer note 39)	(404,586.77)	-
Loss for the year	(430,111.96)	(232,800.75)
As at the end of the year	<u>(1,602,346.91)</u>	<u>(767,648.18)</u>
TOTAL	<u>(1,428,164.15)</u>	<u>(621,314.83)</u>

5 Long term Borrowings

Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
1) Secured Loans:				
a. Term Loans				
- from Banks	30,137.29		33,473.10	
Less: Current maturities of long term debt	-	30,137.29	-	33,473.10
- from Others	-		4,202.08	
Less: Current maturities of long term debt	-	-	(1,200.00)	3,002.08
Finance lease obligations	15,766.78		63,534.31	
Less: Current maturities of finance lease obligations	(6,204.11)	9,562.67	(13,778.15)	49,756.16
		<u>39,699.96</u>		<u>86,231.34</u>
2) Unsecured Loans:				
a. Bonds & Debentures	-		50,956.99	
Less: Current maturities of long term debt	-	-	(28,107.27)	22,849.72
b. Term Loans				
- from Banks	386,188.80		431,036.42	
Less: Current maturities of long term debt	(63,389.15)	322,799.65	(25,817.57)	405,218.85
- from Others	332,709.33		55,240.27	
Less: Current maturities of long term debt	(5,354.62)	327,354.71	-	55,240.27
		<u>650,154.36</u>		<u>483,308.84</u>
3) Total long term borrowings (1+2)		<u>689,854.32</u>		<u>569,540.18</u>

Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Additional Information:				
a Details of security for secured loans from Banks				
(i) Assignment of right under purchase agreement entered with aircraft manufacturer for purchase of the aircrafts	16,953.36		16,569.74	
(ii) Hypothecation of certain aircrafts	587.18		586.92	
(iii) Secured by hypothecation of all movables assets of the Company (both fixed and current) other than fixed assets acquired on hire purchase/lease basis and aircrafts but including Helicopters, all trade marks and goodwill of the company, all credit card receivables, IATA collections and other receivables of the company and mortgage of Kingfisher House. The loans have been classified as secured to the extent of their market value as estimated by the management. The unsecured portion thereof has been included in item 2 (b) above. Loans outstanding as at March 31, 2012 has been re-classified based on the security value as on March 31, 2013.	12,596.75		16,316.44	
The company has also furnished non disposal undertakings in respect of aircrafts taken on finance lease/ hire purchase aircraft. The securities referred to above shall rank pari passu interest amongst the lenders				
Total	30,137.29		33,473.10	
b Details of security for secured loans from others:				
(i) Hypothecation of Aircraft and assignment of documents of title to such assets	-		4,202.08	
Total	-		4,202.08	
c Details of security for assets taken on finance lease:				
(i) Secured by the hypothecation of the respective assets	15,766.78		63,534.31	
	15,766.78		63,534.31	
d Loans guaranteed by directors and others (Refer note 36(b))				
Term loan from banks	415,738.91		463,922.60	
e Loans guaranteed by others				
(i) Secured term loans				
- from Banks	587.18		586.92	
- from Others	15,766.78		58,832.80	

Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
f Terms of repayment of term loans and others				
(i) Secured Loans:				
Term loan from Banks				
Represents the working capital term, rupee term, funded interest term and additional rupee loans funding granted by the banks as per the MDRA entered by the Company with the consortium of banks led by SBI and repayable w.e.f October 2012 after a moratorium period of two years as per the laid down repayment schedule. Interest payable at certain % mark up above the Base rate and to be reset every 2 years.				
In case of PDP loans, interest payable at certain % mark up above the Base rate and to be reset every 2 years and repayable over a period of six years with effect from September 2010.				
Refer note 53.				
Assets taken on Finance Leases				
Loans taken for aircrafts purchased on finance leases are repayable over a period ranging between 9-12 years as per the relevant agreements entered into with the lessors and carries fixed interest rate ranging between 5.37% to 7.61% in some cases and variable interest rate @ LIBOR+margins for the others.				
Other term loans from others				
Loans taken against hypothecation of the corresponding assets taken on hire purchase repayable over a period of 7.5 years carrying an interest rate of 15.25%.				
(ii) Unsecured Loans:				
Term loan from Banks				
Represents working capital term, rupee term, funded interest term and additional rupee loans funding granted by certain banks as per the MDRA entered by the Company with the consortium of banks led by SBI and repayable w.e.f October 2012 after a moratorium period of two years as per the laid down repayment schedule. Interest payable at certain % mark up above the Base rate and to be reset every 2 years.				

Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Term loan from Others				
Loan represents working capital funding by Corporate entities, a fund and group companies carrying interest rate ranging between 7% to 15% and repayable over a period of 2 to 7 years based on individual agreements entered with the parties. In certain cases there are no stipulation fixed for repayment.				
g Period and amount of continuing default as on the balance sheet date in respect of loans and interest	Amount	Period	Amount	Period
	(Rs. in Lacs)		(Rs. in Lacs)	
Term loans from banks and interest	115,449.56	September 2011 to March 2013	31,114.64	September 2011 to March 2012
Term loans from others and interest	8,673.66	2012 - 13	-	-
Overdue installments of finance lease obligations	1,899.61	2012 - 13	5,238.78	2011 - 12



Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
6 Deferred Tax (Refer note 39)				
i) Deferred tax liability:				
a) On account of depreciation on fixed assets		-		21,213.66
b) On account of timing differences in recognition of expenditure		-		2,021.60
Total		-		23,235.26
ii) Deferred tax asset:				
a) On account of timing differences in recognition of expenditure		-		843.13
b) On account disallowance under section 40 (ia)		-		79,171.30
c) On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961		-		347,807.59
		-		427,822.02
Net Deferred tax asset		-		404,586.77
7 Other Long term liabilities				
Gain on sale and lease back transaction	491.14		532.56	
Less : Income for the year	41.42		41.42	
	449.72		491.14	
Less: Current Maturities	41.42		41.42	
		408.30		449.72
Employee Security deposits		-		700.41
		408.30		1,150.13
8 Long term Provisions (Refer notes 40(b) and 42(a))				
Provisions for employee benefits				
(i) Gratuity		1,163.12		1,246.12
(ii) Compensated Absences		397.12		712.45
		1,560.24		1,958.57

9 Short term Borrowings

Particulars	As at March 31, 2013 Rs. In Lacs	As at March 31, 2012 Rs. In Lacs
1) Secured Loans:		
- from consortium banks	10,719.89	7,384.07
- from others	-	1,298.00
	10,719.89	8,682.07
2) Unsecured Loans:		
- from consortium banks	137,089.75	84,079.20
- from other banks	827.31	769.62
- from others	27,272.74	139,928.77
	165,189.79	224,777.59
Total	175,909.68	233,459.66

Additional Information:**a Details of security for secured loans**

- | | | |
|---|----------|----------|
| (i) Secured by hypothecation of all movables assets of the Company (both fixed and current) other than fixed assets acquired on hire purchase/lease basis and aircrafts but including Helicopters, all trade marks and goodwill of the company, all credit card receivables, IATA collections and other receivables of the company and mortgage of Kingfisher House. The loans have been classified as secured on the basis of their market value as estimated by the management. The unsecured portion thereof has been included in item 2 above. Loans outstanding as at March 31, 2012 has been re-classified based on the security value as on March 31, 2013. The Company has also furnished non disposal undertakings in respect of aircrafts taken on finance lease/ hire purchase aircraft. The securities referred to above shall rank pari passu interest amongst the lenders | 8,861.07 | 6,384.07 |
| (ii) Charge on current assets of the company both present and future pari pasu with other borrowings from consortium banks. | 1,858.82 | 1,000.00 |
| (iii) Second priority on mortgage of aircraft | - | 1,298.00 |

Particulars	As at March 31, 2013 Rs. In Lacs	As at March 31, 2012 Rs. In Lacs		
b Loans guaranteed by directors and others				
Loans repayable to consortium banks (Refer note 36(b))	145,950.81	90,463.27		
Loans repayable to others	500.00	500.00		
c Loans guaranteed by others				
Loans repayable to consortium banks (Refer note 36(b))	1,858.82	1,000.00		
Loans repayable to others	-	10,000.00		
d Terms of repayment of term loans and others				
(i) Loans from consortium Banks				
Cash credit facilities from banks repayable on demand, devolved letters of credit/guarantees and short term loan facility repayable in 6 months from the date of availment, which carry an interest rate of certain % mark up above the base rate at monthly rests.				
(ii) Secured Loans from others				
Second priority on mortgage of aircraft repayable on demand and carries an interest rate of 13%.				
(iii) Unsecured Loans from other Banks				
Carries an interest rate of 11% and repayable on demand.				
(iv) Unsecured Loans from others				
Loan represents working capital funding by Corporate entities and group companies carrying interest rate ranging between 11% to 18% and repayable over a period of 2 to 3 years based on individual agreements entered with the parties.				
e Period and amount of default as on the balance sheet date in respect of loans and interest	Amount (Rs. in Lacs)	Period	Amount (Rs. in Lacs)	Period
Loans, Interest on loans and devolved letter of credits and bank guarantees	1,69,088.65	September 2011 to March 2013	48,659.96	September 2011 to March 2012
Loans from others and interest	31,782.13	2012 - 2013		

Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
10 Trade Payables (Refer Note 43)		<u>264,316.86</u>		<u>281,651.86</u>
		<u>264,316.86</u>		<u>281,651.86</u>
11 Other current liabilities:				
a) Current maturities of long term debt		68,743.77		55,124.84
b) Current maturities of finance lease obligations		6,204.11		13,778.15
c) Interest accrued but not due on borrowings		32,558.70		27,594.03
d) Interest accrued and due on borrowings		123,072.73		41,453.60
e) Advances from customers / Forward Sales (Refer note 46)		3,655.31		31,039.42
f) Employee Security deposits		2,454.34		1,858.07
g) Overdrawn bank balances (book overdraft)		-		1,191.62
h) Current maturities of Gain on sale and lease back transaction		41.42		41.42
i) Accrued expenses and other liabilities		<u>197,893.62</u>		<u>153,090.13</u>
		<u>434,624.00</u>		<u>325,171.29</u>
12 Short term provisions:				
a) Provision for employee benefits (Refer notes 40(b) and 42(a))				
- Gratuity		202.75		79.97
- Compensated Absences		249.98		560.12
b) Provision for Wealth Tax		3.70		1.40
c) Fringe Benefit Tax		55.87		55.87
d) Frequent Flyer Scheme (Refer note 40(a))		3,427.26		3,447.52
e) Provision for Contingencies (Refer note 51)		700.00		700.00
f) Provision for Redelivery Cost		1,773.34		1,773.34
		<u>6,412.90</u>		<u>6,618.22</u>

Note:

Provision for redelivery costs on returned/repossessed aircrafts has been done provisionally pending receipt of claims, if any.

