

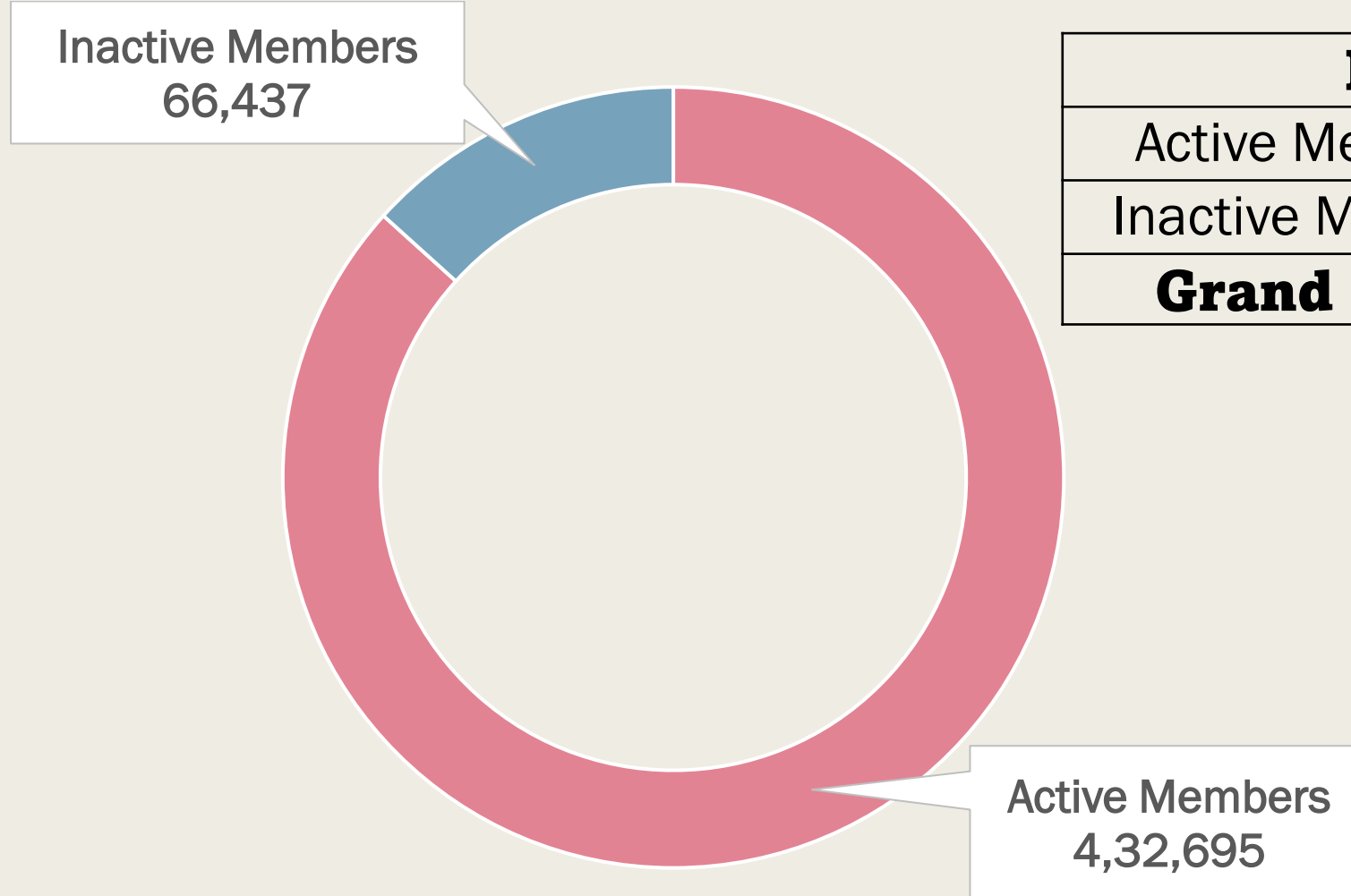


Committee For Aggregation of CA Firms
The Institute of Chartered Accountants of India
(Set up by An Act of Parliament)

AGGREGATION OF CA FIRMS

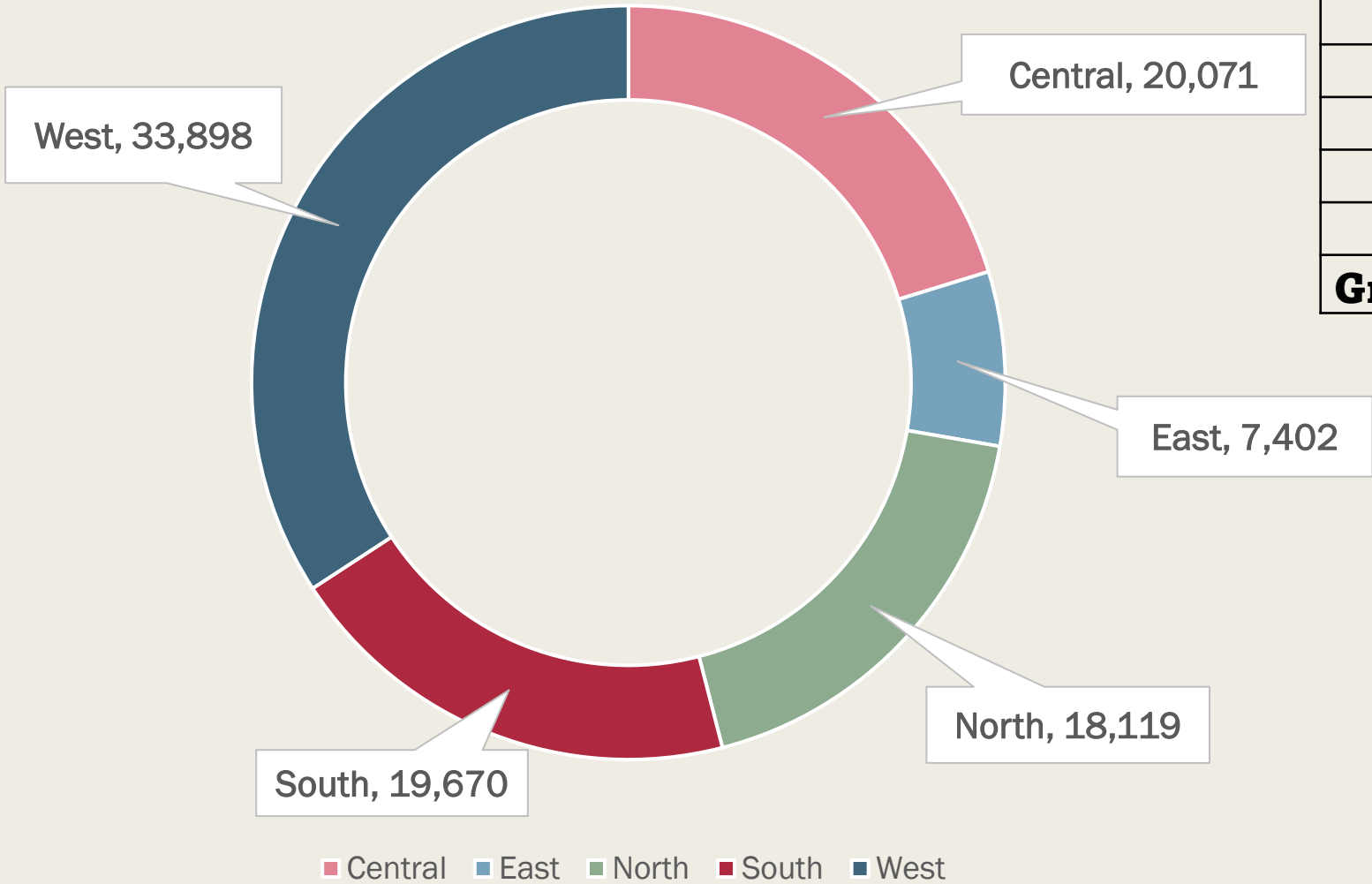
CA. SANJAY KUMAR AGARWAL, CCM & CHAIRMAN, CACAF

