

# SOS Governance Ratings System

**CREAM Ratings - Corporate Governance, Risk Management, Earnings, Accounting Quality, and Management Quality.**

# CorporateMOM

Corporate Management Orbiter Mission





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"superb, is copyleft not copyright! I shall adopt it for my IPR SOS (Subject Object Self) Governance Rating System. Highly inspiring play from young kids, but Reverse Mentors of the day"

<https://bit.ly/3Yrsw2r>



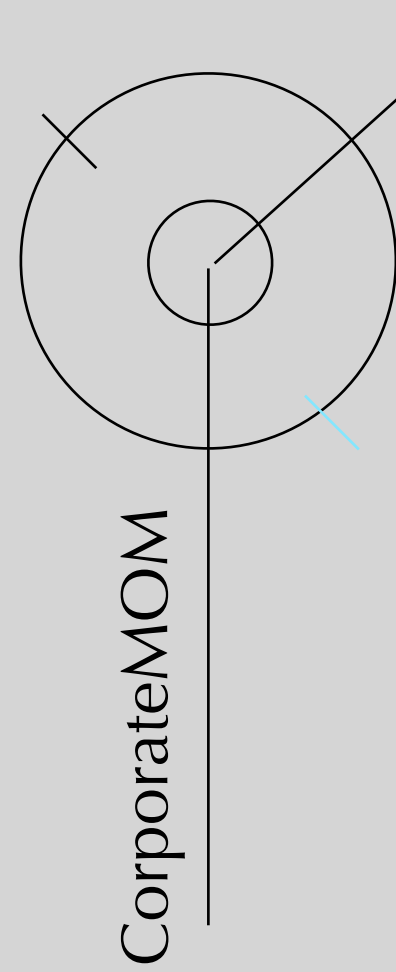
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SOS Governance Ratings System

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Seeking SEBI - RBI Approval for SOS [Subject - Object - Self] Governance Rating System

## Seeking RBI - SEBI Approval for SOS [Subject - Object - Self] Governance Rating System

**1. RBI - SEBI Approval:** I herewith submit to RBI - SEBI for Approval of my proposal on the SOS [Subject - Object - Self] Governance Rating System. I am 81, hale and hearty, a Chartered Accountant, and a Research Scholar. I am mindful of taking a fresh rating system to India's Regulatory Authorities for my empirical research study of corporate shows [warrants] a great demand from companies.

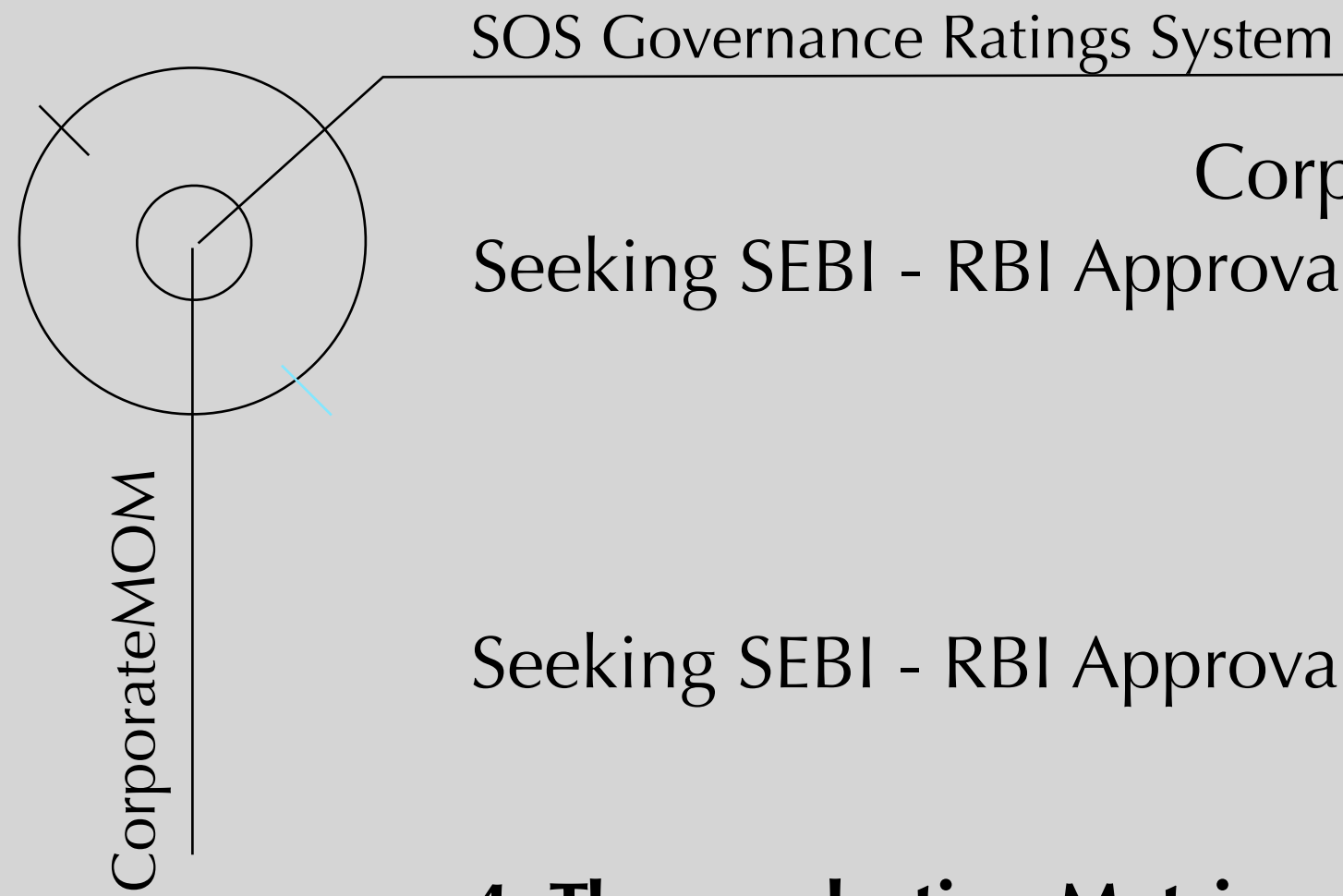
**2. IBCM:** My IPR is IBCM - Inactivity-Based Cost Management. Activity has a cost incidence whereas Inactivity is a Cost Consequence. Measure Cost Consequence, Now, Now, Now. That's the main theme.

**3. FEC Report:** I aim to bring the FEC - [Fiscal-Ethical-cum-Co-Responsibility] Report as a mandatory framework for every company. In our normal parlance, the Balance Sheet of SOS [Subject-Object-Self] Governance matches individuals' actions and inactions to work performance. This is applied with the advent of the SOS Governance Standards Rating System.

FEC Report Analytics consists of 200 process blocks, 12 Quantitative and 188 Qualitative elements of Management. SOS [Subject - Object - Self] Governance Rating System MEASURES the qualitative elements also.

This is made feasible by sciences incorporated for Corporate Management - Physics, Quantum Physics, and Metaphysics. The essence of an FEC Report is the sustainability of the value system within each company.





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### Corporate Management Orbiter Mission

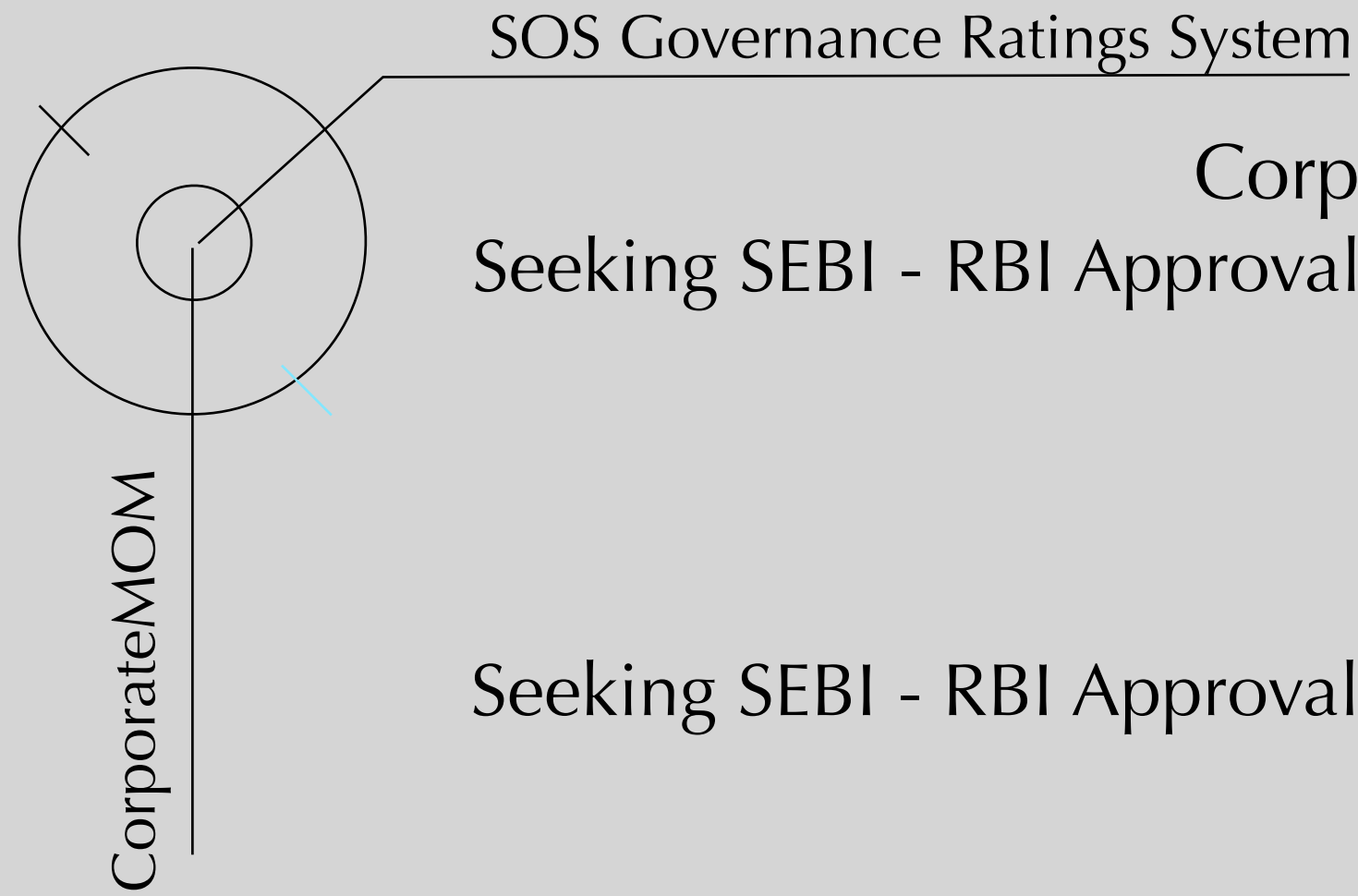
Seeking SEBI - RBI Approval for SOS [Subject - Object - Self] Governance Rating System

Seeking SEBI - RBI Approval for SOS [Subject - Object - Self] Governance Rating System

**4. The everlasting Metrics and Benchmarks:** The everlasting metrics bring the necessary measuring device and the everlasting benchmarks, set targets for growth, from nature. Everlasting metrics and everlasting benchmarks are a great boon for Regulatory Authorities, to track performance by SOS Governance DD 2030.

**5. Corporate ODI:** For example, since March 2020, over two-plus trillion euros in climate bonds have been issued and financed through European Union climate bonds, necessitating ESG Ratings phenomena. Not ex-post-facto but ex-ante that SOS Governance DD delivers by MeRIT - Measure, Record, Implement, and Track. Corporate ODI is setting targets for Strategy Plan 2030, CAGR and CARR [Reduction Rate] are tracked daily with CDGR and CDRR.

**6. Company Ratings linked to people performance:** However, the Rating of companies is linked to the performance ratings of individuals within a company. Still, consolidating SOS [Subject-Object-Self] Governance ratings matching individuals' actions and inactions to work performance completes the Index of Inactivity of process areas to the Index of Inactivity of the resource area. There is only one resource which is the pulsating energy of people.



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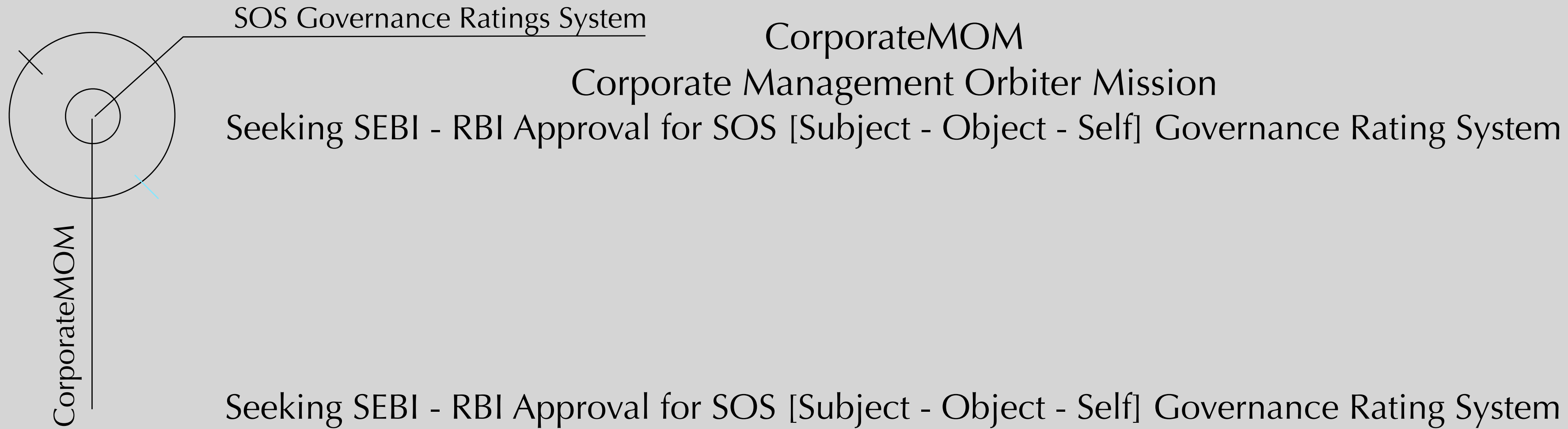
Seeking SEBI - RBI Approval for SOS [Subject - Object - Self] Governance Rating System

**7. Sengol:** Rule expresses the truth and justifies our conduct. We have rules but no company justifies the conduct of its people. That is the critical area of knowledge database companies find themselves empty of. The New Parliament gets Sengol - scepter not to rule but to justify our conduct. It is systematically done with the work that brings Nari Shakti as women empowerment to measure and certify ethical and co-responsibility.

**8. Volkswagen case study:** My book analyzes the case study of Volkswagen. Taking the case study of Volkswagen the causality of corporate stability to instability, the stable and unstable conditions are extensively reviewed. Volkswagen is a good study highlighting how fiscal responsibility is essential for corporate stability but sustaining it on a longer-term, ethical-cum-co-responsibility factors are critical.

**9. Women Empowerment:** The study concludes the critical area of ethical -cum- co-responsibility is dependent on Women Empowerment.

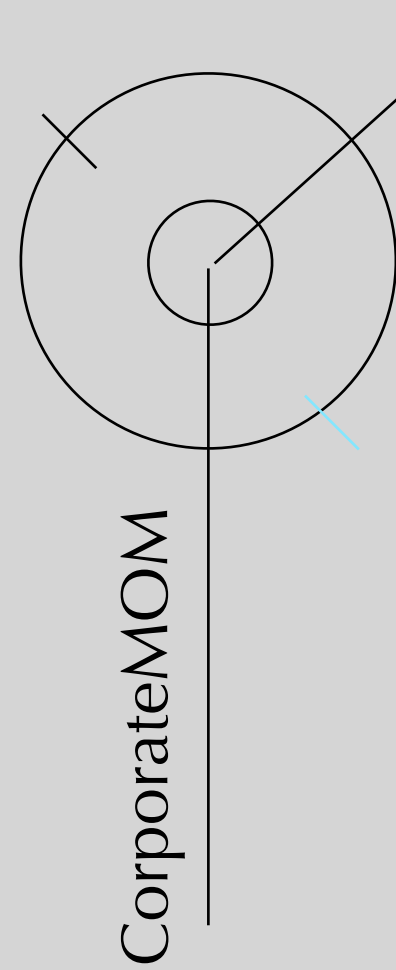
**10. CREAM Ratings:** SOS Governance is being applied in CREAM Ratings. CREAM is for Corporate Governance Risk Management, Earnings, Accounting Quality and Management Quality.



**11. HUL CREAM Ratings:** HUL Ratings rated from 2007 to 2019, of 170 open-ended process blocks of qualitative and quantitative Corporate Management Operating System, give an interesting study. The empirical research study, of HUL by CREAM Ratings shows the trend more meaningful and insightful than a P&L and Balance Sheet analysis.

**12. Mandatory Grading for IPOs (SEBI):** It was a brilliant move by Mr. Damodaran to introduce mandatory grading for IPOs in 2007. "It is Sebi's intention to press ahead with the introduction of the mandatory grading exercise." But the intentions could not be transformed into a practice of management as it lacked the necessary theory of management. My two books: 1. Corporate Citizenship and Sustainability, with the subtitle Measuring Intangible, Fiscal, and Ethical Assets, is the Theory of Management; 2. CorporateMOM—Sustainability of Corporate Stability, is the Practice of Management, resolving the problems that the mandatory grading had to be discontinued, despite Damodaran mentioning, "The measure... is being decried in the hope that it would be discontinued."