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As at April 1, 2012	Additions for the year	Deductions during the year	As at April 1, 2012	For the year	Deductions	As at March 31, 2013	As at March 31, 2012
Tangible Assets								
Owned assets								
Land & Buildings (Refer note 1 below)	3,010.87	-	-	3,010.87	49.08	-	2,792.23	2,841.31
Building on Rented Land (Refer note 3)	903.89	-	38.03	865.86	14.73	4.11	761.75	810.40
Ground Support and Other Equipment	12,852.04	-	296.22	12,555.82	585.47	78.03	8,648.69	9,452.35
Computers	5,589.54	0.49	82.04	5,507.99	693.23	68.08	827.19	1,533.89
Office equipment	1,632.36	4.22	160.22	1,476.36	76.36	47.06	1,050.60	1,235.90
Furniture & Fixtures	4,634.72	8.47	521.79	4,121.40	270.72	311.49	2,582.97	3,055.52
Vehicles	3,276.41	-	-	3,276.41	311.26	-	1,623.13	1,934.39
Aircraft & Helicopter	23,155.78	-	-	23,155.78	1,296.72	-	5,949.75	18,502.75
Improvements to leasehold Buildings	3,109.11	559.98	1,503.57	2,165.52	613.44	875.10	21.72	703.65
Improvements to leasehold Aircrafts (Refer note 2 below)	40,658.43	664.22	13,390.67	27,931.98	7,463.93	5,344.40	6,625.13	21,471.11
Assets taken on finance lease								
Aircraft & Helicopter	119,395.32	-	75,006.98	44,388.34	5,636.96	27,803.35	28,773.40	81,613.99
	218,218.47	1,237.38	90,999.52	128,456.33	17,011.90	34,531.62	70,912.84	143,155.26
Intangible assets								
Computer Software	2,306.92	-	-	2,306.92	333.73	-	2,050.24	590.41
Trademarks (Refer note 3 below)	100.00	-	-	100.00	-	-	100.00	-
Design - Aircraft Interiors	246.46	-	-	246.46	35.20	-	222.94	58.72
Non Compete Fees	3,000.00	-	-	3,000.00	498.36	-	3,000.00	498.36
	5,653.38	-	-	5,653.38	867.29	-	5,373.18	1,147.49
TOTAL	223,871.85	1,237.38	90,999.52	134,109.71	17,879.19	34,531.62	71,193.04	144,302.75
Previous Year	225,425.92	29,636.73	31,190.80	223,871.85	30,099.67	18,767.80	79,569.10	

Note :

- (a) Land and Buildings were purchased for a consolidated amount. Value of Land and Buildings have not been segregated. Depreciation has been provided on the entire amount.
- (b) The Land and buildings owned by the Company (Carrying Value of Rs. 2,792.23 lacs) have been attached by the service tax authorities under Sec. 87 (c) of the Finance Act, 1994.
- Additions to lease hold improvements - aircraft includes Rs. 664.22 lacs (March 31, 2012 - Rs. 28,480.24 lacs) representing cost of major engine repairs to aircrafts taken on operating lease (Refer note 48).
- Certain Trademarks are pending registration.
- Certain assets of the Company are in the custody of airports to which it has no access. (Carrying value not ascertained)

14 Non Current Investments:

Details of Investments/Name of the Company	No of Shares	Face Value Rs.	As at	As at
			March 31, 2013 Rs. In Lacs	March 31, 2012 Rs. In Lacs
Investments in Equity Instruments:				
Subsidiary: (Trade)				
Fully paid up				
Equity shares in Vitae India Spirits Limited fully paid up	50,000	10.00	5.00	5.00
Less:				
Provision for diminution in value of investments			2.44	2.44
Total			2.56	2.56
Aggregate value of unquoted investments:				
Cost			5.00	5.00

Particulars	As at March 31, 2013		As at March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
15 Long term loans and advances:				
i) Capital advances (Refer note 34)		82,300.97		77,024.60
ii) Deposits with lessor towards Aircrafts		9,700.40		29,689.63
iii) Aircraft major maintenance reserve		19,079.46		73,178.68
iv) Security deposits		2,877.02		8,314.86
v) Prepaid Expenses		4,014.96		3,997.79
		<u>117,972.81</u>		<u>192,205.56</u>
Less: Allowance for doubtful advances		7,333.23		-
		<u>110,639.58</u>		<u>192,205.56</u>
Additional information:				
Breakup of above:				
i) Unsecured, considered good		110,639.58		192,205.56
ii) Doubtful		7,333.23		-
Total		<u>117,972.81</u>		<u>192,205.56</u>
Less:				
Allowance for doubtful advances		7,333.23		-
		<u>110,639.58</u>		<u>192,205.56</u>
16 Other non current assets				
i) Initial Cost on Leased Aircrafts				
Per last Balance sheet		63.22		599.65
Less: Amortised/written off during the year		<u>63.22</u>		<u>536.43</u>
		-		63.22
Less: Current maturities		-		<u>63.22</u>
		-		-
ii) Loss on novation / assignment of rights & interest on loans taken for financing pre delivery payments		6,167.62		11,984.32
Less: Amortised/written off during the year		<u>5,934.79</u>		<u>5,816.70</u>
		232.83		6,167.62
Less: Current maturities		<u>232.83</u>		<u>1,145.93</u>
		-		5,021.69
iii) Served From India Scheme Licenses receivable (Refer note 54)		<u>12,740.56</u>		<u>12,740.56</u>
		<u>12,740.56</u>		<u>17,762.25</u>

Particulars	As at March 31, 2013 Rs. In Lacs	As at March 31, 2012 Rs. In Lacs
17 Inventories:		
i) Rotables, Tools and Engineering Consumables	17,167.17	18,957.52
ii) Inflight Stores and Consumables	2,083.57	2,102.41
	<u>19,250.74</u>	<u>21,059.93</u>
Less: Provision for unserviceable & damaged inventory*	2,643.71	643.71
	<u>16,607.03</u>	<u>20,416.22</u>
iii) Fuel	-	62.29
	<u>16,607.03</u>	<u>20,478.51</u>
* Pending review of inventory, an ad-hoc provision of Rs. 2,000 lacs has been made for diminution in value in the current year.		
18 Trade receivables:		
i) Trade receivables exceeding six months	7,620.00	2,360.71
ii) Others	-	17,578.00
	<u>7,620.00</u>	<u>19,938.71</u>
Less: Allowance for doubtful debts	5,614.64	1,179.34
	<u>2,005.36</u>	<u>18,759.37</u>
Additional information:		
1) Breakup of above:		
i) Unsecured, considered good	2,005.36	18,759.37
ii) Doubtful	5,614.64	1,179.34
Total	<u>7,620.00</u>	<u>19,938.71</u>
Less:		
Allowance for doubtful debts	5,614.64	1,179.34
	<u>2,005.36</u>	<u>18,759.37</u>
19 Cash and cash equivalents:		
i) Balances with banks		
- in margin money, security for borrowings, guarantees and other commitments	870.46	13,318.93
- in Current Accounts	1,015.23	4,863.88
ii) Cash on hand*	18.85	43.92
	<u>1,904.54</u>	<u>18,226.73</u>
Additional information:		
In respect of following amounts there are repatriation restrictions:		
* Includes Cash of Rs.2.87 Lacs (March 31, 2012 - Rs. 2.87 Lacs) on which restriction is placed by the High Court Of Karnataka.		



