Varroc Engineering Limited
Regd. & Corp. Office

L-4, MIDC, Industrial Area
Waluj, Aurangabad 431 136,
Maharashtra, India

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Fax + 91 240 2564540

email: varroc.info@varroc.com
www.varroc.com
CIN: L28920MH1988PLC047335

VARROC/SE/INT/2025-26/105 November 12, 2025

To,

The Manager- Listing
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400051.
NSE Symbol: VARROC

The Manager – Listing
The Corporate Relation Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001.
BSE Security Code: 541578
[Debt: 975062]

Sub.: Disclosure and Submission of information pursuant to Regulation 54 (Asset Cover) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") – September 30, 2025

Dear Sir/Madam,

In compliance with Regulation 54 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Asset Cover Certificate w.r.t. for the below mentioned Debt Securities for the Quarter ended September 30, 2025:

Sr. no	ISIN	Facility Rs. in Crore	Nature and Extent of Security created and maintained
1	INE665L07040 (ISIN post restructuring) INE665L08014 (Initial ISIN) Scrip Code 975062	250	NCDs are secured by way of Exclusive Charge on specific identified movable fixed assets of the Company. The Asset Cover with respect to these NCDs including interest obligation, is higher than the requirement of 1.10 times as specified in Debenture Trust Deed

Request you to kindly take on the record the aforesaid information.

Thanking you,

For Varroc Engineering Limited

ANIL GHATIYA
Digitally signed by ANIL GHATIYA
Date: 2025.11.12 20:09:25 +05'30'

Anil Ghatiya
Company Secretary & Compliance Officer

Encl: A/a

S R B C & CO LLP
Chartered Accountants

Ground floor, Tower C Unit 1,
Panchshil Tech Park One, Loop road,
Near Don Bosco School, Yerwada
Pune - 411 006, India

Tel: +91 20 6603 6000

Independent Auditor's Report on Security Cover, Compliance with all Covenants and book value of assets as at September 30, 2025 pursuant to Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular dated May 19, 2022 for submission to Catalyst Trusteeship Limited (the 'Debenture Trustee')

To
The Board of Directors
Varroc Engineering Limited
L-4, MIDC,
Waluj, Aurangabad,
Maharashtra, India 431136

1. This Report is issued in accordance with the terms of the service scope letter dated July 30, 2025 and master engagement agreement dated September 13, 2023, as amended with Varroc Engineering Limited (hereinafter the "Company").

2. We S R B C & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to examine the accompanying Statement (containing annexure 1 and Annexure 1A) on book values of assets provided as security for 8.6% Secured, Non-Convertible, Non-Cumulative Redeemable, Taxable Debentures of the face value of Rs 1,00,000 each aggregating to Rs 2,500 million (hereinafter the 'Debentures') as at September 30, 2025 which has been prepared by the Company from the board approved unaudited standalone financial results, underlying books of account and other relevant records and documents maintained by the Company as at and for the period ended September 30, 2025 pursuant to the requirements of Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Regulations") and SEBI Circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines (the "SEBI Circular") (hereinafter referred to as "the Statement"), and has been initialed by us for identification purpose only.

   This Report is required by the Company for the purpose of submission with Catalyst Trusteeship Limited (hereinafter the "Debenture Trustee") of the Company to ensure compliance with the SEBI Regulations and SEBI Circular in respect of its Debentures. The Company has entered into an agreement with the Debenture Trustee vide Debenture Trust Deed dated September 01, 2023 in respect of such Debentures (the "Debenture Trust Deed").

Management's Responsibility

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Management of the Company is responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and SEBI Circular including maintenance of security cover of 110% as per the terms of Debenture Trust Deed sufficient to discharge the principal amount and the interest thereon at all times for the Debentures issued. The management is also responsible for providing all relevant information to the Debenture Trustee and complying with all the covenants prescribed as required under the General Information Document and Trust Deed.

