

OTHER DISCLOSURES

A. Key Financial Ratios

	Consolidated		Standalone	
	FY19	FY18	FY19	FY18
Debtors turnover ratio	8.05	8.68	18.50	23.00
Inventory turnover ratio	6.52	6.60	9.30	9.20
Interest coverage ratio *	9.91	13.25	22.80	25.00
Current ratio	1.20	1.24	1.12	1.26
Debt equity ratio (including financial liabilities)	0.34	0.41	0.00	0.00
Operating profit margin (%)	19.27	20.13	26.59	24.70
Net profit margin (%) **	22.91	16.56	31.58	19.02
Return on networth (%) **	32.22	26.11	35.63	21.54

* Consolidated interest coverage ratio has been impacted due to increase in LIBOR and depreciation of INR against USD

** The company has recognised tax credits in respect of Minimum Alternate Tax (MAT credit) of ₹609.87 crore (net of ₹24.71 crore of MAT credit utilised for the year ended March 31, 2019).

Formulae used for calculation of the ratios

Debtors turnover ratio	Net sales/Average of opening and closing trade receivables
Inventory turnover ratio	Net sales/Average of opening and closing inventories
Interest coverage ratio	Profit before interest, taxes/Finance costs
Current ratio	Current assets/Current liabilities
Debt equity ratio (including financial liabilities)	Debt (net of cash)/Equity
Operating profit margin (%)	Profit before interest, taxes and exceptional items/Net sales
Net profit margin (%)	Profit after tax/Net sales
Return on networth (%)	Profit after tax/Equity

B. Internal control systems and their adequacy

We have implemented an internal control framework to ensure all assets are safeguarded and protected against loss from unauthorised use or disposition, and transactions are authorised, recorded and reported correctly. The framework includes internal controls over financial reporting, which ensures the integrity of financial statements of the company and eliminates the possibility of frauds. Our Corporate Audit & Assurance department issues well documented operating procedures and authorities with adequate built-in controls. These are carried out at the beginning of any activity and during the process, to keep track of any major changes. As part of the audits, they also review the design of key

processes, from the point of view of adequacy of controls. Periodic reports – as part of continuous monitoring – are generated to identify exceptions through data analysis. The internal controls are tested for effectiveness, across all our locations and functions by the Corporate Audit team, which is reviewed by the management from time to time, for corrective action. Controls with respect to authorisation in underlying IT systems are also reviewed periodically to ensure users have access to only those transactions that their roles require. Our head office in Mumbai, offices across India, and all major factories follow an Information Security Management System and are ISO/IEC 27001:2013 certified.