Particulars	As at	As at
	March 31, 2013	March 31, 2012
	Rs. In Lacs	Rs. In Lacs
20 Short term loans and advances:		
i) Balances with Government and statutory authorities	14,317.02	11,661.34
ii) Prepaid Expenses	3,554.21	8,933.99
iii) Aircraft major maintenance reserve	25,234.93	39,596.25
iv) Interest accrued on term deposits	13.19	295.89
v) Deposits with Lessors towards Aircrafts	488.03	685.17
vi) Rental Security Deposits	1,813.02	478.43
vii) Others	20,904.02	32,652.30
	<u>66,324.42</u>	<u>94,303.37</u>
Less: Allowance for doubtful advances	4,339.12	527.21
	<u>61,985.30</u>	<u>93,776.16</u>
 Additional information:		
1) Breakup of above:		
i) Secured, considered good	-	-
ii) Unsecured, considered good	61,985.30	93,776.16
iii) Doubtful	4,339.12	527.21
Total	<u>66,324.42</u>	<u>94,303.37</u>
Less: Allowance for doubtful advances	4,339.12	527.21
	<u>61,985.30</u>	<u>93,776.16</u>
 21 Other Current Assets		
i) Current maturities of Initial Cost on Leased Aircrafts	-	63.22
ii) Current maturities of Loss on novation / assignment of rights & interest on loans taken for financing pre delivery payments	232.83	1,145.93
iii) Loan recoveries lying with SBI Trustee, pending distribution to consortium banks	3,793.65	-
	<u>4,026.48</u>	<u>1,209.15</u>

Particulars	As at March 31, 2013 Rs. In Lacs	As at March 31, 2012 Rs. In Lacs	Remarks
22 Contingent liabilities and Commitments: (to the extent not provided for)			
a) Contingent Liabilities:			
i) Claims against the Company not acknowledged as debts	44,520.94	22,514.09	Pertains to litigations filed against the Company which are pending with various authorities / arbitration, including National Consumer Disputes Redressal Commission, Consumers' Disputes Forums, Courts, Civil Court and invoices / claims of suppliers and service providers not accepted by the Company.
ii) Guarantees/ Letters of credit given by banks on behalf of the Company	1,352.67	65,952.82	Pertains to guarantees and letters of credit given / issued by banks to Airport Authorities, lessors, suppliers of spares, stores & components and others.
iii) Demands raised by Income Tax authorities under appeal	3,005.42	1,393.42	An aggregate sum of Rs. 270.95 lacs paid has been included under 'Loans and Advances'.
iv) Demands and show cause notices raised by service tax authorities	83,722.30	36,905.61	The Company has preferred /furnished appeals/objections /is in the process of replying. Amount indicated does not include any demands that may be raised for other years, based on the stand taken by tax authorities in orders passed/show cause notices issued. An aggregate sum of Rs. 75.00 lacs paid has been included under 'Loans and Advances'.
v) Lease rentals payable in respect of assets taken on operating lease in the event of the Company not meeting certain contractual obligations	29,355.57	27,765.96	The Company has taken certain assets from a lessor on operating lease. The lessor has undertaken to waive the lease rentals in the event the Company meets certain contractual obligations. The Company will request for extension of time to meet certain obligations. The Company is confident that its request for extension of time will be accepted and that it will meet the obligations within the extended time.
vi) Redelivery and other costs in respect of assets taken on operating lease at the end of the lease period	Not ascertainable	Not ascertainable	In respect of operating leases, the Company is required to return the aircrafts as per prescribed terms. However, the lease periods are extendable for a longer period and considering ongoing maintenance of aircrafts, a reliable estimate cannot be made of the redelivery costs.

Particulars	As at	As at	Remarks
	March 31, 2013	March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	
vii) Amounts payable, if any for breach of contractual obligations	Not ascertainable	Not ascertainable	In particular; (a) Financial claims, if any, in respect of certain lease agreements terminated have not been received. Liability in this respect, if any, is not ascertainable. (b) Certain creditors have claimed interest for late payment of dues. The Company is negotiating with these parties to waive such interest. The Company is confident that its request will be accepted and accordingly no provision is made for the same.
viii) Liability for deduction of tax at source on lease payments in respect of aircrafts and engines, where agreements were entered into with lessors on or before March 31, 2007 (excluding interest)	44,637.28	35,401.55	a) The Company has filed applications under section 10(15A) of the Income Tax Act, 1961 with the Central Board of Direct Taxes (CBDT) seeking exemption from deduction of tax, which are pending. These are being followed up by the Company. b) In respect of agreements involving tax of Rs.12,028.73 Lacs up to March 31, 2013, applications made by the Company have been rejected. In respect of certain agreements, the Company has filed SLP with the Supreme Court of India over the order of the High Court confirming the rejection, which leave has been granted.
<p>The Company has entered into agreements for purchase of aircrafts / engines under which the Company has commitments to purchase aircrafts / engines over a period stipulated in the agreements. Such agreements involve complex pricing arrangements wherein the Company receives discounts / credits on such purchases, which are based on the commitments to purchase, which the Company is confident to fulfil currently. Accordingly, amount of contingent liability, if any, as at the balance sheet date is not ascertainable.</p> <p>In addition to the above, there are certain arbitration proceedings with customers / suppliers / contractors, in respect of which claims are currently not ascertainable.</p> <p>The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.</p>			
b) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,316,364.03	2,550,709.70	Pertains to acquisition of aircrafts in future.
c) Arrears of fixed cumulative dividends on preference shares (including tax thereon)	14,688.10	9,448.50	

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
23 Revenue from operations:				
i) Passenger*		44,305.17		491,018.54
ii) Cargo		3,715.72		43,554.97
iii) Excess Baggage		378.32		3,271.12
iv) Rebooking Charges / Cancellation		1,739.07		11,496.27
		<u>50,138.28</u>		<u>549,340.90</u>
* Net of credit card chargeback amount of Rs.34.02 lacs (previous year Rs.92.18 lacs)				
24 Other Income:				
i) Interest on deposits with banks		512.82		1,361.15
ii) Income on sale and lease back transaction		41.42		41.42
iii) Provision no longer required withdrawn		16,635.97		14,866.68
iv) Other non operating income		1,017.64		5,882.15
v) Exchange Gain (net)		-		10,898.50
		<u>18,207.85</u>		<u>33,049.90</u>
25 Employee Benefit Expenses:				
i) Salaries and wages		32,674.65		65,187.01
ii) Contribution to provident and other funds (Refer note 42(b))		620.42		881.74
iii) Gratuity (Refer note 42(a))		762.58		154.36
iv) Leave encashment / Compensated absences (Refer note 40(b))		-		65.89
v) Expenses on the employee stock option scheme		-		(295.09)
vi) Staff welfare expenses		858.06		1,357.47
		<u>34,915.71</u>		<u>67,351.38</u>
26 Finance Costs:				
i) Interest expense		136,801.53		120,520.57
ii) Bank charges and guarantee commission (Refer note 36(b))		6,810.11		7,107.96
iii) Others		3.84		4.99
		<u>143,615.48</u>		<u>127,633.52</u>
27 Depreciation and amortization:				
i) Depreciation		17,879.19		30,099.67
ii) Initial Costs amortised on Leased Aircrafts		5,999.10		1,980.26
iii) Amortisation of slot charges		-		2,106.66
		<u>23,878.29</u>		<u>34,186.59</u>

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
28 Operating and other expenses:				
i) Landing, Parking, Housing and Navigation Charges		6,447.75		40,060.59
ii) Ground Handling		3,416.25		23,170.89
iii) Aircraft Maintenance:				
- Maintenance and Component Support Services	4,091.71		29,654.18	
- Stores and Spares Consumed*	5,031.50		5,963.32	
- Others	492.63		4,048.33	
		9,615.84		39,665.83
iv) Inflight and Other Amenities		2,494.25		17,868.67
v) Rent		4,504.06		5,973.08
vi) Repairs to buildings		82.89		35.33
vii) Repairs to others		562.29		1,573.14
viii) Insurance:				
- Aircraft	3,842.40		6,285.19	
- Others	69.86		82.68	
		3,912.26		6,367.87
ix) Rates and Taxes		141.11		351.29
x) Rates and Taxes - Service Tax		98.33		885.68
xi) Selling and Distribution		13,408.43		24,599.43
xii) Commission to selling agents		3,246.53		17,041.74
xiii) Discounts other than trade discounts		527.63		1,594.52
xiv) Advertising and Sales Promotion		328.09		17,386.28
xv) Payment to the auditors				
- as auditor	60.00		60.00	
- for other services	31.50		55.00	
- for reimbursement of expenses	2.18		2.12	
		93.68		117.12
xvi) Communication		866.52		2,688.37
xvii) Electricity		504.58		760.75
xviii) Printing and Stationery		70.24		441.44
xix) Legal and professional charges		1,729.09		4,965.12
xx) Travelling, Conveyance & Boarding expenses		1,303.22		5,840.21
xxi) Directors sitting fees		4.90		6.60
xxii) Hire Charges		863.82		3,620.94
xxiii) Training		264.84		1,397.75
xxiv) Recruitment		23.21		153.83
xxv) Loss on sale of Fixed Assets (net)		2,978.02		1,239.20
xxvi) Bad Debts written off		35.15		919.84
xxvii) Allowance for Doubtful Debts/ Advances		15,580.43		1,464.00
xxviii) Provision for Diminution in value of investments		-		2.44
xxix) Software Expenses		377.48		1,092.82
xxx) Miscellaneous expenses		922.35		1,765.01
xxxi) Foreign Exchange loss (net)		1,751.24		-
		<u>76,154.48</u>		<u>2,23,049.78</u>

* Includes Rs 2,000 lacs on account of provision for unserviceable & damaged inventory (Previous year Rs. 100 lacs)

