

AVNISH SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS

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Independent auditor's certificate for proposed preferential issue of equity shares for compliance with Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

The Board of Directors
Megastar Foods Limited
Plot No. 807,
Industrial Area, Phase II,
Chandigarh – 160002

Dear Sir(s),

1. This certificate is issued in accordance with the terms of our engagement letter dated August 13, 2021 with **Megastar Foods Limited** (the 'Company').
2. In connection with the proposed preferential issue of equity shares of Megastar Foods Limited, the Company is required to obtain a report from the Statutory Auditors, with regard to compliance with the conditions of the proposed preferential issue of equity shares, as required by Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations").
3. The accompanying statement contains details of proposed preferential issue being made (the "Statement") as required by ICDR Regulations, is prepared by the Management of the Company, which we have initialed for identification purpose only.

Management's responsibility for the statement

4. The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis for preparation; and making estimates that are reasonable in the circumstances.
5. The Management is also responsible for preparation and maintenance of all accounting and other relevant supporting records and documents.



6. The Management is also responsible for ensuring that the Company complies with the below requirements of the ICDR Regulations:
- a) Determine the relevant date, being the date thirty days prior to the deemed date of passing of resolution through Postal Ballot;
 - b) Determination of the minimum price of equity shares being higher of:-
 - i. The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or
 - ii. The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the two weeks preceding the relevant date;
 - c) Compliance with requirements of the ICDR Regulations.

Auditor's responsibility

7. Pursuant to the requirements of sub para 2 of para 163 of Part III of chapter V of the ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether the details of the proposed preferential issue of equity shares provided in the Statement is in accordance with the requirements of the ICDR Regulations as applicable to the preferential issue of equity shares. Accordingly, our scope of work did not include verification of compliance with other requirements of the ICDR Regulations, Companies Act, 2013, Rules and Regulations framed thereunder, other circulars, notifications, etc. as issued by relevant regulatory authorities from time to time, and any other laws and regulations applicable to the Company.
8. We conducted our examination of the details in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent than a reasonable assurance. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:



- a. Noted the relevant date, being the date 30 days prior to the deemed date of passing of resolution through Postal Ballot;
- b. Verified the calculation of the minimum price of the equity shares to be allotted in preferential issue in accordance with pricing formula given in para 6(b) above;
- c. Obtained and read the copy of Postal Ballot Notice dated August 23, 2021 for seeking approval of shareholders through Postal Ballot to note that the equity shares to be issued are fully paid up;
- d. Obtained and read the copy of Notice dated August 23, 2021 for seeking approval of shareholder by way of Postal Ballot for approving the proposed preferential issue of shares by way of special resolution;
- e. Obtained requisite undertaking from proposed allottees that they have not sold any equity shares of the Company during six months preceding the relevant date.
- f. Verified Permanent Account Numbers (PAN) as per the Statement from the attested copy of PAN;
- g. Verified relevant documents, records etc. produced before us; and
- h. Conducted relevant management inquiries and obtained necessary representations.

Conclusion

Based on our examination as above, evidence obtained and the information and explanations given to us, nothing has come to our attention that causes us to believe that the details of the proposed preferential issue of equity shares provided in the Statement are not in accordance with the requirements of the ICDR Regulations as applicable to the preferential issue of equity shares, except that the special resolution required for approval of shareholders for proposed preferential issue is yet to be passed as required by the ICDR Regulations.

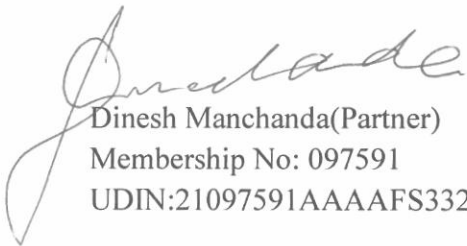
Restriction on distribution or use

1. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the ICDR Regulations. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.



2. This certificate is addressed to and provided to the Board of Directors of the Company solely with the purpose of placing before shareholders' of the Company (on the website of the Company) so as to provide them requisite information for approving the proposed preferential issue of equity shares and for the purpose of further submission to the stock exchanges and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Avnish Sharma & Associates
Chartered Accountants
Firm's Registration No.: 009398N


Dinesh Manchanda (Partner)
Membership No: 097591
UDIN: 21097591AAAAFS3325



Date: 23.08.2021
Place: Chandigarh