



## hSENID BUSINESS SOLUTIONS LIMITED

### IPO Price – LKR 12.50

#### Company Profile

hSenid Business Solutions Limited (hBS) is a multinational software product company incorporated in 2005 and is focused on the Human Capital Management (HCM) space. The primary goal of the company has been supplying high quality software products and services to global clientele. At present the company caters to a global customer base of 1300+ clients surpassing 40+ countries focused on over 20 different industries through HCM software products under both On-premise and Software-as-a-Service (SaaS) implementations. hBS has always spearheaded the industry with innovations with the capabilities of a strong and talented team along with industry experts and to provide clients with people-centric solutions that are customizable, adaptive and relevant.

#### Future Outlook

**Accelerating the product development Road Map:** hBS primarily intends to focus on product development and market development. In terms of product development the company expects to accelerate the product development road map which is designed to bring various new features to users of all tiers in client organizations. hBS has analyzed the market demand and HRIS needs evolving in the next decade and has identified critical areas the company should focus on accelerating such as Data science, Bots and IoT, product extensions, Employee wellness, Intelligence Automation (IA) and PeoplesHR core solutions.

**Improving PeoplesHR Marketplace:** hBS also aims to improve PeoplesHR Marketplace platform and related services as a part of its product development initiative. PeoplesHR Marketplace a “one-stop-shop” is an online store launched recently by hBS for all their stakeholders which consists of many business solutions and extended HR services. hBS expects to bring global recognition to PeoplesHR Marketplace as a one-stop-shop for all business solution needs and concentrates on improving this platform.

**Partner Acceleration and acquiring Global Talent:** With regards to market development hBS has planned on a Partner Acceleration Journey and Acquiring Global Talent Resources for Partner Development and Management. Various strategies are expected to be implemented for this purpose, specifically in developing a widespread network of channel partners to extend its sales to the African and APAC region and acquiring global talent.

**Potential Acquisitions:** hBS also seeks to acquire small HR software companies within the APAC and East African regions and consolidate these markets which will expand the market share of hBS while improving their product and service portfolio within the region.

#### hSenid Valuation

P/E 31 March	FY17	FY18	FY19	FY20	FY21
<b>Earnings (LKR 'Mn)</b>					
<b>Revenue</b>	<b>608</b>	<b>750</b>	<b>826</b>	<b>955</b>	<b>961</b>
Gross Profit	364	409	446	491	513
PBT	20	87	141	182	223
<b>Net Profit</b>	<b>21</b>	<b>76</b>	<b>137</b>	<b>168</b>	<b>209</b>
<b>Adjusted EPS (LKR)</b>	<b>0.1</b>	<b>0.3</b>	<b>0.6</b>	<b>0.8</b>	<b>0.9</b>
<i>YoY % Growth</i>	-	267%	81%	23%	25%
<b>Valuations</b>					
<b>PER (x)</b>	<b>134.3</b>	<b>36.6</b>	<b>20.2</b>	<b>16.5</b>	<b>13.2</b>
<b>PBV (x)</b>	<b>11.6</b>	<b>8.7</b>	<b>7.0</b>	<b>4.9</b>	<b>3.6</b>
<i>NAVPS</i>	1	1	2	3	3

#### Peer Group Comparison

	Share Price 30.11.21 (LKR)	4 Quarter Trailing EPS (LKR)	NAVPS 15.09.2021 (LKR)	P/E (x)	P/BV (x)
Ceridian HCM Holding Inc. (NYSE:CDAY)	22,901.2	(38.0)	2,824.0	N/A	8.1
Cornerstone OnDemand, Inc. (NasdaqGS:CSOD)	11,654.4	(2.0)	828.0	N/A	14.1
Dareway Software Co.,Ltd. (SHSE:688579)	384.3	4.0	94.0	96.1	4.1
eChannelling PLC (COSE:ECL.N0000)	10.5	0.4	2.0	26.3	5.3
Hilan Ltd. (TASE:HLAN)	1,234,310.0	308.0	1,382.0	4,007.5	893.1
Humanica Public Company Limited (SET:HUMAN)	61.8	2.0	12.0	30.9	5.2
MAYO Human Capital Inc. (TPEX:6738)	432.0	(32.0)	18.0	N/A	24.0
PayGroup Limited (ASX:PYG)	66.3	(2.0)	38.0	N/A	1.7
Ramco Systems Limited (NSEI:RAMCOSYS)	1,022.6	40.0	564.0	25.6	1.8
Workday, Inc. (NasdaqGS:WDAY)	57,083.9	(82.0)	2,698.0	N/A	21.2
<b>hSenid - Pre IPO</b>	<b>12.5</b>	<b>0.9</b>	<b>3.5</b>	<b>13.2</b>	<b>3.6</b>
Market				13.6	1.6

