Modipon Limited

Hapur Road, Modinagar, Ghaziabad - 201 204 (UP)
Phone (+91) 9582388706

May 29, 2026

To,
The BSE Limited
Corporate Relation Department,
New Trading Ring, Rotunda Building,
P.J. Tower, Dalal Street, Fort, Mumbai – 400001

Ref: INE 170C01019
Scrip Code: 503776

Sub: Outcome of Board Meeting held on May 29, 2026 – Integrated Filing (Financial Results)

Dear Sirs,

The Board of Directors of Modipon Limited (the Company) in its meeting held today i.e. Friday, May 29, 2026, approved and adopted the audited financial results of the Company for the quarter and year ended March 31, 2026.

In this regard, please find enclosed herewith the following:

1. Audited financial results of the Company for the quarter and year ended March 31, 2026 enclosed as **Annexure A**.
2. The Auditor's Report on the aforesaid financial results of the Company enclosed as **Annexure B**.
3. Declaration with respect to Audit Report on Impact of Audit Qualification for Audit report with modified opinion is enclosed as **Annexure C**.

The above shall also be made available on the website of the Company at https://modipon.net/.

Further, pursuant to SEBI Master Circular HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026 read with relevant circulars issued by stock exchanges in this regard, the following disclosure is being made:

A. Financial Results – Enclosed
B. Statement on deviation or variation for proceeds of public issue, rights issue, preferential issue, qualified institutions placement etc. – Not Applicable
C. Disclosure of outstanding default on loans and debt securities – Not Applicable
D. Disclosure of related party transactions (applicable only for half-yearly filings i.e., 2nd and 4th quarter) – *will be filed along with XBRL for financial results.*
E. Statement on impact of audit qualifications (for audit report with modified opinion) submitted alongwith annual audited financial results (applicable only for annual filing i.e., 4th quarter) - *Enclosed*

The meeting of Board of Directors commenced at 4:30 P.M and concluded at 6:00 P.M.

We request you to take note of the same.

Thanking you
Yours sincerely,
For Modipon Limited

VINEET KUMAR THAREJA
Digitally signed by VINEET KUMAR THAREJA
Date: 2026.05.29 18:16:16 +05'30'

Vineet Kumar Thareja
Company Secretary & Compliance Officer

MODIPON LIMITED

Statement of Assets and Liabilities as at 31st March 2026

(Rs In Lacs)

Particulars	Note	Audited As at 31-Mar-26 Lacs/Rs.	Audited As at 31-Mar-25 Lacs/Rs.
ASSETS			
Non - current assets			
(a) Property, plant and equipment		-	-
(b) Other intangible assets		-	-
(c) Capital work - in - progress		1.73	1.73
(d) Investment Property		-	-
(c) Financial assets			
(i) Investments		0.44	0.44
(ii) Trade receivables		-	-
(ii) Loans		83.12	83.12
(v) Others		-	-
(d) Deferred tax assets (net)		-	-
(g) Other non - current assets		72.98	72.98
		158.27	**158.27**
Current assets			
(a) Inventories			
(b) Financial assets			
(i) Trade receivables			
(ii) Cash and cash equivalents		0.59	0.56
(iii) Bank Balances		5.00	4.04
(iv) Loans		-	-
(v) Others		512.52	513.65
(c) Current tax assets (net)		0.32	0.32
(d) Other current assets		87.96	87.96
		606.40	**606.52**
Total Assets		**764.66**	**764.79**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital		1157.67	1157.67
(b) Other equity		-10383.23	-10332.18
		-9225.56	**-9174.51**
LIABILITIES			
Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings		725.15	725.15
(ii) Trade payables			
(iii) Other financial liabilities		1847.07	1847.07
(b) Provisions		10.61	10.61
(c) Other non-current liabilities		227.11	227.11
		2809.95	**2809.95**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings		3859.88	3784.21
(ii) Trade payables		2451.03	2451.07
(iii) Other financial liabilities		229.73	256.32
(b) Other current liabilities		553.85	551.97
(c) Provisions		85.78	85.78
		7180.27	**7129.34**
Total Equity & Liabilities		**764.66**	**764.79**

For and on behalf of Board of Directors

Manish Modi
Chairman & Managing Director

Date: May 29, 2026
Place: New Delhi

B.M Chaltath & Co. LLP * Chartered Accountants * Noida

MODIPON LIMITED

Extract of Standalone Audited Financial Results for the quarter and year ended 31st March 2026

(Rs. In lacs)

	Particulars	Note	For the Quarter Ended			For the Year Ended	
			31-Mar-26	31-Mar-25	31-Dec-2025	31-Mar-26	31-Mar-25
			Audited	Audited	Unaudited	Audited	Audited
I	Revenue from operations		-	-	-	-	-
II	Other income		-	4.76	-	-	4.82
III	**Total income (I + II)**		-	4.76	-	-	4.82
IV	Expenses:						
	Employee benefits expenses		9.00	7.67	9.00	27.00	28.49
	Finance costs		-	-	-	-	-
	Depreciation and amortization expenses		-	-	-	-	-
	Other expenses		6.94	8.02	5.63	24.05	42.49
	Total expenses (IV)		15.94	15.69	14.63	51.05	70.98
V	**Profit / (loss) before exceptional items and tax (III - IV)**		-15.94	-10.93	-14.63	-51.05	-66.16
VI	Exceptional items		-		-	-	-
VII	**Profit / (loss) before tax (V - VI)**		-15.94	-10.93	-14.63	-51.05	-66.16
VIII	Tax expense						
	(1) Current tax		-		-	-	-
	(2) Deferred tax		-		-	-	-
	(3) Income tax pertaining to earlier years		-		-	-	-
	(4) MAT Credit		-		-	-	-
			-		-	-	-
IX	**Profit / (loss) from continuing operations (VII - VIII)**		-15.94	-10.93	-14.63	-51.05	-66.16
X	Profit / (loss) from discontinued operations		-		-	-	-
XI	Tax expense of discontinued operations		-		-	-	-
XII	**Profit / (loss) from discontinued operations (after tax) (X - XI)**		-15.94	-10.93	-14.63	-51.05	-66.16
XIII	**Profit / (loss) for the period (IX + XII)**		-15.94	-10.93	-14.63	-51.05	-66.16
XIV	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss		-	-	-	-	-
	(ii) Income tax relating to items that will not be reclassfied to profit or loss		-	-	-	-	-
	B (i) Items that will be reclassified to profit or loss		-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-	-	-
			-	-	-	-	-
XV	**Total comprehensive income for the period (XIII + XIV)**		-15.94	-10.93	-14.63	-51.05	-66.16
XVI	**Earnings per equity share (for continuing operations)**						
	(1) Basic (Rs)		-0.14	-0.09	-0.13	-0.44	-0.57
	(2) Diluted(Rs)		-0.14	-0.09	-0.13	-0.44	-0.57
XVIII	**Earnings per equity share (for discontinued & continuing operations)**						
	(1) Basic (Rs)		-0.14	-0.09	-0.13	-0.44	-0.57
	(2) Diluted(Rs)		-0.14	-0.09	-0.13	-0.44	-0.57

