CARO 2015 APPLICABILITY CRITERIA

Ministry of Corporate Affairs has published companies Auditor's Report Order or CARO 2015 on 10 April 2015 which will come into force on the date of its publication in official Gazette.

As per Companies Auditor's Report Order (CARO) 2015, this order will be applicable to Companies as stated below for the financial year commencing on or after 1 April 2014. This means, auditor has to include statement as per CARO 2015 in their auditor's report for the financial year ending 31 March 2015.

CARO or Companies Auditor's Report Rule 2015 shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Companies Act, 2013 given below:-

1. Listed Companies
2. Unlisted Public Companies
3. Private Companies having:
   - Paid-up Share Capital and Reserve Exceeding Rs 50 Lakhs; or
   - Outstanding Loans exceeding Rs 25 Lakhs; or
   - Turnover exceeding Rs 5 Crore at any point of time during the financial year.

*****Note:**

1. If the Trigger of Rs 5 Crore is crossed **at ANY point of time** during the financial year then that private company has to mandatorily attach a CARO report in its Auditor report given by the Companies Auditor (Beware).
2. Small Companies will not be covered under CARO 2015 unless the outstanding loan EXCEEDS the trigger of Rs. 25 Lakhs.

CARO is NOT applicable to following list of Companies:-

1. A **Banking Company** as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
2. An **Insurance Company** as defined under the Insurance Act,1938 (4 of 1938);
3. A Company Licensed to operate under **Section-8** of the Companies Act 2013;
4. A **One Person Company** as defined under clause (62) of section 2 of the Companies Act, 2013 and a **Small Company** as defined under clause (85) of section 2 of the Companies Act, 2013; and
5. A Private Company having:
   - Paid-up Share Capital and Reserve NOT Exceeding Rs 50 Lakh; or
   - Outstanding Loans NOT Exceeding Rs 25 Lakhs; or
   - Turnover NOT Exceeding Rs 5 Crore at any point of time during the financial year.

By CS. Sandip Singh
cssandipsingh@gmail.com

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