

Recalibrated for **GROWTH**



Annual Report 2022/2023
hSenid Business Solutions PLC

Recalibrated for growth

With a history of over 25 years as a multinational software company, hSenidBiz has been a steadfast provider of Human Capital Management (HCM) software to the APAC and MEA regions, catering to 1,600 clients across 40+ countries in over 20 industries.

The year in review witnessed a multitude of challenges including slow macroeconomic conditions globally and uncertainty in our home country, followed by talent retention challenges. Notwithstanding these challenges, we focused relentlessly on investing in our people, processes, and our core PeoplesHR product, to generate stronger results over the coming years.

Our talent remains at the core of our growth strategy. During the year, we invested in new talent to the Company and fortified the senior management team with key additions across strategy and finance, product delivery, and sales. We also strengthened our local sales teams across key select markets in APAC.

Answering the changes in the global HCM market and client needs, our core PeoplesHR product saw multiple new module additions, particularly in analytics.

We remain committed to embracing automation and new technology, as we continue to position ourselves as a trusted partner in helping businesses achieve HR digitilisation. With over two decades of HR expertise, we have provided credible solutions to daily HR challenges, empowering leaders, teams, and HR communities, to make data driven decisions within their organisations.

With a solid foundation in place, we stand poised to continue our upward trajectory, as we look towards becoming the preferred HCM solutions provider in the APAC and MEA regions.

ABOUT THE REPORT

ABOUT

The following report is the second annual report of hSenid Business Solutions PLC (hSenidBiz or the Company) for the financial year 2022/2023. The Company is a multinational software product company focused on the Human Capital Management (HCM) space, and was listed on the Colombo Stock Exchange on 21st December 2021.

REPORTING CONTENT, SCOPE, AND BOUNDARY

The reporting period is set for the financial year ended 31st March 2023. The report covers the overall operations, strategy and discusses the performance during the year, in comparison to the preceding financial year further outlining the future prospects. This report presents together the financial and non-financial information related to the reporting period.

COMPLIANCE

Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards, guided by the International Financial Reporting Standards. Independent auditors have audited the financial statements and related notes. The sustainability aspects of the report are not externally assured.

INQUIRIES

Queries and clarifications, if any, on this annual report are to be directed to:

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THIS ANNUAL REPORT IS AVAILABLE IN
THE FOLLOWING FORMATS:



PRINT



WEB

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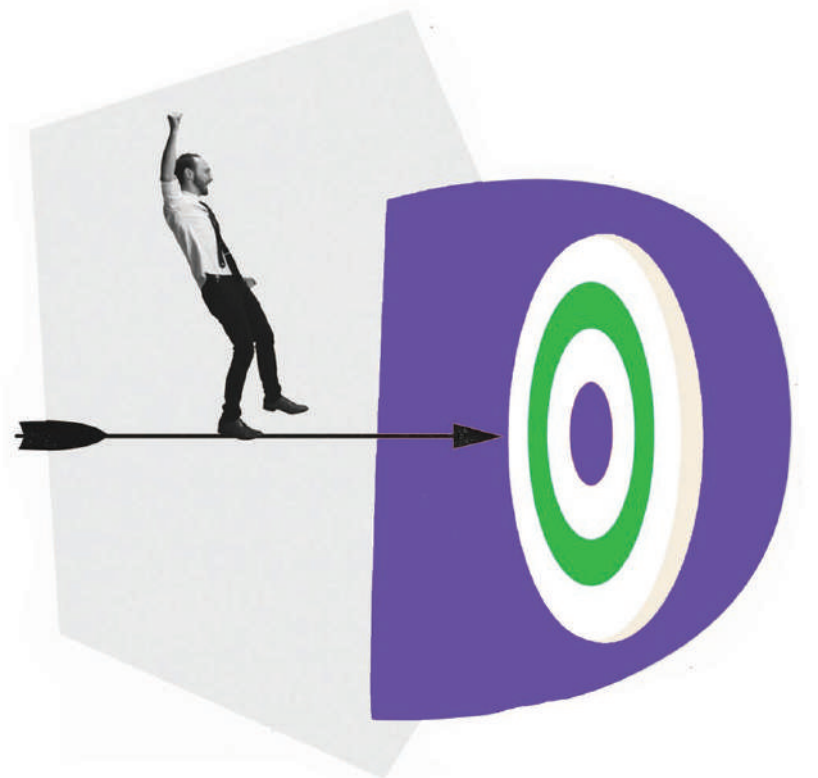
VISION AND MISSION

OUR VISION

“Make life easy”

OUR MISSION

Become the most preferred HCM Solutions provider in APAC & African regions with a globally competent workforce, agile and AI driven product innovations through Interdependence, Interoperability, and Integration with global best practices.





hSenid **OVERVIEW**

FINANCIAL HIGHLIGHTS

Revenue

LKR 1,464 Mn

76% from core PeoplesHR product portfolio



Clients

1,600

▲ Up from 1,465 in FY 2022

Revenue growth

+34.2% YoY

▲ Driven by PHR Cloud, Tracking Solutions and PHR Outsourcing

Annual recurring revenues

49%

Driven by PeoplesHR Cloud

New deals

LKR 716 Mn

▲ Up 49.1% YoY
Bolstered by deals in APAC and MEA

Churn rate

< 5%

EBITDA

LKR 136 Mn

▼ Down 74.6% YoY, impacted by higher operational expenses

EBITDA margin

9.3%

▼ vs 49.3% in FY 2022

Net profit margin

12.9%

▼ vs 41.7% in FY 2022

Net profit

LKR 188 Mn

▼ Down 58.6% YoY

Earnings per share

LKR 0.68

▼ vs LKR 1.93 in FY 2022

Dividend per share

LKR 0.35

▲ vs LKR 0.30 in FY 2022

Return on equity

9.8%

▼ Down from 34.5% in FY 2022

Net cash

LKR 1.57 Bn

▲ Including IPO funds

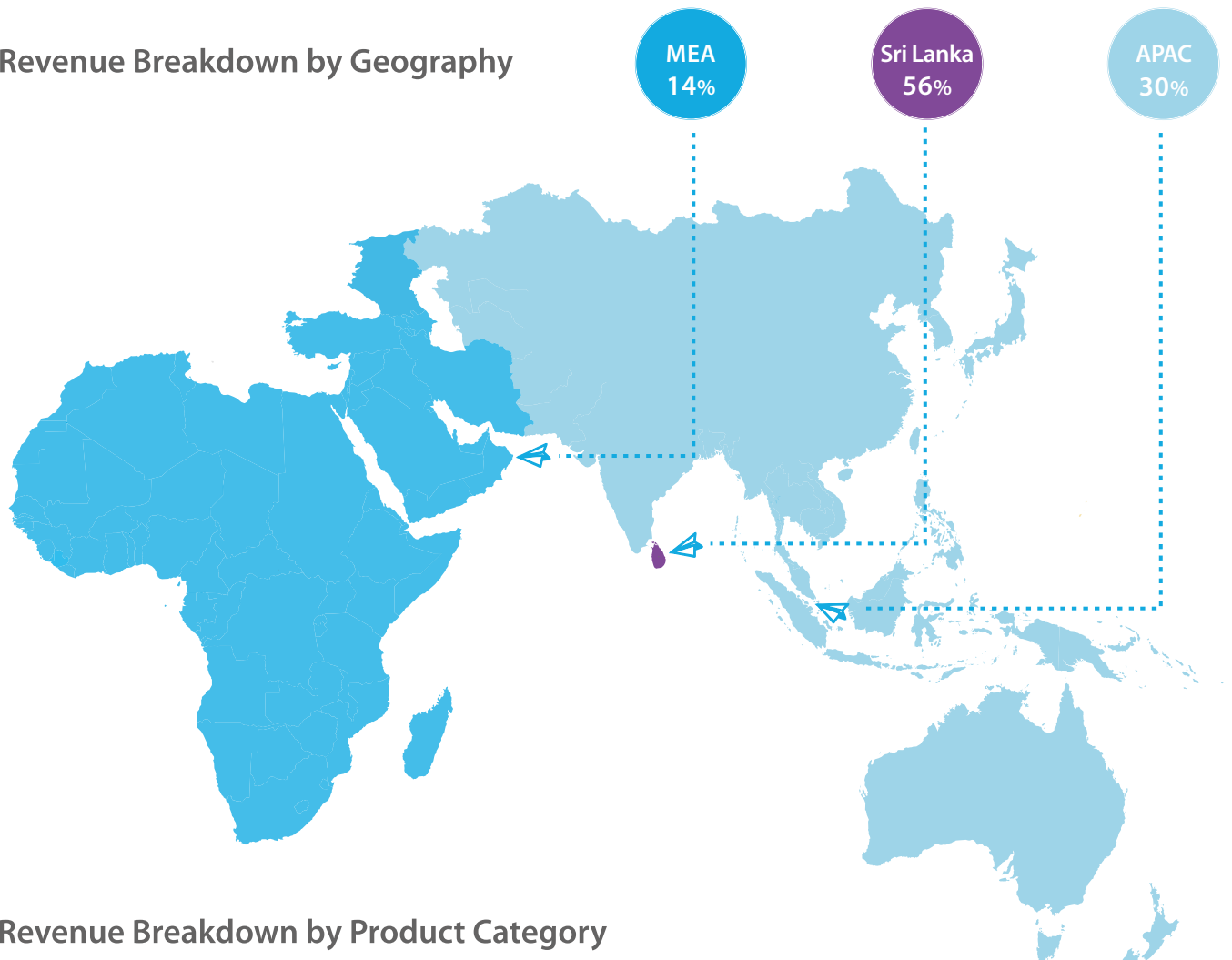
Capex investments

LKR 222 Mn

▲ Up from LKR 135 Mn in FY 2022

FINANCIAL HIGHLIGHTS CONTD.