For and on behalf of Board of Directors

Manish Modi
Chairman & Managing Director

B M Chatrath & Co. LLP * Chartered Accountants * Noida

Date : May 29, 2026
Place : New Delhi

MODIPON LIMITED

Cash Flow Statement for the year ended 31st March 2026

Particulars		For the year ended on 31-Mar-26	For the year ended on 31-Mar-25
A. Cash Flow from operating activities			
Net Profit before tax		(51.05)	(66.16)
Adjustments for :			
Depreciation (Net)		-	-
Exceptional Item		-	-
(Profit)/Loss on sale of Fixed Assets		-	-
Interest Received		-	-
Interest Expenses		-	-
Prior Period Error		-	-
Miscellaneous Income		-	4.82
Operation profit before working capital changes		**(51.05)**	**(61.34)**
Working Capital Adjustment:			
Increase/(Decrease) in Financial Assets (others)		1.13	0.17
Increase/(Decrease) in Current Tax Asset		-	-
Increase/(Decrease) in Other current assets		-	-
Increase/(Decrease) in Borrowings		75.67	28.20
Increase/(Decrease) in Trade payables		(0.03)	0.61
Increase/(Decrease) in Other financial liabilities		(26.59)	28.82
Increase/(Decrease) in Other current liabilities		1.89	7.63
Increase/ (Decrease) in Provisions		-	-
Net Cash generated from operations		**1.01**	**4.08**
Direct taxes paid			
Net cash from operating activities	**(A)**	**1.01**	**4.08**
B. Cash flow from investing activities			
Purchase of Intangible Asset		-	-
Capital WIP		-	-
Other non - current assets		-	-
Interest Income		-	-
Compensation Received		-	-
Sale of Fixed Assets		-	-
Miscellaneous Income		-	(4.82)
Net cash used in investing activities	**(B)**	**-**	**(4.82)**
C. Cash flow from financing activities			
Repayment from long-term borrowings		-	-
Loans and Advances		-	-
Payment for OTS		-	-
Proceeds from Issue of Equity Shares		-	-
Interest paid		-	-
Net cash used in financing activities	**(C)**	**-**	**-**
Net increase in cash & cash equivalent (A+B+C)		**1.01**	**(0.73)**
Cash and Cash equivalents as at 01.04.2025 (Opening Balance)		4.59	5.32
Cash and Cash equivalents as at 31.03.2026 (Closing balance)		**5.59**	**4.59**

For and on behalf of Board of Directors

Date: May 29, 2026
Place: New Delhi

Manish Modi
Chairman & Managing Director

B M Chatrath & Co. LLP
Noida
Chartered Accountants

Notes

1. The above financial results have been reviewed by the audit committee and approved by the Board of Directors at its meeting held on May 29, 2026 and the same have been reviewed by the statutory auditors of the Company.

2. The preparation of the above financial results is in accordance with Indian Accounting Standard, as prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.

3. The Company discontinued its manufacturing operations permanently w.e.f. 19th May 2007 and all movable assets were disposed of during the year 2009-10.

4. Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given/received, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.

5. (a) The Company has not provided interest of Rs. 1000.54 Lakhs up to March 31, 2008, on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by Rs. 1000.54 Lakhs each; and

   (b) The amount of interest to be provided for in the books of account for the period April 1, 2008 to 31st March, 2026 has not been ascertained.

6. The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to 31st March, 2026 to Small and Micro Enterprise has not been ascertained.

7. During the year ended March 31, 2009, the Company has sold 65,743 sq. yds of its vacant land at Modinagar for Rs. 1021.15 Lakhs (original cost Rs. 1.95 Lakhs) for which the approval of bank is pending.

8. During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) houses located at Modinagar, Uttar Pradesh to a lender i.e. Ashoka Mercantile Limited (AML), a related party, (balance outstanding of loan taken from AML as on March 31, 2015 as per books of account: secured loan Rs. 882.29 Lakhs and unsecured loan Rs. 1125.57 Lakhs) for use without any charges/rent/security deposit and no lease rent agreement has been entered into with AML. The Company contends that the temporary possession of houses for use without charges was given to AML as security only as the Company was unable to repay the loans taken from AML.

9. The Punjab National Bank (PNB) had approved one-time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the Company in four quarterly instalments with interest during financial year 2014-15. However, the Company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment



@ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs up to December 31st, 2018 along with interest of Rs 259.62 lakhs. The Company has already made provision of interest on account of delayed payment of OTS of Rs 94.43 lakhs in their books up to 30th September 2018 and booked balance amount of interest in the quarter ending 31st December 2018.

10. (a) The Punjab National Bank has initiated the proceeding against the Company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfilment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.

Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favour of the Company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs 259.62 lakhs as interest @10.25% as per revived OTS vide its letter dated July 02, 2015 on delayed payment up to 15 March, 2018 which was later on accepted and paid by the Company in terms of the DRAT order.

During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lakhs towards principal OTS and Rs 259.62 lakhs towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter. Further the Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing, as a result the Company has not considered any liability in till its books in addition to the dues already settled as per DRAT order dated 30th July, 2018.

During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lakhs on the following terms & conditions:

Terms & conditions:

1) The proceeds of FDRs amounting to Rs. 65 lakhs and Rs. 259.62 lakhs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.
2) Rs. 135 lakhs will be deposited within one week of receipt of this sanction letter.
3) The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.
4) No Dues Certificate will be issued, Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).

The Company has already deposited balance of OTS amount of Rs.65 lakhs plus delayed period interest of Rs. 259.62 lakhs with the bank in terms of DRT & DRAT orders and further Rs.135 lakhs over and above original OTS amount deposited by the Company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter. Further PNB vide letter dated 02.04.2019 acknowledged the payment under revived OTS vide letter dated 25.03.2019 for Rs. 459.62 lakhs.

In respect of commercial tax liability the Company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing



50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction.

The Company deposited Commercial Tax of Rs 54.94 lakhs out of Commercial Tax liability of Rs 183.90 lakhs along with interest of Rs 3.07 lakhs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.

Further, PNB vide letter dated 04.05.2019 requested the Company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the Company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which is listed on 19th February, 2020. On 19th February, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the writ petition The next date of hearing in this matter is 16 July 2026, further NCLT matter has been dismissed on the last date of hearing (22.09.2023) due to non-appearance on behalf of financial creditor (PNB), the matter has been dismissed for non-prosecution.