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
29 Details of redelivery/other costs:				
Costs incurred on account of premature termination of lease/ purchase contracts		108,669.47		74,344.72
		<u>108,669.47</u>		<u>74,344.72</u>
30 Prior period items: (to the extent identified)				
i) Income		-		45.55
ii) Expenses				
- Maintenance and component support service				736.39
- Landing, parking, housing and navigation charges		112.38		46.15
- Guarantee Commission		135.36		-
- Others		1,359.51		-
		694.62		517.17
		<u>2,301.86</u>		<u>1,299.71</u>
31 Additional Information:				
a) Value of Imports calculated on CIF basis:				
(As certified by the Management)				
i) Stores, Spares and Components		1,502.40		10,076.62
ii) Capital goods		-		0.73
b) Expenditure in foreign currency:				
(As certified by the Management)				
i) Salaries		669.89		5,172.91
ii) Travelling & Conveyance		87.21		1,895.36
iii) Professional & Consultancy expenses		974.52		1,453.57
iv) Training expenses		127.18		869.58
v) Aircraft and other maintenance expenses		2,699.43		61,426.27
vi) Lease rentals		71,008.05		105,845.44
vii) Ticket distribution and reservation system		9,395.96		26,157.10
viii) Interest		774.24		3,209.87
ix) Fuel Purchase		658.52		47,870.24
x) Airport Charges		289.18		13,309.68
xi) Ground Handling		227.29		6,704.22
xii) Redelivery costs		108,669.47		74,344.72*
xiii) Insurance		2,855.22		4,283.67*
xiv) Slot charges		-		2,106.66
xv) Others		1,192.99		7,532.98
*Recast				
c) Particulars (As certified by the Management)				
Particulars	Amount	%	Amount	%
	Rs. In Lacs	to total	Rs. In Lacs	to total
i) Value of imported raw materials, spare parts and components consumed	4,419.68	87.84	4,651.39	78.00
ii) Value of indigenous raw materials, spare parts and components consumed	611.82	12.16	1,311.93	22.00
	<u>5,031.50</u>	<u>100.00</u>	<u>5,963.32</u>	<u>100.00</u>
d) Details of non-resident shareholdings				
i) Number of non resident share holders as at the end of the year		2,325		1,461
ii) Number of shares held by non resident shareholders as at the end of the year		40,300,451		7,123,503
iii) Amount remitted during the year in foreign currency on account of dividends		Nil		Nil
e) Earnings in foreign exchange: (As certified by management)				
i) Passenger / cargo revenue		1,224.93		1,36,323.39

32 Earnings per share:

Particulars	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
	Rs. In Lacs	Rs. In Lacs
Loss for the year after tax expense	430,111.96	232,800.75
Preference dividend payable including dividend tax	5,176.79	5,142.61
	<u>435,288.76</u>	<u>237,943.36</u>
Weighted average number of equity shares	773,621,270	507,162,628
Earning per share (Basic and Diluted) In Rs.	(56.27)	(46.92)

33 Buildings constructed at a cost of Rs.865.86 Lacs are on land belonging to the Airport Authority of India. Such rental agreements are renewable on a periodical basis.

34 Capital advances includes capitalised interest on borrowings for purchase of fixed assets. The movement in the account is given below:

Particulars	(Rs. In Lacs)	
	2012-2013	2011-2012
Opening balance	18,834.25	16,568.66
Add: Interest capitalised during the year	2,449.49	2,265.59
Closing balance	21,283.73	18,834.25

An aircraft wise schedule of interest capitalized is under preparation and review. The Company is in the process of renegotiating the delivery terms of aircrafts with the relevant manufacturers. Any amounts to be decapitalized consequent to temporary suspension of work will be accounted after such renegotiation.

35 Employee Stock Option Plan [ESOP]

The Board of Directors of the Company are yet to formulate the stock option plan to the employees of the commercial airline division of KTASL taken over by the Company, pursuant to clause 11.1 of the Scheme.

36 a Related Party Disclosures

(Parties identified by the Management and relied upon by the auditors):

Names of related parties

Associate (Holding Company till February 17, 2012)	United Breweries (Holdings) Limited
Enterprises over which a KMP has significant influence (Fellow Subsidiaries till February 17, 2012)	Kingfisher Finvest India Limited (KFIL)
	UB Infrastructure Projects Limited (UBIPL)
	Kingfisher Training and Aviation Services Limited (KTASL)
	Bangalore Beverages Limited
	Bestride Consultancy Private Limited
Subsidiary of the Company	Vitae India Spirits Limited
Key Management Personnel (KMPs)	Dr. Vijay Mallya
	Mr. Sanjay Aggarwal

(Rs. in Lacs)

Transactions during the year		United Breweries (Holdings) Limited	Enterprises over which a KMP has significant influence	Subsidiary	KMPs
Remuneration to Mr. Sanjay Aggarwal	Mar-13	-	-	-	399.46 [^]
	Mar-12	-	-	-	401.02 [^]
Guarantee and security commission (expense)	Mar-13	1,780.39	20.39#	-	-
	Mar-12	Nil	Nil	-	-
Write back of guarantee and security commission (income) (Refer note 36(b))	Mar-13	-	-	-	-
	Mar-12	1,256.28	18.44#	-	1,403.79\$\$
License fees (expense)	Mar-13	185.84	-	-	-
	Mar-12	568.26	-	-	-
Interest expense	Mar-13	837.56	685.61**	-	-
		-	-	-	-
	Mar-12	447.33	8514.48%	-	-
		-	284.62**	-	-
Reimbursement of expenses	Mar-13	95.32	-	-	-
	Mar-12	0.07	-	-	-
Loans borrowed	Mar-13	33,667.91	10610.00**	-	-
		-	86,467.18%	-	-
	Mar-12	-	12,298.43\$	-	-
		7,809.77	5,762.12**	-	-
Loans repaid	Mar-13	-	88,264.97%	-	-
		10,488.43	-	-	-
	Mar-12	-	600.00%	-	-
		-	110.00\$	-	-
Purchase of fixed assets	Mar-13	Nil	4,700.00**	-	-
	Mar-12	-	-	-	-
Outstanding payable (net of receivables)	Mar-13	45,699.10	15257.33**	-	-
		-	472.74#	-	-
		-	-	-	-
		-	186,853.00%	-	-
	Mar-12	-	12,188.43\$	-	-
		19,897.48	4,030.28**	-	-
		-	454.39#	-	-
		-	19.28@	-	-
-	-	93,322.78%	-	-	
-	-	-	-	-	

Transactions during the year		United Breweries (Holdings) Limited	Enterprises over which a KMP has significant influence	Subsidiary	KMPs
Outstanding receivables (net of payable)	Mar-13	-	46.09@	-	-
	Mar-12	-	-	-	-
Guarantees given on behalf of the Company for loans taken & other liabilities (Refer note 36 (b))	Mar-13	890,549.62	-	-	587,414.00\$\$
	Mar-12	892,586.12	-	-	590,414.00\$\$
Investments held by the Company in Vitae India Spirits Limited	Mar-13	-	-	5.00	-
	Mar-12	-	-	5.00	-

* * UBIPL

KFIL

@ KTASL

% Bangalore Beverages Limited

\$ Bestride Consultancy Private Limited

\$\$ Dr. Vijay Mallya

^ Entitled to free use of Company car & telephone. Excludes accrued leave encashment and gratuity since the same have been recognized for the Company as a whole and cannot be determined at an employee level.

NA: Not applicable

In addition the Company has derived revenue from certain related parties from sale of tickets / cargo space in the normal course of business. These have not been quantified & shown separately.

- b The consortium bankers pursuant to the Reserve Bank of India's guidelines directed the Company not to make payment of commission and reverse all entries relating to commission to the guarantors for issuing guarantees at the request of the Company to its bankers with effect from January 1, 2011. The Company communicated the matter to the concerned guarantors, viz. United Breweries (Holdings) Limited ("UBHL") and Dr. Vijay Mallya (VJM) respectively, who have together with Kingfisher Finvest India Limited filed a suit in the honorable Bombay High Court, being Suit No. 311 of 2013 against the consortium of bankers and the Company, inter alia, seeking the following reliefs:
- 1) For a declaration that the corporate guarantee given by UBHL, the personal guarantee given by VJM and the pledge agreement all dated December 21, 2010 are void ab-initio and non-est.
 - 2) For a permanent order and injunction restraining the consortium of bankers, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon, in furtherance or in any manner giving effect to the impugned Notices dated March 16, 2013, or from taking any other or further steps to act upon or in furtherance of the pledge agreement dated December 21, 2010, save and except in accordance with the procedure set out in clause 8.1 of the Master Debt Recast Agreement (MDRA), including issuing a notice there under.
 - 3) For an order and declaration that the transfer of 26,46,155 and 1,00,00,000 equity shares in United Spirits Limited and Mangalore Chemicals and Fertilizers Limited respectively held by UBHL, from its DP Account to the DP Account of SBI Capital Trustees Limited done pursuant to the impugned Notices is without the authority of law and void.
 - 4) That consortium of bankers be ordered and directed by a mandatory order of the honorable court to restore status quo ante for all acts, deeds and things done pursuant to the said impugned notices.
 - 5) For a permanent order and injunction restraining the consortium of bankers, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon or in furtherance of the corporate guarantee given by UBHL, the personal guarantee given by VJM and the pledge agreement, all dated December 21, 2010.

- 6) That an order and decree of damages of the sum of Rs. 3199.68 crores as set out in the particulars of claim hereto be awarded to the Plaintiffs.

Without prejudice to the forgoing, in the aforesaid Suit No. 311 of 2013, UBHL and VJM have claimed that the maximum limit under UBHL's Corporate Guarantee and VJM's Personal Guarantee is Rs. 1,601.43 crores and Rs. 248.97 crores respectively for reasons set out therein.

The Plaintiffs in the aforesaid Suit No. 311 of 2013 ("the Suit") moved an application in the Suit seeking ad-interim relief and pressed for a temporary order and injunction restraining the consortium of bankers, their servants, agents or assigns, or any other person claiming by, through or under them or any of them, from acting upon, in furtherance or in any manner giving effect to the impugned Notices dated March 16, 2013, or from taking any other or further steps to act upon or in furtherance of the pledge agreement, save and except in accordance with the procedure set out in clause 8.1 of the MDRA, including issuing of a notice there under. By an order dated April 2, 2013 the honorable Bombay High Court declined ad-interim relief.

The Suit is pending in the Honorable Bombay High Court. In view of the aforesaid facts, no provision for the period from January 1, 2011 to March 31, 2013 to the extent indicated earlier has been made in the books of account of the Company for commission in respect of the guarantees, which are sought to be declared void ab-initio and non-est in the Suit.