Auditor's Responsibility

5. It is our responsibility to provide a limited assurance and conclude as to whether the:

   (a) Company has maintained 110% security cover as per the terms of the General Information Document and Debenture Trust deed;
   (b) Book values of assets as included in the Statement prepared by management are in agreement with the books of account underlying the unaudited standalone financial results of the Company as at September 30, 2025.

6. We have performed a limited review of the unaudited standalone financial results of the Company for the quarter and half year ended September 30, 2025 prepared by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Our review report on the unaudited standalone financial results of the Company for the quarter ended September 30, 2025 dated November 12, 2025 included the following qualification:

   As disclosed in Note 2 to the Statement, the Company received a settlement offer from an overseas party alleging breach of agreement in respect of certain income received and recognized by the Company under 'Revenue from operations' amounting to Rs. 209.89 million during the previous quarter ended June 30, 2025. Pending resolution of the matter and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and any consequential impacts including on the profit before tax, tax expense, profit after tax, total comprehensive income, earnings per share for the six months ended September 30, 2025 and retained earnings as at September 30, 2025. Our report for the quarter ended June 30, 2025 was also qualified in respect of this matter.

   Our review of these financial results was conducted in accordance with the in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI").

7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.

10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, our procedures included the following in relation to the Statement:

    a) Obtained and read the General Information Document and Debenture Trust Deed and noted that as per such General Information Document and Debenture Trust Deed, the Company is required to maintain security cover at least 110%.

    b) Obtained the unaudited standalone financial results of the Company for the quarter and half year ended September 30, 2025.

    c) Traced and agreed the principal amount and the interest thereon of the Debentures as at September 30, 2025 to the books of account underlying the unaudited standalone financial results of the Company for the quarter and half year ended September 30, 2025.

    d) Traced the book value of assets having exclusive charge against debentures as per the Statement from the books of account and records underlying the unaudited standalone financial results of the Company as at September 30, 2025.

    e) Traced the book value of assets having exclusive/ pari passu charge against other secured debt as per the Statement from the books of account and records underlying the unaudited standalone financial results of the Company as at September 30, 2025.

    f) Obtained the list of security created in the register of charges maintained by the Company and 'Form CHG-9' filed with Ministry of Corporate Affairs ('MCA'). Traced the value of charge created against Assets to the book values of assets in the attached Statement.

    g) Obtained and read bank agreements for any liens, pledges on Assets of the Company as on September 30, 2025.

    h) Inquired with the management and determined that book value of assets having exclusive/ pari passu charge against other secured debt as per the Statement are not included in the calculation of Security Cover in respect of the Debentures.

    i) Examined and verified the arithmetical accuracy of the computation of the Security Cover in the accompanying Statement.

    j) Performed necessary inquiries with the Management and obtained necessary representations.

Conclusion

11. Based on the procedures performed by us, as referred to in paragraph 10 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that the:

    a) The Company has not maintained security cover of 110% as per the terms of the Debenture Trust deed as at September 30, 2025;

    b) Book values of assets as included in the Statement are not in agreement with the books of account underlying the unaudited standalone financial results of the Company as at September 30, 2025.

Restriction on Use

12. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustee and is not to be used or referred to for any other purpose or by any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this Report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Mustafa M Saleem
Digitally signed by Mustafa M Saleem
DN: cn=Mustafa M Saleem, o=Personal, email=mustafa.saleem@srb.in
Date: 2025.11.12 19:22:05 +05'30'

per Mustafa Saleem
Partner
Membership Number: 136969
UDIN: 25136969BMNTFM1628
Place of Signature: Pune
Date: November 12, 2025

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CIN : L28920MH1988PLC047335

Annexure 1 :Security Cover Certificate as at September 30, 2025 as per Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and SEBI Circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines

All amounts in Rs'Million unless otherwise stated

Column A	Column B	Column C [i]	Column D [ii]	Column E [iii]	Column F [iv]	Column G [v]	Column H [vi]	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
	Description of asset for which this certificate relates	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari- Passu charge (excluding items covered in column F)		debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets [vii]	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L +M+ N)
												Relating to Column F		
		Book Value		Yes/No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment	Refer Note A, B & C of Annexure 1A	3,544.70	3,197.25	No	-	-	8,220.76	-	14,962.71	4,258.42	-	-	-	4,258.42
Capital Work-in- Progress	Refer Note A, B & C of Annexure 1A	137.37	-	No	-	-	479.60	-	616.97	137.36	-	-	-	137.36
Right of Use Assets		-	145.17	No	-	-	1,850.57	-	1,995.74	-	-	-	-	-
Investment Property		-	-	No	-	-	-	-	-	-	-	-	-	-
Goodwill		-	-	No	-	-	-		-	-	-	-	-	-
Intangible Assets		-	-	No	-	-	-		-	-	-	-	-	-
Intangible assets under development		-	-	No	-	-	-		-	-	-	-	-	-
Investments		-	-	No	-	-	-	-	-	-	-	-	-	-
Loans		-	-	No	-	-	-	-	-	-	-	-	-	-
Inventories		-	-	No	-	7,059.02	-	-	7,059.02	-	-	-	-	-
Trade Receivables		-	-	No	-	5,933.93	-	-	5,933.93	-	-	-	-	-
Cash and Cash Equivalents		-	-	No	-	-	-	-	-	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents		-	-	No	-	-	-	-	-	-	-	-	-	-
Others		-	-	No	-	-	-		-	-	-	-	-	-
Total		3,682.07	3,342.42		-	12,992.95	10,550.93	-	30,568.37	4,395.78	-	-	-	4,395.78
LIABILITIES														
Debt securities to which this certificate pertains	Refer Note D below	1,875.00	-	No	-	-	-		1,875.00	-	1,875.00	-	-	1,875.00
Other debt sharing pari-passu charge with above debt		-	-	No	-	-	-	-	-	-	-	-	-	-
Other Debt	Refer Note E below	-	1,681.62	No	-	2,710.35	-	-	4,391.97	-	-			-
Subordinated debt		-	-	No	-	-	-	-	-	-	-	-	-	-
Others	Interest accrued on debt	10.60	5.55	No	-	-	-	-	16.15	-	10.60	-	-	10.60
Total		1,885.60	1,687.17	-	-	2,710.35	-	-	6,283.12		1,885.60	-	-	1,885.60
Cover on Book Value (No. of Times)	Exclusive Security Cover Ratio	1.95			-									
Cover on Market Value (No. of Times)														2.33
		Exclusive Security Cover Ratio	1.95		Pari-Passu Security Cover Ratio	-								

[i] *Pertains to book value of assets having exclusive charge and outstanding book value of debt for which this certificate is issued.*
ii *Pertains to book value of assets having exclusive charge and outstanding book value of all corresponding debt other than column C.*
iii *Pertains to debt for which this certificate is issued having any pari passu charge.*
iv *Pertains to a) book value of assets having pari-passu charge b) outstanding book value of debt for which this certificate is issued and c). other debt sharing pari- passu charge along with debt for which certificate is issued.*
v *Pertains to book value of all other assets having pari passu charge and outstanding book value of corresponding debt.*
vi *Pertains to all those assets which are not charged and shall include all unsecured borrowings including subordinated debt and also include only those assets which are paid-for.*
vii Assets which are considered at Market Value like Land, Building, Residential/ Commercial Real Estate to be stated at Market Value. Other assets having charge to be stated at book value/Carrying Value.
viii The market value has been calculated as per the total value of assets mentioned in Column O.

For and on behalf of Varroc Engineering Limited

ANIL GHATIYA
Digitally signed by ANIL GHATIYA
Date: 2025.11.12 19:11:50 +05'30'

Anil Ghatiya
Company Secretary and Compliance officer
Place:Pune
Date: November 12, 2025.