(b) The outstanding liability in the books of the Company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs are over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the Company.

The above matter is sub-judice before Hon'ble High Court of Allahabad for further hearing.

11 The Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad vide its memorandum order No.31/COMM/CX/GZB/2017-18 dated 31.01.2018 had ordered for payment of

a. Amount of central excise duty of Rs. 44.93 lakhs
b. Amount of interest of Rs. 6.56 lakhs
c. Amount of penalty of Rs. 6.56 lakhs

for the period from 1994 to 1997.

The Company has not made provision of the said amount & further interest thereon in its books till 31st March, 2026 due to which profit is understated by Rs. 66,16,146.19 plus interest.

Further the Company has filed appeal against the order of Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad before custom excise & service tax appellate tribunal, Allahabad.

12 (a) The amounts paid by the Ashoka Mercantile Limited (AML), a related party, to Abu Dhabi Commercial Bank (ADCB) on account of One Time Settlement (OTS) of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the ADCB by AML and the balance amount of Rs. 153.92 Lakhs is still lying unallocated under unsecured



loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.

(b) The amount paid to Karnataka Bank by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2012, on account of OTS of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the Karnataka Bank by AML and the balance amount of Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

(c) The part payment made to Bank of Baroda by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2013 on account of OTS of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the Bank of Baroda by AML and the Company and the balance amount of Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

The effect if any, on the income/expenditure of the Company on final OTS with PNB cannot be ascertained.

13 The Company has 15% redeemable cumulative preference shares of Rs 100 each. Preference share due for redemption since 31st March 1996.

14 Figures for the previous period have been regrouped, wherever necessary to confirm to the current period's classification.

15 The above financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make financial statement of figures contain therein misleading.

For and on behalf of the Board of Directors

Manish Modi
Chairman & Managing Director
DIN: 00030036

Place: New Delhi
Date: May 29, 2026

B M Chatrath & Co. LLP * Chartered Accountants * Noida

B M CHATRATH & CO LLP
Chartered Accountants
LLPIN : AAJ-0682
Firm Registration No. : 301011E/E300025

Noida : D-26, 2nd Floor, Sector-3
Noida - 201 301(U.P.), India
Tel.: +91-120-4593361 Mobile : +91 9810261801
E-mail : umeshpandey@bmchatrath.com
Web.: www.bmchatrath.com

INDEPENDENT AUDITORS REPORT ON THE QUARTERLY AND YEAR TO DATE AUDITED STANDALONE FINANCIAL RESULTS OF MODIPON LIMITED PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

TO THE BOARD OF DIRECTORS OF MODIPON LIMITED

Report on the Audit of Standalone Financial Results

Qualified Opinion

We have audited the accompanying statement of standalone financial results of Modipon Limited ("the Company") for the quarter ended 31st March, 2026 and for the year ended 31st March, 2026 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (" Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements:

(a) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
(b) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India of the net loss and other comprehensive loss and other financial information for the quarter ended 31st March, 2026 and for year ended 31St March, 2026.

Basis for Qualified Opinion

I. Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given/received, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.

II. (a) The Company has not provided interest of Rs. 1000.54 Lakhs up to March 31, 2008 on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by Rs. 1000.54 Lakhs each; and

(b)The amount of interest to be provided for in the books of account for the period April 1, 2008 to March 31st, 2026 has not been ascertained.

III. The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31st, 2026 to Small and Micro Enterprise has not been ascertained.

IV. During the year ended March 31, 2009, the Company has sold 65,743 sq.yds of its vacant land at Modi Nagar for Rs. 1021.15 Lakhs (original cost Rs. 1.95 Lakhs) for which the approval of bank is pending.



V. During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) houses located at Modi Nagar, Uttar Pradesh to a lender i.e., Ashoka Mercantile Limited (AML), a related party, (balance outstanding of loan taken from AML as on March 31, 2015 as per books of account: secured loan Rs. 882.29 Lakhs and unsecured loan Rs. 1125.57 Lakhs) for use without any charges/rent/security deposit and no lease rent agreement has been entered into with AML. The Company contends that the temporary possession of houses for use without charges was given to AML as security only as the Company was unable to repay the loans taken from AML and most of the houses were repossessed during the year.

VI. The Punjab National Bank (PNB) had approved one time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly installments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs up to December 31st, 2018 along with interest of Rs 2,59,62,100/- . The company has already made provision of interest on account of delayed payment of OTS of Rs 94,43,358/- in their books up to 30th September 2018 and booked balance amount of interest in the quarter ending 31st December 2018.

VII. (a) The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfillment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.

Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favor of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs. 2,59,62,100/- as interest @10.25% as per revived OTS vide its letter dated July 02, 2015 on delayed payment up to 15 March, 2018 which was later on accepted and paid by the company in terms of the DRAT order.

During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lacs towards principal OTS and Rs. 2,59,62,100/- towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter and not pronounced till the date of our reporting, as a result the company has not considered any liability in its books in addition to the dues already settled as per DRT order dated 30th July, 2018.

During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lacs on the following terms & conditions:

Terms & conditions:

1. The proceeds of FDRs amounting to Rs. 65 lacs and Rs. 259.62 lacs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.
2. Rs. 135 lacs will be deposited within one week of receipt of this sanction letter.
3. The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.
4. No Dues Certificate will be issued, Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).

The company has already deposited balance of OTS amount of Rs.65 lacs plus delayed period interest of Rs. 259.62 lacs with the bank in terms of DRT & DRAT orders and further Rs.135 lacs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter.

In respect of commercial tax liability the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the

B M Chatrath & Co. LLP Noida

applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction.

The company deposited Commercial Tax of Rs 54.94 lacs out of Commercial Tax liability of Rs 183.90 lacs along with interest of Rs 3.07 lacs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.

Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which was listed on 19th February, 2020. On 19th February, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the Writ Petition. The next date of hearing in this matter is 16 July 2026, further NCLT matter has been dismissed on the last date of hearing (22.09.2023) due to non-appearance on behalf of financial creditor (PNB), the matter has been dismissed for non-prosecution.

(b)The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs is over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company.

The above matter is subjudice before Hon'ble High Court of Allahabad for further hearing.

VIII. The Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad vide its memorandum order No.31/COMM/CX/GZB/2017-18 dated 31.01.2018 had ordered for payment of

(a) Amount of central excise duty of Rs. 44,92,663/-
(b) Amount of interest of Rs. 6,56,116/-
(c) Amount of penalty of Rs. 6,56,116/-for the period from 1994 to 1997.

The company has not made provision of the said amount & further interest thereon in its books till 31st March, 2026, due to which profit is understated by Rs. 58.05 Lakhs plus interest.

Further the company has filed appeal against the order of Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad before custom excise & service tax appellate tribunal, Allahabad.

