



APEX-Human Capital Index Whitepaper

Aventus Partners

Objective

The objective of APEX-Human Capital Index is to evaluate or analyze an organization's performance based on human capital parameters as well as financial parameters.

Methodology

APEX-The Aventus Partners Human Capital Index consists of a set of human capital ratios and financial ratios. Human capital parameters play a vital role in the composition of APEX-HC Index and makes 2/3rd part of it in terms of total point weightage. Human capital ratios are clubbed in 6 key parameters while financial ratios are clubbed under one parameter.

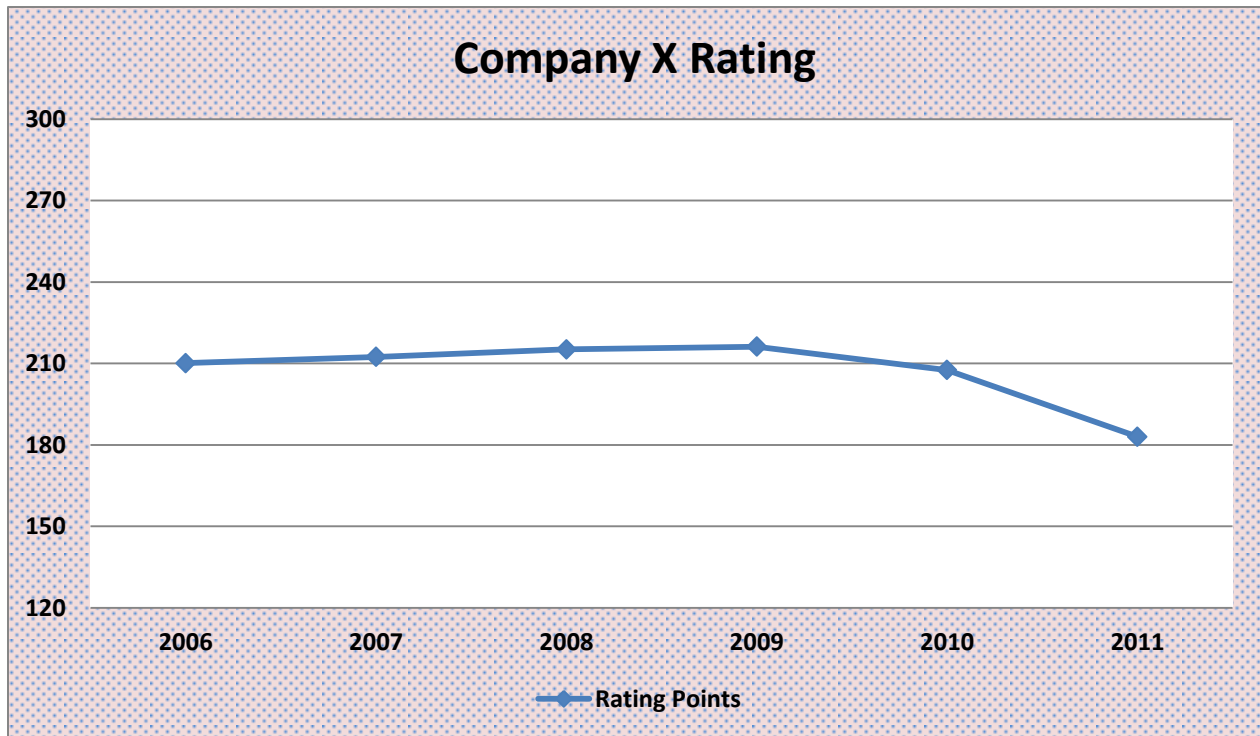
Data is collected from audited financial statements such as the balance sheet, the profit and loss account, the cash flow statement and their schedules. Some human capital related data is also collected from director's reports', management analysis section of annual reports' and some from annexures. The next step after data collection is to calculate the ratios by putting collected data under scrutiny.

Calculated ratio values that are derived are arranged on a customized ratio scale for all the selected years and then add each year's value to get the index rating point for a single year. The range of a scale is based on the importance of ratio to index, which is why rating points on the scale varies from ratio to ratio. Range of a scale varies from negative points to positive points, for instance if the scale is 9 for a ratio then the ratio will be measured on the scale of -9 to +9 points based on the value of the ratio. If the value of a ratio is negative, the rating will be measured on negative side and if ratio value is positive, rating will be on positive. The sum of all the ratios scale is 300 points. To assign a ratio value on a scale we take maximum and minimum value of ratio from given data and assign the maximum value to the highest end of a scale and assign negative values to the negative end of the scale. We also calculate the value of each key parameter based on the sum of all the ratios which falls under a particular key parameter and then assign a rank to it.