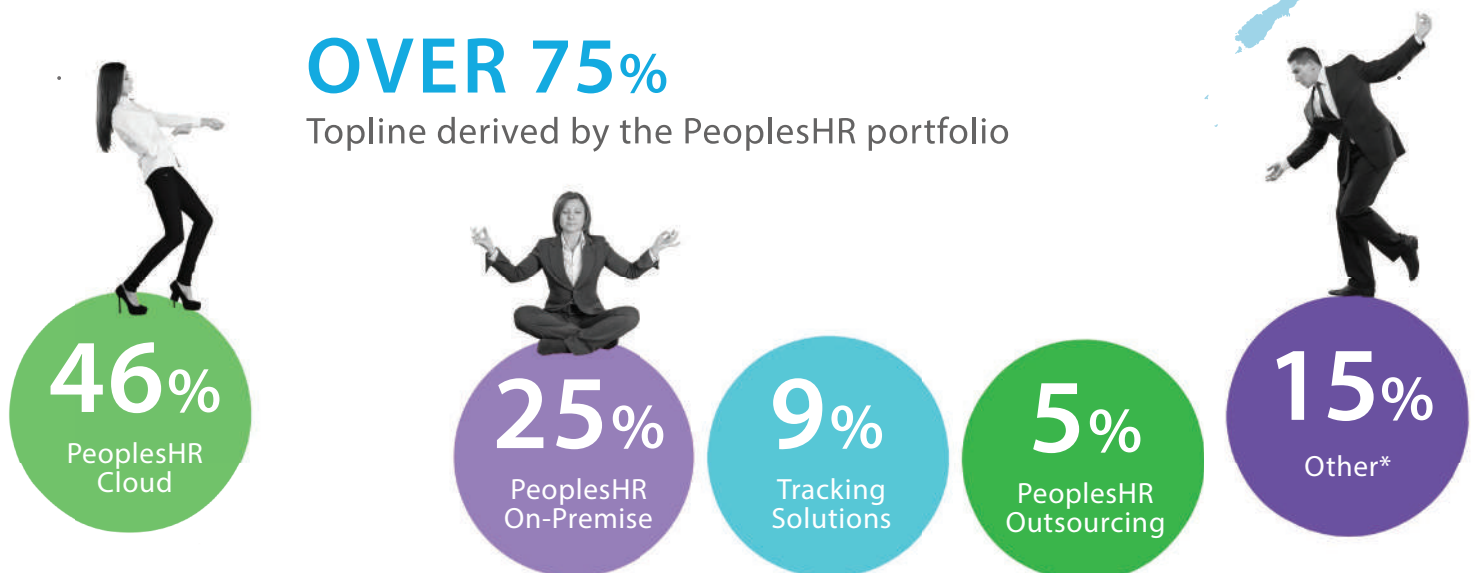
Revenue Breakdown by Geography



Revenue Breakdown by Product Category

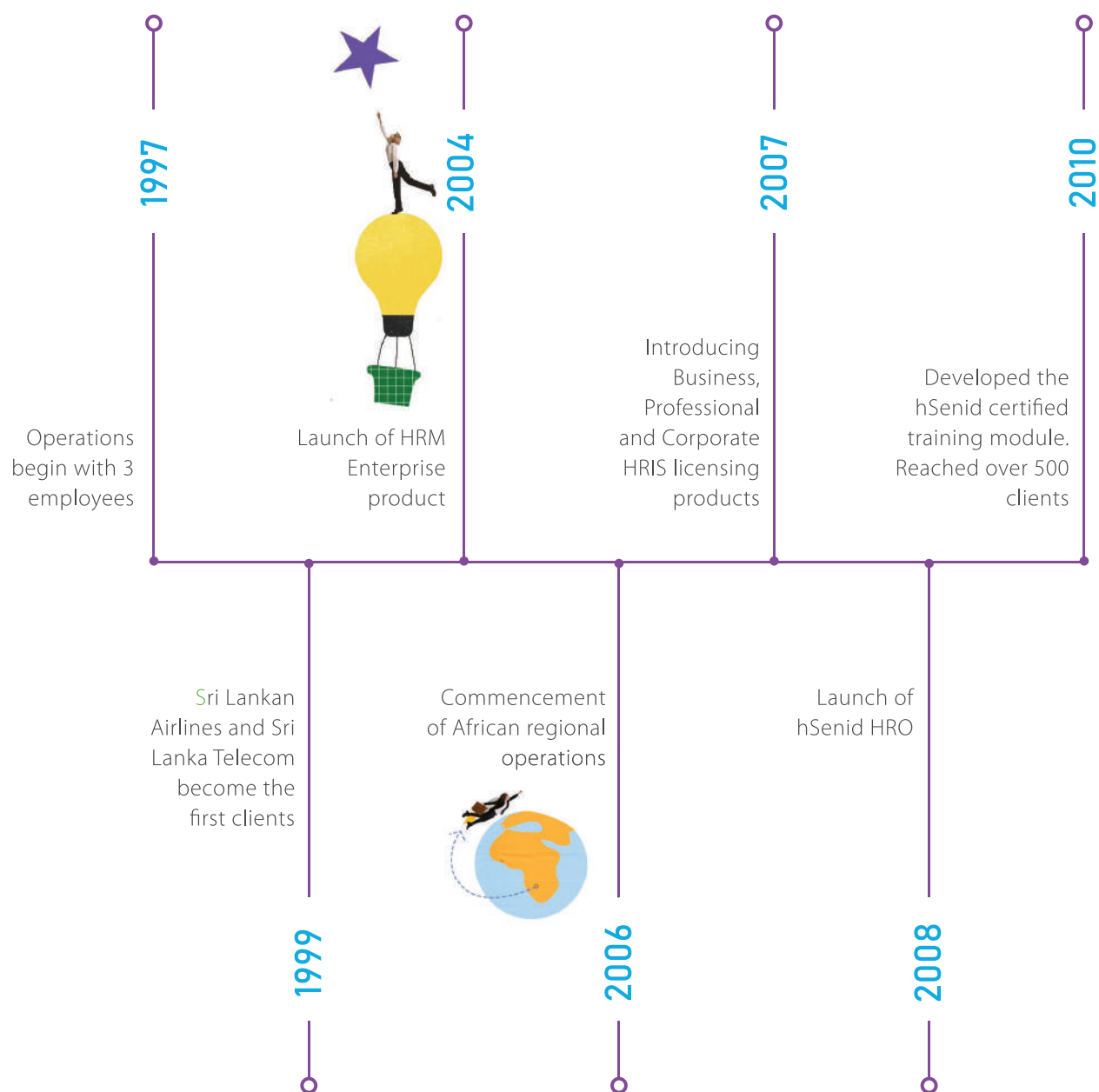
OVER 75%

Topline derived by the PeoplesHR portfolio

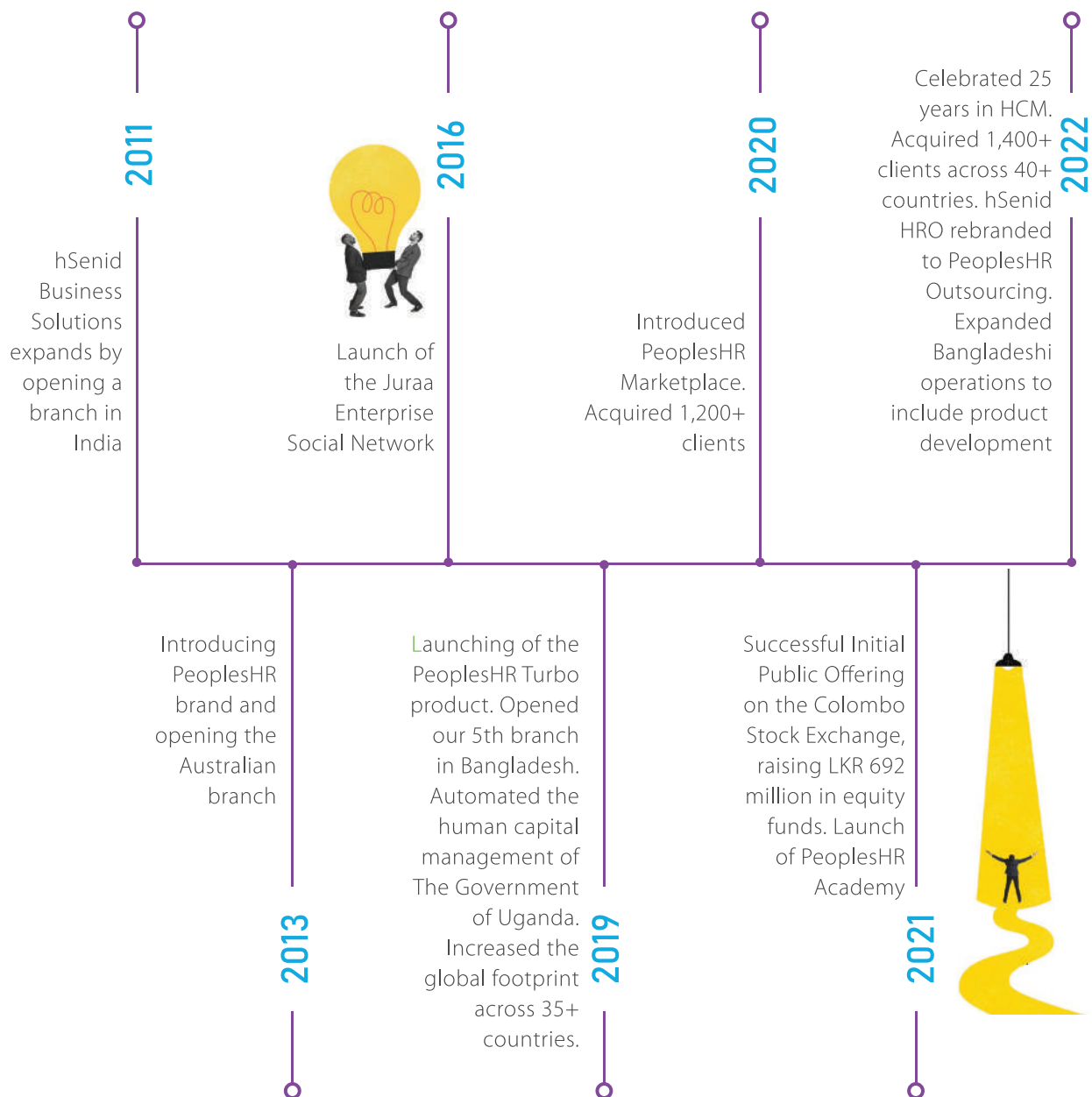


* Includes nascent yet growing new revenue segments such as PeoplesHR Turbo and Marketplace and declining non-core revenues such as Mobile Software and Staffing Solutions

OUR KEY MILESTONES



OUR KEY MILESTONES CONTD.



MESSAGE FROM THE CHAIRMAN



“hSenidBiz continued its investments in strengthening our team and product portfolio in FY23, with the aim of providing exceptional human resource systems that help our customers increase efficiency and productivity. We believe the strong foundation we have laid out during the year, set us on the path to becoming the preferred HRIS solutions provider in the Asia-Pacific and MEA regions”.

Dinesh Saparamadu
Chairman

Dear Shareholders of hSenid Business Solutions PLC,

hSenidBiz remained resilient during FY22, amidst challenging market conditions across the globe. Despite these challenges, the year saw the Company invest in strengthening our sales team as well as our senior ranks. As we look to the new year, we believe these investments in our people, as well our revamped PeoplesHR product portfolio, set us on the path to becoming the preferred HRIS solutions provider in the Asia-Pacific and MEA (Middle East and Africa) regions.

Over the past year, our CEO, Sampath Jayasundara, and his team have worked tirelessly to expand our global client base, which reached 1,600, and increased the value of new deals closed, on the back of a strong performance in APAC and MEA.

Moving forward, we will continue to focus on expanding into new markets and territories in the Asia-Pacific and MEA regions. We will also continue our efforts in the Indian market, where we re-entered with PeoplesHR Turbo, and make course corrections as necessary.

We are excited to announce the promotion of Nilendra Weerasinghe to the position of Chief Financial Officer and Raveen Lasath to the position of Finance Controller. We also further strengthened our senior team with the recruitment of a Chief Delivery Officer, Thushara Dissanayake, and Vice President of Global Sales, Luxsho Logan. Developing key management resources is critical to our success, and we believe that these individuals have the experience, expertise and dedication necessary to help us achieve our goals.

Our success is also dependent on our people, and we are dedicated to attracting and retaining the best talent from around the world. We will continue to build a global talent pool with in-depth local nuances, and we remain committed to investing in our people's growth and development.

At hSenidBiz, our success is built on a strong customer-focused foundation. We are committed to providing an exceptional service, and developing human resource systems and related services that help our customers increase efficiency and productivity. We believe that when our customers are successful, we are successful, and we are committed to continuing to support their growth.

Capital allocation is critical to our long-term strategy, and we are committed to allocating our capital with the utmost diligence, particularly in the areas of product and market development initiatives.

We have declared a dividend of LKR 0.35 this year, and reinvesting the remaining cash back into the business to grow through acquisitions, building new markets, developing product upgrades and most importantly, talent acquisition. We firmly believe that our primary obligation to shareholders is to reinvest in our business for steady long-term returns and a stable pay-out.

In closing, I would like to thank our customers, employees and shareholders for their continued support. I remain confident in our ability to deliver exceptional value to our customers, attract and retain top talent, and generate long-term returns for our shareholders.

Dinesh Saparamadu

Dinesh Saparamadu
Founder and Chairman

hSenid Business Solutions PLC

MESSAGE FROM THE CEO



“Having made sound investments in people, processes and the core products in the past year, our key focus through FY25 will be to continue our market development activities focused mainly on key select markets in APAC and MEA. This, coupled with revenue and cost optimisation across the Company, will set us on the path of improved profitability in the long run”.

Sampath Jayasundara
Chief Executive Officer

Dear Stakeholders,

I'm pleased to address you again, as we close another financial year, and present to you the financial results for the year ending 31 March 2023.

Economic recovery across the regions we operate in remained varied, with the Asia-Pacific (APAC) region seeing much stronger growth. With the impact of the COVID-19 pandemic waning and companies across the globe returning to a hybrid working environment, we saw a number of changes in the work environment with increased demand for collaboration and analytics tools. In this context, our PeoplesHR portfolio, in particular our SaaS offering, performed well.

Despite a challenging market environment both at home and globally, hSenidBiz took initiatives to continue its market and product development efforts, and make significant investments in our talent during the year in review. Supported by a robust product portfolio, and our market expansion efforts during the year, the Company saw its client base increase to 1,600 from 1,465 in FY22.

While we remain cautious of ongoing global market challenges, we continue to see further opportunities for hSenidBiz, particularly with rapid adoption of cloud Human Capital Management (HCM) products.

GROUP PERFORMANCE DURING THE YEAR

The Company's overall topline grew by a healthy 34.2 percent year-over-year, primarily driven by our SaaS product, PeoplesHR Cloud. The Company also recorded a strong 55.4 percent growth in recurring revenues, supported by a churn rate of less than 5.0 percent, driven again by the Cloud business.

However, the year saw higher operational expenses on account of escalating cloud hosting expenses, subscriptions, and project implementation expenses. Additionally, the Company also made notable investments in hiring both global and local talent, which resulted in higher salary expenses for

the year. Together with an exchange loss, resulting from the strengthening of the rupee against the USD, the Company reported a net profit of LKR 188 Mn, resulting in an earnings per share of LKR 0.68 for the full year.

Including the revamped Turbo and Marketplace products, the core PeoplesHR product portfolio accounted for 76.0 percent of Company revenues. With continued adoption of our SaaS offering and migration of existing On-Premise clients to the SaaS product, PeoplesHR Cloud now is our largest business, accounting for 46.0 percent of Company revenues, recording an 80.9 percent growth in FY23. New deals during the year were supported by the Cloud business as well as Phase-2 of the Ugandan Government project, and amounted to LKR 716 Mn, up 49.1 percent.

The Government of Uganda HCM implementation project entered its second phase during FY23, with the project currently undergoing its implementation stage. At hSenidBiz, we believe that the successful completion of Phase-1 in FY22 and now the launch of Phase-2, is a testimony of hSenidBiz's robustness and ability to deploy at a very large scale, with the overall project covering nearly 300 government organisations and a workforce of 400,000.

The Company obtained the ISO/IEC 27017:2015 certification related to cloud service security during the final quarter of FY23. This is in addition to obtaining the ISO/IEC 27001:2013 certification pertaining to information security management systems, which guarantees the protection of client information assets. We believe the implementation of these systems will add notable value to both our product and service offerings, particularly within the enterprise segment in regional markets.

INVESTING IN PEOPLE FOR GROWTH

FY23 was a crucial year for the Company in fortifying our talent pool. Both macro and political uncertainty in the country during the year led to significant skilled migration within the country, impacting many industries and in particular, the ICT sector in Sri Lanka. This resulted in the Company focusing

MESSAGE FROM THE CEO CONTD.

Revenue Growth

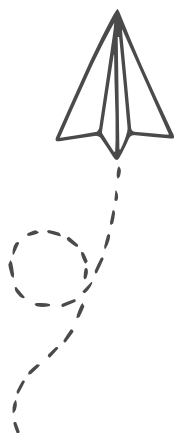
34.2% YoY

Recurring Revenues

49.0%

New deals

USD 2.0 Mn



heavily on recruitment during the year, witnessing significant increases in the employment cost structure, both for new recruitment as well as retention of talent. Currently, we see clear signs of staff turnover having stabilised.

As a response to securing a diverse talent pool, the Company has developed a secondary development centre in Bangladesh, with teams focused on product development, quality assurance, and implementation, to support our regional expansion.

The year also saw hSenidBiz strengthen our senior management team with the recruitment of a Chief Financial Officer, Chief Delivery Officer, and a Vice President of Global Sales. Additionally, we will also be wrapping up the appointments of a number of country sales heads for key select markets in the APAC region during early FY24.

We believe that our talent is the foundation of our success, and investments in our people across the organisation is critical for the success of our long-term growth initiatives.

MARKET DEVELOPMENT INITIATIVES

We continued our expansion into key markets in the APAC region during the year, particularly in the South and South East Asian regions, supported by strategic interactions with potential customers through events, trade shows, and other targeted digital marketing activities to generate leads and increase brand awareness.

During the year in review, the Company underwent a transformation to a 'Sales-led' organisation, positioning the

sales team at the centre to drive our growth strategy and strengthening the local sales teams in key markets. Our partner network continues to remain strong, and hSenidBiz will continue to work with them to expand our market presence, particularly in the Middle Eastern and African (MEA) region.

PRODUCT DEVELOPMENT INITIATIVES

During the year, our core PeoplesHR product saw a number of new feature introductions. Our product development teams successfully launched a comprehensive dashboard with enterprise analytics, a workforce planning module, and a revamped recruitment module. We also invested in our PeoplesHR Turbo and PeoplesHR Marketplace products during the year, streamlining both the product offering and sales efforts, which have resulted in generating more robust new deals during the year.

As we look at our product development efforts in FY24, investments will be focused on intelligent automation capabilities, analytics tools for management, and collaboration tools for employees. We will also continue our efforts in development of bots, artificial intelligence (AI) enabled modules, and use of Internet of Things (IoT). The PeoplesHR platform will also undergo a user experience (UX) upgrade during FY24.

DIVIDENDS DECLARED FOR FY23

hSenidBiz is pleased to announce a dividend of LKR 0.35 per share for FY23. We believe the declaration of a continued dividend is a clear indication of our commitment to investing in our growth story whilst ensuring our investors are provided with a steady payout. We will continue to follow a dividend policy that is in line with our profit generation, with a key focus on utilising both our Initial Public Offering (IPO) funds and cash generation from the business in key growth areas, including market and product development and talent acquisition.

RECOGNITION FOR HSENBIZ

The year saw hSenidBiz win a number of industry awards, including securing the top place under the ICT and BPO-related Services (Medium category) at the annual Sri Lankan NCE Export Awards for the third consecutive year. The Company was also recognised as the Sri Lanka Independent Software Vendor (ISV) Microsoft Partner of the year 2022. Additionally, our core brand, PeoplesHR, received recognition from leading software review portals in the APAC region in FY23 including G2, Capterra, and Software Suggest. This is a testament to our efforts in both the local and regional markets, with our PeoplesHR application implemented across 1,600 clients in 40 countries in over 20 industries.

MESSAGE FROM THE CEO CONTD.



hSenidBiz secures the top place under the ICT and BPO-related Services (Medium category) at the annual Sri Lankan NCE Export Awards, for the third consecutive year



hSenidBiz recognised as the Sri Lanka Independent Software Vendor (ISV) Microsoft Partner of the year 2022



CEO Sampath Jayasundara recognised as the ICT CEO of the year 2022

ENGAGING WITH OUR COMMUNITY

As a people-focused organisation, hSenidBiz engaged in a number of activities during the year to engage with our community. Our partnership with Singularity Sri Lanka Community Kitchen gave us the opportunity to provide meals to urban and suburban low-income communities struggling during the gas, fuel, and food crisis in Sri Lanka in 2022. We also continued with our 'Open Closet' project, aimed to give back to women facing challenges with limited access to clothing, shoes, and accessories.

hSenidBiz also plays an active and pivotal role at the industry level via Sri Lanka Association for Software Services Companies (SLASSCOM), particularly in the areas of human capital development and entrepreneurship development. Additionally, hSenidBiz continued its support for local universities in helping them with curriculum development, lecturing, conducting workshops, and providing internships to students.

FOUNDATION SET FOR GROWTH IN FY24

As we look towards our growth journey through FY25, we believe the foundation has been set over the year in review with people, processes and our product being strengthened to generate stronger results.

The new expertise brought into our ranks in FY23 will bring in more focused strategies around product development, implementation, and sales initiatives through FY25. With this focus, hSenidBiz looks to implement business unit level optimisation in both revenues and costs. To this end, we have launched a repricing programme across all our PeoplesHR product clients, starting in June 2023, to recoup the margin erosion caused by significant cost escalations over the past year. This programme has been launched alongside a separate project to optimise cloud hosting and infrastructure costs to

strengthen margins, which will be completed during the first half of FY24.

As we continue to expand our PeoplesHR product portfolio, we expect new deals to be driven predominantly by our Cloud business. This in turn, will support our recurring revenue generation, a key to maintaining stable margins. This will also be aided by further migration from our On-Premise clients to the SaaS model.

A COLLABORATIVE JOURNEY AHEAD

I thank our Founder and Board for their continued support, and for providing their vision and guidance through yet another year filled with both challenges and key decisions. I thank our employees for remaining committed to the mission of the Company and working together to grow hSenidBiz, amidst many market and industry challenges.

I'm grateful to our clients for having unwavering trust in us and for their loyalty. They have been our true partners in this journey, and we are committed to providing our clients with robust HRM systems which will help them make meaningful and impactful data-driven decisions within their organisations.

I would also like to thank our shareholders for being a part of our journey since the IPO. We encourage them to continue to invest in our growth story, and be a part of achieving our goal of being the go-to HCM service provider in the APAC and MEA regions.

Sampath Jayasundara
Chief Executive Officer

hSenid Business Solutions PLC

BOARD OF DIRECTORS



Dinesh Saparamadu

Chairman, Executive, Non-Independent

Appointed to the Board on October 5, 2005

Dinesh Saparamadu is the Founder and Chairman of the hSenid Group of Companies. He began his career with Aetna Life and Casualty, Connecticut, USA where he worked as an Enterprise Technology Consultant. He then joined Pepsi Cola in New York as a software professional. As an entrepreneur in Sri Lanka, he has established over twelve companies over the course of three decades. The hSenid Software International Group is a leader in the enterprise and mobile application market and serves over 45 countries with thousands of customers worldwide.

The latest company founded by Dinesh is Applova Inc. based in Silicon Valley, USA, focused on delivering innovative e-commerce solutions for restaurants. Dinesh is extremely passionate about supporting Sri Lanka's IT industry and is a Founding Member and a Past Chairman of the Sri Lanka Association of Software and Service Companies (SLASSCOM).

In appreciation of his contribution to shaping the ICT landscape in Sri Lanka, he has been recognised locally and internationally on several occasions, receiving the "ICTA Most Outstanding Contribution Award" in 2012, "Sri Lankan Entrepreneur of the Year Award" in 2014 and the SLASSCOM Chairman's Award in 2016. Dinesh has an MSc in Computer Science and BSc in Computer Engineering from the University of Bridgeport, USA and completed the Executive Program for Growing Companies at Stanford University Graduate School of Business, USA.



Sampath Jayasundara

**Executive Director / Non-Independent -
Chief Executive Officer**

Appointed to the Board on August 20, 2007

Sampath Jayasundara is the Chief Executive Officer and an Executive Director (Non-Independent) of hSenid Business Solutions Limited. With over 20 years of experience in the ICT industry, he joined hSenid as a Project Lead in 2000, going on to hold a number of key positions across the organisation including Manager Operations, Head of Business Development and General Manager.