IX. (a). The amounts paid by the Ashoka Mercantile Limited (AML), a related party, to Abu Dhabi Commercial Bank (ADCB) on account of One Time Settlement (OTS) of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the ADCB by AML and the balance amount of Rs. 153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.

(b). The amount paid to Karnataka Bank by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2012, on account of OTS of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the Karnataka Bank by AML and the balance amount of Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

(c). The part payment made to Bank of Baroda by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2013 on account of OTS of dues of the bank was accounted for in the books of the company to the extent of OTS amount paid to the Bank of Baroda by AML and the Company and the balance amount of Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful

B M Chatrath & Co. LLP * Chartered Accountants * Noida

implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

The effect if any, on the income/expenditure of the company on final OTS with PNB cannot be ascertained.

X. The company has 15% redeemable cumulative preference shares of Rs 100 each. Preference shares due for redemption since 31st March 1996.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended (the Act). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's and Board of Director's Responsibilities for the Standalone Financial Results

The Statement, which includes the Standalone Financial Results is the responsibility of the Board of Directors and has been approved by it for the issuance. The Statement has been prepared on the basis of the annual standalone financial statements for the year ended 31st March, 2026. The Company's management and the Board of Directors are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Management and Board of Directors of the Company are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of standalone financial statements on whether the company has adequate



internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For B. M. Chatrath & Co. LLP
Chartered Accountants,
FRN: E300025





CA. Sunil Kumar Jha
Partner
Membership No.543805
UDIN: 26543805PLFOFT6523
Place: New Delhi
Date:29th May, 2026

B M CHATRATH & CO LLP
Chartered Accountants
LLPIN : AAJ-0682
Firm Registration No. : 301011E/E300025

Noida : D-26, 2nd Floor, Sector-3
Noida - 201 301(U.P.), India
Tel.: +91-120-4593361 Mobile : +91 9810261801
E-mail : umeshpandey@bmchatrath.com
Web.: www.bmchatrath.com

Independent Auditor's Report

To

The Members of Modipon Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the Financial Statements of MODIPON LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2026, the Statement of Profit and Loss for the year (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended and notes to the Financial Statements, including material accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the State of Affairs of the Company as at March 31, 2026, the Loss and Total Comprehensive Loss, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Qualified Opinion

I. Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given/received, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.

II. (a) The Company has not provided interest of Rs. 1000.54 Lakhs up to March 31, 2008 on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by Rs. 1000.54 Lakhs each; and

(b) The amount of interest to be provided for in the books of account for the period April 1, 2008 to March 31st, 2026 has not been ascertained.

III. The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31st, 2026 to Small and Micro Enterprise has not been ascertained.

IV. During the year ended March 31, 2009, the Company has sold 65,743 sq.yds of its vacant land at Modi Nagar for Rs. 1021.15 Lakhs (original cost Rs. 1.95 Lakhs) for which the approval of bank is pending.

V. During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) houses located at Modi Nagar, Uttar Pradesh to a lender i.e., Ashoka Mercantile Limited (AML), a related party, (balance outstanding of loan taken from AML as on March 31, 2015 as per books of account: secured loan Rs. 882.29 Lakhs and unsecured loan Rs. 1125.57 Lakhs) for use without any charges/rent/security deposit and no lease rent agreement has been entered into with AML. The Company contends that the temporary possession of houses for use without charges was given to AML as security only as the Company was unable to repay the loans taken from AML.

VI. The Punjab National Bank (PNB) had approved one time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly installments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs up to December 31st, 2018 along with interest of Rs 2,59,62,100/-. The company has already made provision of interest on account of delayed payment of OTS of Rs 94,43,358/- in their books up to 30th September 2018 and booked balance amount of interest in the quarter ending 31st December 2018.

VII. (a)The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT-II, New Delhi due to non-fulfillment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.

Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favor of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs. 2,59,62,100/- as interest @10.25% as per revived OTS vide its letter dated July 02, 2015 on delayed payment up to 15 March,



2018 which was later on accepted and paid by the company in terms of the DRAT order.

During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lacs towards principal OTS and Rs. 2,59,62,100/- towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter and not pronounced till the date of our reporting, as a result the company has not considered any liability in its books in addition to the dues already settled as per DRT order dated 30th July, 2018.

During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lacs on the following terms & conditions:

Terms & conditions:

1. The proceeds of FDRs amounting to Rs. 65 lacs and Rs. 259.62 lacs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.
2. Rs. 135 lacs will be deposited within one week of receipt of this sanction letter.
3. The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.
4. No Dues Certificate will be issued, Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).

The company has already deposited balance of OTS amount of Rs.65 lacs plus delayed period interest of Rs. 259.62 lacs with the bank in terms of DRT & DRAT orders and further Rs.135 lacs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter.

In respect of commercial tax liability the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction.



The company deposited Commercial Tax of Rs 54.94 lacs out of Commercial Tax liability of Rs 183.90 lacs along with interest of Rs 3.07 lacs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.

Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which was listed on 19th February, 2020. On 19th February, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the writ petition. The next date of hearing in this matter is 16 July 2026, further NCLT matter has been dismissed on the last date of hearing (22.09.2023) due to non-appearance on behalf of financial creditor (PNB), the matter has been dismissed for non-prosecution.

(b)The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs is over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company.

The above matter is subjudice before Hon'ble High Court of Allahabad for further hearing.

VIII. The Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad vide its memorandum order No.31/COMM/CX/GZB/2017-18 dated 31.01.2018 had ordered for payment of

(a) Amount of central excise duty of Rs. 44,92,663/-

(b) Amount of interest of Rs. 6,56,116/-

(c) Amount of penalty of Rs. 6,56,116/-for the period from 1994 to 1997.

The company has not made provision of the said amount & further interest thereon in its books till 31st March, 2026, due to which profit is understated by Rs. 58,04,895 plus interest.



Further the company has filed appeal against the order of Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad before custom excise & service tax appellate tribunal, Allahabad.

IX. (a). The amounts paid by the Ashoka Mercantile Limited (AML), a related party, to Abu Dhabi Commercial Bank (ADCB) on account of One Time Settlement (OTS) of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the ADCB by AML and the balance amount of Rs. 153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB.

(b)The amount paid to Karnataka Bank by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2012, on account of OTS of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the Karnataka Bank by AML and the balance amount of Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

(c) The part payment made to Bank of Baroda by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2013 on account of OTS of dues of the bank was accounted for in the books of the company to the extent of OTS amount paid to the Bank of Baroda by AML and the Company and the balance amount of Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB.

The effect if any, on the income/expenditure of the company on final OTS with PNB cannot be ascertained.

