**Abstract**

In the famous case of Royal British Bank V. Turquand, the court set forth a proposition of law that later came to be called the Doctrine of Indoor Management. The doctrine states that if a person in good faith deals with the board of directors or any other representative body if a company which is, in fact, exercising the power of management and direction of its business affairs. The failure to fulfill the conditions which are required by the company’s memorandum or articles to be fulfilled before the act or transaction is affected. This rule is an exception to the rule of Constructive notice. This rule has been in place for two reasons, Firstly, to limit the burden of inquiry placed on the shoulders of the third party entering into a transaction with the company and, secondly, the third party may not have the means to ascertain whether the inner formalities of the company are carried out properly or not properly. Thus the application of the Turquand rule, or the doctrine of indoor management, is restricted to people unaware of any irregularity in the authority of the agent with whom they are contracting.