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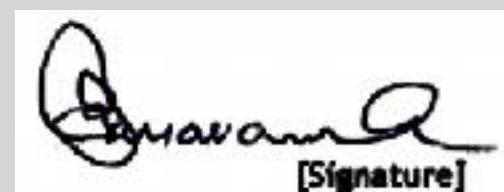
Seeking SEBI - RBI Approval for SOS [Subject - Object - Self] Governance Rating System

**13. National Grid of Governance:** Several of my research papers that I shall make available to you for furthering my proposal to get your approval for the SOS [Subject - Object - Self] Governance Rating System. Research papers include how to develop from the bottom to the top, from companies to India's 806 districts GDDP, then GSDP, GDP, and GNH - Gross National Happiness Index. Integrating GDP-GNH is crucial to tracking societal changes. National Grid of Governance is feasible.

**14. RBI-SEBI Approved Rating System:** I contend that rating agencies mentioning RBI-SEBI Approved Rating Agency is a misnomer. RBI-SEBI Approved Rating System would facilitate many certifying agencies to certify the rating system that individuals or companies or firms can get trained in. In that respect, Governance DD is more crucial than Fin DD or Vendor DD.

**15. ABC of SOS Governance Standards:** Auditing, Banking and Companies are yoked together but rated independently.

Yours Truly,



[Signature]

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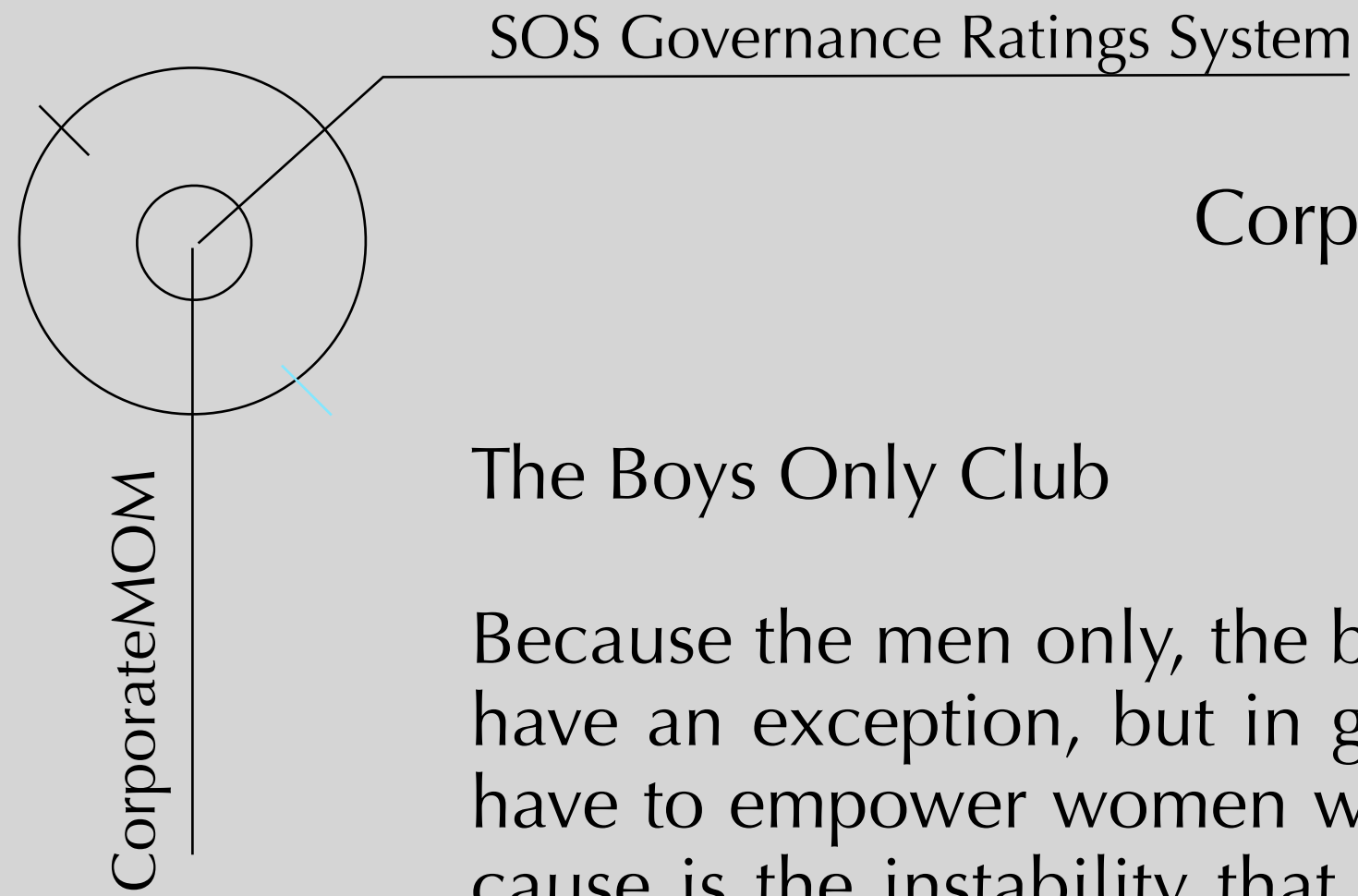
## CREAM Ratings

Hello friends, another good one from CorporateMOM's stable. This is about company SOS Governance Ratings. I'm here introducing how it is going to be the rating system for a company as a whole. SOS Governance is being applied in CREAM Ratings that is CREAM is for Corporate Governance Risk Management, Earnings, Accounting Quality and Management Quality. Here I emphasize in this particular episode, episode number 55 actually, on women empowerment, introducing that because I feel women empowerment is going to be the most important thing how to go about it.

## Nari Shakti - Women Empowerment

Prime Minister Modi has been mentioning quite often about the Nari Shakti, Shakti is the energy force. That energy force Shakti whether men or women are not being fully utilized, I have made it very clear in my book, the amazing capability of individuals, the men or women, we are not utilizing it all. But what is very important is to apply what is required, particularly the value system that we are looking at to the most important, most capable persons in our corporate entity are the women. I mean this particular area of value system, sustainability of value system, they are very capable, then the growth pattern for the companies are going to go in an amazing manner.





## CorporateMOM Corporate Management Orbiter Mission

### Company Ratings - An Introduction A Transcript

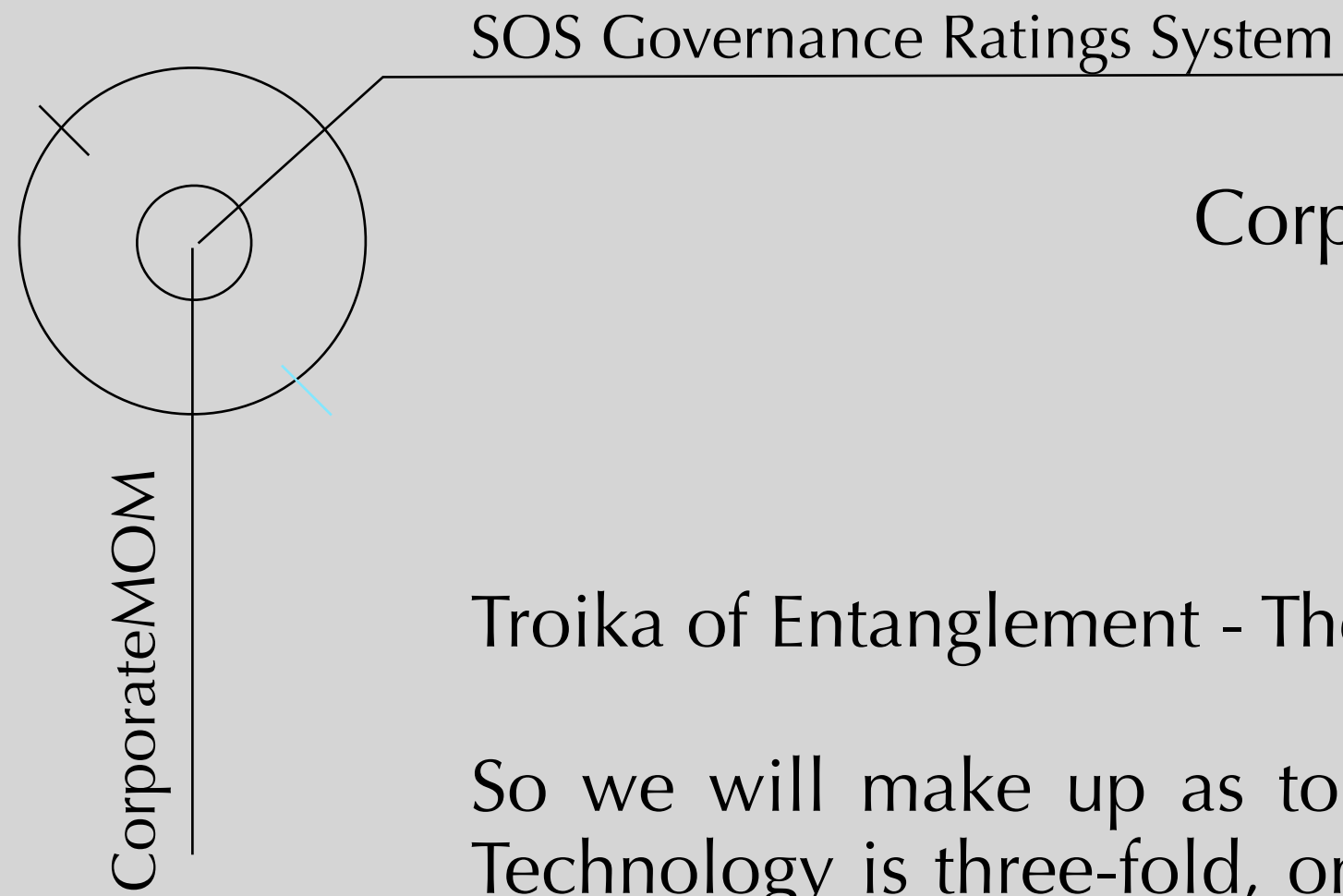
Because the men only, the boys only club have been not good at handling the, I mean in general, you can have an exception, but in general they have mistimed all their opportunities. So this is the time that we have to empower women with the interesting value system within a particular company. What is the root cause is the instability that is happening to the companies, or as we know, whether it's SVB or a GE or various companies which have been handled very badly. So women empowerment I am making a mention and giving an introduction.

### Project ELITE - SOS Governance

I am also bringing Project ELITE, CREAM Technology Architecture. The 17 SDGs are trifurcated to three pillars of 9 social, 4 Environmental and 4 Economic Development goals. The intention is to bring everything under one single canopy. I mean we are looking at the balance sheets and P&L Account, I mean beyond that, SOS means Subject, Object, Self, Governance. Object part of it is what we are looking at, that is only P&L and Balance Sheet. Here we are expanding, this is very important that we introduce this framework, SOS framework which I am doing it. And then I am expanding on the process blocks.

### Process Blocks - Quantitative and Qualitative

As I have been telling is that those who are following my previous post on CREAM Ratings. For the CREAM Ratings, we require more than 200 process blocks are there, about 188 are Qualitative and 12 only are Quantitative. I am bringing here 170, 12 Quantitative and about 158 Qualitative elements of management as being structured.



## CorporateMOM Corporate Management Orbiter Mission

### Company Ratings - An Introduction A Transcript

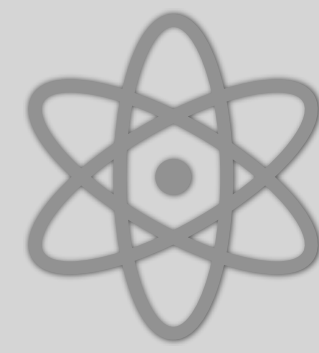
Troika of Entanglement - The Board, The CEO & Workforce and Society.

So we will make up as to what is required for the Board because the structure being given by IBCM Technology is three-fold, one is the Board of Directors, one is the CEO and workforce, and the third and the most important is the Society. So that is being analyzed, making it convenient in the same manner, utilizing three different things like physics, Corporate Atomic Structure, then you have metaphysics, which is the most important thing, and how the people is energy force, metaphysics is energy force. And here the quantum physics is a combination between antimatter and matter, and how the matter and energy is being utilized. And that is very interesting. It is scientifically brought to the management operating system.

### Constructive Collaboration

That is what I try to do. And it becomes simple. Once these 200 process blocks are being measured, what gets measured, gets managed. We are not able to manage it. That is very clear about it. So I have indicated in my previous post, and I thank a lot. A lot of the big firms, I have, say, auditing, consulting and IT firms. I would like them to, my expression of interest, I am bringing it here, for constructive collaboration. We require an amazing number of people to adopt this SOS Governance Rating Standards to their own companies, the most important of the companies, as well as their clientele. So this is my request, have a look, and let's collaborate, a constructive collaboration.





## Women Empowerment - An Intro MeRIT - Measure, Record, Impelement and Track

Women Empowerment is designed to make you understand and make sure each woman is empowered. And your status, be measured, recorded and tracked throughout one's journey in your development in all the three spheres of influence, from an intern to a CEO to Chairman Emeritus.



<https://jayaribcm.files.wordpress.com/2021/06/pexels-photo-5717641-1.jpeg>

The most important aspect of this exercise is to develop a strategic advancement in the organization one works for, extending your spheres of influence to every other 16 SDG Development Goals. This will bring you the confidence and be aware of the responsibility for leadership at all levels of decision making leading in each of the 17 SDG Development Goals.



<https://jayaribcm.files.wordpress.com/2022/04/pexels-photo-8190804.jpeg>

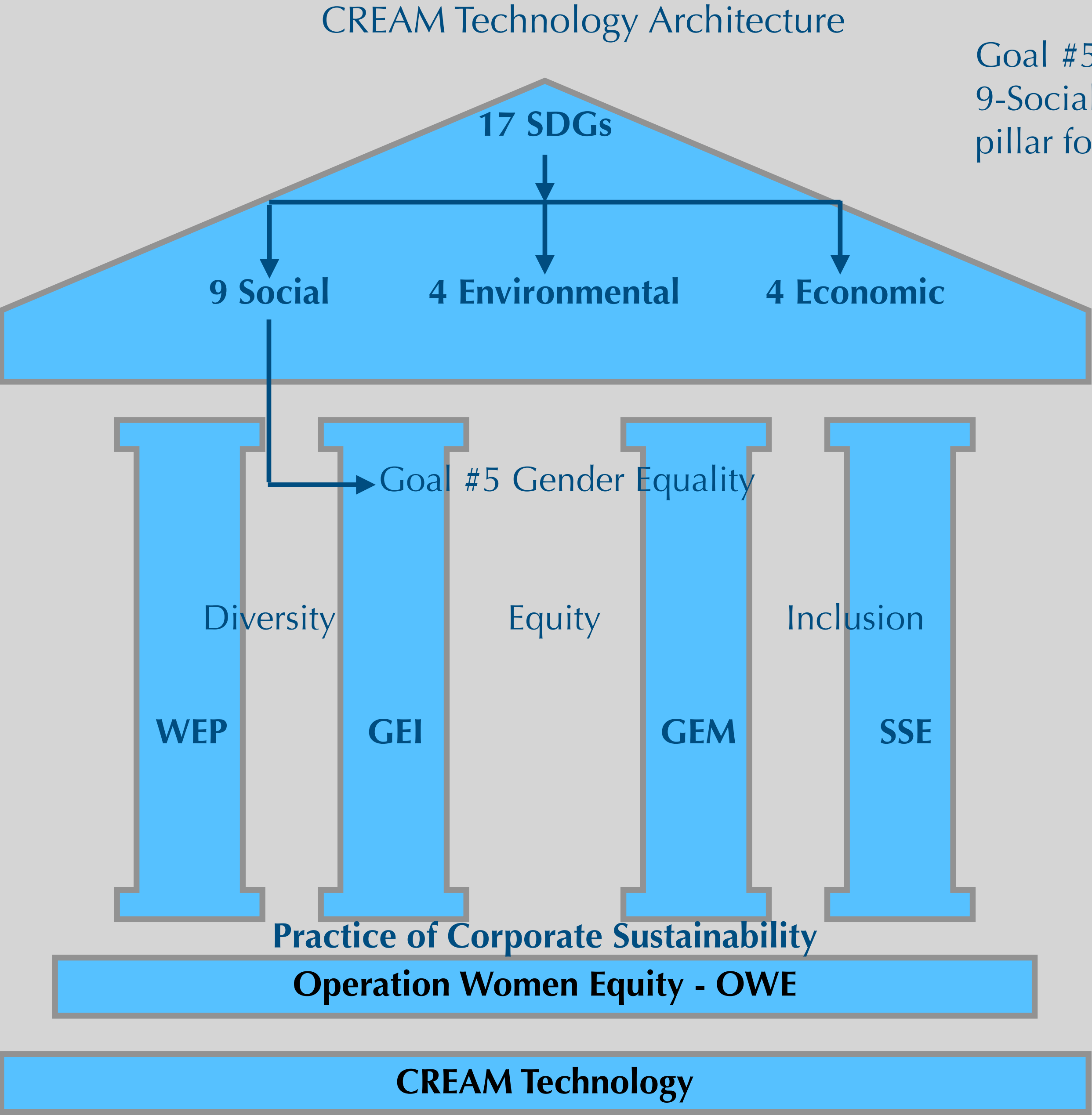
CREAM is an acronym for: Corporate Governance, Risk Management, Earnings, Accounting Quality, and Management Quality.

Book Extract  
CorporateMOM

The 17 SDGs are trifurcated to 3 Pillars of - 9 - Social, 4- Environmental and 4- Economic Development Goals.

DEI is explained, *vis-à-vis* the 4 main techniques used by different organizations. Women’s Empowerment Principles [WEP], Gender Equality Index GEI , Gender Equity Model (GEM), Sustainable Stock Exchanges - SSE.

What are they? How do they gel with Goal #5 - Gender Equality.