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Annexure 1A

Notes to Statement on Security Cover & book value of assets

A Details of book value of property, plant and equipment and capital work in progress for which this certificate is issued

	Book Value as at September 30,2025	
Plant Name	Property, Plant & Equipment	Capital Work in Progress
VEL-VII (Valves)	427.08	35.25
VEL-VII (Forgine)	286.73	1.37
VEL-III	1,319.79	92.81
VEL 4W Lighting Chakan	26.06	-
VEL 4W Lighting Bhamboli	1,485.04	7.93
	3,544.70	137.37

B Details of market value of property, plant and equipment and capital work in progress for which this certificate is issued

	Market Value as at September 30, 2025	
Plant Code	Property, Plant & Equipment (#)	Capital Work in Progress (*)
VEL-VII (Valves)	666.56	35.25
VEL-VII (Forgine)	557.74	1.37
VEL-III	1,428.09	92.81
VEL 4W Lighting Chakan	1,501.86	-
VEL 4W Lighting Bhamboli	104.17	7.93
	4,258.42	137.36

Market values of Property, Plant and Equipment in respect of Plants VEL-VII (Valves Division), VEL-VII (Forging Division), VEL-III , VEL Chakan (Lighting plant),and VEL Bhamboli (Lighting Plant) have been obtained from the valuation report dated October 03, 2023 issued by an Independent Registered Valuer - Ompal Singh (Reg. No- IBBI/RV/02/2021/13876) appointed by the Debenture Trustee.

* In respect of Capital Work in Progress of all plants, management believe that the market value is at least equal to the carrying value as at September 30, 2025.

C Details of book value of assets exclusively secured against other secured debt

Book Value as at September 30, 2025		
Row Labels	Property plant & equipment	Right of Use Assets
1100	197.07	-
1150	452.96	23.35
1500	476.96	-
1700	256.90	5.37
1800	642.06	90.53
2200	295.50	25.92
2300	242.39	-
1200	304.43	-
1400	236.27	-
1900	-	-
5000	92.69	-
	3,197.25	145.17

D Details of Non-convertible debentures

ISIN	Facility	Type of charge	Outstanding amount as at September 30, 2025	Asset cover required as per Debenture Trust deed (No. of Times)	Date of issue of debentures
INE665L08014	Non-Convertible Debentures	Exclusive charge	1,875.00	1.10	September 07, 2023

E Other Secured debt consists:

a. Rs. 400.00 million debt repaid on June 21, 2024 for which satisfactory charge has not been received till September 30, 2025.

F Assets disclosed in the Statement

The assets disclosed in the Statement pertain to only those assets on which charge is created against issue of secured redeemable non-convertible debentures or term loans obtained from banks/ financial institutions or working capital loans obtained from banks/ financial institutions. Assets other than these have not been disclosed in this Statement by the management.

G Computation of Security Cover Ratio as per the terms of the Placement Memorandum and Debenture Trust Deed for secured redeemable listed non-convertible debenture securities as at September 30, 2025.

Particulars	Amounts (Rs. Million)
Debentures outstanding as at September 31, 2025 (including interest thereon) [A]	1,886
Book value of assets as per Table A above [B]	3,682
Security Cover Ratio [C = B/A]	1.95
Security Cover Ratio as per requirements of Trust Deed	1.10
Whether compliant?	Yes

H Liabilities disclosed in the Statement

The liabilities disclosed in the Statement pertain to the liabilities of secured redeemable non-convertible debentures, term loans from banks/ financial institutions and working capital loans from banks/ financial institutions, and interest accrued thereon. Liabilities other than these have not been disclosed in this Statement by the management.

For and on behalf of Varroc Engineering Limited

ANIL GHATIYA
Digitally signed by ANIL GHATIYA
Date: 2025.11.12 19:12:06 +05'30'

Anil Ghatiya
Company Secretary and Compliance Officer
Place:Pune
Date: November 12, 2025.