Chapter IX — Investigation

Prepare for compulsory information production, preservation, related-entity review, seizure, reporting and downstream proceedings.

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Finin2min Summary — Chapter in 2 Minutes

- Prepare for compulsory information production, preservation, related-entity review, seizure, reporting and downstream proceedings.
- Preserve first, investigate under privilege, produce through a controlled index and prevent retaliation or destruction.
- 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.

Section-by-section provision map

Provision	Subject	Legal effect / rule	Implementation	Evidence
43	Investigation of affairs	This provision forms part of the statutory investigation and evidence framework for	Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is	Keep chain of custody, native files, production index, interview notes, privilege log and

Provision	Subject	Legal effect / rule	Implementation	Evidence
		investigation of affairs.	reasonably anticipated.	authority communications.
44	Application by partners	This provision regulates a partner, partnership interest or contribution through application by partners.	Reconcile agreement, consent, authority, valuation, payment/vesting, capital account, tax and statutory filing.	Keep signed agreement/deed, consent, valuation, payment/title evidence, ledger and filing acknowledgement.
45	Who cannot be appointed inspector	This provision forms part of the statutory investigation and evidence framework for who cannot be appointed inspector.	Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.	Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.
46	Investigation of related entities	This provision forms part of the statutory investigation and evidence framework for investigation of related entities.	Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.	Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.
47	Production of documents and evidence	Inspectors can compel documents, assistance and evidence.	Activate legal hold, custodians list, collection protocol, privilege review and controlled production log.	Preserve native files, metadata, chain of custody, production index and interview records.
48	Seizure of documents	This provision forms part of the statutory investigation and evidence framework for	Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is	Keep chain of custody, native files, production index, interview notes, privilege log and

Provision	Subject	Legal effect / rule	Implementation	Evidence
		seizure of documents.	reasonably anticipated.	authority communications.
49	Inspector’s report	This provision forms part of the statutory investigation and evidence framework for inspector’s report.	Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.	Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.
50	Prosecution	This section establishes the statutory rule concerning prosecution.	Apply the chapter gate: Preserve first, investigate under privilege, produce through a controlled index and prevent retaliation or destruction.	Retain the source instrument, approvals, signed documents, communications, financial trail and filing/order evidence relevant to the section.
51	Application for winding up	This provision deals with application for winding up and must be coordinated with the Rules and insolvency law.	Map route, solvency, creditors, employees, taxes, assets, litigation, records and responsible office-holder before action.	Preserve resolutions, statements, notices, claims, realisation/ distribution records, orders and dissolution evidence.
52	Recovery of damages or property	This section establishes the statutory rule concerning recovery of damages or property.	Apply the chapter gate: Preserve first, investigate under privilege, produce through a controlled index and prevent retaliation or destruction.	Retain the source instrument, approvals, signed documents, communications, financial trail and filing/order evidence relevant to the section.
53	Expenses of investigation	This provision forms part of the statutory investigation	Trigger legal hold, custodians, privilege and controlled	Keep chain of custody, native files, production index, interview notes,

Provision	Subject	Legal effect / rule	Implementation	Evidence
		and evidence framework for expenses of investigation.	production as soon as an inquiry is reasonably anticipated.	privilege log and authority communications.
54	Inspector's report as evidence	This provision forms part of the statutory investigation and evidence framework for inspector's report as evidence.	Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.	Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Finin2min clause-by-clause decode

Section 43 — Investigation of affairs

Legal effect: This provision forms part of the statutory investigation and evidence framework for investigation of affairs.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Section 44 — Application by partners

Legal effect: This provision regulates a partner, partnership interest or contribution through application by partners.

Finin2min implementation: Reconcile agreement, consent, authority, valuation, payment/vesting, capital account, tax and statutory filing.

Evidence/control: Keep signed agreement/deed, consent, valuation, payment/title evidence, ledger and filing acknowledgement.

Section 45 — Who cannot be appointed inspector

Legal effect: This provision forms part of the statutory investigation and evidence framework for who cannot be appointed inspector.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Section 46 — Investigation of related entities

Legal effect: This provision forms part of the statutory investigation and evidence framework for investigation of related entities.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Section 47 — Production of documents and evidence

Legal effect: Inspectors can compel documents, assistance and evidence.

