



## Difference Between Director & Additional Director



### Director

As per Section 2 (34) of the Act prescribed that “director” means a director appointed to the Board of a company.

As a company is formed by members who are the actual owners of the company but being a separate legal entity its affairs are managed by independent persons called Directors. Company being an artificial person cannot do things on its own. For that purpose it needs someone to do those things. Another reason for appointment of directors to manage the affairs of the company is separation of ownership from management. A company is formed to do business on a large scale and for that it must be managed by persons having relevant expertise and for a single person it is not possible to be expert in every field.

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Directors work according to the Memorandum of Association and Articles of Association of the Company. These two documents are prepared as per Companies Act requirements.

**Section 149(1) of the Companies Act, 2013** prescribes the minimum & maximum number of directors in a company:

**Public Company:** 3 Directors

**Private Company:** 2 Directors

**OPC:** 1 Director

A company can have a maximum of **15 directors**.

Provided that a company may appoint more than 15 directors after passing a Special Resolution in the general meeting of the company.

## Additional Director

**Section 161(1)** of the Companies Act, 2013

The articles of a company may confer on its Board of Directors the power to appoint any person, other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time who shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

Sometimes there are situations where the Board feels that there is a need for a new director due to workload but it is not possible to conduct a General Meeting so they can appoint a new director by passing a Board Resolution as an Additional Director. At the Annual General Meeting that director can be appointed as a company director if approved by the requisite majority of members. This process is called Regularization of Additional directors.

Thus, as regards to the functions, responsibilities & duties there is no difference between a Director and an Additional Director. An additional Director is also counted in the minimum and maximum limit of Number of Directors. The main difference between these two is regarding their appointment process and their term of office. A Director is appointed by the members of a company in the general meeting by passing an Ordinary Resolution whereas an additional Director is appointed by the Board by passing a Board Resolution. A director is generally



appointed for a term of 5 years unless contrary provided whereas the term of office of an additional director is up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

## Director Versus Additional Director

| <b><u>Basis</u></b>     | <b><u>Director</u></b>                                                               | <b><u>Additional Director</u></b>                                                                   |
|-------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Section</b>          | A director is appointed as per provisions of Section 152 of the Companies Act, 2013. | Section 161 contains the provisions for appointment of an additional director.                      |
| <b>Power to Appoint</b> | Members of a company appoint a director.                                             | Additional director is appointed by the Board of the Company.                                       |
| <b>Resolution</b>       | Ordinary Resolution                                                                  | Board Resolution                                                                                    |
| <b>Term of Office</b>   | Generally 5 years unless the contrary is provided.                                   | Up to the date of the Annual General Meeting or the Last date upto which AGM should have been held. |

From the above, we can conclude that an Additional Director is a director having the same powers, responsibilities & duties as other directors. The only difference between them is regards to their appointing authority and their term of office.