

Amendment to the procedure of Directors KYC under Companies Act, 2013 (A brief insight)

I. Background

Under the Companies Act, 2013, any person who intends to become a Director in a Company is required to obtain a Director Identification Number (DIN) and a person who already holds a Director Identification Number (DIN) is required to communicate the same to the Company before his appointment in that Company. Without obtaining a Director Identification Number (DIN), a person cannot be appointed as a Director in any Company as per the provisions of Sec 152(3) of Companies Act, 2013.

In this reference, DIN is a unique identification number allotted by the Central Government of India to any person intending to be appointed as a Director in a Company, having a lifetime validity and helps in uniquely identifying a director across multiple companies and LLPs.

Furthermore, Sec 158 casts an obligation to mention DIN in all returns, information or particulars which are to be furnished under the Companies Act, 2013 and therefore it helps to link a Director's identity to all Company's filings and strengthens the corporate governance and regulatory oversight from a compliance perspective.

II. Process for keeping the DIN "Active"

Considering the fact that DIN captures all personal information of an individual like his name, contact details, permanent and present addresses, etc; it becomes imperative to keep this information up-to-date in the MCA's records so that timely communication with the DIN holder as well as his traceability can be done in case of any unfortunate events.

For doing so, under Rule 12A of Companies (Appointment and Qualification of Directors) Rules, 2014, all the Directors holding a DIN as of 31st March of a year are required to submit a KYC form every year on or before 30th September in either "Form No. DIR-3-KYC" or "Form No. DIR-3 KYC (Web)" as applicable, i.e., if there are any changes in contact details, Form No. DIR-3 KYC is to be submitted with supporting documents and if there are no changes, just a confirmation (verified using mobile and email OTPs) using Form No. DIR-3 KYC (Web) is to be submitted.

If this process is not completed by 30th September, the DIN gets de-activated and the DIN holder won't be able to submit any forms to the ROC using his DIN. In order to re-activate the DIN, MCA levies a late filing fees of Rs 5,000/- which was being viewed as a bit harsh by some people.

III. Change in KYC Rules

In order to simplify the compliance burden, the Central Government has amended the aforesaid Rule 12A of Companies (Appointment and Qualification of Directors) Rules, 2014 by way of a Gazette Notification dated 31st December 2025 (G.S.R. 943(E).) by substituting the below Rule 12A to the existing one:

"12A. Directors KYC and updation thereof.—

(1) Every individual who holds a Director Identification Number as on the 31st March of a financial year, shall file KYC intimation in Form No. DIR-3 KYC Web to the Central Government on or before the 30th June of the immediately following every third consecutive financial year.

(2) Every individual holding a Director Identification Number shall, in the event of change in his personal mobile number, email address or residential address, submit Form No. DIR-3 KYC Web within a period of thirty days of such change along with fee as provided under the Companies (Registration Offices and Fees) Rules, 2014."

Alongwith the above amendment, for the Forms "DIR-3-KYC and DIR-3- KYC-WEB", a single new form "Form No. DIR-3-KYC-Web" has been substituted.

Significance of the above substitution:

- "Form No. DIR-3-KYC" and "Form No. DIR-3 KYC (Web)" merged into a single form while retaining the mandatory requirement of updation of information within 30 days through a separate filing
- Periodicity of compliance extended from annual to once in every three consecutive financial years
- **Due date shifted from 30th September to 30th June**
- New Form No. DIR-3-KYC-Web is to be used in place of existing two forms

Few clarifications required on the above amended rule:

- Based on a plain reading of the aforesaid Rule, any DIN holder who has completed the KYC procedure in the year 2025 shall be required to submit KYC forms directly in the year 2028; however, a clarification from MCA is required about whether to submit KYC forms in 2026 and then the period of three consecutive financial years would start or that the period of three consecutive financial years has already started based on last KYC forms submitted in 2025.
- In case of an individual who has been allotted a DIN during the financial year (say on 31st December 2025) and consequently holds DIN as of 31st March of the said financial year (31st March 2026 as per above illustration), whether he is required to submit KYC forms by 30th June of the subsequent financial year (30th June 2026 as per above illustration) or it will be required only after three consecutive financial years (30th June 2029 as per above illustration) is something which MCA would need to clarify
- In order to help the DIN holders and professionals keep a track of the last KYC submission, it remains to be seen whether MCA would develop some system to verify the said information on its portal so that no DIN holder inadvertently misses out on KYC compliance when it is due.

IV. Conclusion

A welcome step by the Government to reduce compliance burden of the DIN holders in line with furthering the Government's objective of Ease of Doing Business.

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