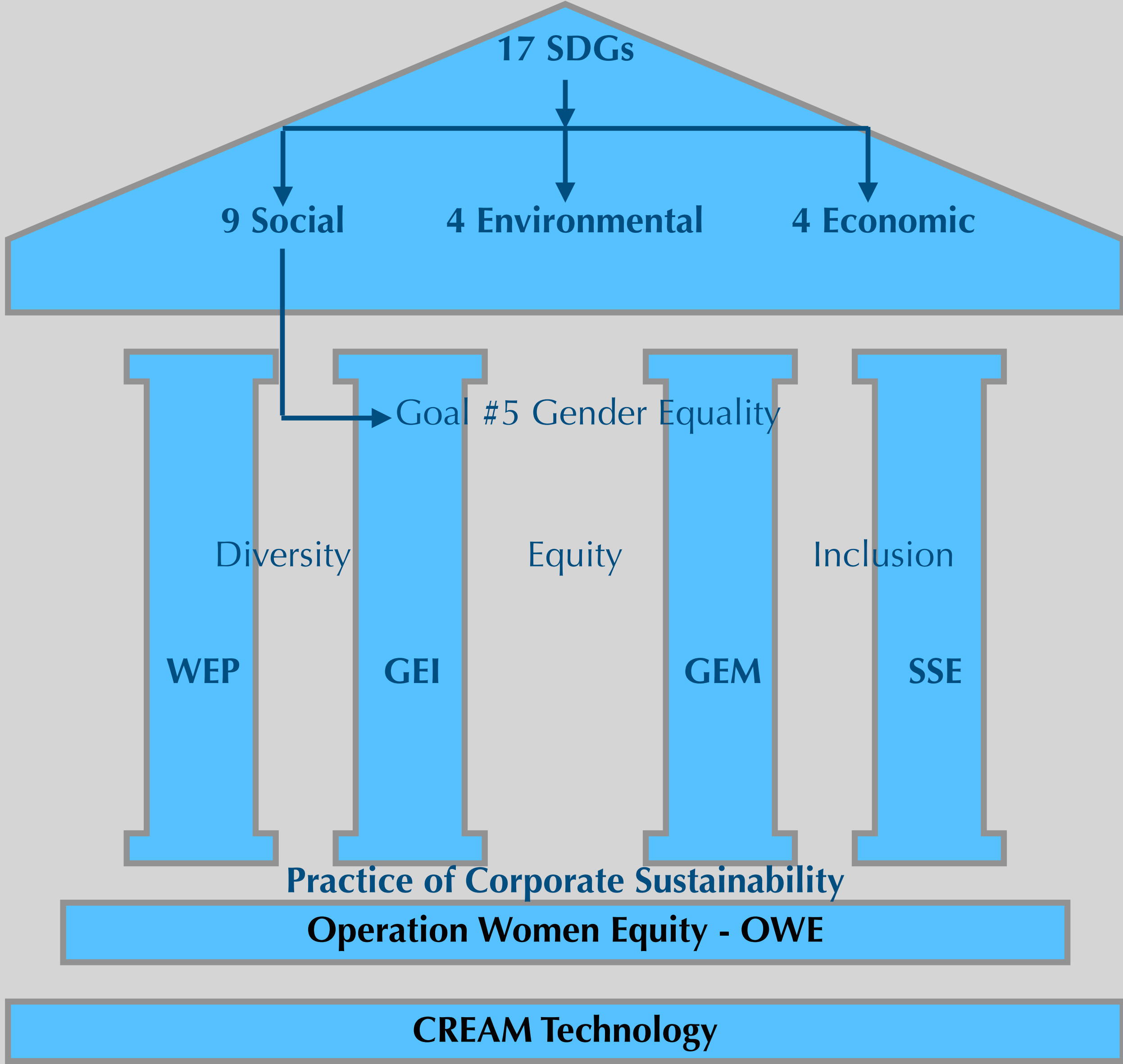
Goal #5 - Gender Equality - is part of the 9-Social pillar. Will remain the main pillar for the entire 17 SDGs.

Based on which Corporate Sustainability Report is prepared wherein Operation Women Equity [OWE] is the principal mover. The entire 17 SDGs depend on the success of OWE.

CREAM Technology Measures, Records, Tracks the main beneficiary of the 17 SDGs - a Woman, every one of them- by Women Equity.



Project ELITE - Women Equity  
Education, Learning, Implementation, Training, Execution



Education

Rule expresses the truth and justifies the conduct.

WEP, GEI, GEM, SSE are suggested rules or policies to follow, set by different agencies like UNCTAD or Bloomberg or World Bank.

Justify the conduct is to ensure there is no policy accidents or policy politics.

1. Education

Women Equity is the resultant measurement of women empowerment.

In a company of say 1 million workforce, if 30% are women, then 300k women equity is obtained.

That's the knowledge base of women equity for a single company. That knowledge base is the goal of ethics.

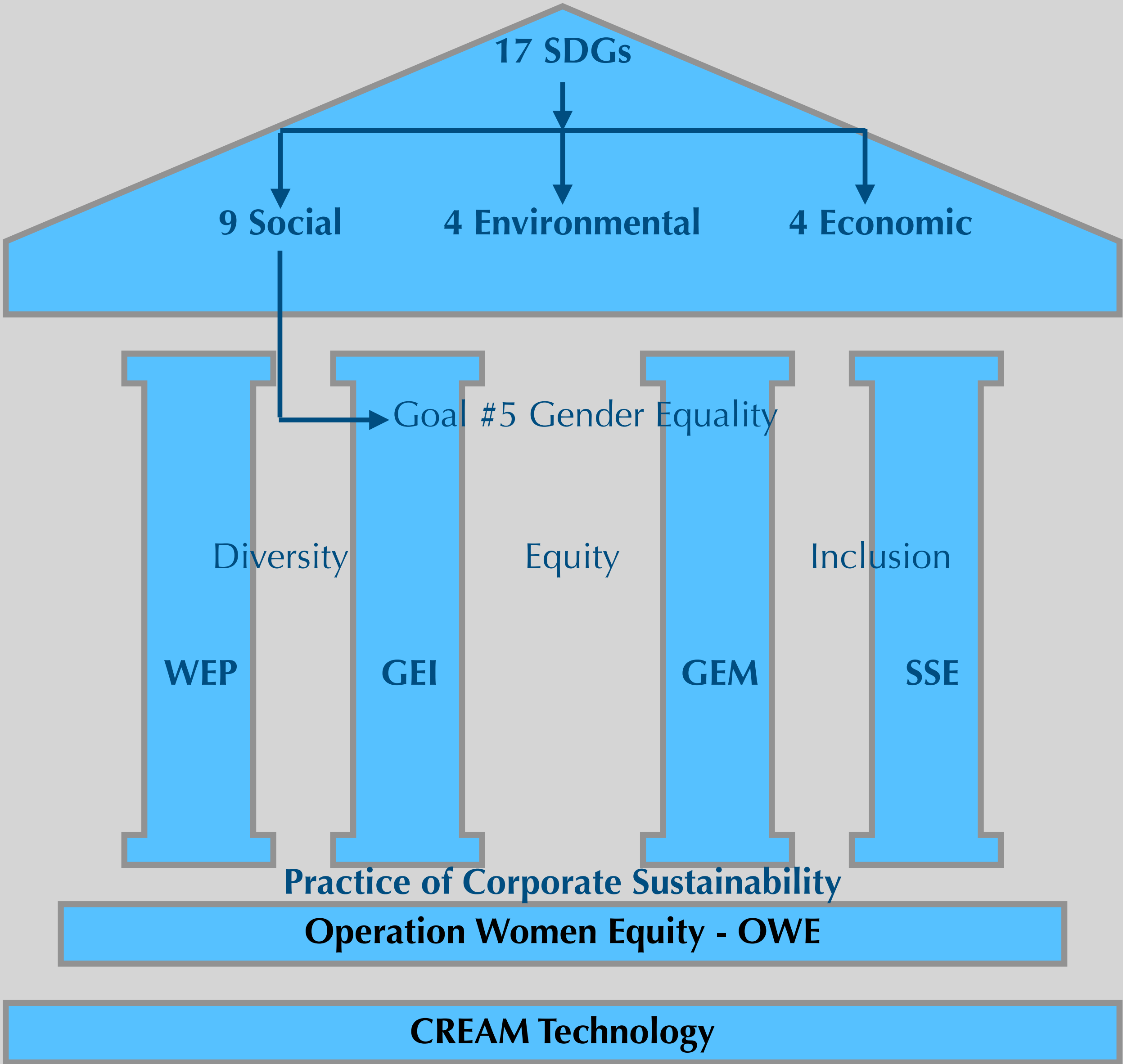
Imparting this knowledge is the Education CREAM Technology provides.

Project ELITE - Women Equity  
Education, Learning, Implementation, Training, Execution

Learning

The pulsating energy of an individual, with the amazing capabilities, as the pivotal energy force, with a fixed value in a specified mathematical context, enables the accomplishment of an infinite succession of finite purposes by controlling each goal.

Understanding the concept of three Laws: Matter, Energy and antimatter and its application to corporate management operating systems is crucial.



What is crucial for learners is to bring the abstractions into reality, acknowledge value where value is due, and deconstruct what is valueless.

That is the new form of capitalism, ethically, morally, and fairly implemented. Women Equity will be the Principal mover toward this direction.

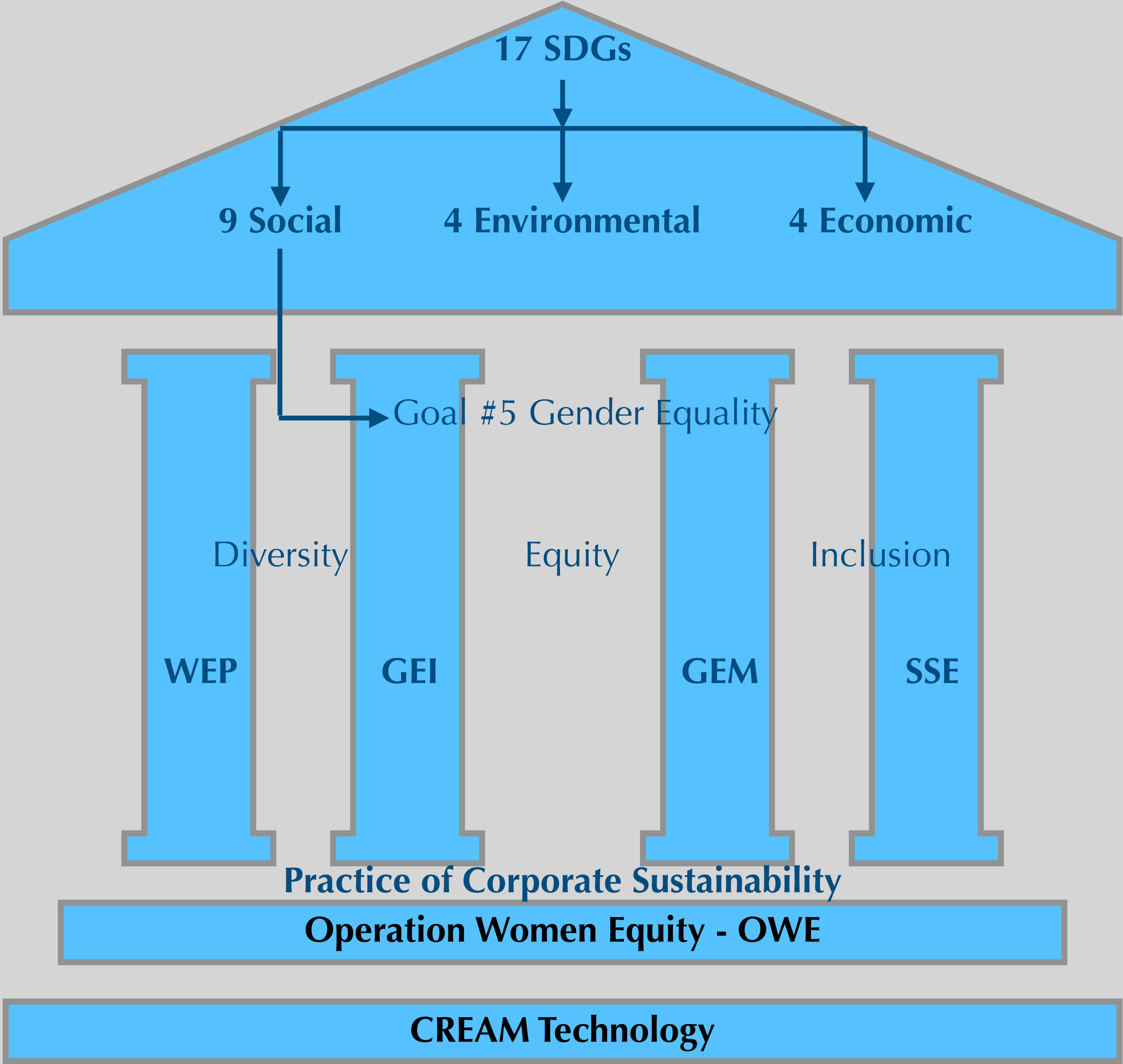


Project ELITE - Women Equity  
Education, Learning, Implementation, Training, Execution

Implementation

Make use of the skills you gain by constructing a Corporate Management Operating System within your organization.

The science of metaphysics is a compelling subject for corporate managers. Practice of Corporate Sustainability begins here. Pins to planes, Android to Windows we have operating systems, how to bring about one for the individuals?



Understanding the concept of three Laws: Matter, Energy and antimatter. Its application to corporate management with a common denominator Intangible.

Pinpointing the areas where Matter is Energy waiting to happen, thereby identifying NPAs, facilitating the preparation of an Index of Inactivity by each individual and by each process block becomes the pivotal governance standard for Corporate Management Operating System.

Project ELITE - Women Equity  
Education, Learning, Implementation, Training, Execution

Training

Convert Women Equity to Brand Equity, by way of training others within your area of influence.

After women suffrage came in to play what happened next? Nothing absolutely nothing.

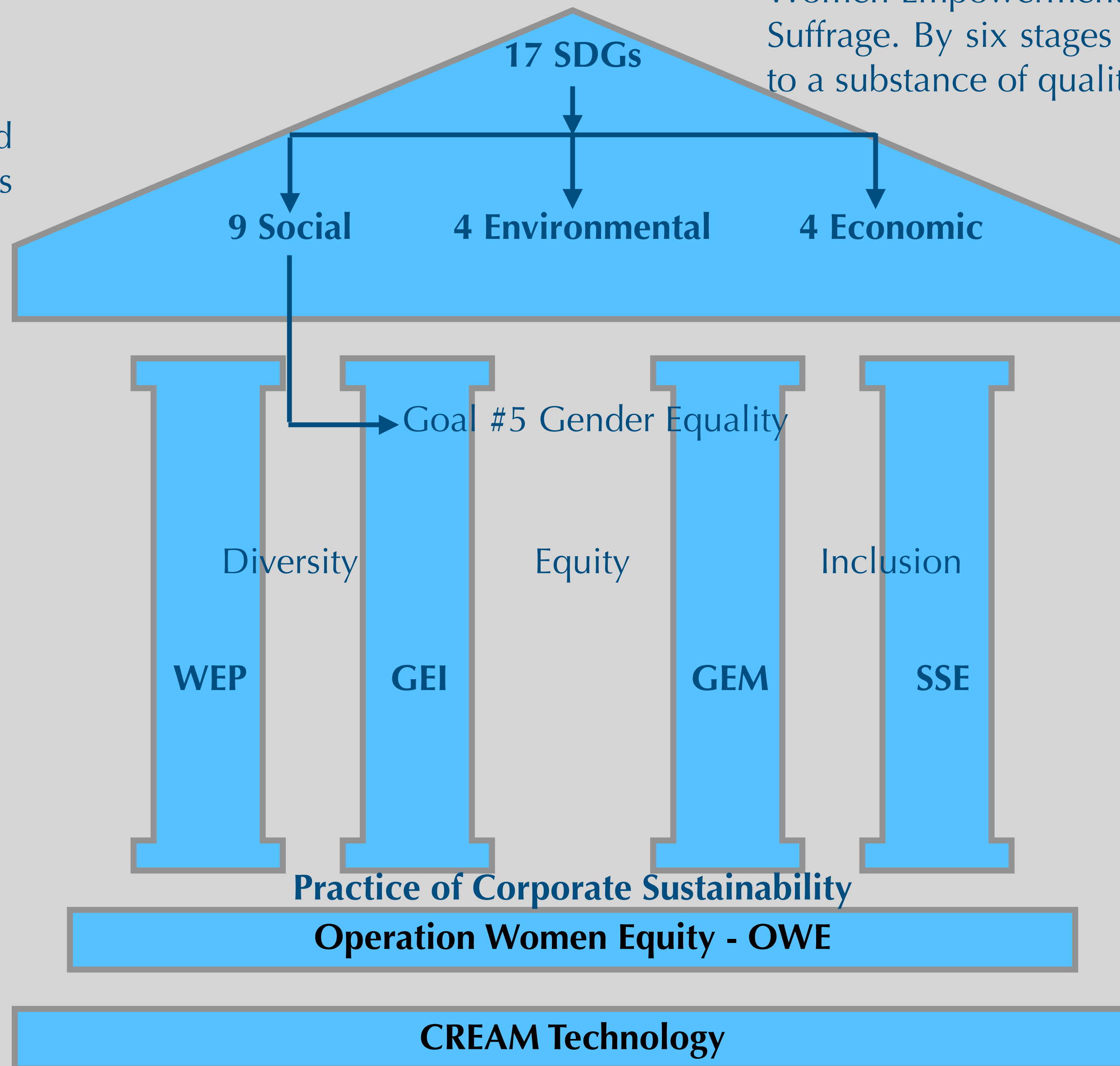
Women Empowerment would be the same if you as an individual do not take it forward. Women Empowerment is the first step by which power is conferred, then CREAM Technology specifies the way forward with good governance to give that power stability.

Women Empowerment enters at this stage the domain of Gender Equality.

Women Equity is the stabilizing factor for the organization you are associated with.

Women Empowerment is an idea, just as it was for Women Suffrage. By six stages of transformation the idea is carried to a substance of quality.