Commission for the period from January 1, 2011 to March 31, 2013 would have aggregated to Rs. 22,483.69 lacs (year ended March 31, 2013 Rs. 10,070.89 lacs).

37 Leases and Hire Purchase

The Company has entered into operating and finance lease agreements. Disclosures required under AS 19 on "Leases" is as given below:

(a) Operating leases

Operating lease arrangements comprise of leases of aircraft, helicopters, spare engines and office premises. The salient features of such lease agreements are as follows:

- 1) Lease periods range up to twelve years and are in certain cases non-cancellable.
- 2) Lease rentals are usually fixed over the term of the lease while some arrangements are subject to adjustments linked to the Libor rates movements.
- 3) The Company also has agreements for maintenance and lease of stores and spares for such aircrafts for which fixed and variable rentals are paid. Variable rentals are paid on a pre determined rate payable on the basis of actual flying hours / cycles. Such variable rentals are subject to annual escalations as stipulated in the agreements. However, the Company is eligible to claim reimbursement of maintenance costs to the extent eligible under the agreements.
- 4) The Company does not have an option to buy the aircraft or helicopters and spare engines or to renew the leases.
- 5) In case of default by the Company, in addition to repossession of the aircraft, penalties are stipulated in the agreements.
- 6) The Company is required to deposit a commitment fee and a security deposit with the lessor or provide a letter of credit for such amounts.
- 7) Office premises are subject to further renewal after the expiry of original non cancellable period as per the original agreement.

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
Lease contributions for the year (excluding maintenance reserves)	72,758.75	107,718.49
Minimum lease payments contributions		
- Not later than one year	20,478.99	71,544.49
- Later than one year but not later than five years	51,963.26	199,740.93
- Later than five years	-	48,116.96

In addition to the above, the Company has entered into agreements to lease aircrafts / engines in respect of which the aircrafts / engines are pending delivery / the lease was yet to commence as at March 31, 2013. The above table of minimum lease payments does not include amounts that may become payable in respect of leases yet to commence as at March 31, 2013.

Particulars	(Rs. in Lacs)	
	2012-2013	2011-2012
Total minimum lease payments at the balance sheet date in case of balance fixed non cancellable lease term	17,534.06	77,865.59
Less: Amount representing finance charges	1,767.28	14,331.28
Present value of minimum lease payments	15,766.78	63,534.31
Lease payments for the year	3,787.75	7,741.56
Minimum Lease Payments :		
Not later than one year [Present value as at March 31, 2013 Rs.6,204.11 Lacs (As at March 31, 2012 Rs.13,778.15 Lacs)]	7,111.10	18,610.99
Later than one year but not later than five years [Present value as at March 31, 2013 Rs.9,562.67 Lacs (As at March 31, 2012 Rs.37,113.70 Lacs)]	10,422.96	45,479.91
Later than five years [Present value as at March 31, 2013 Nil (As at March 31, 2012 Rs. 12,642.46 Lacs)]	-	13,774.69

Salient features of Finance Lease Agreement (Aircraft):

- 1) Monthly aircraft lease rentals are paid in the form of fixed rentals.
- 2) The Company is responsible for keeping the aircraft airworthy in all respects and in good condition and insuring the same throughout the lease period.
- 3) The Company has an option to purchase the aircraft either during the term of the lease on payment of the outstanding principal amount or at the end of the lease term on payment of a nominal option price.
- 4) In the event of default, the Lessee is responsible for payment of all costs of the Owner including financing costs, and other associated costs. Further, a right of repossession is available to the Owner / Lessor.

In addition, the Company has entered into cancellable leasing arrangements for office and residential premises which are renewable at mutual consent. Lease rentals of Rs. 2,753.36 lacs (Previous year - Rs. 4,100.03 Lacs) have been included under the head "Operating and Other Expenses - Rent" in the Statement of Profit and Loss.

38 Segment disclosures

(a) Geographical segments

Considering the internal reporting framework, the Company has considered geographical segments as the primary segments. Such segments consist of domestic air transportation within India and international air transportation outside India.

The Company only had domestic operations during the year 2012 - 13 and hence segmental results have not been separately disclosed. The value of assets and liabilities, capital expenditure incurred during the year and depreciation on fixed assets segment wise cannot be segregated and identified to any reportable segment. The segmental results for the year 2011 - 12 is given below.

Particulars	(Rs. in Lacs)		
	Domestic	International	Total
Revenue			
2011-12	411,255.78	138,085.12	549,340.90
Segment results - gain / (loss) before tax and interest			
2011-12	(8,343.94)	(33,001.78)	(41,345.72)
Less:			
Interest and finance charges			
2011-12			(127,633.52)
Depreciation and other amortizations			
2011-12			(34,186.59)
Other unallocable expenditure			
2011-12			(100,148.56)
Redelivery and other cost and Foreign exchange translation differences			
2011-12			(63,446.22)
Add: Unallocable income			
2011-12			22,151.40
Total loss before tax expense			
2011-12			(344,609.21)

Note: All data in note 38(a) is as certified by management, since part of the data is drawn from non-financial records.

(b) Business segments

The Company operates in a single business segment, i.e. of providing scheduled and unscheduled air transportation services. Accordingly, no separate segment disclosures for business segments are required to be given.

- 39 Deferred tax credit earlier recognized up to March 31, 2012 aggregating to Rs. 404,586.77 lacs has been derecognized during the year by debit to surplus account (reserves and surplus) in the balance sheet.

40 Provisions

In accordance with Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets', following is the movement in provision towards cost for frequent flyer program.

(a) Frequent Flyer Program:

The Company has a Frequent Flyer Program (King Club), wherein passengers who fly frequently are entitled to accumulate miles to their credit. Passengers are eligible to redeem such miles in the form of tickets, either on the Company or its partners' airlines. The cost of allowing free travel to members is accounted considering the members' accumulated mileage on an incremental basis. However, in the light of inadequate historical data, the Company has not factored costs that would be incurred by it while estimating provisions required, in case eligible passengers redeem such miles for services/tickets of partners. The movement in the provision towards cost for frequent flyer program during the year is as under:

Particulars	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Opening Balance	3,447.52	2,165.75
Add: Provision during the year	168.56	1,967.34
Less: Amounts utilized during the year	188.82	685.57
Closing Balance	3,427.26	3,447.52

The outflow with regard to above would depend upon utilization of accumulated mileage by the members and hence, the Company is not able to reasonably ascertain the timing of outflow.

(b) Leave encashment / compensated absences

The movement in the provision towards cost of leave encashment / compensated absences during the year is as under:

Particulars	(Rs. in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Opening Balance	1,272.57	1,411.78
Add: Provision during the year	(151.98)	65.89
Less: Amounts utilized during the year	473.49	205.11
Closing Balance	647.10	1,272.57

- 41 There were no forward or derivative contracts outstanding as at March 31, 2013 and March 31, 2012. Foreign currency exposures as at March 31, 2013 and March 31, 2012 that had not been hedged by any derivative instrument or otherwise are estimated as follows:

(Rs. in Lacs)

Particulars		As at		As at	
		March 31, 2013		March 31, 2012	
		Foreign Currency in lacs	Rs. in lacs	Foreign Currency in lacs	Rs. in lacs
Capital Advances	USD	1,020.28	55,457.19	1,113.92	57,759.18
	Others	-	-	0.85	5.66
Prepaid Maintenance Reserve	USD	815.28	44,314.39	2,174.93	112,774.93

Particulars	As at		As at		
	March 31, 2013		March 31, 2012		
	Foreign Currency in lacs	Rs. in lacs	Foreign Currency in lacs	Rs. in lacs	
Other Assets (Receivables)	USD	518.95	28,214.98	894.22	46,367.31
	BDT	1,149.21	786.72	1,126.77	701.92
	GBP	1.15	95.61	80.58	6,679.44
	NPR	43.43	27.15	336.44	208.59
	EUR	1.26	87.72	4.00	276.42
	AED	5.45	80.66	44.97	635.78
	HKD	0.73	5.09	46.61	311.15
	SGD	1.51	65.94	6.44	265.66
	Others		177.66		374.55
Finance Lease for aircrafts and other term loan from financial institution	USD	290.07	15,766.78	1,225.30	63,534.31
Other Liabilities (Payables)	USD	2,722.80	147,997.70	2,306.94	119,619.57
	NPR	178.57	110.12	165.28	103.16
	GBP	21.68	1,790.03	0.72	59.71
	EUR	61.80	4,305.04	29.35	2,030.04
	Others		1,204.13		1,415.41

42 Employee Benefits:

(a) Contribution to defined benefit plans-gratuity plan (unfunded) (as certified by actuary) (Rs. in lacs)

Particulars		2012-2013	2011-2012
I)	Change in benefit obligation:		
	Defined benefit obligation (DBO), at the beginning of the year	1,326.09	1,476.15
	Service Cost	260.90	375.78
	Interest Cost	112.72	121.78
	Past service cost- vested benefit	-	-
	Actuarial loss / (gain)	(333.09)	(343.20)
	Benefits paid	(0.74)	(304.42)
	Defined benefit obligation at the end of the year	1,365.87	1,326.09
II)	Components of cost for the year:		
	Service cost	260.90	375.78
	Interest on defined benefit obligation	112.72	121.78
	Gratuity for resigned employees	722.05	0
	Net actuarial gain recognized in the year	(333.09)	(343.20)
	Net gratuity recognized in the Statement of Profit and Loss	762.58	154.36
III)	Actuarial assumptions:		
	Discount rate (p.a)	8.00%	8.50%
	Salary Escalation Rate (p.a)	5.00%	5.00%
	Retirement Age	58 years	58 years
	Mortality	India Assured Lives Mortality (2006-08) Ultimate	Rates of LIC (1994-1996) mortality table
	Withdrawal rate	10.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

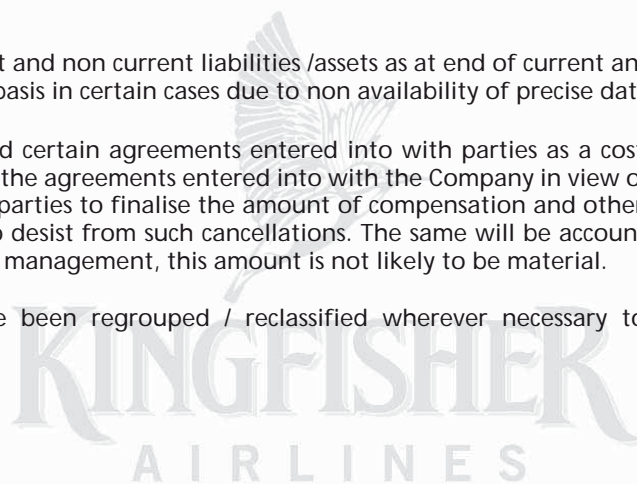
(b) Contribution to defined contribution plans

Contribution to provident fund Rs. 405.37 Lacs (Previous year – Rs. 673.66 Lacs).

