



ERGO

Analysing developments impacting business

Companies (Appointment and Qualification of Directors) Rules: Immediate Action Needed

20 July 2018

Introduction

The Ministry of Corporate Affairs (MCA) has, pursuant to its notification dated 5 July 2018 (Notification), amended the Companies (Appointment and Qualification of Directors) Rules, 2014 (Rules).

Key Highlights

- Every individual who has been allotted a director identification number (DIN) as on 31 March of a financial year, is required to submit e-Form DIR-3-KYC (KYC Form) to the Central Government on or before 30 April of the immediately following financial year.
- All directors (including disqualified directors) who have been allotted DIN, or designated partners of limited liability partnerships (LLP) who have been allotted designated partner identification numbers (DPIN) on or before 31 March 2018, are required to submit the KYC Form to the Central Government on or before 31 August 2018. If such individuals fail to submit the KYC Form by 31 August 2018, the DINs/DPINs of such individuals will be deactivated.
- Individuals who are allotted DIN after 31 March 2018 are required to submit the KYC Form by 30 April 2019, failing which their DIN will be deactivated.
- Filing of KYC Form for deactivated DINs (post 31 August 2018 or 31 March 2019, as applicable) will be allowed upon payment of a fee of INR 5,000. This is without prejudice to any other action that may be taken by the Central Government for delayed filing of the KYC Form.
- A director's personal mobile number, personal email ID and AADHAR details have to be a part of the KYC Form in order to get the one-time password. Each KYC Form is required to be signed by a director with his own digital signature certificate and should be duly certified by a practicing chartered accountant, company secretary or a certified management accountant. In case of foreign nationals, inclusion of passport details is mandatory under the KYC Form.
- The Director as well as the certifying chartered accountant/company secretary/certified management accountant will be subject to imprisonment of

ERGO | Companies (Appointment and Qualification of Directors) Rules: Immediate Action Needed

up to five years or a fine of up to INR 2,000,000 or both, in case of omission of any material fact or any misstatement in the KYC Form.

As an immediate step, all directors and designated partners must submit the KYC Form by 31 August 2018 to avoid suspension of their DIN.

- *Vinay Joy (Partner), Rishabh Bharadwaj (Principal Associate) and Neil Deshpande (Associate), Khaitan & Co LLP, Bangalore*

For any queries please contact: editors@khaitanco.com

We have updated our [Privacy Policy](#), which provides details of how we process your personal data and apply security measures. We will continue to communicate with you based on the information available with us. You may choose to unsubscribe from our communications at any time by clicking [here](#).

For private circulation only

The contents of this email are for informational purposes only and for the reader's personal non-commercial use. The views expressed are not the professional views of Khaitan & Co and do not constitute legal advice. The contents are intended, but not guaranteed, to be correct, complete, or up to date. Khaitan & Co disclaims all liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident or any other cause.

© 2018 Khaitan & Co. All rights reserved.

Mumbai

One Indiabulls Centre, 13th Floor
Tower 1 841, Senapati Bapat Marg
Mumbai 400 013, India

T: +91 22 6636 5000
E: mumbai@khaitanco.com

New Delhi

Ashoka Estate, 12th Floor
24 Barakhamba Road
New Delhi 110 001, India

T: +91 11 4151 5454
E: delhi@khaitanco.com

Bengaluru

Simal, 2nd Floor
7/1, Ulsoor Road
Bengaluru 560 042, India

T: +91 80 4339 7000
E: bengaluru@khaitanco.com

Kolkata

Emerald House
1 B Old Post Office Street
Kolkata 700 001, India

T: +91 33 2248 7000
E: kolkata@khaitanco.com