He holds a BSc degree and Post Graduate Diploma in Computer Science from the University of Colombo, and an MBA from the Post Graduate Institute of Management, University of Sri Jayewardenepura. He also serves as a lecture panel member of the Chartered Institute of Personnel Management (CIPM) of Sri Lanka, and a lecturer at the Open University of Sri Lanka (OUSL), Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, Institute of Human Resources Advancements (IHRA) and Finance and Management faculty of the University of Colombo, for postgraduate studies.

Sampath is also the Co-founder/Director of Pioneer Institute of Business and Technology (Pvt) Ltd, an institute offering IT and Business degree programs in affiliation with the University of Greenwich, UK. He serves as a Director at SLASSCOM, the industry chamber for the IT/BPO industry, is a member of the Advisory Committee of ICT/BPM sector of the Export Development Board and the Vice President of Sri Lanka-Australia-New Zealand Business Council.

BOARD OF DIRECTORS CONTD.



Apurva Udeshi

Non-Executive, Non-Independent

Appointed to the Board on November 21, 2011

Apurva Udeshi is the Managing Director of Argent Capital, Founder of Aiken Labs, CoFounder of Avanthrio, and a Founding Board Member of the Lankan Angel Network. He has over ten years of experience in the Investment Management industry and over five years in the Technology industry. Argent Capital, which was set up by Apurva in 2011, is a sector agnostic structured fund that invests across Private Equity, Listed Equities, Fixed Income Trading, Real Estate and startups. Aiken Labs and Avanthrio are software services development studios that specialise in designing, prototyping, building, and integrating high-tech platforms and software solutions.

Apurva earned his undergraduate degree in Computing from Imperial College, London where he graduated with First Class (Hons) placing him in the top 10 percent of his class. He is also a Dissertation Prize Winner. He began his career at Nomura International, London, where he worked for a year trading European Convertible Bonds before moving to Kotak Mahindra, London. At Kotak, he set up the London Bond Trading Desk and headed it for three years.



Dishnira R. Saparamadu-Ariyaratne

Non-Executive, Non-Independent

Appointed to the Board on September 20, 2021

Dishnira Saparamadu-Ariyaratne is the founder and CEO of Thambili Island (Pvt) Ltd. She graduated from the University of Nottingham, UK where she obtained a Bachelor of Science degree in Finance, Accounting and Management with an emphasis on Marketing. Possessing a keen interest in marketing, she went on to undertake Digital Marketing training at General Assembly in San Francisco, USA.

Upon returning to Sri Lanka, she began her first job as a Business Analyst at Millenium IT ESP. Following her stint in IT Services, she took the bold move of building her own fashion label. As a young entrepreneur with a firm determination to build her business on the pillars of ethical fashion and community empowerment, Dishnira founded Thambili Island (Pvt) Ltd and works closely with a talented group of local artisans.

With a proven track record in Digital Marketing and Strategy, Dishnira is currently overlooking business development initiatives at hSenid Mobile Services. Prior to this role, She was a marketing consultant to AppiGo International, a B2B e-commerce platform serving restaurants, retailers and grocery providers island-wide.

BOARD OF DIRECTORS CONTD.

**Madu Ratnayake****Non-Executive, Independent***Appointed to the Board on September 20, 2021*

Madu is an accomplished technology executive with deep expertise in digital transformation, cybersecurity and building high performing global teams in high-tech and financial services companies.

Madu is the Chairman of Scybers, a global cybersecurity consulting and managed services company. Prior to Scybers, Madu was part of the executive leadership team that lead Virtusa, a global digital engineering company, from start-up stage to a USD 2.0 Bn NASDAQ listed corporation with over 30,000 team members worldwide. As the global CIO, he led the establishment of Virtusa's award-winning digital platform and their industry leading cybersecurity program. He led the growth of Virtusa's Sri Lanka advanced technology center from inception to over 3,500 people as the center head. Prior to Virtusa, Madu played multiple engineering and delivery leadership roles in telecom services, petroleum, and consulting companies in the UK.

Madu is an independent director of Hatton National Bank. He is a former chairman of SLASSCOM, the industry chamber for IT/BPO, and current advisor to the Cybersecurity Center of Excellence. Madu plays a number of advisory and board roles for startups, universities, the government and NGOs. Madu has been recognised among the Top 100 Global Leaders in Technology, Cybersecurity and AI by the Technology Magazine UK and Top 50 most influential CIOs in India by the CIO Council of India.

Madu holds a Bachelor's in Software Engineering from City, University of London and an MBA from the Postgraduate Institute of Management, Sri Lanka. More recently he received an Executive Certificate in Digital Business Strategy from the MIT Sloan School of Management.

**Malinga Arsakularatne****Non-Executive, Independent***Appointed to the Board on September 20, 2021*

Malinga Arsakularatne is the Co-Owner / CEO of Acorn Group. He has over 25 years of experience in investment management, corporate finance, business strategy and general management. He was with the Hemas Group for 16 years until March 2020.

During his last four years at Hemas, he worked in the capacity of Managing Director of the Leisure Travel & Aviation Group, and in the capacity of the Group CFO during the preceding nine years. He was also a Board Member of Hemas Holdings PLC for over six years and the Serendib Hotels Group for over 13 years, until March 2020.

Malinga is a CFA Charterholder and a Past President of CFA Society Sri Lanka. He is also a Fellow Member of the Chartered Institute of Management Accountants, UK, and a Past Board Member of the CIMA Sri Lanka Division. He holds a BSc in Computer Science & Engineering from the University of Moratuwa, an MSc in Investment Management from Bayes Business School, and an Executive MBA from INSEAD.

BOARD OF DIRECTORS CONTD.



Anarkali Moonesinghe
Non-Executive, Independent

Appointed to the Board on September 20, 2021

Anarkali Moonesinghe has over 25 years of Investment Banking experience in Europe and Asia, particularly in Asian Emerging Markets. She was the CEO of CIMB Investment Bank in Sri Lanka for over seven years specialising in cross-border corporate finance and M&A. She started her career with Merrill Lynch in Mergers and Acquisitions in Singapore and then moved to London.

She currently serves on the Investment Committee of the Angel Fund, the first fund initiated by the Lankan Angel Network.

Anarkali also serves as a Director on the boards of John Keells Hotels PLC, WealthTrust Securities (Pvt) Ltd, a primary dealer; and the Lankan Angel Network, a platform for private investors who invest in high growth early-stage Sri Lankan ventures.

Anarkali received a Bachelor of Arts (Hons) in Politics, Philosophy and Economics from the University of Oxford.



Dr. Arittha R. Wikramanayake
Non-Executive, Independent

Appointed to the Board on October 03, 2022

Dr. Arittha Wikramanayake is a Corporate and M&A lawyer with an extensive record in the public and private sector.

As one of the leading capital market experts in the country, Dr. Wikramanayake has served in various key regulatory and policy formulating bodies including as Director General of the Securities and Exchange Commission and a member of the Public Enterprises Reform Commission and the Sri Lanka Accounting and Monitoring Standards Board. He also served as the Chairman of the Company Law Advisory Commission, a Member of the Advisory Commission on Intellectual Property Law and as a Member of the National Trade Negotiation Committee appointed by the Cabinet of Sri Lanka to negotiate Free Trade Agreements with Singapore, India, China and Thailand. He is presently a member of the Committee for the Reform of State-Owned Enterprises.

Dr. Wikramanayake has been consistently ranked as a leading individual in the fields of Corporate and M&A by Chambers & Partners and the Legal 500 Asia Pacific. He was the founder partner of Nithya Partners, Attorneys at Law and is presently the Precedent Partner of Heritage Partners, Attorneys at Law.

He holds a Masters in Law from the Vrije Universiteit, Brussels and the School of Law at the University of Georgia in the US. Dr. Wikramanayake also holds a Masters in Law and Diplomacy (MALD) from the Fletcher School of Law and Diplomacy, Tufts University, MA, USA and a PHD in law from the University of Colombo.

CORPORATE MANAGEMENT TEAM



Nilendra Weerasinghe
Chief Financial Officer



Asitha Goonewardena
Chief Product Officer



Thushara Dissanayake
Chief Delivery Officer



Luxsho Logan
Vice President of Global Sales



Saman Kumara
Director, Administration



Mahinda Pathirana
Head of Support & Enterprise
Delivery



Riyazi Samsudeen
Director Sales & Partner
Management



Kapila Gajapala
Head of IoT driven Tracking
Solutions



Wasantha Ratnayaka
Head of Delivery - On-Premise

CORPORATE MANAGEMENT TEAM CONTD.



Dinuka Erosh
Head of PeoplesHR Outsourcing
Operations



Chathuranga Senaratne
Head of Customer Success &
Strategic Partnerships



Raveen Lasath
Financial Controller



Vichalya Wijesuriya
Head of Marketing &
Communications



Dinushan Tennakoon
Head of Human Resources



Champika Kuruppu
Senior Software Architect



Ayub Sourjah
Architect - Security &
Infrastructure



Chamaka Chathuranga
Team Lead – Senior System
Administrator

A PeoplesHR **SUCCESS STORY**



A PEOPLESHR SUCCESS STORY

Empowering Nations with Digitalisation of Human Resources

The Ask:

A Government-wide, Interoperable, Scalable Human Capital Management System that facilitates provision of accurate and timely human resource information for quality decision making for the Government of Uganda.

The Scale:

~280+ government institutions consisting of Ministries, Agencies, Departments, and Local Governments, including nearly half a million public sector employees and pensioners.

The Competition:

The largest global HCM software vendors.

The Winning Formula:

hSenidBiz's trademark people-centric approach.



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hSenidBiz, together with a Ugandan partner company, Sybyl Limited, entered the bidding process for the monumental task of completely overhauling and automating the Human Capital Management (HCM) system for the Government of Uganda. This was to be the largest human resource automation project attempted by the Ugandan government to date. Despite competing against industry giants, hSenidBiz entered the bidding process with confidence, armed with its trademark people-centric digitalised solution that sets it apart in the industry.

Over the next 36-month period, hSenidBiz demonstrated how its focus on people was the key differentiator in designing and implementing HCM solutions. The team's passion and dedication shone through in every detailed in-person meeting and the glowing testimonials they received from existing clients, embodying the values and capabilities sought by the Ugandan government's project team. Once again, the people-centric hSenidBiz PeoplesHR solution won over the client.



The project was a successful collaboration and deployment between the hSenidBiz team and the Ugandan Government team, and a clear testimony of our ability to deploy very large-scale projects. Given the success and transformation in operations we have witnessed so far, I believe that it is an example for many other government organisations that deployment of HCM solutions results in improved efficiency of operations, enabling government organisations to utilise their resources better.



Sampath Jayasundara
CEO

THE EFFORT:

In 2019, the team began implementation work on the Company's and the Ugandan government's most ambitious project to date.

They were immediately met with sorting through a number of non-centralised systems across different government entities, non-compliance with processes and policies and... a global pandemic.

In the initial stages of the project, the team focused almost entirely on understanding the task at hand, deploying required resources and building an 'as-is' vs 'to-be' process framework. This involved an enormous amount of work across the 60+ entities selected for Phase-1 from different ministries, departments, agencies, and local governments. From understanding varying requirements, incumbent policies and protocols, to navigating the different working cultures and tactfully handling sensitive topics, such as adapting to approved structures and work norms which did not strictly meet regulations, the hSenidBiz team certainly had to exercise the breadth of their exceptional knowledge in the domain, technicalities and people skills before any real solution could be implemented.

Based on their comprehensive analysis, the team identified 21 PeoplesHR modules which needed to be implemented. Of these, 11 needed moderate customisation while 10 could be implemented as-is to meet the project's objectives.

During much of the initial months spent on product customisation, the team had to work remotely, including some members having to stay back in Uganda due to stringent COVID-19 travel restrictions in place at the time. In order to overcome the challenges in managing remote teams for a complex project, hSenidBiz brought in 'agile techniques' and was soon able to optimise the developers' time to ensure project requirements were being met according to stakeholder expectations without any compromise on quality.

Prior to a full launch, the team moved on to User Acceptance Testing and began an extensive training programme for all employees involved in the new digitalised HCM solution. The training went beyond

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face-to-face sessions and included on-demand tutorial videos for all modules, as well as training for future trainers through the 'Trainer of Trainers' certification provided on PeoplesHR Academy.

Leaving nothing to chance, hSenidBiz also set up a three-tiered support framework with the frontline support provided by trained members of the Ministry of Public Service, technical support provided by personnel appointed by the Government to resolve technical issues, and hSenidBiz handling the highest-level escalations both on-ground and through its online Service Delivery tool, backed by a dedicated support team.

“

The Government of Uganda Human Capital Management (HCM) implementation was an exciting journey that we completed to transform HR processes into a fully digitalised, well integrated, efficient, decentralised, and workstation-independent solution in alignment with Uganda Vision 2040. Success was fully backed by our hSenid people-focused family culture, inherited from the leadership team to every member in the organisation, and it was perfectly blended with the team of professionals appointed by the Ugandan Government for the HCM project implementation.



Wasantha Rathnayake,
Head of Delivery – On-Premise

The system went live for the entities selected once the final operational acceptance was given.

> **280** 

Government entities and

> **400,000**

Government employees covered through the project

OVERCOMING CHALLENGES:

“Data migration was definitely one of our biggest challenges because a large amount of unverified and uncleaned data could not be transferred directly to a live state. The database had more than 100 million records! Plus, the existing data was on many different platforms, and some even on paper. We had to create what is called a data cleansing architecture – a standardised template into which data would be entered and then validated and approved before being migrated into the system.”

“Managing the different expectations and stakeholders! We had to work with all the different representatives participating from ministries, departments, agencies, and local governments to understand what they need and how they can achieve their expectations by following a standard process that we designed within the HCM.”

“The pandemic complicated most of our work. I might explain one thing to a developer on a call and the output a few weeks later might be quite different from what we captured in the blueprint document.

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If we had been in the same location together, it would have been easier. But once we adopted agile management techniques, we were more effective and efficient."

"The impact of collaboration tools was enormous, and these were simplified for most of the tasks such as requirement reviews, system designs, user acceptances, trainings as well as project progress monitoring activities – despite mobilisation challenges during the pandemic situation."

THE IMPACT:

Many of the government entities required pre-approved structures for their divisions, with clearly laid out guidance on hiring, promoting and deploying government employees. For this purpose, hSenidBiz introduced a 'Game changing' Establishment Management and Control (EMC) module. The EMC Module helps streamline the organisation structure of an entity by enforcing pre-approved structures, regularising maximum limits on the size of the cadre employed, and facilitating accurate deployment of the cadre. Control over modifications such as new structure creations for the entity, reviews, closing down and merging government entities, were given to respective oversight departments, hence creating a separation between authorisation, recording and implementation.

Adherence to meticulously laid out Government policy has never been this ... inevitable!

To provide greater visibility over the entire ecosystem, hSenidBiz also implemented its Payroll, Deduction Management, and Pension Dashboards to display progress made on payments for any given entity, in near real time.

As part of the upgraded systems to manage all HR activities from hiring to retiring, PeoplesHR was deployed with its strong capabilities in the recruitment module to facilitate a systematic and robust recruitment process. This enabled the Government to have a competitive and transparent recruitment process, thereby having access to the best talent through a vast pool of applicants. A typical employee in the Ugandan public service is subject to changes as they go through the different stages of their respective employee life cycle. PeoplesHR's strong capabilities



The Ugandan Government project was the first large-scale public enterprise project undertaken by the engineering team. The project was challenging but a new experience for all team members involved in various capacities.

The Business Analyst team stretched their capabilities and extensive domain knowledge to understand public sector HR practice requirements and clearly mapped them with the existing product capabilities and at the same time, proposed the solutions for the specific business problems. The engineering and quality assurance teams worked across many months deeply focusing on the solutions while understanding the depth of the problem, the diversity of the user groups, and of the large volume of transactions involved. Furthermore, the solution stands as the main source of all public sector employee data while having many bi-directional integrations with other government institutes. The entire solution includes workspaces for all government members either as a web portal or accessibility via the mobile app for all regular HR functions and queries.



Asitha Goonewardena,
Chief Product Officer

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in managing the employee life cycle changes, while providing configurable and comprehensive performance assessment capabilities, helps track these employees throughout the process. Furthermore, the skills of government employees are recorded in the system, and used in the talent and succession planning process to enable them to grow as individuals, while delivering the highest level of output to commensurate with their capabilities to create a better public service in Uganda.

On the other hand, PeoplesHR has facilitated the implementation of training programmes and performance improvement plans, to elevate the capacities and capabilities of officers to deliver on the expectations of the government where there is a gap in expectations and the governing body (department). Also, the HCM is well equipped to capture grievances and take corrective actions through the disciplinary management procedure in line with Government rules and regulations. A number of self-initiatives, such as applying for leave or early retirement, marking attendance, reviewing workflows, and making workflow decisions, were offered through a people-centric self-service portal. To top it all off, employees of the Government of Uganda were provided with a user-friendly mobile app to have quick access to the commonly used self-service activities.