STATISTICS OF MEMBERS



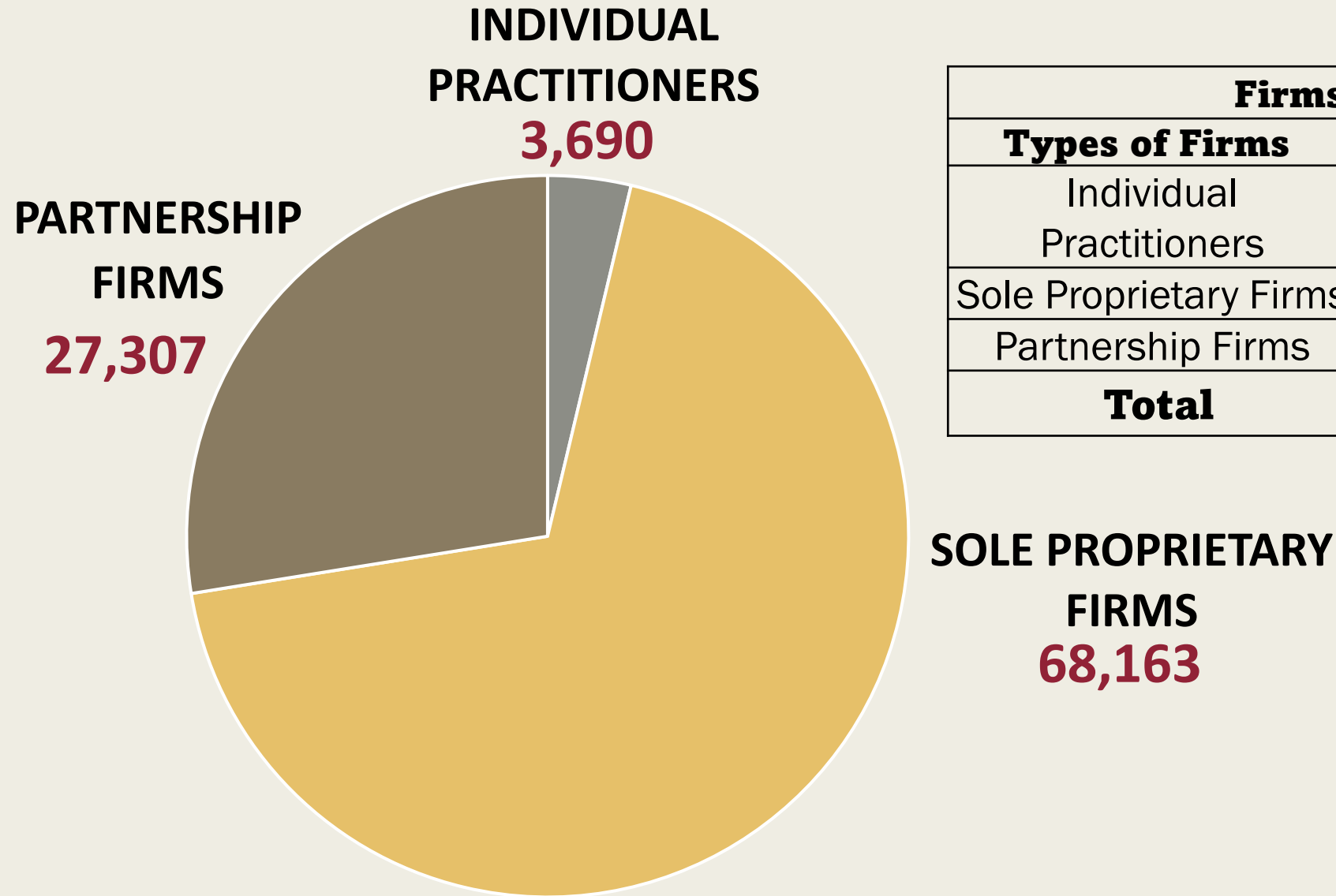
No. of Members	
Active Members	4,32,695
Inactive Members	66,437
Grand Total	4,99,132

REGION-WISE ACTIVE FIRMS



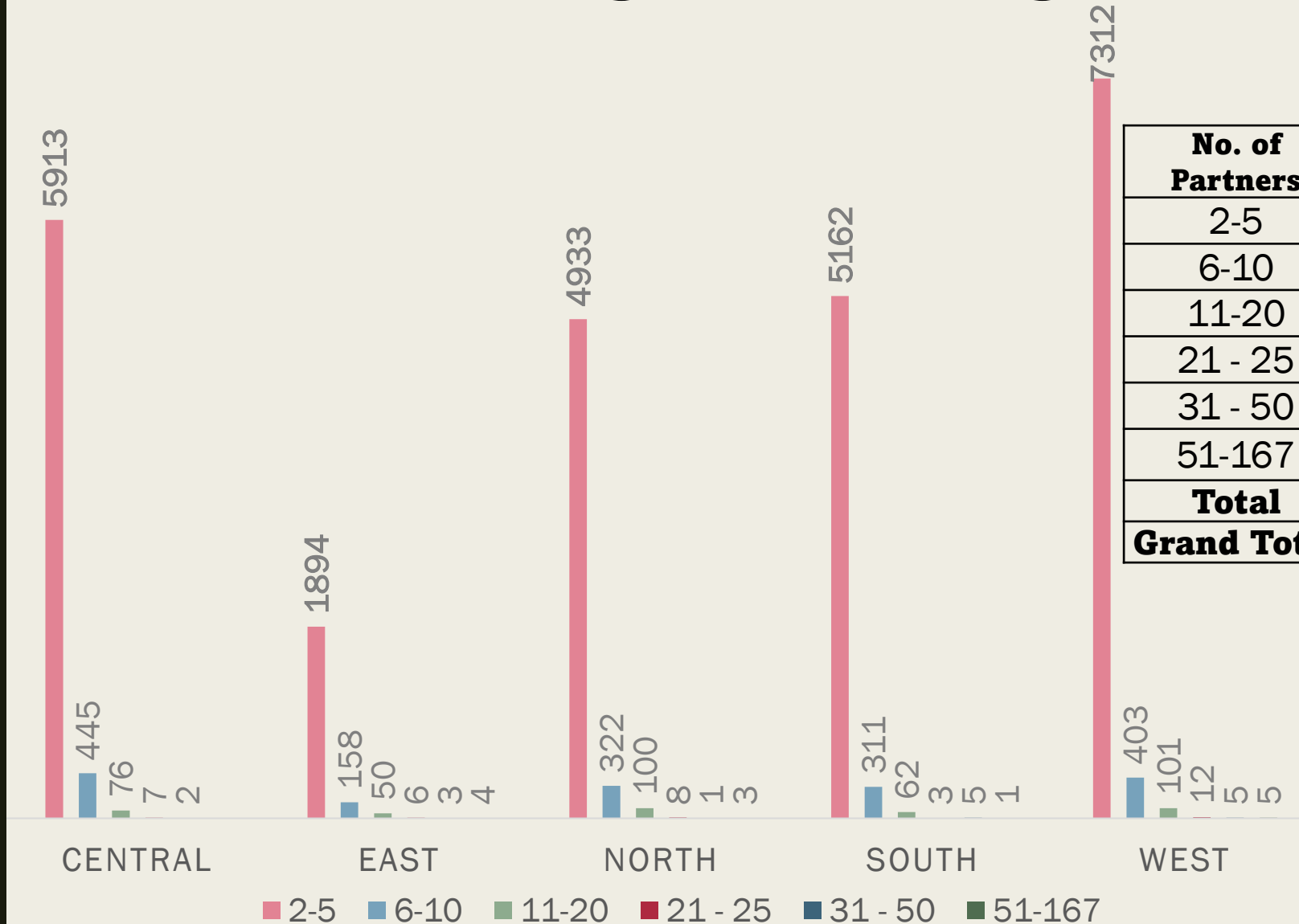
Region	Active Firms
Central	20,071
East	7,402
North	18,119
South	19,670
West	33,898
Grand Total	99,160

