APPENDIX 'H'

(Please refer to page 34)

GUIDELINES FOR CORPORATE FORM OF PRACTICE

As per the existing Code of Ethics, a member in practice is permitted generally to be a `Director Simplicitor' in any Company and as such he is not required to obtain any specific permission in this regard irrespective of whether he and/or his relatives hold substantial interest in that Company. However, a member in practice shall not hold the position of Managing Director or Whole-time Director of a Body Corporate if he and/or his relatives hold substantial interest in such concern. In the alternative, a member in practice can occupy such positions by surrendering his Certificate of Practice (COP). Where substantial interest is not so held, a member in practice can hold these positions after obtaining permission of the Council in which case the member will be regarded as being in part-time practice and therefore, can neither do attest function nor he can train articled/audit assistants.

To empower the members to face the emerging challenges in the service sector as well as to equip them for the opportunities in the non-audit service area, the Council at its 261st meeting held from 1st to 3rd August, 2006 reviewed the aforesaid position and in the interest of the profession, decided to allow members in practice to render Management Consultancy and Other Services in Corporate form, subject to the guidelines to be issued by the Institute in this regard.

The Council decided to allow members in practice to hold the office of Managing Director, Whole-time Director or Manager of a body corporate within the meaning of the Companies Act, 2013 provided that the body corporate is engaged exclusively in rendering Management Consultancy and Other Services permitted by the Council in pursuant to Section 2(2)(iv) of the Chartered Accountants Act, 1949 and complies with the conditions(s) as specified by the Council from time to time in this regard.

The members can retain full time Certificate of Practice besides being the Managing Director, Whole-time Director or Manager of such Management Consultancy Company. There will be no restriction on the quantum of the equity holding of the members, either individually and/ or along with the relatives, in such Company. Such members shall be regarded as being in full- time practice and therefore can continue to do attest function either in individual capacity or in Proprietorship/Partnership firm in which capacity

they practice and wherein they are also entitled to train articled/audit assistants.

The name of the Management Consultancy Company is required to be approved by the Institute and such Company has to be registered with the Institute. The guidelines along with the prescribed application forms for approval of name and registration, provisions of ethical compliance and other details have been issued and the same will come into force w.e.f. 1.10.2006.

By abundant caution, it may be clarified that no audit practice can be done in Corporate Form. The consultancy practice hitherto done in Individual or Firm Status alone is now intended to be permitted in Corporate Form also.

The guidelines for Corporate Form of Practice are as follows:

1. Definition

(i) **Managing Director, Whole-time Director and Manager** - The term "Managing Director", "Whole- time Director" and "Manager" shall have the same meaning as defined/understood in the Companies Act, 2013. For this purpose, the member in practice who is a Managing Director, Whole-time Director or Manager shall be full-time practitioner/proprietor/partner in a Chartered Accountants firm.

(ii) **Act** – Act means The Chartered Accountants Act, 1949.

(iii) **Regulations** – Regulations means the Chartered Accountants Regulations, 1988.

(iv) **Code of Ethics** – Code of Ethics means the Code of Ethics issued by the Institute and decisions of the Council in this regard.

(v) **Institute** – Institute means the Institute of Chartered Accountants of India.

(vi) **Council –** Council means the Central Council of the Institute.

(vii) **Member** – Member means a Member in Practice. Member in Practice means a `Member in Practice' as defined in the Chartered Accountants Act, 1949 and its Regulations.

(viii) **Management Consultancy & Other Services** – Management Consultancy & Other Services or MCS means `Management Consultancy & Other Services' permitted by the Council in pursuance to Section 2(2)(iv) of the Chartered Accountants Act,

1949. The definition of the expression "Management Consultancy and other Services" as appears at pages 15-18 of the Code of Ethics, Volume I, 2026 edition is as under:

The expression "Management Consultancy and other Services" shall not include the function of statutory or periodical audit, tax (both direct taxes and indirect taxes) representation or advice concerning tax matters or acting as liquidator, trustee, executor, administrator, arbitrator or receiver, but shall include the following:

(i) Financial management planning and financial policy determination.