Contribution to social security schemes Rs.121.60 Lacs (Previous year - Rs. 214.71 Lacs).

- 43 The Company is not aware of the registration status of its suppliers registration under the MSME Act, 2006 ("Micro Small and Medium Enterprises Development Act 2006"). Accordingly, information relating to outstanding balances due have not been disclosed as it is not determinable. Similarly, interest payable if any, has not been computed and provided for.
- 44 Accounts of certain creditors, debtors, IATA, loans & advances, bank accounts, passenger service fees and charges payable to airport operators, service tax payable (including under reverse mechanism), input service tax credit recognized are subject to review / reconciliation / confirmation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations/ identification of doubtful and bad debts/ advances.
- 45 The Company has accumulated losses of Rs.1,602,346.91 lacs as at March 31, 2013 and its net worth as at that date is minus Rs.1,291,981.85 lacs. The scheduled operator's flying permit (Permit) issued by the Director General of Civil Aviation (DGCA) has lapsed and is yet to be renewed. The consortium banks who had lent monies to the Company have recalled their debts in April 2013. Although these events or conditions may cast significant doubt on the Company's ability to continue as a going concern, it has detailed plans for renewal of its operations. It has filed the necessary application to the DGCA to renew the Permit and is exploring various options to recapitalize and resume operations. The Company will also request the banks at an appropriate time for debt restructuring. Based on the detailed evaluation of the current situation, plans formulated and active discussions underway with prospective investors, management is confident of raising adequate finance, obtaining renewal of the Permit, rescheduling debt and receiving continued support from the group. Therefore, the management holds the view that the Company will realize its assets and discharge liabilities in the normal course of business. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
- 46 The Company's centralized ticket reservation system (CRS) does not support capture of unearned revenue. Accordingly, such unearned revenue has been estimated by management by multiplying the estimated aggregate number of unflown tickets as on the reporting date by an overall average estimated ticket value. Management is taking continuing steps to streamline the process of determination of unearned revenue.
- 47 The Company's Cargo Revenue Management (CRM) system is yet to stabilize. Mistakes noticed in revenue recognized, sundry debtors and other relevant accounts have been corrected to the extent identified. The Company is of the view that any unadjusted differences will not be material. Management is taking steps to further streamline the processes and stabilize the system.
- 48 **Accounting of costs on major repairs and maintenance of its engines:**
 During the current and certain immediately preceding previous years, the Company has adopted the exposure draft on Accounting Standard - 10 (Revised) 'Tangible Fixed Assets' which allows costs on major repairs and maintenance incurred to be amortized over the incremental life of the asset. The Company has extended the same treatment to costs and maintenance on engines pertaining to aircrafts acquired on operating lease. Such expenditure has been included in 'Lease hold improvements- Aircrafts' vide schedule of fixed assets. This accounting policy has been confirmed by an independent expert and in the opinion of the management, has resulted in a fair depiction of the working results and the state of affairs of the company. But for such accounting practice, the loss before & after tax for the year would have been lower by Rs. 14,298.07 lacs.
- 49 Use fees payable by the Company in respect of certain assets taken on operating lease aggregating to Rs. 1,132.52 Lacs (previous year Rs 6,033.53 lacs) (aggregate amount as at March 31, 2013 Rs. 4,281.74 lacs after taking into account redeliveries) have in accordance with the Company's understanding, been treated as maintenance reserves. In terms of the Company's accounting policy, these fees are initially included under Loans and Advances and are expensed out to the Statement of Profit and Loss at the time of incurrence of major expenditure /termination of agreements. The Company is taking steps to formalize this understanding with the relevant lessor.
- 50 The Company has not prepared consolidated financial statements (CFS) as required by the AS 21, since the transactions of subsidiary during the year/its assets and liabilities were not material.

- 51 Fixed assets were physically verified by the management during the previous year. Pending completion of reconciliation, discrepancies, if any, have not been finalized and adjusted. As a matter of abundant caution, provision of Rs. 500 lacs has been made for the possible effect of any discrepancies.
- 52 Rs. 10,858 lacs representing withholding tax accrued as payable in the books of account upto March 31, 2011 on amounts paid/ provided as payable to certain non residents/interest thereon was withdrawn based on professional advice. Consequently, no provision is considered necessary for withholding tax for the years 2011-12 and 2012 - 13 on amounts paid/ provided as payable to certain non residents/interest thereon. The Company is in the process of completing a part of the pending documentation and complying with the requisite formalities under the Income Tax Act, 1961.
- 53 The consortium banks have sought to recall their entire outstanding in April 2013. The Company will be disputing such action before an appropriate forum. Accordingly, the borrowings outstanding to the consortium banks as at March 31, 2013 have been classified as long term and current liabilities without taking cognizance of the recall but as per the schedule of repayments stipulated in the MDRA. Consequently, the Company has also continued to amortize certain borrowing costs over the repayment period as per MDRA. Unamortized borrowings costs as at March 31, 2013 is Rs. 3,021.78 lacs.
- 54 The licenses for claims of duty free credits (amount recognized as at March 31, 2013 and included under 'Other current assets' Rs.12,740.56 lacs) are yet to be received from relevant authorities. The Company is taking necessary action on the matter.
- 55 Segregation between current and non current liabilities /assets as at end of current and previous reporting periods have been done on an estimated basis in certain cases due to non availability of precise data.
- 56 The Company has terminated certain agreements entered into with parties as a cost rationalisation measure. Certain parties have also terminated the agreements entered into with the Company in view of defaults by it. The Company is in discussion with the relevant parties to finalise the amount of compensation and other costs, if any payable by it, as well as to persuade the parties to desist from such cancellations. The same will be accounted on final determination of the matter. In the opinion of the management, this amount is not likely to be material.
- 57 Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.



Statement pursuant to Section 212 of the Companies Act, 1956, related to the Subsidiary Company

Particulars	Vitae India Spirits Limited
1. Financial year of the Subsidiary ended on	March 31, 2013
2. Shares of the Subsidiary held by the Company on the above date:	
(a) Number & face value	50000 Equity Shares of Rs.10/- each
(b) Extent of holding	100%
3. Net aggregate amount of profits/(losses) of the Subsidiary so far as they concern members of Kingfisher Airlines Limited:	
(a) For the financial year of the Subsidiary	
(i) Dealt within the accounts of the Company for the year ended March 31, 2013 (Rs. Lacs)	NIL
(ii) Not Dealt with the accounts of the Company for the year ended March 31, 2013 (Rs. Lacs)	(2.44)
(b) For the previous financial year of the subsidiary since it became a subsidiary	
(i) Dealt within the accounts of the Company for the previous financial year ended March 31, 2012 (Rs. Lacs)	NIL
(ii) Not Dealt with the accounts of the Company for the previous financial year ended March 31, 2012 (Rs. Lacs)	(2.44)

For and on behalf of the Board of Directors

Dr. Vijay Mallya
Chairman & Managing Director

A. K. Ravi Nedungadi
Director

Place : Mumbai
Date : May 30, 2013

A. Raghunathan
Chief Financial Officer

Bharath Raghavan
Company Secretary

Cash Flow Statement For The Year Ended March 31, 2013



Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Cash flows from operating activities				
Loss before taxation		(430,111.96)		(344,609.21)
Adjustments for:				
Depreciation / Amortisation on fixed assets	17,879.19		30,099.67	
Amortisation of slot charges	-		2,106.66	
Initial Costs amortised on Leased Aircrafts	5,999.10		1,980.26	
Initial Costs amortised on Leased Aircrafts - Redelivery Costs	-		-	
Initial Costs amortised on Leased Aircrafts - Redelivery Costs	-		4,372.87	
Provision for Gratuity	761.83		(150.06)	
Provision for Leave Encashment / Compensated Absences	(625.47)		(139.22)	
Provision for Frequent Flyer Scheme	(20.26)		1,281.77	
Provision for Redelivery Costs	-		1,773.34	
Employee Compensation (Income) / Expense	-		(295.09)	
Baddebts written off	35.15		919.84	
Provision for Doubtful Debts/ Advances	15,580.43		1,464.00	
Provision for Obsolescence	2,000.00		100.00	
Provision for Diminution in Value of Investments	-		2.44	
Loss on sale of assets	2,978.02		1,239.20	
Loss on redelivery of aircrafts	7,842.24		11,179.16	
Foreign exchange loss/(gain)	7,105.08		(7,791.38)	
Income on sale and lease back transaction	(41.42)		(41.42)	
Interest received	(512.82)		(1,361.15)	
Interest expenses	136,801.53		120,520.57	
		<u>195,782.60</u>		<u>167,261.46</u>
		(234,329.36)		(177,347.75)
(Increase)/ decrease in trade and other receivables	12,283.57		22,909.49	
(Increase)/ decrease in inventories	1,871.48		(1,813.96)	
(Increase)/ decrease in trade advances	105,030.74		4,290.27	
Increase/ (decrease) in trade payables	(23,689.76)		63,807.20	
		<u>95,496.03</u>		<u>89,193.00</u>
		(138,833.33)		(88,154.75)
Income taxes paid		<u>252.79</u>		<u>399.83</u>
Net cash used in operating activities		<u>(139,086.12)</u>		<u>(88,554.58)</u>
Cash flows from investing activities				
Movement in fixed assets (including changes in Capital work-in-progress and capital advances)	(4,787.59)		(32,014.19)	
Sale of fixed assets	41.32		4.64	
Slot charges incurred during the year	-		(2,106.66)	
Repayment of Finance Lease obligation during the year (principal portion)	(3,021.53)		(5,930.16)	
Interest received	795.52		1,289.19	
Net cash from/(used) in investing activities		<u>(6,972.28)</u>		<u>(38,757.18)</u>

Cash Flow Statement For The Year Ended March 31, 2013 (Contd.)

