

Measuring Corporate Governance
Recommending to the PM of India
Establish ICGI
THE Institute of Corporate Governance of India
[As a Statutory Body under an Act of Parliament]

Corporate Governance Rating
System

CREAM Report

C Corporate Governance - M&M Analytics
R Risk Management & Internal Controls - M&M Analytics
E Earnings - M&M Analytics
A Accounting Quality - Material Accounting Policies - M&M Analytics
M Management Quality - The Board of Directors - Committees - SEBI - LODR 17-27
Vigil Mechanism - M&M CoC

CorporateMOM

Corporate Management Orbiter Mission

To The Prime Minister
of India

Date: 9th October
2024

Dear Shri Narendra Modi,

SUB: Measuring Corporate Governance.
ICGI : THE Institute of Corporate Governance of India
[As a Statutory Body under an Act of Parliament]

I am pleased to submit my work on Measuring Corporate Governance for your study. I have made my intentions clear that this shall lead to establish an independent ICGI : THE Institute of Corporate Governance of India [As a Statutory Body under an Act of Parliament].

It was a defining moment a few weeks back when I went through the Guidance Note on Audit of Banks (2023 Edition) issued by ICAI my *alma mater*. I went through SBI Annual Report 2024, RBI Policies, SEBI LODR 17-27 on Corporate Governance. Defining moment in the sense, as I have indicated in my attached report, IAS 38 Intangible Assets emerged as an Accounting Standard in 1998 after Exposure Drafts were deliberated but without defining the title word Intangible. The consequences of undefined word, in my opinion, has led to a major catastrophe beginning 2008 and it has not disappeared yet.

Governance without being defined and introduced for PSBs' Corporate Governance Report I felt I must elaborate Corporate Governance duly defined coupled with the a rating system with everlasting Metrics and Benchmarks for companies.

For this purpose I am attaching my report including therein:

1. An Intro,
2. ABC of SOS Governance Rating System for [A2B - Audit ~ Bank]]
3. Fiscal & Ethical-cum-co-Responsibility [FEC] Report],
4. Ratings - 1. Creative Process and 2. Action Process.

For illustrating the concepts I have taken from published reports of M&M a company I greatly respect, analytics with a **CREAM Report:**

C Corporate Governance - M&M Analytics
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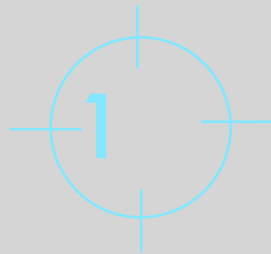
This work I am confident would assist companies and regulatory bodies as a benchmark for Measuring Corporate Governance.

I am suggesting ICGI as an Independent Institute considering the profound Theory of Management backed by science: 1. Laws of Physics, 2. Quantum Physics and 3. Metaphysics as enunciated by Dvaita, Vishishtadvaita and Advaita respectively.

I am willing to assist you in your endeavour to bring in good governance for Bharat, absolutely essential and critical at this juncture. Accountability is the watchword that ICGI shall usher in.

Yours Truly,

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Corporate Management Orbiter Mission

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Measuring Corporate Governance

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2. ABC of SOS Governance Rating System for [A2B - Audit ~ Bank]

3. Fiscal & Ethical-cum-co-Responsibility [FEC] Report]

4. Ratings - 1. Creative Process and 2. Action Process

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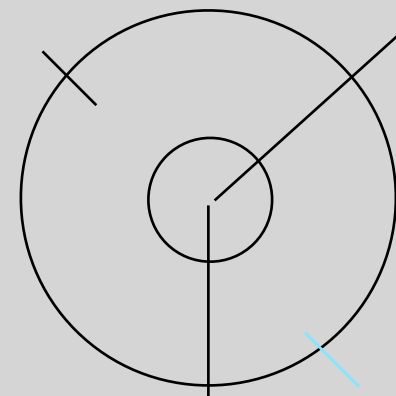
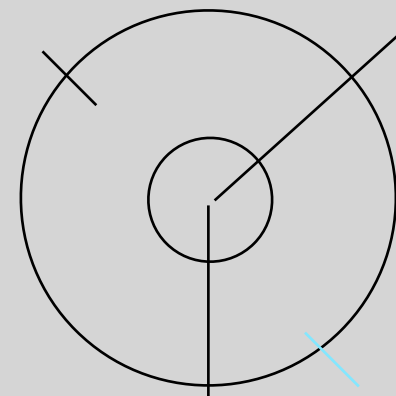


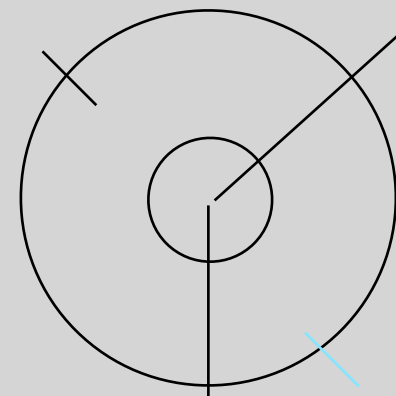
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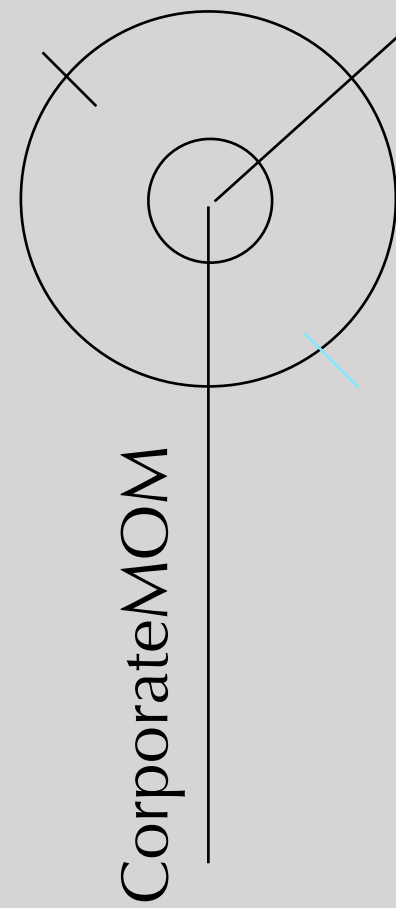


Measuring Corporate Governance - An Intro

- Welcome to another interesting Podcast Episode number 70. This is measuring Corporate Governance.
- Last year ICAI with the help of AASB, had come out with a Guidance Note on Audit of Banks 2023 edition, as a guidance to SCAs and SBAs, Auditing Corporate governance of PSBs.
- Is an amazingly good initiative and changes completely the very fundamental area of auditing.
- Previously and so far we have been auditing only the statistics *ex post facto*.
- Whereas now when we are talking about the corporate governance aspect of it, we are in a totally different domain.
- So the initiative as such that has come from ICAI of India is very significant for a simple reason, it is being audited by Statutory Central Auditor and Statutory Branch Auditor.
- So that is the significance as and when it comes, you know, normally any of these things comes as a not on a day one, as a mandatory requirement is a non mandatory requirement in terms of developing a Corporate Governance Report which is going to be audited and to be certified.
- Then it becomes mandatory as and when it completes the process, the process of auditing
- So A to B and A to C. That is what I say ABC of Corporate Governance.

**Measuring Corporate Governance - An Intro**

- We are talking of the SOS Governance, which is my specialty, which is Subject-Object-Self Governance Rating System. So I am comparing that with what the guidance note from ICAI have come out with and how it has been improved upon.
- We cannot allow, without an Exposure Draft, an auditing standard coming, which will become possibly a mandatory statutory requirement from companies.
- As on today, it's not the companies but focus is on the PSBs.
- Make it successful in PSBs, then you are through. Then you can apply to private banks and apply to companies. So A2B success, that is audit to bank must be elaborated and expanded to audit to companies.
- So what is the significance is that today you have a balance sheet being signed by the Statutory Auditors. Tomorrow you have that plus a Statutory Auditors signing a corporate governance report, which is going to be very significant factor. So be ready.
- I'm giving the background of it with what the guidance note has been given and how it has been improved upon.
- I'm also including about SBI Corporate Governance Report.
- It is coming to you. If you are a company.
- Now you are coming to the same thing with Corporate Governance Statutory Audit. That is going to change a lot in terms of what you are supposed to give and what you are supposed to confirm with the Statutory Auditors.

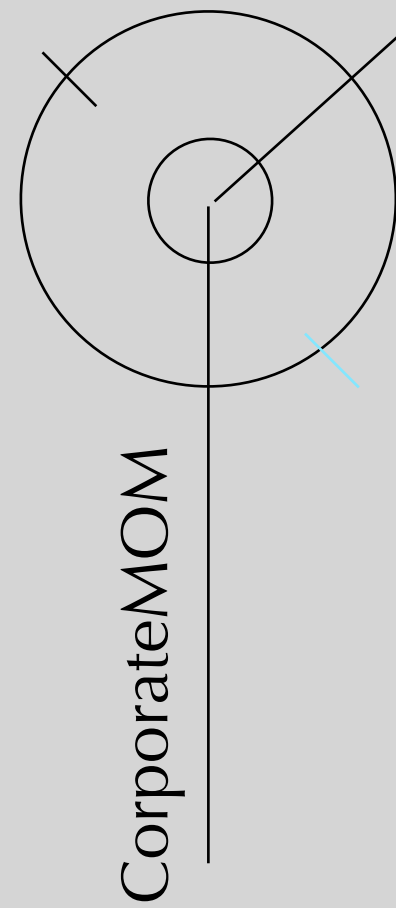


ABC of SOS Governance Rating System for [A2B - Audit ~ Bank]

ABC of SOS [Subject - Object - Self] Governance Rating System for [A2B - Audit ~ Bank] looks into the Adequacy of Guidance Note on Audit of Banks (2023 Edition), published by AASB - Auditing & Assurance Standards Board - ICAI.

1. Corporate Governance - Corporate Governance was the most touted jargon in Corporate history. Then came CSR which gave jitters to corporate honchos who were afraid to embrace it with the fear of the known and the fear of the unknown. Then came the CSR Policy in the Companies Act 2013 that settled the unnecessary vibration of Corporate Governance. Fear of the unknown of CSR still prevails in corporate. Slowly and steadily Corporate Governance is drawn back by Corporate honchos. That's the rage today in Corporate Governance.

2. CSR - I split CSR into two: 1. Corporate Fiscal Responsibility (CFR) and 2. Corporate Ethical Responsibility.(CER). CER needed a different yardstick than CFR. The nature of CER is intangible, personal and of humankind. That led me to research Intangible. There are two sides to Intangible, the one under CFR and the other under CER that I researched on.

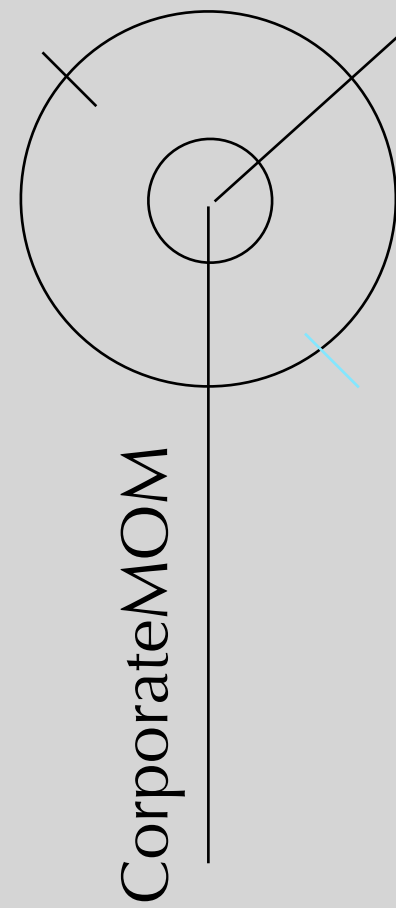


ABC of SOS Governance Rating System for [A2B - Audit ~ Bank]

ABC of SOS [Subject - Object - Self] Governance Rating System for [A2B - Audit ~ Bank] looks into the Adequacy of Guidance Note on Audit of Banks (2023 Edition), published by AASB - Auditing & Assurance Standards Board - ICAI.

3. Intangible Assets - IAS 38 Intangible Assets [CFR] was published in 1998 but not before extensive scrutiny with Exposure Draft ED50 later modified as E59. Dr. HerveÅL Stolyow presented a paper "Accounting for brands in ED50 of IASC [Intangible Assets] compared with French and German practices – An illustration of the difficulty of International harmonization.". However, IAS 38 became Intangible Assets without the title Intangible being defined, as the one and only such Accounting Standard.

4. CER - I searched further on Intangible [CER] and I could get an answer from Advaita. Not only could I define it but made it measurable. Then I wrote to Damodaran on his Mandatory Grading in 2007 about how 4 of the criteria he set are part of Intangible and that could be rated or graded scientifically. Later I came out with the book Corporate Citizenship and Sustainability: Measuring Intangible, Fiscal and Ethical Assets. Applied to the CFR and CER the book is a profound Theory of Management.

**ABC of SOS Governance Rating System for [A2B - Audit ~ Bank]**

ABC of SOS [Subject - Object - Self] Governance Rating System for [A2B - Audit ~ Bank] looks into the Adequacy of Guidance Note on Audit of Banks (2023 Edition), published by AASB - Auditing & Assurance Standards Board - ICAI.

5. Podcast: As a follow-up, I published several Podcast Episodes and came out with the second book - CorporateMOM - Sustainability of Corporate Stability.

6. The two books are a veritable essence of Corporate Management Operating Systems, deriving by use of Science - 1. Laws of Physics - Corporate Atomic Structure, 2. Quantum Physics - Matter and Energy, and 3. Metaphysics - Intangible pulsating energy of humankind, with everlasting Metrics and Benchmarks for Corporate Operations, measured by The Return on THE Intangible, enabling how men and women conduct themselves.

7. Concluding remark: i. With this in the background I have made some observations on "Guidance Note on Audit of Bank" [AASB]. **The** accounting governing bodies brought out the Intangible Assets, which I strongly advocate scrapping altogether, for the damage it has done to the world economy is immense. Reinstate IAS 9 - Research and Development Costs." and scrap IAS 38 Intangible Assets.

ii. It is the ICAI that has failed to recognize the great potential of Damodaran's [SEBI] Mandatory Grading. Therefore "Guidance Note on Audit of Bank" [AASB] needs a thorough scrutiny.

CREATIVE PROCESS AND ACTION PROCESS

Management Quality - Policy - Ethical Responsibility

Corporate Governance -Fiscal Responsibility

CREATIVE PROCESS

BOOK EXTRACT: Quote:

The Creative Process follows an identical growth process in all Substances, be it man-made or natural. A baby may take 9 months, a diamond a few years, an IPR a few weeks, a policy a few hours, but the process is chronologically successive, yet separate. There is no quantum jump. As Warren Buffett put it: “No matter how great the talent or efforts, some things just take time. You can’t produce a baby in one month by getting nine women pregnant.” A Strategy Plan is as detailed as a flight manual, for an Action Process to follow, in order accidents are avoided, to run smoothly. Many an entrepreneur fails when he tries a quantum jump.

Unquote

Independent Auditors shall take note of this creative process, for measuring the substance of quality per the 6 stages of transformation, given in the next page. The last but one stage, the 5th stage Formulation is the critical control point. Shortfall at this stage will give a rating of only 3 the completed stage and not 5.

Fiscal & Ethical-cum-co-Responsibility [FEC] Report]

[BALANCE SHEET of GOVERNANCE]

Matter is inert nothing moves on its own. Human energy is the only energy that moves it, be it a computer, nuclear bomb, whistleblower policy, or an ATM or for that matter a robot.

Independent Auditors shall prepare an [FEC] Report a Balance Sheet of Governance for a Strategy Plan 2030, Budget 2024-25, Personal Banking, Retail Banking, Treasury Operations, MSMEs, Agriculture etc.

The optimum Rating is 5 in both the processes - Creative as well as Action Process.

SCAs and SBAs the Independent Auditors shall prepare the [FEC] Report 'Balance Sheet' of Governance by each person. That is the Effort per Person [EPP]. Policy and Practices can be added to arrive at a single rating. One is 5 and another is 2 = totaling 7 the Ratings will $7/2=3$ considering only the integer as to the stage of completion. There can be any number of policies and Practices. Add together and divide by the number of policies/Practices, Bank's Rating is obtained.

There can be any number of Banks, total up each and divide by the number of banks to get Banks' Ratings, traceable to a single individual from any bank.

ACTION PROCESS

BOOK EXTRACT: Quote:

It is unique to the quality of the respective Creative Process documentation. For example, the results of violation of human rights, labor rights, environmental rights or anti-corruption drive, corporate governance, risk management, profitability statements, Code of Conduct, Whistleblower Policy would look to the respective Quality document to comply with standards or targets. So would an IPR, product innovation for its Quality and Action of the Substance. Each is unique, pin to pin, plane to plane. Action Process starts at a gross level. This follows the same Six Stages of Transformation to Substance. The Creative Process starts at the level of non-existence whereas the Action Process begins at the level of insentience.

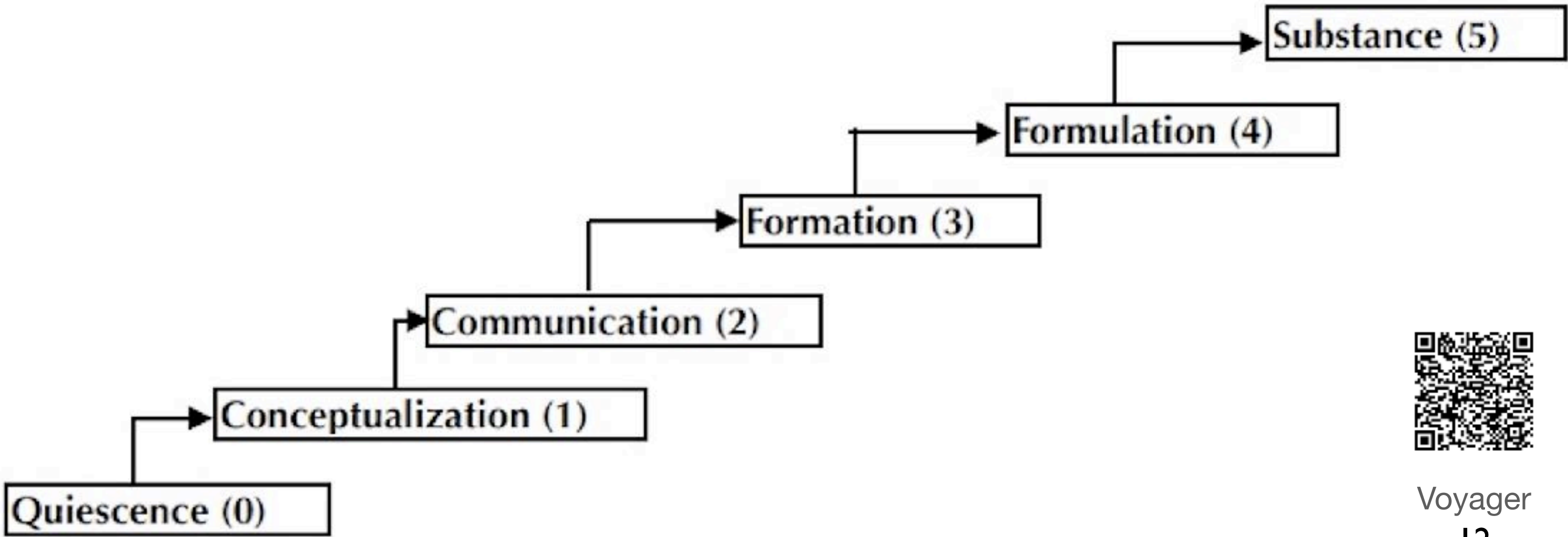
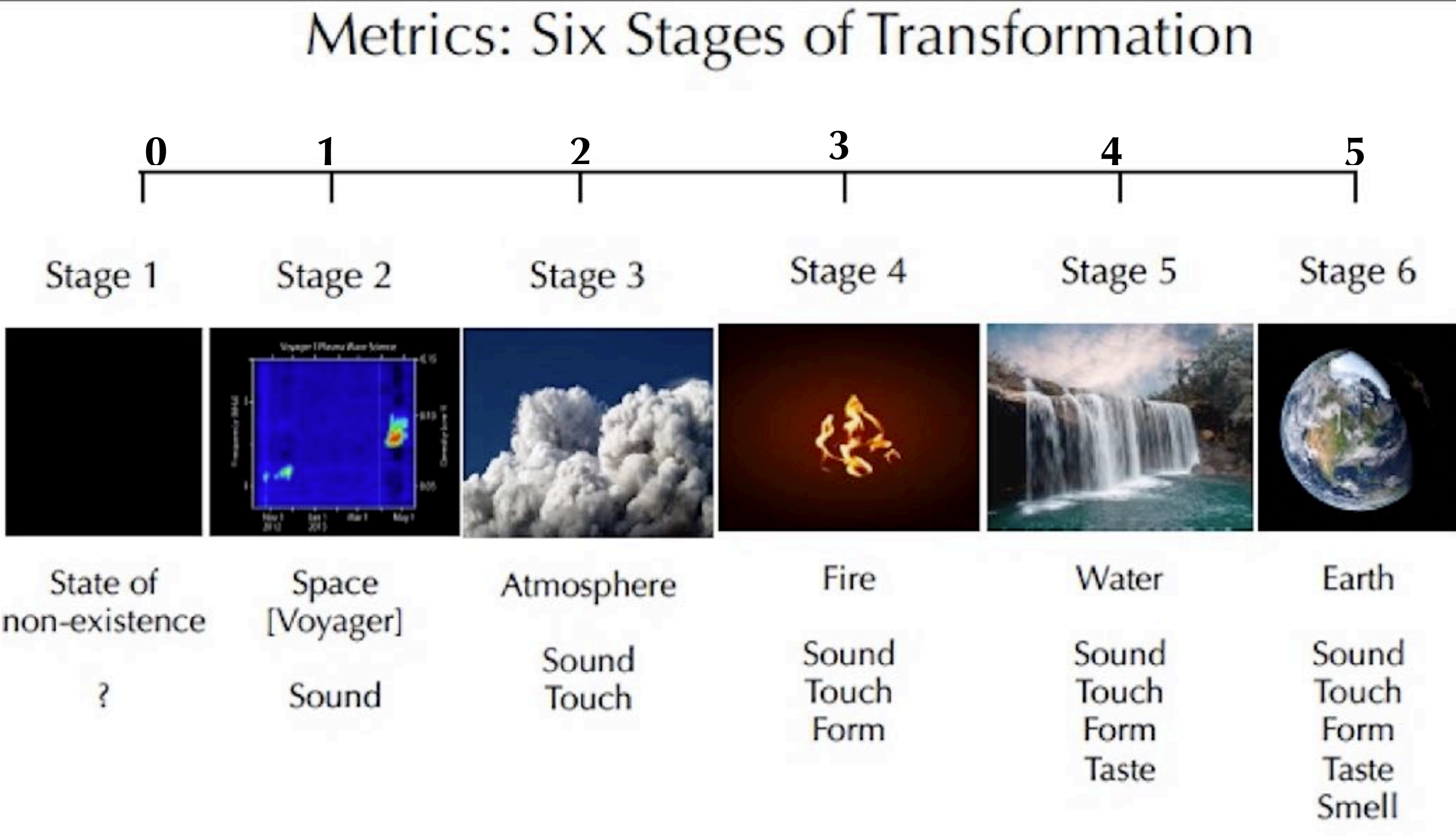
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SCAs and SBAs shall rate each and every policy, be it a Code of Good Conduct, Code of Banking Principles, Conflict of Interest, Conflict of Personal Interest, Conflict of Conscience. Rating System is illustrated herein.

