

Further, the Group has acquired 70% equity stake in TSE Engineering Pty. Ltd (TSE), a company in South Africa with effect from March 1, 2022 at a price consideration of ₹ 57.65 million. With the said acquisition, TSE has become a step-down subsidiary of the Company from that date. Accordingly, TSE has been consolidated on a line-by-line basis in the consolidated financial statements from March 1, 2022.

**Headline figures for consolidated financial statements duly compared with standalone are provided hereunder:**

(₹ in Million)

	Financial Statements	
	Consolidated	Standalone
1. Revenue from operations	8,522.4	8,113.7
2. Profit before tax	3,647.9	3,397.3
3. Share of income of joint venture	(42.4)	-
4. Profit after tax	2,702.0	2,495.0

**RISK MANAGEMENT POLICY AND INTERNAL FINANCIAL CONTROLS**

Pursuant to 2nd amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2021 w.e.f. May 5, 2021, the Company revised and implemented its new Enterprise Risk Management (ERM) Framework & Policy. The ERM Framework & Policy was discussed with the Board of Directors and adapted in July 2021. The updated policy not just fulfilled the requirements of the amended SEBI Regulations, but also aligned with ISO 31000:2018 and COSO ERM framework. The policy framework aims at integrating with activities and processes of the Company, to align with strategy and governance practices. While doing

so, most impactful risks are kept in focus. Risk-based thinking is encouraged at all levels of management and decision-making, in order to respond to dynamic nature of events around the business. The pandemic years of 2020 and 2021 demonstrated clearly a need to build resilient business processes, in order to achieve targeted business results despite uncertainties. While the management of the Company works on the best possible information available at the given time, it also endeavours to improve continually through learning and experience. At the operational level, the head of each business function owns the risks, reviews on regular intervals to plan and execute the risk mitigation aspects in a structured manner. This structured and comprehensive approach to enterprise risk management also accounts for human behaviours and cultural factors to ensure that the risk management policy and framework are regularly reviewed to assess and maintain its effectiveness and relevance.

As required under Section 134 (5) (e) of Companies Act, 2013 and integrated with the risk management framework, Internal Financial Controls System has been laid out which comprehensively deals with and elaborates financial controls, financial reporting and timely preparation of reliable financial statements. Additionally, clearly defined delegation of authority, policies and procedures for efficient conduct of the business, operating and financial controls have been put in place to safeguard the assets, identify and minimise leakages and wastages, and to detect and prevent frauds and errors. There is an inbuilt mechanism through self-certification, periodic testing and internal audit to ensure that all controls are working effectively.

**KEY FINANCIAL RATIOS**

Ratios	FY22	FY21	Change %	Remarks
Debtors Turnover	9.63 ↑	7.06	36.4	Debtors turnover is higher due to increased turnover and lower average trade receivables.
Inventory Turnover	3.04 ↑	2.25	35.4	Inventory turnover is higher due to increased turnover and better supply chain management.
Current Ratio	2.15 ↓	2.17	(1.0)	Current ratio is lower due to higher advances from customers for orders.
Return on Equity	36.59% ↑	16.26%	125.0	Return on equity is higher due to exceptional income earned by the Company during the year.
Operating Margin (EBIDTA/Sales)	21.15% ↓	22.88%	(7.53)	Operating margin is lower due to change in sales mix.
Net Profit Margin (PAT/Sales)	30.75% ↑	12.73%	141.5	Net profit ratio is higher due to exceptional income earned by the Company during the year.

↑ Indicates favourable ratio movement from previous year      ↓ Indicates adverse ratio movement from previous year

- The calculation of above ratio is accordance with formula prescribed by Guidance note on Schedule III issued by The Institute of Chartered Accountants of India.
- Debt-Equity ratio and Interest Coverage ratio has not been disclosed above since the Company is debt-free as on March 31, 2022.