THE CURRENT STATUS:

The team is currently working on Phase-2 of the project and recently completed the requirement validation undertaking. This project has given the company a massive amount of knowledge and experience on a project of this scale and complexity, and prepared it to take on projects of this level again.



As the Government of Uganda, we are happy with the progress of the ongoing project of the Integrated Human Capital Management being implemented by the Joint Venture of Sybyl Uganda, Sybyl Kenya, and hSenid as our HR solutions provider. It has marked the initiation of our HR transformation journey within the whole Government of Uganda. With the project proceeding successfully, we look forward to fully automating the Human Resource Capital Management system in the Government Ministries, Departments, Agencies, and Local Governments by October 2021.

**Mr. Allan Muhereza,
Commissioner HRMS -
Ministry of Public Service
Government of Uganda**



Management **DISCUSSION & ANALYSIS**

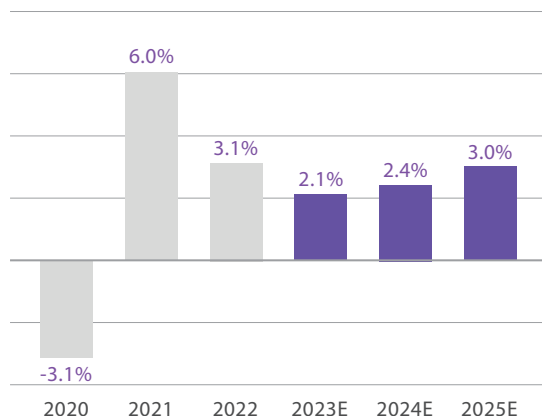
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GLOBAL ECONOMY

As per World Bank estimates, global GDP growth decelerated to 3.1 percent in 2022 from 6.0 percent in the previous year, as the adverse effects of the COVID-19 pandemic were compounded by the Russia-Ukraine war, China's COVID-zero policy and political tensions, and severe weather conditions, resulting in tightened economic conditions across the globe. The combination of these events created the conditions for a stagflationary episode, the first period of simultaneously high inflation and low growth since the 1970s.

While global economic and trade activities were boosted by pent-up demand, with several countries lifting containment measures, inflation at a global level escalated. Demand-led inflation was fueled further by rising commodity prices as a result of supply chain disruptions caused by the Russia-Ukraine conflict and China's zero-COVID policy. Persistently elevated inflation in the US led the Federal Reserve to raise its policy rate for the tenth consecutive time in May 2023 by 25 basis points, pushing the rate to the highest level since March 2006. The United States Federal Reserve's aggressive monetary policy spurred central banks around the world to follow suit.

Global GDP growth

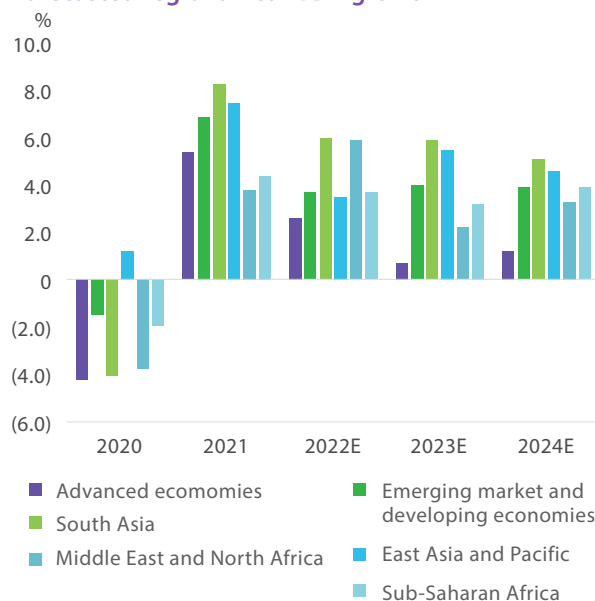


Source: World Bank Global Economic Prospects Report - June 2023

Naturally, the global outlook for labour markets declined during 2022. Most countries have not yet returned to the levels of employment and hours worked seen at the end of 2019, before the outbreak of the COVID-19 health crisis. According to the International Labour Organization (ILO), global employment is projected to expand by 1.0 percent in 2023, a deceleration from the strong 2.3 percent growth rate of 2022. This is driven mainly by high-income countries with a near-zero employment growth outlook. However, low income and lower-middle income countries in the Asia-Pacific (APAC) region and

Africa are projected to see employment growth surpassing their pre-pandemic growth trend.

Forecasted regional real GDP growth



Source: World Bank Global Economic Prospects Report - June 2023

The tighter monetary policy stance taken by major central banks around the world has led to higher interest rates and tighter liquidity conditions across all markets. The resulting lacklustre growth outlook has negatively affected economic activity, leading to significant cutbacks in capital and recurrent expenditure by economic actors across the world.

ASIAN REGION

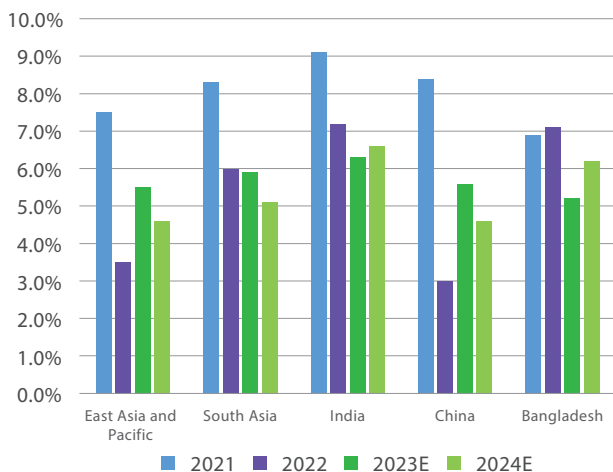
Easing pandemic conditions and containment measures underpinned healthy domestic demand in most of developing Asia in 2022 with mobility levels improving across the majority of the region towards the end of the year. While inflation in Asian economies also increased, it remained relatively low compared to advanced economies and other parts of the world. This was partially due to existing price controls and subsidies on energy in some economies, as well as lower inflation on staple foods in Asia.

Economic recovery from the pandemic was mixed across the region. The strongest growth in the South East Asian and Pacific regions was observed in the Philippines, Malaysia and Vietnam. Growth in East Asia was muted as Hong Kong contracted, and growth in China was weaker than expected as a result of resurgence in COVID-19 cases and its zero-COVID policies. Government response continued to be along the lines of increased infrastructure investment despite a stressed property market.

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Furthermore, the digital services sector performed particularly strongly, whereas sectors such as tourism and construction have not recovered to pre-pandemic levels in most of the subregion. Exports of services from the subregion increased, contributing positively to growth in 2022 and is expected to do so again in 2023. However, with few direct links to the Russian Federation and Ukraine, South Asia saw the strongest growth in the region (6.0 percent) and some of the highest regional GDP growth rates in the world. Despite a downcast global outlook, GDP growth for the South Asian region is expected to remain strong at 5.9 percent in 2023.

APAC region GDP growth



Source: World Bank Global Economic Prospects Report - June 2023

MEA REGION

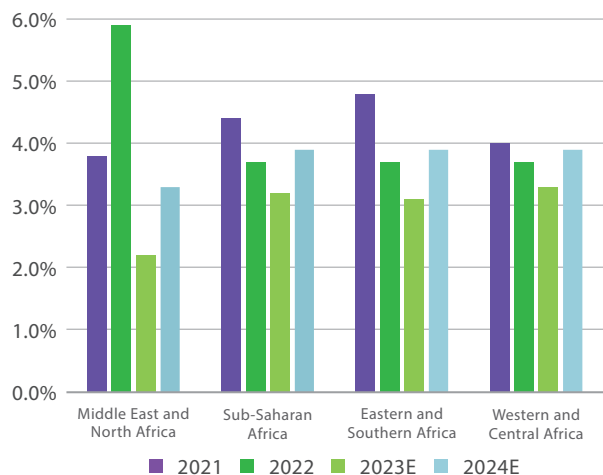
While Africa saw a strong rebound in 2021, the annual GDP growth of Sub-Saharan Africa slowed to around 3.7 percent in 2022 compared to 4.4 percent in 2021, yet is expected to recover to 3.9 percent by 2024 (World Bank estimates). Of the continent's 54 countries, 23 including the two largest economies, Nigeria and South Africa, posted weaker growth in 2022.

Economic growth varied across the region, with recovery from the pandemic being particularly strong in the North African subregion. The Middle Eastern and North African (MENA) region attained around 3.8 percent growth in 2021 and 5.9 percent in 2022. However, it is expected to slow to around 2.2 percent in 2023 due to a slowdown in the growth of oil exporters. Sub-Saharan Africa experienced uneven growth, and this pattern is predicted to continue into 2023 with moderate recovery in 2024. Positive growth in 2022 was supported by a particularly strong performance of hydrocarbon exporters such as Nigeria and Angola, thanks to higher commodity prices and increased output (World Bank).

Growth in Southern Africa was dampened as rising unemployment, power shortages and infrastructure damage from climate events, slowed growth in South Africa in 2022. According to the African Development Bank (AfDB), growth in West Africa is estimated to have slowed in 2022; however, it is projected to pick up in the medium term due to sustained economic growth in the region's more diversified economies. Growth in East Africa moderated in 2022; top growth performers were Seychelles, Rwanda and Kenya. Uganda and Ethiopia too are projected to grow strongly in 2023 and 2024 on account of developments in the oil sector for Uganda and continued infrastructure spending for Ethiopia.

Population growth has underpinned employment gains in recent years in the region. Total employment in Africa is estimated to reach 511 million in 2023, having increased by 3.6 percent from 2021 (ILO). This follows a 2.0 percent employment growth per annum between 2019 and 2021. The strong employment improvements in the region have largely been driven by working-age population growth in the Sub-Saharan African subregion. Africa's total informal employment rate increased to 85.0 percent in 2022 from 84.3 percent in 2019. As per the ILO, Africa and the Arab States are expected to witness employment growth of 3.0 percent or more in 2023.

MEA region GDP growth



Source: World Bank Global Economic Prospects Report - June 2023

Despite slowdowns and a lacklustre global outlook, Africa's growth in 2022 was stronger than in 2019 (before the COVID-19 pandemic) and the 3.3 percent average during 2014-18 (the end of the commodity supercycle). Growth is projected to remain stable, averaging over 3.0 percent during 2023-24. Any improvement in the global economic situation in 2023 would be expected to support higher growth in Africa in 2023 as per

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World Bank estimates. The stabilised medium-term growth largely reflects policy support in Africa, and global efforts to mitigate exogenous shocks and rising uncertainty. China's reopening after three years of zero-COVID policy and the stable growth outlook for Asia could bolster Africa's growth in the medium term. However, in the near term, high interest rates are likely to be a drag on investments, while high food and energy prices and depreciating currencies could weigh on private consumption spending. Reflecting these factors, consumption spending (private and public) and investments are likely to remain fragile but stable over the medium term as uncertainty lingers.

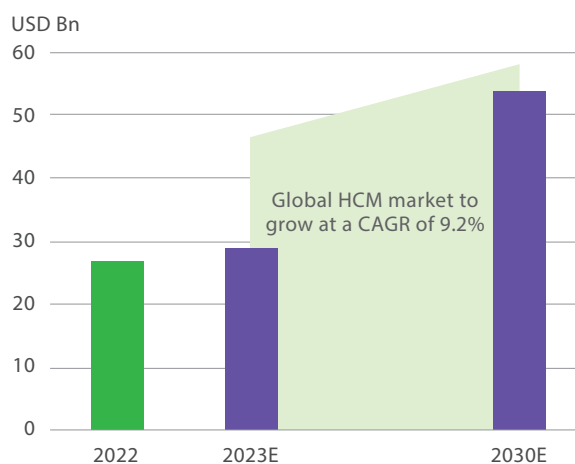
HUMAN CAPITAL MANAGEMENT INDUSTRY

hSenidBiz operates in the Human Capital Management (HCM) software space, supporting employers in better managing the most critical aspect of an organisation: human capital. HCM Software supports a variety of core HR functions, ranging from recruitment to benefits, administration and performance management, where managers rely on technology for greater workplace efficiency and coordination.

The COVID-19 pandemic caused significant changes in almost all fields, including the HCM industry. Post-2020, many traditional companies evolved to hybrid working conditions, with some retaining the fully remote culture, especially for distributed teams, and a few re-instituting on-site working full time. Now, the world is beginning to move past a time of enforced lockdowns and mandatory remote working, and is struggling to identify the optimum balance between the two extremes of full time on-site and full time remote. Many companies realised that productivity can still be maintained even when employees work remotely and employees have thus been able to achieve a better work-life balance and massive savings in time and cost of commuting. In a new era where the concept of work is being redefined, HCM software is expected to meet an essential business need.

The HCM Software market is also expected to experience a significant increase in growth, due to the widespread adoption and advancement of technologies such as automation, AI, and cloud-based solutions. According to the 2023 Fortune Business Insights report on the global HCM industry, the market was valued at USD 26.6 Bn in 2022, and is estimated to reach USD 53.6 Bn by 2030, growing at a CAGR of 9.2 percent from 2022 to 2030.

Global Human Capital Management market to expand to ~USD 54 Bn by 2030



Source: Fortune Business Insights

<https://www.fortunebusinessinsights.com/amp/industry-reports/human-capital-management-hcm-market-100240>

Key trends in the HCM space

2022 kicked-off with 'The Great Resignation' – employees resigning in droves at the end of the COVID-19 pandemic as their expectations for work-life balance and flexibility had risen during the extended period of working from home. They had realised that they achieved a better work-life balance and still reached organisational and team milestones when working remotely. Many – if not all personnel – now expect flexible work arrangements, better quality of life at the workplace, and upskilling/reskilling opportunities to accelerate their career growth.

As a result of global economic conditions and other factors in the tech industry, the latter end of the year 2022 saw major layoffs across organisations globally, especially those within the technology space. Several other companies initiated a hiring freeze till 2023, sending waves of uncertainty across the job market.

"This quarter's [CY22 Q4] massive layoffs at several large tech firms show that organisations are looking to scale down their teams and reduce costs. Businesses looking to scale have needed to shorten their hiring timelines and augment their teams in order to leverage resources as they need them. The typical 2-3 months hiring cycle that requires sifting through hundreds of resumes don't work for immediate hiring needs and short-term projects" says Leul Girma, COO at Gebeya, Africa's leading freelance and talent sourcing platform. According to Girma, it is clear that the future of work is online and on-demand.

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Hybrid flexibility for all

Hybrid and remote working is here to stay and companies plan to continue to reap the rewards and cost savings of smaller office spaces and lower operating costs while maintaining productivity and outcomes. As desk-based employees move towards a more permanent hybrid work model, there is a need to ensure equitable flexibility for frontline workers in industries such as healthcare and manufacturing. The 2022 Gartner Frontline Worker Experience Reinvented Survey reveals that 58.0 percent of organisations employing frontline workers have invested in enhancing their employee experience over the past year. Additionally, around one-third of those who have not invested in this area plan to do so within the next 12 months.

Doing more with less

Given the headcount reductions and attrition that has taken place globally, companies are invested in streamlining processes to be able to maintain productivity with fewer workers. This includes monitoring employee productivity as well as reskilling and upskilling the remaining workforce, both of which have been highlighted by Gartner as two of their three Standout Trends from the Hype Cycle for Human Capital Management. The third was the increased use of Artificial Intelligence in hiring.

Monitoring productivity

According to research by Gartner, there has been a significant increase in employee productivity monitoring during the pandemic. This type of monitoring uses automated data collection and analysis to track various aspects of employee activity, such as work patterns, location, and time spent, with the goal of enhancing workforce productivity. The digitalisation of work has facilitated this process by allowing for the automatic tracking and monitoring of work-related activities.

Learning and development

Gartner also recommends the use of Learning Experience Platforms (LEPs). LEPs deliver personalised learning paths, channels and collections that enable learners to easily organise, access and share relevant resources. It is not a replacement for a Learning Management System, but an additional layer that sits atop it and other training tools to enhance the learner experience. It allows learners to customise their learning paths, and share and recommend relevant content to others.

Further, future skills planning is a common challenge to career development. One in five participants of Aon's 2022-2023 Global Wellbeing Survey named a "lack of clear career path" as a top five issue for their organisation. Employers that identify

current talent with the potential to develop future skills will not only close their skills gap; they will also create a more compelling employee experience which will help retain the best talent.

Leveraging on the internal talent market

To maximise value creation by the restricted talent pool available, Gartner recommends using internal talent marketplaces, which uses similar principles to the 'gig' economy to match internal employees and, in some cases, a pool of contingent workers, to short-term project and work opportunities without the involvement of a recruiter.

Total rewards aligned with employee needs

Today, employees are concerned about the impact of inflation on their household expenses, while employers are facing the challenge of balancing rising costs with providing appropriate support to attract and retain the right talent for business growth. The aftermath of the pandemic, which has taken a toll on mental health and resilience, is still playing out. To address these challenges, employers can leverage existing data to understand what their employees need and want from a total rewards perspective, deliver compensation and benefits more efficiently using available platforms, and evaluate the effectiveness of benefits offered over time. Communication about total rewards programmes is also important in a compensation environment that may not be as generous as in the past.