Strategy Plan 2030 shall specify the organizational growth projected, of qualitative as well as quantitative elements of management, with a clear identification of Women Equity.



Then Measure, Record and Track Women Equity converting CAGR to CDGR - Daily growth Rate. CARR to CDRR Daily Reduction Rate. That's to say, Construct Value and Deconstruct Valueless. Lead from the front to occupy a seat in every task envisioned in the Strategy Plan 2030.



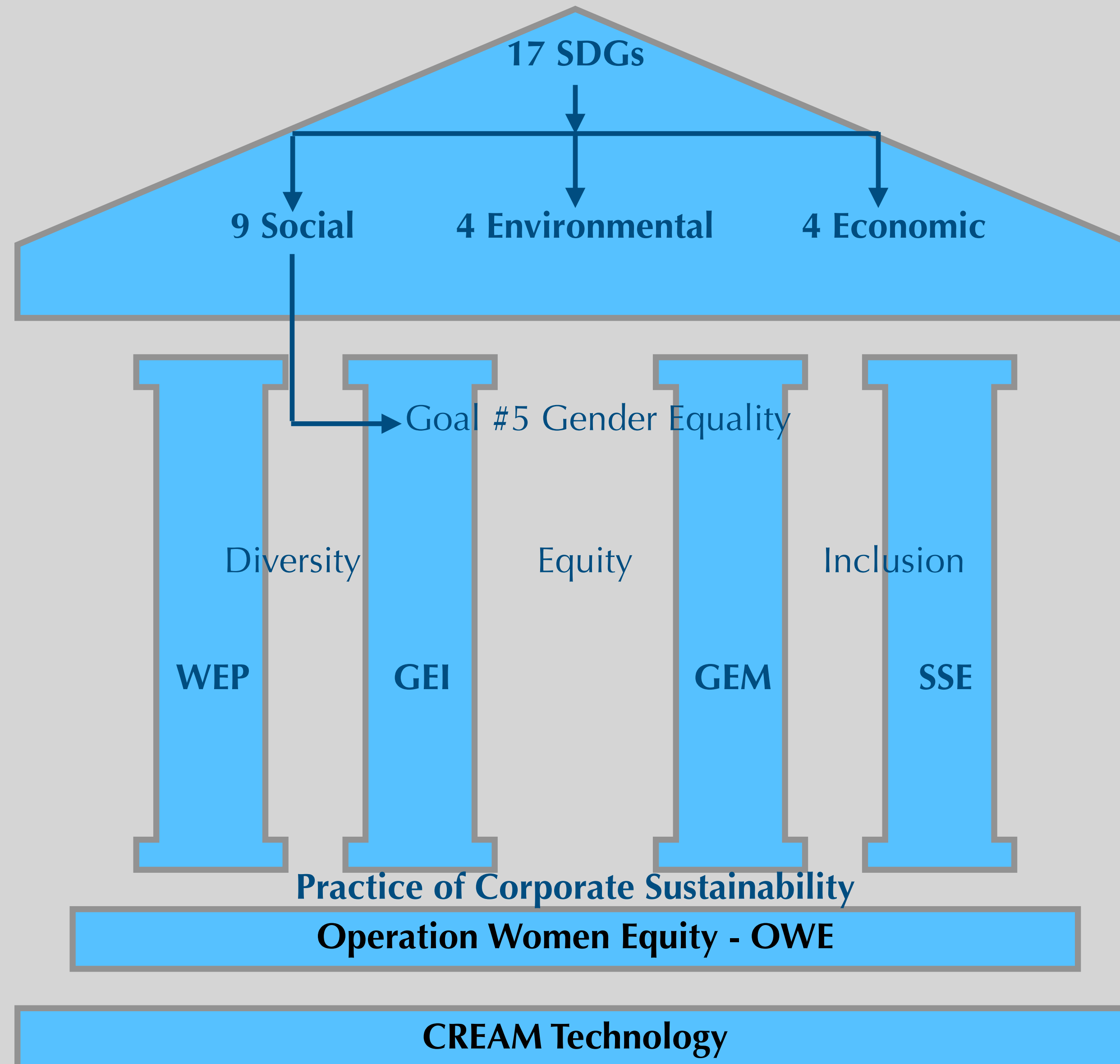
## Execution

"leadership at all levels of decision making in political, economic, and public life"

The most difficult part of the entire exercise is the preparation of Strategy Plan 2030 for the organization they work for.

That's the creative process. Women Suffrage once obtained what did the women get? Nothing. That's because they didn't have a plan to start with and thereby no plan of action to follow.

## Project ELITE - Women Equity Education, Learning, Implementation, Training, Execution



DO NOT come out of the last stage without a proper Strategy Plan 2030 for Women Equity. Strategy Plan 2030 empowers you, now get it executed.

Women Equity is a capability Model. Strategy Plan 2030 is of Gender Equality. Tasks are assigned irrespective of one's gender but of one's capability.

Be ready to take the challenge identifying where Women in general are superior to men in an organization.

# Open-ended Process Blocks

Process Blocks: **MANAGEMENT QUALITY:**

**1.0.1: The Board of Directors:**

1.0.1.1: Ethical Responsibility

1.0.1.2: Fiscal Responsibility

1.0.1.3: Composition

1.0.1.4: Appointment & Tenure

1.0.1.5: Board Independence

**1.0.1.6: Board Business**

1.0.1.6: 1. Progress - Company’s annual plan and operating framework

1.0.1.6: 2. Strategies – Resource Allocation

1.0.1.6: 3. Reviewing Financial Plans

1.0.1.6: 4. Business Performance

1.0.1.6: 5. Review of the Annual Report and accounts

1.0.1.6: 6. Functions And Businesses Of The Company

1.0.1.6: 7. Reviewing The Functioning Of The Board And Its

Committees

1.0.1.6: 8. Reviewing The Functioning Of The Subsidiary Companies

1.0.1.6: 9. Considering And Approving Declaration / Recommendation Of Dividend;

1.0.1.6: 10. Reviewing Dangerous occurrences, Environment, Labour Issues

1.0.1.6: 11. Development In Human Resources And Industrial Relations

1.0.1.6: 12. Reviewing Foreign Exchange Exposure

1.0.1.6: 13. Compliance

1.0.1.6: 14. Board remuneration policy and individual remuneration packages of Directors

1.0.1.6: 15. Corporate Restructuring

1.0.1.6: 16. appointing Directors on the Board and Management Committee

1.0.1.6: 17. Reviewing Corporate Social Responsibility

1.0.1.6: 18. Risk Evaluation And Internal Controls

1.0.1.6: 19. Progress On The Ongoing Projects

**Ratings: 1.0.6. Board Business**

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Board Support –

1.0.1.7: Ethical and Fiscal Responsibility

1.0.1.8: Independent Directors’ Meetings

1.0.1.9: Board Induction and Training

**Ratings: 1.0.1: The Board of Directors**

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**2.0.1: Audit Committee:**

2.0.1.1: Independent Audit Committee

2.0.1.2: Financial expertise

2.0.1.3: Overseeing the Company’s reporting process

2.0.1.4: External Auditors

2.0.1.5: Reviewing Quarterly/Annual Financial Results

2.0.1.6: Reviewing Annual Financial Results of the subsidiary companies

2.0.1.7: The Adequacy Of Internal Control Systems

2.0.1.8: The Adequacy Of Internal Audit Function

2.0.1.9: Reviewing The Findings Of The Internal Auditors

2.0.1.10: Reviewing The Findings Of The External Auditors

2.0.1.11: Cost Auditors

2.0.1.12: reviewing financial and risk management policies

2.0.1.13: examining default in payments

2.0.1.14: Reviewing The Progress Under The UK Bribery Act, 2011

: Special Meetings

**Ratings: 2.0.1 Audit Committee**

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**2.0.2 Internal Controls and Risk Management**

2.0.2.1: Robust Systems

2.0.2.2: Audit Committee Approval

2.0.2.3: Key Control Issues

2.0.2.4: Business Risk Assessment procedures

2.0.2.5: Aligning Risks and Controls

2.0.2.6: in line with Sarbanes-Oxley (s. 404)

2.0.2.7: Unit heads Responsibility

2.0.2.8: An Assurance On The Internal Processes And Systems

**Ratings: 2.0.2 Internal Controls and Risk Management**

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**2.0.3 Nomination and Remuneration Committee**

2.0.3.1: Nomination and Remuneration Committee

2.0.3.2: The Criteria For Appointment

2.0.3.3: The Criteria For Qualifications

2.0.3.4: Identifying Candidates

2.0.3.5: Determining All Elements Of Remuneration Package

2.0.3.6: The Performance Criteria

2.0.3.7: Policy On Service Contracts

2.0.3.8: Evaluating Director’s Performance

2.0.3.9: Stock Option

2.0.3.10: Board Membership Criteria

**Ratings: 2.0.3: Nomination and Remuneration Committee**

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**2.0.3 Nomination and Remuneration Committee - Reward Policy**  
2.0.3.11: The Reward Philosophy  
2.0.3.12: The Best Talent  
2.0.3.13: Superior Operational Results  
2.0.3.14: Appointment Of The Executive Directors  
2.0.3.15: The reward of the Executive Directors  
2.0.3.16: Linked To Company's Performance  
2.0.3.17: Alignment with the Strategy and Business Priorities  
2.0.3.18: Market Competitive Total Reward Package  
2.0.3.19: Group And Individual Performance Review  
2.0.3.20: Company's Share Plans  
2.0.3.21: Non-Executive Independent Directors Fees & Commission  
2.0.3.22: Reward Policy - The Remuneration Payable To Non-Executive Directors  
2.0.3.23: Reward Policy - Professional Expertise Of The Independent Directors  
**Ratings: 2.0.3: Nomination and Remuneration Committee - Reward Policy**  
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**2.0.4 Stakeholders' Relationship Committee**  
1: Resolving The Grievances Of Shareholders  
2: Registrar and Share Transfer Agent  
3: Details of Shareholders' / Investors' Complaints  
**Ratings: 2.0.4 Stakeholders' Relationship Committee**  
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**2.0.5 Share Transfer / Transmission Committee**  
1: Accelerate The Transfer Procedures  
**Ratings: 2.0.5 Share Transfer / Transmission Committee**  
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**2.0.6 Committee for Allotment of Shares under ESOPs**  
1: Expedite The Process Of Allotment  
2: ESOP Committee & Independent Directors  
**Ratings: 2.0.6 Committee for Allotment of Shares under ESOPs**  
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**2.0.7 Other Functional Committees**  
1: Raising level of Governance  
**2.0.8: Routine Business Matter Committee**  
1: Delegation Of Operational Powers  
**2.0.9: Committee for approving Disposal of Surplus Assets**  
1: Sale And Disposal Of Surplus Property.  
2: The Committee's Authority  
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**3.0.1: Organisation Code of business principles**  
3.0.1: CoBP: Standard of Conduct  
3.0.2: CoBP: Obeying the Law  
3.0.3: CoBP: Employees -  
1. Mutual Trust And Respect  
2.Basis of Employment  
3.0.3: Organisation Code of business principles 3: CoBP: Employees - Human Rights and Labour Rights  
3.0.3: Organisation Code of business principles 4: CoBP: Employees - Skills And Capabilities  
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3.0.10: Organisation Code of business principles: CoBP: Innovation  
3.0.11: Organisation Code of business principles: CoBP: Competition  
3.0.12: Organisation Code of business principles: CoBP: Business Integrity – Anti-Bribe  
3.0.12: Organisation Code of business principles 2: CoBP: Business Integrity – Accounting Quality, Management Quality  
3.0.13: Organisation Code of business principles 1: CoBP: Conflicts of Interests  
**Ratings: Organisation Code of business principles**  
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3.1.1: Code of business principles

CoBP:

- 1: Standard of Conduct
- 2. Benchmarking
- 3. Company’s commitment
- 4. Public Reporting
- 5. Sets Out The Rules
- 6. Prior Internal Approvals
- 7. CEO Responsibility of CoBP
- 8. CoBP External validity
- 9. CoBP Framework
- 10. CoBP: Cascading CoBP Principles

Ratings: CoBP Code of business principles

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3.2.1: Preventing Conflict of Interests

- 1: The Board Responsibility
- 2. Disclosure of interest
- 3. Gift Policy
- 4. Compliance of the Code of Conduct
- 5. Public Reporting - Code of Conduct
- 6. Ethical Obligation Through Estoppel
- 7. Audit Committee

Ratings: 3.2.1: Preventing Conflict of Interests

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3.3.1: Whistle Blower Policy

- 1: Adoption of Whistle Blower Policy
- 2. Communication
- 3. Access to the Audit Committee
- 4. The Company Secretary as the Designated Officer
- 5.Managerial Capability

Ratings: 3.3.1 Whistle Blower Policy

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- 1: Framing a Code
- 2. Governance Code
- 3. Price Sensitive Information
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Ratings: 3.4.1: Share Dealing Code

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- 3. CoBP Mechanism

Ratings: 3.5.1: UN Global Compact

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CORPORATE GOVERNANCE

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- 2: Conflicts with the interests
- 3: Ethical Obligation through estoppel
- 4: Accounting Standard 18

Ratings: 4.0.1: Affirmation And Disclosure

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Ratings: 5.0: Disclosure Of Pending Cases / Instances Of Non-Compliance

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6.0.1: Compliance With The Governance Framework

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- 2. Non-Mandatory Initiatives

Ratings: 6.0.1: Compliance With The Governance Framework

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7.0.1: Secretarial Standards And Secretarial Audit Report

- 1.: Secretarial Standards
- 2: Secretarial Audit Report

Ratings: 7.0.1: Secretarial Standards And Secretarial Audit Report

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8.0.1: Communication To Shareholders

- 1: Effective Communication Of Information
- 2: Interaction With Shareholders
- 3: Compliance with Clause 52

Ratings: 8.0.1: Communication To Shareholders

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9.0.1: Investor Services

- 1: Web-based Query Redressal System
- 2: Alternative Dispute Redressal
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Ratings: 9.0.1: Investor Services

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10.0.1: Consumers / Customers

- 1: Alternative Disputes Redressal
- 2: The Ombudsman
- 3: Binding on the Company
- 4: New Benchmarks for Industry
- 5: Office of the Institution of Ombudsman

Ratings: 10.0.1: Consumers / Customers

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11.0.1: Significant Accounting Policies: Basis for preparation of accounts

- 1: Compliance with Accounting Standards
- 2: Classification
- 3: Operating Cycle

Ratings: 11.0.1: Basis for preparation of Accounts

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11.1.1: Significant Accounting Policies: Revenue Recognition

- 1: Recognition of substantial risks
- 2: Income from Property Development Activity
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Ratings: 11.1.1: Significant Accounting Policies: Revenue Recognition

- Index of non-performance
- 11.2.1: Significant Accounting Policies: Expenditure
- 1: Research & Development
  - 2: Advertising expenses
- 11.2.2: Business Segments
- 2.1: #1
  - 2.2: #2
  - 2.3: #3
  - 2.4: #4
  - 2.5: #5

Ratings: 11.2.: Significant Accounting Policies: Expenditure - Business Segments

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11.3.1: Significant Accounting Policies: Tangible Fixed Assets

- 11.3.1.1: Policy
- 11.3.1.2: Business Segments
- 1: Bio-diesel
- 2: Other operations

Ratings: 11.3: Significant Accounting Policies: Total Assets - Business Segments:

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- 11.4.1: Significant Accounting Policies: - Intangible Assets
- 11.4.1.1: Intangible Assets
  - 11.4.2.1: Impairment of Assets

Ratings: 11.4: Significant Accounting Policies: - Intangible Assets

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- 11.3: Significant Accounting Policies: Tangible Fixed Assets – Business Segments [6]
- 11.4: Significant Accounting Policies: - Intangible Assets [2]
- 11.5.: Significant Accounting Policies: - Investments 1: Investments [1]
- 11.6.: Significant Accounting Policies: - Investments 1: Joint Ventures [1]
- 11.7.: Significant Accounting Policies: - Inventories 1: Inventories [1]
- 11.8.: Significant Accounting Policies: - Trade Receivables and Loans and Advances
- 1: Trade Receivables
  - 2: Loans and Advances
- Ratings Summary: 11.8: Significant Accounting Policies: Trade Receivables and Loans and Advances
- Index of non-performance
- 11.9.: Significant Accounting Policies: - Provisions and Contingent Liabilities
- 1: Provisions and Contingent Liabilities [1]
- Ratings Summary: 11.0-11.9: Significant Accounting Policies
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12.0.1: Profit and Loss Account 5-Year 5-Year Profit & Loss Account CREAM Analysis

Ratings Summary: 12.0.1 Fiscal and Ethical Responsibility

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13.0.1: 5-Year Balance Sheet: 5-Year Balance Sheet CREAM Analysis-1 5-Year Balance Sheet CREAM Analysis-2

Ratings 13.0.1: Balance Sheet : Summary

Index of non-performance 13.0.1: Balance Sheet : Summary

12.0.1: Profit and Loss Account 5-Year 5-Year Profit & Loss Account CREAM Analysis

Ratings Summary: 12.0.1 Fiscal and Ethical Responsibility

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13.0.1: 5-Year Balance Sheet: 5-Year Balance Sheet CREAM Analysis-1 5-Year Balance Sheet CREAM Analysis-2