X. The company has 15% redeemable cumulative preference shares of Rs 100 each. Preference shares due for redemption since 31st March 1996.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We

B.M Chatrath & Co. LLP * Noida * Chartered Accountants

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the financial statements, which indicates that the financial statements of the Company for the year ended March 31, 2026 have not been prepared on a going concern basis since the Company has closed its manufacturing operations since May 19, 2007 (closure of factory w.e.f. September 8, 2007) on account of huge losses incurred and sale of entire plant & machinery during the year ended March 31, 2010. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

The key audit matters	How our audit addressed the key audit matter
Evaluation of uncertain tax positions	
The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 2(i), 2(o)(ii) and 33 to the Financial Statements	Our audit procedures include the following substantive procedures: Obtained understanding of key uncertain tax positions; Obtained details of completed tax assessments and demands for the year ended March 31, 2026 from management; and We along with our internal tax experts- Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and Assessed management's estimate of the



	possible outcome of the disputed cases.

Information Other than the Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.

As required by section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) In our opinion the aforesaid financial statements comply with the IND AS section 133 of the Act.



e) On the basis of written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

g) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material losses;

(iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the company.

(iv) A) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

B) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner



whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

C) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The company has not declared or paid any dividend during the year in contravention of the provision of Section 123 of Companies Act, 2013.

vi) Based on our examination, which include test checks, the company has used accounting software for maintaining its books of account for the financial year ended 31st March 2026 which do not has a feature of recording audit trail (edit log) facility.

For B. M. Chatrath & Co. LLP
Chartered Accountants,
FRN: E300025



CA. Sunil Kumar Jha
Partner
Membership No.543805
UDIN: 26543805KTWXKC7326
Place: New Delhi
Date: May 29, 2026

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Modipon Limited of even date)

i) In respect of the Company's fixed assets:

a) 1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

2. According to the information and explanations given to us reporting under clause 3(i) (a) (2) of the Order is not applicable for the year.

b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified at periodic intervals. In accordance with this program for the year, no material discrepancies were noticed on such verification. In our opinion, such periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) On the basis of written representation received from the management of the Company, the title deeds of immovable properties held in the name of the Company are mortgaged with the Banks for securing the long-term borrowings and credit limits raised by the Company.

d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e) According to the information and explanations given to us any proceedings have not been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii) a) In respect of Company's Inventory, on the basis of information and explanation provided by the management, the Company does not hold any inventory. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

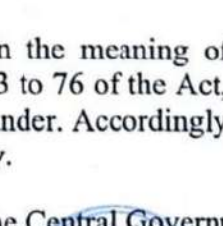
b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

iii) During the year the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the provisions of clause 3(iii) of the said Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given.

v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

vi) On the basis of available information and explanation provided to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the



Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014 dated December 31, 2014 to the current operations carried out by the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us following undisputed amounts payable in respect of Income tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues were in arrears as at 31st March, 2026 for a period of more than six months from the date they became payable:

Name of the Statute	**Nature of Dues**	**Amount (` in Lakhs)**
Sales Tax Laws	Sales Tax Payable-Branch	1.4902
Sales Tax Laws	1% State Development Tax	0.0073
Sales Tax Laws	12%U.P. Trade Tax	2.8379
Sales Tax Laws	2.5%U.P. Trade Tax	0.0039
Sales Tax Laws	3% Central Sales Tax	0.0643
Sales Tax Laws	Sales Tax	0.0086
Sales Tax Laws	8% U.P. Trade Tax	0.0093
Sales Tax Laws	Turnover Tax	0.0069
Sales Tax Laws	Vat Collection 4%	0.0189
Central Excise Laws	Excise Duty from Amount Payable	82.60
Goods and Service Tax Laws	Goods and Service tax	26.5088
Income Tax Laws	Income Tax Deducted at Source	51.246
	Total	**164.8808**

B M Chatrath & Co. LLP * Noida * Chartered Accountants

(b) According to the records of the Company examined by us and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, except the following, which have not been deposited on account of any dispute:

Name of the	**Nature of**	**Amount**	**Period to which**	**Forum where**

Statute	Dues	(In Lacs)	amount relates	dispute is pending
Sales Tax Laws	Sales Tax	94.22 1428.88 1010.75	2004-05 2005-06 2006-07	Allahabad High Court (Appeal)
	Sales Tax	1.41	1991-92	High Court
	Sales Tax	12.43	2007-08	Addl. Commissioner
Customs Law	Custom Duty	74.66	1982-83	Asst. Commissioner
	Custom Duty	19.39	2002-03	Appellate Tribunal
The Uttar Pradesh Water Supply and Sewerage (Amendment) Act, 1999	Water Tax	7.11	1997-98 & 1998-99	Additional Civil Judge
Central Excise Law	Excise Duty	115.75	1983-84	High Court
	Excise Duty	44.93	1994-97	
	Interest	6.56		
	Penalty	6.56		
Income tax Act,1961	Non – Deduction of TDS	107.71 109.84	2006-07 to 2008-09	High Court ITAT/ Commissioner (A)
	Income Tax	64.50 34.60	2014-15 2003-04	CPC CPC
Civil Suit	Trade payables	95.08	2008-09	Delhi High Court
Civil Suit	Trade payables	18.13	2009-10	District Court, Saket, Delhi

viii) According to the information and explanation given to us there is no transaction which is not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year.

ix)

(a) In our opinion and according to the information and explanation given to us, the details of default in respect of dues to a bank are as under:

The Punjab National Bank (PNB) had approved one time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly installments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015

B M Chatrath & Co. LLP * Chartered Accountants * Noida

March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs upto December 31st, 2018 along with interest of Rs 2,59,62,100/-. The company has already made provision of interest on account of delayed payment of OTS of Rs.94,43,358/- in their books upto 30th September 2018 and booked balance amount of interest in the quarter ending 31st December 2018.

The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfillment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB.

Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favor of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs. 2,59,62,100/- as interest @10.25% as per revived OTS vide its letter dated July 02,2015 on delayed payment upto 15 March,2018 which was later on accepted and paid by the company in terms of the DRAT order.

During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lacs towards principal OTS and Rs. 2,59,62,100/- towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter Further The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing, as a result the company has not considered any liability in till its books in addition to the dues already settled as per DRT order dated 30th July, 2018.

During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lacs on the following terms & conditions:

Terms & conditions:

1) The proceeds of FDRs amounting to Rs. 65 lacs and Rs. 259.62 lacs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.

2) Rs. 135 lacs will be deposited within one week of receipt of this sanction letter.

3) The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority.

4) No Dues Certificate will be issued, Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted).



The company has already deposited balance of OTS amount of Rs.65 lacs plus delayed period interest of Rs. 259.62 lacs with the bank in terms of DRT & DRAT orders and further Rs.135 lacs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter.

In respect of commercial tax liability the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'able High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impunged order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction.

