

Engagement Letter for LLP

Designated Partner

Dear Sir,

We refer to the letter dated _____ informing us about our appointment as the auditors of the _____ (hereinafter referred to as "the LLP"). You have requested that we audit the financial statements of the LLP per requirements of Limited Liability Partnership Act, 2008 ("Act") read with Limited Liability Partnership Rules 2009 for the financial year ending on March 31, 20___. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion whether the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the applicable accounting principles generally accepted in India, of the state of affairs of the LLP as at 31st March 20___, and its profit/loss for the year ended on that date and for every year of appointment thereafter.

We will conduct our audit in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the LLP's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, including the possibility of collusion or improper management override of controls, there is an unavoidable risk that material misstatements due to fraud or error may occur and not be detected, even though the audit is properly planned and performed in accordance with the SAs. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our audit will be conducted on the basis that the Management and those charged with governance acknowledge and understand that they have the responsibility for:

- (a) The preparation of financial statements that give a true and fair view in accordance with the applicable Financial Reporting Standards and other generally accepted accounting principles in India. This includes:

- Compliance with the applicable provisions of the Act;
 - Proper maintenance of accounts and other matters connected therewith;
 - The responsibility for the preparation of the financial statements on a going concern basis;
 - The preparation of the annual accounts in accordance with, the applicable accounting standards and providing proper explanation relating to any material departures from those accounting standards;
 - Selection of accounting policies and applying them consistently and making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the LLP at the end of the financial year and of the profit and loss of the LLP for that period;
 - Taking proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the LLP and for preventing and detecting fraud and other irregularities;
 - Laying down internal financial controls to be followed by the LLP and that such internal financial controls are adequate and were operating effectively throughout the year; and
 - Devising proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the year.
- (b) Identifying and informing us of financial transactions or matters that may have any adverse effect on the functioning of the LLP.
- (c) Identifying and informing us of:
- All the pending litigations and confirming that the impact of the pending litigations on the LLP's financial position has been disclosed in its financial statements; and
 - All material foreseeable losses, if any, on long term contracts including derivative contracts and the accrual for such losses as required under any law or accounting standards.
- (d) Informing us of facts that may affect the financial statements, of which Management may become aware during the period from the date of our report to the date the financial statements are issued.
- (e) Providing us, *inter alia*, with:
- (i) Access, at all times, to all information, including the books, accounts, vouchers and other records and documentation of the LLP, whether kept at the Head Office or elsewhere, of which the Management is aware that are relevant to the preparation of the financial statements such as records, documentation and other matters. This will include books of account maintained in electronic mode;
 - (ii) Access to reports, if any, relating to internal reporting on frauds (e.g., vigil mechanism reports etc.);
 - (iii) Additional information that we may request from the Management for the purposes of our audit;
 - (iv) Unrestricted access to persons within the LLP from whom we deem it necessary to obtain audit evidence. This includes our entitlement to require from the officers of the LLP such information and explanations as we may think necessary for the performance of our duties as the auditors of the LLP; and

- (v) All the required support to discharge our duties as the statutory auditors as stipulated under the Act / ICAI standards on auditing and applicable guidance.
- (f) Acknowledging and understanding that the Management has the responsibility for laying down internal financial controls to be followed by the LLP and for ensuring that such internal financial controls are adequate and are operating effectively throughout the year including:
 - (i) Establishing and maintaining adequate and effective internal financial controls for ensuring the orderly and efficient conduct of its business, including adherence to LLP's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.
 - (ii) To inform us of any communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

As part of our audit process, we will request from the Management written confirmation concerning representations made to us in connection with our audit.

Our report prepared in accordance with relevant provisions of the Act would be addressed to the Designated Partner of the LLP. The form and content of our report may need to be amended in the light of our audit findings.

We also wish to invite your attention to the fact that our audit process is subject to 'peer review' / 'quality review' under the Chartered Accountants Act, 1949. The reviewer(s) may inspect, examine or take abstract of our working papers during the course of the peer review/quality review.

We may involve specialists and staff from our affiliated network firms to perform certain specific audit procedures during the course of our audit.

Fees and Billings

The fees for our services, as described in paragraph 1 of this letter, will be an amount which would be decided with the management plus out-of pocket expenses and Good and Services Tax, as applicable. In subsequent years, we will provide you with a similar estimate of our fees and expenses prior to the commencement of our audit work. Our bills are payable promptly on presentation.

Our fees are based on the level of staff and the time required to complete each assignment. These would be reviewed every year, after considering the impact of increase / decrease in staff costs based on changes in payment scales, inflation and changes in assignment scope in your business.

Except to the extent finally determined to have resulted from _____'s gross negligence or willful misconduct, _____'s maximum liability to the LLP, for any reason, relating to the services under this letter shall be limited to the fees paid to _____ for the services or work product giving rise to liability. The LLP will indemnify and hold harmless _____ and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter.

In the event we are requested or authorised by the LLP or are required by government regulation, or other legal process to produce our documents or our personnel as witnesses with respect to our

engagements for the LLP, the LLP will reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Should conditions not presently anticipated preclude us from completing our audit or issuing a report as contemplated, we will advise you promptly and take such action as we deem appropriate under the circumstances.

If any portion of this letter is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this letter shall remain in effect.

We look forward to full cooperation from your staff during our audit.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Yours faithfully,
For _____
Chartered Accountants

(Name of the Proprietor / Partner)
Proprietor /Partner
Date: _____,2020
Place: _____

Acknowledged on behalf of _____,

Name and Designation: _____, Designated Partner
Date: _____,2020