



KYC FOR COMPANIES

After the KYC drive of Directors, the Ministry of Corporate Affairs (“MCA”) has come out with a notification dated 21st February 2019 (“Notification”) to collect KYC details of Companies. This is a major step wherein the MCA21 system would not register the Companies in case they are non-compliant with certain parameters.

The notification has introduced Company KYC through e-Form ACTIVE (Active Company Tagging Identity and Verification) by inserting new Rule No. 25A to the Companies (Incorporation) Rules, 2014 wherein the particulars of the Company and its registered office details to be provided by the Company. http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationAmendmentRules_21022019.pdf

These rules will come into force with effect from 25th February, 2019 and the gazetted notification is still not made available.

The brief highlights of the notification are explained in the ensuing paragraphs:

Applicability:

Every Company incorporated on or before 31st December, 2017 has to file the e-Form ACTIVE on or before 25th April 2019.

Documents or information to be provided in the e-Form ACTIVE:

- Address of registered office, Photo of Registered Office also showing therein at-least one Director / KMP who has affixed his / her DSC to this form;
- Email ID of the Company [*shall be active as email verification has to be done through the same*];
- Details with respect to the Directors, Key Managerial Personnel, Statutory Auditor and Cost Auditor (if any);
- SRN of forms -AoC-4/AoC-4 XBRL and MGT-7.

Pre-requisites:

Every Company shall ensure that, DIN of its directors is in approved status and is neither de-activated due to non-filing of DIR 3 KYC nor disqualified under Section 164(2) of the Act. Thus, the filing of following forms should have been completed by the Company, before proceeding towards this compliance:

- Form AoC-4/AoC-4 XBRL (submitting Financial Statement) and MGT-7(filing of Annual Return);
- Form DIR-3 KYC of all the existing directors.

Implications of Non-Compliance:

In case, the Company fails to file e-Form ACTIVE within the due date [25th April, 2019], the following implications will arise:

- The status of the Company will be marked as “ACTIVE-non-compliant” on or after 26th April, 2019.
- The ACTIVE-non-compliant Company shall be liable for action under Section 12 (9) of the Act. As per Section 12(9) of the Act, Registrar of Companies (RoC) may cause physical verification of the Registered Office of the Company and initiate the action for the removal of the name of the company from the Register of Companies if RoC finds any default.
- No REQUEST for recording the following event-based information or changes, shall be accepted by the Registrar from such ACTIVE-non-compliant Company:
 - ❖ SH-7 (Change in Authorised Share Capital);
 - ❖ PAS-03 (Change in Paid-up Capital);
 - ❖ DIR-12 (Change in Director except cessation);
 - ❖ INC-22 (Change in Registered Office);
 - ❖ INC-28(Amalgamation, de-merger).
- The ACTIVE-non-compliant Company has to pay Rs.10,000/- for filing the e-Form ACTIVE on or after 26th April 2019 for changing its status to “ACTIVE Compliant”.

MCA is getting ready towards the Third Drive on “KYC of Professionals”. We shall keep you posted and look out for an update in our website too!!!

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