Other Disclosures

A. Key financial ratios

	Standalone		Consolidated	
	FY 20-21	FY 19-20	FY 20-21	FY 19-20
Debtors turnover ratio	22.62	16.28	10.12	8.02
Inventory turnover ratio	9.19	8.42	6.40	6.03
Interest coverage ratio	64.36	23.97	17.15	8.75
Current ratio	1.55	1.20	1.08	1.06
Debt equity ratio (including financial liabilities)	- 0.01	0.05	0.06	0.32
Operating profit margin (%)	25.78%	25.92%	20.27%	20.17%
Net profit margin (%)	19.58%	21.82%	15.74%	15.23%
Return on net worth (%)	19.25%	22.86%	18.23%	18.95%

Reasons for change in standalone ratios

- Debtors turnover improved due to lower receivables (₹276.5 crore in CY vs ₹329.4 crore in LY) and better sales (₹6,254.3 crore in CY vs ₹5,474.5 crore)
- Interest coverage ratio improved due to lower bill discounting charges in CY (₹9.87 crore in CY vs ₹29.4 crore LY)
- Current liabilities have reduced due to lower trade payable in the current year (₹949.6 crore in CY vs ₹1,243.14 crore in LY)
- Return on net worth has reduced due to accumulation of profits in the current year

Reasons for change in consolidated ratios

- Debtors turnover improved due to lower receivables (₹1,004.5 crore in CY vs ₹1,157.25 crore in LY) and better sales (₹10,936.01 crore in CY vs ₹9,826.51 crore)
- Interest coverage ratio improved due to lower bill discounting charges in CY and repayment of borrowings
- Debt equity ratio has changed to 0.06 from 0.32 in the past year due to repayment of borrowings and payment of liabilities for business combinations

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 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 are 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.