The company deposited Commercial Tax of Rs 54.94 lacs out of Commercial Tax liability of Rs 183.90 lacs along with interest of Rs 3.07 lacs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19.

Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which was listed on 19th February, 2020. On 19th February, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the writ petition. The next date of hearing in this matter is 16 july 2026, further NCLT matter has been dismissed on the last date of hearing (22.09.2023) due to non-appearance on behalf of financial creditor (PNB), the matter has been dismissed for non -prosecution.

The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs are over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company.

The above matter is subjudice before Hon'ble High Court of Allahabad for further hearing.

(b) According to the information and explanations given to us the Company has not been declared willful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us and on the basis of our examination of the records the company has not been taken any term loan bank.

(d) According to the information and explanations given to us and on the basis of our examination of the records the company has not been taken any short-term loan.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x) a) The company did not raise any money by way of initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(x) of the Order is not applicable.

b) The company has not made any preferential allotment or private placement of shares or convertible debentures. Accordingly, paragraph 3(x) (b) of the Order is not applicable

xi) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv) (a) The company has no internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditors for the period under audit were not provided by Management at the time of audit.

xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xv) (b) of the Order is not applicable.

c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xv) (c) of the Order is not applicable.

xvii) The company has incurred cash loss in the financial year 2025-26 amounting to Rs. 51.06 Lacs and in the immediately preceding financial year amounting to Rs. 66.16 Lacs.

xviii) There has not been any resignation of the statutory auditors during the year.

xix) According to the information and explanations given to us and expected realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, has come to our attention, which causes us to believe that material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged or not by the Company as and when they fall due.

xx) According to the information and explanations given to us and based on our examination of the records of the company second proviso to sub-section (5) of section 135 is not applicable on company. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

xxi) According to the information and explanations given to us reporting under clause 3(xxi) of the Order is not applicable for the year.

For B. M. Chatrath & Co. LLP
Chartered Accountants,
FRN: E300025

CA. Sunil Kumar Jha
Partner
Membership No.543805
Place: New Delhi
Date:
UDIN: 26543805KTWXKC7326

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Modipon Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Modipon Limited** ("the Company") as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company'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, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial - reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. 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.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us except for the effects of the matter described in the basis of Qualified opinion of our report the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Basis for Qualified Opinion

Based on our examination, which include test checks, the company has used accounting software for maintaining its books of account for the financial year ended 31st March 2026 which do not has a feature of recording audit trail (edit log) facility.

For B. M. Chatrath & Co. LLP
Chartered Accountants,
FRN: E300025



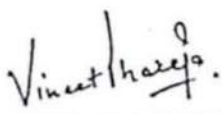
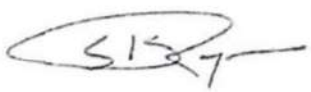
CA. Sunil Kumar Jha
Partner
Membership No.543805

Place: New Delhi
Date: May 29, 2026
UDIN: 26543805KTWXKC7326

Statement on Impact of Audit Qualifications (for Audit Report with Modified Opinion) submitted along-with Annual Standalone Audited Financial Results –

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2026 [Under Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	**Audited Figures (as reported before adjusting for qualifications) (In Lacs)**	**Adjusted Figures (audited figures after adjusting for qualifications) (In Lacs)**
	1	Turnover / Total Income	0	0
	2	Total Expenditure	51.05	109.10
	3	Net Profit/ (Loss)	(51.05)	(109.10)
	4	Earnings Per Share	(0.44)	(0.94)
	5	Total Assets	764.66	764.66
	6	Total Liabilities	9990.22	10048.27
	7	Net Worth	(9225.56)	(9283.61)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	**Audit Qualification (each audit qualification separately):**			
	a. Details of Audit Qualification: **As per Annexure – I attached.**			
	b. **Type of Audit Qualification:** Qualified Opinion ~~/ Disclaimer of Opinion / Adverse Opinion –~~ **As per Annexure – I Attached.**			
	c. **Frequency of qualification:** ~~Whether appeared first time~~ / repetitive / ~~since how long continuing~~ **As per Annexure – I Attached.**			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: **As per Annexure – I Attached.**			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: **As per Annexure – I Attached**			
	(i) Management's estimation on the impact of audit qualification: **As Per Annexure – I Attached**			
	(ii) If management is unable to estimate the impact, reasons for the same: **As per Annexure – I Attached.**			

B M Chatrath & Co. LLP * Chartered Accountants * Noida

	(iii) Auditors' Comments on (i) or (ii) above: **As per Annexure – I Attached.**	
III.	Signatories	
	~~CEO/~~Managing Director	
	CFO	
	Audit Committee Chairman	
	Statutory Auditor	
	Place: New Delhi	
	Date: May 29, 2026	



MODIPON LIMITED

ANNEXURE I

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
1	(a) The Company has not provided interest of Rs. 1000.54 Lakhs up to March 31, 2008 on overdue amounts payable to a supplier resulting in understatement of liabilities and debit balance of reserve and surplus by Rs. 1000.54 Lakhs each, and (b) the amount of interest to be provided for in the books of account for the period April 1, 2008 to March 31, 2026 has not been ascertained.	2006-07	Company is trying to negotiate with the supplier for one-time settlement of its dues and management is confident that the settlement of dues with the supplier below the principal amount may take place in the near future and consequently, there is no need to provide for the interest liability at this stage.
2	The amount of interest to be provided for in the books of account, if any, for the period April 1, 2007 to March 31, 2026 to Small and Micro Enterprise has not been ascertained.	2007-09	In view of the closure of manufacturing operations of the Fibre unit, this information is not available.
3	During the year ended March 31, 2009, the Company has sold 65, 743sq.yds. of its vacant land at Modi Nagar for Rs. 1021.15 Lakhs (original cost 1.95 Lakhs) for which the approval of bank is pending.	2007-09	Settlement of dues of all the banks has been made except Punjab National Bank whose matter is sub-judice