STATISTICS OF FIRMS



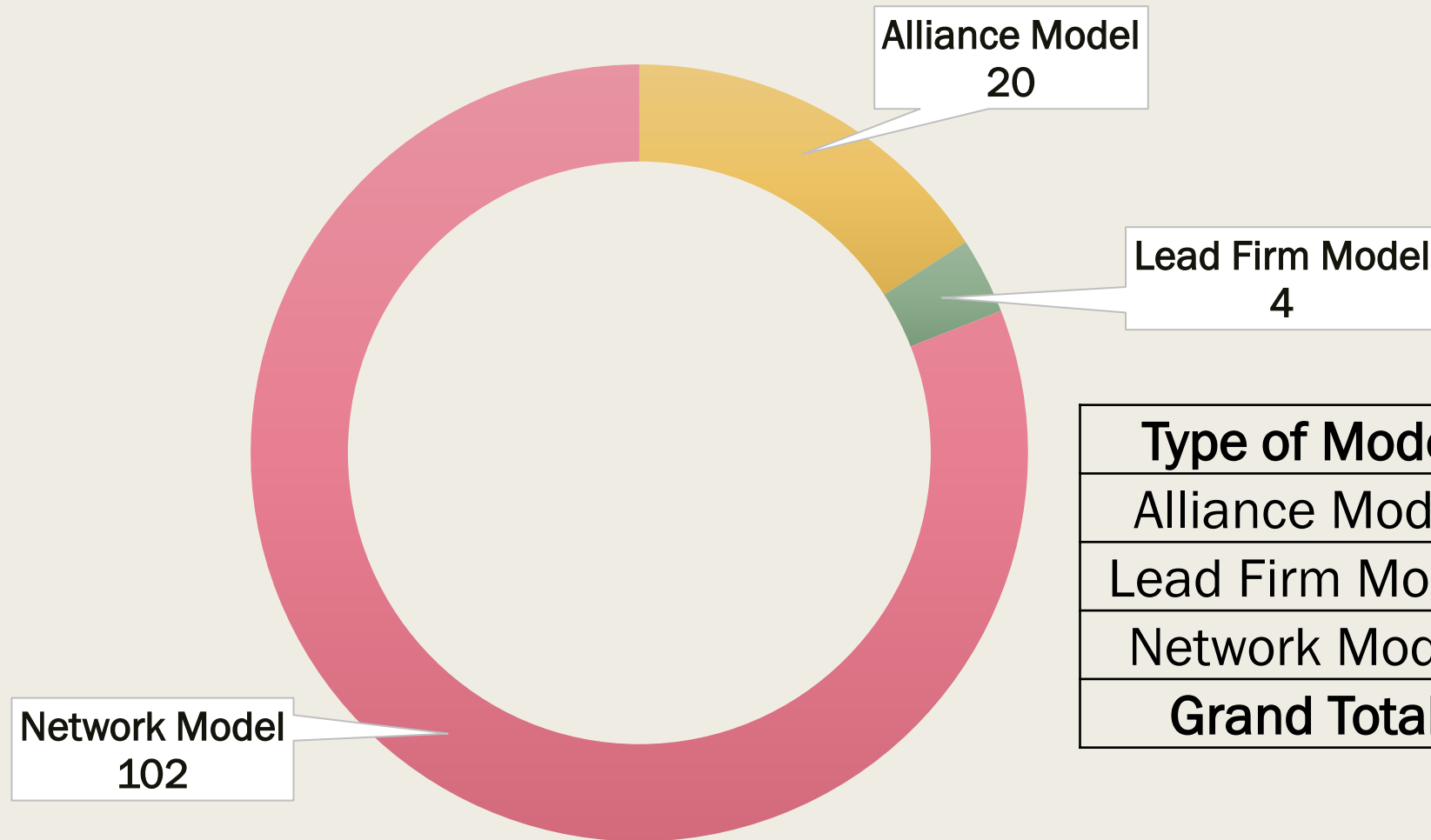
Firms Statistics		
Types of Firms	No of Firms	Percentage
Individual Practitioners	3,690	3.72%
Sole Proprietary Firms	68,163	68.74%
Partnership Firms	27,307	27.54%
Total	99,160	

REGION-WISE STATISTICS OF PARTNERSHIP FIRMS



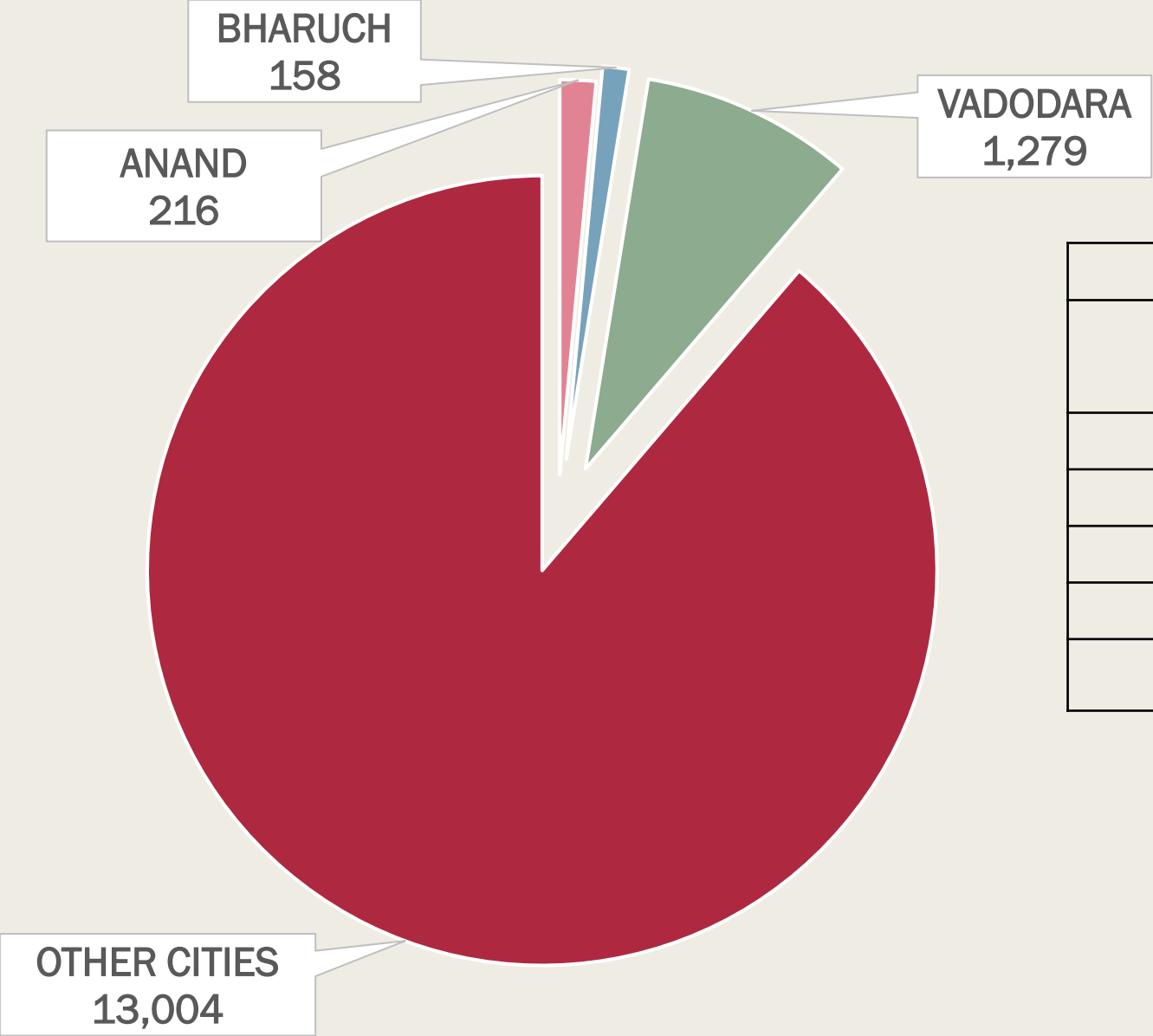
No. of Partners	Central	East	North	South	West
2-5	5,913	1,894	4,933	5,162	7,312
6-10	445	158	322	311	403
11-20	76	50	100	62	101
21 - 25	7	6	8	3	12
31 - 50	2	3	1	5	5
51-167		4	3	1	5
Total	6,443	2,115	5,367	5,544	7,838
Grand Total	27,307				

