

Other Disclosures

A. Key financial ratios

	Consolidated		Standalone	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Debtors turnover ratio	8.02	8.05	16.28	18.47
Inventory turnover ratio	6.03	6.52	8.42	9.33
Interest coverage ratio	8.75	9.91	23.97	22.78
Current ratio	1.06	1.20	1.20	1.12
Debt equity ratio (including financial liabilities)	0.32	0.34	0.05	0.00
Operating profit margin (%)	20.17%	19.27%	25.92%	26.59%
Net profit margin (%) *	15.23%	22.91%	21.82%	31.58%
Return on net worth (%) *	18.95%	32.22%	22.86%	35.63%

* 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).

For the fiscal year ended 2019, there was a gain in exceptional item of ₹252.56 crore (due to reversal of business liability combination and UK divestment), whereas for fiscal year 2020, there was loss of ₹81.05 crore (due to impairment loss and other charges) [Refer note 37 of financials]

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 & exceptional items/Net sales
Net profit margin (%)	Profit after tax/Net sales
Return on net worth (%)	Profit after tax/Equity

B. Internal control systems and their adequacy

We have implemented an internal control framework to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded, and reported correctly. The framework includes Internal Financial Controls over Financial Reporting, which provides reasonable assurance over the integrity of financial statements of the company and reduces the possibility of frauds. Our Corporate Audit and Assurance department issues well-documented operating procedures and authorities with adequate built-in controls 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 their design and operating effectiveness, across all our locations and functions by the Corporate Audit team, control failures 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 that 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.