Chapter V — Liability, Holding Out, Fraud and Whistleblowing

Chapter in 2 minutes

- Separate LLP obligations from partner exposure, test actual/apparent authority, and apply the fraud and whistleblower exceptions.
- Test authority, course of business, counterparty knowledge, fraud and personal conduct before assuming limited liability.
- Read every section with the amended Rules, current MCA form and the LLP agreement.
- Authority, source evidence, State stamp/registration and cross-law effects are separate closing gates.
- A portal acknowledgement is evidence of filing—not a substitute for legal accuracy or complete transaction documentation.

Mandatory execution gates

- Current Act + amended Rule/form
- Agreement and authority
- State stamp/registration
- Tax/GST/FEMA/IBC overlay
- Evidence + filing acknowledgement
- Forum/limitation on default

Provision / control map

Provision	Subject	Control
26	Partner as agent	Reconcile agreement, consent, authority, valuation, payment/vesting, capital account, tax and statutory filing.
27	Extent of liability of LLP	Use delegated-authority limits, counterparty verification, insurance and incident reporting.
28	Extent of liability of partner	Reconcile agreement, consent, authority, valuation, payment/vesting, capital account, tax and statutory filing.
29	Holding out	Apply the chapter gate: Test authority, course of business, counterparty knowledge, fraud and personal conduct before assuming limited liability.
30	Unlimited liability in case of fraud	Escalate suspected deception, stop dissipation, preserve devices/data, obtain privilege and isolate conflicted persons.
31	Whistle blowing	Apply the chapter gate: Test authority, course of business, counterparty knowledge, fraud and personal conduct before assuming limited liability.

Evidence file

Stamped agreement; consents/KYC; approvals; forms/attachments; SRN/challan; books/bank/tax; contracts and delivery; notices/orders; source/version log.

Default response

Stop continuing loss; legal hold; verify authority and facts; issue notice; correct public records; calculate exposure; preserve mitigation; select statutory/ADR forum.