Ratings 13.0.1: Balance Sheet : Summary

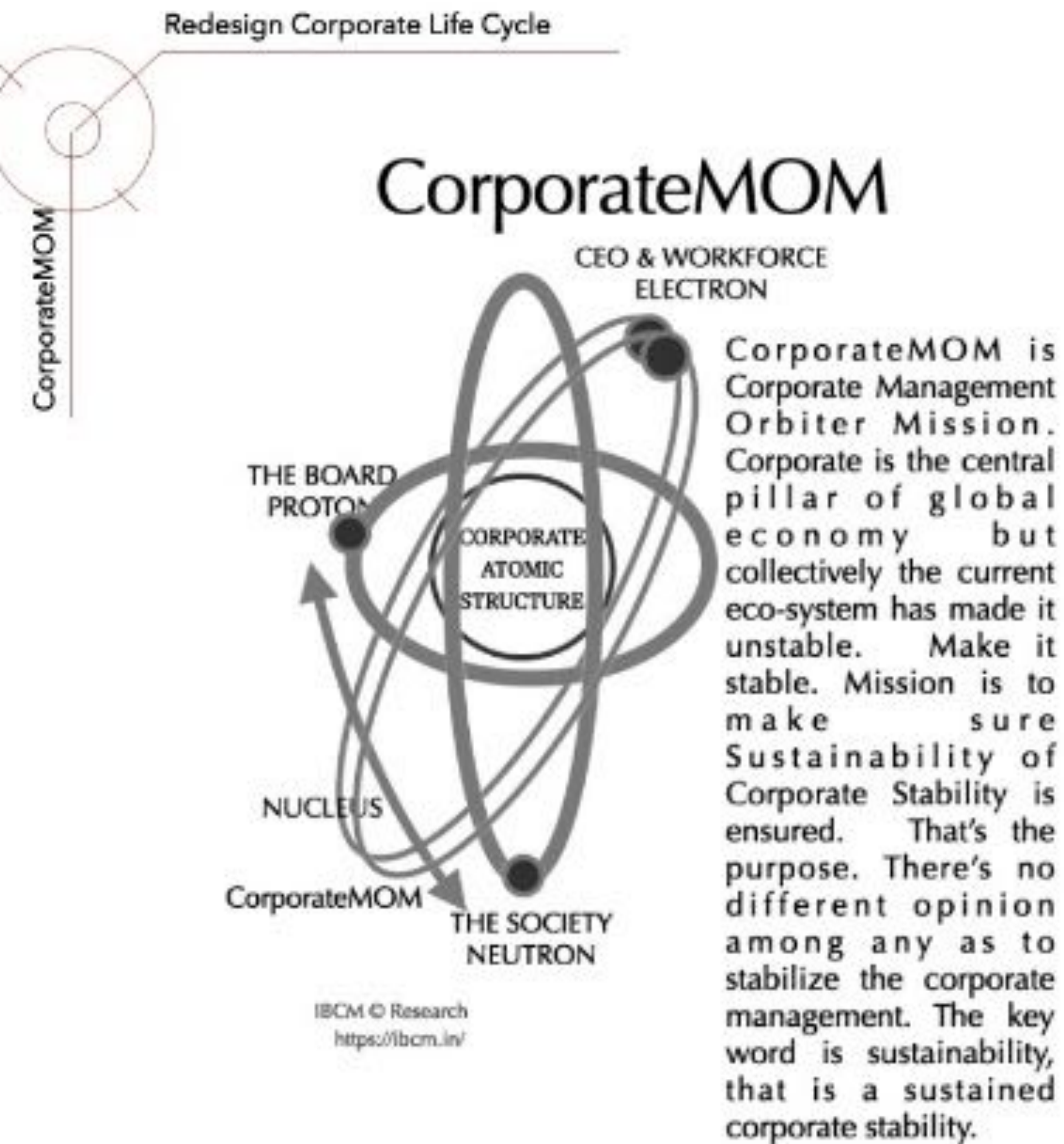
Index of non-performance 13.0.1: Balance Sheet : Summary



# Process Blocks

Open-ended

Every Process Block is the same.



As a first step, Change your Organization Structure

Einstein said 'The most incomprehensible thing about the universe is that it is comprehensible.' Corporate and Governments alone do not follow the Laws of Physics. You have a flat organization structure make it dynamic. That's what CorporateMOM stands for: establishing the connect between the entity and society.

Martin Rees, a British cosmologist and astrophysicist, talking about aliens says, though they may come from planet Zog and have seven tentacles, they would be made of similar atoms to us.

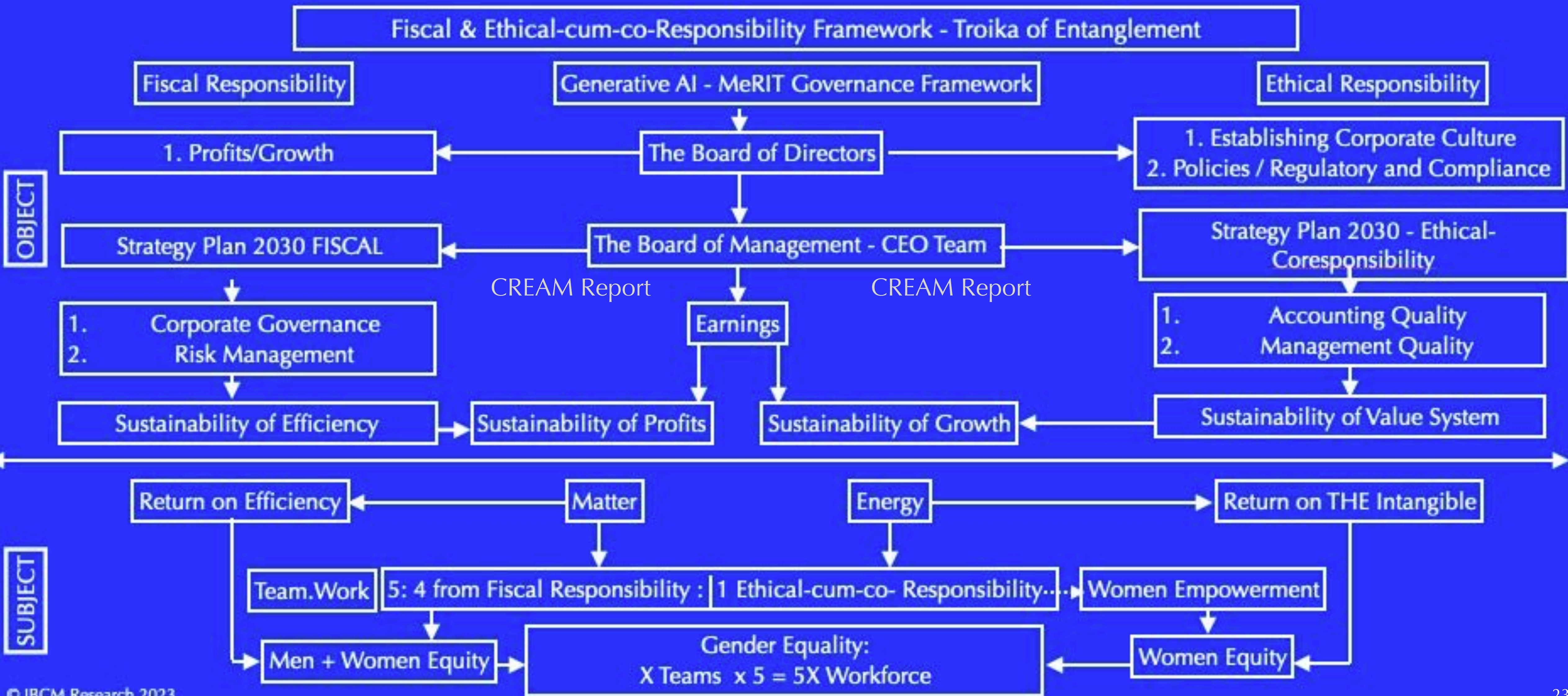


CREAM Ratings  
By Open-ended  
Process Blocks

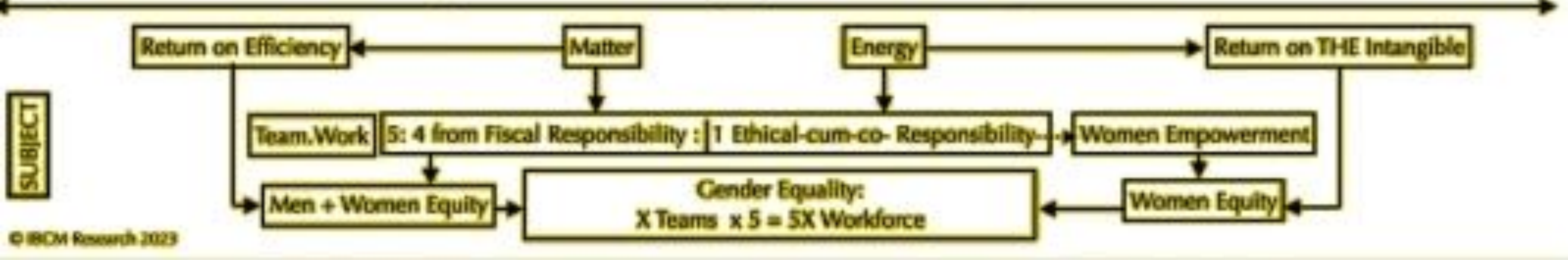
CorporateMOM ~ SOS Governance Standards



Governance - Fiscal & Ethical-cum-co-Responsibility Framework -  
Troika of entanglement - [Subject -Object - Self-] SOS -Governance  
Generative AI - Sustainability Report - MeRIT - Measure Record Implement Track







Book Extract:  
**FEC** fiscal, ethical, and co-responsibility framework  
**SOS** [Subject -Object - Self] Governance.

We have discussed Volkswagen on fiscal and ethical responsibilities. I am creating a framework, which we had so far discussed, which is a fiscal, ethical, and co-responsibility framework. A troika of entanglement. Please have a look at this framework. Volkswagen is one good case study.

The main theme in my work is to construct values and deconstruct what is valueless. And this is the one we have to appreciate about Volkswagen. One thing is almost every company has got unwanted things sitting around and it could be a very major drawback for almost all companies. But what Volkswagen has done is how to come out of it. And in that Volkswagen is going to show to the world of management what they are doing is extremely good. This is what all companies in the world have to do - construct value. And that is where this framework is brought into the picture. Ethical cum-co-responsibility.

The most important thing why we are taking this Volkswagen as a case study is gender equality. If you look at the chart, one is an object another is a subject. SOS governance subject-object, self-governance which we have discussed.

If you look at that two areas, one is teamwork. There are five members in a team, four from fiscal responsibility and one from ethical responsibility. In that fiscal responsibility, both are involved men as well as women. So you create men equity as well as women equity. We will be able to find out. And if you look at ethical responsibility, we are going to discuss that right now on women's empowerment and which is going to be taken care of by the women.

On ethical responsibility, you derive women's equity. So you have men plus women equity on one side, fiscal responsibility, and women equity on the other side, ethical-cum-co-responsibility. Collectively you are able to get gender equality. 134K teams in the 670K workforce are taken into account. So it becomes a very important aspect of the framework and how we are going to deal with it. And that is what I would like to present to you here. I would like you to have a good look at that framework and we will expand.





Governance - Fiscal & Ethical-cum-co-Responsibility Framework -  
Troika of entanglement - [Subject -Object - Self-] SOS -Governance  
Generative AI - Sustainability Report - MeRIT - Measure Record Implement Track

Fiscal & Ethical-cum-co-Responsibility Framework - Troika of Entanglement

Book Extract:

FEC fiscal, ethical, and co-responsibility framework

SOS [Subject -Object - Self] Governance.

Diesel Emission Fiasco:

On 28th October 2015 Matthias Müller, Chairman of the Board of Management announced the five key steps to realign the Group.

They are stated as Priority #1 to #5.

Priority #1: Customer Satisfaction

Priority #2: "Uncover the truth and learn from it"

Priority #3: Change in Organization Structure:

Priority #4: Establishing Corporate Culture

Priority #5: Strategy 2025

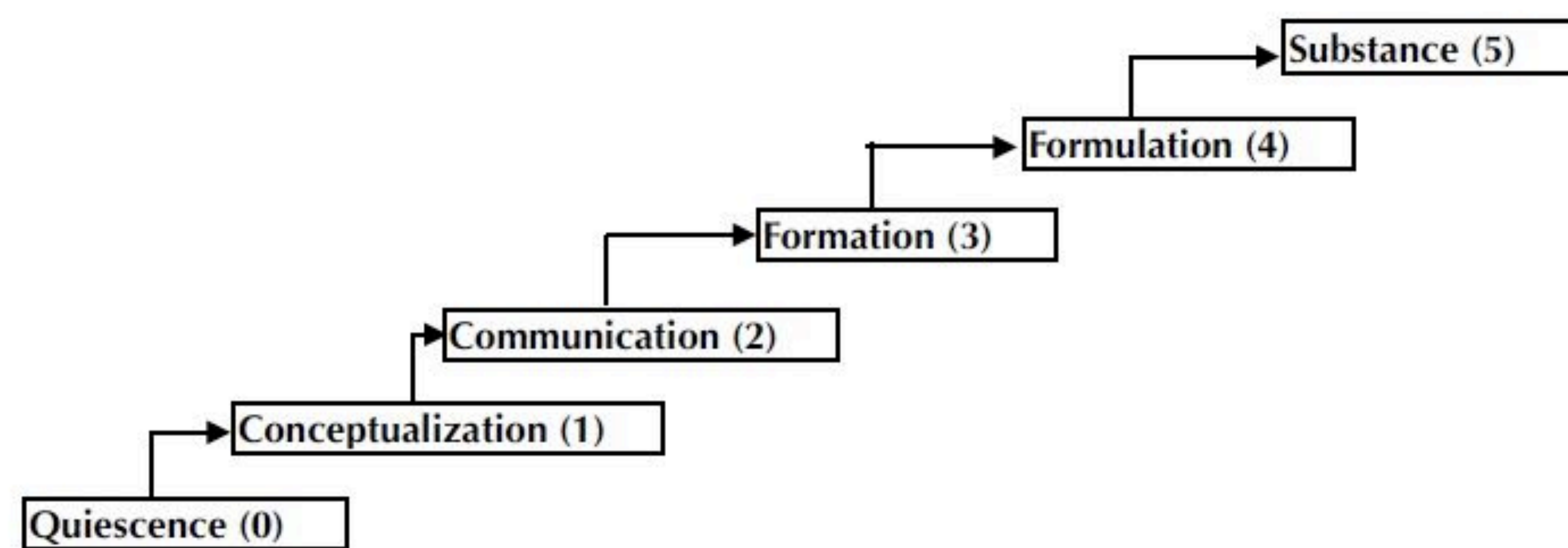
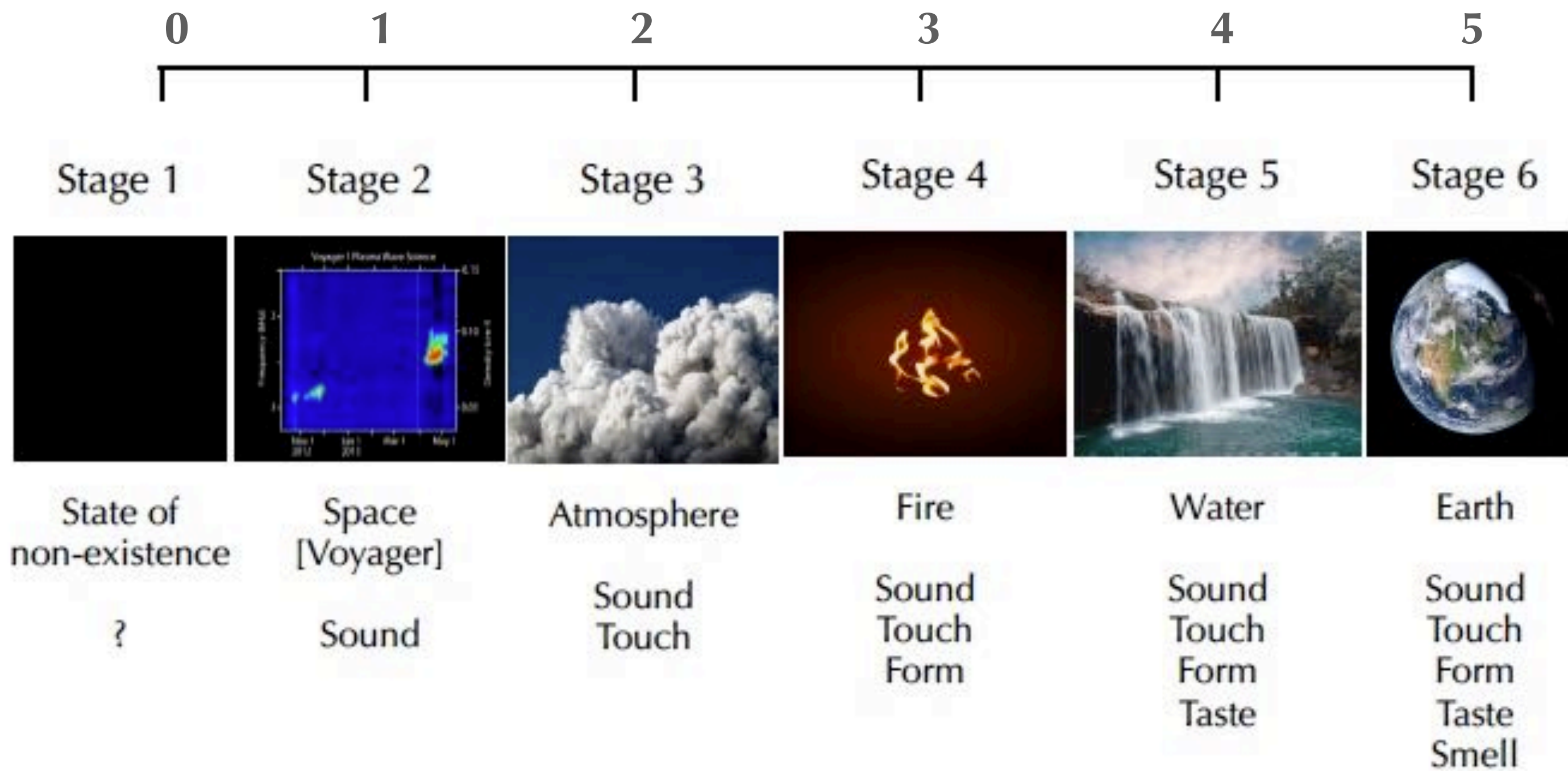
1. Fiscal Responsibility - What You owe your company. You create the Fiscal assets for your company. Stays with the company forever. Priority #1: Customer Satisfaction, #3 Change in Organization Structure, and #5 Strategy 2025 deal with this.