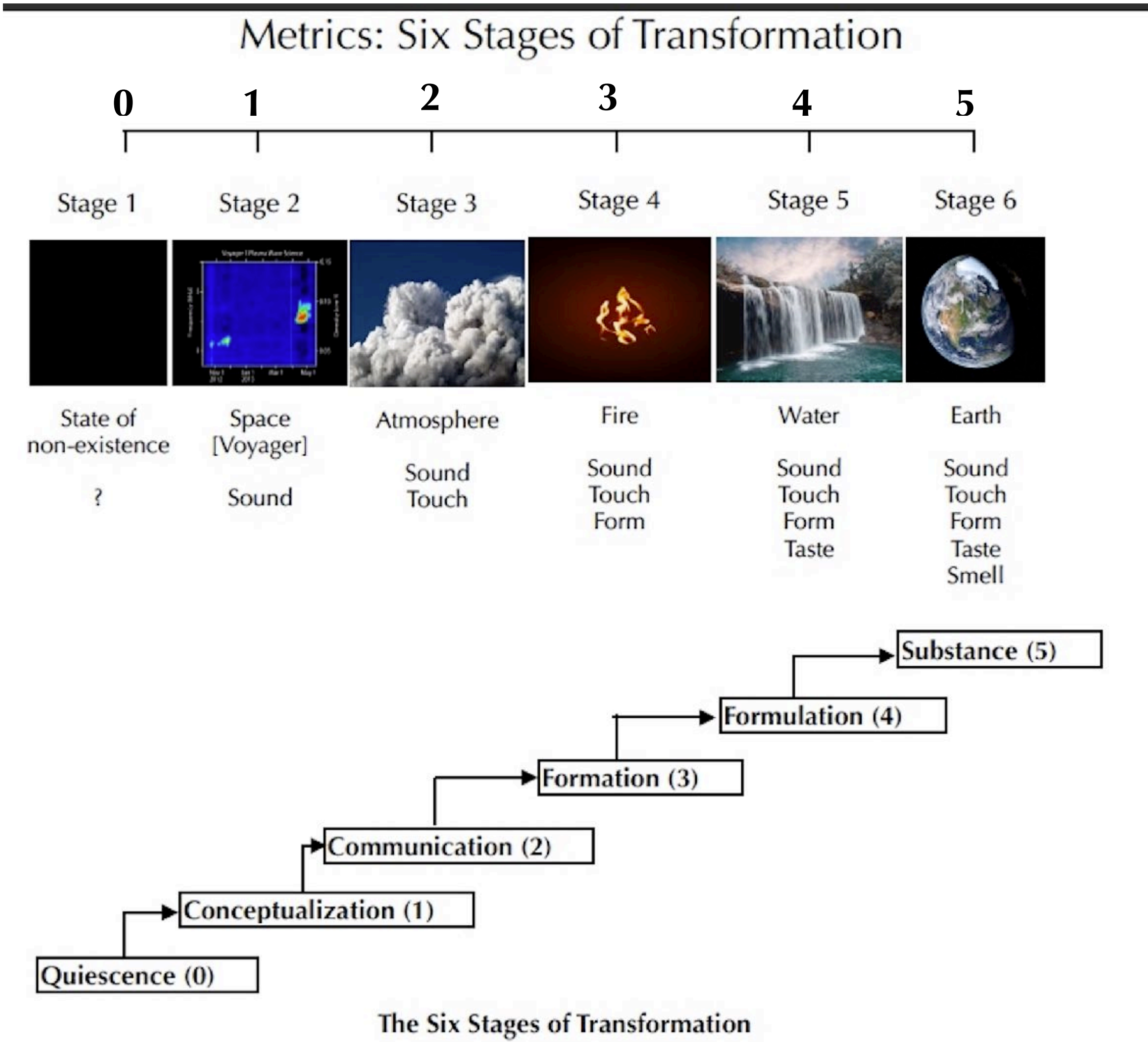
Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person

Here are 5 key points summarizing the transcript:

- 1. I describe a six-stage "everlasting metrics" for the creative process, ranging from quiescence (stage 0) to a substance of quality (stage 6).
- 2. The stages are linked to the Indian concept of Panchabuta (five elements), with each stage adding a new element: sound, touch, form, taste, and smell.
- 3. The process moves from dreaming and conceptualization through communication, formation, and formulation before reaching the final product.
- 4. Stage 5 (formulation) is described as crucial, especially for policy creation, as it must withstand scrutiny from auditors and regulators.
- 5. I emphasize the importance of following all stages sequentially to create a high-quality end product, whether it's a policy, strategy, or innovation.



Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person



Transcript: Six Stages of Transformation:

Here I'm giving the creative process and action process selected the pages from my book corporateMOM measuring EPP effort per person. What I am deriving here is the everlasting Metrics.

Six Stages of Transformation: How it is being brought in for my podcast listeners? Please take a look at that. On my website everything is available. That is the image that I am trying to convey orally is available, is an important one. That is the Metrics. And six stages of transformation which like policies, which is a creative process, IPRs, innovation, strategy planning process or outsourcing governance policy. Start from dream stage we start dreaming.

That is a creative process. Innovation is important to linearly takes one step ahead to create a Substance of Quality identical to nature. That is physics, being brought into the picture and it provides with the everlasting Metrics. So take a good look at it. There are six stages.

Stage 1: The first stage is zero. That is stage of quiescence. This is where starting point. We have not even dreamt. We are just dreaming. We have not dreamt and got an answer for that. That is the second stage. So the first stage or zero stage is quiescence, Nothing. You got to contemplate on that.

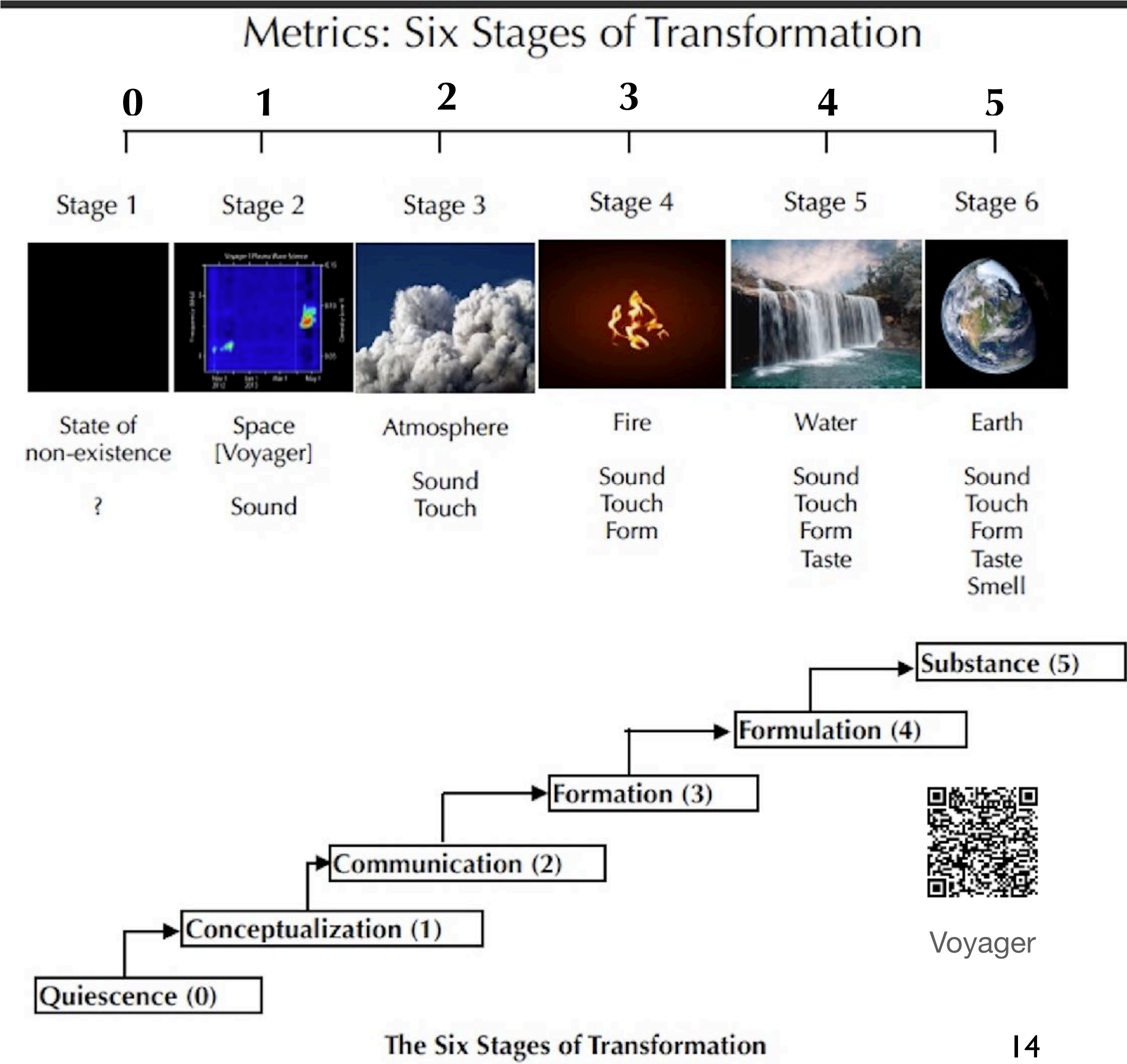
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Transcript: Six Stages of Transformation: [cont'd]

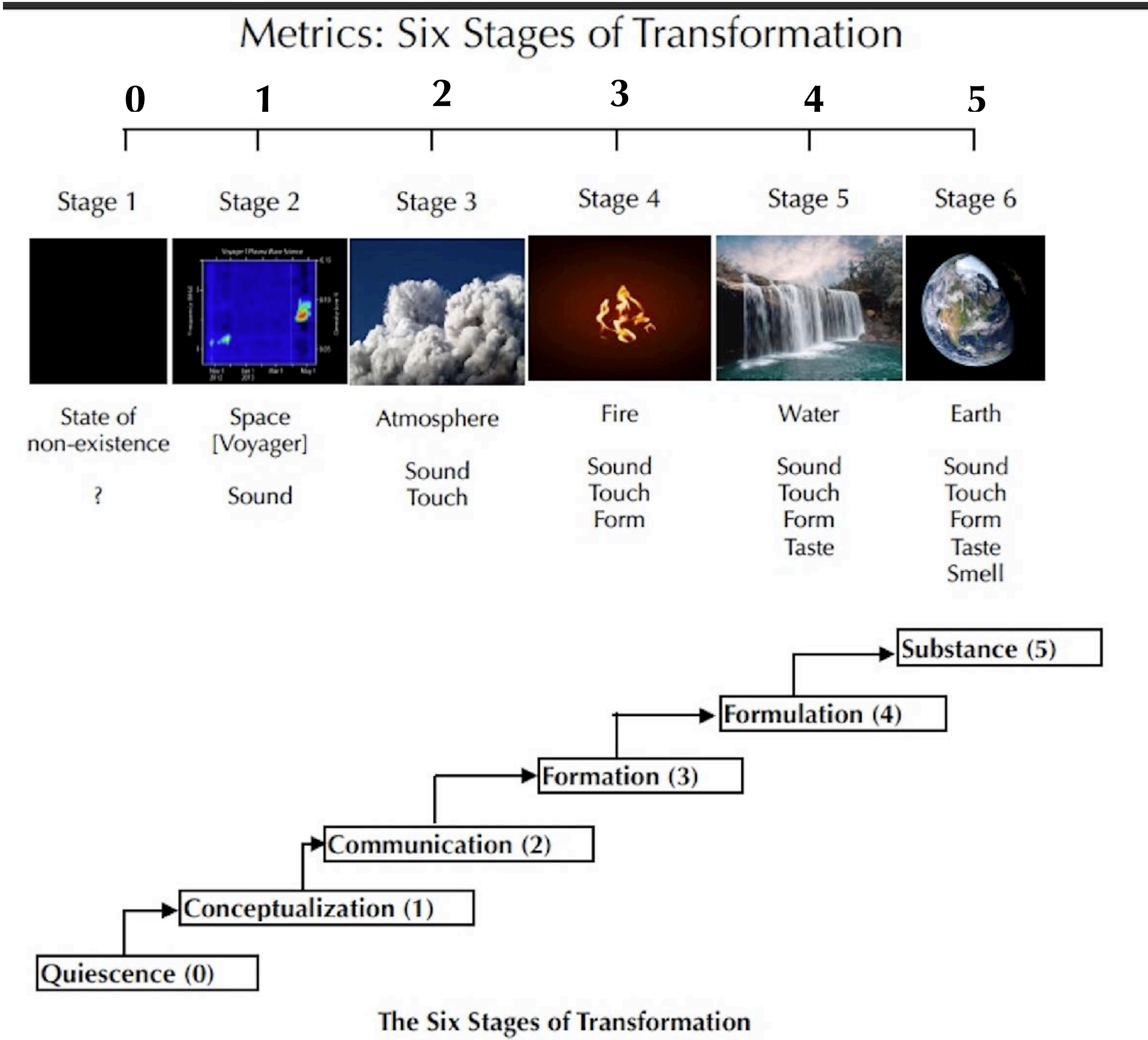
Stage 2: Stage number two. It rings a bell. We got an idea which is conceptual.
Second stage is conceptualization. This is where the nature comes into the being. We do not know where it starts. It is before the big bang. That is the state of non existence as far as our universe is concerned.

NASA Voyager 1: The second stage is space. The space is very important conceptualization. It rings a bell. It has got only one element sound. I'd like you to read my book of how it has been derived that there is only one element in space. If you look at that, I have given enough information about what Voyager two had done. A had for the first time in the history of universe NASA has recorded the sound that comes from Voyager two. It will reach the second stage, I mean the nearest star system in about 275,000 years. But this is the first time that they had recorded in history that space has got only one element which is Sound and that is important is available.

Panchabootha 'sounds' the characteristics of space: And I think I have put that in this QR code. But if you look at India's Panchabootha, Panchabuta had told how many years back? Long long, long, more than 2000 years back or something. In terms of panchabuta definition that says there is only one element sound that comes from space.



Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person



Transcript: Six Stages of Transformation: [cont'd]

Stage 3: So it is scientifically proved that Panchabuta gives you that one element that is the stage number two from the dream stage to wake up stage which rings a bell. That is the second stage conceptualization. Third stage, Panchabootha says, is atmosphere. When you come into the atmosphere from space, you have two elements, sound and touch.

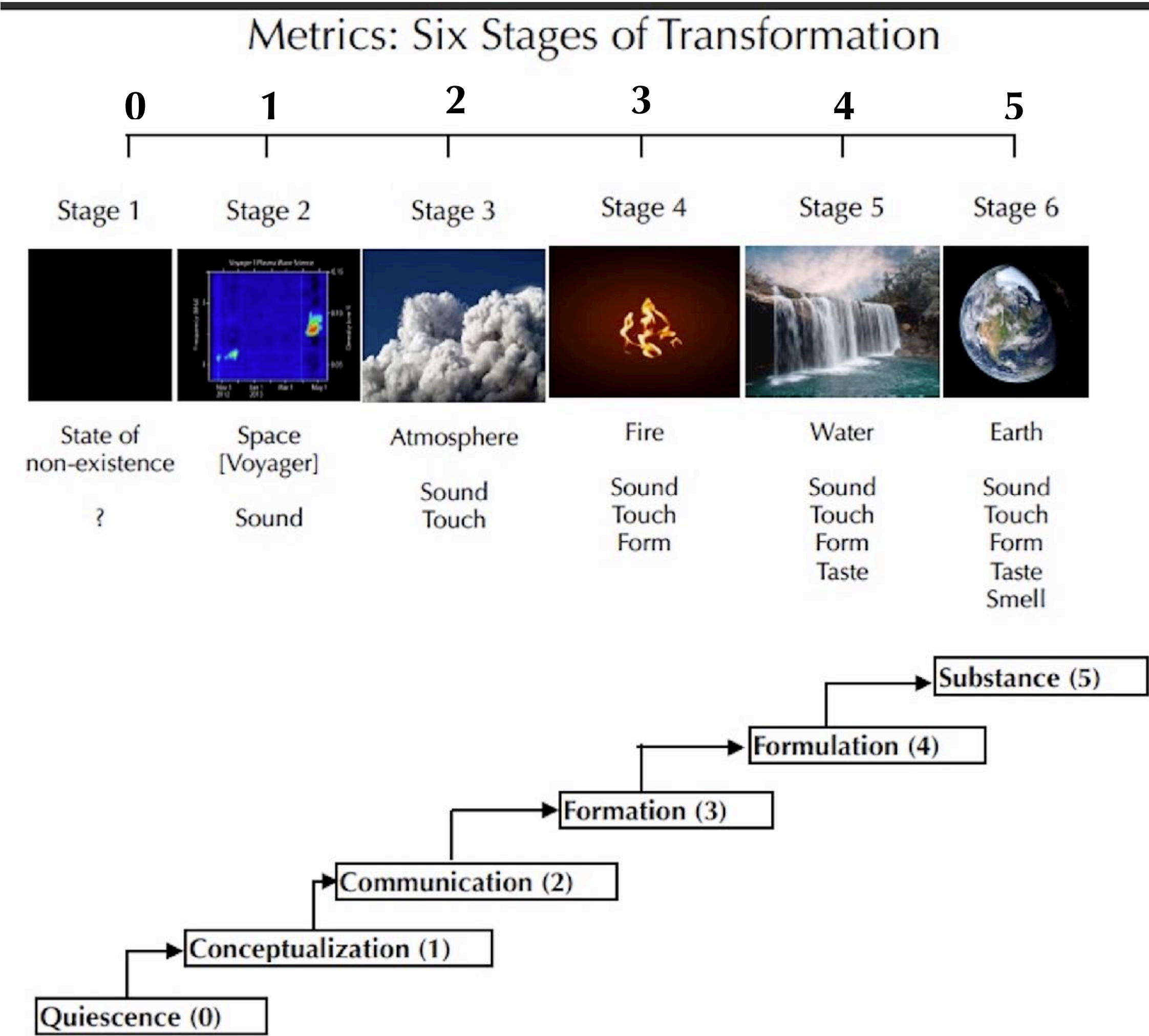
That is being given in this image, which is the communication that gives you the opportunity to communicate from the corporate side, anybody, innovation, CEO, chairman, in the state of quiescence, they get an idea, that idea, conceptualization, and they communicate. You got to communicate. This is a step which cannot be avoided in the sense it has to be done with your own core team.

Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person

Transcript: Six Stages of Transformation: [cont'd]

Stage 4: That is most important, then that you go to the fourth stage. Zero is stage 1, quiescence. Then you have sound, then sound and touch, which is atmosphere. And go to the fourth stage, which is sound, touch and form. In panchabuta, it says the stage four is fire. The fire.

