

Welcome students.

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Today we are discussing.

Very important topic.

It is articles of Association.

Constructive notice.

Doctrine of indoor management.

And limitations.

Outline. And articles of Association

is very important document.

Which forms a company's constitution

along with the Memorandum of Association.

Learning outcomes.

An articles of Association is the document.

That regulates the affairs of the company.

Edit defines the roles and

responsibilities of directors.

And the means by which.

The members of the company exert

control over the board of directors.

It is important for the internal
management of the company.

Let's see what is the
articles of Association?

Articles of Association means.

By which the shareholder exert
control over the Board of directors.

According to Section 2,
subsection five of the Companies Act 2013.

Articles means the Articles of
Association of a company as originally
framed or as altered from time to
time or applied in pursuance of any
previous company law or this act.

In corporate governance.

A company's articles of
Association is a document which,
along with the Memorandum of Association
form the company's constitution,
defines the responsibilities
of the directors,

the kind of business to be undertaken

and the Articles of Association are

the subsidiary to the Memorandum

of Association of the Company.

They define the rights,

duties, powers,

functions of the management of

a company as between themselves

and the company at large.

They also prescribed the mode

and form in which changes in the

internal regulation of the company

may be made from time to time.

Articles of Association of a company

must always be in consonance with

the memorandum of their company and

being subordinated to the memorandum.

They cannot extend the objects

of the companies specified in

the Memorandum of the company.

Articles of a Corporation.

Cannot neglect the stipulations

of the Companies Act 2013.

The Articles of Association

are the contracts between the

shareholders and organization and

among the shareholders themselves.

The Articles of Association can be

considered as the user manual for

the organization that comprises

of the methodology that can be

used to accomplish the companies

day-to-day operations.

This document is a binding on the

shareholders and organization and has

nothing to do with the Outsiders.

Thus,

the company is not accountable for any

claims made by any external party.

The Articles of Association are

the legal document comprised of

rules and regulations that govern

the company's internal affairs.

A copy of the Articles of Association

should be kept at the company's

registered office or a single

alternative inspection address.

The contents of the Articles of

Association include. Classes of shares.

The pre-emptive rights of members of

the company transfer and transmission

of shares of the company calls on shares.

Forfeiture of shares.

The powers and responsibilities of

the directors and their limits.

Directors meetings quorum.

The appointment of the Managing

Director and the chairman.

Special voting rights of the chairman.

Alternate directors.

Disqualification of directors.

General meetings.

Company secretary.

Borrowing powers,

winding up provisions,

etc.

Case law Naresh Chandra Snare

versus Calcutta Stock Exchange

Association Limited 1971 one SSC 50.

It is mandatory to follow following types

of companies to have their own articles.

Unlimited liability companies.

An unlimited liability company is

a company that has no restrictions

on the responsibility of the

members of the company.

Consequently,

members are of an unlimited liability

company will be held responsible for

all the debts of the company until

the debts are fully paid and there

is no extent of their liability.

The name of the company must

end with unlimited.

Private companies limited by shares.

The private company having the

share capital in the articles

must contain the provisions that

restricts the right to transfer shares,

limit the number of members to 50,

prohibits the Navigation Republic for the

further description or subscription of

shares in the form of shares or adventures.

The name of the company must end with

limited and now the limit of the number of.

Member is raised to 200.

A public company limited by shares.

This is similar to the private company,

Limited by shares,

but it can invite the members of the

public to subscribe to his chairs.

There is no limit to the membership

of the company.

The name of the company must end with.

PLC that is private limited company.

Company Limited by guarantee.

A company limited by guarantee is a company usually used for non profit organisations.

The members are only responsible for the depths of the company to the extent of the amount they have undertaken to contribute.

This company does not offer shares, it does not have share capital.

The name of the company must end with.

Ltd that is limited by guarantee.

Now let's see what is constructive notice.

Uh, the Memorandum of Association and

Articles of Association are most important

documents needed for registration

and incorporation of a company.

The Memorandum of Association of

a company contains the fundamental

conditions upon which alone the

company has been incorporated.

Both memorandum and articles are

considered to be public documents.

Section 399 of the Companies

Act 2013 allows any person to.

Electronically inspect,

make a record or get a copy or

extract of any document of which

registrar maintains the documents.

Include the certificate of Incorporation

memorandum and Articles of the company if.

Dead by dead by becomes that any person

who transact any business with company,

if conversant with the rules and

regulations of the company which

are available in public domain.

However, even if a person fails to read them,

the law assumes that he is aware

of the contents of the documents

and understood them.

Three separate presumption is called

the doctrine of constructive notice.

Let's see what is doctrine

of indoor management.

Rule of constructive notice.

Proud two inconvenient for business

transactions were the directors and

officers of the company empowered

under articles to exercise certain

powers only after prior approvals

or sanctions of the shareholders.

Whether those sanctions and approvals

had actually obtained or not

could not be assert and because,

the investors, vendors,

creditors,

and outsiders could not dare ask the

questions to the directors about those

sanctions having been obtained or

to produce the relevant resolutions.

Not doctrine of constructive notice

throws a burden on people entering

into contracts with the company.

By making a presumption that they

would have read the companies

memorandum and articles,

even though they might have not read them.

On the other hand.

Doctrine of indoor management allows

all those who deal with the company

that the provisions of the articles

have been observed by the officers.

That is,

the persons dealing with the

company are not

bound to inquire into the regularity

of the internal proceedings.

Those dealing with the company can

assume that if the directors or the

other officers are entering into

those transactions, they would have

obtained the necessary sanction.

This is known as.

Doctrine of indoor management

of famous case law.

Royal British Bank v. Etridge and

1856 limitations of doctrine of

indoor management doctrine of indoor

management is subject to certain exceptions.

The relief on the ground of indoor

management cannot be claimed by the

outsider dealing with the company

in the following circumstances.

One where the outsider had

knowledge of the irregularity,

to no knowledge of Articles 3.

Forgery for negligence,

5 the doctrine of indoor management

does not apply where the question is in

regard to the existence of the agency,

and six doctrine is not applicable

where a precondition is required to

be fulfilled before company itself

can exercise the particular power.

My references.

Thank you.