

Varroc Engineering Limited

Regd. & Corp. Office

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

Tel + 91 240 6653700
Fax + 91 240 2564540

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



VARROC/SE/INT/2024-25/43

July 3, 2024

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

Sub: Revised Submission of information pursuant to Regulation 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Asset Cover Certificate-Q4 -FY 2023-24

Dear Sir/Madam,

In compliance with Regulation 54 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the directions received from you, we re-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 in with respect to these NCDs is 1.38 times (138%) of the total due amount 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

Varroc Engineering Limited

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VARROC/SE/INT/2024-25/24

May 17, 2024

To,
The Manager,
BSE Ltd ('BSE')
1st 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 2023-24

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 in with respect to these NCDs is 1.38 times (138%) of the total due amount 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 Kumar
Sharma

Digitally signed by Ajay Kumar
Sharma
Date: 2024.05.17 17:51:42
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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, 2024 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 431 136.

1. This Report is issued in accordance with the terms of the service scope letter dated September 13, 2023 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 showing book values of assets included by the management in the certificate prepared pursuant to Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Regulations") & SEBI Circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines (the "SEBI Circular") (hereinafter referred as "Security Cover Certificate"), and Security Cover as per the terms of the General Information Document and Debenture Trust Deed for secured redeemable listed non-convertible debenture securities as at March 31, 2024 (together referred to as the "Statement") 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, 2024 pursuant to the requirements of SEBI Regulations and SEBI Circular, 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 secured redeemable listed non-convertible debenture securities having face value of Rs. 1,00,000 (the "Debentures"). The Company has entered into an agreement with the Debenture Trustee vide agreement dated September 01, 2023 in respect of such Debentures (the "Trust Deed").

Management's Responsibility

3. The Management of the Company is responsible for preparation and submission of the Security Cover Certificate in the manner as prescribed in the SEBI Regulations and SEBI Circular.
4. 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.

5. 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

6. 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 which are included in the Security Cover Certificate prepared by management are in agreement with the books of account underlying the audited standalone financial statements of the Company as at March 31, 2024.
7. We have performed an audit of the standalone financial statements of the Company for the year ended March 31, 2024, referred to in paragraph 6 above, and issued an unmodified opinion dated May 17, 2024. 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.
8. 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.
9. 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.
10. 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.
11. 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, 2024.
- c) Traced and agreed the principal amount and the interest thereon of the Debentures as at March 31, 2024 to the books of account underlying the audited standalone financial statements of the Company for the year ended March 31, 2024.
- 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, 2024.
- 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, 2024.
- 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, 2024.
- 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

12. Based on the procedures performed by us, as referred to in paragraph 11 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, 2024; 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, 2024.

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S R B C & COLL

Chartered Accountants

Restriction on Use

13. 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

Digitally signed by Paul Alvares
DN: cn=Paul Alvares, c=IN,
o=Personal,
email=paul.alvares@srb.in
Date: 2024.05.17 17:28:59 +05'30'

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 24105754BKBZNP9074

Place of Signature: Pune

Date: May 17, 2024

Statement of book values of assets included by the management in certificate prepared pursuant to SEBI Regulations and SEBI Circular ('Security Cover Certificate') and Security Cover as per the terms of the Placement Memorandum and Debenture Trust Deed for secured redeemable listed non-convertible debenture securities as at March 31, 2024

A. Book Value of assets included by the management in certificate prepared pursuant to SEBI Regulations and SEBI Circular ('Security Cover Certificate')

All amounts in Rs. Million

Particulars	Debentures		Other Secured Debt	
	Exclusive Charge		Exclusive Charge	
	Book Values (Refer Note 1)	Book Values(Refer Note 2)	Pari- Passu Charge	Book Values
Property, Plant and Equipment	3,413.82	3,384.42		
Capital Work-in- Progress	68.53	-		
Right of Use Assets	-	361.31		
Investment Property	-	11.78		
Inventories	-	-		3,892.65
Trade Receivables	-	-		2,262.89
Total	3,482.35	3,757.51		6,155.54

Note:

The above table does not include certain movable assets of the Company amounting to Rs. 1,350.53 Millions against which the Company has obtained borrowing but is pending for creation of security as at March 31, 2024.

Note 1: Details of book values of assets exclusively secured against Debentures:

Book Value as at March 31, 2024		
Plant Name	Property, Plant & Equipment	Capital Work in Progress
VEL VII VALVE	400.93	25.19
VEL VII FORGINE	351.86	0
VEL III	1,159.91	28.31
VEL Chakan (Lighting)	638.11	15.03
VEL Bhamboli	863.01	-
	3,413.82	68.53

Note 2: Details of book values of assets exclusively secured against other Secured debt:

Book Value as at March 31, 2024			
Plant Name	Property, Plant & Equipment	Right of Use Assets	Investment Property
VEL I	275.04	1.27	-
VEP CORP	679.09	34.06	-
VEL II	14.16	31.82	-
VEL IV	22.51	12.86	11.78
VEL V	187.67	46.84	-
R & D FORGINE	4.16	-	-
VEL VII VALVE	188.80	73.42	-
VEL VII FORGINE	38.46	-	-
VEL VIII SHAFT	500.93	10.46	-
VEL III	395.17	58.13	-
R & D ELECTRICALS	268.45	-	-
VEL PANT NAGAR	121.19	92.47	-
VEL HALOL	192.44	-	-
VEL VI	309.90	-	-
VEL Chakan (Lighting)	26.63	-	-
VEL EXAUST	33.79	-	-
SOLAR	126.03	-	-
	3,384.42	361.31	11.78

