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**Department of commerce with professional accounting**

**21UCP552 – CORPORATE LAW  
MEMORANDUM OF ASSOCIATION**

**Unit 2**

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# Memorandum of Association

## Corporate Law – Lecture Series

Welcome to today's session on one of the most foundational documents in corporate law. The Memorandum of Association defines a company's identity, purpose, and limits – understanding it is essential for anyone involved in forming, managing, or advising a business entity.

CORPORATE LAW

UNDERGRADUATE LECTURE

INTERACTIVE SESSION

# Topics We'll Cover Today

This session is structured to build understanding progressively – from the definition and legal status of the Memorandum of Association to its clauses, importance, and practical implications in corporate law.

1

## Definition & Nature

What is a Memorandum of Association and why does it exist?

2

## Contents & Clauses

The six essential clauses: Name, Registered Office, Objects, Liability, Capital, and Subscription.

3


## Legal Significance

The doctrine of ultra vires and the company's legal boundaries.

4

## Alteration Rules

When and how the MOA can be amended under company law.

 **Classroom Engagement Overview:** Each section includes a Quick Poll (3 min), Think-Pair-Share (3 min), Word Cloud Activity (3 min), Reflection (2 min), and a Group Activity with a deliverable outcome.

# Understanding the Memorandum of Association

## Definition & Nature

The Memorandum of Association (MOA) is the **charter document** of a company — the supreme constitution that governs its relationship with the outside world. It defines the company's scope, powers, and the boundaries within which it must operate. No company registered under the Companies Act can exist without it.

- It is a public document — accessible to all stakeholders
- It defines the company's objects and limits its activities
- Acts as the company's "birth certificate" in legal terms
- Subordinate only to the Companies Act itself

## The Six Essential Clauses

### • Name Clause

Company name with "Ltd." or "Pvt. Ltd." suffix. *Example: Apple Inc., Reliance Industries Ltd.*

### • Registered Office Clause

State/country of registration — determines jurisdiction.

### • Objects Clause

The core purpose of the company. Anything outside is **ultra vires** (void).

### • Liability Clause

Defines whether liability is limited by shares, guarantee, or unlimited.

### • Capital Clause

Authorized share capital and its division into shares.

### • Subscription Clause

Signed by minimum 7 (public) or 2 (private) subscribers agreeing to take shares.

- Activity 1 – Quick Poll (3 min):** "Before today, had you ever read or seen a real Memorandum of Association?" Vote: Yes / No / Heard of it but never read one. **Activity 2 – Think-Pair-Share (3 min):** "If a company's Objects Clause says it sells software, can it legally start a restaurant chain? Why or why not?" Discuss with your neighbor, then share. **Activity 3 – Word Cloud (3 min):** Submit one word that comes to mind when you hear "corporate constitution." View live results as a class. **Activity 4 – Reflection (2 min):** Write: "One thing I now understand about MOA that I didn't before."

# Legal Significance, Alteration & Real-World Application

## Doctrine of Ultra Vires

Any act performed by a company **beyond the scope** of its Objects Clause is *ultra vires* – legally void and cannot be ratified even by unanimous shareholder consent.

- **Ashbury Railway Carriage Case (1875):** Company's contract to build a railway was void – outside its objects
- Protects shareholders and creditors from misuse of funds
- Modern companies draft broad objects clauses to avoid restriction

## Alteration of MOA

- Requires a **Special Resolution** (75% majority vote)
- Name change: Approval from Central Government required
- Objects clause: Tribunal/Registrar approval may be needed
- Capital clause: Can be increased by ordinary resolution

## 📖 Interactive Case Study

### 📄 **Case: TechBuild Ltd.**

TechBuild Ltd. was incorporated as a software development company. Its Objects Clause states: "To develop and sell software solutions." The CEO, excited by a real estate boom, signs a ₹50 crore contract to construct office buildings for third parties.

#### **Discussion Points:**

1. Is the contract legally valid? What doctrine applies?
2. What are the consequences for the CEO and the company?
3. How should TechBuild amend its MOA to legally enter real estate?
4. Who are the parties harmed if ultra vires acts go unchecked?

- ✔️ 📄 **Group Activity (Outcome-Based):** In groups of 4–5, draft a **one-page MOA Objects Clause** for a fictional startup of your choice. Ensure it is broad enough for future pivots but specific enough to define core business. Present in 90 seconds. Best draft wins a class vote!

# Summary, Takeaways & Assignments

## Key Learning Points

- MOA is the supreme governing document of a company
- Six clauses form the backbone of every MOA
- Ultra vires acts are void — objects clause sets hard limits
- Alteration requires legal process and shareholder approval
- MOA protects shareholders, creditors, and the public

## Take-Home Assignment

- **Task 1:** Download the actual MOA of any listed company (e.g., from MCA21 portal or SEC EDGAR). Identify and annotate each of the six clauses.
- **Task 2:** Find one real court case involving ultra vires doctrine. Summarize the facts, ruling, and your analysis (500 words).
- **Task 3:** Draft a complete MOA for a hypothetical EdTech startup — include all six clauses.

## Final Q & A

This is your open floor. Ask anything about MOA, ultra vires, clause drafting, or real-world corporate practice. No question is too basic — clarity now saves confusion in exams and boardrooms later.

### Prompt questions to spark discussion:

- Can two companies have identical names in the same country?
- What happens if a subscriber to the MOA withdraws before incorporation?
- Is a startup's pitch deck legally equivalent to its MOA?

## Reflection Prompt (2 min)

"The Memorandum of Association is not just a legal formality — it is the DNA of a corporation."

Before you leave, write one sentence: *"The most important thing I'm taking away from today's session is..."* Share on the class discussion board or exit slip.

- ✓ Great work today! Come to the next class having read the Articles of Association — we'll compare it directly with today's MOA content.