Enhancing wellbeing

Wellbeing is no longer treated as a standalone issue and is now being integrated into company culture and various other areas of human capital management. According to Aon's Global Wellbeing Survey, in 2020, 67.0 percent of respondents said that they had integrated wellbeing partially or fully into their business and talent strategies. This number has increased to 80.0 percent in 2022-2023. It is also important for companies to design wellbeing initiatives that align more closely with the stressors currently impacting employees.

As these trends continue to manifest to create the digital workplace of the future, HCM software providers need to be ready with compatible offerings that match real time business needs.

BUSINESS OVERVIEW

hSenid Business Solutions PLC (hSenidBiz) is a leading HCM software provider headquartered in Sri Lanka catering to the APAC and MEA regions. PeoplesHR, the company's marquee HCM Software, is deployed across 1,600 organisations in 40 countries, empowering over one million employees. hSenidBiz maintains a presence in Singapore, Australia, Bangladesh, India and Kenya, in addition to its head office and development centre in Sri Lanka. The company provides its hire-to-retain HCM software in both SaaS and On-Premise formats while providing payroll outsourcing and employee tracking solutions that bolster its comprehensive HR solution offering.

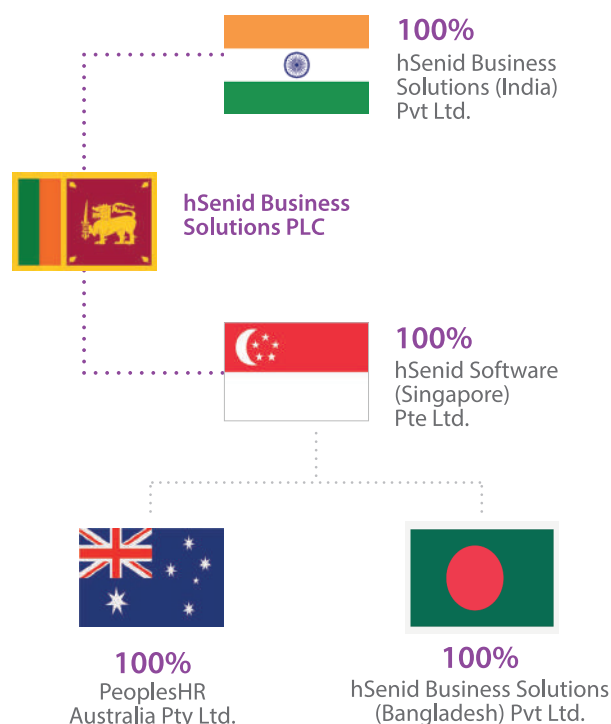
The company commenced its operations in 1997 under the name of hSenid Software International (Private) Limited (hSI) to supply high-quality software products and services to a global subscriber base. The hSenid brand has since grown exponentially, designing innovative solutions and advancing a robust presence in both local and international markets. In 2005, the core management team of hSI including Founder and Chairman, Dinesh Saparamadu, went on to launch a new era of global HRIS systems under the newly incorporated hSenid Business Solutions (Private) Limited. Since its incorporation, the company has driven significant progress in global HRIS systems over the years with its flagship offering, PeoplesHR.

Our people-centric Human Resource Technology Platform, which was renamed PeoplesHR in 2013, has been perfected over the course of the past 25 years. The feature-rich solution has been deployed across more than 20 different industries and is now relied upon by renowned global enterprises.

In FY21, hSenidBiz became the first enterprise software company to list on the Colombo Stock Exchange (CSE), raising equity capital amounting to LKR 692 Mn. The funds have been earmarked for upcoming product development initiatives, market development activities as well as potential strategic acquisitions in the APAC and/or MEA Regions.

Catering to over 1 million users across the APAC and MEA regions, hSenidBiz supports over 1,600 organisations across 20 industries with end-to-end Human Resource Technology Platforms, while enabling companies to make data driven human resource decisions.

With its devotion to innovation and cutting-edge technology, hSenidBiz provides its clients with people-centred solutions that are customisable, adaptive, and relevant, employing an exclusive combination of analytics, Artificial Intelligence (AI), and other frontier technologies.



HSENIDBIZ PRODUCT PORTFOLIO

hSenidBiz provides a diverse product portfolio that captures all aspects of an employee's journey in an organisation, from the point of recruitment to the end of employment.

PeoplesHR

PeoplesHR is an HR solution that can be leveraged by companies of all sizes and supports business productivity at all levels, from day-to-day tasks to high impact strategic HR decisions. The solution facilitates a seamless user experience, creating easy and click on the go engagement through the mobile app, kiosks and chatbots. The platform boasts multi-currency payroll and a robust multi-lingual framework.

PeoplesHR Cloud can be deployed with leading cloud infrastructure providers such as Google, Microsoft Azure, and Amazon Web Services. The current cloud product portfolio includes 30+ modules capturing these touch points, with PeoplesHR at the core.

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Alternatively, PeoplesHR On-Premise is a highly customisable solution that is deployed on-ground at the clients' premises and is hosted on their IT infrastructure.

PeoplesHR Outsourcing

PeoplesHR Outsourcing is the arm of hSenidBiz that offers clients the flexibility to outsource all or selected aspects of their HR-related functions. The solution stands out in the industry as an established player in the Payroll Outsourcing Services, Resource Outsourcing Services and Consultancy Services. These services are not limited to hSenidBiz HRIS users, as the platform is flexible in importing and exporting data from any other system. Further, PeoplesHR Outsourcing has zero system set up costs whilst providing a multi-country payroll and system experience.

Tracking Solutions

hSenidBiz Tracking Solutions provides solutions to track, secure and manage assets of companies, whether they are employees, places or objects. This includes tracking and access automation, tracking and security, time and attendance management, crowd control and management, and facial access control.

PeoplesHR Turbo

PeoplesHR Turbo is a "no frills" solution that caters to the SME segment and covers all the essentials with a Do-It-Yourself

twist. It is a fast and easy way to get your HR processes running. With it, clients get all the HR essentials, from Employee Information and Organisation Charts, to Employee Life Cycle and Absence Management, and even Reporting Tools.

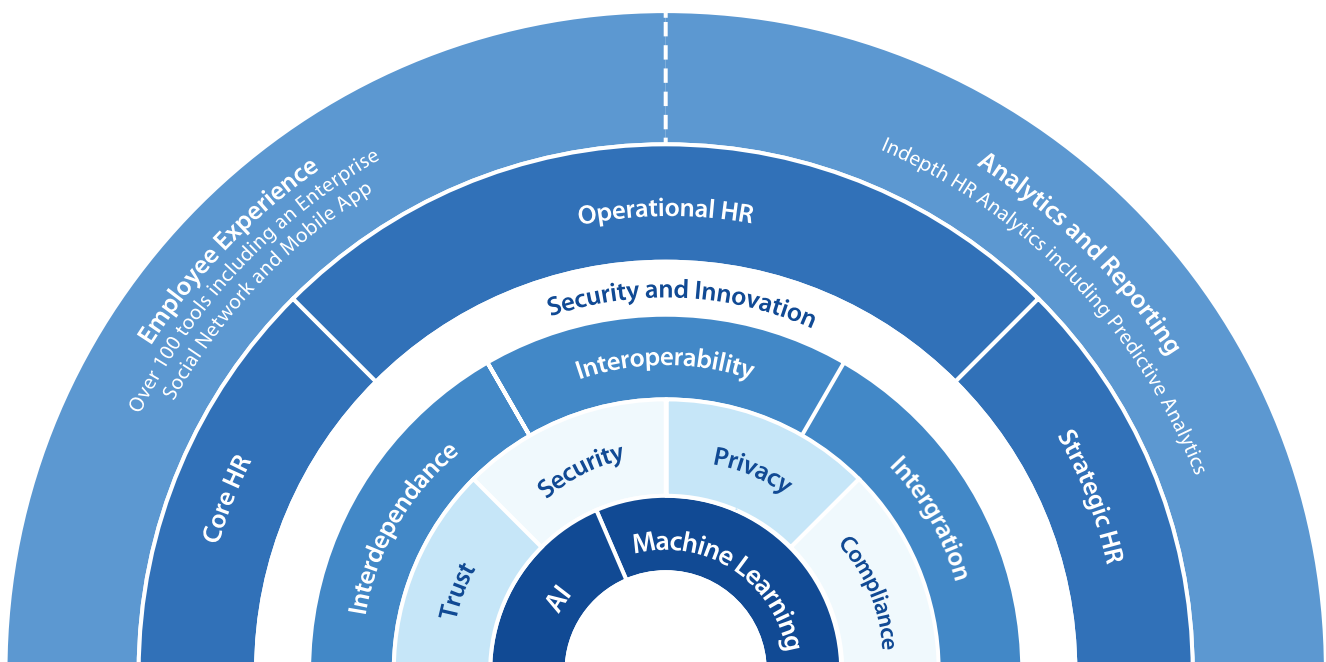
PeoplesHR Marketplace

PeoplesHR Marketplace is a platform that serves as a one-stop-shop for all HR needs. It connects PeoplesHR users with leading global and local third-party software applications, services, promotions, and CSR activities. The Marketplace consists of many business solutions such as accounting and management services as well as extended HR services that complement and add value to the PeoplesHR ecosystem.

PeoplesHR Academy

PeoplesHR Academy is a digital learning academy powered by PeoplesHR. It aims to empower HR professionals and sales partners by helping them learn about the offerings and leverage its features better. It also intends to build a PeoplesHR community where members can share their ideas, ask questions, learn best practices, and receive valuable suggestions on new product features.

PeoplesHR platform centred around employee experience

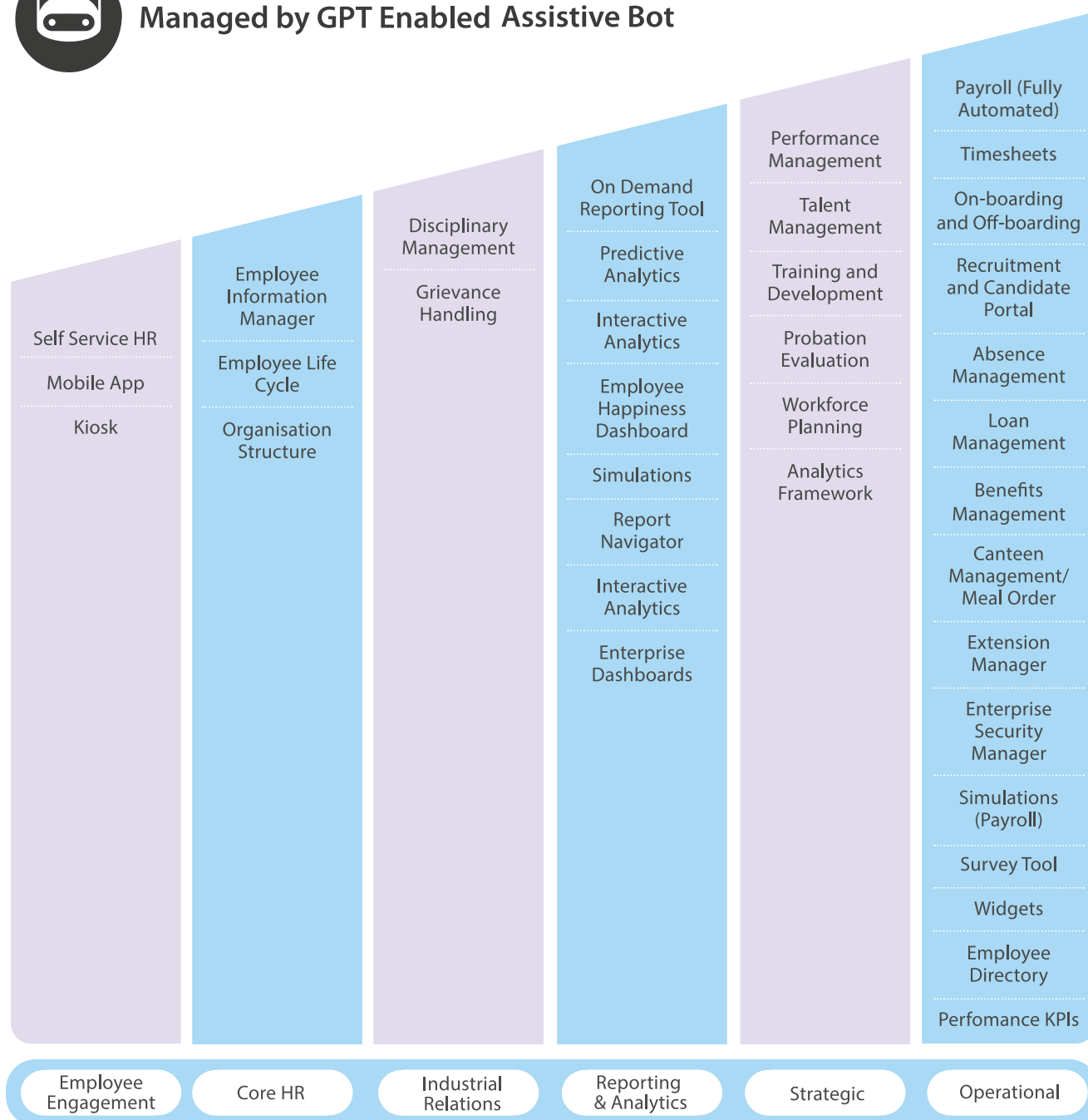


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The employee journey aided by a comprehensive range of HRIS solutions



Managed by GPT Enabled Assistive Bot



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MARKET PRESENCE AND CHANNEL PARTNERSHIPS

hSenidBiz operates in over 40 countries, primarily from the APAC and MEA regions. Since the first overseas branch opened in Singapore in 2004, hSenidBiz has heavily pursued its objectives in the APAC region. A second overseas branch was established in India in 2011, followed in quick succession by another in Sydney, Australia, in 2013, as a subsidiary of the Singaporean operations. Most recently, in 2022, hSenidBiz opened an office in Bangladesh to complement its development and support services offered from Colombo.

hSenidBiz currently operates from six countries



SRI LANKA



AUSTRALIA



BANGLADESH



SINGAPORE



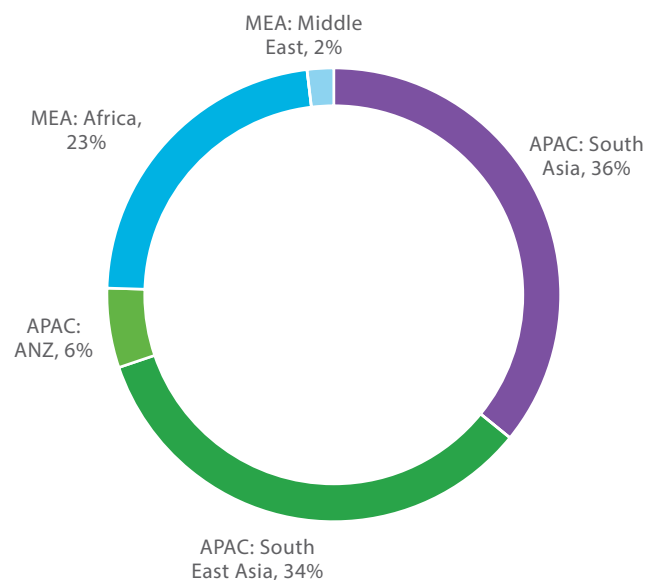
KENYA



INDIA

hSenidBiz's software solutions are sold and distributed through an extensive network of over 50 channel partners across the globe, enabling the company to acquire clients at a rapid pace. A dedicated partner sales team oversees partner relationships by developing several well-focused partnership training programmes to cater to various aspects of the process. Reseller partners form a significant portion of the overall network and promote hSenidBiz solutions to potential clients in their regions. Solutions partners originate sales leads, including providing final implementation and execution of the deployment strategy.

Partner breakdown by geography

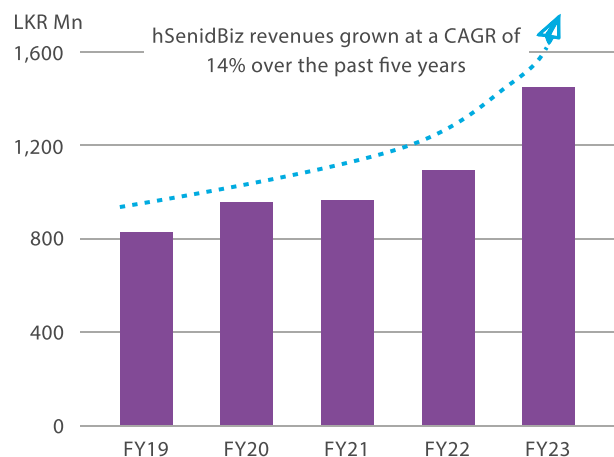
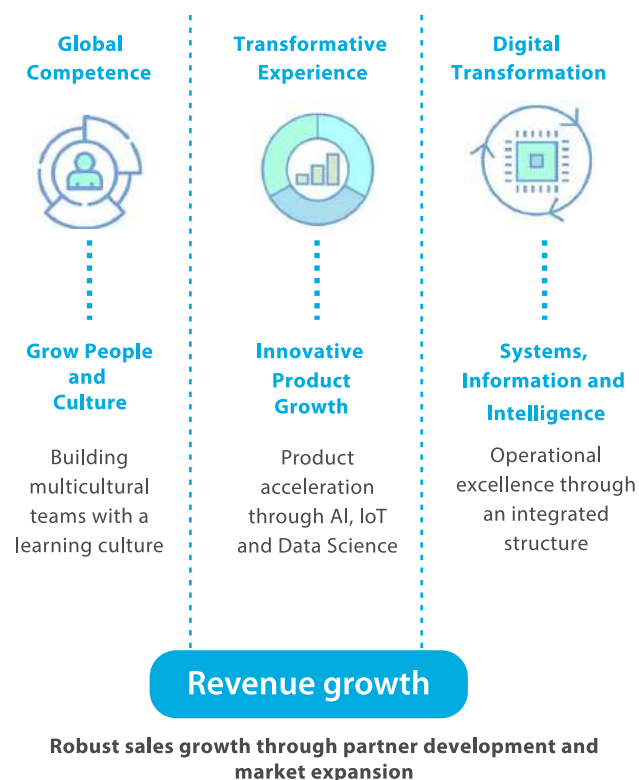


OPERATING REVIEW

KEY FOCUS AREAS DURING THE YEAR

Strategic planning

hSenidBiz recognises the competitive nature of the SaaS industry and business solutions space, and is dedicated to meeting market demands. To ensure the future success of the Company, it is constantly investing in research and development. As part of this effort, hSenidBiz is currently developing its product, marketplace, tech stack, and partner strategy for the next five years, while routinely updating it to integrate new technological advancements in the field.



