

## **Requirement to intimate grounds for disqualification of directorship to Registrar of Companies (RoC) in Form DIR-8 – Ministry of Corporate Affairs (MCA) expands requirement for disclosure to include grounds of disqualification u/s 164(1) of Companies Act, 2013**

Section 164 of the Companies Act, 2013 provides various grounds for disqualification of directors in a company as below:

### **Grounds for disqualification u/s 164(1) (related to individual)**

- Director is declared by court to be of unsound mind, or an undischarged insolvent, or convicted by court for any offence involving moral turpitude and has been imprisoned for the said offence for more than 6 months, or convicted of any offence with respect to related party transactions u/s 188 of Companies Act during last 5 years, or holding directorships in more than 20 companies at the same time
- A court order is in force disqualifying the individual to be appointed as director in a company
- Non-payment of share application money due on the shares held by a director for more than 6 months from the due date for payment
- Director fails to obtain Director Identification No. (DIN) as per the Companies Act

### **Grounds for disqualification u/s 164(2) (related to company in which the individual is a director)**

If the individual is a director in a company that has defaulted in:

- Filing its financial statements / annual returns for 3 continuous FYs
- Repayment of deposits and debentures (including interest thereon) continuously for more than a year
- Payment of declared dividend to shareholders continuously for more than a year Company Law.

**Existing Requirement:**

Earlier, if an individual at the time of his / her appointment (or reappointment) as director in a company would be disqualified u/s 164(2) of the Companies Act, 2013, he / she had to intimate the same to the company in Form DIR-8, at the beginning of each FY.

**New Requirement:**

MCA vide notification dated 20 January 2023 has now included section 164(1) as well within the above requirement for intimation to the company. Form DIR-8 has been suitably amended to incorporate the said disclosure requirement. Once the company receives the intimation / disclosure from the director in Form DIR-8, the company shall report the same to RoC in e-Form DIR-9 within 30 days from the date of receiving such intimation from the director.

<https://www.mca.gov.in/bin/dms/getdocument?mds=5gAUSA0m%2FLmgaQtCZdCS2Q%3D%3D&type=open>