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Cash flows from financing activities				
Proceeds from Loans from Banks and Others	238,437.79		204,580.50	
Monies held with SBI Trustee	(3,793.65)		-	
Repayment of Loans to Banks and Others	(70,904.24)		(17,818.28)	
Interest paid	(34,003.69)		(66,459.98)	
Net cash from financing activities		129,736.21		120,302.24
Net increase/(decrease) in cash and cash equivalents		(16,322.19)		(7,009.52)
Cash and cash equivalents at beginning of reporting period		18,226.73		25,236.25
Cash and cash equivalents at end of reporting period		1,904.54*		18,226.73*

Note:

The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3.

Cash & Cash equivalents:

* Includes margin money of Rs. 870.46 lacs (March 31, 2012 Rs. 13,318.93 lacs)

As per our report of even date

For B. K. Ramadhyani & Co.
Chartered Accountants

Shyam Ramadhyani
Partner
Membership No. 019522

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board of Directors

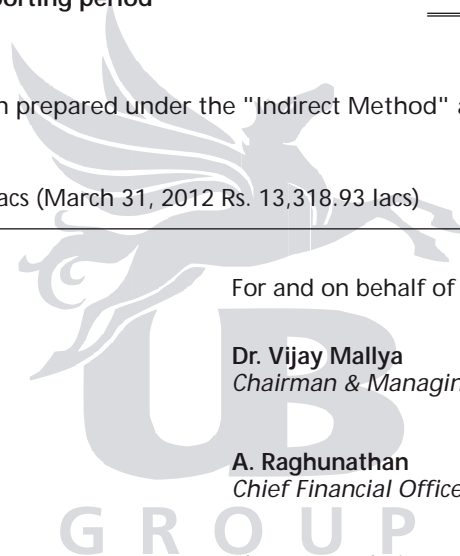
Dr. Vijay Mallya
Chairman & Managing Director

A. Raghunathan
Chief Financial Officer

Place : Mumbai
Date : May 30, 2013

A. K. Ravi Nedungadi
Director

Bharath Raghavan
Company Secretary



Directors' Report

To The Members,

Your Directors present the 5th Annual Report along with the Audited Accounts of your Company for the financial year ended March 31, 2013.

Operations

Your Company has not carried on any business during the year under review. For the financial year ended March 31, 2013, your Company has incurred a loss of Rs. 452/- comprising of bank charges.

Share Capital

The Authorised, Issued, Subscribed and Paid up Equity Share Capital of your Company remains unchanged at Rs. 5,00,000/- divided into 50,000 equity shares of Rs. 10/- each.

Your Company continues to remain a wholly owned subsidiary of Kingfisher Airlines Limited.

Directors

Mr. T. R. Venkatadri, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Auditors

M/s Vishnu Ram & Co., your Company's Auditors have confirmed that they are eligible for re-appointment at the ensuing Annual General Meeting and it is proposed to re-appoint them and to fix their remuneration.

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956 and the rules framed there under are not applicable to your Company.

Foreign Exchange Earnings and Outgo

There is no earning or outgoing of Foreign Exchange during the year under review.

Directors' Responsibility Statement

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors of your Company hereby confirm that:

- in the preparation of the Accounts for the year ended March 31, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at March 31, 2013 and of the loss of your Company for the year ended March 31, 2013;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- the accounts for the year ended March 31, 2013 have been prepared on a going concern basis.

Particulars of Employees' Remuneration

Your Company has no employees on its payroll and accordingly, the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are not applicable.

For and on Behalf of the Board of Directors

Bangalore
May 16, 2013

A. Raghunathan
Director

T. R. Venkatadri
Director

To

The Members of

VITAE INDIA SPIRITS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **VITAE INDIA SPIRITS LIMITED** ('the Company') which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Vishnu Ram & Co.**
Chartered Accountants

(**S. Vishnumurthy**)
Proprietor

Bangalore
May 16, 2013

Membership No. 22715
Firm Registration No. 004742S

Annexure to the Independent Auditors' Report

Re: VITAE INDIA SPIRITS LIMITED

Referred to in paragraph 5(i) of our report of even date

- (a) There were no fixed assets. Therefore, the provisions of clause 4(i)(a) to 4(i)(c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) There were no stocks of goods. Therefore, the provisions of clause 4(ii)(a) to 4(ii)(c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (c) The company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(a) to 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (d) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(e) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (e) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (f) According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (g) In our opinion and according to the information and explanation given to us, there have not been any transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (h) The company has not accepted any deposits from the public in contravention of the provisions of sections 58A, 58AA and any other relevant provisions of the Act and the Companies (Acceptance of deposits) Rules, 1975. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (i) The paid up capital of the company does not exceed Rs. 50 lakhs. There has not been any turnover during the year. Therefore, the provisions with regard to internal audit of clause 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (j) Provisions with regard to maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to this company.
- (k) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax and other material statutory dues applicable to it.
- (l) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty were in arrears, as at 31-3-2013 for a period of more than six months from the date they became payable.
- (m) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax and excise duty which have not been deposited on account of any dispute.
- (n) The company has been registered for a period of less than five years. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (o) The company has not taken any loans from banks or financial institutions nor issued any debentures. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (p) The company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's) Order, 2003 are not applicable to the company.
- (q) The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (r) The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (s) The company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (t) The company has not raised any term loans during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (u) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- (v) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (w) According to the information and explanations given to us, the company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (x) During the year, the company has not raised any money by public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (y) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Vishnu Ram & Co.
Chartered Accountants

(S. Vishnumurthy)
Proprietor

Membership No. 22715
Firm Registration No. 004742S

Bangalore
May 16, 2013

	Note No	As at 31-03-2013 Rupees	As at 31-03-2012 Rupees
I. Equity and liabilities			
1. Shareholders' funds			
a. Share capital	2.1	500,000	500,000
b. Reserves and surplus	2.2	(244,290)	(243,838)
2. Current liabilities			
a. Other current liabilities	2.3	12,067	58,987
		267,778	315,150
II. Assets			
a. Current assets			
a. Cash and cash equivalents	2.4	267,778	315,150
		267,778	315,150
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS		1 & 2	

For and on behalf of the Board of Directors of
Vitae India Spirits Limited

Per our report of even date
For Vishnu Ram & Co.
Chartered Accountants

Bangalore
May 16, 2013

A. Raghunathan
Director

T. R. Venkatadri
Director

(S. Vishnumurthy)
Proprietor
Membership No. 22715
Firm Registration No. 004742S

Statement of Profit and Loss for the year ended March 31, 2013



	Note No	For the year ended 31-03-2013 Rupees	For the year ended 31-03-2012 Rupees
I. Revenue		-	-
II. Expenses			
a. Other expenses	2.5	452	454
		452	454
III. Loss before taxation		(452)	(454)
a. Tax expense:			
i. Current tax		-	-
ii. Deferred tax charge / (credit)		-	-
IV. Loss for the year		(452)	(454)
V. Earning per share			
i. Basic (Face value of Rs.10 each)		(0.01)	(0.01)
ii. Diluted (Face value of Rs.10 each)		(0.01)	(0.01)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS 1 & 2

For and on behalf of the Board of Directors of
Vitae India Spirits Limited

Per our report of even date
For **Vishnu Ram & Co.**
Chartered Accountants

Bangalore
May 16, 2013

A. Raghunathan
Director

T. R. Venkatadri
Director

(S. Vishnumurthy)
Proprietor
Membership No. 22715
Firm Registration No. 004742S

1. Significant Accounting Policies

i. Basis for preparation of financial statements:

The financial Statements are prepared under the historical cost convention, having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and in compliance with the mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.

ii. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iii. Tax expense:

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

iv. Revenue recognition:

All revenues are generally recognized on accrual basis except where there is an uncertainty of ultimate realization.

v. Provision and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

vi. Earning per Share:

The basic earning / loss per share are computed by dividing the net profit / loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the period.

vii. Related party transaction:

Transactions between the related parties are disclosed as per Accounting Standard 18 - Related Party Disclosure specified by the Companies (Accounting Standards) Rules, 2006. Accordingly, disclosures regarding names of the transacting related party, description of the relationship between the parties, nature of transactions and the amount outstanding as at end of the accounting year, are made.