The APEX-Human Capital Index is measured for 300 scale points in rating pattern from AAA to D where AAA is the highest rating while D is the lowest rating¹. There are 7 key parameters that collectively make the index namely - **Work environment, Organization pyramid dimensions, Skill induction and development, Remuneration, Retention, Human Capital contribution to business and financial performance**. These 7 key parameters are measured on weighted rating system which varies from "Very Good" to "Very Low" based on the s

Annexure –I (Sample Report)

Company X Rating report – Last six year rating of company X ranges from BBB – A



Year – 2006, Rating – BBB

Company X made adequately high investment in Human capital which led to the adequately high level of returns. There is a lot of space for improvement of human resource policies and procedure and investment in human capital to move **up to Rating AAA**.

Key components and their assessment –

1. Work Environment – **Very Good**
2. Organization Pyramid Dimensions – **Average**
3. Skill Induction and Development – **Very Low**
4. Remuneration – **Very Good**
5. Retention – **Average**
6. Contribution to Business – **Very Good**
7. Financial Performance – **Very Good**

Year – 2007, Rating – A

Company X made significant investment in Human capital which led to a high level of returns. There is room for improvement of human resource policies and procedures and investment in human capital. The quality of investment made in human capital is good.

Key components and their assessment –

1. Work Environment – **Good**
2. Organization Pyramid Dimensions – **Good**
3. Skill Induction and Development – **Low**
4. Remuneration – **Very Good**
5. Retention – **Good**
6. Contribution to Business – **Very Good**
7. Financial Performance – **Good**

Year – 2008, Rating – A

Company X made a high investment in Human capital which led to a high level of returns. There is a space for improvement of human resource policies and procedure and investment in human capital. The quality of investment made in human capital is good.

Key components and their assessment –

1. Work Environment – **Good**
2. Organization Pyramid Dimensions – **Good**
3. Skill Induction and Development – **Good**
4. Remuneration – **Very Good**
5. Retention – **Average**
6. Contribution to Business – **Very Good**
7. Financial Performance – **Good**

Year – 2009, Rating – A

Company X made a high investment in Human capital which led to a high level of returns. There is a space for improvement of human resource policies and procedure and investment in human capital. The quality of investment made in human capital is good.

Key components and their assessment –

1. Work Environment – **Good**
2. Organization Pyramid Dimensions – **Very Good**
3. Skill Induction and Development – **Good**
4. Remuneration – **Good**
5. Retention – **Average**
6. Contribution to Business – **Very Good**
7. Financial Performance – **Good**

Year – 2010, Rating – BBB

Company X made adequately high investment in Human capital which led to the adequately high level of returns. There is a lot of space for improvement of human resource policies and procedure and investment in human capital to move up to **Rating AAA**.

Key components and their assessment –

1. Work Environment – **Good**
2. Organization Pyramid Dimensions – **Average**
3. Skill Induction and Development – **Very Good**
4. Remuneration – **Good**
5. Retention – **Average**
6. Contribution to Business – **Very Good**
7. Financial Performance – **Good**

Year – 2011, Rating – BBB

Company X made adequately high investment in Human capital which led to the adequately high level of returns. There is a lot of space for improvement of human resource policies and procedure and investment in human capital to move up to **Rating AAA**.

Key components and their assessment –

1. Work Environment – **Average**
2. Organization Pyramid Dimensions – **Low**
3. Skill Induction and Development – **Very Good**
4. Remuneration – **Good**
5. Retention – **Low**
6. Contribution to Business – **Very Good**
7. Financial Performance – **Good**

Annexure –II

APEX-Human Capital Index rating criteria –

Rating	Criteria (Maximum 300 points)
AAA	≥271
AA	≥241
A	≥211
BBB	≥181
BB	≥151
B	≥121
CCC	≥91
CC	≥61
C	≥31
D	<31

Annexure –III

Key Parameter ranking criteria –

Rank	Criteria
Very Good	≥81%
Good	≥61%
Average	≥41%
Low	≥21%
Very Low	<21%

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