



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

CIRCULAR

CIR/CFD/DIL/9/2013

June 5, 2013

To,  
All the Stock Exchanges

Dear Madam / Sir,

**Sub.: Clarification on SEBI's Circular dated August 13, 2012 providing for the "Manner of Dealing with Audit Reports filed by Listed Companies"**

1. SEBI has, vide circular dated August 13, 2012 providing for the "Manner of Dealing with Audit Reports filed by Listed companies", mandated listed companies to submit either Form A (Unqualified/ Matter of Emphasis Report) or Form B (Qualified/ Subject To/ Except For Audit Report) along with the Annual Report to the Stock Exchanges. It is also envisaged that the qualified audit reports will be scrutinized by Qualified Audit Review Committee (QARC) and if necessary, the company will be required to restate its books of accounts to provide true and fair view of its financial position.
2. SEBI is in receipt of various queries with regard to restatement of books of accounts of listed companies envisaged in the captioned circular. The primary concern raised is whether the restatement of books of accounts needs to be carried out in the same financial year or in the subsequent financial year as a prior period item.
3. In order to address the aforesaid concern, it is clarified that the restatement of books of accounts indicated in Paragraph 5 of the said circular shall mean that the company is required to disclose the effect of revised financial accounts by way of revised pro-forma financial results immediately to the shareholders through Stock Exchange(s). However, the financial effects of the revision may be carried out in the annual accounts of the subsequent financial year as a prior period item so that the tax impacts, if any, can be taken care of.
4. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.

5. All Stock Exchanges are advised to ensure compliance with this circular.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal Framework" and "Issues and Listing".

Yours faithfully,

**Harini Balaji**

**Deputy General Manager**

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