STATISTICS OF NETWORKS



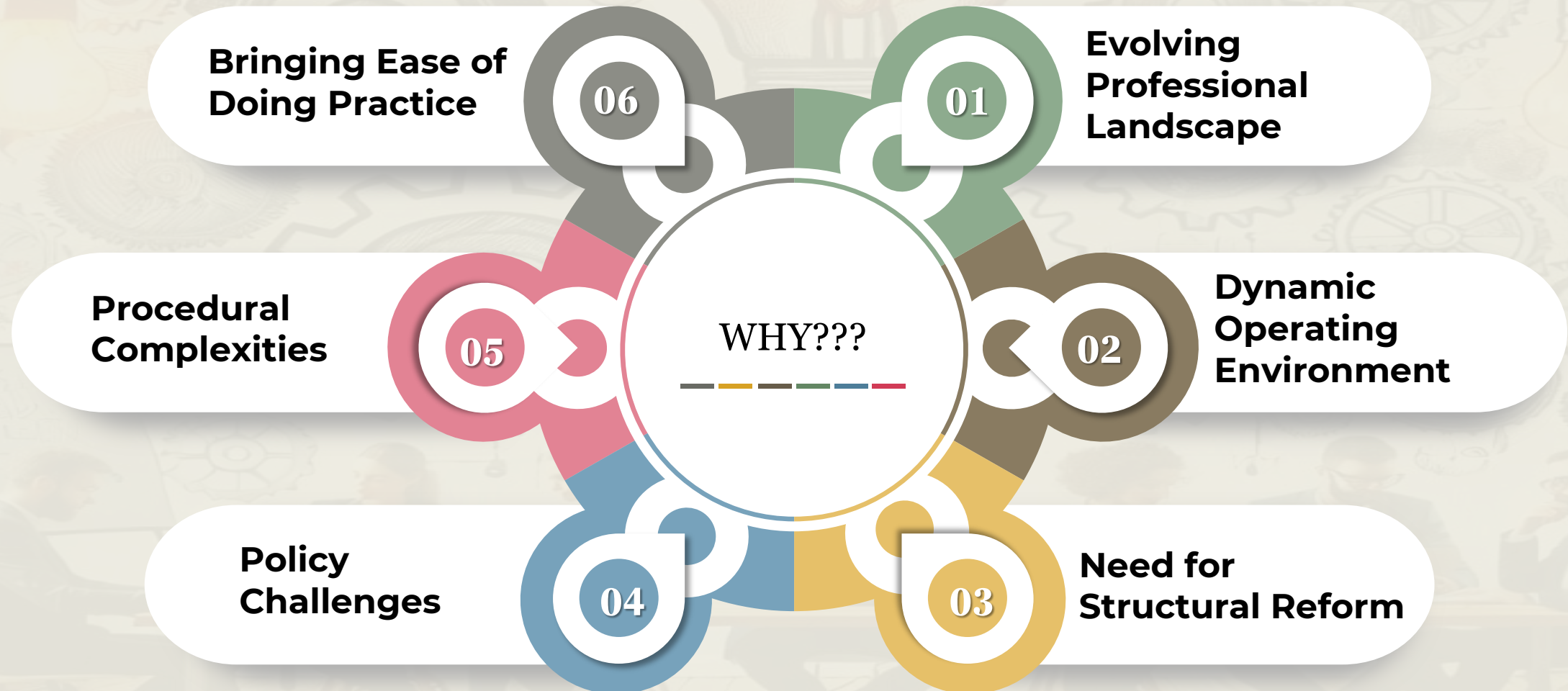
■ Alliance Model ■ Lead Firm Model ■ Network Model

STATISTICS OF COP HOLDERS IN GUJARAT

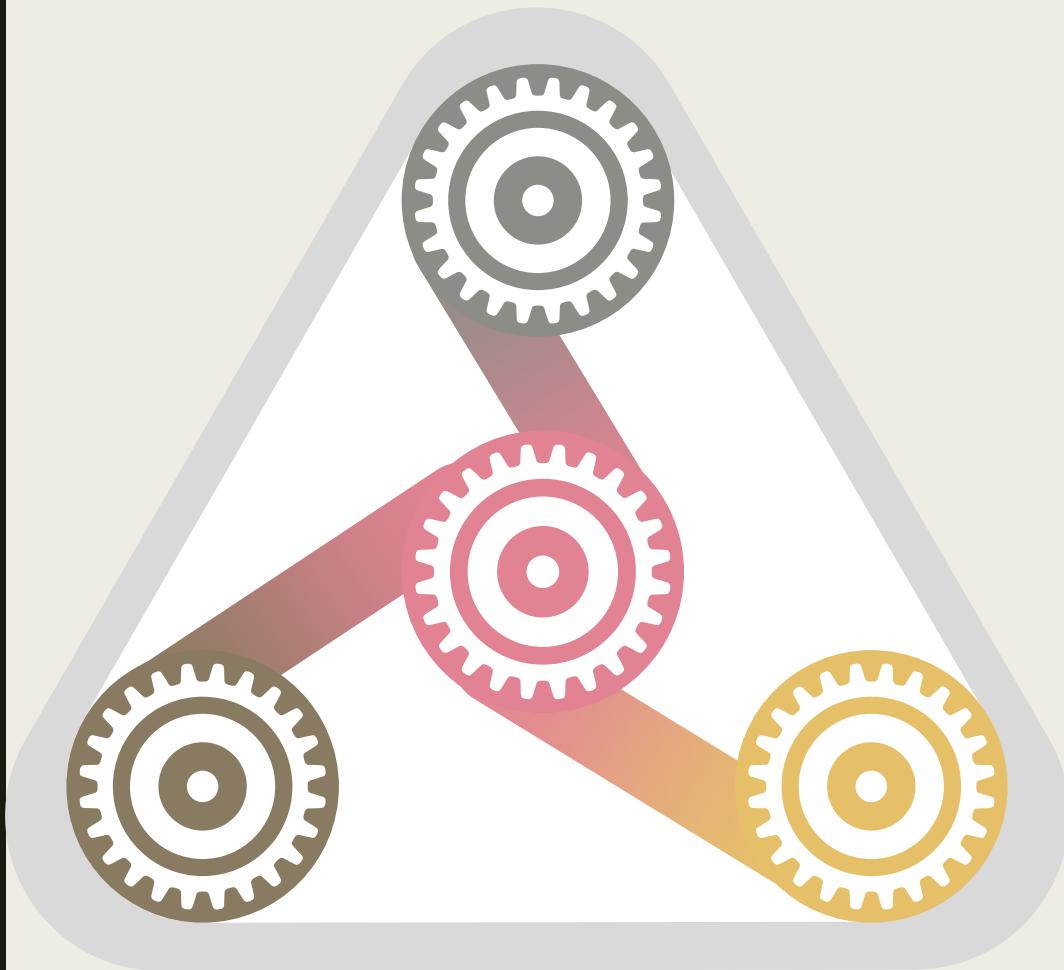


Data of COP Holders in Gujarat		
Cities	No. of COP holders	Percentage
Anand	216	1.47%
Bharuch	158	1.08%
Vadodara	1,279	8.73%
Other Cities	13,004	88.72%
Total	14,657	

WHY REVISIONS WERE MADE



HOW AGGREGATION EMPOWERS CA FIRMS



Clientele

Expanded Client base

Expertise

Access to specialized expertise

Market

Enhanced market presence

Opportunities

Collaborative Opportunities

Brand

Brand Strengthening

CACAF

PAVING THE WAY FOR 'EASE OF DOING PRACTICE'

The Committee for Aggregation of CA Firms (CACAF) has been constituted during the year 2024-25 with a vision to initiate and implement strategic reforms that ensure CA firms in India remain at the forefront of professional excellence.

