

**The Board of Directors
XYZ Private Limited**

Sirs,

Sub: Letter of Engagement

You have requested that we audit the financial statements of **XYX Private Limited** which comprise the Balance Sheets as at **31st March 2022**, Statement of Profit & Loss, Cash Flows and a summary of significant accounting policies and other explanatory information on the periods then ended.

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 expressing an opinion on the financial statements.

We will conduct our audit in accordance with 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 misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

However, having regard to the test nature of an audit, persuasive rather than conclusive nature of audit evidence together with inherent limitations of any accounting & internal control system, there is an unavoidable risk that some material misstatements of financial statements resulting from fraud and to a lesser extent error, if either exist, may not be detected, even though the audit is properly planned and performed in accordance with SAs.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which might come to our notice.

Our audit will be conducted on the basis that the management acknowledge and understand that they have responsibility:

- a) For the preparation of financial statements that give a true and fair view in accordance with the Financial Reporting Standards. This includes:
 - i. the responsibility for the preparation of financial statements on a going concern basis.
 - ii. the responsible for selection and consistent application of appropriate accounting policies, including implementation of applicable accounting standards along with proper explanation relating to any material departures from those accounting standards.
 - iii. The responsibility for making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit or loss of the entity for that period.
 - iv. The responsibility to devise proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
 - v. The responsibility of the management also includes the maintenance of adequate accounting records and internal controls for safeguarding of the assets of the company and for the preventing and detecting fraud or other irregularities.
- b) For such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c) To provide us with:
 - (i) Access, at all times, to all information, including the books, account, vouchers and other records and documentation, of the Company, whether kept at the head office of the company or elsewhere, of which the management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that we may request from the management for the purpose of the audit; and
 - (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. This includes our entitlement to require from the officers of the Company such information and explanations as we may think necessary for the performance of our duties as auditor.

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

We also wish to invite your attention to the fact that our audit process is subject to 'peer review' under the Chartered Accountants Act, 1949 to be conducted by an Independent reviewer. The reviewer may inspect, examine or take abstract of our working papers during the course of the peer review.

We look forward to full cooperation from your staff during our audit and we trust that they will make available to us whatever records; documentation and other information are requested in connection with our audit.

Our fees for the same will be billed as the work progresses.

The form and content of our report may need to be amended in the light of our audit findings.

This letter will be effective for future years unless it is terminated, amended or superseded.

Please sign and return this letter to indicate that the above is in accordance with your understanding of the arrangements for our audit of the financial statements including our respective responsibilities. You may keep a copy of this letter.

**For.....
Chartered Accountants**

**Date :
Place:**

Partner

Acknowledged on behalf of XYZ Private Limited by:

Director

Date: