Internal Financial Controls (IFC) solution

July 2025

IFC applicability and disclosure requirements:

	Types of companies		
Statutory requirements	Listed companies	Specified class of companies*	Private companies (except Small companies and one-person companies (OPCs)**
Director's Responsibility Statement (Section 134)	✓		
Rule 8 of the Companies (Accounts) Rules, 2014	✓	✓	✓
Audit Committee (Section 177)	✓	✓	
Statutory Auditor Report (Section 143)	✓	✓	✓***

*Specified class of companies includes:

- Public companies with a paid-up capital of INR 10 crore or more
- Public companies having a turnover of INR 100 crore or more
- Public companies having, in aggregate, outstanding loans, borrowings, debentures, or deposits exceeding INR 50 crore or more

****These companies will be exempted from IFC applicability only if they have not defaulted in filing their financial statements under Section 137 of the Companies Act, 2013, or annual returns under Section 92 of the Companies Act, 2013, with the Registrar.**

A small company in India is defined under Section 2(85) of the Companies Act, 2013, as a private company that has a paid-up share capital of up to INR 4 crore (previously INR 2 crore) and a turnover of up to INR 40 crore (previously INR 20 crore). A company cannot be classified as a small company if it is a public company, a holding or subsidiary company, a company registered under Section 8 (not-for-profit organisation), or a company governed by any special act.

OPC is a type of business structure introduced under Section 2(62) of the Companies Act, 2013. It allows a single individual to incorporate a company with limited liability, offering the benefits of a corporate entity while maintaining simplicity in compliance.

***Except private companies with:

- Turnover of less than INR 50 crore as per the latest audited financials
- Aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year amounting to less than INR 25 crore

Importance of IFC compliance

Corporate governance

Strengthens accountability and transparency in financial reporting

Fraud and error prevention

Helps detect and mitigate financial misstatements and fraudulent activities.

Investor confidence

Builds stakeholder trust in the financial integrity of the company.

Regulatory compliance

Helps avoid penalties and legal consequences for non-compliance.

Reporting by statutory auditors

Statutory auditors are required to report on the adequacy of the company's internal financial control systems and the operating effectiveness of such controls.

How Grant Thornton Bharat can help

We support organisations in evaluating their IFC compliance frameworks, identifying potential gaps and implementing solutions for enhanced regulatory alignment. Our team of seasoned professionals leverages industry-leading best practices to strengthen your financial governance systems, ensure robust risk control mechanisms, and enable effective IFC documentation and testing, to reinforce compliance and operational efficiency.

- Conduct walkthroughs and design-level and transaction-level testing for control
- Design/update detailed risk control matrices (RCMs), process narratives, and flowcharts for structured risk management
- Identify gaps in financial and operational controls and recommend corrective actions
- Strengthen corporate governance and regulatory reporting
- Evaluate internal control effectiveness to prevent fraud and financial misstatements
- Recommend IT controls to safeguard company's data

For more details, contact:

Aashish Gupta

Partner, Risk Optimisation
Grant Thornton Bharat
E: Aashish.g@in.gt.com

Uttam Kumar

Director, Risk Optimisation
Grant Thornton Bharat
E: uttam.kumar@in.gt.com

Great Place To Work® Certified DEC 2024-DEC 2025 INDIA

Best Workplaces™ in Professional Services Great Place To Work® INDIA 2025

We are
Shaping Vibrant Bharat

A member of Grant Thornton International Ltd., Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more **#VibrantBharat.**

Our offices in India

- Ahmedabad
- Bengaluru
- Chandigarh
- Chennai
- Dehradun
- Gandhinagar
- Goa
- Gurugram
- Hyderabad
- Indore
- Kochi
- Kolkata
- Mumbai
- New Delhi
- Noida
- Pune

Scan QR code to see our office addresses

www.grantthornton.in

Connect with us on

@Grant-Thornton-Bharat-LLP

@GrantThorntonBharat

@GrantThornton_Bharat

@GrantThorntonIN

@GrantThorntonBharatLLP

GTBharat@in.gt.com

12651 | SL | AK2