Committed to reviewing and revising existing guidelines, CACAF strives to enhance the ease of doing practice, improve operational efficacy and elevate the global competitiveness of Indian CA firms in an evolving regulatory landscape.



MERGER

INTRODUCTION

Merger & Demerger Rules came into force with effect from January 2005.

In order to keep pace with the changing operating and professional environment, it was felt that the same needs review and revision.



ICAI (MERGER & DEMERGER OF CA FIRMS) GUIDELINES, 2024

Committee for Aggregation of CA Firms (CACAF) has made concerted efforts in reviewing and revising the Merger and Demerger Guidelines. Ranging from conducting surveys to the exposure draft of the revised guidelines, interactive brainstorming sessions with CA Firms to threadbare discussions in various meetings of the Committee.

The ICAI (Merger & Demerger of CA Firms) Guidelines, 2024 were approved in July 2024 and have been notified.

APPLICABILITY

FIRMS AS DEFINED IN SECTION 2(CA) OF THE CHARTERED ACCOUNTANTS ACT, 1949



01

Partnership Firms

Defined in the Indian Partnership Act, 1932

02

Limited Liability Partnerships (LLPs)

Defined under the LLP Act, 2008

03

Sole Proprietorships

Registered with the ICAI

WHO CAN MERGE WITH WHOM?

KNOW YOUR COMBINATIONS

Type of Firm	Can Merge With Sole Proprietary	Can Merge With Partnership Firm	Can Merge With LLP
Sole Proprietary	✓ Yes	✓ Yes	✓ Yes
Partnership Firm	✗ No	✓ Yes	✓ Yes
LLP	✗ No	✗ No	✓ Yes

NAME OF FIRM	NAME OF FIRM	NAME OF THE NEW FIRM	SENIORITY	FIRM NAME FREEZED WITH ICAI AND THE DATE OF ITS APPROVAL	DEMER -GER DATE	NAME & DATE OF ESTABLISHMENT AFTER UNFREEZING
A & Co., 2002	B & Co., 2004	A & Co. (Merged in 2024)	Date of establishment will be 2002.	B & Co., D.O.F 2024	2034	B & Co., 2004
C & Co., 2005	D & Co., 2010	D & Co. (Merged in 2025)	Date of establishment will be 2005.	C & Co., D.O.F 2025	2036	Name cannot be unfreezed beyond 10 years from the date of Merger
E & Co., 2005	F & Co., 2010	Y & Co. (Merged in 2026)	After the approval of new name, Y & Co., of the merged firm, Date of establishment will be 2005.	E & Co., & F & Co., D.O.F 2026	2028	E & Co., 2005; F & Co., 2010
G & Co., 2007	H & Co., 2012	Either GH & Co. or HG & Co. (Merged in 2026)	After the approval of revised name GH & Co. or HG & Co. of the merged firm, Date of establishment will be 2007.	Either G & Co. or H & Co. whichever decides to freeze the firm name D.O.F 2026	2035	Either G & Co., 2007 or H & Co., 2012 whichever applied for freezing will be able to unfreeze the firm name

CACAF HAS BEEN ENDEAVORED TO STREAMLINE THE GUIDELINES BOTH AT POLICY AND PROCEDURAL LEVELS

Policy level

- ✧ *Firms can demerge after 1 year up till 10 years & obtain original firm name*
- ✧ *Firm name of the merging firms can be freezed with the ICAI up to 10 years*
- ✧ *Date of establishment and seniority will be intact upon unfreezing the firm's name*
- ✧ *Firms can request for unfreezing the original firm's name as per the prescribed procedure*
- ✧ *No professional activities to be carried out in the freezed firm's name*



01

What the ICAI (Merger & Demerger of CA Firms) Guidelines 2024 Brought for Merging Firms

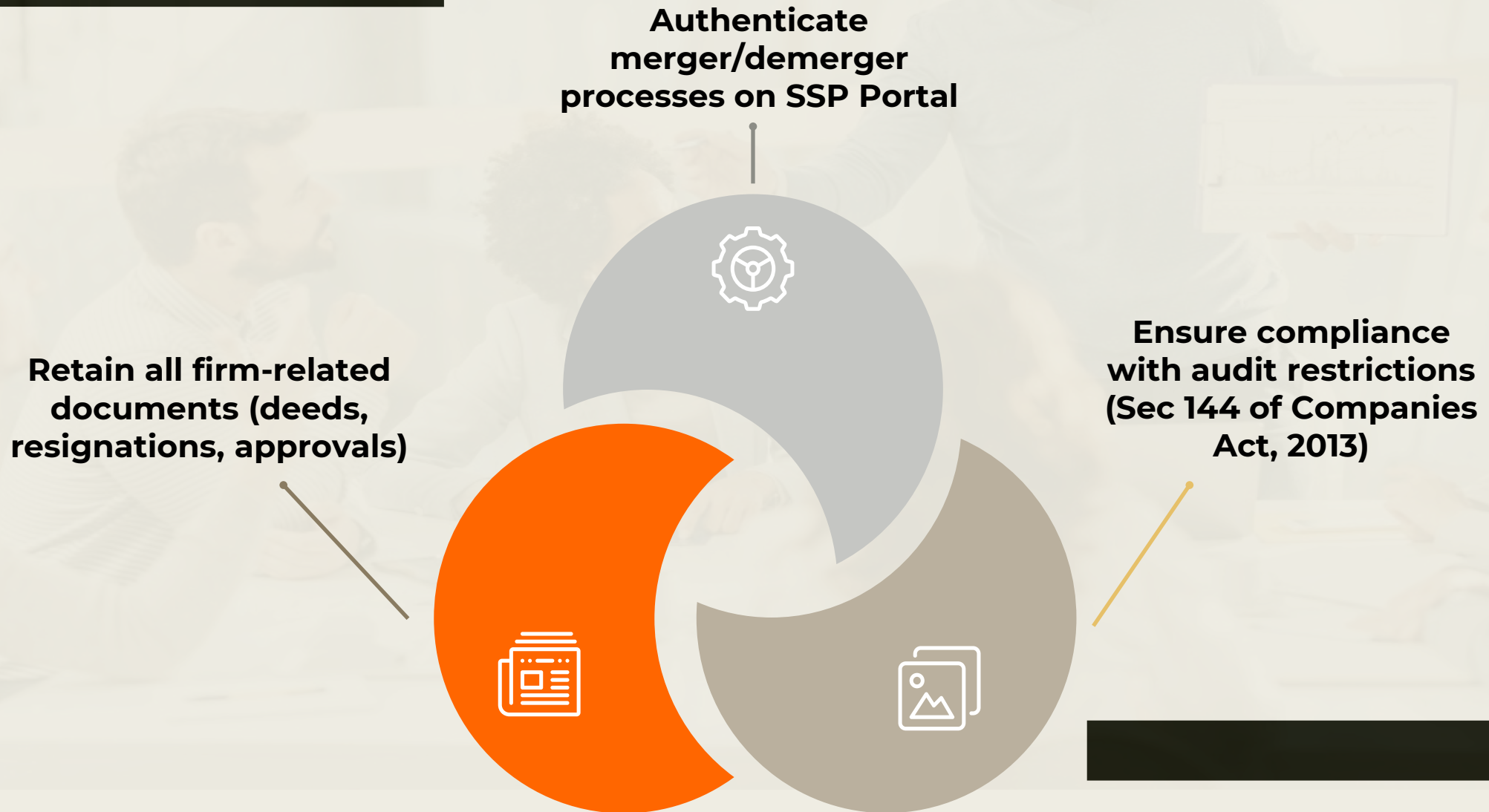
02

Procedural level

- ✧ *Digital signatures will also be accepted alongside physical signatures while filing merger application*
- ✧ *Managing Partners will be authorized to authenticate the merger & demerger process at self-service portal*
- ✧ *OTPs from all the partners will not be required for validation of merger & demerger process at SSP Portal.*