Process optimisation

The following key initiatives were implemented during the year to optimise processes and target growth efforts;

- **Enhancement of the Business Analytics function to generate insights to unlock potential**
- **Standardising and codifying best practices across the organisation**
- **Focusing on driving automation in support functions such as Marketing, Sales and Finance**
- **New intrapreneurial initiative under PHR Turbo to drive adoption of a unique offering**
- **Structural reorganisation of the Project Management Organisation under new Chief Delivery Officer to optimise implementation efforts**

Market development

The Company continues to commit to broadening its presence in the APAC and MEA regions. To this end, the Company implemented a multi-pronged marketing strategy that includes digital marketing and lead generation, leveraging digital channels such as social media, email, and SEO (Search Engine Optimisation); partner marketing through its extensive partner network; and field marketing, which involves strategic interactions with potential customers through events, trade shows, and other targeted activities to generate leads and increase brand awareness.

The team focused its attention heavily on field marketing in FY23, making the best of the relaxed travel restrictions, taking part in key HR events in the South and South East Asian regions.

Partner management

Partner-led marketing is a key facet of customer acquisition and the Company places great emphasis on effective partner management. To this end, a new partner marketing team was established this year to facilitate relationship building and oversee partner marketing efforts in high priority countries, with more efforts made in training, goal setting and performance measurement. The Company's partner network has now grown to encompass 53 partners across APAC and MEA countries.

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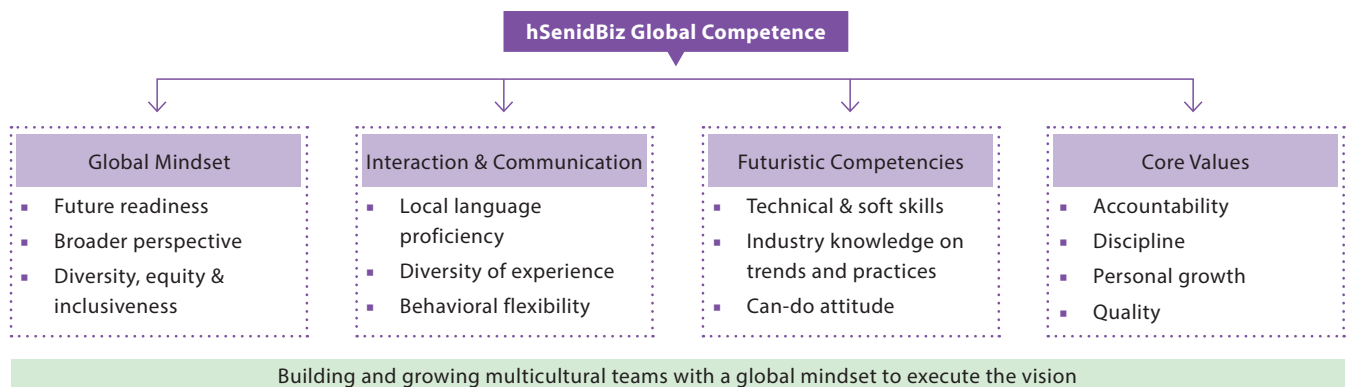
The Company also chose to rationalise its efforts to focus more on key partners in the PHR Marketplace who would drive growth by providing access and cross compatibility to in-demand offerings rather than broadly to all 53 partners listed on the platform.

Talent management

hSenidBiz has made it a priority to recruit top notch talent both from Sri Lanka and regional markets. To ensure that candidates are a good fit for the Company's core values, a well-defined interview process tests their skills, capabilities, and overall compatibility. The Company also fosters a strong learning culture that encourages peer-to-peer knowledge sharing through on-the-job training and offers training as needed in accordance with its structured training policy. As an advocate for HR, hSenidBiz takes care of its in-house talent by providing

nurturing and training in all necessary areas in line with its global competence framework.

Thanks to its dedication to maintaining a knowledgeable and competent staff, hSenidBiz has built a highly experienced team of employees with extensive industry knowledge and job-specific expertise from leading global institutions. In FY23, the Company made it a priority to provide high quality, localised support to partners and customers in the many regions it operates in. The Company now has a growing cadre of dedicated local talent in its key regions. FY23 also saw enrichment in our ranks as we welcomed a new Chief Strategy Officer, Chief Delivery Officer, Head of Business Development (MEA) and Head of Human Resources to the leadership team.



FINANCIAL PERFORMANCE

The year witnessed hSenidBiz achieve LKR 1.46 Bn in revenues, recording a robust growth of 34.2 percent year-over-year, despite global economic conditions. This growth is mainly attributable to the 80.9 percent topline growth in our cloud-based HR management system, PeoplesHR Cloud. Topline was also bolstered by recurring revenues, growing at 55.4 percent year-over-year and making up ~49.0 percent of total revenue. hSenidBiz Tracking Solutions and PeoplesHR Outsourcing showed rapid topline growth during the year, contributing positively to the performance of the Company.

Sri Lanka remained the Company's largest revenue-generating region, accounting for 56.0 percent, whilst the APAC and MEA regions contributed 30.0 percent and 14.0 percent, respectively. The shift in revenue mix reflects the rapid growth and future potential in the APAC region in the present economic climate. The Company was able to secure new deals worth LKR 716 Mn during the period, a 49.1 percent increase year-over-year. ~52.0

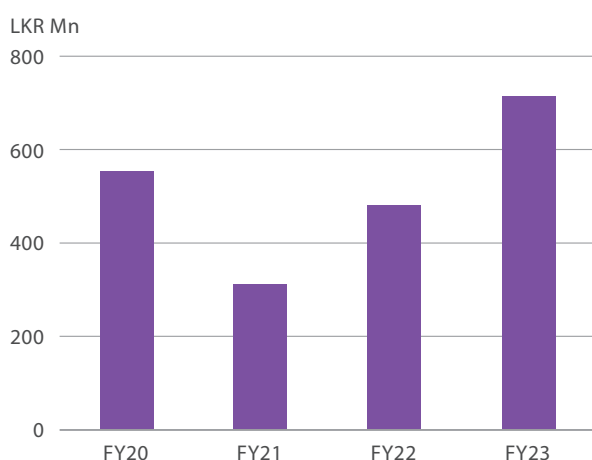
percent of new deals were driven by the PeoplesHR On-Premise business, supported by Phase-2 of the Ugandan Government project. PeoplesHR Cloud accounted for 46.0 percent of new deals, primarily driven by Sri Lanka and the APAC region.

The Company reported earnings before interest, tax, depreciation and amortisation (EBITDA) of LKR 136 Mn during the year, a year-over-year decline, owing to increased salary expenses, cloud hosting costs, subscriptions, and higher project implementation expenses experienced during FY23. This was tempered in part by topline growth, interest income, and favourable currency translation. The adjusted EBITDA margin of the Company would have increased to 12.0 percent if investments made in product and market development, and talent acquisition in key markets are excluded. It should be noted that such expenses, despite being medium to long-term investments in the business, are expensed directly at the time of incurring the same owing to the nature of the business, resulting in a short-term impact to profitability.

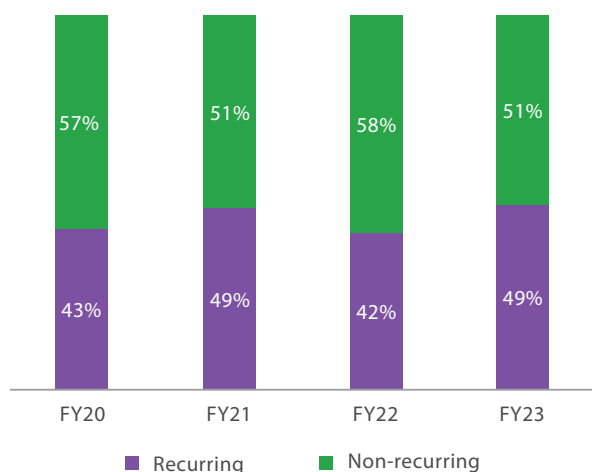
OPERATING REVIEW CONTD.

Net profit for the financial year came in at LKR 188 Mn, compared to LKR 454 Mn recorded in the previous year. This resulted in an earnings per share of LKR 0.68 for the financial year ending 31 March 2023, compared to LKR 1.93 in FY22. The Company also declared a dividend of LKR 0.35 per share for FY23 (LKR 0.30 in FY22).

New deals



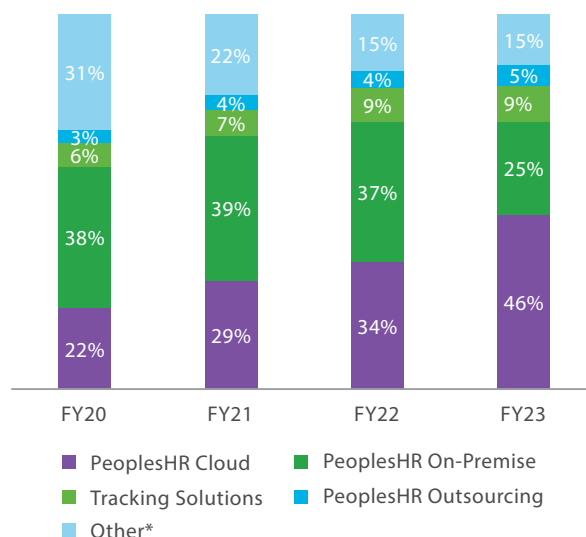
Recurring vs non-recurring revenue breakdown



Segmental performance

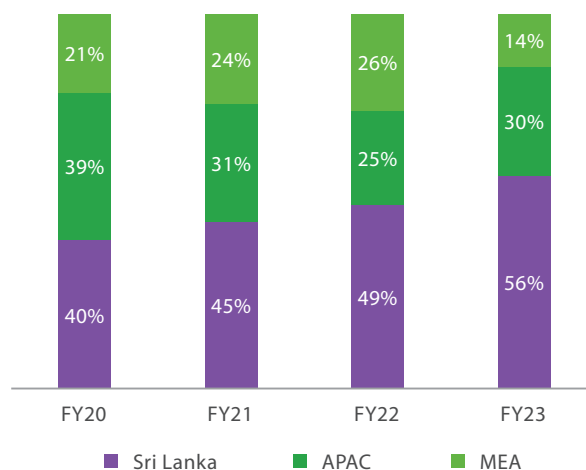
hSenidBiz, as an organisation, has consistently prioritised the development of a wide range of products to meet the needs of diverse customer segments within our operational markets. Offerings include a comprehensive Human Resource Information System (HRIS) solution known as the PeoplesHR platform, as well as additional solutions such as PeoplesHR Outsourcing and Tracking Solutions. This strategic approach has allowed hSenidBiz to maintain a competitive advantage in the market, facilitating the expansion of its presence across regions, with a particular focus on APAC and MEA.

Segment revenue breakdown



* Includes non-core revenues of Mobile Software and Staffing Solutions, and nascent yet growing new revenue segments such as PeoplesHR Turbo and Marketplace

Geographic revenue breakdown



During the period under review, the PeoplesHR product portfolio remained the core product, generating 76.0 percent of Company revenues.

The Company's earnings are reported under the following segments;

- PeoplesHR Cloud
- PeoplesHR On-Premise
- hSenid Tracking Solutions
- PeoplesHR Outsourcing
- PeoplesHR Turbo and Marketplace
- Non-core Segments – Includes the mobile software operations and staffing solutions business

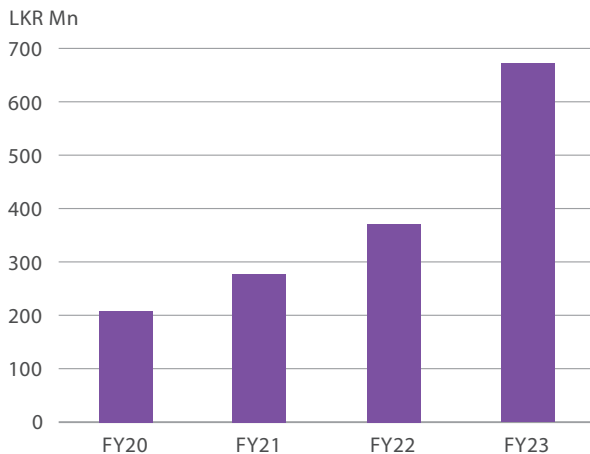
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PeoplesHR Cloud

The SaaS offering of PeoplesHR is a key focus area of the Company, and recorded impressive performance during the year, achieving an 80.9 percent year-over-year revenue growth. As a result, the segment's contribution to FY23 revenues improved to 46.0 percent, up from 34.0 percent in the previous year. The segment churn rate also remained below 5.0 percent for the year. Topline growth was mainly attributable to robust growth in recurring revenue, which accounted for 75.0 percent of segment revenues, growing by 94.0 percent year-over-year.

hSenidBiz continues to witness a migration of existing On-Premise clients to the Cloud offering, while there is also a higher share of new deals being secured under the segment. For FY23, the Cloud business secured LKR 332 Mn of new deals, ~46.0 percent of total new deals, primarily driven by Sri Lanka and the APAC region. This suggests the potential upward exponential value curve that is evident in the global SaaS business model.

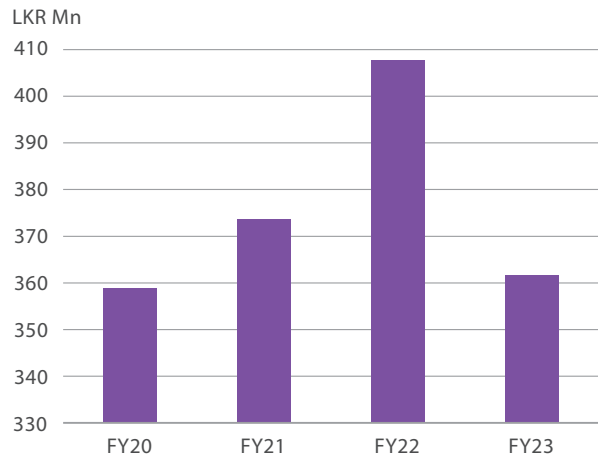
PeoplesHR Cloud revenues



PeoplesHR On-Premise

The On-Premise offering of PeoplesHR generated revenue through licensing, implementation, and annual maintenance contracts, amounting to 25.0 percent of total revenues for the fiscal year. Segment revenues declined by 11.3 percent year-over-year, due to a shift in the mix to the SaaS business, PeoplesHR Cloud. The On-Premise segment did, however, secure several new deals amounting to LKR 376 Mn in value, recording a growth of 132.2 percent year-over-year, supported by Phase-2 of the Ugandan Government project. The majority of these deals were generated by the Company's direct sales channel.

PeoplesHR On-Premise revenues

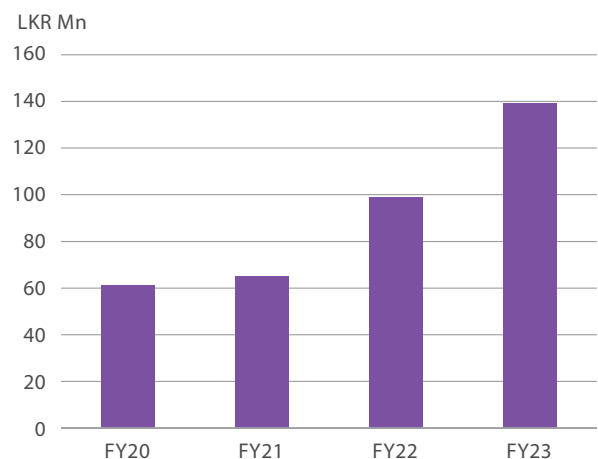


hSenid Tracking Solutions

hSenid Tracking Solutions recorded a notable 40.6 percent year-over-year growth in revenues for the year in review. Segment revenue contribution remained at 9.0 percent, in line with the revenue contribution recorded in FY22. The factors attributable to this growth included increased demand for self-service kiosks for attendance, meals, and employee leave tracking, and successful bids from large scale access control projects in Sri Lanka.

New products enrolment within the HRIS space is expected to follow an uptick in demand for services such as canteen, car park, and visitor management solutions, which the Company has already begun working on, to be deployed in FY24. Other sources of revenue include replacement and upgrade of obsolete hardware for legacy clients, new national-scale projects, and further expansion in select PeoplesHR markets to strengthen solution offerings.