(ii) Capital structure planning and ad- vice regarding raising finance.

(iii) Working capital management.

(iv) Preparing project reports and feasibility studies.

(v) Preparing cash budget, cash flow statements, profitability statements, statements of sources and application of funds etc.

(vi) Budgeting including capital budgets and revenue budgets.

(vii) Inventory management, material handling and storage.

(viii) Market research and demand studies.

(ix) Price-fixation and other management decision making.

(x) Management accounting systems, cost control and value analysis.

(xi) Control methods and management information and reporting.

(xii) Personnel recruitment and selection.

(xiii) Setting up executive incentive plans, wage incentive plans etc.

(xiv) Management and operational audits *including Information System Audit*[15]

[15] As incorporated pursuant to decision of Council at its Meeting held in December, 2025.

(xv) Valuation of shares and business and advice regarding amalgamation, merger and acquisition.

(xvi) Business Policy, corporate planning, organisation development, growth and diversification.

(xvii) Organisation structure and behaviour, development of human resources including design and conduct of training programmes, work study, job- description, job evaluation and evaluation of work loads.

(xviii) Systems analysis and design, and computer related services including selection of hardware and development of software in all areas of services which can otherwise be rendered by a Chartered Accountant in practice and also to carry out any other professional services relating to EDP.

(xix) Acting as advisor or consultant to an issue, including such matters as: -

(a) Drafting of prospectus and memorandum containing salient features of prospectus. Drafting and filing of listing agreement and completing formalities with Stock Exchanges, Registrar of Companies and SEBI.

(b) Preparation of publicity budget, advice regarding arrangements for selection of (i) ad-media, (ii) centres for holding conferences of brokers, investors, etc., (iii) bankers to issue, (iv) collection centres, (v) brokers to issue, (vi) underwriters and the underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding on the quantum of issue material (In doing so, the relevant provisions of the Code of Ethics must be kept in mind).

(c) Advice regarding selection of various agencies connected with issue, namely Registrars to Issue, printers and advertising agencies.

(d) Advice on the post issue activities, e.g., follow-up steps, which include listing of instruments and despatch of certificates and refunds, with the various agencies connected with the work.

Explanation: For removal of doubts, it is hereby clarified that the activities of broking, underwriting and portfolio management are not permitted.

(xx) Investment counseling in respect of securities [as defined in the Securities Contracts (Regulation) Act, 1956 and other financial instruments.] (In doing so, the relevant provisions of the Code of Ethics must be kept in mind).

(xxi) Acting as registrar to an issue and for transfer of shares/other securities. (In doing so, the relevant provisions of the Code of Ethics must be kept in mind).

(xxii) Quality Audit.

(xxiii) Environment Audit.

(xxiv) Energy Audit.

(xxv) Acting as Recovery Consultant in the Banking Sector.

(xxvi) Insurance Financial Advisory Services under the Insurance Regulatory & Development Authority Act, 1999, including Insurance Brokerage.

(xxviii) Administrative Services[16]

(xxix) Forensic Accounting and Investigation[17]*.*

(xxx) Research analyst recognized by a Regulator[18]

(xxxi) Assessment and evaluation of Social Impact, CSR Impact, Business Responsibility and Sustainability Reporting, and the like[19]

(xxxii) Artificial Intelligence (AI) Consultancy in areas of services which can be rendered by a Chartered Accountant in practice[20]

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[16] As incorporated pursuant to decision of Council at its Meeting held in December, 2025.

[17].Ibid

[18] Ibid

[19] Ibid

[20] Ibid

(ix) **Management Consultancy Company–** Management Consultancy Company means a Company, which complies with the Guidelines for Practice in Corporate Form issued by the Institute.

(x) **Relative –** Relative means "Relative" as defined in Appendix (9) of the Chartered Accountants Regulations, 1988, 2023 edition.

2. Name of the Management Consultancy Company:

(i) The Management Consultancy Company shall have a distinct name which shall be approved by the Institute. The prescribed format of application for approval of name for Management Consultancy Company is at Form `G' .