ROLE OF THE MANAGING PARTNER



SIMPLIFYING THE PROCESS

SIGN YOUR WAY – PHYSICALLY OR DIGITALLY

**What's New?
ICAI's Simplified
Approach**

**Managing Partner
Authorization for
merger/demerger
filing on SSP**

**No OTPs from all partners
required for validation on
SSP Portal**

SIGNATURE FLEXIBILITY EXPLAINED THROUGH A CASE

MERGER

01

If five firms are merging, then each firm/LLP will authorize one Managing Partner/co-authorize partner to provide OTP to authenticate the entire process of merger.

Thereby, only 5 authorized Managing Partners will be required by SSP to authenticate the process of merger through online mode.

DEMERGER

02

If 5 firms had merged and 2 firms wish to demerge, then authorized Managing Partner/ co-authorized partner will provide OTP to authenticate the entire process of demerger at the SSP.

Thereby, only 5 authorized Managing Partners will be required by SSP to authenticate process of demerger through online mode. The authentication power of co-authorized partner will be invoked only if the authorized Managing Partner retires/deceases.

TRANSITION CLAUSE FOR PRE-GUIDELINE MERGERS

The benefit provided under these guidelines, may also be availed by those firms who got merged before the commencement of these guidelines & have

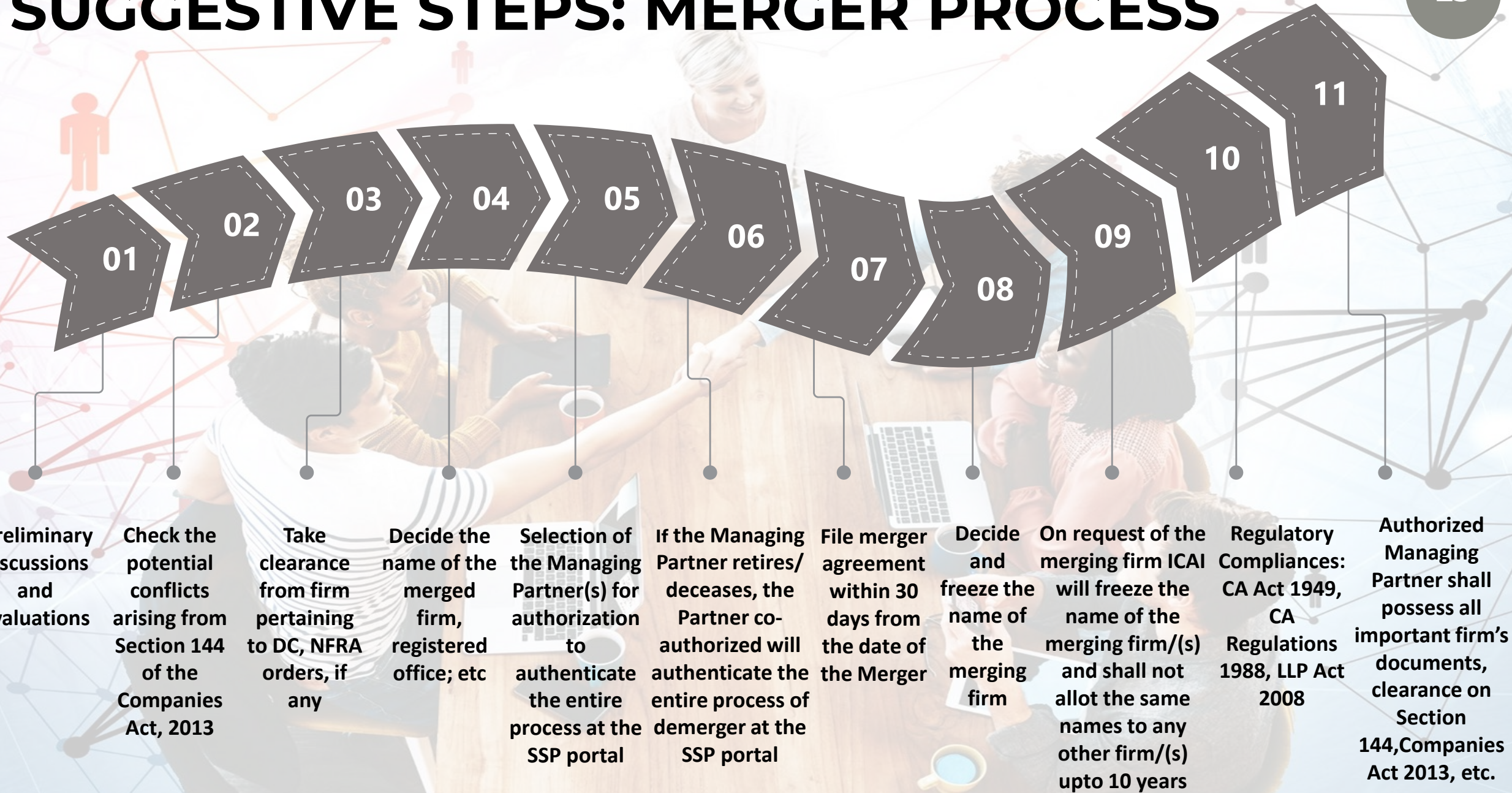
not completed 5 years post-merger

EXCEPTION

***Individual practitioners
(without firm/trade name)***
are not covered under these guidelines

SUGGESTIVE STEPS: MERGER PROCESS

23



A background image showing several hands in business attire reaching towards the center, each holding a white puzzle piece. The pieces are being assembled into a circular shape, with a warm, orange-yellow glow emanating from the center where the pieces meet. The overall image has a soft, semi-transparent overlay.

AGGREGATION OF LLPS



AGGREGATION OF LLPS

In a rapidly evolving business landscape, the power of collective strength cannot be overstated. For LLPs, joining forces through strategic aggregation offers a transformative pathway to enhanced capabilities, market presence and operational efficiency. By collaborating the resources and expertise, LLPs can overcome challenges, harness new opportunities and drive sustainable growth.

