



SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

Legal Aspects of Business

Unit IV – COMPANY LAW 2013 & IPR



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1st Indian
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Curriculum

Redesigning Common Mind and Business Towards Excellence



Guess the Topic!!!

Memorandum of Association





Recap

Company law -
Principles

Nature and types of
companies

Formation of companies

**IN CASE YOU
MISSED IT**



SYNOPSIS

- Memorandum of Association - Meaning
- Purpose of memorandum
- Contents/Clause of memorandum
 - Name clause
 - Situation or Registered office clause
 - Object clause
 - Liability clause
 - Capital clause(only in the case of company having a share capital)
 - Association clause and Subscription clause





Memorandum of Association - Meaning



Meaning

- Memorandum of association is one of the documents which has to be filed with the registrar of the companies at the time of incorporation of a company. The memorandum of association contains the fundamental conditions upon which alone the company has been incorporated.
- Hence MOA contains the objects for which the company is formed and therefore identifies the possible scope of its operations beyond which its actions cannot go.



Purpose of memorandum

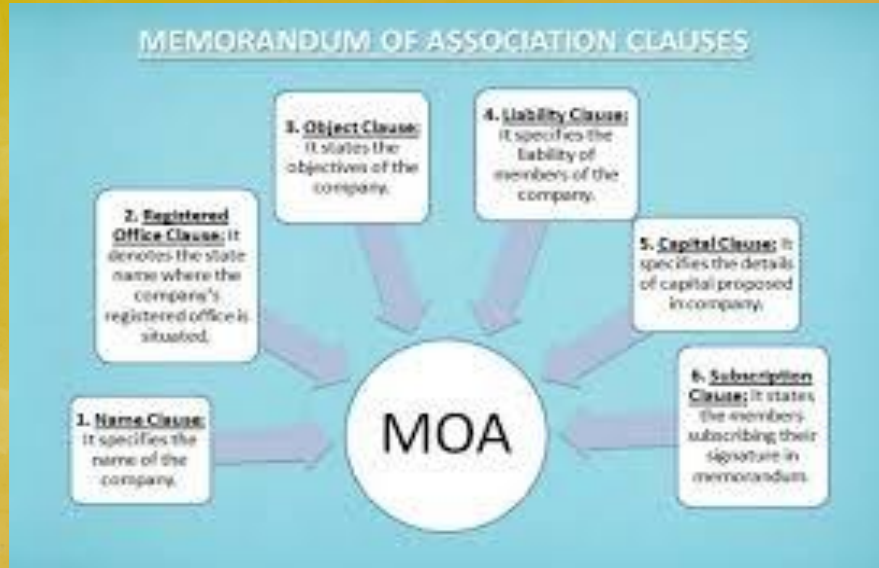


Memorandum of Association

- It contains the fundamental rules regarding the constitution of the company.
- It lays down how the company is going to be constituted and what work it shall undertake.
- It sets out the constitution of the company.
- It is a foundation on which the structure of the company stands.
- Its purpose is to enable the shareholders, creditors, and those who deal with the company to know what is the permitted range of its enterprise.
- It defines as well as confines the power of the company.

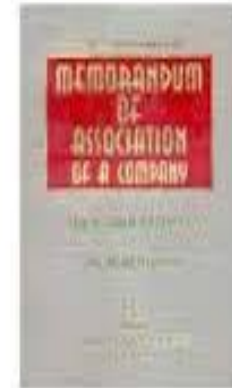


Contents / Clause of Memorandum



Clauses in the Memorandum of association

- Name clause.
- Registered office clause.
- Object Clause.
- Liability clause.
- Capital clause.
- Subscription Clause.





Name Clause



NAME CLAUSE

The memorandum shall state the name of the company with the word,

- “limited”
- “(Private) limited”
- “(Guarantee)limited as the last word of the name of public, private or guarantee limited company”
- NOTE
- Single Member Companies should have the last word as “(SMC-Private limited” according to Single Member Companies Rule,2003



Registered office clause



2. Registered office clause [section 13(1)(b)]

- The state in which the registered office of a company will be situated is mentioned in this clause
- The registered office of the company is the official address of the company where the statutory books and records must normally be kept



Object Clause

OBJECT CLAUSE

Object clause is the major portion of the memorandum of association. It contains,

- Main object of the company
- Objects which company will undertake in the future
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As the company cannot go beyond the objects mentioned in its memorandum so any objects that company can undertake in future should also be included in the object clause.

THE OBJECT CLAUSE

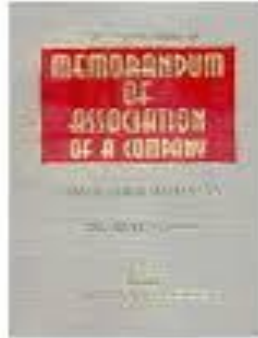
While changing the object clause of the memorandum of association, following steps must be taken,

- Pass a special resolution
- Obtain a confirmation from SECP by filling a petition within 60 days of resolution
- File certified copy of the order of Commission with the Registrar within 90 days of confirmation

Liability Clause

Liability clause

- This clause has to state the nature of liability that the members incur. (Limited or unlimited). If the company is to be incorporated with limited liability, the clause must state that the liability of the members shall be limited by shares. The liability clause is omitted from memorandum of association of unlimited companies.



LIABILITY CLAUSE

This clause defines the extent of the liability of each member. It states,

- Liability of member is limited
- Liability of member is unlimited or limited to the guarantee given by each member

LIABILITY CLAUSE



Capital Clause

CAPITAL CLAUSE

The capital clause is applicable for the company which has some share capital. It mentions,

- ✓ Amount of authorized capital with which the company gets registered
- ✓ The number of shares of the company
- ✓ Also the nominal value of each share



Association clause

f) Association or Subscription clause [Section 13(4)(c)]

- This clause provides that those who have agreed to subscribe to the memorandum must signify their willingness to associate and form a company.
- Association clause generally runs in the following forms, "We the several people whose name and address is a subscriber id of being formed into a company the persons of the memorandum of association and we are respectively agree to take the number of shares in the capital of the company that operate a respective names".

SUBSCRIPTION CLAUSE

- This clause provides that.
- ✓ Those who have agreed to subscribe to the memorandum must signify their willingness to associate and form of a company.
- The memorandum of company limited by shares and company limited by guarantee, each shall contain different statements.

x



Recap

- Memorandum of Association – Meaning
- Purpose of Memorandum
- Content / Clause of Memorandum





References

- ✓ <http://legislative.gov.in/sites/default/files/A1881-26.pdf>
- ✓ <https://www.indiacode.nic.in/handle/123456789/2189?locale=en>



Thanks!



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