Tracking Solutions revenues



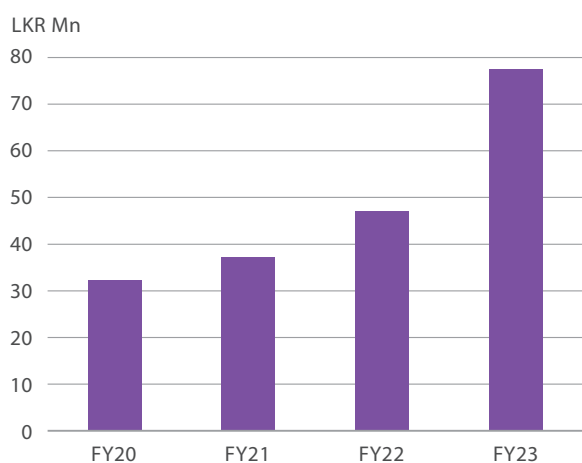
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PeoplesHR Outsourcing

This segment was rebranded during the previous year from hSenid HRO to PeoplesHR Outsourcing, with a primary focus on Payroll Outsourcing. Excluding the Staffing Solutions (which has almost completely been phased out), segment revenues, which include the core Payroll Outsourcing business, grew by 64.7 percent year-over-year, which was driven by several new client deals acquired from the APAC region and the financial services sector.

In addition to the core business, key growth areas include HR consulting and resource outsourcing. Product development in this segment is centred around ensuring confidentiality and security of client payroll data, while future growth is expected to arise through market development activities in the APAC region and building sales through our partner network.

PeoplesHR Outsourcing revenues

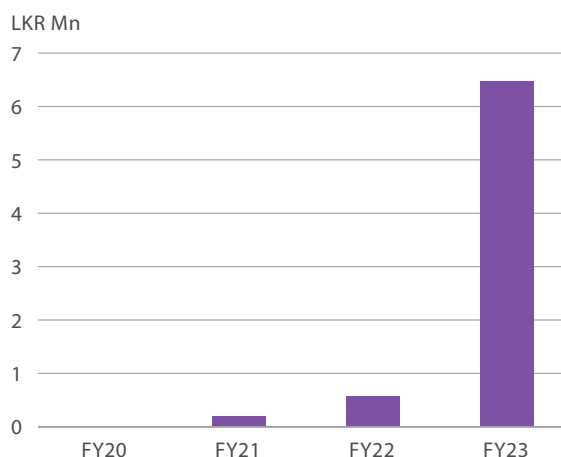


PeoplesHR Turbo and Marketplace

PeoplesHR Turbo and PeoplesHR Marketplace saw strong traction in revenues during FY23, albeit growing from a low base. PeoplesHR Marketplace successfully onboarded more than 25 new partners over the year. To prioritise market acceleration, the focus was strategically narrowed down to five to six key high potential product partnerships.

Meanwhile, PeoplesHR Turbo exhibited steady growth in South Asia, with plans to move into other markets. During the first half of FY23, the Turbo team was reconstituted with dedicated marketing, sales, implementation, and support team members. The business also saw notable improvements to the customer onboarding journey and other improved DIY features being launched in late FY23.

PeoplesHR Turbo and Marketplace revenues



Looking ahead to FY24, both businesses will continue to receive investments to support its expansion within key select markets. Overall, revenues from PeoplesHR Turbo and Marketplace segments witnessed an improvement from LKR 1 Mn to LKR 6 Mn during the year.

NEW PRODUCT DEVELOPMENT

hSenidBiz is committed to developing new products that cater to the increasingly diverse needs of its clients. During FY23, under the PeoplesHR brand, the Company introduced several new modules that streamlined HR processes and enhanced the user experience for HR professionals and employees.

PeoplesHR

The Recruitment module underwent a revamp to add more features and automation capabilities. The entire recruitment process, from the candidate portal to hiring, was remodeled to enable recruiters to manage it more efficiently. More assessment tools, shortlisting and interviewing bots, and an automated employment offer creation process using digital signatures, were added to streamline recruitment.

The Payroll module of PeoplesHR has undergone a comprehensive automation process, resulting in a fully automated system. This advancement represents a significant step towards streamlining payroll operations within organisations. With the module now automated, businesses can benefit from improved efficiency and accuracy in payroll calculations, as well as timely and compliant disbursements.

The new Workforce Planning module was created to serve as a planning tool for the entire organisation. It allows companies

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to set up headcount plans and approval matrices, and is integrated with the rest of the system to ensure recruitment is aligned with headcount plans.

The Company also worked on a Cafeteria Management module primarily targeted towards manufacturing and other large organisations that provide meals to employees. This module streamlines the cafeteria management process, making it easier for HR to provide, budget, and track employee meals.

The PeoplesHR platform now incorporates an assistive bot powered by GPT technology that seamlessly assists in providing necessary responses to users based on the context within the product.

PeoplesHR Social

hSenidBiz also released an Enterprise Social Network named 'Juraa', which facilitates communication and collaboration among employees through virtual discussion spaces, focus groups, and idea hubs. The platform is now also available on mobile devices. Upcoming features include a sentiment analysis tool, which allows employers to analyse employee content and derive employee net promoter scores. This tool promotes innovation, engagement, and collaboration and is a valuable addition to the Company's product offerings.

Localisation

In addition to developing new modules, the Company worked on localising its offerings and bringing in value-adding

tweaks. During the year, hSenidBiz worked on understanding and localising its product to cater to the unique statutory requirements of a number of select APAC countries in particular. This effort enabled the Company to onboard more clients in the region.

Data Analytics

hSenidBiz also introduced new analytical offerings to the PeoplesHR platform, including an enterprise dashboard that provides top management with a holistic view of their HR processes. Another new offering, termed the 'Analytical Framework', is a business-driven HR Key Performance Indicator (KPI) platform, allowing companies to set HR KPIs aligned with their business goals.

AI and Machine Learning

The integration of AI (Artificial Intelligence) and machine learning in several existing modules is an exciting development for PeoplesHR. Within the Recruitment module, the Company has deployed bots for resume parsing and is in the process of introducing an interview scheduling bot. The team has also integrated a video insight bot into the recruitment module, to analyse candidate personalities from video interviews. Lastly, the team introduced 'PAT', a chatbot which can be trained on subject-specific data that users can direct queries to.

These improvements to the PeoplesHR platform are a testament to the Company's commitment to providing a cutting-edge HRIS ecosystem that offers seamless integrations, localisation, and innovative features.

HUMAN CAPITAL

Our achievements as a Company are chiefly attributed to the dedication and hard work of our staff. As of 31 March 2023, we have 370 employees who bring a wealth of knowledge and expertise to our organisation, with both local and global industry experience. Nurturing our global aspirations, our team members are situated in the business' key operating regions, to ensure smooth business support to our diverse clientele. One of our latest initiatives in this regard is a new operating centre in Bangladesh to overcome recent challenges faced in sourcing talent in Sri Lanka.

Our selective and rigorous recruitment process has allowed us to attract top notch professionals with a blend of experienced veterans and spirited interns. Our senior employees have a prominent level of industry experience and hold Undergraduate and/or Postgraduate qualifications in their relevant fields.



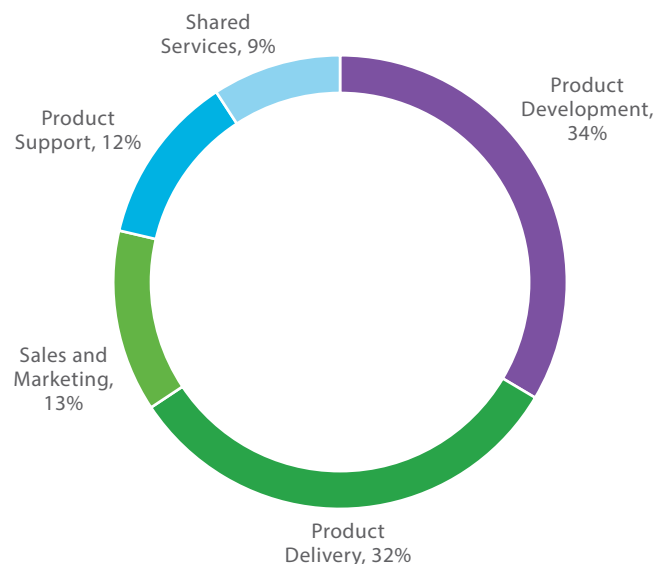
The future of work is evolving at an unprecedented pace, and it is crucial that we pay attention to its socio-cultural impact. By embracing remote work, investing in technology and skills, and prioritising diversity and the employee experience, we can stay ahead of the HR tech game.



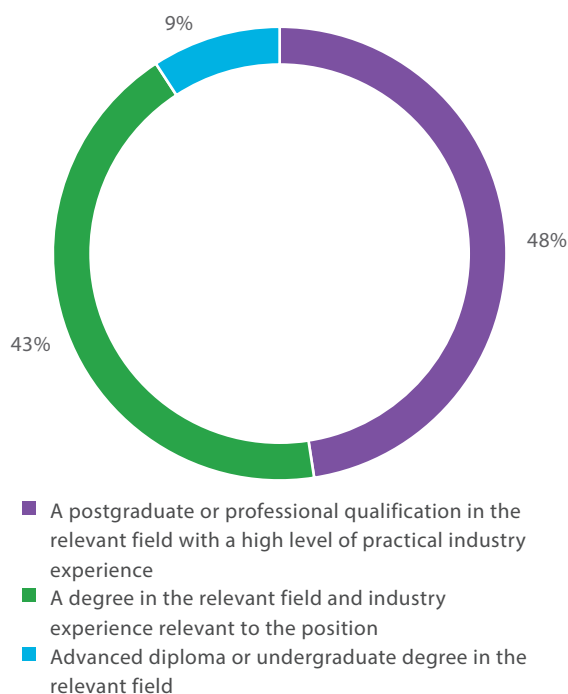
Asitha Goonewardena,
Chief Product Officer

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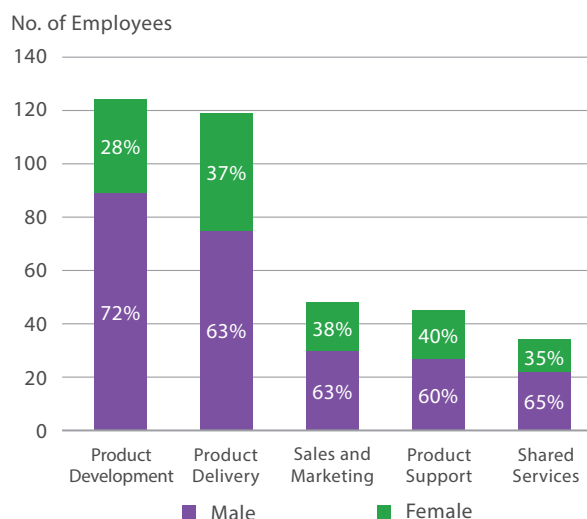
Employee breakdown of hSenidBiz group as at 31 March 2023



Employee breakdown by qualifications and experience



Employee breakdown by gender, as at 31 March 2023



LEARNING AND DEVELOPMENT

hSenidBiz has a training policy that encourages a strong culture of learning and peer-to-peer knowledge sharing through on-the-job training. To identify the training needs of the organisation/division or specific employees, a training needs analysis is conducted. Based on the analysis, training programmes are created and delivered to the target audience through seminars, knowledge sharing sessions, experiential learning sessions, and workshops. Employees can also attend external training sessions and conferences to enhance their skills and make use of online, on-demand learning through PeoplesHR Academy. The programme's success is evaluated by assessing both the trainees and trainers.

During FY23, employees completed over 130 learning hours through internal and external training sessions. In addition, over 200 certifications were issued over the course of the year through PeoplesHR Academy.

STRATEGIC INITIATIVES FOR FY24

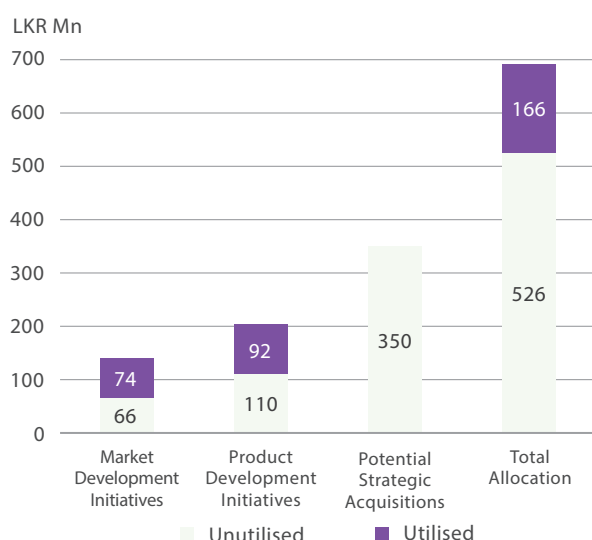
Investment roadmap

Remaining committed to our long-term growth objectives, in FY23, hSenidBiz utilised LKR 154 Mn of the funds raised through the IPO. To date, the Company has utilised a total of LKR 166 Mn, amounting to 24.0 percent of the total funds raised via the IPO. Investments were primarily directed towards product and market development activities. In FY23, our market development initiatives were spread across all regions, with a particular focus on South Asia and South East Asia.

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Investments roadmap and fund utilisation

Description	Expected Utilisation Timeline
Product Development Initiatives	
Accelerate the Product Development Road Map	January 2022 - December 2023
Improvement of PeoplesHR Marketplace Platform and Related Service Layer	January 2022 - December 2023
Market Development Initiatives	
Partner Acceleration Journey and Acquiring Global Talent Resources for Partner Development and Management	January 2022 - December 2023
Potential Strategic Acquisitions in APAC and East African Regions	April 2022 – March 2024



PRODUCT AND MARKET DEVELOPMENT

In its commitment to continuous innovation and improvement, hSenidBiz plans to make the most of the latest technological advancements in the digital and automation space. In the following years, the Company aims to bring in data warehousing services and machine learning-based features to PeoplesHR to enhance the product's analytical capabilities. This would enable companies to gain insights into their HR processes and employee data through advanced analytics. hSenidBiz is also working on a UX (User Experience) enhancement initiative for PeoplesHR while simultaneously adding new features to remain competitive and up-to-date in the market.

The Company is also focused on expanding its reach into new countries and has identified key countries in APAC and the Middle East as potential new markets. Localisation efforts for these countries will involve understanding their unique statutory requirements and tailoring the product to meet their needs.

Another critical focus area for hSenidBiz is improving business continuity. The Company is diversifying its workforce beyond Sri Lanka to grow into new time zones to sustainably offer 24/7 support and ensure uninterrupted service delivery to customers. As a first step, the Company has set up a new base in Bangladesh, with teams focused on product development, quality assurance, and implementation, to support our regional expansion.

Overall, these strategic steps are aimed at improving the product's analytical capabilities, enhancing the user experience, and expanding the Company's reach into new markets while ensuring uninterrupted service delivery. With these steps, hSenidBiz takes firm steps toward strengthening its position as a leading and go-to HRIS solution provider in the APAC and MEA regions.

Potential strategic acquisitions

hSenidBiz has been carefully evaluating inorganic growth opportunities in its focus markets. The process is still in its initial stages with a few opportunities being rejected owing to high valuation expectations. Nevertheless, this process continues with close monitoring of the competitor landscape in target markets with the intention of capitalising on opportunities that meet the Company's investment criteria.

Talent acquisition

In line with its continuous pursuit of excellence, hSenidBiz further strengthened its core leadership team with new additions in key functional areas of the business. These accomplished individuals will bring their extensive expertise and experience to the table, spearheading sales operations, nurturing robust customer relationships, and capitalising on opportunities within key markets. With the strategic addition of these talented professionals, hSenidBiz is ideally placed to fortify its position in the industry and deliver exceptional results for its valued clients and stakeholders.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

While pursuing its goal of prosperity, the Company recognises its responsibility as a responsible corporate citizen towards society. As a people-centric organisation, it has undertaken various CSR initiatives over the years to uplift and support

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communities. Provided below are details of the Company's major CSR initiatives for FY23.

SPECTRA

The SPECTRA Project was started in 2021 to support underprivileged schoolchildren in acquiring necessary resources for their academic requirements. This is an ongoing project, and during the year, the Company provided sponsorships to 12 school children, investing over LKR 300,000.

Dengue.lk

hSenidBiz launched Dengue.lk to raise public awareness about eradicating dengue from Sri Lanka. The website offers up-to-date information on the dengue virus in the country, preventive measures, symptoms, and recommended actions to take if diagnosed with dengue.

Singularity Sri Lanka Community Kitchen

hSenidBiz once again demonstrated its unwavering commitment to helping those in need through its partnership with the Singularity Sri Lanka Community Kitchen and 'Sarvodaya'. The initiative was launched to provide relief to urban and suburban low-income communities struggling during the gas, fuel, and food crisis in Sri Lanka. With the support of hSenidBiz employees and the Company's generous donations, volunteers were able to offer a helping hand. The event was held at St Joseph's Church, Grandpass, on 1 August, 29 August, and 5 September 2022. hSenidBiz committed to providing 800 meals per day at a cost of LKR 200 per meal. With an average of 1,800-2,000 people served daily, this project was a tremendous success.

