

- **Articles of Association**

Articles of Association is the second important document, which in case of some companies, has to be registered along with the memorandum. As per sec 26(now section 5 of company act 2013), companies which must have articles are:

- 1) Unlimited companies;
- 2) Companies limited by guarantee;
- 3) Private companies limited by shares.

This document contains rules, regulations and bye-laws for the general administration of the company. Schedule I of the Act sets out tables of model forms of articles for different companies.

Contents--A of A may prescribe such regulations for the company as the subscribers to the memorandum deem expedient. The Act gives the subscribers a free hand. Any stipulations as to the relation between the company and its members or members inter se may be inserted in the articles. But everything stated therein is subject to the Companies Act. Usually, articles contain provisions relating to the following matters:

- 1) Share capital, rights of shareholders, share certificates, payment of commission.
- 2) Lien on shares.
- 3) Call on shares.
- 4) Transfer of shares.
- 5) Transmission of shares.

- 6) Forfeiture of shares.
- 7) Conversion of shares into stock.
- 8) Share warrants.
- 9) Alteration of capital.
- 10) General meetings and proceedings there at.
- 11) Voting rights of members, voting and poll, proxies.
- 12) Directors, their appointment, remuneration, qualifications, powers and proceedings of Board of Directors.
- 13) Manager.
- 14) Secretary.
- 15) Dividends and reserves.
- 16) Accounts, audit and borrowing power.
- 17) Capitalization of profits.
- 18) Winding up.

Under companies act 2013 --Section 5 – Articles—sub section

(1) The articles of a company shall contain the regulations for management of the company.

(2) The articles shall also contain such matters, as may be prescribed: Provided that nothing prescribed in this sub-section shall be deemed to prevent a company from including such additional matters in its articles as may be considered necessary for its management.