#### Expected Fund Utilization

	Expected Fund Utilization (LKR)	Expected Utilization Timeline
<b>Product Development Initiatives</b>		
Accelerating the product development Road Map	140 Mn	Jan 2022-Dec 2023
Improvement of PeoplesHR Marketplace Platform	62 Mn	Jan 2022-Dec 2023
<b>Market Development Initiatives</b>		
Partner Acceleration Journey and Acquiring Global Talent	140 Mn	Jan 2022-Dec 2023
<b>Potential Strategic Acquisitions in APAC and East African Regions</b>	<b>350 Mn</b>	<b>Apr 2022-Mar 2024</b>
<b>Total</b>	<b>692Mn</b>	

#### IPO Details

<b>Issue Price</b>	: LKR 12.50
<b>Amount to be Raised</b>	: LKR 691,738,450
<b>No. of Shares Offered</b>	: 55,339,076 Ordinary Voting Shares
<b>Issue Open Date</b>	: December 3, 2021

#### Purpose of the issue

- Accelerate the product development Road map.
- Improvement of PeoplesHR Marketplace Platform and Related Service Layer.
- Partner Acceleration Journey and Acquiring Global Talent Resources for Partner Development and Management.
- Potential Strategic Acquisitions in APAC and East African Regions.

#### Post IPO

Shareholders	No. Shares	%
Existing Shareholders	221,356,300	80.0%
<b>IPO Shareholders</b>	<b>55,339,076</b>	<b>20.0%</b>
	<b>276,695,376</b>	<b>100.0%</b>

#### Issue Allotment Structure

Investor Category	Percentage of issue (%)
<b>Unit Trusts</b>	<b>10.0%</b>
<b>Retail Individual</b>	<b>40.0%</b>
<b>Non-Retail</b>	<b>50.0%</b>
	<b>100.0%</b>



## Appendix 1 Summarised Audited Statements of Financial Position

Statement of Financial Position	FY17	FY18	FY19	FY20	FY21
<b>Year ended 31st March (LKR 'Mn)</b>					
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Right of Use Assets	-	-	-	-	41
Intangible Assets	106	129	146	162	161
	<b>113</b>	<b>135</b>	<b>151</b>	<b>172</b>	<b>211</b>
<b>Current Assets</b>					
Inventories	12	9	9	14	20
Trade and Other Receivables	183	280	211	247	445
Other Current Financial Assets - FD	7	15	61	156	259
Cash and Bank Balances	115	107	173	220	262
Other Assets	10	8	19	32	56
	<b>327</b>	<b>418</b>	<b>473</b>	<b>668</b>	<b>1,041</b>
<b>Total Assets</b>	<b>440</b>	<b>553</b>	<b>623</b>	<b>840</b>	<b>1,251</b>
<b>EQUITY</b>					
Total Equity	239	318	397	564	769
	<b>239</b>	<b>318</b>	<b>397</b>	<b>564</b>	<b>769</b>
<b>LIABILITIES</b>					
Loans & Borrowings	57	44	13	13	24
Operating Lease	-	-	-	-	45
Retirement Benefit Obligation	33	42	44	56	71
Other Liabilities	111	148	169	206	342
	<b>201</b>	<b>234</b>	<b>226</b>	<b>276</b>	<b>482</b>
<b>Total Equity &amp; Liabilities</b>	<b>440</b>	<b>553</b>	<b>623</b>	<b>840</b>	<b>1,251</b>

## Appendix 2 Summarised Audited Income Statement

Income Statement	FY17	FY18	FY19	FY20	FY21
<b>Year ended 31st March (LKR 'Mn)</b>					
<b>Revenue</b>	608	750	826	955	961
Cost of Sales	(244)	(341)	(380)	(464)	(448)
<b>Gross Profit</b>	<b>364</b>	<b>409</b>	<b>446</b>	<b>491</b>	<b>513</b>
Other Income	11	28	22	19	33
Selling Expenses	(64)	(56)	(65)	(121)	(115)
Administration Expenses	(240)	(239)	(207)	(149)	(143)
Other Costs	(44)	(50)	(54)	(62)	(69)
<b>EBIT</b>	<b>28</b>	<b>92</b>	<b>141</b>	<b>178</b>	<b>219</b>
Finance Cost	(11)	(6)	(4)	(2)	(8)
Finance Income	3	1	4	6	11
<b>Profit before Tax</b>	<b>20</b>	<b>87</b>	<b>141</b>	<b>182</b>	<b>223</b>
Tax (Expenses)/ Reversal	1	(12)	(4)	(14)	(14)
<b>Profit for the Year</b>	<b>21</b>	<b>76</b>	<b>137</b>	<b>168</b>	<b>209</b>



First Capital

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### About us

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.