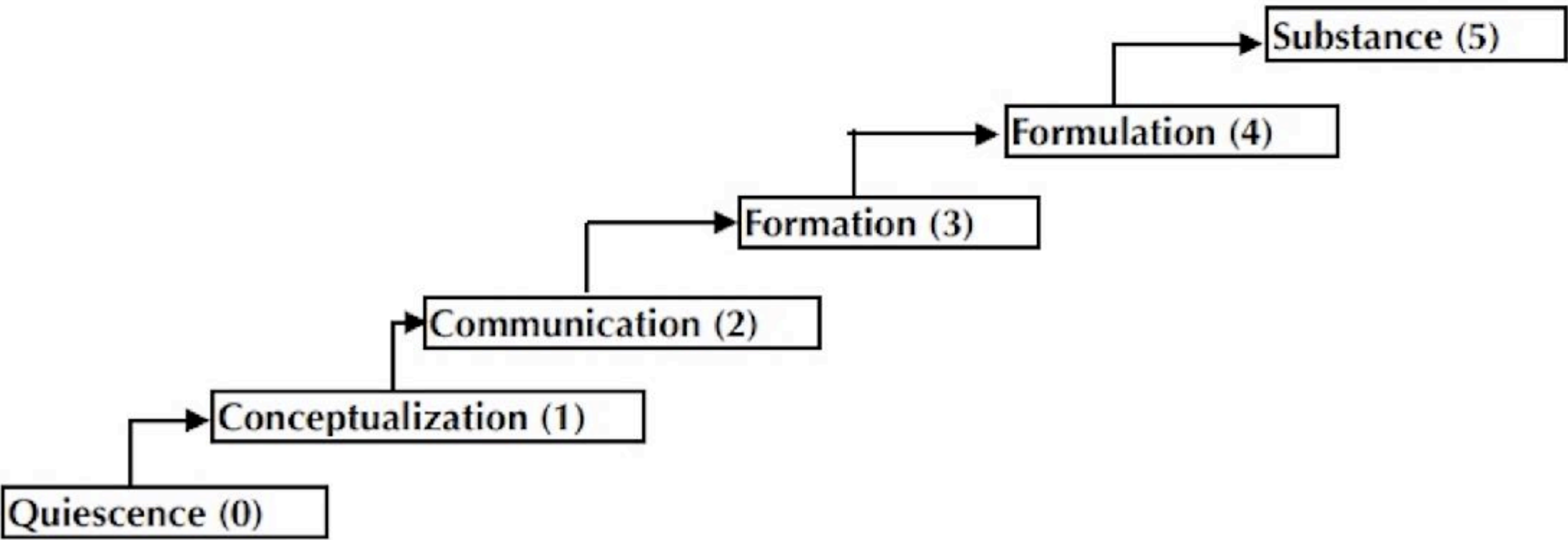
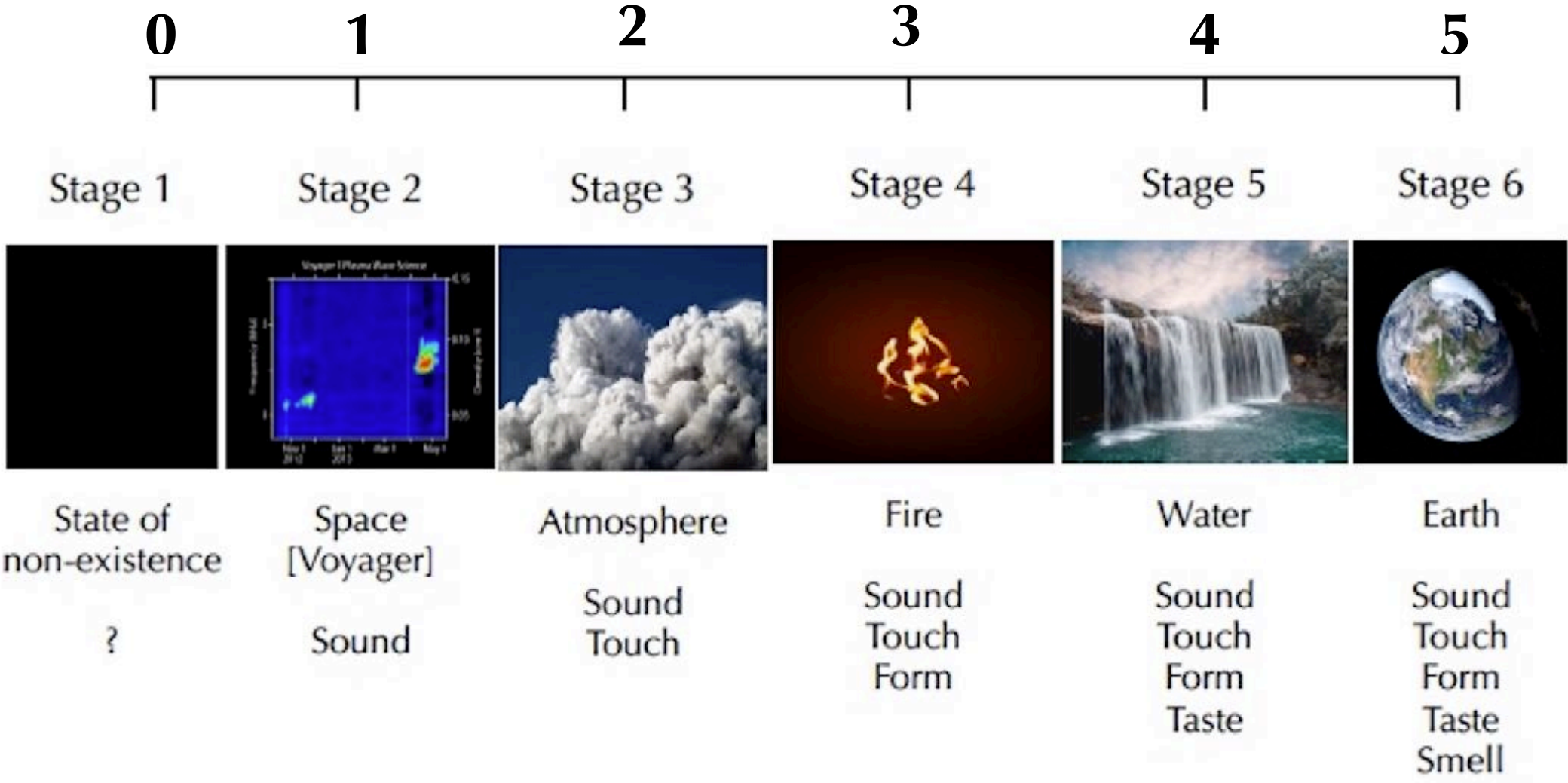
You are able to see that. You can see the sound of fire. You can touch it if you want, and up to you. And form. The form is available for the first time in conceptualization, communication to form. Fourth stage is formation. You form a team. You have a core team. You have discussed with them. Then you have to create the team for the purpose of, I mean, doing what you want to do, whether it's an IPR or strategy plan or any of that sort. That is the formation of it.



The Six Stages of Transformation

Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person

Metrics: Six Stages of Transformation



The Six Stages of Transformation

Transcript: Six Stages of Transformation: [cont'd]

Stage 5: As I said in my previous one, that you go to the next stage is number five, is Panchabuta says, water. Water has got four elements. Sound, touch, form and taste is the fourth element, and that is formulation.

We all know chemical reactions, the factories. And formulation is very, very the most critical area of the six stages of transformation. What we are trying to do at the end of the fifth stage, going to the 6th stage, is a Substance of Quality. We are creating a policy. That policy has to be, cannot be left unattended by types of clauses and other things. Anybody can challenge that.

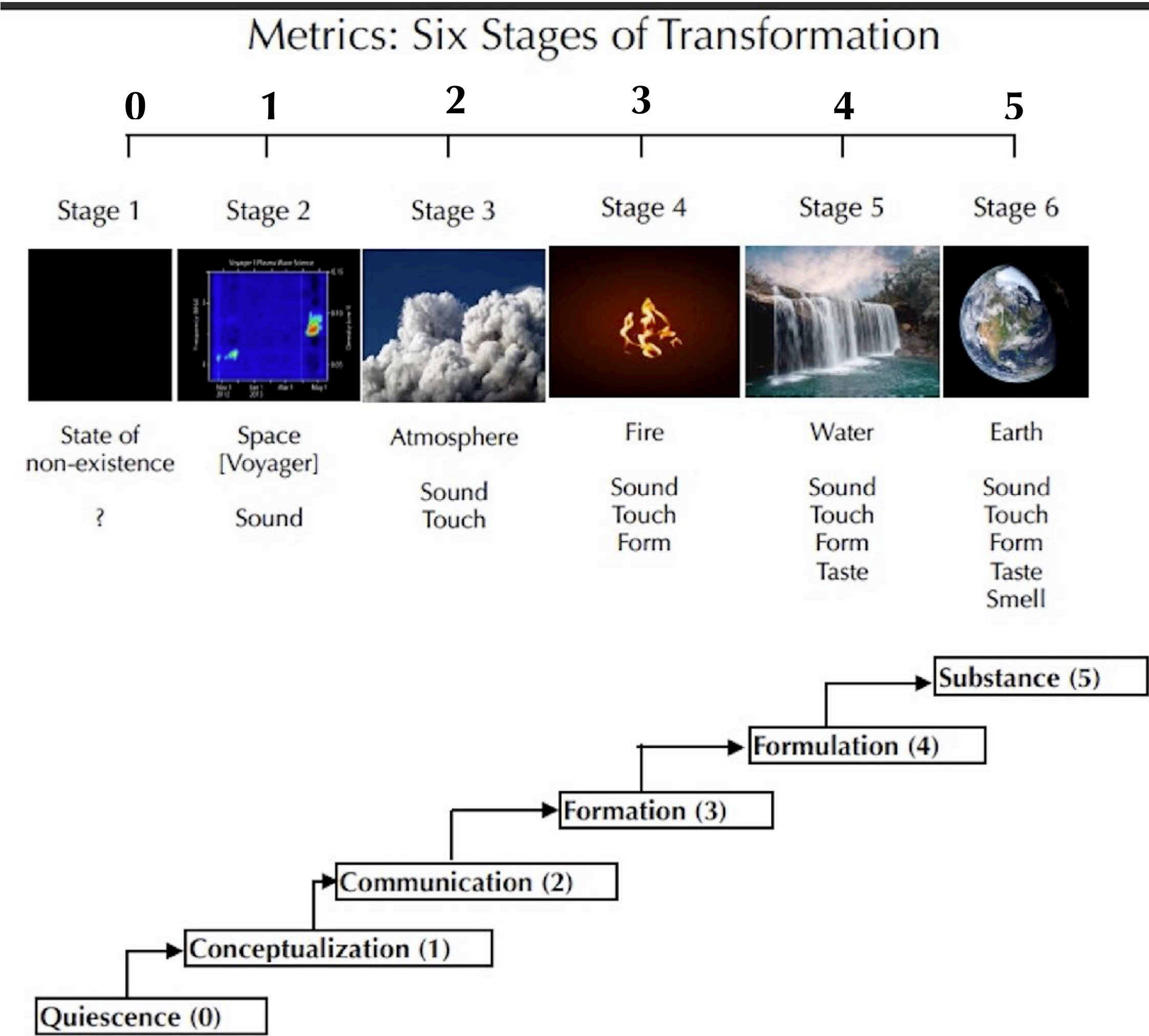
The person who has to challenge it, is the auditor, is the SCA and the SBA. We are talking of the bank. We have got the banking operation talking on so many things, like various type of operations that comes. So this is the crucial stage. Do not get out of the stage five until you clear everything. That is. I am talking about the PSB, public sector bank. You are creating a policy. That policy has to be defended by you, because you are getting an auditor, independent auditor, SCA and SBA, who are coming to question you whether you have done the policy part of it correctly. That is one

Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person

Transcript: Six Stages of Transformation: [cont'd]

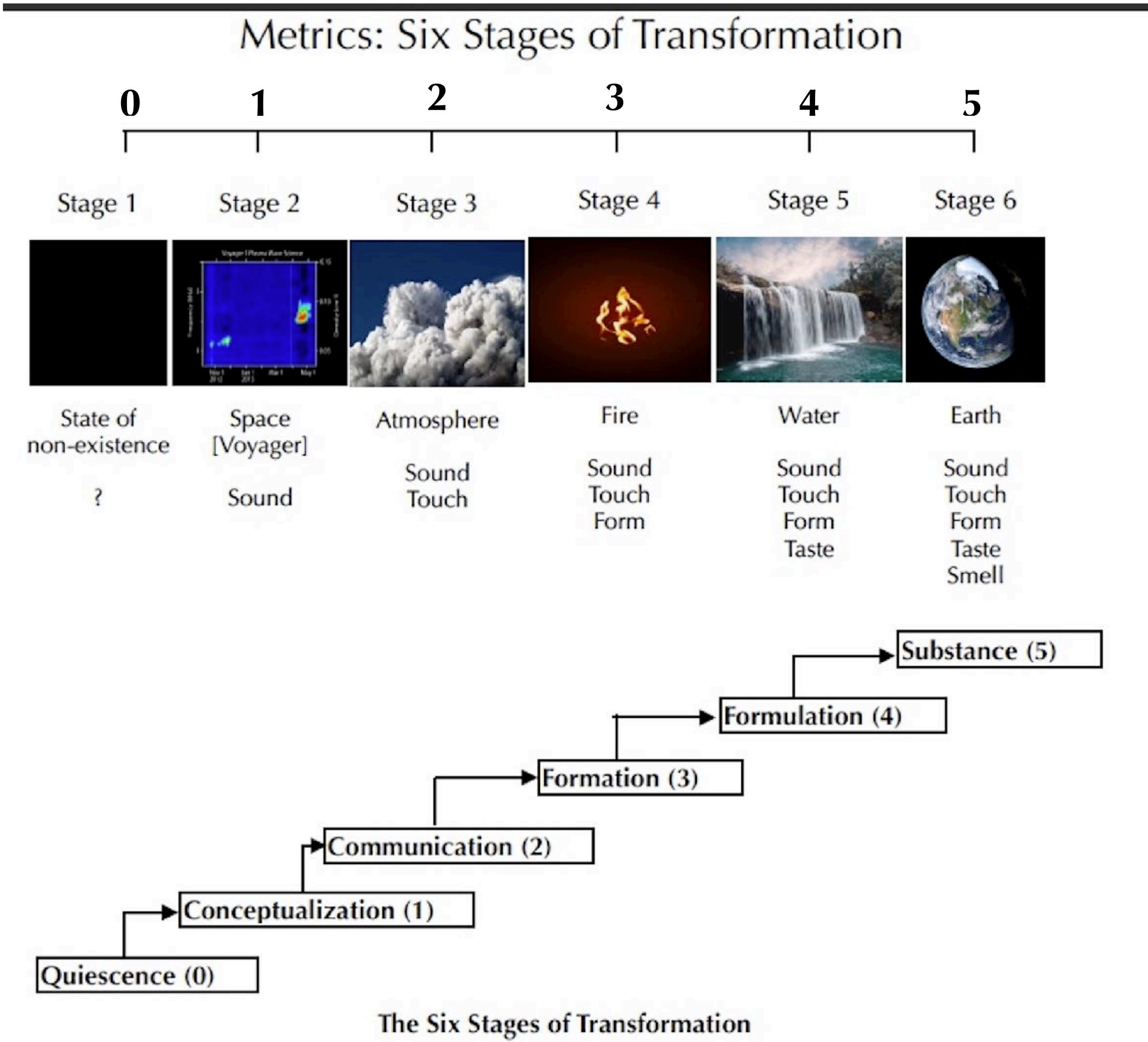
Stage 6: Once it is done, you go to the last stage. Stage six, you have landed on earth. Earth is the 6th stage. You are on solid grounds. That is a Substance of Quality. Stage 6 has got the five elements. It is sound, touch, form, taste and smell. You can smell it.

Policy document that you have taken and printed. You can smell it. The Constitution of India, you can smell it. That is the Substance of Quality. This is the very important aspect which I have given. And it becomes pretty easy. That is, you have created the six stages of transformation, from an idea to Substance of Quality.



The Six Stages of Transformation

Ratings - 1. Creative Process and 2. Action Process. Selected Pages from my book CorporateMOM
Measuring EPP - Effort per Person



Transcript: Six Stages of Transformation: [cont'd]

As I said, if anybody is going to jump from stage two got an idea like Vijay Mallaya or other guys. You have a major problem coming. So stage one is non existence - 0. Stage two is conceptualization - 1. Stage three Communication - 2. Stage four, formation - 3; Stage five, formulation - 4; Stage six, substance of creation is - 5.

Your document is ready. That document is the one which is critical. And all the policies IPR in various things we are talking about anything that is being creative.

This is the fundamental requirement of the creative process. Where the end product is a Substance of Quality. So it starts with quiescence. I mean is very crucial. And it ends up as a Substance of Quality which is gross. It starts with nothing and ends up with a gross

Table Ratings for Creative process

Stage	Effort	Rating
Stage 1	Non-existence	0
Stage 2	Conceptualization	1
Stage 3	Communication	2
Stage 4	Formation	3
Stage 5	Formulation	4
Stage 6	Substance creation	5

Action Process Ratings System

Here are 5 key points summarizing the transcript:

- 1. Action process is crucial for organizational goal congruence, focusing on increasing revenue, containing costs, and managing investments.
- 2. I advocate for publishing future strategic plans (e.g., Plan 2030) in annual reports, rather than just reporting past performance.
- 3. Banks and companies should set long-term growth targets (e.g., for 2030) and work backwards to establish daily growth rates for deposits, advances, and investments.
- 4. The speaker introduces a concept of "007 factor" based on physics principles, suggesting a critical conversion factor of 0.007 for optimal performance in business processes.
- 5. Corporate governance and a value system are emphasized as essential for sustainable profits, with a proposed rating system to evaluate governance practices.

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Action Process Ratings System

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Action process is a most vibrant process within an organization. It could be about 100,000 people, about 500,000 people working and spread all over the world. Unify the goal congruence. The goal congruence is the most important factor which action process has to look into it deeply. For example, in the case of banks we are talking, there are two things. One is incremental revenue. Another is containing the cost or expenditure and the investment. These are the three things which mainly any company does, any bank does. When you do that, we follow the same six stages of transformation.

Action Process Ratings System

Strategy Plan 2030: That is from the gross level that it has, as for the action process. It goes up to the task accomplishment, because we have the quantified area. When you look at the deposits to be increased, we are looking at the deposit in terms of what it is today and what is going to be in 2030.

This is a change I would like to bring about. That is we have been reporting, when you look at the corporate governance, even though we do a lot of strategy Plan 2030 and other things and all that, the strategy Plan 2030 is being taken into account within a company or a bank. It is not being published about.

Whereas what we report in the annual report is *ex post facto*. This is the change that science brings you for the level of what we can really increase the revenue part of it, reduce the cost and make the profits and growth more sustainable. That is the main purpose.

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Action Process Ratings System

Set Targets 2030 and work backwards to establish daily growth rates: So if you look at the bank, we have the growth in deposits. So you fix the 2030, what do you want the deposit to be at that particular time, which many people within a company are trying to bring about. The cost of deposits going up more and more each day, I would rather say. So you have, say 20% CAGR. When you have a CAGR of 20% in 2030 as against what you have in 2024, and bring that CAGR of 20% for deposit growth from 2030 to 2024 on CDGR, daily growth rate. Same case will be for advances. Advances have to increase. So you have a CAGR 2030 target and you bring it to CDGR. How that advance has to advance in, It's like playing a corporate ODI, playing a one day cricket. You are putting the target.

So individuals connected with employees, you, as I said, you have to make a team. This is where individual banks and companies have to work for. So what deposit today that individuals are bringing in? That is the pulsating energy that is being brought to the bank or a company. So advances are being given to various companies. Then you have the investment in various equity and other market that you are doing. So you have the target of CAGR, it has to be increased.

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Action Process Ratings System

NPAs: Then you have a CARR. CARR is reduction rate. Now NPAs is a consequential not of companies mismanagement or the banks mismanagement, but of the respective advances being given that NPAs come from them. It does not generate from the bank. It gets generated from the advances being given to the companies. So what we are talking about incremental revenue or the target for 2030, whether it is cost reduction, which I say is cost of consumption, for example, which is a difficult area for manufacturing company to bring it 83% to 80% is a difficult task. So that is where the profits there, that is where the corporate governance comes into being.

When we try to do that, the banks have the responsibility to find out how the advances are being given to the companies and which would eventually possibly make a good profit by paying the interest and other things back to the bank. Is very crucial aspect of the management, which is the corporate governance. When we look into it, you have 15% or 20% growth for revenue for bank by itself.

Same case with the companies also. They are giving a 2030 plan that they are going to go for areas of advancement in sales or manufacturing or investment and so many things that is why they are coming to the bank. The bank looks at it and advances.

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Action Process Ratings System

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Reduction of NPAs: Now what is important for reduction of NPAs for the banks is very critical in terms of analyzing what you are doing for yourself. The corporate governance aspect of it, that is SOS Governance Rating System has to be brought into the companies where you advance. That is where ensuring that the advances being given to any company (NPAs are) contained.

Action Process Ratings System

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

007 Factor - Everlasting Benchmarks: Now how to do that? This is the both for the bank as well as within the bank and as well as what you do for other companies where you advance is what I call the 007 factor. This is the principle, again pure and simple physics. The 007 factor is this.

When hydrogen is converting mass into energy, what the hydrogen does is converting that part of it to as helium, which is seven-one-thousandth of it is being converted into helium, which is very accurate. That is .007. If hydrogen goes to .006 instead of .007, the conversion does not take place. When the conversion does not take place, there is no helium available. So the whole universe is floating on the thin air of hydrogen. Everything is floating.

Action Process Ratings System

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Now instead of .007, it goes to .008, Hydrogen converts the mass into energy as helium. The whole thing becomes helium and hydrogen is exhausted. Hydrogen is exhausted when it is exhausted, you have nothing but helium in the universe. The whole universe collapses like a tent. What is called the critical density is .007 for the universe.

Apply that same to a company, whether bank or a company. The .007 has to be done. That the conversion factor for every area of matter which we look into, whether the investment in the shares or advances being given to the companies or deposits being utilized.

Action Process Ratings System

e= mc^2: These are the things that each and every matter that is being converted into a profit portion of it is the very basis of e= m c^2. E is the energy, m is the mass. C square is speed of light by itself. That is what it is.

E is energy, is a liberated matter, is Law #1. That is what we show in the P&L and the balance sheet. Then law number two is matter is energy waiting to happen. That is what we do with by converting the raw materials or converting the finished goods. We are not selling it, we are just keeping the utilization of the machineries, of the people. The people are important.

This is the one which does not convert and keep it as a matter. It becomes an NPA.

The third law is matter and antimatter.

When it collides, it forms a pure energy. So the third is the Return on the intangible. That comes out with a metaphysical concept, metaphysics.

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Action Process Ratings System

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

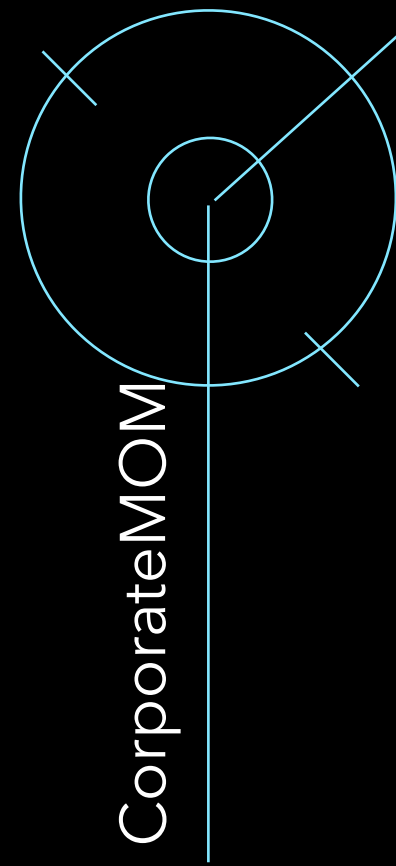
Metaphysics - Advaita Principle: That metaphysics has brought or Advaita principle that has brought, and what is the capability of an individual, an effort being put through. And that is the one to bring the law number two, which is idling around to law number one to create the energy factor in terms of p and l and balance sheet which gives you the sustainability of profits that can come only by the value system. The value system within a bank or a company have to be identified. And this is the one which I have given for each and every process block, there are more than about 170.

Action Process Ratings System

Table Ratings for Action process			
Stage	Effort	Range	Rating
Stage 1	Insentient	<0	0
Stage 2	Conceptualization	>0<25%	1
Stage 3	Communication	>25%<50%	2
Stage 4	Formation	>50%<75%	3
Stage 5	Formulation	>75%<100%	4
Stage 6	Task Accomplishment	>100%	5

Bank's Responsibility: And this is the one is purely management oriented. The initiative with what is to be done has to be done by the bank and how it is done or certified as having been corporate governance being done in a remarkable manner or whatever the manner is how that rating system being given zero, to less than zero, Then four areas, if it is 20% CDGR, you bring it down to four times. That is five, five, five, five. And then you have increased more than 100%. And this is how done, then it is easy.

