**Applicability of Internal Audit**

Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014 requires the following classes of Companies to appoint an Internal Auditor, who shall either be a Chartered Accountant, Cost Accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company:

* every **listed company**
* every **unlisted public company** having
  + paid up share capital of fifty crore rupees or more during the preceding financial year; or
  + turnover of two hundred crore rupees or more during the preceding financial year; or
  + outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year; or
  + outstanding deposits of twenty five crore rupees or more at any point of time during the preceding financial year;
* every **private company** having
  + turnover of two hundred crore rupees or more during the preceding financial year, or
  + outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year.

The Central Government may, by rules, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board.

Therefore, the companies which fulfil the criteria mentioned above should mandatorily comply with the provisions of Section 138 and should appoint an Internal Auditor.

You can get in touch with us for all your queries and concerns in relation to above at [info@dcstax.in](http://www.dcstax.in) or visit us at [www.dcstax.in](http://www.dcstax.in)



**Dudhoria Consultancy Services Pvt. Ltd.**

56, Netaji Subhas Road, 4th Floor, Kolkata – 700001

E-mail us @ [info@dcstax.in](mailto:info@dcstax.in) / [taxdcs@gmail.com](mailto:taxdcs@gmail.com)