



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**



Stock of the nation

October 30, 2014

Ref No: NSE/LIST/1583

The Company Secretary
Kingfisher Airlines Limited
Kingfisher House, Western Express Highway,
Vile Parle (East),
MUMBAI - 400099

Kind Attn: - Mr. Bharath Raghavan

Dear Sir,

Sub: - Manner of Dealing with the Qualified Audit Reports filed by the Listed Companies.

This has reference to SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013 on the captioned subject matter.

SEBI has informed the Exchange that based on the deliberations at QARC, the cases (Annexure I) were referred to FRRB for its opinion on the qualifications. Subsequently, SEBI is in receipt of opinion of FRRB in these cases.

SEBI has directed the Exchange to advise the company, with regard to restatement of Financial Statements pertaining to Financial Year 2012-13 in terms of Clause 5 (d) (ii) of the SEBI Circular dated August 13, 2012, June 05, 2013.

You are advised to ensure compliance of the said SEBI directives and report status of compliance to the Exchange.

Yours faithfully,
For National Stock Exchange of India Limited

Avinash Kharkar
Asst. Vice President

CC to: The Statutory Auditor
B. K. Ramadhyani & Co. Chartered Accountants
4B, 4th Floor, 68, Chitrapur Bhavan,
8th Main, 15th Cross, Malleswaram,
Bangalore – 560 055



Name of the Company	Qualification	Opinion of FRRB	Action to be taken
Kingfisher Airlines Limited	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.	Qualification is justified	Restatement under Clause 5(d)(ii) of the SEBI Circular
	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.		



Name of the Company	Qualification	Opinion of FRRB	Action to be taken
Kingfisher Airlines Limited	<p>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)).</p>	Qualification is justified	Restatement under Clause 5(d)(ii) of the SEBI Circular



Name of the Company	Qualification	Opinion of FRRB	Action to be taken
Kingfisher Airlines Limited	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).	Qualification is justified	Restatement under Clause 5(d)(ii) of the SEBI Circular