That action process also is rated in the same manner. That's about it.



CorporateMOM

Sustainability of Corporate Stability

Jayaraman Rajah Iyer

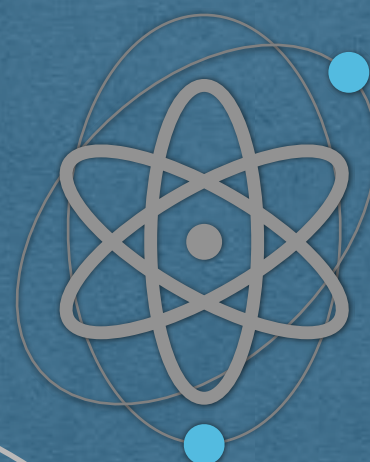


As a first step, Change
your Organization
Structure

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.



Knowledge Database - Roadmap India 2047



Agriculture Sector

Industry Sector

Services Sector

Fiscal & Ethical-cum-co-Responsibility Framework -
Troika of Entanglement - [Subject -Object - Self-] SOS -Governance

Entity Name

Fiscal Responsibility

Corporate Sustainability CREAM Report

Ethical Responsibility

OBJECT

1. Profits/Growth

The Board of Directors

1. Establishing Corporate Culture
2. Policies / Regulatory and Compliance/ IPRs

1. C - Corporate Governance
2. R - Risk Management

CEO & Workforce

CREAM Report

3. E - Earnings

4. A - Accounting Quality
5. M - Management Quality

Sustainability of Efficiency

Sustainability of Profits

Sustainability of Growth

Sustainability of Value System

SUBJECT

Return on Efficiency

Matter

Energy

Return on Intangible

Team.Work

5: 4 from Fiscal Responsibility : 1 Ethical-cum-co- Responsibility

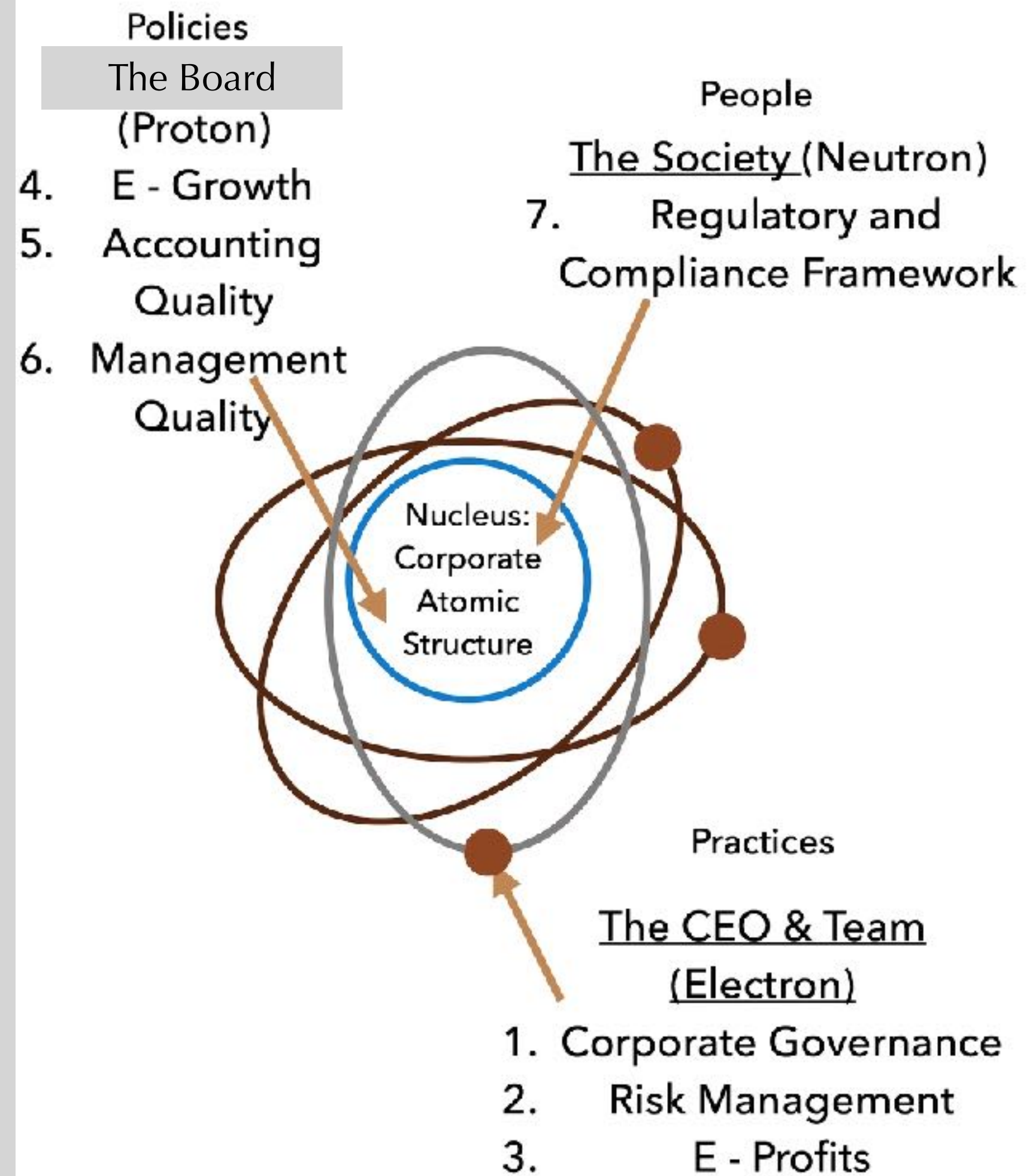
Women Empowerment

Men + Women Equity

Gender Equality:
 $X \text{ Teams} \times 5 = 5X \text{ Workforce}$

Women Equity

Corporate Atomic Structure



Corporate Atomic Structure

Proton and Neutron form a nucleus. Electron spins around the nucleus at 3/4th of the speed of light. Neutron does not influence the atomic structure but adds mass to it. Proton is 1837 times the mass of electron. Neutron has a bigger mass than proton. Electron speed does not spin away from the nucleus, Neutron bringing stability to the atomic structure. Or else electron would go astray from the nucleus.

Substitute The Board for Proton, CEO & Workforce for Electron and Society for Neutron. RBI-SEBI and other regulatory bodies form the nucleus with the Board as Neutron. That's the stability Corporate Atomic Structure brings to the table.

Corporate Fiscal Responsibility aligned to Regulatory Bodies' Ethical Responsibility brings Sustainability of Corporate Stability.

M Management Quality - The Board of Directors - Committees - SEBI - LODR 17-27

Corporate Governance Rating System

CREAM Report

C Corporate Governance - M&M Analytics

R Risk Management & Internal Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material Accounting Policies - M&M Analytics

M Management Quality - The Board of Directors - Committees - SEBI - LODR 17-27

Vigil Mechanism - M&M CoC



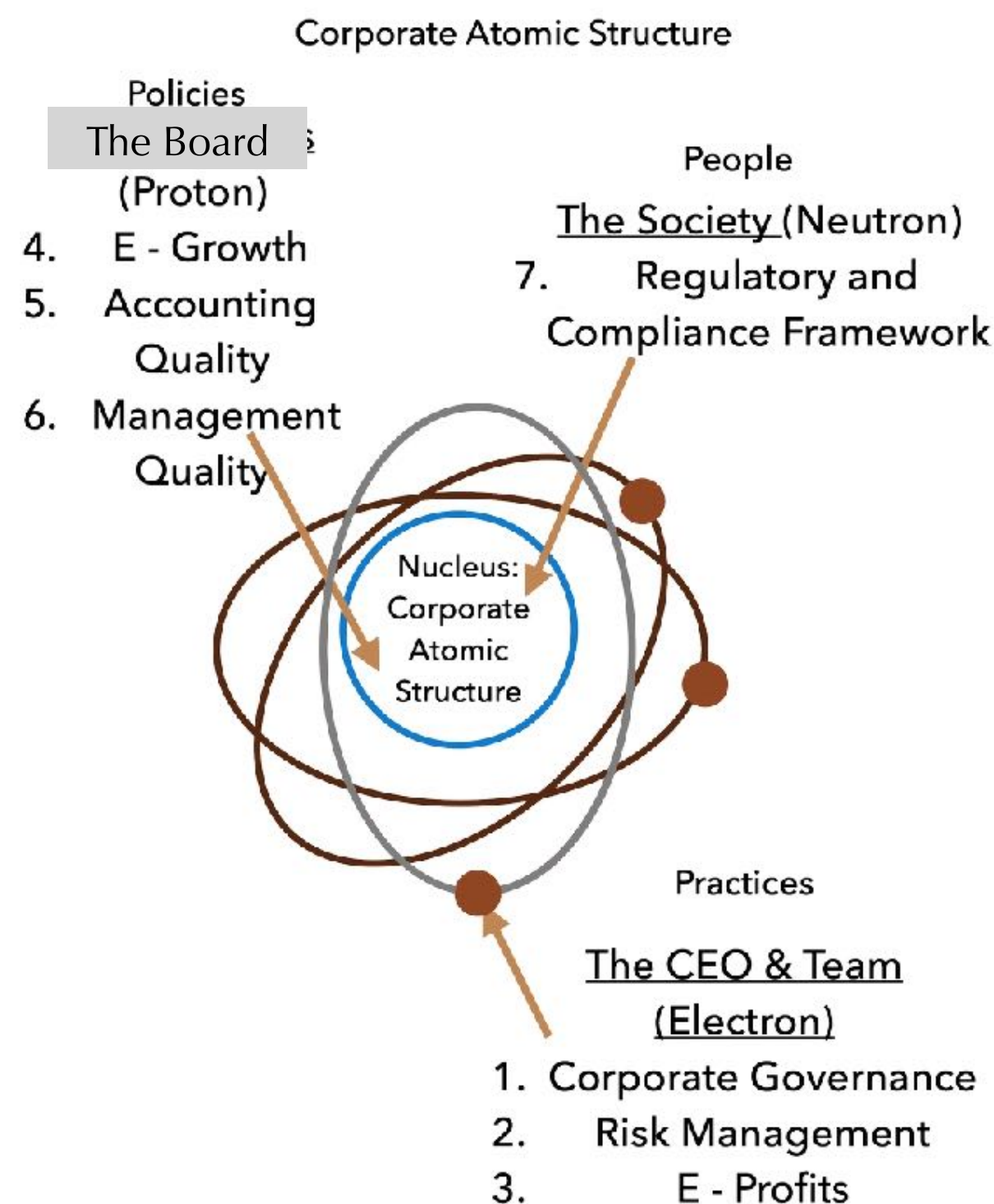
Corporate Governance Risk Management

SOS Governance Standards:

There are two areas 1. Creative Process and 2. Action Process. LODR 17 to 27 pertain to the Creative Process addressing individually 11 criteria set for practice of Corporate Governance by The Board. —>>

In addition the following criteria are set under LODR Schedule II:

1. PART A: Minimum Info to be placed before the Board of Directors: [See Regulation 17(7)]
2. PART B: Compliance Certificate: [See Regulation 17(8)]
3. PART C: Role of the Audit Committee and Review of Information by Audit Committee [See Regulation 18(3)]
4. PART D: Role of Committees (Other Than Audit Committee) See Regulation 19(4), 20(4) and 21(4)
5. PART E: Discretionary Requirements [See Regulation 27(1)]



Measuring Corporate Governance:

Rules express the truth and justify the conduct.

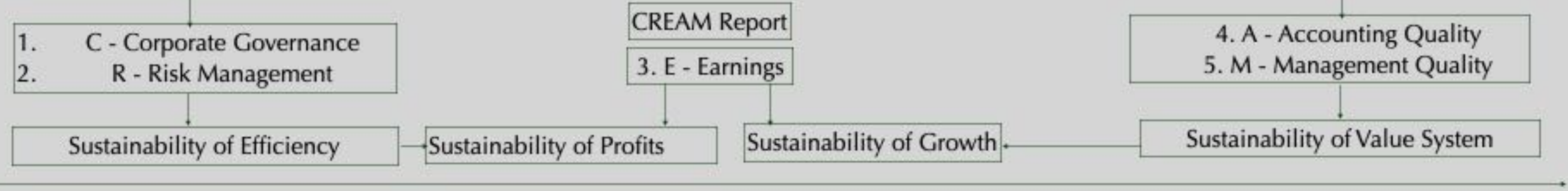
LODR 17-27 are the rules set by SEBI that i. need to be accorded the status of 'Substance of Quality'. and ii. the conduct of the The Board has to be recorded.

Management Quality [LODR 17-27]

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Last amended on September 20, 2023]

<<—

17. Board of Directors.
18. Audit Committee.
19. Nomination and remuneration committee.
20. Stakeholders Relationship Committee.
21. Risk Management Committee.
22. Vigil mechanism.
23. Related party transactions.
24. Corporate governance requirements with respect to subsidiary of listed entity.
25. Obligations with respect to independent directors.
- 26.[Obligations with respect to employees including senior management, [key managerial personnel], directors and promoters.]
27. Other corporate governance requirements.



Resource Area:

Support team to assist each Director to deliver each of their Responsibilities - Ethical and Fiscal. Optimum Rating is 5 for each Team Member.

Process Area:

There are 27 Process Blocks dealt with, in this page including Board Business 19, see the next page.

There are 19 Process Blocks - 1.0.6.1. to .19. There are 5 Assistants [Team] each scores 5. That is 25 per Team. Multiply by 19 Process Blocks you get 19*25=475.

Total including 1.0.6.1. to .19 is 675 for 27 Process Blocks. Each process Block is measured.

Resource Area ~ Process Area

Resource Area ~ Process Area should Tally. [NOTE: It is SEBI created - LODR Policies hence optimum 5 ratings given, subject to amendments as time passes.]

M - Management Quality.

LODR – [The Listing Obligations and Disclosure Requirements Regulations 2015 ("LODR Regulations")] SCHEDULE II specifies rules. Here it is shown under M - Management Quality.

Rules express the truth and justify our conduct.

Rules express the truth and justify our conduct. M-Management Quality sets the rules. Mandatory as well as non-mandatory rules that are set by a company.

C - Corporate Governance

To justify our conduct we have to go to 'Corporate Governance'. This is the basic rule, that Newton's Third Law is applied. Rules get the optimum rating of 5, so shall be for 'Corporate Governance' relative to each rule prescribed and performed.

The Board of Directors LODR 17 - 27

SUMMARY Board of Directors [19+8=27] Process Blocks		
INDEX OF INACTIVITY: By Resource Area		Ratings
1. ER Management:	Active	135
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	135
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	135
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	135
	Inactive	0
	Inactivity %	0
5. FR: Finance: Active	Active	135
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	675
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - M Management Quality
Value Chain - POLICIES

ER Ethical Responsibility: FR Fiscal ResponsibilityP

The Board of Directors LODR 17 - 27-1

INDEX OF INACTIVITY: By Process Area		Ratings
1.0.1. The Board of Directors: Ethical Responsibility	Active	25
	Inactive	0
	Inactivity %	0
1.0.2. The Board of Directors: Fiscal Responsibility	Active	25
	Inactive	0
	Inactivity %	0
1.0.3. The Board of Directors: Composition	Active	25
	Inactive	0
	Inactivity %	0
1.0.4. The Board of Directors: Appointment & Tenure	Active	25
	Inactive	0
	Inactivity %	0
1.0.5. The Board of Directors: .Board Independence	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.1 to 1.0.6.19 Board Business:	Active	475
	Inactive	0
	Inactivity %	0
1.0.7. Board Support	Active	25
	Inactive	0
	Inactivity %	0
1.0.8. Separate Independent Directors' Meetings	Active	25
	Inactive	0
	Inactivity %	0
1.0.9. Directors' Induction and Familiarization	Active	25
	Inactive	0
	Inactivity %	0
SUMMARY Board of Directors [19+8=27] Process Blocks	Active	675
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0



The Board of Directors LODR 17 - 27

SUMMARY Board Business: 1.0.6.1 to 1.0.6.19 Board Business:		
INDEX OF INACTIVITY: By Resource Area		Ratings
1. ER Management:	Active	95
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	95
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	95
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	95
	Inactive	0
	Inactivity %	0
5. FR: Finance: Active	Active	95
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	475
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - M Management Quality
Value Chain - POLICIES

The Board of Directors LODR 17 - 27-1

SUMMARY Board Business: 1.0.6.1 to 1.0.6.19 Board Business:			
INDEX OF INACTIVITY: By Process Area			Ratings
1.0.6.1. Progress – annual plan & operating framework	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.2. Strategies – Resource Allocation	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.3. Reviewing Financial Plans	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.4. Business Performance	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.5. Board Business: Review of the Annual Report and Accounts	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.6. Functions And Businesses Of The Company	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.7. Reviewing The Functioning Of The Board & Its Committees	Active		25
	Inactive		0
	Inactivity %		0
1.0.6.8. Reviewing The Functioning Of The Subsidiary Companies	Active		25
	Inactive		0
	Inactivity %		0

The Board of Directors LODR 17 - 27-1-1

1.0.6.9. Considering & Approving Declaration / Recommendation Of Dividend	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.10. Reviewing Dangerous occurrences, Environment, Labour Issues	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.11. Development In Human Resources And Industrial Relations	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.12. Reviewing Foreign Exchange Exposure	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.13. Compliance	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.14. Board remuneration policy and individual remuneration packages of Directors	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.15. Corporate Restructuring	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.16. Appointing Directors on the Board and Management Committee	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.17. Reviewing Corporate Social Responsibility	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.18. risk evaluation and internal controls	Active	25
	Inactive	0
	Inactivity %	0
1.0.6.19. Progress On The Ongoing Projects	Active	25
	Inactive	0
	Inactivity %	0
SUMMARY Board Business	Active	475
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0



2.0.1. to 2.0.6. Committees

27 Process Blocks under the Board of Directors and 60 Process Blocks under Committees cover Schedule II Part A, B, C, D and E that elaborates the responsibility with the onus on CEO and CFO by Schedule II Part B Compliance Certificate. Applicable to Chapter IV on Non-Convertible Debt Securities exceeding Rs. 500 crores.

Chapter IV states: "a listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, para C , D and E of Schedule V shall not apply." Why?

Governance is a dynamic function

The Board of Directors and the Committees function on an *ex post facto* principle. Cases such as Piramal Capital Ex-MD Khushru Jijina, Anil Ambani being banned from the securities market, the colo facility to TMs in NSE co-location Inquiry have clearly shown the ineffectiveness of an Audit Committee in an organization.

Role of CRAs:

By Dr. Veerappa Moily Standing Committee Report: The Committee noted on the Regulatory Framework that CRAs have progressed from rating simple debt products to complex debt structures, covering a wide range of products and services like securities, bank loans, commercial papers, and fixed deposits, but questioned the role of CRAs in overrating the entities.. Hence, LODR - Chapter IV should look into the capability of credit rating agencies in rating these instruments.

Vigil Mechanism

LODR 17-27 states that an entity shall formulate a vigil mechanism for Directors and employees.

I give next 3.0.1. Vigil Mechanism - CoBP - Code of Business Principles extracted from M & M's Code of Conduct that covers a wide range of corporate affairs.

Committees LODR 17 - 27

SUMMARY 2.0.1. to 2.0.6. Committees [60] Process Blocks		
INDEX OF INACTIVITY: By Resource Area	Index	Ratings
1. ER Management:	Active	300
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	300
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	300
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	300
	Inactive	0
	Inactivity %	0
5. FR: Finance: Active	Active	300
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	1500
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - M Management Quality
Value Chain - POLICIES

Committees LODR 17 - 27-1

INDEX OF INACTIVITY: By Process Area	Index	Ratings
2.0.1. to 2.0.6. Committees		
2.0.1: Audit Committee: [14]	Active	350
	Inactive	0
	Inactivity %	0
2.0.2 Risk Management Committee [8]	Active	200
	Inactive	0
	Inactivity %	0
2.0.3 Nomination and Remuneration Committee [21]	Active	525
	Inactive	0
	Inactivity %	0
2.0.4 Stakeholders' Relationship Committee [5]	Active	125
	Inactive	0
	Inactivity %	0
2.0.5 Related party transactions [8]	Active	200
	Inactive	0
	Inactivity %	0
2.0.6: Routine Business Matter Committee [4]	Active	100
	Inactive	0
	Inactivity %	0
SUMMARY 2.0.1. to 2.0.6. Committees [60] Process Blocks	Active	1500
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0



M Management Quality - The
Board of Directors - Committees -
SEBI - LODR 17-27
Vigil Mechanism - M&M CoC

Corporate Governance Rating
System

CREAM Report

C Corporate Governance - M&M
Analytics

R Risk Management & Internal
Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material
Accounting Policies - M&M
Analytics

M Management Quality - The Board
of Directors - Committees - SEBI -
LODR 17-27
Vigil Mechanism - M&M CoC



Vigil Mechanism LODR 17 - 27

INDEX OF INACTIVITY: By Resource Area:		Ratings
3.0.3.B. Commitment to business associates, suppliers, customers and the environment		
1. ER Management:	Active	465
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	465
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	465
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	465
	Inactive	0
	Inactivity %	0
5. FR: Finance: Active	Active	465
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	2325
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - M Management Quality
Value Chain - POLICIES - VIGIL Mechanism

My Internet experience: It was in 1995 when VSNL came out with India’s Internet. VSNL Manager phoned me to congratulate that I was allotted India’s first Internet User ID - BOMAAA001, to the chagrin of Shammi Kapoor and one young Mafatlal who had worked on it for long. I was truly happy but I said to myself that I must be a role model in using Internet qualitatively. With a 9k Modem and MTNL I used to download a few articles. One of them I remember was FDA going for a Modernization Program calling for views from various bodies the world over. I used to print, make a book and distribute to some subscribers. One such was QS 9000 that I went to M&M Kandivali. The managers I met were from Quality Control and it was a pleasant meeting I recall. I loved M&M.

