

KYC VERIFICATION OF DIRECTORS OF INDIAN COMPANIES

BACKGROUND

The Ministry of Corporate Affairs (MCA) has recently notified that it would be conducting KYC (Know Your Customer) verification for all Directors of all companies through a new eForm DIR-3 KYC. By filing DIR-3 eKYC form the Director would have to provide a unique personal mobile number and personal email address which would both be verified with an One Time Password (OTP) code.

Who has to file the DIR-3 KYC?

As per MCAs recent announcement, any Director who was allotted a Director Identification Number (DIN) by or on 31st of March 2018 and whose DIN is in approved status, will have to submit his KYC details to the MCA by the **31st day of August 2018**. Further, this procedure is mandatory for Disqualified directors too.

What are the checkpoints involved in filing the eForm DIR-3 KYC?

The following are the checkpoints involved in filing the e-KYC:

- Unique Personal Mobile Number & Email Id for OTP (for foreign Directors we recommend using the mobile number of a local staff in India)
- Director should have own DSC or Digital Signature
- Latest Passport size photograph of Director is required
- Eform should be Certified by practicing professional (CA/CS/CMA) (Octagona India shall assist in this)

What happens if eForm DIR-3 KYC is not filed within the due date specified?

MCA21 system will mark all approved DINs (allotted on or before 31st March 2018) against which DIR-3 KYC form has not been filed as '**Deactivated**' with reason as '**Non-filing of DIR-3 KYC**'. This means that:

- 1) The affected Director will cease to have status of a Director in the records of Registrar of Companies.
- 2) Cannot be authorised to affix his/her signatures on any e-form filed with Registrar of Companies;
- 3) Annual filing forms like AOC-4 and MGT-7, in which it is mandatory to mention the DIN of the Directors of the Company, cannot be filed.
- 4) The affected Director cannot be appointed as a Director in any other Company.

5) Even the form for his/her resignation from the Company cannot be filed without re-activating his DIN.

After the due date filing of **DIR-3 KYC** in respect of such **deactivated DINs** shall be allowed upon payment of a specified fee of INR 5.000 (or EUR 65), without prejudice to any other action that may be taken.

Important Points and Next Steps

- Filing of DIR-3 KYC would be mandatory for Disqualified Directors also.
- Due date of filing of DIR-3 KYC is on or before 31st August, 2018
- **If a Director does not have Digital Signatures (DSC), he will additionally have to go through a video verification process.** Octagona will assist in completing this activity. For further information, please contact the following staff of Octagona India:

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