Other Disclosures

A. Key financial ratios

	Standalone		Consolidated	
	FY 21-22	FY 20-21	FY 21-22	FY 20-21
Debtors turnover ratio	23.34	22.18	11.48	10.12
Inventory turnover ratio	9.13	9.02	6.33	6.40
Interest coverage ratio	199.83	53.71	19.11	16.22
Current ratio	2.62	1.55	1.43	1.08
Debt equity ratio	-	0.00	0.14	0.19
Operating profit margin (%)	24.90	26.50	20.47	22.34
Net profit margin (%)	21.69	19.96	14.65	15.74
Return on net worth (%)	18.84	19.25	15.43	18.23

Reasons for change in standalone ratios

- Interest coverage ratio: Finance cost decreased from ₹24.81 crore in LY to ₹7.87 crore in CY
- Current ratio: Current assets have increased due to an increase in deposits with banks and NBFCs (₹309.74 crore in CY vs ₹20.93 crore in PY)

Reasons for change in consolidated ratios

- Current ratio increased from 1.08 to 1.43 on account of increase in current assets driven by inventory and financial assets and reduction in current liabilities driven by decrease in financial liabilities
- Debt equity ratio changed to 0.14 from 0.19 due to the repayment of borrowings

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 after tax + finance cost + depreciation and amortisation expense + profit/loss on the sale of fixed assets/Finance costs
Current ratio	Current assets/Current liabilities
Debt equity ratio (including financial liabilities)	Non-current + current borrowings/Total equity
Operating profit margin (%)	Profit before depreciation, interest, tax, exceptional items and foreign exchange gain or loss less other income/Total revenue from operations
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 keep track of any major changes both at the beginning of any activity as well as during the process.

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.