Mahindra's Code of Conduct: Now in 2024 in order to deliberate on LODR Vigil Mechanism I downloaded Code of Conduct of Mahindra. Nicely packed with the analogy of a Football team with Anand Mahindra as the coach and quoting K.C.Mahindra’s famous words, ““It’s nice to have money, but it’s nicer to have the things that money can’t buy.” while setting aside some shares for the Company’s employees. I am presenting here A. Maintaining ethical business standards and B. Commitment to business associates, suppliers, customers and the environment, with 30 and 93 Process Blocks, extracted from Mahindra’s CoC. This can be adopted by all companies as a standard CoBP - Code of Business Principles.

The Football analogy: The analogy of a football team is quite appropriate and timely. From my book extract let me quote: Individual unleashing of energy and getting credit for it is the new form of capitalism. In art, literature, music, in sports, individuals gain renown, not the corporate entity that promotes them, be it a sports club or an opera house.” We all know Pele, Ronaldo, Mbappé but we don’t know which club they belong to.

1. Fiscal Responsibility - What You owe your company. You create the Fiscal assets for your company. These assets stay with the company forever. [Object Governance]

2. Ethical Responsibility - What You owe yourself - You create ethical assets for your company that stay with you forever. Ethical Assets belong to you. What you create for one company you can carry to another. [Subject Governance]

3. Co-Responsibility - What You owe the society - an identity with ethical responsibility, that by which corporate infers and society teaches. [Self Governance]

Vigil Mechanism LODR 17 - 27-1

3.0.1. Vigil Mechanism – Code of Business Principles [CoBP] – [Code of Conduct – Mahindra]		
INDEX OF INACTIVITY: By Process Area		Ratings
3.0.2 A. Maintaining ethical business standards [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.2.1. I. Anti-bribery and anti-corruption [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.2.2. II. Gifts and entertainment [1]	Active	25
	Inactive	0
	Inactivity %	0
3.0.2.3. III. Involvement in political activities / industry forums [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.2.4. IV. Conflicts of interest [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.2.5. a. Dealings with Relatives & close associates. [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.2.6. b. Outside employment [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.2.7. c. Delivering lectures [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.2.8. d. Engaging vendors, customers or any other business partners for personal [1]	Active	25
	Inactive	0
	Inactivity %	0
3.0.2.9. e. Outside investments [1]	Active	25
	Inactive	0
	Inactivity %	0
3.0.2.10. f. Directorship in external companies [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.2.11. g. Other appointments [2]	Active	50
	Inactive	0
	Inactivity %	0
SUMMARY Vigil Mechanism – Code of Business Principles [CoBP] [30] Process Blocks	Active	750
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0



Vigil Mechanism LODR 17 - 27

INDEX OF INACTIVITY: By Resource Area:		Ratings
3.0.3.B. Commitment to business associates, suppliers, customers and the environment		
1. ER Management:	Active	465
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	465
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	465
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	465
	Inactive	0
	Inactivity %	0
5. FR: Finance: Active	Active	465
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	2325
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - M Management Quality
Value Chain - POLICIES - VIGIL Mechanism

Vigil Mechanism LODR 17 - 27-1

3.0.1. Vigil Mechanism – Code of Business Principles [CoBP] – [Code of Conduct – Mahindra]		
INDEX OF INACTIVITY: By Process Area		
3.0.3.B. Commitment to business associates, suppliers, customers and the environment		
3.0.3.1. I. Ensuring product quality [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.2. II. Responsible marketing [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.3. III. Commitment to our customers [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.4. IV. Commitment to ethical sourcing [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.3.5. V. Fair competition [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.3.6. VI. Commitment to sustainability [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.7. C. Commitment to stakeholders [4]	Active	100
	Inactive	0
	Inactivity %	0

Vigil Mechanism LODR 17 - 27-1-1

3.0.3.8. I. Books, records and disclosures [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.9. II. Insider trading and corporate confidentiality [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.10. III. Audit and investigation [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.11. IV. Fraud and misconduct [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.12. V. External communication [7]	Active	175
	Inactive	0
	Inactivity %	0
3.0.3.13. VI. Investor relations [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.14. D. Behaviour at workplace [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.3.15. I. Equal employment opportunity and respecting diversity and human rights [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.16. II. Conduct at the workplace [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.17. III. Freedom from harassment [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.18. IV. Health and safety [2]	Active	50
	Inactive	0
	Inactivity %	0



Vigil Mechanism LODR 17 - 27

INDEX OF INACTIVITY: By Resource Area:		Ratings
3.0.3.B. Commitment to business associates, suppliers, customers and the environment		
1. ER Management:	Active	465
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	465
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	465
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	465
	Inactive	0
	Inactivity %	0
5. FR: Finance: Active	Active	465
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	2325
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - M Management Quality
Value Chain - POLICIES - VIGIL Mechanism

Vigil Mechanism LODR 17 - 27-2-1

3.0.3.25. Obligations of Line Managers and others receiving reports of potential Code violations [4]	Active	100
	Inactive	0
	Inactivity %	0
3.0.3.26. Reporting violations (whistleblowing) [6]	Active	150
	Inactive	0
	Inactivity %	0
3.0.3.27. Disciplinary action [1]	Active	25
	Inactive	0
	Inactivity %	0
3.0.3.28 Signature and acknowledgement [1]	Active	25
	Inactive	0
	Inactivity %	0
3.0.3.29. Waivers [1]	Active	25
	Inactive	0
	Inactivity %	0
3.0.3.30. Non-retaliation [4]	Active	100
	Inactive	0
	Inactivity %	0
SUMMARY Vigil Mechanism 3.0.3.B. Commitment to business associates, suppliers, customers and the environment [93]	Active	2325
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0

Vigil Mechanism LODR 17 - 27-2

3.0.3.19. E. Safeguarding assets and information management [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.20. I. Protection and responsible use of corporate assets and information technology [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.21. II. Protect confidential information of the Company, its stakeholders and its business associates [5]	Active	125
	Inactive	0
	Inactivity %	0
3.0.3.22. III. Intellectual Property and trademarks [3]	Active	75
	Inactive	0
	Inactivity %	0
3.0.3.23 Issuance of and amendments to our Code [2]	Active	50
	Inactive	0
	Inactivity %	0
3.0.3.24. Investigation of reported Code violations [5]	Active	125
	Inactive	0
	Inactivity %	0

Goal Congruence: Individual unleashing of energy and getting credit for it is the new form of capitalism. A team of 5 is yoked together but work independently, having the same goal for each, to optimize the rating which is 5. 260,000 workforce has as many teams of 5 each excelling in their own sphere of influence enabling an easy span of control. That is the only goal. Each person has a name and each task has an Aadhar ID as the denominator. No red card but a lower performance by one, triggers the other four to help pull her/him up to reach the optimum level.

A Accounting Quality - Material A Accounting Policies - M&M Analytics

Corporate Governance Rating
System

CREAM Report

C Corporate Governance - M&M
Analytics

R Risk Management & Internal
Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material
Accounting Policies - M&M
Analytics

M Management Quality - The Board
of Directors - Committees - SEBI -
LODR 17-27
Vigil Mechanism - M&M CoC



Corporate Governance Architecture:
Accounting is Object-oriented, transactional, and quantitative, and Object Governance is used,
Accountability is subject-oriented, non-transactional, and qualitative, and subject governance is used. Extended to the Society Self-Governance is used.

Accounting Quality

INDEX OF INACTIVITY: By Resource Area:		Ratings
4.0.1. Material Accounting Policies		
1. ER Management:	Active	235
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	235
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	235
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	235
	Inactive	0
	Inactivity %	0
5. FR: Finance:	Active	235
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	1175
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Accounting Quality-1

INDEX OF INACTIVITY: By Process Area		
4.0.1. Material Accounting Policies		Ratings
4.0.1. (a) Statement of compliance and basis of preparation and presentation [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.2. (b) Basis of measurement [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.3. (c) Basis of consolidation [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.4. (d) Measurement of fair values [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.5. (e) Use of estimates and judgments [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.6. (f) Property, plant and equipment [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.7.1. (g.1) Goodwill [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.7.2. (g.2) Intangible Assets [1]	Active	25
	Inactive	0
	Inactivity %	0

Accounting Quality-2

4.0.1. Material Accounting Policies		Ratings
4.0.8. (h) Impairment of Assets [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.9. (i) Inventories [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.10. (j) Foreign exchange transactions and translation [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.1. (k) Financial Instruments : 1. Classification and subsequent measurement [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.2. (k) Financial Instruments : 2. Financial assets [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.3. (k) Financial Instruments : 3. Financial liabilities and equity instruments [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.4. (k) Financial Instruments : 4. Compound instruments [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.5. (k) Financial Instruments : 5. Derecognition of financial assets [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.6. (k) Financial Instruments : 6. Offsetting [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.7. (k) Financial Instruments : 7. Derivative financial instruments and hedge accounting [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.11.8. (k) Financial Instruments : 8. Impairment of financial assets [1]	Active	25
	Inactive	0
	Inactivity %	0



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Accounting Quality

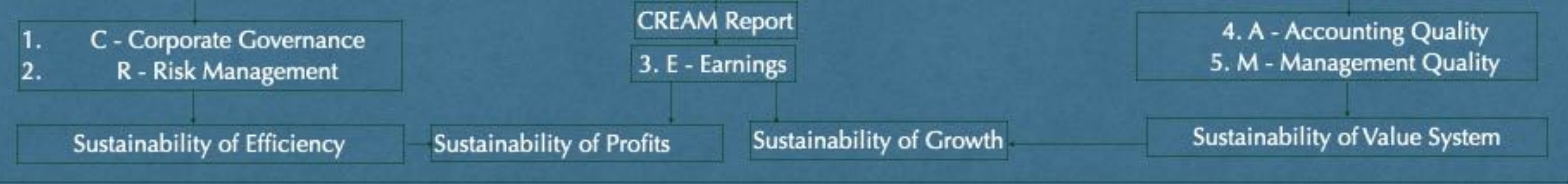
INDEX OF INACTIVITY: By Resource Area:		Ratings
4.0.1. Material Accounting Policies		
1. ER Management:	Active	235
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	235
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	235
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	235
	Inactive	0
	Inactivity %	0
5. FR: Finance:	Active	235
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	1175
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Accounting Quality-3

4.0.1. Material Accounting Policies		Ratings
4.0.12.1. (l) Revenue Recognition. 1. Sale of Goods or Services [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.2. (l) Revenue Recognition. 2. Dividend and interest income [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.3. (l) Revenue Recognition. 3. Income from financial services business [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.4. (l) Revenue Recognition. 4. Fees, charges and commission income [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.5. (l) Revenue Recognition. 5. Long term construction contracts and property development activity [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.6. (l) Revenue Recognition. 6. Income from Sale of land and other rights [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.7. (l) Revenue Recognition. 7. Land Lease Premium [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.8. (l) Revenue Recognition. 8. Vacation ownership [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.9. (l) Revenue Recognition. 9. Revenue from Membership fees [1]	Active	25
	Inactive	0
	Inactivity %	0

Accounting Quality-4

4.0.1. Material Accounting Policies		Ratings
4.0.12.10. (l) Revenue Recognition. 10. Revenue from Annual subscription fees [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.11. (l) Revenue Recognition. 11. Interest income on deferred payment plans [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.12. (l) Revenue Recognition. 12. Resort Income [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.12.13. (l) Revenue Recognition. 13. Rental income [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.13. (m) Government Grants [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.14.1. (n) Employee Benefits 1. Superannuation Fund, ESIC and Labour Welfare Fund [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.14.2. (n) Employee Benefits 2. Provident Fund [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.14.3. (n) Employee Benefits 3. Gratuity, long term compensated absences, post retirement medical benefit and post retirement housing allowance schemes [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.14.4. (n) Employee Benefits 4. Share based payments [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.15.(o) Borrowing Costs [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.16.1. (p) Income taxes 1. Current tax [1]	Active	25
	Inactive	0
	Inactivity %	0



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to the Society Self-Governance is used.

Accounting Quality

INDEX OF INACTIVITY: By Resource Area:		Ratings
4.0.1. Material Accounting Policies		
1. ER Management:	Active	235
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	235
	Inactive	0
	Inactivity %	0
3. FR: Operating Force:	Active	235
	Inactive	0
	Inactivity %	0
4. FR: Technology:	Active	235
	Inactive	0
	Inactivity %	0
5. FR: Finance:	Active	235
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	1175
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Accounting Quality-5

4.0.1. Material Accounting Policies		Ratings
4.0.17. (q) Provisions [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.18.1. (r) Leases 1. The Group as a lessee [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.18.2. (r) Leases 2. The Group as lessor [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.19. (s) Business combinations [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.20. (t) Acquisition of interest in associate and joint ventures [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.21. (u) Non-current assets held for sale [1]	Active	25
	Inactive	0
	Inactivity %	0
4.0.23. (v) Hyperinflationary economies [1]	Active	25
	Inactive	0
	Inactivity %	0
Summary 4.0.1. Material Accounting Policies [47]	Active	1175
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0

SUMMARY M Management Quality and A Accounting Quality

SUMMARY - Management Quality Accounting Quality	Ratings
SUMMARY Board of Directors 1.01. to 1.0.9. [19+8=27] Process Blocks:	675
SUMMARY 2.0.1. to 2.0.6. Committees [60] Process Blocks:	1500
SUMMARY 3.0.1. Vigil Mechanism – Code of Business Principles [CoBP] – [Code of Conduct – Mahindra]	
A. Maintaining ethical business standards: [30] Process Blocks:	750
B. Vigil Mechanism 3.0.3.B. Commitment to business associates, suppliers, customers and the environment [93]	
30+93=123 Porcess Blocks: Total 3.0.1.	2325
4.0.1. Material Accounting Policies [47] Process Blocks	3075
4.0.1. Material Accounting Policies [47] Process Blocks	1175
Total Process Blocks : A and M 27+60+30+93+47=257	6425

R Risk Management & Internal Controls - M&M Analytics

Corporate Governance Rating System

CREAM Report

C Corporate Governance - M&M Analytics

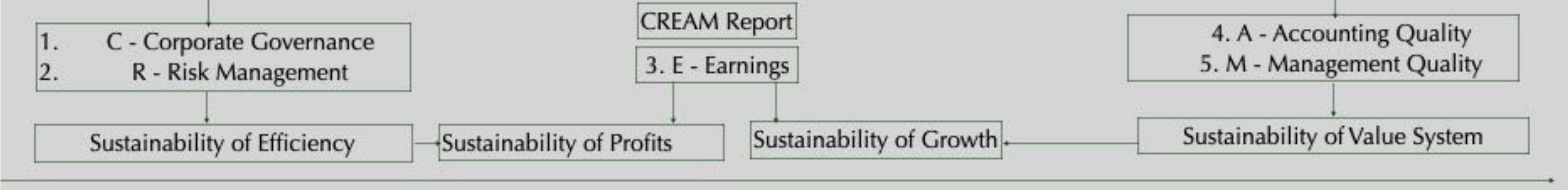
R Risk Management & Internal Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material Accounting Policies - M&M Analytics

M Management Quality - The Board of Directors - Committees - SEBI - LODR 17-27

Vigil Mechanism - M&M CoC



CREAM Identifier: R Risk Management POLICIES: RISK Areas.

Material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications. [Mahindra]

Accountability: Risk areas identified to related Team entrusted with Risk Management.

EPP - Effort per Person

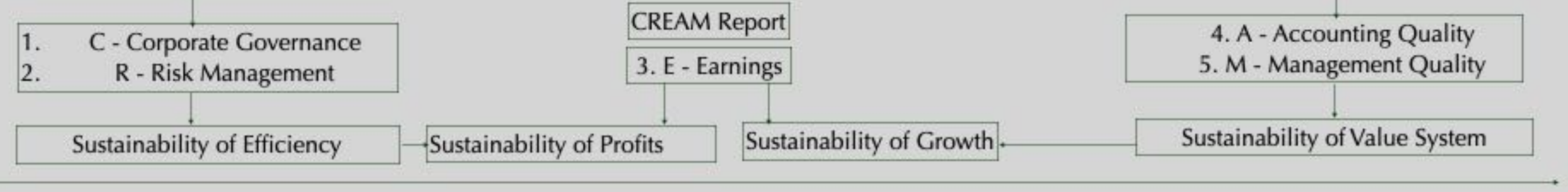
Return on THE Intangible is an equation when applied to corporate affairs will have a significant impact on the growth and reaching targets, for it encompasses the capability of every individual within an organization. Truly, return on THE intangible is a capability model.

The equation is as follows: Return on THE Intangible = (Action or Inaction)/THE Intangible.

Binary value: 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. Since the denominator is 1 and the binary value makes it clear as to the stage reached, a corporate rating of active elements . Policies created get a rating of 5 subject to evaluation.

Risk Management-1			Risk Management-2				
SUMMARY Risk Management:			Ratings	SUMMARY Risk Management:			Ratings
INDEX OF INACTIVITY: By Process Area				INDEX OF INACTIVITY: By Process Area			
5.0.1.1. Risk Management: 1 Water Security R: [5] 1. identify the water risk across its operation sites and value chain.	Active	25	5.0.3.1. Risk Management: 3. Product Stewardship: 1. clean automotive products [4]	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
5.0.1.2. Risk Management: 1 Water Security R: .2. water efficiency measures	Active	25	5.0.3.2 Risk Management: 3. Product Stewardship: 2. hybrid vehicles,	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
5.0.1.3. Risk Management: 1 Water Security R: 3, Rainwater harvesting:	Active	25	5.0.3.3. Risk Management: 3. Product Stewardship: 3. Electric passenger vehicle	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
5.0.1.4. Risk Management: 1 Water Security R: 4. Recycling:	Active	25	5.0.3.4. Risk Management: 3. Product Stewardship: 4. hydrogen combustion engine vehicle	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
5.0.1.5. Risk Management: 1 Water Security R: 5. Ground water recharge:	Active	25	5.0.3.5. Risk Management: 3. Product Stewardship: 2. Product Improvement Roadmap: 1. reduction in specific fuel consumption, [4]	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
			5.0.3.6. Risk Management: 3. Product Stewardship: 2. Product Improvement Roadmap: 2. weight reduction,	Active	25		
				Inactive	0		
				Inactivity %	0		
5.0.2.1. Risk Management: 2. Carbon Emissions: [4] 1. GHG emissions: carbon Pricing-invest	Active	25	5.0.3.7. Risk Management: 3. Product Stewardship: 2. Product Improvement Roadmap: 3. switching to alternative fuels,	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
5.0.2.2. Risk Management: 2. Carbon Emissions: 2. EP 100 i.e., double- Energy productivity by 2030	Active	25	5.0.3.8. Risk Management: 3. Product Stewardship: 2. Product Improvement Roadmap: 4. enhancing product safety,	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		
5.0.2.3. Risk Management: 2. Carbon Emissions: 3.reduce carbon intensity by 47% by FY 2033- 34	Active	25	5.0.3.9. Risk Management: 3. Product Stewardship: 3. Initiatives in: i. Shared Mobility, [5]	Active	25		
	Inactive	0					
	Inactivity %	0					
5.0.2.4. Risk Management: 2. Carbon Emissions: 4 carbon neutral by 2040	Active	25	5.0.3.9. Risk Management: 3. Product Stewardship: 3. Initiatives in: i. Shared Mobility, [5]	Active	25		
	Inactive	0		Inactive	0		
	Inactivity %	0		Inactivity %	0		

Risk Management-3		
SUMMARY Risk Management:		Ratings
INDEX OF INACTIVITY: By Process Area		
5.0.3.10. Risk Management: 3. Product Stewardship: 3. Initiatives in: ii. Electric Vehicles	Active	25
	Inactive	0
	Inactivity %	0
5.0.3.11. Risk Management: 3. Product Stewardship: 3. Initiatives in: iii. innovative products	Active	25
	Inactive	0
	Inactivity %	0
5.0.3.12. Risk Management: 3. Product Stewardship: 3. Initiatives in: iv. extensive product portfolio	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.1 Risk Management: 4. Health and Safety: 1. ISO 45001 certification for all sites [8]	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.2 Risk Management: 4. Health and Safety: 2. globally benchmarked Mahindra safety standards	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.3 Risk Management: 4. Health and Safety: 3. Work proactively eliminating health and safety concerns	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.4 Risk Management: 4. Health and Safety: 4. Installing cutting edge firefighting systems	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.5 Risk Management: 4. Health and Safety: 5. Improving and developing safety skills	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.6 Risk Management: 4. Health and Safety: 6. Instituting safety mechanisms	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.7 Risk Management: 4. Health and Safety: 7. Promoting proactive measures	Active	25
	Inactive	0
	Inactivity %	0
5.0.4.8 Risk Management: 4. Health and Safety: 8. Rewarding and recognizing	Active	25
	Inactive	0
	Inactivity %	0



Risk Management-4		
SUMMARY: RISK MANAGEMENT		Ratings
INDEX OF INACTIVITY: By Process Area		
5.0.5.1 Risk Management: 5. Sustainable Supply Chain R 1. ESG risk, [5]	Active	25
	Inactive	0
	Inactivity %	0
5.0.5.2. Risk Management: 5. Sustainable Supply Chain R 2. Financial risk,	Active	25
	Inactive	0
	Inactivity %	0
5.0.5.3. Risk Management: 5. Sustainable Supply Chain R 3 Safety risk,	Active	25
	Inactive	0
	Inactivity %	0
5.0.5.4. Risk Management: 5. Sustainable Supply Chain R 4. Labour risk,	Active	25
	Inactive	0
	Inactivity %	0
5.0.5.5. Risk Management: 5. Sustainable Supply Chain R 5. training programs for suppliers	Active	25
	Inactive	0
	Inactivity %	0
SUMMARY Risk Management: [34]	Active	850
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0

Risk Management		
SUMMARY: RISK MANAGEMENT		
INDEX OF INACTIVITY: By Resource Area		Ratings
1. ER Management:	Active	170
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	170
	Inactive	0
	Inactivity %	0
3. FR: Managerial Force:	Active	170
	Inactive	0
	Inactivity %	0
4. FR: Managerial Force:	Active	170
	Inactive	0
	Inactivity %	0
5. FR: Managerial Force:	Active	170
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	850
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - R RISK Management
Value Chain - POLICIES



Internal Controls

SUMMARY RISK Management - Internal Controls		
INDEX OF INACTIVITY: By Resource Area		Ratings
1. ER Management:	Active	25
	Inactive	0
	Inactivity %	0
2. FR: Managerial Force:	Active	25
	Inactive	0
	Inactivity %	0
3. FR: Managerial Force:	Active	25
	Inactive	0
	Inactivity %	0
4. FR: Managerial Force:	Active	25
	Inactive	0
	Inactivity %	0
5. FR: Managerial Force:	Active	25
	Inactive	0
	Inactivity %	0
ER+ FR: Resource Area	Active	125
	Inactive	0
	Inactivity %	0
Net Rating		5
STAGE REACHED		Substance of Quality
checksum		0

Process Identifier: CREAM - R RISK Management
Value Chain - POLICIES -Internal Controls

Internal Controls-1

SUMMARY Internal Controls		
INDEX OF INACTIVITY: By Process Area		Ratings
6.0.1. COSO Internal Controls Framework: 1. Risk Assessment	Active	25
	Inactive	0
	Inactivity %	0
6.0.2. COSO Internal Controls Framework: 2. Control Activities	Active	25
	Inactive	0
	Inactivity %	0
6.0.3. COSO Internal Controls Framework: 3. Information and Communications	Active	25
	Inactive	0
	Inactivity %	0
6.0.4. COSO Internal Controls Framework: 4. Control Environment	Active	25
	Inactive	0
	Inactivity %	0
6.0.5. COSO Internal Controls Framework: 5. Monitoring Activities	Active	25
	Inactive	0
	Inactivity %	0
SUMMARY Internal Controls	Active	125
	Inactive	0
	Inactivity %	0
checksum: Resource area ~ Process Area		0

Next: Let us mover to E Earnings - in CREAM Report. M&M's Consolidated 4 Year 2021 to 2024 is rated.