01

Majority CA firms
are SMPs

02

Large number of
firms have
confined practice
to audit and
taxation

03

Many firms have
audits allotted
through the ICAI-
PDC empanelment
process

04

Attachment with
firm name
dissuades Merger
or network due to
fear of loss of
identity

05

Client switches
over to larger firm
when his business
needs increase

06

Need of the hour is to
venture into non-
traditional practice
areas, specialism and
forming large structure
by networking

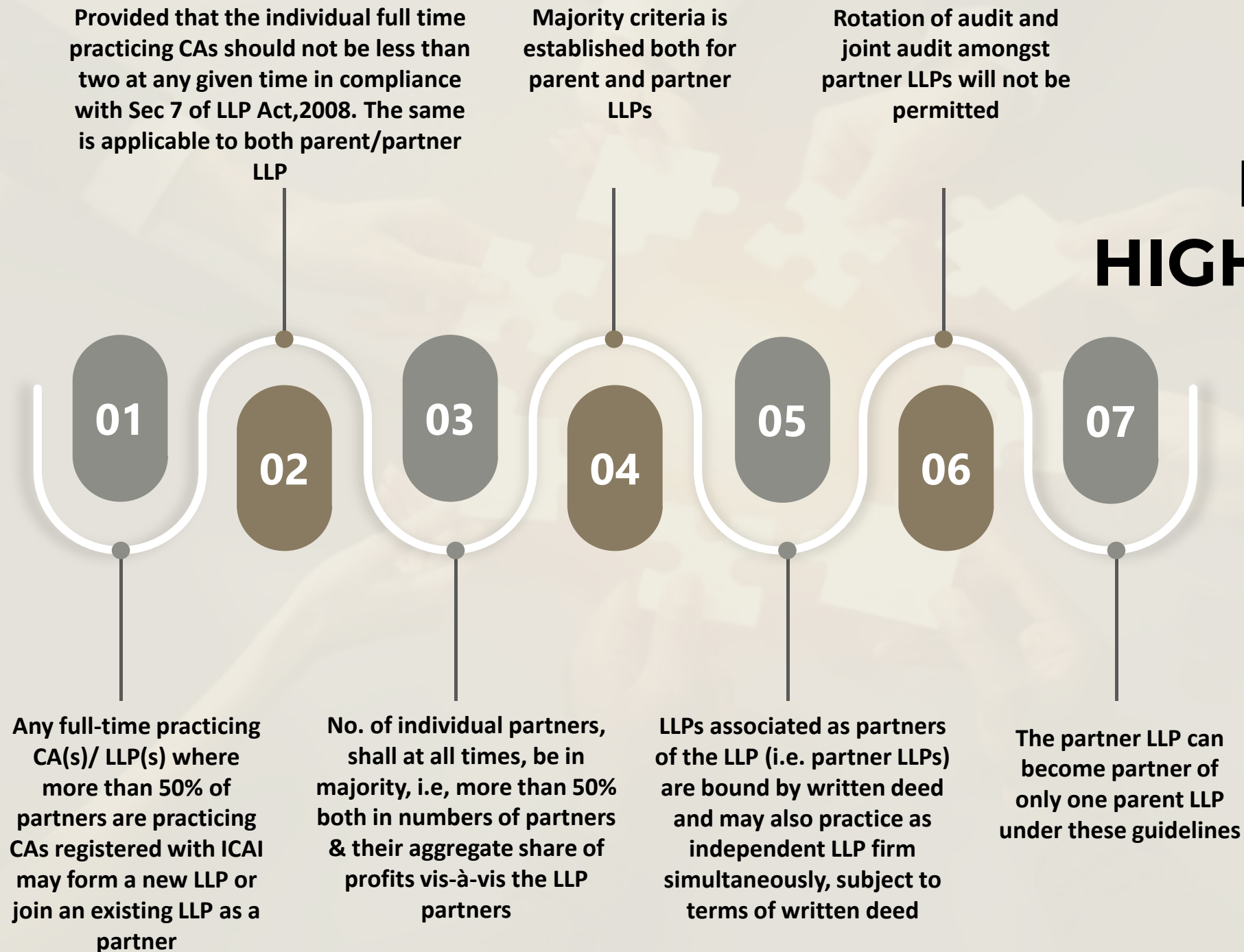
CONCERNS RELATING TO THE GROWTH OF INDIAN CA FIRMS

ICAI (AGGREGATION OF LLPS) GUIDELINES, 2024

To address the aforesaid issues, CACAF has brought a set of new guidelines for Aggregation of the LLPs, Indian CA Firms. It basically provides an opportunity for an LLP, Indian CA Firm to be a partner with another LLP, a CA Firm. This particular concept among LLPs can serve as a vital tool for strategic growth. By these guidelines, firms can significantly expand their capabilities, broaden their market presence, and achieve substantial operational efficiencies.

The Guidelines for Aggregation of LLPs were approved in July 2024 and have been notified in Gazette of India in January 2025.

KEY HIGHLIGHTS



KEY HIGHLIGHTS

Board of Management shall be constituted by parent LLP comprising of the authorized managing partners from partner LLPs & must ensure clear division of work

Any change in the partners of a LLP shall not affect the existence, rights, or liabilities of the LLP, as per the section 3(3) of the LLP Act, 2008

Document repository in line with the 'digi locker' will be provided to place documents in a secured vault and can access, use and submit the documents hassle free.

08

09

10

11

12

13

14

Similarly, parent LLP cannot become partner of any other LLP

Reconstitution must be registered with ICAI and with others regulatory bodies

Quality control should be well documented and complied with

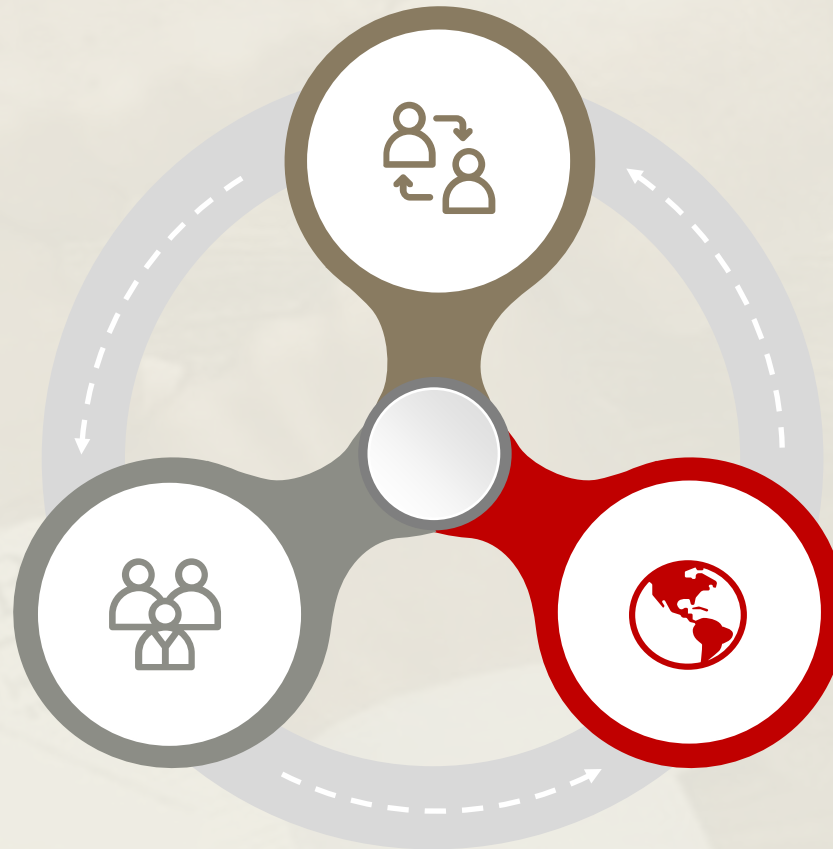
A Grievance Redressal Cell under the aegis of M&SS Directorate will cater to the queries on the emerging issues under these guidelines.

EXCEPTION

As per the provisions of the LLP Act 2008, a body corporate constituted within, or outside India is eligible to be a partner in the LLP. However, under these Guidelines, a body corporate which has been incorporated as a Company under Companies Act, 2013 in India or under applicable laws outside India has not been permitted from being eligible to be a partner/child to parent LLP, in alignment with the provisions of Section 25 of the Chartered Accountants Act, 1949.

COLLECTIVE POWER: THE STRATEGIC GAINS OF LLP AGGREGATION

Tap the synergy of incoming LLP as partners giving lot of scope and flexibility for practicing freely



Worthy of facilitating greater coordination among the partner firms to deliver high quality of professional service seamlessly across all locations on PAN India basis.

Recognition by the Regulators to the combined strength, resources and massive geographical presence.