B. 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, 2024

Particulars	Amounts (Rs. Million)
Debentures outstanding as at March 31, 2024 (including interest thereon) [A]	2,514.73
Book value of assets as per Table A above [B]	3,482.35
Security Cover Ratio [C = B/A]	1.38
Security Cover Ratio as per requirements of Trust Deed	1.10
Whether compliant?	Yes

For and on behalf of Varroc Engineering Limited

**Ajay Kumar
Sharma**

Digitally signed by Ajay
Kumar Sharma
Date: 2024.05.17 17:07:37
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Ajay Kumar Sharma
Group General Counsel and Company Secretary
Place: Aurangabad
Date: May 17, 2024

Security Cover Certificate as at March 31, 2024 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)	
		Book Value	Book Value	Yes/No	Book Value	Book Value									
ASSETS															
Property, Plant and Equipment	Refer Note A & B below	3,413.82	3,384.42	No	-	-	1,904.69	-	8,702.93	4,258.42	-	-	-	4,258.42	
Capital Work-in- Progress	Refer Note A & B below	68.53	-	No	-	-	112.07	-	180.60	68.53	-	-	-	68.53	
Right of Use Assets		-	361.31	No	-	-	1,405.13	-	1,766.44	-	-	-	-	-	
Investment Property		-	11.78	No	-	-	101.42	-	113.20	-	-	-	-	-	
Goodwill		-	-	No	-	-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	No	-	-	-	-	-	-	-	-	-	-	
Intangible assets under development		-	-	No	-	-	-	-	-	-	-	-	-	-	
Investments		-	-	No	-	-	-	-	-	-	-	-	-	-	
Loans		-	-	No	-	-	-	-	-	-	-	-	-	-	
Inventories		-	-	No	-	3,892.65	-	-	3,892.65	-	-	-	-	-	
Trade Receivables		-	-	No	-	2,262.89	-	-	2,262.89	-	-	-	-	-	
Cash and Cash Equivalents		-	-	No	-	-	-	-	-	-	-	-	-	-	
Bank Balances other than Cash and Cash Equivalents		-	-	No	-	-	-	-	-	-	-	-	-	-	
Others		-	-	No	-	-	-	-	-	-	-	-	-	-	
Total		3,482.35	3,757.51			6,155.54	3,523.31		16,918.71	4,326.95				4,326.95	
LIABILITIES															
Debt securities to which this certificate pertains	Refer Note C below	2,500.00	-	No	-	-	-	-	2,500.00	-	2,500.00	-	-	2,500.00	
Other debt sharing pari-passu charge with above debt		-	-	No	-	-	-	-	-	-	-	-	-	-	
Other Debt	Refer Note D below	-	5,279.53	No	-	1,410.05	-	-	6,689.58	-	-	-	-	-	
Subordinated debt		-	-	No	-	-	3,617.19	-	3,617.19	-	-	-	-	-	
Others	Interest accrued on debt	14.73	10.57	No	-	-	30.59	-	55.89	-	14.73	-	-	14.73	
Total		2,514.73	5,290.10			1,410.05	3,647.78		12,862.66		2,514.73			2,514.73	
Cover on Book Value (No. of Times)	Exclusive Security Cover Ratio	1.38													
Cover on Market Value (No. of Times)														1.72	
		Exclusive Security Cover Ratio	1.38		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.

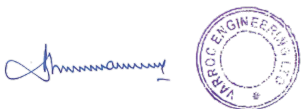
^{iv} Pertains to a) book value of assets having pari-passu charge b) outstanding book value of debt for which this certificate is issued and c). other debt sharing pari- passu charge along with debt for which certificate is issued.

^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.



Other Notes

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, 2024	
	Property, Plant & Equipment	Capital Work in Progress
VEL-VII (Valves)	400.93	25.19
VEL-VII (Forgine)	351.86	-
VEL-III	1,159.91	28.31
VEL 4W Lighting Chakan	638.11	15.03
VEL 4W Lighting Bhamboli^	863.01	-
	3,413.82	68.53

^ Amounts less than Rs. 0.01 million

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

Plant Code	Market Value as at March 31, 2024	
	Property, Plant & Equipment (#)	Capital Work in Progress (*)
VEL-VII (Valves)	666.56	25.19
VEL-VII (Forgine)	557.74	-
VEL-III	1,428.09	28.31
VEL 4W Lighting Chakan	1,501.86	15.03
VEL 4W Lighting Bhamboli^	104.17	-
	4,258.42	68.53

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 December 31, 2023.

^ Amounts less than Rs. 0.01 million

C Details of Non-convertible debentures

ISIN	Facility	Type of charge	Outstanding amount as at December 31, 2023	Asset cover required as per Debenture Trust deed (No. of Times)	Date of issue of debentures
INE665L08014	Non-Convertible Debentures	Exclusive charge	2,500.00	1.10	September 07, 2023

D Other Secured debt consists:

- Rs. 1,500.00 million debt on which charge has not been created till December 31, 2023
- Rs. 1180.56 million debt which is secured by hypothecation of certain movable assets of Varroc Polymers Limited, which is 100% subsidiary of the Company



E **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.

F **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

Ajay Kumar Sharma
Group General Counsel and Company Secretary
Place:Aurangabad
Date: May 17, 2024