SUMMARY - 1. Management Quality, 2.Accounting Quality,3.1. Risk Management and 3.2. Internal Controls	Ratings
SUMMARY Board of Directors 1.01. to 1.0.9. [19+8=27] Process Blocks:	675
SUMMARY 2.0.1. to 2.0.6. Committees [60] Process Blocks:	1500
SUMMARY 3.0.1. Vigil Mechanism – Code of Business Principles [CoBP] – [Code of Conduct – Mahindra] A. Maintaining ethical business standards: [30] Process Blocks:	750
B. Vigil Mechanism 3.0.3.B. Commitment to business associates, suppliers, customers and the environment [93]	2325
30+93=123 Porcess Blocks: Total 3.0.1.	3075
4.0.1. Material Accounting Policies [47] Process Blocks	1175
Total Process Blocks : A and M 27+60+30+93+47=257	6425
SUMMARY 5.0.1. Risk Management: [34]	850
SUMMARY 6.0.1. Internal Controls[5]	125
R Risk Management and Internal Controls	975
CREAM - R+A+M Policies [5*5*296=7400]	7400

Each person optimum score is 5, Team 5*5 = 24 points - 296 Process Blocks need to be attended to

E Earnings - M&M Analytics P&L and Balance Sheet

Corporate Governance Rating
System

CREAM Report

C Corporate Governance - M&M
Analytics

R Risk Management & Internal
Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material
Accounting Policies - M&M
Analytics

M Management Quality - The Board
of Directors - Committees - SEBI -
LODR 17-27

Vigil Mechanism - M&M CoC



E Earnings

SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account and 8.0.1. to 8.0.6. Balance Sheet				
Net Rating	2021	2022	2023	2024
P&L		3	3	1
Balance Sheet		1	2	2
Entity Rating E – Earning		2	2	1
Stage Reached		Communication	Communication	Conceptual

Corporate Governance Architecture:
Accounting is Object-oriented, transactional, and quantitative, and Object Governance is used,

Accountability is subject-oriented, non-transactional, and qualitative, and subject governance is used. Extended to the Society Self-Governance is used.

Consolidated Statement of Profit and Loss | for the year ended 31st March, 2024

		Rupees crores	
	Note No.	2024	2023
INCOME			
Revenue from operations.....	25	1,38,279.30	1,21,268.55
Income from investments related to subsidiaries, associates and joint ventures	26	798.97	93.41
Income from operations		1,39,078.27	1,21,361.96
Other income	27	2,176.42	1,166.95
Total Income.....		1,41,254.69	1,22,528.91
EXPENSES			
Cost of materials consumed	28	77,848.82	68,477.97
Purchases of stock-in-trade		7,221.25	7,541.90
Changes in inventories of finished goods, stock-in-trade and work-in-progress.....	29	(1,455.32)	(2,032.31)
Employee benefits expense	30	10,624.33	9,677.95
Finance costs	31	7,488.21	5,829.70
Depreciation, amortisation and impairment expense	32	4,723.78	4,356.81
Loss from investments related to subsidiaries, associates and joint ventures	33	32.92	53.87
Other expenses	34	19,914.34	17,317.75
Total Expenses		1,26,398.33	1,11,223.64
Profit Before Exceptional Items, share of profit of associates and joint ventures and tax		14,856.36	11,305.27
Exceptional items (net)	35	—	1,249.52
Share of profit of associates and joint ventures, (net).....		1,121.43	1,505.44
Profit Before Tax		15,977.79	14,060.23
Tax Expense	13		
Current tax		(3,597.39)	(2,742.04)
Deferred tax		(110.58)	56.29
Profit for the year		12,269.82	11,374.48

SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account2021, 2022, 2023, 2024

Factory Construction: Before production starts a lot of Planning goes in. Shipping for example before it starts floating on the high seas. I have adopted the same here, preparing a sound Corporate Governance Architecture first.

CREAM E-Earnings: Continuing the case study of M&M Consolidated Annual Reports I now present you with SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account and 8.0.1. to 8.0.6. Balance Sheet 2021, 2022, 2023, 2024.

Ratings: 1.0.1 to 6.0.1 ends up with a Substance of Quality at the optimum ratings of 5 being POLICIES created. Earnings P&L and Balance Sheet Ratings are similar but end up with Task Done rated at 5 being Plans acted upon or effort put in by different individuals within an organization, Practices.

CAGR and CARR: Governance is a dynamic function. 2021, 2022, 2023 and 2024 figures are given, a CAGR or CARR standard %, to derive how the effort being put in The results are as given in the Entity Rating.

Target Viksit Bharat 2047: Sector-wise GDP 2030 [see Annex1] expects a CAGR of 17.52% from the manufacturing sector. Industry % of GDP goes up from 28.25% now to 35.09% in 2030. For Mahindra case study [2021-2024] I have taken CAGR of 15% for Sales and Profits, CARR of 15% for expenses and 3% CARR for Consumption. Set targets for 2030 with an appropriate CDGR or CARR as the case may be, enabling EP 100 i.e., double- Energy productivity by 2030, reduce carbon intensity by 47% by FY 2033-34, carbon neutral by 2040 etc and track Daily. Apply the principle for all.

Governance is a dynamic function - watch out with a **Daily EPP - Effort per Person:** Daily Net Sales: 2021 - ₹202.94 crores, 2022 - ₹247. 04 crores, 2023 - ₹332.50 crores, and 2024 - ₹381.04 crores. Accordingly others are synced. EPP is calculated and rated on a Daily basis to arrive at the Daily Entity Rating. Corporate Governance disengages from Quarterly Results thereby.

E Earnings

7.0.1. Profit & Loss Account and 8.0.1. Balance Sheet				
Net Rating	2021	2022	2023	2024
P&L		3	3	1
Balance Sheet		1	2	2
Entity Rating E – Earning		2	2	1
Stage Reached		Communication	Communication	Conceptual

COMMITMENT
TO THE CLUB



RATINGS TABLE 15%

15.00%	Range	Ratings	Policies	Action Process
	<0%	0	Non-Existent	Insentient
0.00%	3.75%	1	Conceptual	Conceptual
3.75%	7.50%	2	Communication	Communication
7.50%	11.25%	3	Formation	Formation
11.25%	15.00%	4	Formulation	Formulation
15.00%	100.00%	5	Substance of Quality	Task Done

SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account

INDEX OF INACTIVITY: By Resource Area		2021	2022	2023	2024
1. FR Management:	Active		23	22	14
	Inactive		2	3	16
	Inactivity %		1.33%	2.00%	10.67%
2. FR: Managerial Force:	Active	23		23	8
	Inactive		2	2	17
	Inactivity %		1.33%	1.33%	11.33%
3. FR:. Operating Force	Active		23	23	8
	Inactive		2	7	22
	Inactivity %		1.33%	4.67%	14.67%
4. FR:Technology	Active		23	23	8
	Inactive		2	7	22
	Inactivity %		1.33%	4.67%	14.67%
5. FR: Finance	Active		23	23	8
	Inactive		2	7	22
	Inactivity %		1.33%	4.67%	14.67%
FR+ FR: Resource Area	Active		115	114	46
	Inactive		35	36	104
	Inactivity %		23.33%	24.00%	69.33%
Net Rating			3	3	1
STAGE REACHED			Formation	Formation	Conceptual
checksum			0	0	0
INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
7.0.1. Profit and Loss Account: Net Sales7.0.	Active		24	24	19
	Inactive		1	1	6
	Inactivity %		0.67%	0.67%	4.00%
7.0.2. Profit and Loss Account: Consumption	Active		4	4	12
	Inactive		21	21	13
	Inactivity %		14.00%	14.00%	8.67%
7.0.3. Profit and Loss Account: Employee Benefits	Active		20	20	12
	Inactive		5	5	13
	Inactivity %		3.33%	3.33%	8.67%
7.0.4. Profit and Loss Account: Finance Costs	Active		24	19	0
	Inactive		1	6	25
	Inactivity %		0.67%	4.00%	16.67%
7.0.5. Profit and Loss Account: Other expenses	Active		20	24	0
	Inactive		5	1	25
	Inactivity %		3.33%	0.67%	16.67%
7.0.6. Profit and Loss Account: Profit from ops	Active		23	23	3
	Inactive		2	2	22
	Inactivity %		1.33%	1.33%	14.67%
Summary: 7.0.1 to 7.0.6. Profit and Loss Account:	Active		115	114	46
	Inactive		35	36	104
	Inactivity %		23.33%	24.00%	69.33%
checksum: Resource area ~ Process Area			0	0	0

RATINGS TABLE-3%

3%	Range	Ratings	Policies	Action Process
	<0%	0	Non-Existent	Insentient
0.00%	0.75%	1	Conceptual	Conceptual
0.75%	1.5%	2	Communication	Communication
1.5%	2.25%	3	Formation	Formation
2.25%	3%	4	Formulation	Formulation
3%	100.00%	5	Substance of Quality	Task Done



E Earnings				
SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account and 8.0.1. to 8.0.6. Balance Sheet				
Net Rating	2021	2022	2023	2024
P&L		3	3	1
Balance Sheet		1	2	2
Entity Rating E – Earning		2	2	1
Stage Reached		Communication	Communication	Conceptual

RATINGS TABLE

3%	Range	Ratings	Policies	Action Process
	<0%	0	Non-Existent	Insentient
0.00%	0.75%	1	Conceptual	Conceptual
0.75%	1.5%	2	Communication	Communication
1.5%	2.25%	3	Formation	Formation
2.25%	3%	4	Formulation	Formulation
3%	100.00%	5	Substance of Quality	Task Done

E Earnings-2

INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
7.0.1. Profit and Loss Account: Net Sales [15% CAGR]	Active		24	24	19
	Inactive		1	1	6
	Inactivity %		0.67%	0.67%	4.00%
7.0.2. Profit and Loss Account: Consumption [3% CARR]	Active		4	4	12
	Inactive		21	21	13
	Inactivity %		14.00%	14.00%	8.67%
7.0.3. Profit and Loss Account: Employee Benefits [15% CARR]	Active		20	20	12
	Inactive		5	5	13
	Inactivity %		3.33%	3.33%	8.67%
7.0.4. Profit and Loss Account: Finance Costs [15% CARR]	Active		24	19	0
	Inactive		1	6	25
	Inactivity %		0.67%	4.00%	16.67%
7.0.5. Profit and Loss Account: Other expenses [15% CARR]	Active		20	24	0
	Inactive		5	1	25
	Inactivity %		3.33%	0.67%	16.67%
7.0.6. Profit and Loss Account: Profit from ops [15% CAGR]	Active		23	23	3
	Inactive		2	2	22
	Inactivity %		1.33%	1.33%	14.67%
Summary: 7.0.1 to 7.0.6. Profit and Loss Account:	Active		115	114	46
	Inactive		35	36	104
	Inactivity %		23.33%	24.00%	69.33%
checksum: Resource area ~ Process Area			0	0	0

Profit & Loss	2021	2022	2023	2024					
Net Sales	74,278	90,171	121,362	139,078	Net Sales: Good performance for a manufacturing company. M&M is very good in quality controls, runs its enterprises morally, ethically and fairly. [ER Force not measured, yet given 4. 2024 given 3 to highlight the Rating of only completed stages. Back to the drawing board, Formation stage means recalibrate the Formulation stage]. 15% CAGR on a long-term is possible, step up to 20% CAGR.				
per day revenue	202.94	247.04	332.50	381.04					
Inc./(dec.) % p-to-p		21.73%	34.59%	14.60%					
Rating: [A] [CAGR 15%]		5	5	4					
Stage Reached		Task Done	Task Done	Formulation					
7.0.1. Profit and Loss Account: Net Sales		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached
	2021								
	2022	4	5	5	5	5	24	4	Formulation
	2023	4	5	5	5	5	24	4	Formulation
	2024	3	4	4	4	4	19	3	Formation

Profit & Loss	2021	2022	2023	2024					
Consumption	38,407	51,803	73,988	83,615	Consumption: Your consumption is controlled by your upstream companies, that you have no control over. Hence 3% CARR applied but the spot to innovate. Increase CARR to 5%. 0, 0, 2 means from the state of insentience in 2022 and 2023 communication channels are opened in 2024. Form a core team, formulate policy making for supply chain management, check the policy accidents and policy politics, innovate, vendor development of Scope 1 enterprises and set higher target of CARR for 2025 – 2030.				
Per day Consumption	104.94	141.93	202.71	229.08					
% Net Revenue	51.71%	57.45%	60.96%	60.12%					
(-Inc.) (Dec) % ptp		-11.11%	-6.12%	1.38%					
Rating: [B] [CARR 3%]	002								
Stage Reached	Insentient		Insentient	Communication					
Particulars	Ethical Responsibility		Fiscal Responsibility						
7.0.2. Profit and Loss Account: Consumption	1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached	
	2021								
	2022	4	0	0	0	0	4	0	Insentient
	2023	4	0	0	0	0	4	0	Insentient
	2024	4	2	2	2	2	12	2	Communication

Profit & Loss	2021	2022	2023	2024					
d) Employee benefits	7,813	8,387	9,678	10,624	Employee Benefits: CARR as % of Net Revenue is good. 4th year seems low, but EPP Effort per Person is encouraging, overall. Commendable. Is a Productivity Index.				
per day employee benefits	21.35	22.98	26.51	29.11					
% Net Revenue	10.52%	9.30%	7.97%	7.64%					
(-Inc.) (Dec) % ptp		11.58%	14.26%	4.21%					
Rating: [C] [CARR – 15%]	4		4	2					
Stage Reached	Formulation		Formulation	Communication					
Particulars: 7.0.3. Profit and Loss Account: Employee Benefits	Ethical Responsibility		Fiscal Responsibility						
	1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached	
	2021								
	2022	4	4	4	4	4	20	4	Formulation
	2023	4	4	4	4	4	20	4	Formulation
	2024	4	2	2	2	2	12	2	Communication

E Earnings				
SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account and 8.0.1. to 8.0.6. Balance Sheet				
Net Rating	2021	2022	2023	2024
P&L		3	3	1
Balance Sheet		1	2	2
Entity Rating E – Earning		2	2	1
Stage Reached		Communication	Communication	Conceptual

RATINGS TABLE

15.00%	Range	Ratings	Policies	Action Process
	<0%	0	Non-Existent	Insentient
0.00%	3.75%	1	Conceptual	Conceptual
3.75%	7.50%	2	Communication	Communication
7.50%	11.25%	3	Formation	Formation
11.25%	15.00%	4	Formulation	Formulation
15.00%	100.00%	5	Substance of Quality	Task Done

E Earnings-2

INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
7.0.1. Profit and Loss Account: Net Sales [15% CAGR]	Active		24	24	19
	Inactive		1	1	6
	Inactivity %		0.67%	0.67%	4.00%
7.0.2. Profit and Loss Account: Consumption [3% CARR]	Active		4	4	12
	Inactive		21	21	13
	Inactivity %		14.00%	14.00%	8.67%
7.0.3. Profit and Loss Account: Employee Benefits [15% CARR]	Active		20	20	12
	Inactive		5	5	13
	Inactivity %		3.33%	3.33%	8.67%
7.0.4. Profit and Loss Account: Finance Costs [15% CARR]	Active		24	19	0
	Inactive		1	6	25
	Inactivity %		0.67%	4.00%	16.67%
7.0.5. Profit and Loss Account: Other expenses [15% CARR]	Active		20	24	0
	Inactive		5	1	25
	Inactivity %		3.33%	0.67%	16.67%
7.0.6. Profit and Loss Account: Profit from ops [15% CAGR]	Active		23	23	3
	Inactive		2	2	22
	Inactivity %		1.33%	1.33%	14.67%
Summary: 7.0.1 to 7.0.6. Profit and Loss Account:	Active		115	114	46
	Inactive		35	36	104
	Inactivity %		23.33%	24.00%	69.33%
checksum: Resource area ~ Process Area			0	0	0

Profit & Loss	2021	2022	2023	2024					
Finance Costs	6102.22	5018.05	5829.70	7488.21	Finance Costs: Check point 2023: Incremental Revenue vs Incremental costs: Net Sales Revenue @CAGR 15% did well 2022 and 2023 but at the same time Finance Costs CARR @15% did well in 2022 but rate of reduction non maintainable in 2023, an early indication of increased finance costs. It was evident when it worsened in 2024. One example is Financial Services receivable where converting matter to energy takes a longer time but also incurs bad debts. Whereas borrowings do not stop incurring interest. That gets reflected in 2024. In 2023 at the time of higher finance costs, as a % Net Revenue, had begun. Corporate Governance means someone is made responsible for accountability, in time to correct the landslide.				
per day Finance Costs	16.72	13.75	15.97	20.52					
% Net Revenue	8.24%	5.57%	4.80%	5.38%					
(-Inc.) (Dec) % ptp		32.45%	13.68%	-12.09%					
Rating: [D] CARR 15%		5	4	0					
Stage Reached		Task Done	Formulation	Insentient					
Particulars: 7.0.4. Profit and Loss Account Finance Costs:		Ethical Responsibility	Fiscal Responsibility						
		Ethical Responsibility	Fiscal Responsibility						
		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached
	2021								
	2022	4	5	5	5	5	24	4	Formulation
	2023	3	4	4	4	4	19	3	Formation
	2024	0	0	0	0	0	0	0	Insentient

Profit & Loss	2021	2022	2023	2024					
Other expenses	14541.92	15452.96	17317.75	19914.34	Other Expenses: In 2024 Stores and Tools Consumed, Power & Fuel [Mfg connected] contributed to CARR. Freight outward is inevitable but other costs become fixed costs over time that are under the control of the management, not the variable costs of cost of consumption. It's true for the upstream companies also. If you cannot control your fixed costs don't expect any reduction in your variable costs. This is an important lesson Corporate Governance teaches – EPP Effort per Person, retain CARR 15%.				
per day Other expenses	39.73	42.34	47.45	54.56					
% Net Revenue	19.58%	17.14%	14.27%	14.32%					
(-Inc.) (Dec) % ptp		12.46%	16.74%	-0.35%					
Rating: [E] CARR 15%		4	5	0					
Stage Reached		Formulation	Task Done	Insentient					
Particulars: 7.0.5. Profit and Loss Account Other Expenses:		Ethical Responsibility	Fiscal Responsibility						
		1. FR Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached
	2021								
	2022	4	4	4	4	4	20	4	Formulation
	2023	4	5	5	5	5	24	4	Formulation
	2024	0	0	0	0	0	0	0	Insentient

Profit & Loss	2021	2022	2023	2024					
Profit from ops	3701.92	7253.01	11374.48	12269.82	Profit from ops: Take a look at the FEC Report Framework. Sustainability of Efficiency with Corporate Governance and Risk Management provides with profits whereas Sustainability of Value System alone brings the Sustainability of Profits and therefrom the growth. EPI of 260,000 people need to be calculated. Rating of Net Sales, Consumption, Employee Benefits for 2024 is positive but not Finance Costs and Other Expenses. When we talk of Entity rating each major area is under scrutiny with reference to the Key Managerial Personnel's [KMP] Ethical-cum-co-Responsibility.				
per day profits	10.14	19.87	31.16	33.62					
% Net Revenue	5.00%	8.04%	9.37%	8.82%					
(+Inc.) (-Dec) % ptp		60.95%	16.52%	-5.87%					
Rating: [F] CAGR 15%		5	5	0					
Stage Reached		Task Done	Task Done	Insentient					
Particulars		Ethical Responsibility	Fiscal Responsibility						
7.0.6. Profit and Loss Account: Profit from ops		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached
	2021								
	2022	3	5	5	5	5	23	4	Formulation
	2023	3	5	5	5	5	23	4	Formulation
	2024	3	0	0	0	0	3	0	Insentient

		Rupees crores	
	Note No.	2024	2023
I. ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment.....	4	21,408.60	20,351.33
Capital work-in-progress.....	5	3,461.33	1,222.66
Goodwill.....	6	2,448.37	2,548.90
Other intangible assets.....	7	4,272.44	4,239.75
Intangible assets under development.....	8	4,577.97	2,745.92
Investments accounted using equity method.....	9	13,800.71	14,380.57
Financial assets			
(i) Investments.....	9	7,772.75	6,625.93
(ii) Trade receivables.....	10	270.66	282.60
(iii) Loans.....	11	67,783.65	52,772.75
(iv) Other financial assets.....	12	4,297.97	3,353.97
Deferred tax assets (net).....	13	1,578.99	1,615.46
Income tax assets (net).....		2,129.91	1,802.88
Other non-current assets.....	14	4,231.74	2,623.61
		1,38,035.09	1,14,566.33
CURRENT ASSETS			
Inventories.....	15	18,590.47	16,854.97
Financial assets			
(i) Investments.....	9	13,634.64	14,265.92
(ii) Trade receivables.....	10	7,459.40	7,028.02
(iii) Cash and cash equivalents.....	16	4,530.10	3,493.41
(iv) Bank balances other than cash and cash equivalents.....	17	7,482.65	7,780.02
(v) Loans.....	11	39,060.13	34,684.81
(vi) Other financial assets.....	12	2,102.43	1,951.70
Other current assets.....	14	5,380.35	5,209.99
Assets held for sale.....		25.47	56.60
		98,265.64	91,325.44
TOTAL ASSETS.....		2,36,300.73	2,05,891.77
II. EQUITY AND LIABILITIES			
EQUITY			
Equity share capital.....	18	557.38	556.82
Other equity.....		65,633.17	55,808.97
Equity attributable to owners of the company.....		66,190.55	56,365.79
Non-controlling interests.....		11,318.79	10,716.32
		77,509.34	67,082.11
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
(i) Borrowings.....	20	67,719.69	55,027.39
(ii) Compulsorily convertible preference shares.....	42	2,021.73	400.00
(iii) Lease liabilities.....		2,813.92	2,882.50
(iv) Trade payables.....			
Total outstanding dues of creditors other than micro enterprises and small enterprises.....	21	—	0.04
(v) Other financial liabilities.....	22	1,208.50	970.45
Provisions.....	23	1,763.28	1,815.95
Deferred tax liabilities (net).....	13	1,772.13	1,608.64
Other non-current liabilities.....	24	5,946.49	5,525.28
		83,245.74	68,230.25
CURRENT LIABILITIES			
Financial liabilities			
(i) Borrowings.....	20	35,483.54	33,739.62
(ii) Lease liabilities.....		608.37	597.34
(iii) Trade payables.....	21		
(a) Total outstanding dues of micro enterprises and small enterprises.....		459.70	363.63
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises.....		25,205.94	23,472.03
(iv) Other financial liabilities.....	22	4,480.96	4,424.94
Other current liabilities.....	24	7,641.62	6,176.38
Provisions.....	23	1,123.00	1,189.48
Current tax liabilities (net).....		542.52	615.99
		75,545.65	70,579.41
TOTAL EQUITY AND LIABILITIES.....		2,36,300.73	2,05,891.77

SUMMARY 8.0.1. to 8.0.6. Balance Sheet 2021, 2022, 2023, 2024

The Board is a marathon runner: The Board sets the policies. India is blessed with companies like Mahindra that set their goals for 100 years from now. As the Coach says: "Reputation and good governance have been part of the DNA of the Company from its inception. There are many times when we have chosen to be transparent, despite there being no mandate on us. For example, our Company has been reporting back to its shareholders on corporate governance, long before the law made it mandatory." One could see it from their Code of Conduct Manual.