Finin2min implementation: Activate legal hold, custodians list, collection protocol, privilege review and controlled production log.

Evidence/control: Preserve native files, metadata, chain of custody, production index and interview records.

Section 48 — Seizure of documents

Legal effect: This provision forms part of the statutory investigation and evidence framework for seizure of documents.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Section 49 — Inspector’s report

Legal effect: This provision forms part of the statutory investigation and evidence framework for inspector’s report.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Section 50 — Prosecution

Legal effect: This section establishes the statutory rule concerning prosecution.

Finin2min implementation: Apply the chapter gate: Preserve first, investigate under privilege, produce through a controlled index and prevent retaliation or destruction.

Evidence/control: Retain the source instrument, approvals, signed documents, communications, financial trail and filing/order evidence relevant to the section.

Section 51 — Application for winding up

Legal effect: This provision deals with application for winding up and must be coordinated with the Rules and insolvency law.

Finin2min implementation: Map route, solvency, creditors, employees, taxes, assets, litigation, records and responsible office-holder before action.

Evidence/control: Preserve resolutions, statements, notices, claims, realisation/distribution records, orders and dissolution evidence.

Section 52 — Recovery of damages or property

Legal effect: This section establishes the statutory rule concerning recovery of damages or property.

Finin2min implementation: Apply the chapter gate: Preserve first, investigate under privilege, produce through a controlled index and prevent retaliation or destruction.

Evidence/control: Retain the source instrument, approvals, signed documents, communications, financial trail and filing/order evidence relevant to the section.

Section 53 — Expenses of investigation

Legal effect: This provision forms part of the statutory investigation and evidence framework for expenses of investigation.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Section 54 — Inspector’s report as evidence

Legal effect: This provision forms part of the statutory investigation and evidence framework for inspector’s report as evidence.

Finin2min implementation: Trigger legal hold, custodians, privilege and controlled production as soon as an inquiry is reasonably anticipated.

Evidence/control: Keep chain of custody, native files, production index, interview notes, privilege log and authority communications.

Finin2min implementation explanation

Legal hold and production gate. Preserve first, investigate under privilege, produce through a controlled index and prevent retaliation or destruction. Convert the chapter into an owner, trigger, due date, approval, filing, evidence and exception workflow; the LLP agreement and portal records must be reconciled at each event.

Practical examples and calculations

Example 43: Investigation of affairs

An LLP takes action under section 43 (Investigation of affairs) using an unsigned email approval and updates neither its agreement nor statutory records. The control response is to identify the competent authority, document the effective date, complete the prescribed filing and retain evidence before treating the action as closed.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Example 44: Application by partners

An LLP takes action under section 44 (Application by partners) using an unsigned email approval and updates neither its agreement nor statutory records. The control response is to identify the competent authority, document the effective date, complete the prescribed filing and retain evidence before treating the action as closed.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Example 45: Who cannot be appointed inspector

An LLP takes action under section 45 (Who cannot be appointed inspector) using an unsigned email approval and updates neither its agreement nor statutory records. The control response is to identify the competent authority, document the effective date, complete the prescribed filing and retain evidence before treating the action as closed.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Example 46: Investigation of related entities

An LLP takes action under section 46 (Investigation of related entities) using an unsigned email approval and updates neither its agreement nor statutory records. The control response is to identify the competent authority, document the effective date, complete the prescribed filing and retain evidence before treating the action as closed.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Example 47: Production of documents and evidence

A statutory inquiry arrives after employees have started deleting old email. Issue an immediate legal hold, suspend deletion and produce through a reviewed document index.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Example 48: Seizure of documents

An LLP takes action under section 48 (Seizure of documents) using an unsigned email approval and updates neither its agreement nor statutory records. The control response is to identify the competent authority, document the effective date, complete the prescribed filing and retain evidence before treating the action as closed.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Practical transaction application

At transaction opening, identify the section trigger, governing agreement clause, signatory authority, prescribed form/rule, State instrument requirement, tax/GST consequence, counterparty condition precedent and post-closing filing. Do not release consideration until documentary conditions are satisfied.