	As at 31-03-2013 Rupees	As at 31-03-2012 Rupees
2.1 Share Capital		
Authorised		
50,000 equity shares of Rs.10 each	<u>500,000</u>	<u>500,000</u>
	500,000	500,000
Issued, subscribed and paid-up		
50,000 equity shares of Rs.10 each	<u>500,000</u>	<u>500,000</u>
	500,000	500,000

Reconciliation of equity shares outstanding

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Amount	Number of shares	Amount
As at the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year				
Outstanding at the end of the year	50,000	500,000	50,000	500,000

Terms/rights attached to the equity shares

The company has only one class of shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividends, if any, in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by holding Company

Out of equity shares issued by the company, shares held by its holding company is as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
	Number of shares	Number of shares
Holding company - Kingfisher Airlines Limited	50,000	50,000

Details of shareholders holding more than 5% shares in the company

	As at March 31, 2013		As at March 31, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid Kingfisher Airlines Limited	50000	100%	50000	100%

2.2 Reserves and Surplus

Debit balance in profit and loss account

As per last balance sheet	(243,838)	(243,384)
Add: loss for the year	(452)	(454)
	<u>(244,290)</u>	<u>(243,838)</u>

2.3 Other current liabilities

Vishnu Ram & Co.	-	46,920
G.Krishna	6,067	6,067
Kingfisher airlines Limited	6,000	6,000
	<u>12,067</u>	<u>58,987</u>

2.4 Cash and cash equivalents

Cash in hand	600	600
In current accounts	267,178	314,550
	<u>267,778</u>	<u>315,150</u>

2.5 Other expenses

Bank charges	452	454
Professional Charges	-	-
	<u>452</u>	<u>454</u>

2.6 In the opinion of the board of directors, the current assets, loan and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated.

2.7 Retirement benefits:

Since there are no employees on the rolls of the company, no provision for gratuity or leave salary is made in the financial statements.

2.8 Figures in the Balance Sheet, Profit and Loss account and schedules have been rounded off to the nearest rupee.

2.9 Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil.

2.10 Based on the available information with the management, there are no outstanding dues to small scale industrial undertakings and to micro, small and medium enterprises as defined under The Micro, Small and Medium Enterprises Development Act 2006.

2.11 Related Party Disclosures:

(i) List of related parties:

Sl. No.	Name of the related party	Nature of relationship
1.	United Breweries (Holdings) Limited	Associate of Holding Company
2.	Kingfisher Airlines Limited	Holding Company

(ii) Related Party Transactions:

Sl. No.	Nature of Transactions:	Holding Company	
		2012-13	2011-12
1	Kingfisher Airlines Limited	2012-13	2011-12
	Share capital	Rs. 500,000	Rs. 500,000
	Advance received towards expenses	Rs. 6,000	Rs. 6,000

2.12 The company has adopted Accounting Standard - 20 on "Earning Per Share" specified in the Companies (Accounting Standards) Rules, 2006 for calculation of EPS and the disclosures in this regard are as given below:

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
	Rupees	Rupees
Net loss after tax	(452)	(454)
Weighted average number of equity shares of Rs. 10/- each outstanding during the year (No. of shares)	50,000	50,000
Basic / diluted earnings per share (Rs) (not annualised)	(0.01)	(0.01)

2.13 Segment information is not furnished since there is no reportable segment.

For and on behalf of the Board of Directors of
Vitae India Spirits Limited

Per our report of even date
For **Vishnu Ram & Co.**
Chartered Accountants

Bangalore
May 16, 2013

A. Raghunathan
Director

T. R. Venkatadri
Director

(S. Vishnumurthy)
Proprietor
Membership No. 22715
Firm Registration No. 004742S

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2013



	Year ended 31-03-2013 Rupees	Year ended 31-03-2012 Rupees
I. Cash Flow from operating activities		
Loss before tax	(452)	(454)
Operating loss before working capital changes	(452)	(454)
Adjustment for :		
Increase/(decrease) in current liabilities	(46,920)	(27,803)
Net cash used in operating activities	(47,372)	(28,257)
II. Cash flows from investing activities	-	-
III. Cash flow from financing activities	-	-
Net decrease in cash & cash equivalents	(47,372)	(28,257)
Cash and cash equivalents at the beginning of the year	315,150	343,406
Cash and cash equivalents at the end of the year	267,778	315,150
Cash and cash equivalents comprises of:		
Cash on hand	600	600
Balance at Bank	267,178	314,550
	267,778	315,150

For and on behalf of the Board of Directors of
Vitae India Spirits Limited

Per our report of even date
For Vishnu Ram & Co.
Chartered Accountants

Bangalore
May 16, 2013

A. Raghunathan
Director

T. R. Venkatadri
Director

(S. Vishnumurthy)
Proprietor
Membership No. 22715
Firm Registration No. 004742S

NOTES





Kingfisher Airlines Limited

Regd. Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore - 560 001

ATTENDANCE SLIP

I hereby record my presence at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company being held on **Tuesday, September 24, 2013 at 1.30 p.m.** at **Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore 560 025.**

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Folio No. :

DP & Client ID No. :

No. of Shares :

NOTE:

1. The Meeting is for Members of the Company only. Members are requested not to bring non-members or children.
2. The Company will accept only the Attendance slip of a person personally attending the Meeting as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member.
3. Member/Proxy holder attending the Meeting should bring his/her copy of the **Annual Report** for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at 12.45 p.m. on September 24, 2013.



Kingfisher Airlines Limited

Regd. Office: UB Tower, Level 12, UB City, 24, Vittal Mallya Road, Bangalore - 560 001

PROXY FORM

I/We _____ of _____ being a Member / Members of **KINGFISHER AIRLINES LIMITED** do hereby appoint _____ of _____ or failing him/her _____ of _____ as my /our proxy to vote for me/ us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Tuesday, September 24, 2013 at 1.30 p.m. and at any adjournment or adjournments thereof.

Signed this _____ day of September, 2013.

Signature (across the stamp) _____

Name _____

Registered Folio No. _____

DP & Client ID No. _____

AFFIX
RS. 1/-
REVENUE
STAMP

NOTE :

The Proxy Form duly completed must reach the Registered Office of the Company not later than 48 hours before the time for holding the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

Members are advised that no gifts will be distributed at the Annual General Meeting

Form B

Name of the Company	Kingfisher Airlines Limited	
Annual Financial Statements for the year ended	March 31, 2013	
Type of Audit Qualification	Qualified Opinion/ Matter of Emphasis	
Frequency of qualification	<p>A. Matters qualified</p> <ol style="list-style-type: none"> Serial number 1 of the paragraph on 'basis for qualified opinion' in the Auditor's Report (Refer Page no. 22 of the Annual Report) – Repetitive since 2009-10 Serial number 3 of the paragraph on 'basis for qualified opinion' in the Auditor's Report (Refer Page nos. 22 & 23 of the Annual Report) – Repetitive (references to paragraph 1 of the annexure to audit report and notes 34, 44, 46, 49 and 52 to the financial statements since 2010-11, 2007-08, 2007-08, 2010-11 & 2011-12 respectively) and first time (references to notes 53 & 56 and foot note to note 17 to the financial statements) Serial number 4 of the paragraph on 'basis for qualified opinion' in the Auditor's Report (Refer Page no. 23 of the Annual Report) – First time <p>Serial number 2 of the paragraph on 'basis for qualified opinion' in the Auditor's Report (Refer Page no. 22 of the Annual Report) furnishes the impact of qualifications, to the extent quantified</p> <p>Matters detailed in the annexure on matters to be reported as per Companies (Auditor's Report) Order, 2003 where it has no bearing on the financial position, financial performance and cash flows have not been included here.</p> <p>B. Matter of emphasis Refer relevant paragraph in the auditor's report refer Page no. 23 of the annual report</p>	
Draw attention to relevant notes in the statements and management response to the qualification in the directors report	<p>Serial number reference in paragraph 4 above</p> <p>Serial number A.1 of the paragraph on 'basis for qualified opinion' in the Auditor's Report</p> <p>Serial number A.2 of the paragraph on 'basis for qualified opinion' in the Auditor's Report</p>	<p>Note reference</p> <p>48</p> <p>34, 44, 46, 49, 52, 53, 56 and foot note to note</p>



Sd/-

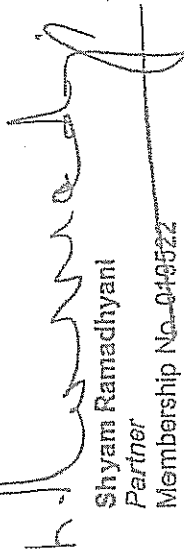
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17	Serial number A.3 of the paragraph on 'basis for qualified opinion' in the Auditor's Report	
45	Serial number B - paragraph in audit report under the caption "Matter of Emphasis"	
<p>The comments offered as a part of the Director's Report are as follows:</p> <ul style="list-style-type: none"> For Serial number 1 of the paragraph of the Auditor's Report, Refer Para 1 under the Headings 'Auditor's Report' of the Director's Report on Page 4 of the Annual Report. For Serial number 3 of the paragraph of the Auditor's Report, Refer Para 2 under the Headings 'Auditor's Report' of the Director's Report on Page 4 of the Annual Report. For Serial number 4 of the paragraph of the Auditor's Report, Refer Para 3 under the Headings 'Auditor's Report' of the Director's Report on Page 4 of the Annual Report. 		
Additional Comments from the board/ audit committee chair:		No additional comments offered.

Enclosed:

1. Full text of the auditor's report
2. Directors reply to the qualifications in the auditors report

For B K Ramadhyan & Co.
Chartered Accountants


Shyam Ramadhyan
Partner
Membership No.-049522


Sanjay Aggarwal
Chief Executive Officer


A. Raghunathan
Chief Financial Officer

KINGFISHER AIRLINES LIMITED

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www.flykingfisher.com