Pareto Analysis of 80-20: Applying Pareto formula of 80%-20% 80% of Viksit Bharat 2047 growth targets will be met by 20% of Corporate India. Mahindra creating a level playing field with rules that express the truth and justify their conduct, makes the 20% of the other Corporate India to inculcate the value system in their companies. A mandatory corporate governance report may not serve the purpose but a non-mandatory code of conduct followed by each company is critical for our growth of Viksit Bharat 2047. My mission is to bring the FEC Report mandatory for Corporate India.

Balance Sheet: Going through the MAHINDRA & MAHINDRA LTD. Integrated Annual Report 2023-24 one could sense the bigness of an enterprise challenging from the auditors to employees and the board leading a marathon run for the next 100 years passing on the way 2047. All the best. But check my ratings.

My Book Extract

In a company The Board is a **marathon** runner, the CEO Team Sprint Hurdles Runner, and the Society enjoys the game, ever ready with their wallet to pay the entry fee.

The Board -Marathon



CEO Team - Sprint Hurdles



People



SUMMARY 8.0.1. to 8.0.6. Balance Sheet		INDEX OF INACTIVITY			
INDEX OF INACTIVITY: By Resource Area		2021	2022	2023	2024
1. FR Management:	Active		19	19	19
	Inactive		6	6	6
	Inactivity %		4.00%	4.00%	4.00%
2. FR: Managerial Force:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
3. FR: Operating Force:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
4. FR: Technology:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
5. FR: Finance:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
FR+ FR: Resource Area	Active		59	75	63
	Inactive		91	75	87
	Inactivity %		60.67%	50.00%	58.00%
Net Rating			1	2	2
STAGE REACHED			Conceptual	Communication	Communication
checksum			0	0	0
INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
8.0.1. Trade Payables	Active		15	19	11
	Inactive		10	6	14
	Inactivity %		6.67%	4.00%	9.33%
8.0.2. Net Fixed Assets	Active		4	24	16
	Inactive		21	1	9
	Inactivity %		14.00%	0.67%	6.00%
8.0.3. Inventories	Active		16	4	8
	Inactive		9	21	17
	Inactivity %		6.00%	14.00%	11.33%
8.0.4. Trade Receivables	Active		20	24	12
	Inactive		5	1	13
	Inactivity %		3.33%	0.67%	8.67%
8.0.5. Non-Current Liabilities	Active		4	4	12
	Inactive		21	21	13
	Inactivity %		14.00%	14.00%	8.67%
8.0.6. Current Ratio	Active		0	0	4
	Inactive		25	25	21
	Inactivity %		16.67%	16.67%	14.00%
SUMMARY 8.0.1. to 8.0.6. Balance Sheet	Active		59	75	63
	Inactive		91	75	87
	Inactivity %		60.67%	50.00%	58.00%
checksum: Resource area -- Process Area			0	0	0

AN EQUAL PLAYING FIELD



SUMMARY 8.0.1. to 8.0.6. Balance Sheet		INDEX OF INACTIVITY			
INDEX OF INACTIVITY: By Resource Area		2021	2022	2023	2024
1. FR Management:	Active		19	19	19
	Inactive		6	6	6
	Inactivity %		4.00%	4.00%	4.00%
2. FR: Managerial Force:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
3. FR: Operating Force:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
4. FR: Technology:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
5. FR: Finance:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
FR+ FR: Resource Area	Active		59	75	63
	Inactive		91	75	87
	Inactivity %		60.67%	50.00%	58.00%
Net Rating			1	2	2
STAGE REACHED			Conceptual	Communication	Communication
checksum			0	0	0
INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
8.0.1. Trade Payables	Active		15	19	11
	Inactive		10	6	14
	Inactivity %		6.67%	4.00%	9.33%
8.0.2. Net Fixed Assets	Active		4	24	16
	Inactive		21	1	9
	Inactivity %		14.00%	0.67%	6.00%
8.0.3. Inventories	Active		16	4	8
	Inactive		9	21	17
	Inactivity %		6.00%	14.00%	11.33%
8.0.4. Trade Receivables	Active		20	24	12
	Inactive		5	1	13
	Inactivity %		3.33%	0.67%	8.67%
8.0.5. Non-Current Liabilities	Active		4	4	12
	Inactive		21	21	13
	Inactivity %		14.00%	14.00%	8.67%
8.0.6. Current Ratio	Active		0	0	4
	Inactive		25	25	21
	Inactivity %		16.67%	16.67%	14.00%
SUMMARY 8.0.1. to 8.0.6. Balance Sheet	Active		59	75	63
	Inactive		91	75	87
	Inactivity %		60.67%	50.00%	58.00%
checksum: Resource area -- Process Area			0	0	0

Return On Intangible: Balance Sheet	2021	2022	2023	2024					
Particulars		Ethical Responsibility	Fiscal Responsibility				Total	Rating	Stage Reached
8.0.1. Trade Payables		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance			
	2021								
	2022	3	3	3	3	3	15	3	Formation
	2023	3	4	4	4	4	19	3	Formation
	2024	3	2	2	2	2	11	2	Communication
Balance Sheet	2021	2022	2023	2024					
Trade Payables	15505.79	19036.55	23835.66	25665.64	Trade Payables: Total outstanding dues of MSMEs - No. of days of consumption although has increased from 1 and 1 in 2021 and 2022 to 2 and 2 in 2023 and 2024, applying CARR of 15% in 2022 it is 4.63%; in 2023 (-30.22%); and in 2024 (-11.86%) Rated 2,0,0 respectively. Trade Payables including MSMEs is given here. Rated 3,4 and 2 for 2022, 2023 and 2024. No favour shown to MSMEs. Hence a point reduced in ER Force. Final Rating is 3,3,2. Target 20 days for Trade Payables other than MSMEs in 2030 and 0 days for MSMEs in 2024-25. That is o/s of ₹460 crores for MSMEs should become ₹0. Well CARR 15% in one side and target of 20 days at the other move toward a dynamic governance system. Challenging but not tough.				
Per day Consumption	104.94	141.93	202.71	229.08					
No. of days of consumption	148	134	118	112					
(-Inc.) (Dec) % ptp		9.23%	12.33%	4.72%					
Rating: [A] [CARR 15%]		3	4	2					
Stage Reached		Formation	Formulation	Communication					

Particulars		Ethical Responsibility	Fiscal Responsibility				Total	Rating	Stage Reached
8.0.2. Net Fixed Assets		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance			
	2021								
	2022	4	0	0	0	0	4	0	Insentient
	2023	4	5	5	5	5	24	4	Formulation
	2024	4	3	3	3	3	16	3	Formation
Balance Sheet	2021	2022	2023	2024					
Net Fixed Assets	17611.65	21902.26	20351.33	21408.60	per day revenue from ops. vis-a-vis the Net Fixed Assets at the CAGR 15% is impressive, taking off nicely in 2023. The concept of daily sales, daily consumption, daily employee benefits, daily expenses and profits is the differentiator to what we are accustomed to reporting <i>ex-post-facto</i> quarterly and annual results, which is corporate governance. Governance is a dynamic function. Set targets for 2030, apply the relevant CAGR or CARR for 2030 and work toward a CDGR or CDRR as on today and report on a daily basis. In 2024, 8.94% is at the Formation stage. Recalibrate to reach the 15% CAGR in 2030 daily, formulating new initiatives. Quarterly results submitted to stock exchanges will continue, independent of what a company undertakes by Corporate Governance. Illustratively, the differentiator to (6) statement of deviations, under Regulation 32(1) would be the value system incorporated, within a company, by Corporate Governance. 15% CAGR is subject to individual company's capability.				
per day revenue from ops.	202.94	247.04	332.50	381.04					
Net Rev./day as % of NA	1.15%	1.13%	1.63%	1.78%					
(+Inc.) (-Dec) % ptp		-2.12%	44.85%	8.94%					
Rating: [B] CAGR 15%]		0	5	3					
Stage Reached		Insentient	Task Done	Formation					

SUMMARY 8.0.1. to 8.0.6. Balance Sheet		INDEX OF INACTIVITY			
INDEX OF INACTIVITY: By Resource Area		2021	2022	2023	2024
1. FR Management:	Active		19	19	19
	Inactive		6	6	6
	Inactivity %		4.00%	4.00%	4.00%
2. FR: Managerial Force:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
3. FR: Operating Force:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
4. FR: Technology:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
5. FR: Finance:	Active		10	14	11
	Inactive		15	11	14
	Inactivity %		10.00%	7.33%	9.33%
FR+ FR: Resource Area	Active		59	75	63
	Inactive		91	75	87
	Inactivity %		60.67%	50.00%	58.00%
Net Rating			1	2	2
STAGE REACHED			Conceptual	Communication	Communication
checksum			0	0	0
INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
8.0.1. Trade Payables	Active		15	19	11
	Inactive		10	6	14
	Inactivity %		6.67%	4.00%	9.33%
8.0.2. Net Fixed Assets	Active		4	24	16
	Inactive		21	1	9
	Inactivity %		14.00%	0.67%	6.00%
8.0.3.Inventories	Active		16	4	8
	Inactive		9	21	17
	Inactivity %		6.00%	14.00%	11.33%
8.0.4. Trade Receivables	Active		20	24	12
	Inactive		5	1	13
	Inactivity %		3.33%	0.67%	8.67%
8.0.5. Non-Current Liabilities	Active		4	4	12
	Inactive		21	21	13
	Inactivity %		14.00%	14.00%	8.67%
8.0.6. Current Ratio	Active		0	0	4
	Inactive		25	25	21
	Inactivity %		16.67%	16.67%	14.00%
SUMMARY 8.0.1. to 8.0.6. Balance Sheet	Active		59	75	63
	Inactive		91	75	87
	Inactivity %		60.67%	50.00%	58.00%
checksum: Resource area -- Process Area			0	0	0

Particulars		Ethical Responsibility	Fiscal Responsibility						
8.0.3.Inventories		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached
	2021								
	2022	4	3	3	3	3	16	3	Formation
	2023	4	0	0	0	0	4	0	Insentient
	2024	4	1	1	1	1	8	1	Conceptual
Balance Sheet	2021	2022	2023	2024					
Inventories	9615.41	11595.82	16854.97	18590.47	Inventories: For 2022, 2023 and 2024 Trade Payables rating was 3,4,2 whereas for Inventories it was 3,0, and 1 respectively. It translates into more difficulties in reducing the inventories, maybe on account of industry constraints, than settle the dues to vendors in shorter duration. Recalibrate zero inventory concept at Formation stage, fresh ideas to go for better Formulation.				
Per day Consumption	104.94	141.93	202.71	229.08					
No of days of consumption	92	82	83	81					
(Inc.)/dec. % p-to-p		10.83%	-1.77%	2.40%					
Rating: [C] [CARR 15%]		3	0	1					
Stage Reached		Formation	Insentient	Conceptual					

RATINGS TABLE 15 %

15.00%	Range	Ratings	Policies	Action Process
	<0%	0	Non-Existent	Insentient
0.00%	3.75%	1	Conceptual	Conceptual
3.75%	7.50%	2	Communication	Communication
7.50%	11.25%	3	Formation	Formation
11.25%	15.00%	4	Formulation	Formulation
15.00%	100.00%	5	Substance of Quality	Task Done

Balance Sheet	2021	2022	2023	2024					
Particulars		Ethical Responsibility	Fiscal Responsibility						
8.0.4. Trade Receivables		1. ER Force	2. Managerial Force	3. Operating Force	4. Technology	5. Finance	Total	Rating	Stage Reached
	2021								
	2022	4	4	4	4	4	20	4	Formulation
	2023	4	5	5	5	5	24	4	Formulation
	2024	4	2	2	2	2	12	2	Communication
Balance Sheet	2021	2022	2023	2024					
Trade Receivables	6007.76	6373.95	7028.02	7459.40	Trade Receivables or is it Trade Debtors? Debtors signify the type of customers in your portfolio whereas Receivables are mere numbers. 90% of the receivables are less than 1 year old. Corporate Governance is distinctly different. Any marketing guy can assure the customer, "no, we don't deploy any cheat software in our vehicles." ER Force has a significant impact on bringing the ethically responsible people within and dealing outside the organization. This must be brought to fore as company's policies and corporate governance is measured. I have given 4 for ER Force knowing what M & M stands for, but needs to be measured.				
per day revenue from ops.	202.94	247.04	332.50	381.04					
No. of days of Net Sales	30	26	21	20					
(-Inc.) (Dec) % ptp		12.84%	18.08%	7.38%					
Rating: [DI] [CARR 15%]		4	5	2					
Stage Reached		Formulation	Task Done	Communication					

Corporate Governance Rating System

CREAM Report

SUMMARY CORPORATE GOVERNANCE REPORT

Corporate Governance Rating System

CREAM Report

C Corporate Governance - M&M Analytics

R Risk Management & Internal Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material Accounting Policies - M&M Analytics

M Management Quality - The Board of Directors - Committees - SEBI - LODR 17-27

Vigil Mechanism - M&M CoC

Intellectual Value Capital [IVC],
Action Value Capital [AVC],
Intangible Value Capital [RoTI]

Corporate Governance Report

SUMMARY - 1. Management Quality, 2.Accounting Quality, 3. Risk Management and Internal Controls and 4. Earnings.	Ratings
SUMMARY Board of Directors 1.01. to 1.0.9. [19+8=27] Process Blocks:	675
SUMMARY 2.0.1. to 2.0.6. Committees [60] Process Blocks:	1500
SUMMARY 3.0.1. Vigil Mechanism – Code of Business Principles [CoBP] – [Code of Conduct – Mahindra] A. Maintaining ethical business standards: [30] Process Blocks:	750
B. Vigil Mechanism 3.0.3.B. Commitment to business associates, suppliers, customers and the environment [93]	2325
30+93=123 Porcess Blocks: Total 3.0.1.	3075
4.0.1. Material Accounting Policies [47] Process Blocks	1175
Total Process Blocks : A and M 27+60+30+93+47=257	6425
SUMMARY 5.0.1. Risk Management: [34] SUMMARY 6.0.1. Internal Controls[5]	850 125
R Risk Management and Internal Controls [39]	975
E - EARNINGS - P&L and [12]	300
CREAM - R+E+A+M Policies and Practices [5*5*308=7700]	7700

DASHBOARD CREAM Report

1. **Intellectual Value Capital [IVC]** Innovation, IPRs, Policies, Regulations, form part of IVC. If we lookat the Summary of Corporate Governance Report there are 296 Process blocks with ratings of 7400 other than E Earnings. EPP Effort per person each at optimized level of 5 and a team of 5 is rated 5*5=25 for a process block [PB]. Ratings can be traced to a single individual working on it in every task. We create Index of Inactivity by Resource Area - human energy or effort put in and an Index of Inactivity by Process Area.

IVC is a creative process. Many of them emerge from what the society needs are and how the regulatory bodies bring a mandatory policy to be followed by a company.

If we look at the 296 process blocks -
i. The Board of Directors - 27 PBs, ii. Committees - 60 PBs, totalling 87 PBs represent the LODR 17-27 barring #27 Vigil Mechanism that is taken out separately in this study. iii. Vigil Mechanism is CoBP [Code of Business Principles created by Mahindra. 30+93=123 iv. Risk Management and Internal Controls - 34+5=39, and v. Material Accounting Policies - 47 totalling = (27+60)+(123+39)+47 = 296 PBs.

IVC for a company is made up of 87 from SEBI and 47 from ICAI = 134 and created by self is 162. All PBs are important but self created 162 PBs are the ones that stand out and reflect as IVC of the company under study.

IVC starts from the state of quiescence and brings out a substance of Quality each carrying a value of 5*5. It recognizes the persons behind creating the substance of quality, be it from the government or internal, working as a team. IVC - is Subject Governance.

Book Extract

Intellectual Value Capital

Creative Process is the Intellectual Value Capital of a company consisting of several independent Substances of Quality and Action Plans. Intellectual Value Capital is measured by a simple addition of each such Substance created, divided by the number of Substances. The resultant figure indicates the completed stage of development and achievement. If any single Substance is below par, the rating would be of the lowest grade. Otherwise, Substances such as UNCAC, and COSO Framework adopted, would get a value of 5, each a substance of Quality and Action

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CorporateMOM

5

BENDER PRIORITY

YOUR COMPANY

Lesson 3
CorporateMOM
IBCM Technology
Principle #3
Substance of Quality is
Intellectual Value Capital

Plan. If the Code of Conduct (CoC) is prepared as an Ethical Strategy Plan but valued below par, say 2, the Intellectual Value Capital of say two factors UNCAC and CoC will equal 5+2 divided by 2 resulting in the value of Intellectual Value Capital of a company to be 3.

2. **Action Value Capital [AVC]:** Starts from gross that is to say 296 substance of quality is ready for action. There are two components to AVC:

i. The 296 PBs are the qualitative elements of management acted upon, complying with rules to conduct of individuals in executing the policies of the company, from the Board of Directors to the the workforce.

ii. The 12 PBs of E - Earnings P&L and Balance Sheet items are the results of moving the matter from one place to the other. AVC represents the energy put in by individuals which liberates the matter. Matter is energy waiting to happen. NPAs arise when energy is not put in.

AVC is Object Governance.

3. **Intangible Value Capital [RoTI]:**

The equation gets a binary value -
Return on THE Intangible [RoTI] = (Action or Inaction)/THE Intangible.

RoTI = IVC + AVC

Individuals create Matter, individuals liberate the matter and individuals take effort transforming matter into energy.

RoTI is self-governance.

E Earnings

SUMMARY 7.0.1. to 7.0.6. Profit & Loss Account and 8.0.1. to 8.0.6. Balance S				
Net Rating	2021	2022	2023	2024
P&L		3	3	1
Balance Sheet		1	2	2
Entity Rating E – Earning		2	2	1
Stage Reached		Communication	Communication	Conceptual

INDEX OF INACTIVITY: By Resource Area: CREAM Report		2021	2022	2023	2024
1. ER Management:	Active		1367	1370	1354
	Inactive		173	170	186
	Inactivity %		2.25%	2.21%	2.42%
2. FR: Managerial Force:	Active		1367	1370	1354
	Inactive		173	170	186
	Inactivity %		2.25%	2.21%	2.42%
3. FR: Operating Force:	Active		1367	1370	1354
	Inactive		173	170	186
	Inactivity %		2.25%	2.21%	2.42%
4. FR: Technology:	Active		1367	1370	1354
	Inactive		173	170	186
	Inactivity %		2.25%	2.21%	2.42%
5. FR: Finance:	Active		1367	1370	1354
	Inactive		173	170	186
	Inactivity %		2.25%	2.21%	2.42%
ER+ FR: Resource Area	Active		6833	6848	6768
	Inactive		867	852	932
	Inactivity %		11.26%	11.06%	12.10%
Net Entity Rating			4	4	4
STAGE REACHED			Formulation	Formulation	Formulation
checksum			0	0	0

INDEX OF INACTIVITY: By Process Area		2021	2022	2023	2024
Management Quality [98] [27+60+123=210] [IVC – Intellectual Value Capital]	Active		5250	5250	5250
	Inactive		0	0	0
	Inactivity %		0.00%	0.00%	0.00%
Corporate Governance [27+60+123=210] Action Value Capital [AVC] Net Corporate Governance [27+60+123=210] Intangible Value Capital [RoTI]	Active		4200	4200	4200
	Inactive		1050	1050	1050
	Inactivity %		13.64%	13.64%	13.64%
Internal Controls And Risk Management [39] [IVC]	Active		4725	4725	4725
	Inactive		525	525	525
	Inactivity %		6.82%	6.82%	6.82%
Internal Controls And Risk Management [39] [AVC]	Active		975	975	975
	Inactive		0	0	0
	Inactivity %		0.00%	0.00%	0.00%
Net Internal Controls And Risk Management [39] [RoTI]	Active		780	780	780
	Inactive		195	195	195
	Inactivity %		2.53%	2.53%	2.53%
Earnings - P&L And Balance Sheet [12][RoTI]	Active		877	877	877
	Inactive		98	98	98
	Inactivity %		1.27%	1.27%	1.27%
Accounting Quality [47] [IVC]	Active		174	189	109
	Inactive		126	111	191
	Inactivity %		1.64%	1.44%	2.48%
Accounting Quality [47] [AVC]	Active		1175	1175	1175
	Inactive		0	0	0
	Inactivity %		0.00%	0.00%	0.00%
Net Accounting Quality [47] [RoTI]	Active		940	940	940
	Inactive		235	235	235
	Inactivity %		3.05%	3.05%	3.05%
CREAM Report [308] [EPPC]	Active		1057	1057	1057
	Inactive		118	118	118
	Inactivity %		1.53%	1.53%	1.53%
checksum: Resource area ~ Process Area			0	0	0

Net Entity Rating

Net Entity Rating comes to 4,4,4 for 2022, 2023 and 2024 respectively. That is at the last but one stage which is Formulation stage, a stage before becoming a Substance of Quality in the creative process and Task accomplishment in the Action Process - AVC.