B M Chaturvedi & Co. LLP Chartered Accountants

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
			before Hon'ble Delhi High Court. Further, the Company has obtained the prior approval during the year 2007-08 from the Industrial Department, Lucknow, Uttar Pradesh.
4	During the year 2011-12, the Company has given physical possession of its vacant 59 (46 as on March 31, 2015) houses located at Modi Nagar, Uttar Pradesh to a lender i.e. Ashoka Mercantile Limited (AML), a related party, (balance outstanding of loan taken from AML as on March 31, 2015 as per books of account: secured loan 882.29 Lakhs and unsecured loan Rs. 1125.57 Lakhs) for use without any charges/rent/security deposit and no lease rent agreement has been entered into with AML. The Company contends that the temporary possession of houses for use without charges was given to AML as security only as the Company was unable to repay the loans taken from AML	2011-12	As stated in footnote in Annual Accounts, the Company has not been able to repay the loans taken from AML and temporary possession was allowed to it and most of the houses were repossessed during the year.
5	The Punjab National Bank (PNB) had approved one-time settlement of its outstanding dues of Rs. 1900 lakhs vide its approval letters dated April 02, 2014 and April 12, 2014 respectively. In terms of the settlement, OTS amount of Rs. 1710 lakhs (Net of upfront payment of Rs. 190 lakhs) was to be paid by the company in four quarterly installments with interest during financial year 2014-15. However, the company was able to manage the payment of Rs. 630 lakhs up to March 31, 2015 and at the request of the Company, PNB condone the delay and revived the OTS vide its letter dated July 02, 2015 requiring the Company to make payment of residual OTS amount of Rs. 1270 lakhs by March 31, 2016 and total interest on OTS payment @ 10.25% (simple) by June 30, 2016. The Company has paid Rs. 1270 lakhs up to December 31st, 2018 along with interest of Rs 2,59,62,100/-. The company has already made provision of interest on account of delayed payment	2011-12	The company has already deposited balance of OTS amount of Rs. 65 Lacs plus delayed period interest if Rs. 259.62 Lacs with the bank in terms of DRT & DRAT orders and further Rs. 135 Lacs over and above original

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	of OTS of Rs 94,43,358/- in their books up to 30th September 2018 and booked balance amount of interest in the quarter ending 31st December 2018. The Punjab National Bank has initiated the proceeding against the company under section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, Allahabad Bench and other Proceeding before DRT-II and recovery Officer, DRT- II, New Delhi due to non-fulfillment of OTS Terms/conditions vide OTS letter dated July 02, 2015 issued by PNB. Further as per Debts Recovery Tribunal-II, Delhi an order dated 30 July, 2018, has been passed in favor of the company and directed PNB to accept Rs. 65 lakhs as outstanding principal of OTS plus Rs. 259.62 lakhs as interest @10.25% as per revived OTS vide its letter dated July 02,2015 on delayed payment up to 15 March, 2018 which was later on accepted and paid by the company in terms of the DRAT order. (a) During the pendency of the appeal, PNB has encashed the said amount of Rs. 65 Lakhs Towards principal OTS and Rs. 259.62 Lakhs towards interest in term of the order of Debts Recovery Appellate Tribunal (DRAT), New Delhi. Further, the DRAT has reserved the order on 27.12.2018 in the said matter and not pronounced till the date of our reporting, as a result the company has not considered any liability in its books in addition to the dues already settled as per DRT order dated 30th July, 2018. During the pendency of order before DRAT, the PNB has revived OTS vide letter dated 25.03.2019 against payment of Rs. 459.62 lakhs on the following terms & conditions: Terms & conditions: 1) The proceeds of FDRs amounting to Rs. 65 lakhs and Rs. 259.62 lakhs kept with us will be appropriated simultaneously on conveying approval of revival of OTS.		OTS amount deposited by the company in terms of revived OTS letter dated 25.03.2019 within one week of receipt of letter. PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company has filed Writ Petition in the Delhi High Court against order of the DRAT and stay order has been passed in favour of the Company by Hon'ble High Court of Delhi on 24.10.2019. The aforesaid matter is sub-judice before the

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	2) Rs. 135 lakhs will be deposited within one week of receipt of this sanction letter. 3) The party to undertake to pay commercial tax liability as demanded by the Commercial Tax Authority. 4) No Dues Certificate will be issued, Bank's charge on the security/tittle deeds will be released only after receipt of OTS amount in full and on clearance of commercial tax liability as stated above. (Satisfactory proof/letter from the competent authority in this regard to be submitted). The company has already deposited balance of OTS amount of Rs.65 lakhs plus delayed period interest of Rs. 259.62 lakhs with the bank in terms of DRT & DRAT orders and further Rs.135 lakhs over and above original OTS amount deposited by the company in terms of revived OTS vide letter dated 25.03.2019 within one week of receipt of letter. In respect of commercial tax liability, the company has filed an appeal against the order of Commissioner of Commercial Tax before Hon'ble High Court of Allahabad through Punjab National Bank and the Court has directed vide order dated 26.11.2018 that the operation and effect of the impugned order dated 08.08.2018 passed by the Commercial Tax Tribunal, Ghaziabad in Appeal no 1353 of 2013, shall remain stayed subject to the applicant depositing 50% of the commercial tax liability imposed on it and furnish security for the balance amount other than cash or bank guarantee to the satisfaction of the tribunal within a period of three weeks from the date of direction. The company deposited Commercial Tax of Rs 54.94 lakhs out of Commercial Tax liability of Rs 183.90 lakhs along with interest of Rs 3.07 lakhs for the period starting from 18.12.2018 to 02.05.2019 as on 03.05.2019 in compliance with order dated 26.11.2018 of the Hon'ble High Court of Allahabad and communicated the same to PNB vide letter dated 03.05.19. Further, PNB vide letter dated 04.05.2019 requested the company to submit No Dues Certificate from tax authorities after paying the commercial tax liability to bank for compliance of OTS		Hon'ble High Court of Delhi. The company is also in the process of taking NOC from Commercial Tax Department and the matter of commercial tax is also sub-judice before the Hon'ble High Court of Allahabad for Arguments.

B.M. Chaturvedi & Co. LLP Chartered Accountants Noida

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	Sanction within 3 days else OTS will be declared as failed. Since the company failed to reply to the same, PNB vide letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed and PNB is resuming all recoveries as usual. Further, DRAT allowed appeal of PNB on 20.08.2019. The Company filed Writ Petition in the Delhi High Court against order of the DRAT. The Hon'ble Delhi High Court vide its order dated 24.10.2019, stayed the DRAT and NCLT proceedings filed by the PNB till the next date of hearing which was listed on 19th February, 2020. On 19thFebruary, 2020 interim order dated 24th October, 2019 was made absolute during the pendency of the Writ Petition. The next date of hearing in this matter is 16 July 2026, further NCLT matter has been dismissed on the last date of hearing (22.09.2023) due to non-appearance on behalf of financial creditor (PNB), the matter has been dismissed for non-prosecution. (b) The outstanding liability in the books of the company is higher than the OTS amount by Rs. 183.90 lakhs and in the absence of any documentary evidences from the management as well as PNB, we are unable to quantify the amount of interest on the amount of Rs.183.90 lakhs; the amount of Rs.183.90 lakhs are over and above the loan amount on account of the sales tax liability on PNB on account of the auction held by the bank for old plant and machinery of the company. The above matter is sub-judice before Hon'ble High Court of Allahabad for further hearing.		
6	Balance confirmation certificates were not obtained by the Company from creditors, loans and advances given/receives, house/shop security depositors, in-operative current accounts with banks and loan account with Punjab National Bank (PNB). Consequent adjustments required, if any, has not been carried out in the financial results.	2007-09	After the closure of manufacturing operations, the Company has not obtained balance confirmations as most of the accounts are in-operative.