(ii) Standards prescribed in Regulations 190 of the Chartered Accountants Regulations, 1988 shall be applicable to the name of the Management Consultancy Company. However, even if a name is provided and subsequently it is found that the same is undesirable then, the said name can be withdrawn at any time by the Institute. The provisions in respect of name of Companies as prescribed in the Companies Act, 2013 shall be applicable in letter and spirit.

(iii) The name of Management Consultancy- Company may indicate the area of 'Management Consultancy & Other Services' permitted by the Council from time to time.

(iv) The Management Consultancy Company shall neither be permitted to advertise nor to use logo.

(v) The Management Consultancy Company can have its own website*

3. Registration:

After approval of the name under Guideline 2 and incorporation under the Companies Act, 2013, the Management Consultancy Company is required to be registered with the Institute in a prescribed Form 'H'.

* Subject to requisite amendments which will be notified by the Institute.

4. Ethical Compliance:

(i) Once the Management Consultancy Company is Registered with the Institute as per the Guidelines, it will be necessary for such a Company to comply with the following requirements: -

(a) If the individual practitioner/sole-proprietorship firm/ partnership firm is the statutory auditor of an entity then the Management Consultancy Company should not accept the internal audit or book-keeping or such other professional assignments, which are prohibited for the statutory auditor firm.

(b) The Notification No. 1-CA(7)/60/2002 dated 8th March, 2002 in respect of ceiling on Non-audit fees is applicable in relation to a Management Consultancy Company.

(c) The Management Consultancy Company shall comply with clauses (6) & (7) of Part-I of the First Schedule to the Chartered Accountants Act, 1949 and such other directives as may be issued by the Institute from time to time.

(ii) The Management Consultancy Company shall give an undertaking that it shall comply with clauses (6) & (7) of Part-I of the First Schedule to the Chartered Accountants Act, 1949 and such other directives as may be issued by the Institute from time to time.

5. Object of Management Consultancy Company:

The Management Consultancy Company shall engage itself only in Management Consultancy & Other Services. The Management Consultancy Company shall give an undertaking that it shall render only Management Consultancy & Other Services prescribed by the Council pursuant to powers under section 2 (2)(iv) of the Chartered Accountants Act, 1949.

The Object Clause should restrict itself only to the Management Consultancy & Other Services permitted by the Council in pursuance to Section 2(2)(iv) of the Chartered Accountants Act, 1949.

6. Violation of Act:

In case of alleged violation of the provisions of the Act, Regulations framed there under, guidelines/directions laid down by the Council

from time to time and Code of Ethics issued by the Council, the individual practitioner/sole- proprietorship firm/partnership firm in general and the Managing Director/Whole-time Director/ Manager of such Company in particular, would be answerable.

7. Applicability of Companies Act, 2013 and other laws:

All the provisions of the Companies Act, 2013 and other laws that are applicable to a Company formed under the Companies Act, 2013 shall be applicable to the Management Consultancy Company. The Guidelines are in addition to the provisions contained in the Companies Act, 2013.

8. Benefits available to members if the Guidelines framed are complied with:

(i) The member can retain full time Certificate of Practice besides being the Managing Director/Whole-time Director/ Manager of Management Consultancy Company.

(ii) The member will be entitled to train articled/ audit assistant(s).

(iii) There will be no restrictions on the quantum of the equity holding of the member, either individually and/or along with his relatives, in such a Company.

9. Transitory Provisions:

(i) Any member who wishes to become Managing Director/ Whole-time Director/ Manager of an existing Company, which is rendering Management Consultancy & Other Services, and wishes to take other benefit contained in the Guidelines, shall comply with the Guidelines for Practice in Corporate Form.

(ii) The Company is required to take approval of name and then apply for registration with the Institute.

(iii) If the Institute has reservation over the name of an existing Company that wishes to come under the provisions of this Guidelines, the Company shall be required to apply for change in name.

(iv) The Company is also required to change its object clause, if the same contains objects other than those provided in the Guidelines.