2. Ethical Responsibility - What You owe yourself - You create ethical assets for your company that stay with you forever. What you create for one company you can carry to another. Priority #4 Establishing Corporate Culture would represent this.

3. Co-Responsibility - What You owe the society - an identity with ethical responsibility, that by which corporate infers and society teaches. Priority #2: "Uncover the truth and learn from it" would fit into this.



## Metrics: Six Stages of Transformation



The Six Stages of Transformation

# Deriving Metrics

## Six Stages of Transformation

### Book Extract:

#### Convert Dreams to Substance of Quality,

The six stages are the six elements of the Planet Earth. Strategy Planning Process will linearly move from one space to the other beginning with 0 and ending at 5 as Substance of Quality. This is the Creative Process. How Nature guides you to bring the transformation process - Strategy Plan or Innovation or Women Empowerment.

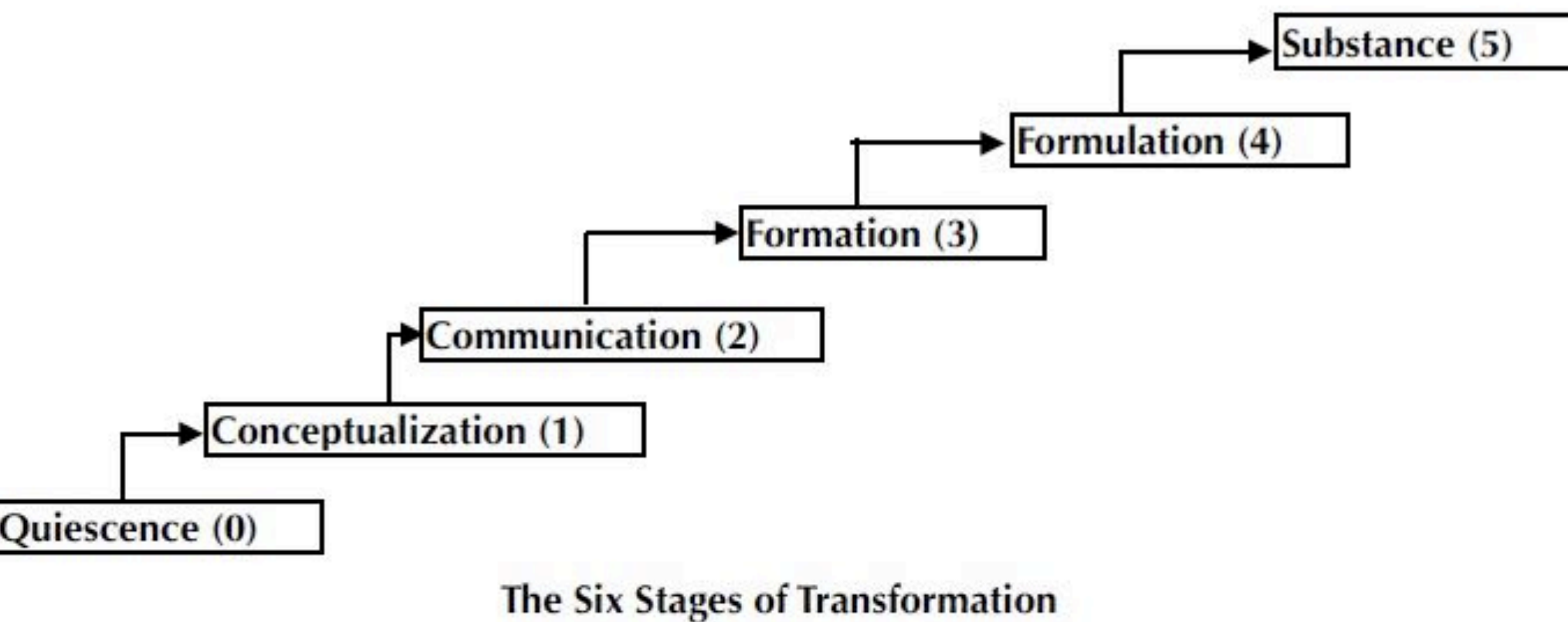
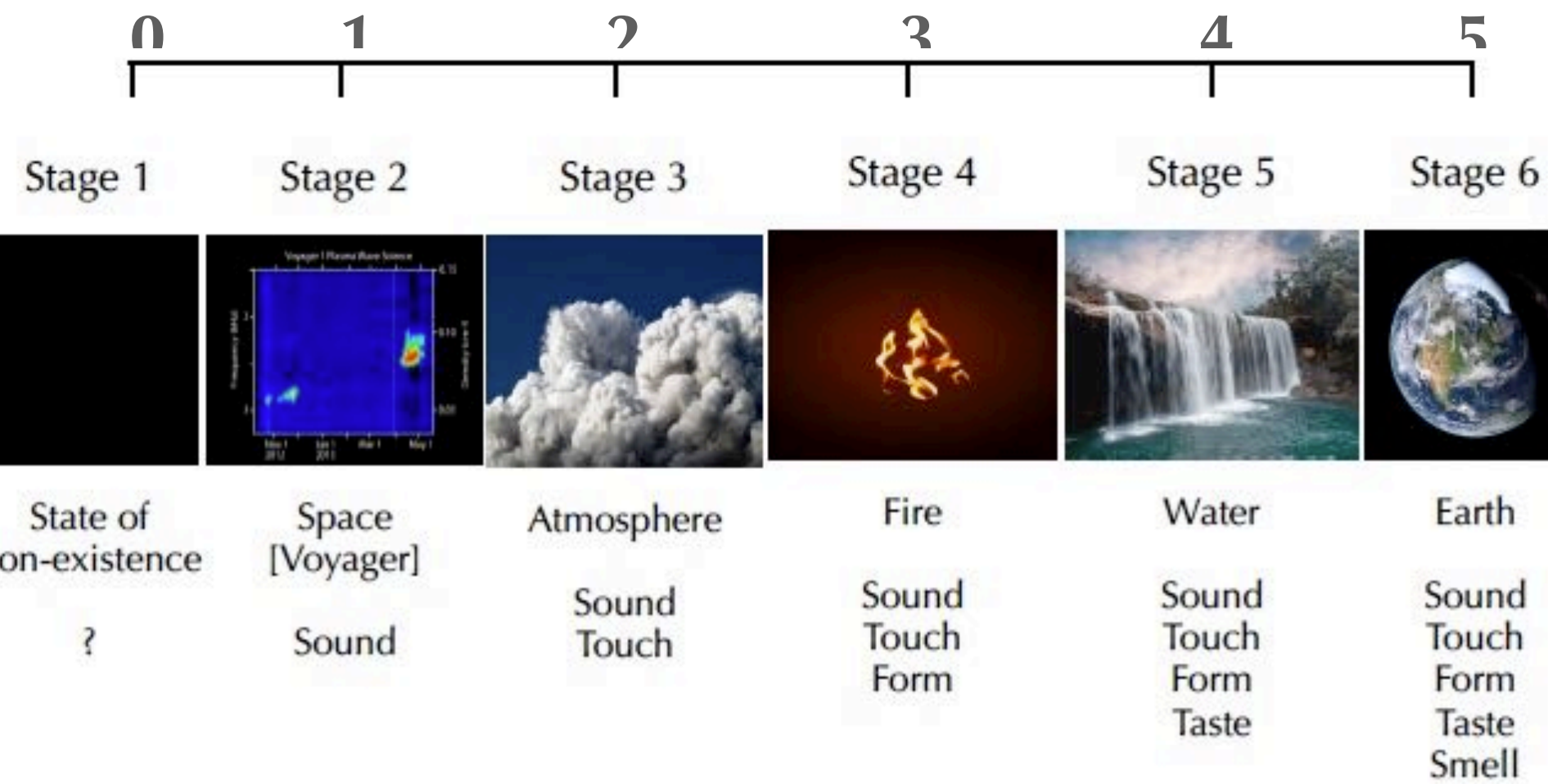
There are three layers: (1) The Nature (2) Syncing with the corporate strategy and (3) Strategy process development.

Innovation: Is a Creative Process - Quiescence. Once the idea occurs it rings a bell - 1 element - Space; Linearly it reaches to become a Substance of Quality - 5 Elements. Adds 1 element at each stage. Man-made or natural these 6 stages do occur, be it a baby or a diamond or an IPR or a Policy. Time variation exists but not the linear movement from one stage to the other, to create a substance of quality.

Metrics so obtained is everlasting, so long our solar system exists.



## Metrics: Six Stages of Transformation



“Our dreams have to be bigger.  
Our ambitions higher.  
Our commitment deeper.  
And our efforts greater.  
This is my dream for Reliance and for India.”  
— Dhirubhai Ambani



# Deriving Metrics

## Strategy Planning Blueprint

### Book Extract: Strategy Planning Blueprint

Dhirubhai Ambani's vision statement is a Strategy Planning Blueprint and the best for the strategic planning *creative process* - Note carefully the steps in chronological order.

- 0 - Dream big,
  - 1. strategy idea, ambitions higher,
  - 2. strategy communication
  - 3. strategy formation,
  - 4. strategy formulation and
  - 5. then the strategy plan, our commitment deeper, comprising the creative process as to how the Plan is created.
  - 6. our efforts 'greater' is the *action process*.
- Create Metrics of six stages from how a dream is transformed into a Strategy Plan and how the Plan is executed.



Atomic Structure	Corporate Atomic Structure
1. For the universe to exist as it does requires that hydrogen be converted into helium in a precise but comparatively stately manner, specifically, in a way that converts seven one-thousandths [.007] of its mass into energy.	1. For the corporate to exist as it should, requires Corporate Hydrogen, made up of fiscal and ethical assets, to be governed in a way that converts mass into energy at the optimized level of performance and use.
2. Lower that value very slightly, from seven one-thousandths [.007] to six one-thousandths [.006], say, and no transformation could take place: The universe would consist of hydrogen and nothing else	2. Lower the level of performance and use, even slightly, and no transformation takes place—the company would consist of nonmoving Ethical and Fiscal assets and nothing else.
3. Raise the value very slightly, to eight one-thousandths, and bonding would be so wildly prolific that the hydrogen would long since have been exhausted.	3. Raise the value of use, rather misuse, of any one of the assets, such as diversion of funds or practicing hedonism, the assets base would long since have been exhausted.
4. At .007 state, gravity is perfectly pitched—“critical density” is the cosmologists’ term for it—and will hold the universe together at the just-right dimensions to allow things to go on indefinitely. Cosmologists, in their lighter moments, sometimes call this the “Goldilocks effect”—that everything is just right. [Martin Rees]	4. At the 007 factor of SOS Governance, gravity is perfectly pitched between the board of directors, the CEO team, and society, such that it will hold a company together at the just-right dimensions to allow things to go on indefinitely. This would be the “Goldilocks Effect” of Corporate Governance, where everything is Just Right.

# Deriving Benchmarks 007 Factor

**Book Extract:  
007 Factor**

007 factor - The Corporate Benchmark:First, recognize the creation of ethical assets as matter or substance, and second, send the matter thus created to move it from one plane to the other. This process takes place as routinely as operating a piece of machinery. Machinery produces a product or matter and an ethical asset produces energy. The 007 factors will be the corporate benchmark applied to both Fiscal and Ethical Assets.

Women Empowerment entrusting the creation of Ethical Assets for a company would establish phenomenal growth with stability for any organization.



# CREAM RATINGS

CORPORATE GOVERNANCE, RISK MANAGEMENT, EARNINGS, ACCOUNTING QUALITY, MANAGEMENT QUALITY

INDEX OF INACTIVITY	LIME	AI	TESLA	Uber	Netflix	Nvidia	Facebook	Google	Cococola	Wallmart	GE	Ford
Process Area												
CORPORATE GOVERNANCE	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
RISK MANAGEMENT	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
EARNINGS	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
ACCOUNTING QUALITY	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
MANAGEMENT QUALITY	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
NET RATING	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
Resource Area	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
ER Management [Ethical Responsibility] [Women Equity]	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
FR 1: Managerial Force [FR Fiscal Responsibility] [Men + Women Equity]	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
FR 2: Operating Force [Men + Women Equity]	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
FR 3: Technical Direction Force [Men + Women Equity]	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
FR 4: Finance, HR.. [Men + Women Equity]	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
NET RATING	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5	0 - 5
Creative Process - Stage Reached	0 - 5	0 - State of Quiescence, 1 - Conceptual, 2 - Communication, 3 - Formation, 4 - Formulation, 5- Substance of Quality										
Action Process - Stage Reached	0 - 5	0 - State of Insentience, 1 - Conceptual, 2 - Communication, 3 - Formation, 4 - Formulation, 5- Task accomplished										

Corporate Life Cycle by Professor Ashwath is a case in point worth further analytics. Start up in young growth, high growth, mature growth, mature stable, and on the decline classifying various companies. In my opinion, this chart has been prepared based on earnings and growth, purely on the basis of Quantitative elements of management, P&L and Balance Sheet. That's about 6% of 200 process blocks. The reason for GE decline is not in earnings but in the 188 qualitative elements of management - Code of Conduct, Code of Business Principles, Whistleblower policy, 10 principles of UNGC etc. If it can happen to GE it can happen to Tata, Birla, Ambanis and Adanis. CREAM Ratings goes by MeRIT - Measure, Record, Implement and Track - SOS [Subject - Object - Self] Governance Standards. NOTE: Corporate Governance goes by Newton's 3rd Law. If you have created a policy then you can govern. The number between Corporate Governance would equal Accounting Quality and Management Quality. Index of Inactivity by Process Area and by Resource Area is a Matrix of Matter and Energy.



# CREAM RATINGS

CORPORATE GOVERNANCE, RISK MANAGEMENT, EARNINGS, ACCOUNTING QUALITY, MANAGEMENT QUALITY

Table 7.1 Index of inactivity by process area

Index of inactivity: By process area: CREAM		2007	2008–2009	2016–2017	2017–2018	2018–2019
C—Corporate governance [19]	Active	300	300	350	350	350
	Inactive	175	175	125	125	125
	IA%	36.84%	36.84%	26.32%	26.32%	26.32%
R—Internal controls and risk management [7]	Active	121	121	121	121	121
	Inactive	54	54	54	54	54
	IA%	30.86%	30.86%	30.86%	30.86%	30.86%
E—Earnings: P&L And Balance Sheet [12]	Active	90	118	122	114	122
	Inactive	210	182	178	186	178
	IA%	70.00%	60.67%	59.33%	62.00%	59.33%
A—Accounting quality [16]	Active	218	146	162	139	150
	Inactive	182	254	213	236	225
	IA%	45.50%	63.50%	56.80%	62.93%	60.00%
M—Management quality [98] [97,19]	Active	1,635	1,635	1,741	1,741	1,741
	Inactive	815	815	709	709	709
	IA%	33.27%	33.27%	28.92%	28.92%	28.92%
CREAM report [152/151]	Active	2,364	2,320	2,496	2,465	2,484
	Inactive	1,436	1,480	1,279	1,310	1,291
	IA%	37.79%	38.95%	33.87%	34.69%	34.19%
Total		3,800	3,800	3,775	3,775	3,775
Net rating		3	3	3	3	3
Stage reached	[Legend: 0—Insentient; 1—Conceptual; 2—Communication; 3—Formation; 4—Formulation; 5—Task Done]					
Tally: Resource area ~ Process area		0.00	0.00	0.00	0.00	0.00

HUL Ratings rated from 2007 to 2019, of 170 process blocks, give an interesting study. The empirical study of HUL by CREAM Ratings shows the trend more meaningful and insightful than mere a P&L and Balance Sheet.

I tend to observe and note that I know more about HUL than what HUL knows about HUL. Can companies have a record of 2007? Compare through to 2024, you get a remarkable insight where were you and where you are, how you are now and how you can step forward in future, with CREAM Ratings.

Index of Inactivity by Resource Area in the next page tallies the effort put in by individuals from HUL.