NETWORKING

NETWORKING

In the intricate landscape of Chartered Accountancy, networking transcends conventional collaboration; it embodies a strategic convergence of expertise and resources. For CA firms, networking serves as a catalyst for innovation and growth, enabling firms to pool intellectual capital and operational capabilities. This collective synergy not only enhances service delivery but also positions firms to tackle complex, multi-faceted engagements with a more holistic approach.



NETWORKING

By engaging with peers, industry leaders and global players, firms not only gain access to invaluable resources but also position themselves at the forefront of a dynamic and evolving profession.



BENEFITS OF NETWORKING

Common work procedures
(best practice)

IP/Knowledge sharing

Common quality and
control procedures



Common IT
infrastructure
(Hardware and Software)

Common branding and
marketing efforts

BRIEF HISTORY OF NETWORKING GUIDELINES



MODELS OF NETWORKING

01

Approach A
ALLIANCE

02

Approach B1
NETWORK OF
FIRMS

03

Approach B2
LEAD FIRMS

MODELS OF NETWORKING

A

Different firms coming together to form an Alliance with a new name of Alliance and continuing to practice independently and can showcase as an Alliance to the world

B

Different firms coming together to form a Network with a new Network name and practicing in the name of firms belonging to Network. This Model is subdivided into following two options:

B**B1**

Network of firms in existing model by practicing in individual firm name

B2

Network of firms with a Lead firm acting on behalf of constituent firms of Network

ALLIANCE MODEL OF NETWORKING



B1 MODEL OF NETWORKING



B2 MODEL OF NETWORKING



GUIDANCE BY COUNCIL OF ICAI

Based on views collected at Outreach Programmes and based on deliberations within the Council, the Council has given following further guidance to the members:

- ❖ Firms might need to have detailed knowledge of other firms to make up their mind as to with which firm they will go for Alliance/ Networking. Therefore, data of firms will be made available in the Self-Service Portal for the members to view and take informed decision.
- ❖ Any firm of Chartered Accountants can become a part of any one Alliance or any one Network. If it intends to become part of one Alliance, it cannot become part of a Network, and vice versa.
- ❖ ICAI will consider providing a Model deed/ template.



GUIDANCE BY COUNCIL OF ICAI

- ❖ Name of Alliance/ Network should resemble name of member-firms or a combination of acronym. Alliance/ Network should not bear the name of God/ Goddess/ deity or which has no relationship with name of member-firms. Descriptive names will not be allowed. Names which smack of publicity will not be allowed. Names which resemble any of the existing firms or network will not be allowed. Brand name should be owned only by Indian citizen who is resident in India.
- ❖ Documents such as deeds, MOUs, forms can be signed by the Managing Partner of each of the member-firms and need not be signed by all partners.



GUIDANCE BY COUNCIL OF ICAI



- ❖ Only firms and LLPs can become member-firms in Alliance/ Network. Individual practitioners are not permitted to be part of Alliance/ Network.
- ❖ Every agreement, bye-law, MOUs, by whatever name called, must be filed with ICAI, without which registration will not be given.
- ❖ The legal status of Alliance/ Network can be that of AOP as recognised by tax laws. Alliance/ Network may open bank accounts in its own name, obtain PAN and GST registration.
- ❖ Alliance/ Network can take up non-attest assignments in its own name, if work is so assigned.
- ❖ Alliance/ Network can have website of its own. Appropriate guidelines will be prepared by Ethical Standards Board of ICAI.

DRAFT GUIDELINES FOR OVERSEAS NETWORK



- ✧ The Draft Guidelines for Overseas Network proposed by CACAF was considered by the Council at its 442nd meeting held on 26th May 2025.
- ✧ The Exposure Draft on the same was also hosted on ICAI website at <https://www.icaai.org/post/announced-cacaf-dgon> for the public comments.

SALIENT FEATURES OF THE DRAFT GUIDELINES

- 01** These Guidelines are meant to promote Networking amongst one or more Chartered Accountant firm (s) registered with ICAI with networks or entities established and registered outside India in their respective jurisdiction.
- 02** The name, registration, change in constitution and filing of annual return among others forms an integral part of the Guidelines.
- 03** The Overseas Network shall designate a member as *Nodal Officer cum Contact Point* who shall be responsible for ensuring abidance of these Guidelines interse amongst the operation of registered overseas Network in India as far as the Chartered Accountant firm registered with ICAI is concerned.

SALIENT FEATURES OF THE DRAFT GUIDELINES

04

Domestic Entities who are constituents of Overseas Network shall be subjected to requirements on Ethical Standards arising out of being constituent of the Overseas Network. However, this shall not entitle them to accept an appointment which is restricted or prohibited under any law for the time being in force or Guidelines issued by ICAI.

05

Operation of Overseas Network in India shall be subject to compliance of all the laws of the land.

ACTIVITIES ENVISAGED FOR 2025-26

Regulatory Framework

Release of the 'Guidelines for Overseas Network'.

Revisions to the 'Advertisement and Website Guidelines'.

Introduce the New Model of Networking 'Partnership Firm Network Model'.

Revisions of the 'Management Consultancy Services (MCS) in corporate form Guidelines'.



Networking Avenues

Establish a Dedicated 'Sec 8 Company' for Indian practicing CAs, integrating technology, mentorship, knowledge, & infrastructure to drive seamless growth.

A 'Networking Portal' to connect the CA Firms with one another, facilitating mergers, partnerships & Networking that enable them to explore compatible connections & enhance their market reach.



Knowledge Initiative

Publications – To ensure seamless understanding and implementation of evolving regulations, structured knowledge resources will be developed as hands-on references for practitioners.

Write-2-Rise – A special drive for Practicing CAs interested in authoring insightful articles, books, guides, and research publications for the professional community.



ACTIVITIES ENVISAGED FOR 2025-26

1 Outreach Programs for Small and Medium Practitioners (SMPs)

To sensitize the small firms for mergers and aggregation of their firms through LLP guidelines

1

2 Networking Forums

To provide opportunities to the practicing CAs in major metros to Meet, Mentor & Multiply.

2

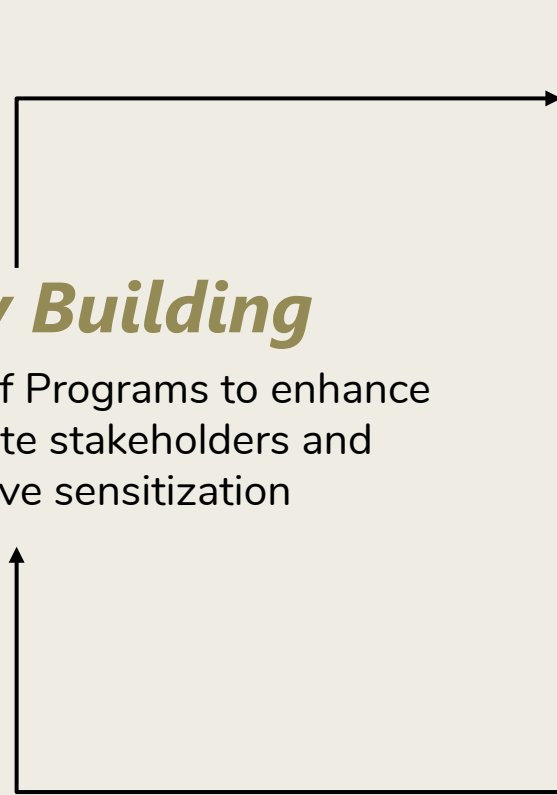
3 Outreach Programs for International Networking

To stimulate international collaborations among Indian firms

3

Capacity Building

Conducting Series of Programs to enhance awareness, educate stakeholders and ensure effective sensitization



A background image showing several hands in business attire reaching towards the center, assembling white puzzle pieces. The scene is overlaid with a semi-transparent grey filter. A thick black vertical bar is on the far left.

LET'S AGGREGATE

THANK YOU!