

# Varroc Engineering Limited

Regd. & Corp. Office

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Waluj, Aurangabad 431 136,  
Maharashtra, India

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www.varroc.com  
CIN: L28920MH1988PLC047335



VARROC/SE/INT/2025-26/30

May 29, 2025

To,  
The Manager,  
BSE Ltd ('BSE')  
1<sup>st</sup> Floor, P.J. Towers,  
Dalal Street,  
Mumbai – 400001  
BSE Security Code: 541578 [Debt: 975062]

**Sub: Submission of information pursuant to Regulation 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Asset Cover Certificate-Q4 -FY 2024-25**

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. to below mentioned Debt Securities.

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 is 1.57 times (157%) of the total due amount including Interest, which is higher than the requirement of 1.10 times as specified in Debenture Trust Deed

Kindly take the same on your records.

Thanking you,

**For Varroc Engineering Limited**

**Ajay Sharma**  
**Group General Counsel and Company Secretary**

Encl: A/a

**Independent Auditor's Report on Security Cover and book value of assets as at March 31, 2025 pursuant to Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular dated July 6, 2023 for submission to Catalyst Trusteeship Limited (the 'Debenture Trustee')**

To  
The Board of Directors  
Varroc Engineering Limited  
L-4, MIDC,  
Waluj, Aurangabad,  
Maharashtra, India 431 136.

1. This Report is issued in accordance with the terms of the service scope letter dated July 19, 2024 and master engagement agreement dated September 13, 2023, 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 March 31, 2025 which has been prepared by the Company from the audited standalone financial statements, underlying books of account and other relevant records and documents maintained by the Company as at March 31, 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 July 6, 2023 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") 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").

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## **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 as required under the General Information Document and Trust Deed.

## **Auditor's Responsibility**

5. It is our responsibility to provide reasonable assurance as to whether:
  - (a) Company has maintained 110% security cover as per the terms of the General Information Document and Debenture Trust deed; and
  - (b) Book values of assets as included in the Statement prepared by the management are in agreement with the books of account underlying the audited standalone financial statements of the Company as at March 31, 2025.
6. We have performed an audit of the standalone financial statements of the Company for the year ended March 31, 2025 referred to in paragraph 5 above, and issued an unmodified opinion dated May 29, 2025. Our audit of these standalone financial statements was conducted in accordance with Standard on Auditing, as specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
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. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the reporting criteria. 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 shall maintain at all times the minimum security cover of at least 110%.
  - b) Obtained the audited standalone financial statements of the Company for the period ended March 31, 2025.
  - c) Traced and agreed the principal amount and the interest thereon of the Debentures as at March 31, 2025 to the books of account underlying the audited standalone financial statements of the Company for the year ended March 31, 2025.
  - d) Traced the book value of assets having exclusive charge against debentures as per the Statement to the books of accounts and records underlying the audited standalone financial statements of the Company as at March 31, 2025.
  - e) Traced the book value of assets having exclusive/ pari passu charge against other secured debt as per the Statement to the books of accounts and records underlying the audited standalone financial statements of the Company as at March 31, 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/ confirmations for any liens, pledges on Assets of the Company as on March 31, 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.

## **Opinion**

10. Based on the procedures performed by us, as referred to in paragraph 9 above and according to the information and explanations received and management representations obtained, we are of the opinion that:
- a) The Company has maintained security cover of 110% as per the terms of the Debenture Trust deed as at March 31, 2025; and
  - b) Book values of assets as included in the Statement are in agreement with the books of account underlying the audited standalone financial statements of the Company as at March 31, 2025.

## Restriction on Use

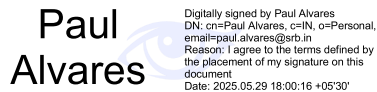
11. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustee and is not to be used or referred to for any other purpose or by any other person. Accordingly, 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

**Paul  
Alvares**

A digital signature block for Paul Alvares. It includes the name 'Paul Alvares' in a large font, a blue circular icon, and a block of small text providing technical details of the digital signature.