Authority, consent and execution controls

Maintain a reserved-matters matrix, partner/designated-partner consent register, delegation limits, DSC custody log, conflict declarations and external signatory evidence. A partner’s business role does not automatically prove authority for every act.

Stamp duty and registration alerts

The LLP Act is central, but LLP agreements and many transaction instruments are stamped under State law. Property, security, assignment, conversion, lease and power-of-attorney instruments may also require registration. Obtain State-specific advice before execution and before filing Form 3 or completing a conversion.

Evidence and document-retention checklist

- Current statutory source and amendment log
- Stamped LLP agreement and every amendment
- Partner/designated-partner consent and KYC
- Authority/reserved-matters matrix
- Signed forms and attachments
- SRN, challan and acknowledgement
- Books, bank and tax/GST reconciliation
- Contracts, invoices, delivery and acceptance
- Notices and proof of service
- Valuation/title/security documents
- Legal opinions, orders and appeal records
- Exception, correction and mitigation log

Preserve the current stamped LLP agreement and amendments; partner/designated-partner KYC and consent; resolutions; authority matrix; filed forms and attachments; SRNs/challans; books and bank/tax reconciliations; contracts; notices; delivery/acceptance evidence; legal opinions; orders; and a source/version register.

Performance, delivery and payment controls

Use milestones, acceptance criteria, invoices, tax documents, payment approvals, set-off/withholding limits, change orders, service levels, audit rights and termination handover. Align commercial performance records with the LLP's authority and accounting records.

Breach, loss, mitigation and remedy framework

Issue a fact-specific notice, stop continuing loss, preserve evidence, suspend unauthorised access, quantify direct and consequential exposure, consider insurance/indemnity, cure regulatory filings, avoid admissions and document mitigation. Fraud, false statements and continuing defaults require immediate escalation.

Limitation and forum controls

Classify the claim—agreement, contribution, debt, indemnity, fraud, statutory penalty, oppression/arrangement, property or tax—then identify accrual, acknowledgement, exclusion/condonation and competent forum. Do not copy a generic three-year period into every dispute.

Arbitration and mediation interface

Draft arbitration/mediation clauses for inter se contractual disputes, seat, institution, appointment, interim relief, confidentiality and emergency relief. Statutory filings, adjudication, criminal offences, Special Court, Registrar or Tribunal powers cannot be contracted away.

Company, partnership, GST and tax overlays

Read this chapter with the LLP Rules and current forms, the stamped LLP agreement, Indian Contract Act, Specific Relief, Limitation, Arbitration/Mediation, Companies Act cross-application, Income-tax, GST, FEMA, IBC, DPDP, employment and sector licences.

Finin2min Q&A

What is the central risk in Investigation?

Prepare for compulsory information production, preservation, related-entity review, seizure, reporting and downstream proceedings.

What is the first control before acting?

Identify the exact current Act section, amended Rule/form, LLP agreement clause, authority and State-law instrument requirement.

Can additional fee cure the entire default?

No. It may permit delayed filing, but substantive contravention, false statement, civil penalty, criminal exposure or transaction defects require separate analysis.

Does MCA acceptance prove legal validity?

No. Acceptance is important evidence, but it does not automatically cure authority, stamping, registration, tax, fraud or inaccurate disclosure.

Can the LLP agreement override the Act?

It can structure inter se rights where the Act permits, but cannot override mandatory statutory duties, public filings or regulatory powers.

What should be retained?

Keep signed source documents, approvals, filings and receipts, accounting/tax trail, notices, delivery evidence and the legal source/version relied on.

Can every dispute be arbitrated?

No. Contractual partner/LLP disputes may be arbitrable, while Registrar, adjudication, criminal, Special Court and Tribunal powers remain statutory.

Chapter-specific decision flowchart

Decision flowchart for Chapter IX — Investigation

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