

PROCEDURE FOR ANNUAL KYC OF DIRECTOR

4

{Section 153 read with Rule 12A of the Companies
(Appointment and Qualification of Directors) Rules, 2014}

Synopsis

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Relevant Sections, Rules and Forms at a Glance

Particulars	Section(s), Rule(s) and Name of e-Form(s)
The Companies Act, 2013	Sections 403
The Companies (Appointment and Qualification of Directors) Rules, 2014	Rules 11 and 12A
The Companies (Registration Offices and Fees) Rules, 2014	Rules 7, 8 and 12
e-Form to be filed	DIR-3 KYC

Significant Relevant Approvals and Requirements

- ❖ DSC of the applicant
- ❖ OTPs received on mobile and e-mail ID

4.1 (i) PROCEDURE WITH CHECK POINTS FOR ANNUAL KYC OF DIRECTOR IN CASE OF NO CHANGE IN DIN PARTICULARS (WEB-BASED KYC)

S. No.	Particulars
1.	<p>Ensure that-</p> <ul style="list-style-type: none"> • the person holds a valid Director Identification Number (DIN) on 31st March of any financial year. • there is no change in the particulars of DIN and the mobile number and email ID of the DIN holder are working. • the person has already filed e-Form DIR 3 KYC in any previous financial year.

S. No.	Particulars
2.	A person who possesses valid DIN on 31 st March, must complete web-based KYC on or before 30th September of immediate next financial year as to avoid de-activation of his/her DIN.
3.	Arrange the Login ID and Password of Ministry of Corporate Affairs (MCA) Portal, i.e., MCA 21 portal to complete the web-based KYC of DIN.
4.	Complete the login process on MCA 21 portal and open Form DIR-3 web-based KYC link and fill up DIN of the concerned person. Immediately the MCA 21 Portal will show the last 2 (two) digits of Mobile No. and 1 st alphabet with server of the mail ID, like, xxxxxxxx35 and xxxxxxxx@gmail.com respectively.
5.	Click on the submit icon so that different OTPs may be received at mobile number and Email ID of the DIN holder.
6.	After receiving the OTPs, fill up both the OTPs at the required places and click verify icon on the screen.
7.	Ensure that the particulars shown on MCA 21 portal are updated particulars of the DIN holder and after verification of particulars, click on the validate icon.
8.	The MCA 21 Portal shall generate a challan and save the challan for record as it will be the proof of annual KYC of DIN holder.
9.	In case, the concerned person does not complete DIN KYC process within due time, his/ her DIN will be de-activated and once the DIN is de-activated, the DIN can be re-activated by filing e-Form DIR-3 KYC with a fee of Rs. 5,000/-.

4.1(ii) PROCEDURE FOR ANNUAL KYC OF DIRECTOR IN CASE OF CHANGE IN PARTICULARS (DIR 3 KYC) AND DIN HAS DE-ACTIVATED

S. No.	Particulars
1.	Ensure that- <ul style="list-style-type: none"> • the person holds a valid Director Identification Number (DIN) on 31st March of any financial year. • there is change in the particulars of DIN and the mobile number and email ID of the DIN holder are new. • the concerned DIN holder has not filed e-Form DIR 3 KYC in any previous financial year. • the concerned DIN holder holds a valid DIN on 31st March of any financial year and has not completed web based annual KYC of DIN in due time.
2.	Person who possesses active DIN on 31 st March, shall complete KYC procedure by filing e-Form DIR-3 KYC on or before 30th September of immediate next financial year.
3.	Arrange Digital Signature Certificate (DSC) of the concerned DIN holder whose e-Form DIR-3 KYC is to be filled and in case, he/she has no DSC, first obtain DSC of him/her.

S. No.	Particulars
	<p>The subscribers, who are individuals in the Memorandum of Association (MOA) shall be deemed as first directors until the directors are duly appointed by the members in accordance with Section 152 of the Companies Act, 2013 and rules made thereunder (Section 152 of the Act).</p> <ul style="list-style-type: none"> • Not the person intended/proposed to be appointed a director of a company has a valid Director Identification Number (DIN) under section 174 or any other number as may be prescribed under section 174 of the Companies Act, 2013, however, in case of first directors of a new company, the DIN up to 3 (three) persons can be obtained through incorporation with integrated form SPICe-1 (INC-11) (Section 152 of the Act read with rule 152 of the Companies Incorporation Rules, 2014). • Not a total number of directors, at least one director has stayed in India for a total period of not less than 182 days during the financial year. Provided that in case of newly incorporated company, residential status shall be determined proportionately. However, it is not required in case the director is appointed by the Central Government or State Government (Section 152 of the Act). • A person, who is intended to be appointed, shall not be eligible for appointment, if he/she has any disqualification for appointment under section 164 of the Act (Section 164 of the Act read with companies prescribed a government company and regulations in COA 2012 dated 16.01.2012). • A person proposed to be appointed as a director in a company other than a company registered under Section 8 (non-profit company) of the Companies Act, 2013 (Section 152 of the Act) <ul style="list-style-type: none"> - shall not hold office as a director including any alternate directorship in more than 20 companies including directorship in dormant companies. - shall not hold office in more than 10 public companies including the private companies which are holding or subsidiary of public company.
2.	In case of one person company, an individual being sole member is deemed to be the first director of the company, if the articles of association has not mentioned the names of first directors (Section 152 of the Act).
3.	Forms created in writing, on or before appointment, from the appointed director to act as director in the company as Form 208-2 (Part 2 of the Companies Appointment and Qualification of Directors) Rule, 2014.
4.	Form as mentioned in writing, on or before appointment, from the appointed director as Form 208-2 regarding that he/she is not disqualified under Section 164 of Companies Act, 2013, to act as a Director (Section 164 of the Act read with rule 17 of the Companies Appointment and Qualification of <u>Directors</u>) Rule, 2014.
5.	The particulars of first directors to be integrated with Form SPICe-1 (INC-11) at the time of incorporation of company.

For the detailed procedure, please refer Company Law Procedures & Compliances by Dr. Sanjeev Gupta, 2nd edn, 2021. You can buy from your bookseller or online at www.bharatlaws.com

[COMPANY LAW Procedures & Compliances \(in 2 vols.\)](#)