This is the stage one shall be reminded of John Maynard Keynes - Animal Spirits: a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities."

I am fully satisfied by allotting 4 for AVC, for Mahindra, for all the process areas except E Earnings which is on actuals. E Ratings are 2, 2, 1. Take note of what Confucius said "When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps". Corporate Critical Density has to be found, if 5 raise the bar and check your premises.

The background image shows a close-up of a person's hands using a digital depth gauge to measure a small metal component. The hands are positioned on the left and right sides of the frame, with the gauge held between them. The gauge has a digital display showing '0.00' and 'mm'. The background is a blurred workshop or laboratory setting with various tools and equipment visible.

Measuring Corporate Governance Recommendation for ICGI Institute of Corporate Governance of India [as a Statutory Body under an Act of Parliament]

Corporate Governance Rating
System

CREAM Report

C Corporate Governance - M&M
Analytics

R Risk Management & Internal
Controls - M&M Analytics

E Earnings - M&M Analytics

A Accounting Quality - Material
Accounting Policies - M&M
Analytics

M Management Quality - The Board
of Directors - Committees - SEBI -
LODR 17-27

Vigil Mechanism - M&M CoC

Measuring Corporate Governance
Recommendation for ICGI
Institute of Corporate Governance of India
[as a Statutory Body under an Act of Parliament

Corporate Governance Architecture:

Accounting is Object-oriented, transactional, and quantitative, and Object Governance is used,

Accountability is subject-oriented, non-transactional, and qualitative, and subject governance is used. Extended to the Society Self-Governance is used.

Illustratively, in the Government Auditing Standards January 2007 Revision issued by the U.S. Government Accountability Office,⁶ the word “governance” has been used 60 times and barring two, it is prefixed with the phrase “those charged with.” It implies (1) governance is a staff function and there are individuals who are not entrusted with governance and (2) audits are undertaken in the same pattern as balance sheet audit.

The expression “those charged with governance” is akin to “those who are charged with breathing.”

Book Extract: 83 CORPORATE CITIZENSHIP AND SUSTAINABILITY

Definitions are important:


1. IAS 38 Intangible Assets was issued in 1998 as an Accounting Standard without defining the title word Intangible.
2. In 2007, this led to the omitting of investments in intangibles, and \$4.1 trillion was excluded from published national accounts data in the United States. —> see Effect of IAS 38
3. Corporate Governance as a flash point was on fire much before CSR came into existence. However, in 2024 the jargon is back into corporate lexicon Corporate Governance Report for PSBs.
 1. From Guidance Note on Audit of Banks (2023 Edition)]:
"Any deficiencies noted during the audit procedures should be reported by the auditor to the Management/ Those charged with Governance in accordance with SA 265 “Communicating Deficiencies in Internal Control to those Charged with Governance and Management”.
 2. <<— The expression “those charged with governance” is akin to “those who are charged with breathing.”
4. The word Governance is not defined.
5. <<— Corporate Governance Architecture has the clarity of three types of governance. Object Governance is what we use and what statutory auditors report. Subject Governance is the crux of the Corporate Governance meaning Accountability being established that IFRS states as their Mission statement. Self-Governance is assuming co-responsibility toward society such as CSR.

conference proposal paper says¹⁵:

In fact, it is not clear that the so-called GAAP standard is even particularly meaningful anymore: companies continue to search for beneficial ways in which to disclose information about themselves with or without formal sanction... Nakamura estimated the value of U.S. gross investments in intangibles in 2000 to be at least \$1 trillion annually. More recently, Corrado and Hulten (2010) estimate that in 2007, by omitting investments in intangibles, \$4.1 trillion was excluded from published national accounts data in the U.S.

Book Extract: 50 CORPORATE CITIZENSHIP AND SUSTAINABILITY

15 Athena Alliance. 2011. “Global Competition and Collaboration.” In: New Building Blocks for Jobs and Economic Growth: Intangible Assets as Sources of Increased Productivity and Enterprise Value. <http://www.oecd.org/sti/inno/48918196.pdf>.



ABOUT US

IFRS ACCOUNTING

IFRS SUSTAINABILITY

Mission statement

Our mission is to develop high-quality IFRS Standards that bring transparency, accountability and efficiency to capital markets around the world.

Accountability

Corporate Governance Architecture:

Accounting is Object-oriented, transactional, and quantitative, and Object Governance is used,

Accountability is subject-oriented, non-transactional, and qualitative, and subject governance is used. Extended to the Society Self-Governance is used.

Measuring Corporate Governance Recommendation for ICGI Institute of Corporate Governance of India [as a Statutory Body under an Act of Parliament

Cost Accounting and Cost Audit:

1. In 1966 I was an intern finishing my Chartered Accountancy under a great mentor Subh in HLL. For the first time Cost Audit came into the picture. Every fortnight HLL had to submit to Gol the cost increase for pricing. That time we had commodities forward market also . Subh used costing allocation and apportionment of costs and also stock loss and stock profits before getting a 25 paise increase in pricing for a Dalda tin.
2. In 1983 Dr. Richard Kaplan Activity Based Costing. I said it was old wine in an old bottle, with a new label. India was far ahead and then came out with Cost Audit for medicine.
3. In 1992 Dr. Kaplan and Norton's Balanced Scorecard was published in HBR. I found the same lacking in creating a solid base to spring forth more ideas and development.
4. At that time I came out with the idea of IBCM - Inactivity Based Cost Management. In 2007 after a successful report for a major IT company I copyrighted my formula, intangible being defined, with Copyrights Office of Gol.
5. Once Intangible is defined, with the Advaita Principle, I could address the issue raised by Immanuel Kant (1724–1804) raised the question of whether a science of metaphysics with a logical structure, like that of the well-established mathematical and natural sciences, was possible.
6. Cost Accounting is based on well-established mathematical concepts. Cost Audit therefore is good for corporate management.

Financial Accounting - P&L and Balance Sheet - Statutory Audit AND Secretarial Audit Report

1. Murphy says, “Governance is not compliance and ethics” and disputes the OECD’s assumption that large multinational companies generally have adequate internal compliance controls.
2. The big 4 firms washed their hands off, in the same OECD paper.
3. GRACE 1 and GRACE 2 of Audit Profession —>> Next Page.
4. **SBI: Auditor’s Certificate on Corporate Governance:** "Based on our examination to the best of the information and explanations given to us and representations provided by the management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27." + The Management of the Bank is responsible for ensuring that the Bank complies with the conditionsof Corporate Governance stipulatedin the Listing Regulations.
 1. SEBI has to satisfy themselves how submitting the attendance record of Committees and the Board within a stipulated time constitute compliance of the regulations 17 to 27?
 2. Does SCA certificate include Schedule II Part A and Part B?
5. **SBI: Secretarial Audit Report:** " The compliance of the provisions of Corporate Governance and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records.?

An OECD study on anti-bribery instruments cites Joseph Murphy, a corporate compliance and ethics professional and a participant in the study. In it, Murphy says, “Governance is not compliance and ethics” and disputes the OECD’s assumption that large multinational companies generally have adequate internal compliance controls.

One need only look at the record at Siemens, whose code of conduct was described as the ‘read, laughed and filed code,’ or the long, legalistic (and ineffective) code that existed at Enron to see the great danger in such sweeping conclusions.⁶

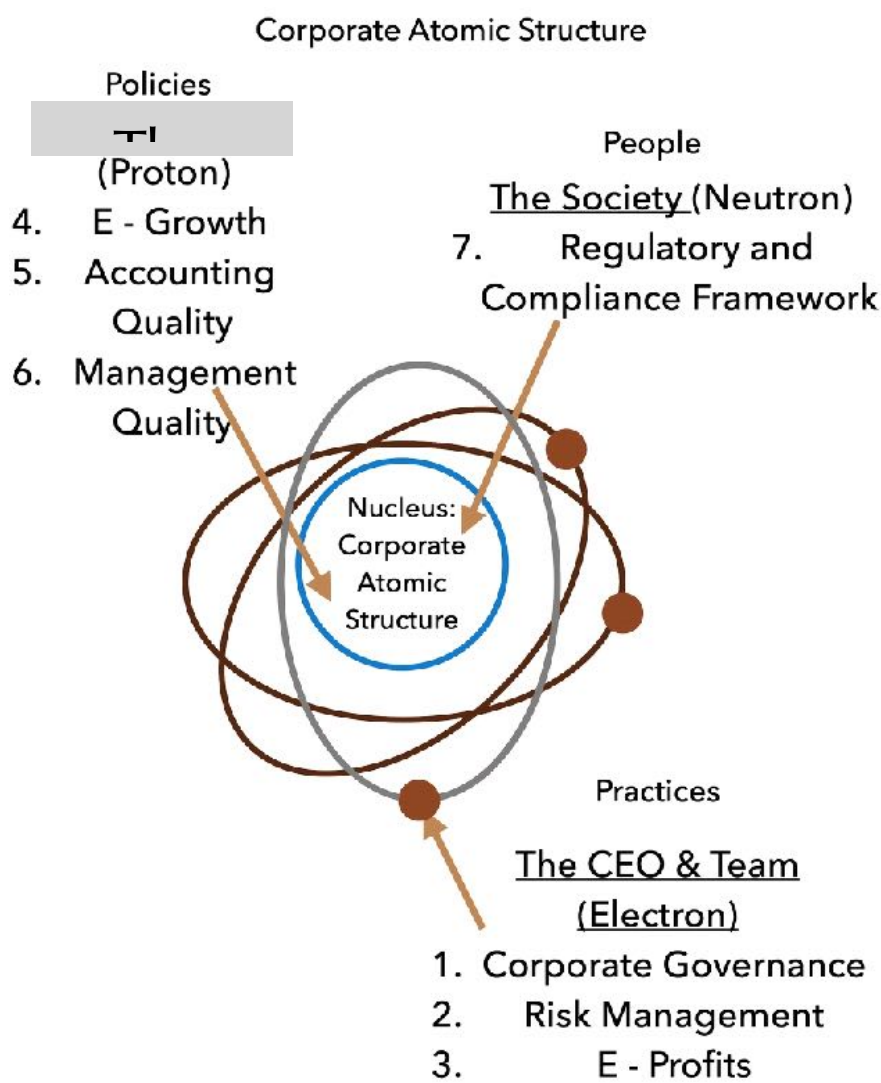
22 CORPORATE CITIZENSHIP AND SUSTAINABILITY

⁶ OECD. “Mr. Joseph E. Murphy (Corporate Compliance and Ethics Professional).” In: *Review of the OECD Anti-bribery Instruments: Compilation of Responses to Consultation Paper*, March 31, 2008.

It is management’s responsibility: The accounting firms that commented upon the consultation paper “Consultation Paper Review of the OECD Instruments on Combating Bribery of Foreign Public Officials in International Business Transactions Ten Years after Adoption” said, “It is management’s responsibility, with the oversight of those charged with Governance, to ensure that the entity’s operations are conducted in accordance with laws and regulations. The responsibility for the prevention and detection of non-compliance rests with management.”¹⁴ [Ref OECD Paper above]

Organization Structure - Change to
Corporate Atomic 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. We have a flat organization structure and we have to make it dynamic.



Two takeaways:

- 1. People are the only energy resource for companies and we got to make the best use of them, and
- 2. Society in the form of Regulatory Authorities brings in the stability to the organization. Electron [CEO Team] spins around the nucleus at nearly 3/4th speed of light but it is Neutron [Society] hat adds mass to the atom and brings in the stability.

Atomic Structure	Corporate Atomic Structure
1. Every atom is made from three kinds of elementary particles: protons, which have a positive electrical charge; electrons, which have a negative electrical charge; and neutrons, which have no charge.	1. Every substance is made up of three kinds of elementary particles: policies, which have a positive charge; practices, which have a negative charge; and society, which has no charge.
2. Protons and neutrons are packed into the nucleus, while electrons spin around outside.	2. Policies and society are packed into the nucleus, while practices spin around outside.
3. The number of protons in an atom is always balanced by an equal number of electrons.	3. The number of categories of personnel in policies is always balanced by an equal number of categories in practices.
4. Neutrons don't influence an atom's identity, but they do add to its mass.	4. Society doesn't influence the identity of a company, but it does add to its mass.

5. ($e = mc^2$): 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. They are two forms of the same thing: Energy is liberated matter; matter is energy, waiting to happen.

Since c^2 (speed of light by itself) is a truly enormous number, what the equation is saying is that there is a huge amount, a REALLY huge amount, of energy bound up in every material thing.
The Board has dual responsibility - Fiscal and Ethical-cum-co-responsibility, whereas Practices similarly would reflect two distinct work areas - one headed by CEO Team and another by Women Equity. The dance of the subsystem reflects the golden age ecosystem.

Intangible Defined

Intangible is defined, like zero being found as a number. Intangible is proved as a constant, an energy force, with a fixed value in a specified mathematical context, enabling the accomplishment of an infinite succession of finite purposes by controlling each goal.

Return on THE Intangible inverts the corporate structure to create an equitable new stable element for corporate management, like that of the well-established mathematical and natural sciences.

Establish ICGI
THE Institute of Corporate Governance
of India
[as a Statutory Body under an Act of
Parliament]

Budgeting for Roadmap India 2047

Current

Constant

[Annex 1]

Sector-wise GDP in India (2022-23)

Sector-wise GDP in India (2030-31)

2030-31 11.74% US\$901.92 billion

Public Administration
, defence and other
services : 13.94%

2030-31 18.04% US\$586.77 billion

Financial, real estate
& prof servs : 21.42%

2030-31 15.14% US\$756.94 billion

Trade, hotels,
transport,
communication and
services related to
broadcasting : 17.98%

2030-31 20% US\$1 trillion

Agriculture,forestry &
fishing : 18.42%

2030-31 4.22% US\$210.93 billion

Mining & quarrying
: 2.36%

2030-31 17.52% US\$876.18 billion

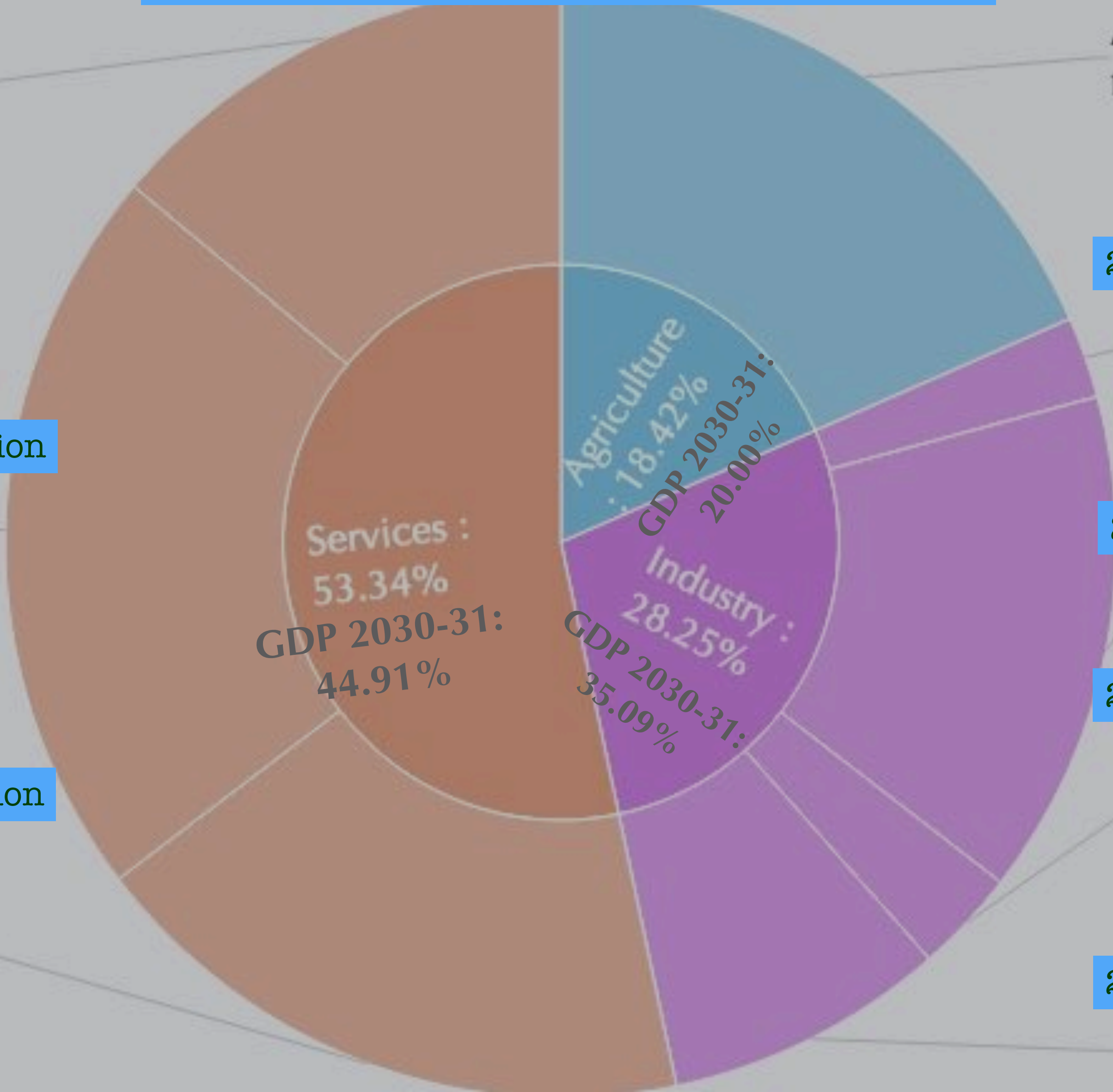
Manufacturing :
14.7%

2030-31 3.57% US\$178.68 billion

Electricity, gas, water
supply & other utility
services : 3%

2030-31 9.77% US\$488.56 billion

Construction : 8.19%



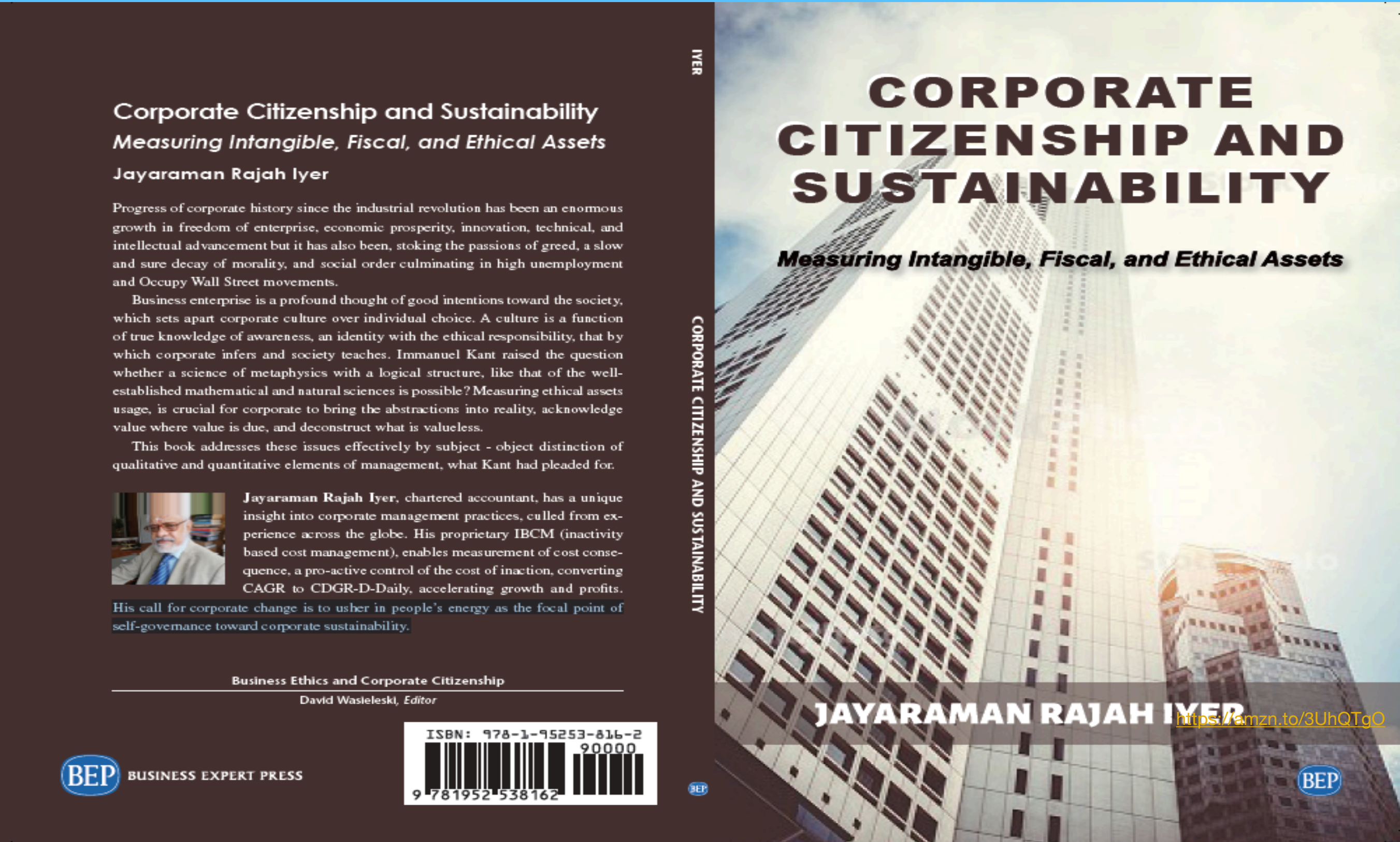


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IBCM Technology

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>



ICGI Institute of Corporate Governance of India



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