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
7	(a) The amounts paid by the Ashoka Mercantile Limited (AML), a related party, to Abu Dhabi Commercial Bank (ADCB) on account of One Time Settlement (OTS) of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the ADCB by AML and the balance amount of Rs. 153.92 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of assigned dues with AML is linked to the OTS of dues with PNB. (b) The amount paid to Karnataka Bank by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2012, on account of OTS of dues of the bank was accounted for in the books of the Company to the extent of OTS amount paid to the Karnataka Bank by AML and the balance amount of Rs. 339.20 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB. (c) The part payment made to Bank of Baroda by Ashoka Mercantile Limited (AML), a related party, during the year ended March 31, 2013 on account of OTS of dues of the bank was accounted for in the books of the company to the extent of OTS amount paid to the Bank of Baroda by AML and the Company and the balance amount of Rs. 232.04 Lakhs is still lying unallocated under unsecured loans in view of pending successful implementation of OTS of the dues of PNB as the settlement of dues with AML is linked to the OTS of dues with PNB. The effect if any, on the income/expenditure of the company on final OTS with PNB cannot be ascertained.	2011-12	PNB vide its letter dated 04.07.2019 informed that the tax authorities have declared OTS revival as failed. The Company has filed Writ Petition in the Delhi High Court against order of the DRAT and stay order has been passed in favour of the Company. The aforesaid matter is sub-judice before the Hon'ble High Court of Delhi.
8.	(a) Amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, Sales tax, Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. Following undisputed amounts payable in respect of		**8(a)**Company is in negotiation with the Various Statutory Authorities for

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	Income tax, Sales tax, Goods and Services Tax, Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues were in arrears as at 31st March, 2026 for a period of more than six months from the date they became payable:		settlement of these dues and the matter is progressing well and management is confidence that the settlement of dues will take place in the near future. Few of these dues are negligible in nature except Payable under Excise and TDS.

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)
Sales Tax Laws	Sales Tax Payable-Branch	1.4902
Sales Tax Laws	1% State Development Tax	0.0073
Sales Tax Laws	12%U.P. Trade Tax	2.8379
Sales Tax Laws	2.5%U.P. Trade Tax	0.0039
Sales Tax Laws	3% Central Sales Tax	0.0643
Sales Tax Laws	Sales Tax	0.0086
Sales Tax Laws	8% U.P. Trade Tax	0.0093
Sales Tax Laws	Turnover Tax	0.0069
Sales Tax Laws	Vat Collection 4%	0.0189
Central Excise Laws	Excise Duty from Amount Payable	82.60
Goods and Service Tax Laws	Goods and Service tax	26.5088
Income Tax Laws	Income Tax Deducted at Source	51.246
	Total	164.8021

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	(b) There were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, except the following, which have not been deposited on account of any dispute: The Following are the particulars of above Dues on account of Sales Tax, duty of Excise, duty of Customs, Water Tax and Income Tax as at March 31, 2026 that have been disputed by the Company in Appeals pending before the Appellate Authorities		**8(b)** These disputed Statutory dues have been pending before various Forum and the matter is progressing well and management is confident that the settlement of dues may take place in the near future in favor of Company.

Name of the Statute	Nature of Dues	Amount (In Lacs)	Period to which amount relates	Forum where dispute is pending
Sales Tax Laws	Sales Tax	94.22 1428.88 1010.75	2004-05 2005-06 2006-07	Tribunal, Ghaziabad
Sales Tax Laws	Sales Tax	1.41	1991-92	High Court
Sales Tax Laws	Sales Tax	12.43	2007-08	Addl. Commissioner
Customs Law	Custom Duty	74.66	1982-83	Asst. Commissioner
	Custom Duty	19.39	2002-03	Appellate Tribunal

Sl. No.	Audit Qualification					Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	The Uttar Pradesh Water Supply and Sewerage (Amendment) Act, 1999	Water Tax	7.11	1997-98 & 1998-99	Additional Civil Judge		
	Central Excise Law	Excise Duty	115.75	1983-84	High Court		
		Excise Duty	44.93	1994-97			
		Interest	6.56				
		Penalty	6.56				
	Income tax Act,1961	Non – Deduction of TDS	107.71 109.84	2006-07 to 2008-09	High Court ITAT/ Commissioner (A)		
		Income Tax	64.50	2014-15	CPC		
		Income Tax	34.60	2003-04	CPC		
	Civil Suit	Trade payables	95.08	2008-09	Delhi High Court		

P.N. Chaturvedi & Co. LLP Noida Chartered Accountants

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
	Civil Suit | Trade payables | 18.13 | 2009-10 | District Court, Saket, Delhi		
9.	The Commissioner Central Excise & Service Tax, Kamla Nehru Nagar CGO, Complex 2 Ghaziabad vide its memorandum order No.31/COMM/CX/GZB/2017-18 dated 31.01.2018 had ordered for payment of a. Amount of central excise duty of Rs. 44.93 lakhs b. Amount of interest of Rs. 6.56 lakhs c. Amount of penalty of Rs. 6.56 lakhs for the period from 1994 to 1997. The company has not made provision of the said amount & further interest thereon in its books till 31stMarch, 2026 due to which profit is understated by Rs. 66.16 Lakhs plus interest. Further the company has filed appeal against the order of Commissioner Central Excise &Service Tax Kamla Nehru Nagar CGO, Complex 2 Ghaziabad before custom excise & service tax appellate tribunal, Allahabad.		The Company has filed the appeal against the order of commissioner Central Excise & Service Tax, Ghaziabad before the CESTAT, Allahabad and said matter is pending for further hearing before Tribunal.
10	The company has 15% redeemable cumulative preference shares of Rs 100 each. Preference shares due for redemption since 31st March 1996.		Company has 15% redeemable preference shares of Rs 100 each preference shares due for redemption since 31st March, 1996 but not

D M Chatrath & Co. LLP Chartered Accountants

Sl. No.	Audit Qualification	Frequency of Qualification i.e. since	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report
			redeemed till date as per the earlier order of the High Court and later closure of operations of the Fibre unit of the Company in the year 2007 to till date and non-implementation of Agreement/Scheme by the Indofil Industries Limited

(SUNIL KUMAR JHA)
STATUTORY AUDITORS

MANISH MODI
CHAIRMAN & MANAGING DIRECTOR

VINEET KUMAR THAREJA
CHIEF FINANCIAL OFFICER

SHASHI KANT RANJAN
AUDIT COMMITTEE CHAIRMAN

B M Chatrath & Co. LLP
Noida
Chartered Accountants

Place: New Delhi
Dated: May 29, 2026