# CREAM RATINGS

CORPORATE GOVERNANCE, RISK MANAGEMENT, EARNINGS, ACCOUNTING QUALITY, MANAGEMENT QUALITY

Table 7.2 Index of Inactivity by Resource Area

Index of inactivity: by resource area: CREAM		2007	2008–2009	2016–2017	2017–2018	2018–2019
1. ER Management:	Active	290	290	329	329	329
	Inactive	470	470	426	426	426
	IA%	12.37%	12.37%	11.28%	11.28%	11.28%
2. FR: Managerial Force:	Active	519	508	542	533	539
	Inactive	241	252	213	222	216
	IA%	6.35%	6.64%	5.64%	5.89%	5.73%
3. FR: Operating force	Active	519	508	542	538	539
	Inactive	241	252	213	217	216
	IA%	6.35%	6.64%	5.65%	5.75%	5.73%
4. FR: Technology: Active	Active	519	508	542	533	539
	Inactive	241	252	213	222	216
	IA%	6.35%	6.64%	5.65%	5.89%	5.73%
5. FR: Finance	Active	519	507	542	533	539
	Inactive	241	253	213	222	216
	IA%	6.35%	6.66%	5.65%	5.89%	5.73%
ER , FR: Resource area	Active	2,364	2,320	2,496	2,465	2,484
	Inactive	1,436	1,480	1,279	1,310	1,291
	IA%	37.78%	38.96%	33.87%	34.69%	34.19%
Net rating		3	3	3	3	3
Stage reached		[Legend: 0—Insentient; 1—Conceptual; 2—Communication; 3—Formation; 4—Formulation; 5—Task Done]				
Tally: Resource area ~ Process area		0.00	0.00	0.00	0.00	0.00

## Return on THE Intangible

### Return on THE Intangible

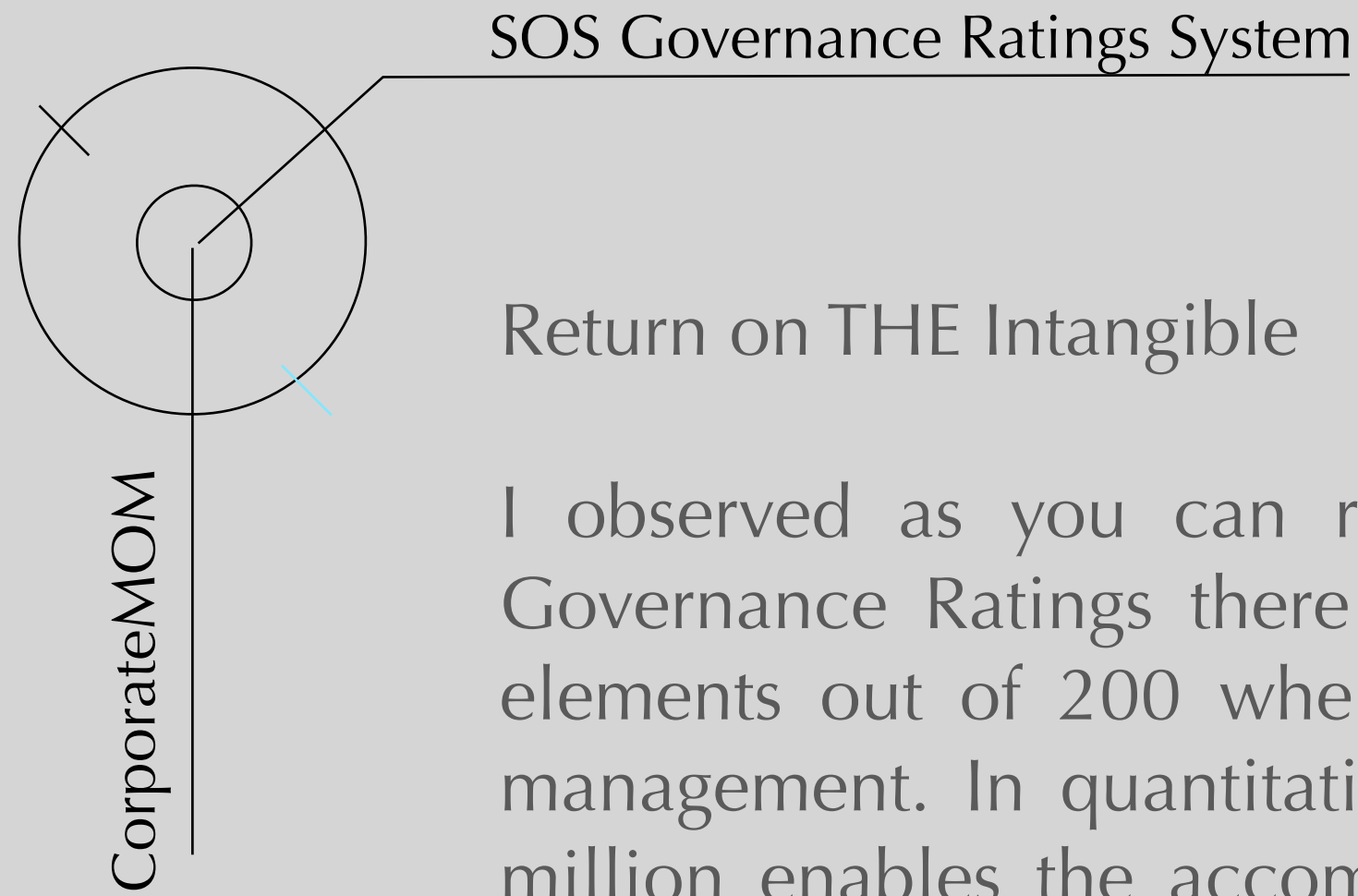
Return on THE Intangible is an equation when applied to corporate affairs will have a significant impact on the growth and reaching targets, for it encompasses the capability of every individual within an organization. Truly, return on THE intangible is a capability model.

The equation is as follows:

Return on THE Intangible = (Action or Inaction)/THE Intangible.

Action or Inaction in the numerator and THE Intangible in the denominator. Action is 1 and Inaction is 0. THE Intangible is always 1, for the Intangible reveals human capability that is common to all, from a potter to a nuclear scientist. This is the same formula as Newton's Second Law of Motion: Force = mass x acceleration.





## Return on THE Intangible

I observed as you can refer to my previous article Company SOS Governance Ratings there are only 12 process blocks for quantitative elements out of 200 whereas 188 are for the qualitative elements of management. In quantitative elements, say a product sale of maybe a million enables the accomplishment of an infinite succession of finite purposes by controlling each goal. Whereas in qualitative elements of 188 process blocks the variables are under three categories Moral, Economic, or hedonistic aspects of a single person. If a company has about 100k workforce every one of them has to be measured. To do that if you look at the SOS Governance Framework has brought a team of only 5 members so that span of control is limited. If there are 100k workforce in a company there will be 20k teams competing with each other. This is inevitable if we look at what Pele had done at the age of 27. The 5 members are yoked together but perform independently. A football team has 11 members whereas in a company there are as many 5-member teams.

So what they do every one of them is by EPP - Effort Per person. The return on THE Intangible enables it.

# Return on THE Intangible

CAGR to CDGR, ex-post-facto to ex-ante.

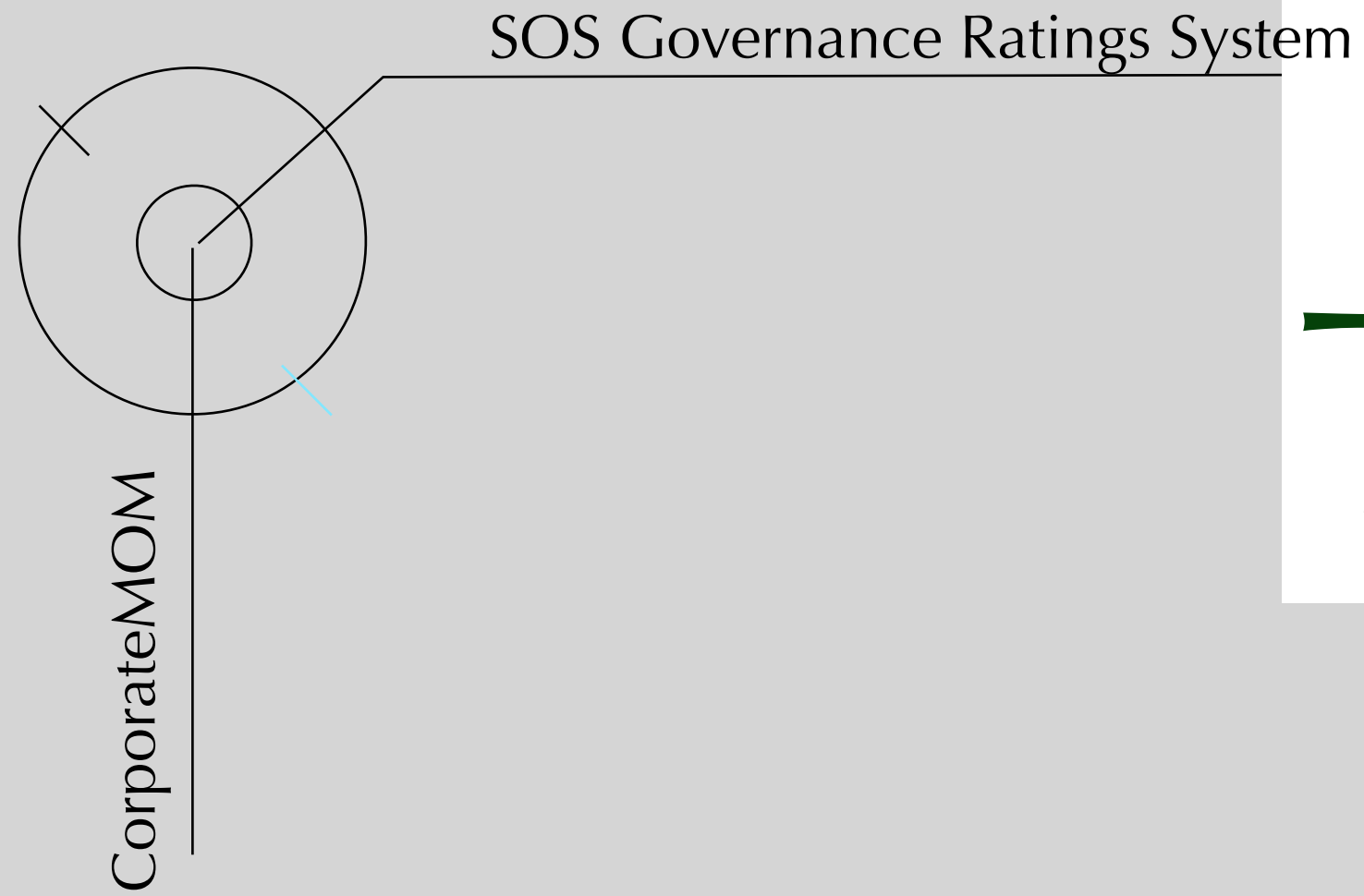
Bring the future to the present.  
The targets are set for 2030  
but the CAGR, CARR  
[Reduction Rate] are brought  
to CDGR and CDRR - Daily.

Play corporate ODI - set  
targets 2030 and track Daily  
Run Rate.

ERP is passé - Embrace EPP  
Effort per Person







$$e = mc^2$$

# THE Management Mantra

The three laws that corporate shall inherit from Mass and energy have an equivalence.

Law 1: Energy is liberated Matter;

Law 2: Matter is Energy waiting to happen.

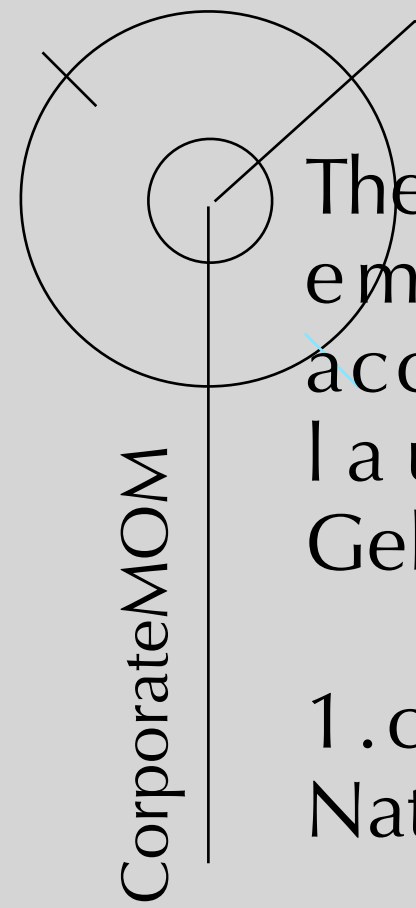
Law 3: Antimatter when it collides with Matter forms a pure Energy.

( $e = mc^2$ ):  $e$  in the equation stands for energy,  $m$  for mass, and  $c$  square for the speed of light squared. In the simplest term, what the equation says is that mass and energy have an equivalence.

Law 1: Energy is liberated matter in the first law, which we show in P&L and Balance Sheet.

Law 2: Matter is Energy waiting to happen is the second law, that may be lying in the raw material stores or finished goods godown or incomplete project work in different places or the towers of Babel strewn all over the world, waiting to be liberated from the present form. That's Law 2 for you.

Law 3: Is Intangible, is antimatter, is the effort from the individual entrusted with the task of packing Law 2 the Matter where Energy is waiting to happen to Law 1, to be Energized as liberated Matter.



The three principles of emergent property according to Nobel laureate Murray Gellmann are::

- 1.conformability of Nature to herself,
2. the applicability of the criterion of simplicity, and
3. unreasonable effectiveness.

By “Emergent Property” he means you don’t add something more to get something more. Rather, shed your inhibitions and focus on using your ethical assets. Emergent Property means it’s Corporate Yoga.

Principle #5: Emergent Property Phenomenon:

**1. The conformability of nature to herself:** “For Nature is very consonant and conformable to herself,” says Isaac Newton. With Corporate Atomic Structure, the first principle “conformability of nature to herself” is met.

**2. Applicability of simplicity:** It is ensured by limiting the entire management process to only two: the Creative Process and the Action Process, the second principle of Emergent Property, the applicability of the criterion of simplicity, is met.

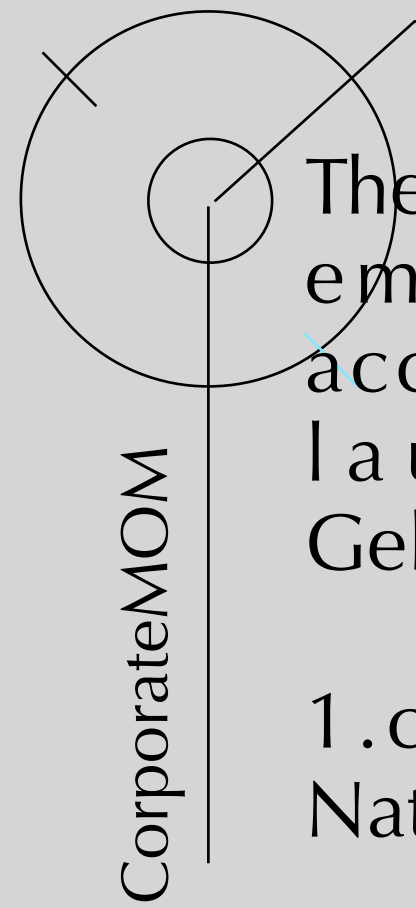
There are six stages of development and only two processes, the Creative Process and the Action Process. It’s simple enough for school children to learn governance by way of a game such as hopscotch.

# Inactivity Based Cost Management1 (IBCM)

Inactivity Based Cost Management1 (IBCM) functions on the following five principles:

- Principle #1: What gets measured, gets managed,
- Principle #2: Measure Qualitative Elements of Management ,
- Principle #3: Corporate Atomic Structure,
- Principle #4: Return on THE Intangible, and
- Principle #5: Emergent Property Phenomenon





The three principles of emergent property according to Nobel laureate Murray Gellmann are::

- 1.conformability of Nature to herself,
2. the applicability of the criterion of simplicity, and
3. unreasonable effectiveness.

By “Emergent Property” he means you don’t add something more to get something more. Rather, shed your inhibitions and focus on using your ethical assets. Emergent Property means it’s Corporate Yoga.

Principle #5: Emergent Property Phenomenon:

**3. Unreasonable effectiveness:** In return on THE intangible, covering the entire gamut of management with a single formula, the unreasonable effectiveness principle is met.

Unreasonable effectiveness is the art of resolving a paradox with the least number of mathematical calculations. The simplest one is the Opposite Value Analysis, which can resolve any such mental aberrations. It is a truth serum.

Return on THE intangible is a simple process once CAGR is brought to a CDGR level and allocation of duties to individuals, part of a team of five is done. Daily performance with task accomplishments and deriving an Index of Inactivity converts the n-dimensional problems to n-problems of one dimension. That one dimension is the denominator, THE Intangible.

# Inactivity Based Cost Management1 (IBCM)

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- Principle #2: Measure Qualitative Elements of Management ,
- Principle #3: Corporate Atomic Structure,
- Principle #4: Return on THE Intangible, and
- Principle #5: Emergent Property Phenomenon

**JAYARAMAN RAJAH IYER**

*Inactivity has a cost consequence*

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Phone +91(22)25399589

Email: Jayaraman.18@gmail.com

DATE: SUNDAY, APRIL 29, 2007

# SEBI Mandatory Grading

**Mr. M. Damodaran**

Chairman

**Securities and Exchange Board of India**

SEBI Bhavan, Plot No. C-4A, G Block,

Bandra Kurla Complex,

Mumbai 400051

Dear Sir,

SUB: Grading – Methodology – for IPO

Economic Times reported, quoting you thus: “In a letter to the rating agencies and industry bodies, Sebi chairman M Damodaran says, The measure...is being decried in the hope that it would be discontinued. It is Sebi’s intention to press ahead with the introduction of the mandatory grading exercise.”

It was a brilliant move by Mr. Damodaran to have introduced Mandatory Grading for IPOs. It is Sebi’s intention to press ahead with the introduction of the mandatory grading exercise. But the intentions could not be transformed to practice of management for it lacked the necessary Theory of Management. I explain in my letter that is given in next page.



## JAYARAMAN RAJAH IYER

*Inactivity has a cost consequence*

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MAHARASHTRA, INDIA

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Email: [Jayaraman.18@gmail.com](mailto:Jayaraman.18@gmail.com)

DATE: SUNDAY, APRIL 29, 2007

**Mr. M. Damodaran**

Chairman

**Securities and Exchange Board of India**

SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex,  
Mumbai 400051

Dear Sir,

SUB: Grading – Methodology – for IPO

I am a Chartered Accountant with varied experience in Industry here in India and abroad, aged 64, and had taught specialized subjects to some of the management schools in Mumbai as a visiting faculty. My speciality is *the evaluation and measurement of Intangibles*.

Economic Times reported, quoting you thus: “In a letter to the rating agencies and industry bodies, Sebi chairman M Damodaran says, The measure...is being decried in the hope that it would be discontinued. It is Sebi’s intention to press ahead with the introduction of the mandatory grading exercise.” <sup>1</sup>



I became curious after looking at the website of CRISIL, the rating of one of the companies going in for IPO at 1/5 meaning the lowest rating and was wondering how the company would be finding themselves in a fix being unaware of the areas of improvement to reach the rating of 5/5.

This is in response to my curiosity related to my specialized field of intangibles that I offer my comments and a methodology if found useful would strengthen the measures initiated by SEBI on IPO rating. I am a great supporter of the measure undertaken by SEBI in this direction as I find this is an absolute necessity for Indian companies to optimize their disciplines.