Digitally signed by Paul Alvares  
DN: cn=Paul Alvares, c=IN, o=Personal,  
email=paul.alvares@srb.in  
Reason: I agree to the terms defined by  
the placement of my signature on this  
document  
Date: 2025.05.29 18:00:16 +05'30'

**per Paul Alvares**

Partner

Membership Number: 105754

UDIN: 25105754BMITLP5304

Place of Signature: Pune

Date: May 29, 2025



## Annexure 1A

All amounts in Rs/Million unless otherwise stated

## Notes to Statement on Security Cover &amp; book value of assets

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

Plant Name	Book Value as at March 31, 2025	
	Property, Plant & Equipment	Capital Work in Progress
VEL-VII (Valves)	411.56	19.82
VEL-VII (Forgine)	312.38	9.77
VEL-III	1,121.97	240.05
VEL 4W Lighting Chakan	28.88	0.00
VEL 4W Lighting Bhamboldi	1,299.22	8.32
	<b>3,174.01</b>	<b>277.95</b>

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

Plant Name	Market Value as at March 31, 2025	
	Property, Plant & Equipment (#)	Capital Work in Progress (*)
VEL-VII (Valves)	866.56	19.82
VEL-VII (Forgine)	557.74	9.77
VEL-III	1,428.09	240.05
VEL 4W Lighting Chakan	1,501.86	0.00
VEL 4W Lighting Bhamboldi	104.17	8.32
	<b>4,258.42</b>	<b>277.95</b>

# 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 Bhamboldi (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 March 31, 2025.

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

Plant Name	Book Value as at March 31, 2025	
	Property plant & equipment	Right to Use Asset
VEL IV Waluj	66.43	-
VEL PANT NAGAR	597.82	91.18
VEP CORP	61.31	-
VPL - BG-1 Kolar	263.70	-
VPL - BG-2 TCPL	151.16	-
VPL - Chennai	477.62	-
VPL - CK 1 [Chakan, Bhamboldi]	389.49	116.03
VPL - IN - Pithampur	478.66	0.00
VPL - Binda	232.23	-
VPL - Gr, Noida	113.72	15.55
VPL Corp	60.91	-
VPL - IV - Pharola	71.09	-
VPL - J - Takve	56.85	-
VPL - II - Ranjangaon	788.93	16.04
VPL - GJ - Karasanpura	240.82	-
R & D ELECTRICALS Elpro	253.82	-
SOLAR	97.03	-
VEL HALOL	316.82	26.06
VEL I Waluj	185.58	-
VEL VI Mahal	350.21	-
VPL - III - Waluj	49.29	1.88
	<b>5,303.50</b>	<b>266.71</b>

^ This includes assets with book value of Rs. 2,094.00 Million, debt related to which has been repaid during FY 24-25 and Company is in process of filing charge satisfaction documents with relevant regulatory authorities

**Note D** Details of Non-convertible debentures

ISIN	Facility	Type of charge	Outstanding amount as at March 31, 2025	Asset cover required as per Debenture Trust deed (No. of Times)	Date of issue of debentures
INE665L08014	Non-Convertible Debentures	Exclusive charge	2,187.50	1.10	September 07, 2023

**Note E** 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 March 31, 2025.

Particulars	Amount (Rs million)
Debentures outstanding as at March 31, 2025 (including interest thereon) [A]	2,200.39
Book value of assets as per Table A above [B]	3,451.96
Security Cover Ratio [C = B/A]	1.57
Security Cover Ratio as per requirements of Trust Deed	1.10
Whether compliant	Yes

**Note 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.

**Note G** 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.

**Note H** National Company Law Tribunal (NCLT) on January 10, 2025 approved Scheme of amalgamation of Varroc Polymers Limited (wholly owned subsidiary) with Varroc Engineering Limited (Parent Company) with appointed date of April 01, 2024 and scheme became effective on February 01, 2025 on filing of the NCLT order with the Registrar of Companies. Accordingly, assets and liabilities considered in Annexure 1 and 1A consist of assets and liabilities of the merged entity as at March 31, 2025.

For and on behalf of Varroc Engineering Limited

AJAY KUMAR SHARMA  
Digitally signed by AJAY KUMAR SHARMA  
Date: 2025.05.29 17:29:21 +05'30'

Ajay Kumar Sharma  
Group General Counsel and Company Secretary  
Place: Pune  
Date: May 29, 2025