My suggestion:

Grading category:

“This grading is based on the rating agencies’ assessment of company’s fundamentals and considers the parameters such as earnings per share, financial risks, accounting quality, corporate governance and management quality.”<sup>2</sup>

It is interesting to note that the last 4 categories belong entirely to the realm of ‘Intangibles’. When a grading of 1/5 or 5/5 is given it will be a combined rating of ‘tangibles’ for 1 above and ‘intangibles’ for items 2 to 4. The parameters referred are only a beginning and in future it could possibly grade ‘Human Capital’ or ‘Intellectual Capital’. This suggestion raises these issues and brings about a consensus to have a methodology which is i. simple, ii. understood by all and iii. provides a base of measurement to genuinely improve upon the corporate transparency.

---

<sup>1</sup> Sebi makes case for IPO grading , Sanjeev Choudhary , 21.04.07 Times News Network

<sup>2</sup> *ibid*



## SOS Governance Ratings System

### Intangibles

It is a square peg in a round hole. We try to represent the intangible in a Balance Sheet with as many accounting standards to support the inclusion but fail to do so when an intangible such as brand value or human capital needs to be represented. The theory I propose is to identify and isolate intangible as intangible without mixing up with any tangible items. 'Corporate Governance' or 'Management Quality' cannot be values in terms of figures but can be graded no doubt. What is needed is the recognition that these elements form part of the domain called 'intangible' and treat the same as such independently.

This is imperative in understanding the methodology to grade for the purpose of IPO or otherwise. To start with category 'EPS' is being replaced with 'Operational efficiency' to fall in line with the other 4 areas under observation as intangibles.

Kindly bear with me the examination to derive from the empirical analysis, as an intangible needs to be seen and observed, before grading them. It is not an easy subject, but as I see being mentioned that such a grading system is not done anywhere in the world excepting in India, I am too willing to assist SEBI and the rating agencies in implementing this process of grading effectively. I have brought my own thesis into this and I have a few case studies should there be a need for further discussion.

Thanking you,

Yours truly,

---

Jayaraman

Cc: Mr. Ravimohan, MD, CRISIL



# Textile industry challenges

From sources across the web

Availability of raw materials



Poor working conditions



High noise levels



Infrastructure bottlenecks



## 9 GDP Sectoral.mp3 Transcription page 11/6 - Make Variable the Fixed Cost

So, another one is the high-priced ERP packages. Most of the MNCs go for SAP and other things. It is a very major, I have seen and you have seen, getting the SAP out of the floor and making it work, it took years. And it has costed every company very, very much. And this has become a fixed cost for very many companies. What is the revenue model for SAP is that fixed costs for hundreds of companies. Take note of it.

Now, we are into the AI hype.

This AI hype, how it is going to help is for the future. You have to be very careful about it.

So, these five items are your fixed costs. The fixed costs should be made variable. Variable in terms of how it varies in terms of the revenue model. If the revenue is there and is able to give the fixed cost, I mean incremental revenue, then yes, otherwise it becomes a real problem for the company. So, this has to be controlled. This has to be controlled on a daily basis.

### Key Facts as of FY22



Contributes 2.3%  
to India's GDP



Employs  
over  
45 million  
people



Contributes  
12%  
to India's  
export  
earnings

1. Variable costs
2. Fixed Costs
  1. Employee Costs
  2. Advertisements
  3. Finance Costs
  4. High priced ERP Packages
  5. Now AI hype

Variable Costs, you have no control;  
Fixed Costs are under your control.



Textile Market - 2030  
US \$ 165 to US\$350

**Some interesting posts**

GDP - US\$ 5 Trillion 2030  
Textiles US\$350 = 7%

**Be Prepared:** What Chandogya Upanishad states is about the ego-system, prevailing in Industry, Commerce, and Government. As we have seen before, any Tom, Dick, and Hindenburg can take any major company to the cleaners upsetting a major stock market. We are not prepared yet. Be Prepared.

**Make India #1:** India ranks among the top five global exporters.  
Establish Global Benchmarks SOS Governance DD for Corporate Training & Knowledge Database for GDDP, GDH Development Model

**Optimize Effort - EPP - Effort Per Person:**

$e = mc^2$  THE Corporate Mantra for Digital Age - Knowledge Database - Companies - GDDP - GSDP - GDP - GNH 2030

**Concepts #1: pole shift theory of management - *ex-post-facto* to ex-ante, 3-Day Workshop:** IBCM - Inactivity Based Cost Management: Activity has a cost incidence, whereas Inactivity a cost consequence. Measure Cost Consequence, Now, Now, Now. Bring CAGR 2030 to CDGR 2024; CARR 2030 to CDRR 2024 [Reduction Rate]: Track US\$350 billion 2030 Now, Now, Now with CDGR.

**$e=mc^2$  THE Corporate Mantra:** Dvaita - Vishishtadvaita, and Advaita~  $E=mc^2$ ; Where would  $e=mc^2$  fit in? deriving Corporate Mantra, where Matter and antimatter are expounded.

**Deriving Everlasting Corporate Metrics, & Benchmarks.**

Metrics and benchmarks are critical for the success of EPP. I mention India's GDP Plan of \$20 trillion by 2047 and how this will be met by syncing with the EPP of individual companies' Plan of Action.

<https://bit.ly/3VsvSk0>



<https://bit.ly/3wJ5JUq>



<https://bit.ly/3yhm0jI>



<https://bit.ly/3yDo0Dc>

<https://bit.ly/3Wi6b68>



<https://bit.ly/4bUHuCj>



LinkedIn Posts and Response Report  
January - April 2024

	TCS	EY	Deloitte	Persistent Systems	Accenture India	Accenture	KPMG	KPMG India	Infosys	Capgemini	Genpact	Microsoft	SG Analytics	Cognizant	Salesforce	PWC	IBM	WIPRO	BYJUS	HDFC BANK	
Articles on LinkedIn/ Persons																					
5.Internal Consultants [3666]	109	40	58			91			161	19	19										<a href="https://bit.ly/3TNDBZj">https://bit.ly/3TNDBZj</a>
6. Corporate Life Cycle - Yaqui way of knowledge						69						30					30				<a href="https://bit.ly/475D2wZ">https://bit.ly/475D2wZ</a>
7. AI & HI Collaboration: With a case study on Accenture [955]						62															<a href="https://bit.ly/3SZsDiZ">https://bit.ly/3SZsDiZ</a>
8. AI Copiloting ABC of SOS Governance [2459]	23	22	24		24	127						93								24	<a href="https://bit.ly/3R4MXhF">https://bit.ly/3R4MXhF</a>
9. AI Copiloting ABC of SOS Governance Standards [424]	91																				<a href="https://bit.ly/3RHelkE">https://bit.ly/3RHelkE</a>
10. KPMG ESG Maturity Report - Road to Readiness [1470]		41					45	33					26								<a href="https://bit.ly/3ZIRCbO">https://bit.ly/3ZIRCbO</a>
11. SOS Governance Standards - A certification scheme for FEEC [24751]			32	22					25					50	94	24	25				<a href="https://bit.ly/47mDrv2">https://bit.ly/47mDrv2</a>
12. AI in Action - IBM case study [1861]						50											137				<a href="https://bit.ly/3R7dUjq">https://bit.ly/3R7dUjq</a>
21. Episode 7 IMF	Episode 7 is an interesting one as to IMF projection of critical metals.																				<a href="https://bit.ly/3wNsF4F">https://bit.ly/3wNsF4F</a>
22. Blueprint trillion-dollar Indian Agriculture	Blueprint trillion-dollar Indian Agriculture 2024 LinkedIn:																				<a href="https://bit.ly/3njPflN">https://bit.ly/3njPflN</a>
* RBI - SEBI Approval for SOS [Subject - Object - Self] Governance Rating System	RBI - SEBI Approval for SOS [Subject - Object - Self] Governance Rating System																				<a href="https://bit.ly/3LBAiiy">https://bit.ly/3LBAiiy</a>



LinkedIn Posts and Response Report

January - April 2024

Articles on LinkedIn/ Persons	TCS	EY	Deloitte	Persistent Systems	Accenture India	Accenture	KPMG	KPMG India	Infosys	Capgemini	Genpact	Microsoft	SG Analytics	Cognizant	Salesforce	PWC	IBM	WIPRO	BYJUS	BDO India	Intel Corp	Jio	ICICI Bank	
23. Action plan 2047 - State-wise GSDP build-up [3126]	31	31	34			31			28									24			28	24	30	<a href="https://bit.ly/3x7tjKt">https://bit.ly/3x7tjKt</a>
21. Budgeting for Roadmap India 2047 [641]																								<a href="https://bit.ly/498tfHH">https://bit.ly/498tfHH</a>
20. Deriving Everlasting Corporate Metrics, & Benchmarks.[1182]	27	16	21	14		35			15									13	21					<a href="https://bit.ly/4bUHuCj">https://bit.ly/4bUHuCj</a>
19. Dynamic GDP - GNH - Database Systems, [1361]	24	23	14						14															<a href="https://bit.ly/3ORlw9t">https://bit.ly/3ORlw9t</a>
16. ERP is passé. Embrace EPP- Effort per Person. [1704 ]	120	49				30			29										40					<a href="https://bit.ly/493O8Ex">https://bit.ly/493O8Ex</a>
15. Company SOS Governance Ratings - CorporateMOM. [3183]	49	29	70			54			54	10	59					13								<a href="https://bit.ly/3urXF9m">https://bit.ly/3urXF9m</a>
14. CorporateMOM with a GE Case Study [2212]		21	39				22	22											48	22				<a href="https://bit.ly/47QG60u">https://bit.ly/47QG60u</a>
13. Project ELITE [1071]		18	40			28			20					28				23						<a href="https://bit.ly/48JB1Ik">https://bit.ly/48JB1Ik</a>
1. Vibrant Gujarat 2024 Highlights - Constructive Collaboration [3013]	65	60	77			48			42															<a href="https://bit.ly/3O9h4Tc">https://bit.ly/3O9h4Tc</a>
2. VG 2024 CorporateMOM Agenda [3600]	118	61	86	61		49			61															<a href="https://bit.ly/48ASjHk">https://bit.ly/48ASjHk</a>
3. CorporateMOM looks at Vibrant Gujarat Global 2024 Summit [2064]	70	35	47	23		51			47															<a href="https://bit.ly/3RRT8Vt">https://bit.ly/3RRT8Vt</a>
4. Review 2023 Preview 2024 [2071]	37	82	99			39		18	20															<a href="https://bit.ly/3H0x2ea">https://bit.ly/3H0x2ea</a>
17. Universities	CorporateMOM ~ I 4.0 Operation COURAGE - Corporate & Universities - Revitalizing - Advanced - Global - Economy																							<a href="https://bit.ly/45eD454">https://bit.ly/45eD454</a>
18. Indian Statistical Ego-system	CorporateMOM decodes Indian Statistical Ego-system Establishing a Dynamic GDP – GNH Database System																							<a href="https://bit.ly/3DnDz0P">https://bit.ly/3DnDz0P</a>
24. Ramanathapuram - Blueprint \$30 billion 2030	Report Card on - Ramanathapuram - Blueprint \$30 billion 2030																							<a href="https://bit.ly/4cFeiQl">https://bit.ly/4cFeiQl</a>
25. GDDP	For all 806 Districts - Ramanathapuram GDDP GDH 2030 Development Model																							<a href="https://bit.ly/4bd4Sda">https://bit.ly/4bd4Sda</a>





Year 2023*	2023 cont'd	Year 2024 [Jan-24 July]
India		United States
United States	Poland	India
China	Hong Kong SAR China	Canada
United Kingdom	Italy	Germany
Germany	Portugal	China
Canada	Vietnam	United Kingdom
Finland	Romania	Philippines
United Arab Emirates	Ireland	Thailand
American Samoa	Israel	Netherlands
Brazil	Morocco	Kosovo
Saudi Arabia	Norway	Japan
Malaysia	Russia	Poland
South Africa	Taiwan	South Africa
New Zealand	Kosovo	Singapore
Japan	Austria	Portugal
Singapore	Sweden	Malaysia
Philippines	Chile	Bangladesh
France	Laos	Hong Kong SAR China
Australia	Nigeria	Pakistan
Colombia	Netherlands	Finland
In Descending Order*		Spain


ibcm.in-
+
New Zealand
Sweden
Australia
Qatar
France


# January - April 2024


Top companies your searchers work at


Harvard Business Review

SVKM's Narsee Monjee Institute of Management Studies (NMIMS)

Saama

C3 AI

The Institute of Chartered Accountants of India




Leif Edvinsson · 1st

Professor emeritus and Brain of the Year

Very productive thinking and appluadable prototyping

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1

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8h...

Very  
Productive  
thinking and  
applaudable  
prototyping.  
Prof. Leif  
Edvinsson



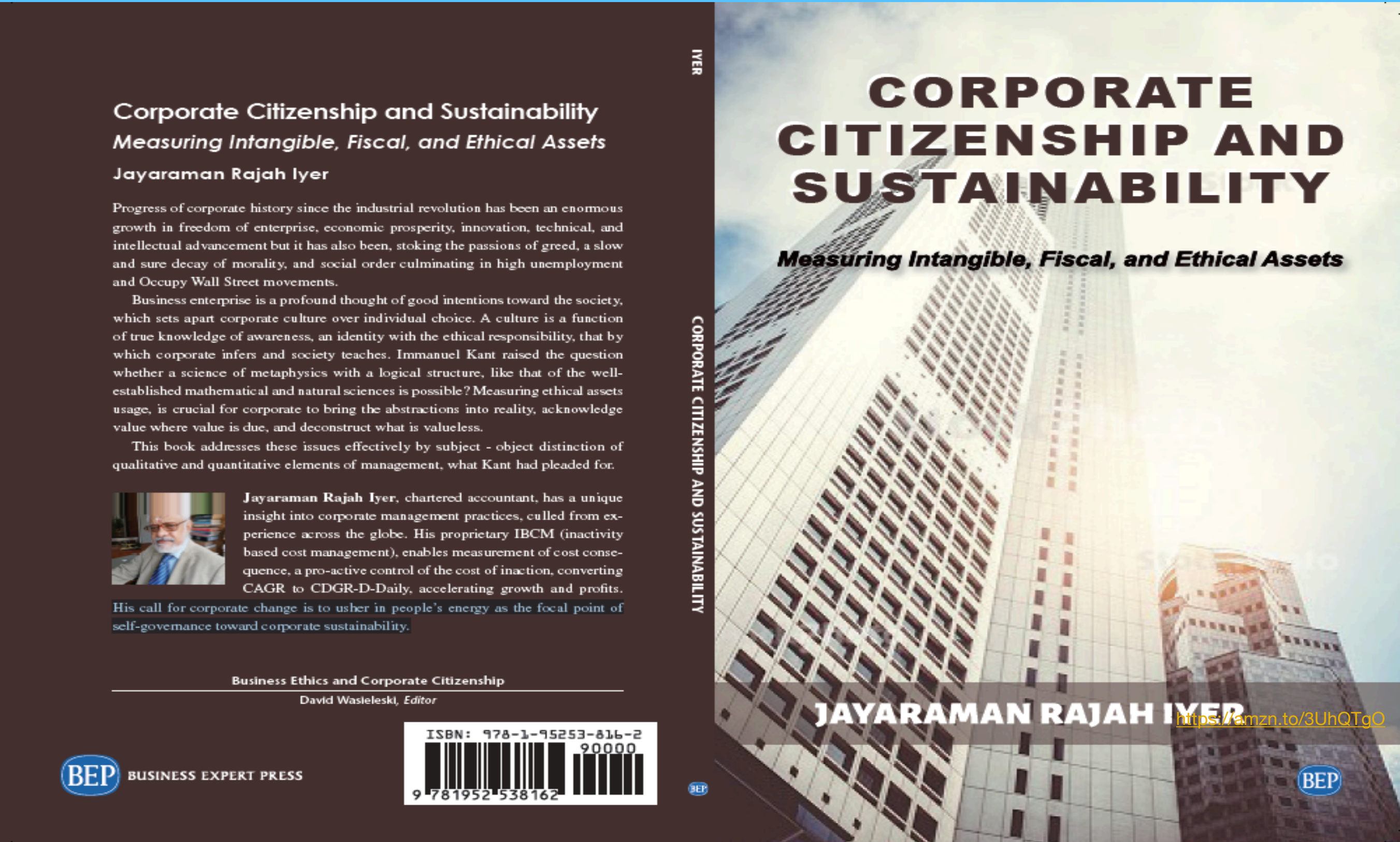


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IBCM Technology

My Book: Corporate Citizenship and Sustainability, with the subtitle: Measuring Intangible, fiscal, and ethical assets: Business Expert Press Business Ethics and Corporate Citizenship Collection.  
<https://bit.ly/32nBVep> from Publishers



From Amazon: <https://www.amazon.in/Corporate-Citizenship-Sustainability-Measuring-Intangible/dp/1952538165>





# SOS Governance Ratings System



## CorporateMOM Sustainability of Corporate Stability

CorporateMOM is Corporate Management Orbiter Mission. Corporate is the central pillar of the global economy but collectively the current ecosystem has made it unstable. Make it stable. The mission is to make sure the Sustainability of Corporate Stability is ensured. That's the purpose. There's no different opinion among any as to stabilize the corporate management. The key word is sustainability, which is sustained corporate stability.

Two compelling reasons to note: 1. Break the current ecosystem, and 2. fuel the energy force for the SOS Plane to take off.

SOS Plane with the Corporate in one wing, society as the other, and government as the main body, is ready to take off, once the energy force that is SOS - Subject-Object-Self governance standards are complied with. Return on THE Intangible is the key to the sustainability of stability.

Jayaraman Rajah Iyer, Chartered Accountant, ICAI (1966), has a unique insight into corporate management practices, culled from experience across the globe.



Jayaraman Rajah Iyer

CorporateMOM

## CorporateMOM Sustainability of Corporate Stability

Jayaraman Rajah Iyer



Jayaraman Rajah Iyer  
Author  
India



IBCM Technology