Open Closet

hSenidBiz continued its celebration of hardworking women with the 'Open Closet' project held on 7 October 2022 and 10 March 2023. Since 2017, this initiative has aimed to give back to women facing challenges with limited access to clothing, shoes, and accessories. In FY23, over 800 deserving women were welcomed with open arms and gifted a free goody bag filled with clothes and accessories of their choice as part of this heartwarming project. Women from diverse backgrounds gathered to celebrate womanhood and indulge in a bit of shopping. The event was a beautiful display of love and appreciation for the amazing women who make daily sacrifices to support their loved ones.

Community Kitchen



Open Closet



ENVIRONMENTAL SUSTAINABILITY AND ETHICAL PRACTICES

PROACTIVE APPROACH TO ENVIRONMENTAL SUSTAINABILITY

At hSenidBiz, we are committed to developing practices that allow us to effectively manage sustainability risks. This involves collaboration with both our employees and clients. We have integrated environmental sustainability into our Company's strategic planning and business operations to ensure the protection of the environment, and sustainable development. Our main business offering, PeoplesHR solution, embodies the motto "Simple. Fast. Green," highlighting its environmentally friendly approach and efficient streamlining of HR functions for our 1,600 clients. By doing so, we assist them in reducing their carbon footprints. To further enhance this solution, we actively encourage clients to transition from on-premise systems to cloud-based solutions.

We have implemented various practices and policies to minimise our environmental impact and promote sustainable development. Here is how we address key aspects:

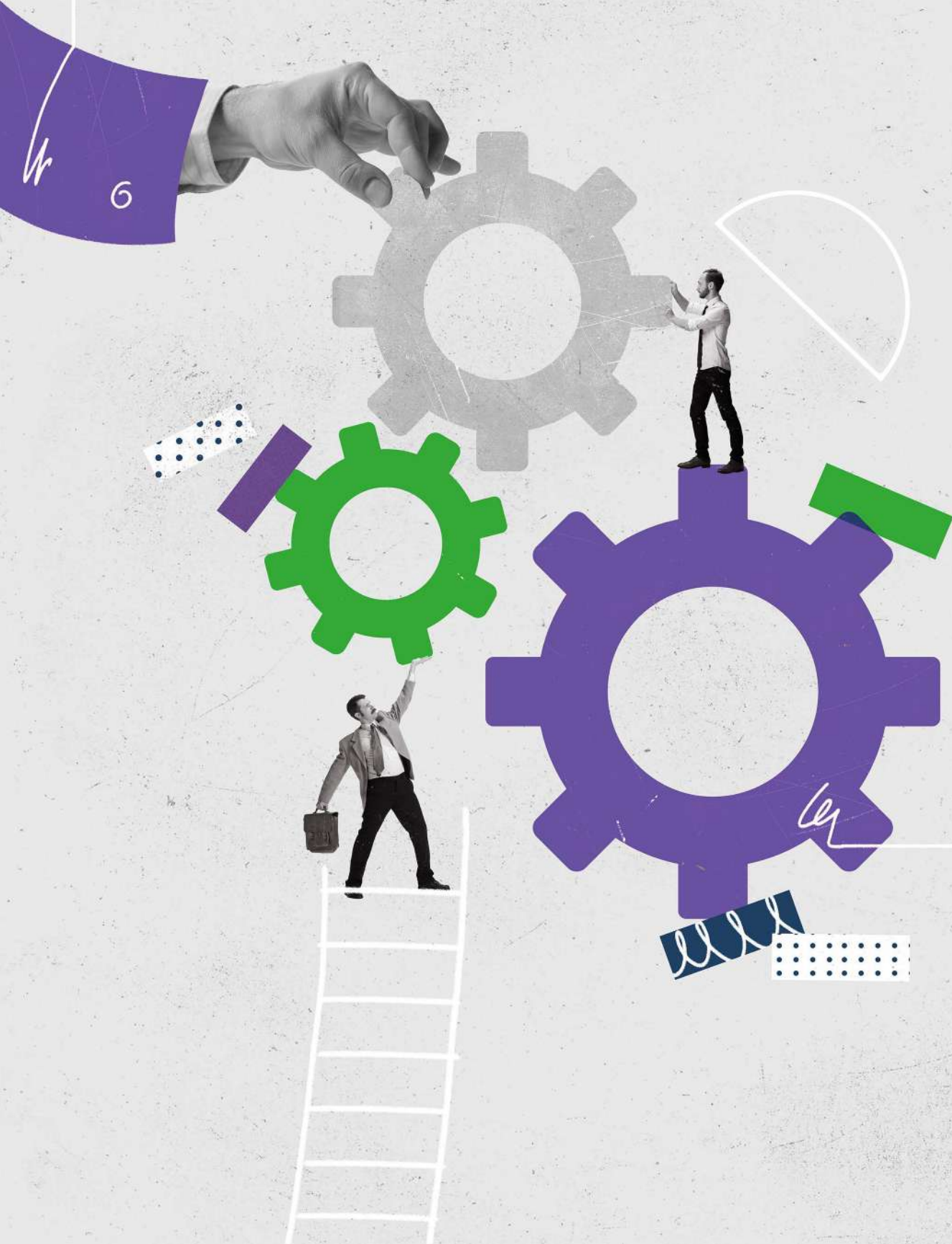
- **Paperless operations:** We have embraced digital documentation and communication, eliminating the need for extensive paper usage. By leveraging document management systems and digital collaboration tools, we have significantly reduced our reliance on printing, paper storage, and physical document transportation.
- **Remote work and virtual collaboration:** We actively encourage remote work and flexible working arrangements, which not only benefit our employees but also contribute to reducing carbon emissions associated with commuting. Through online collaboration platforms and communication tools, our teams effectively collaborate without the need for extensive travel, resulting in energy savings and reduced environmental impacts.
- **Sustainable software development practices:** Our software development processes prioritise sustainability. We optimise our code to improve energy efficiency and reduce resource consumption. We emphasise modularity and reusability to minimise waste, and we employ agile methodologies that ensure efficient resource usage throughout the development lifecycle.
- **Collaboration with clients and partners:** We actively collaborate with our clients and partners to address sustainability challenges. We promote environmentally friendly practices and encourage the adoption of sustainable technologies. Through collaborative initiatives, we work together to reduce carbon emissions and achieve collective environmental goals.
- **Continuous improvement and innovation:** We are committed to continuous improvement and innovation in our pursuit of environmental sustainability. By staying up-to-date with the latest trends and technologies in sustainable development, we continuously optimise our operations, develop greener solutions, and explore new ways to reduce our environmental impact.

UNWAVERING COMMITMENT TO ETHICAL BUSINESS PRACTICES

Ethical trading practices are essential for sustainable development and market competitiveness. The National Chamber of Exporters of Sri Lanka (NCE) has established eight principles based on People, Profit, and Planet to promote ethical practices among Sri Lankan exporters. Adhering to fair business standards, environmental protection, and sustainable development is crucial for exporters to maintain their edge in the global marketplace. NCE's Certificate of Ethical Trading (CET) sends a powerful message, and hSenidBiz successfully obtained the certificate on September 6, 2022. This accreditation enhances our commitment to ethical initiatives and signifies our dedication to moral conduct, employee engagement, investor trust, and revenue growth.

In the long run, we are aiming to incorporate not only local but global best practices and adopt policies in line with global standards suited to the Company's business model. Through these efforts, hSenidBiz strives to be at the forefront of environmental sustainability and ethical business practices in the industry, demonstrating our commitment to a greener and more equitable future.

Corporate GOVERNANCE



CORPORATE GOVERNANCE

A robust and effective corporate governance system facilitates a Company in cultivating a culture of integrity, leading to successful performance and sustainable growth. Furthermore, a well-defined framework that governs the relationship between shareholders, management and the Board of Directors, creates trust and inspires confidence among all stakeholders of an organisation and leads to enhanced access to capital flows.

At hSenidBiz, Corporate Governance plays an integral role in sustaining effective management of operations to deliver value to all stakeholders. The Company has established a Corporate Governance framework, adopting ethical business practices in compliance with all the necessary regulatory requirements applicable to the industry and the business in managing the Company operations with integrity and accountability.

BOARD RESPONSIBILITIES

The Board of Directors is primarily responsible for managing affairs of the Company fairly and transparently, by ensuring that the Corporate Governance guidelines and best practices are strictly followed within the organisation in serving and protecting the long-term interests of all its stakeholders.

Further, the Board discloses timely and accurate information regarding the financial performance of the Company, in addition to managing the governance of the Company through its leadership. The Board ensures that the necessary processes are in place to review and evaluate the Company's operations.

The Board makes decisions independent of the Management, and is assisted by the guidelines of the Code of Best Practice on Corporate Governance 2017, published jointly by the Securities and Exchange Commission of Sri Lanka (SEC), the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the CSE Listing Rules (including Rule 3.1.17 thereof).

hSenidBiz deems that an active, well-informed, and independent Board is imperative to ensure the highest standards of Corporate Governance, and therefore has ensured careful selection and maintenance of a well-balanced and diversified Board. Aligned with the Corporate Governance best practices, the Board has delegated certain responsibilities to the committees of the Board, and the committees deal with relevant issues according to its Terms of References, making recommendations to the Board as appropriate.

BOARD COMPOSITION

The Board assumes ultimate responsibility for corporate governance within the Company, providing leadership through

effective policy formulation and execution to meet the business objectives. At present, the Board comprises eight (8) Directors of whom two (2) are Executive Directors including the Chairman. The remaining six (6) are Non-Executive Directors of whom four (4) are Independent.

Name	Director Designation
Dinesh Saparamadu	Chairman, Executive, Non-Independent
Sampath Jayasundara	Executive, Non-Independent - Chief Executive Officer
Dishnira Saparamadu-Ariyaratne	Non-Executive, Non-Independent
Apurva Udeshi	Non-Executive, Non-Independent
Malinga De F. Arsakularatne	Non-Executive, Independent
Madu Ratnayake	Non-Executive, Independent
Anarkali Moonesinghe	Non-Executive, Independent
Dr. Arittha Wikramanayake	Non-Executive, Independent

BOARD DIVERSITY

The Board comprises persons from diverse academic and professional backgrounds, and has adequate expertise to meet the present needs of hSenidBiz. That said, the Board will continue to review the skill set and the expertise of its members on an ongoing basis in alignment with the business requirements and the complexity of business operations.

BOARD SKILLS

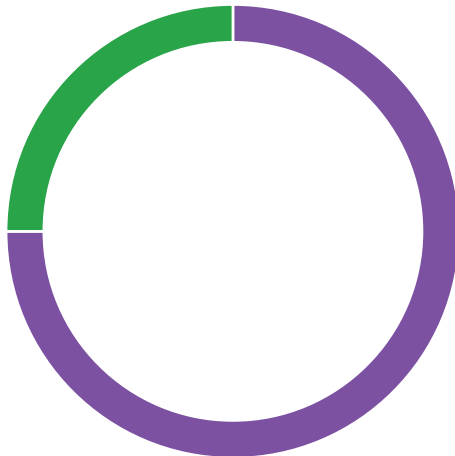
The Board consists of highly qualified individuals who have a wealth of experience in their respective fields and serve on Boards of several international organisations with the expertise to play distinctive roles in pursuing corporate objectives and the Company strategy. They bring together diverse capabilities and experience, maintaining the skill balance required for effective governance.

The Board's expertise covers diverse subject areas including enterprise technology, entrepreneurship, marketing, investment banking, investment management, and corporate finance to name a few.

CORPORATE GOVERNANCE CONTD.

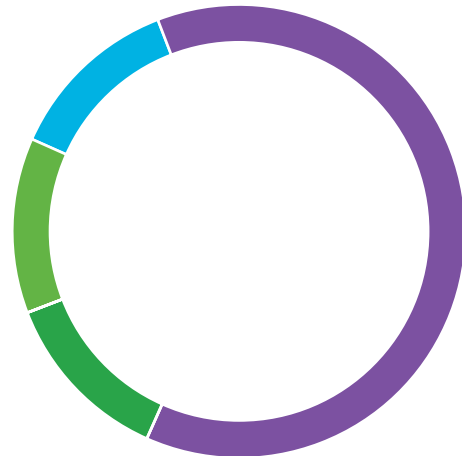
BOARD DIVERSITY

Board gender breakdown



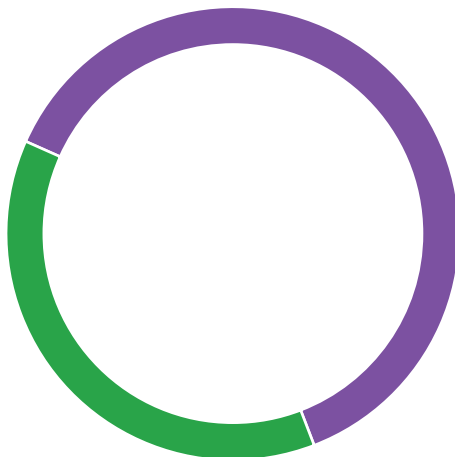
- Male - 75% (6 Directors)
- Female - 25% (2 Directors)

Board age breakdown



- Gen X - 63% (5 Directors)
- Baby Boomer - 12.5% (1 Director)
- Millennial - 12.5% (1 Director)
- Gen Z - 12.5% (1 Director)

Board tenure breakdown



- 0-3 Years - 63% (5 Directors)
- 9+ Years - 38% (3 Directors)

RISK MANAGEMENT

Risk management is an essential aspect of effective corporate management and governance. By carefully evaluating various risks, an organisation can protect its long-term sustainability by taking appropriate and timely actions to prevent or minimise potential threats. Through the identification, assessment, and mitigation of emerging risks, the organisation strengthens its risk management practices, thereby enhancing its ability to withstand challenges and uncertainties in the business environment.

hSenidBiz takes a proactive approach to identify, assess, and mitigate risks that could potentially affect business performance. In particular, as a software development company in the HCM industry, the Company prioritises

Information Security. In its commitment to safeguarding the confidentiality and integrity of its data, the Company has implemented policies and processes in line with the global ISO/IEC 27001:2013 (certification pertaining to Information Security Management Systems) and ISO/IEC 27017:2015 (certification related to Cloud Security Controls & Cloud Services Management Systems) standards.

Further, the Company remains vigilant about the uncertainties present in its operating environment and continuously identifies potential risks to the business. The risk framework below provides a description of the key risks specific to the business and mitigation strategies that have been adopted.

Risk	Description	Mitigant
Shortage of skilled talent	Migration risk leading to employee turnover and shrinkage of talent pool. Increased replacement costs	<ul style="list-style-type: none"> Focusing on improving our corporate brand as an appealing workplace for IT professionals in Sri Lanka Collaborating with local educational institutions to recruit a diverse and skilled workforce Establishing offshore development hubs to attract talent from the region and mitigate long-term talent acquisition challenges Working with the larger IT industry in Sri Lanka to address the high demand for IT skills and enhance the talent supply
Service Interruptions	Client-side system breaches, infrastructure failures and service interruptions	<ul style="list-style-type: none"> Using state-of-the-art cloud infrastructure providers such as Microsoft Azure, AWS, Google etc, while rigorously assessing client infrastructure readiness to host Company software applications
Cybersecurity	System security and data privacy risks	<ul style="list-style-type: none"> Regularly carrying out vulnerability and penetration testing of products and systems Maintaining compliance with ISO/IEC 27001:2013 and ISO/IEC 27017:2015 (detailed further below)
Technology obsolescence	Risk of product portfolio becoming obsolete due to new technology and competitor activity, including risks to intellectual property	<ul style="list-style-type: none"> Maintaining and constantly updating a product roadmap for new features, improved architecture, and regular updates Investing in R&D, talent acquisition, and monitoring new trends
Inability to execute strategic growth plans	Risk arising from inability to execute strategic growth plans in a timely and prudent manner	<ul style="list-style-type: none"> Nurturing a culture of continuous development, innovation, and accountability Implementing growth plans for new markets, channel partners, and product launches with a dedicated team Strengthening product development, sales and senior management team Focusing on effective capital allocation

RISK MANAGEMENT CONTD.

Risk	Description	Mitigant
Compliance risk	Compliance with local regulatory requirements, industrywide and company specific HR practices	<ul style="list-style-type: none"> • Liaising with local practitioners to obtain and validate rules and regulations in relation to payroll practices and tax regulations • Carrying out detailed requirement gathering exercises to ensure compliance with industry and company specific HR practices
Licencing risk	Loss of necessary third-party software licences, resulting in service interruptions	<ul style="list-style-type: none"> • hSenidBiz has entered into long-term agreements and proactively monitors relationships with third party software vendors

INFORMATION SECURITY MANAGEMENT IN ACCORDANCE WITH ISO 27001 AND ISO 27017

In FY23, hSenidBiz successfully obtained ISO/IEC 27001:2013 certification pertaining to Information Security Management Systems. The purpose of this system is to define a suitable 'Information Security Organisation Structure' and define roles and responsibilities for the coordination of information security activities within the Company. It ensures comprehensive protection for hSenidBiz's information assets, safeguarding against breaches of confidentiality, integrity failures, interruptions, and repudiation of transactions. The system also provides management guidance and supports compliance with standards, laws, and regulations while allowing appropriate access, use, and disclosure of information.

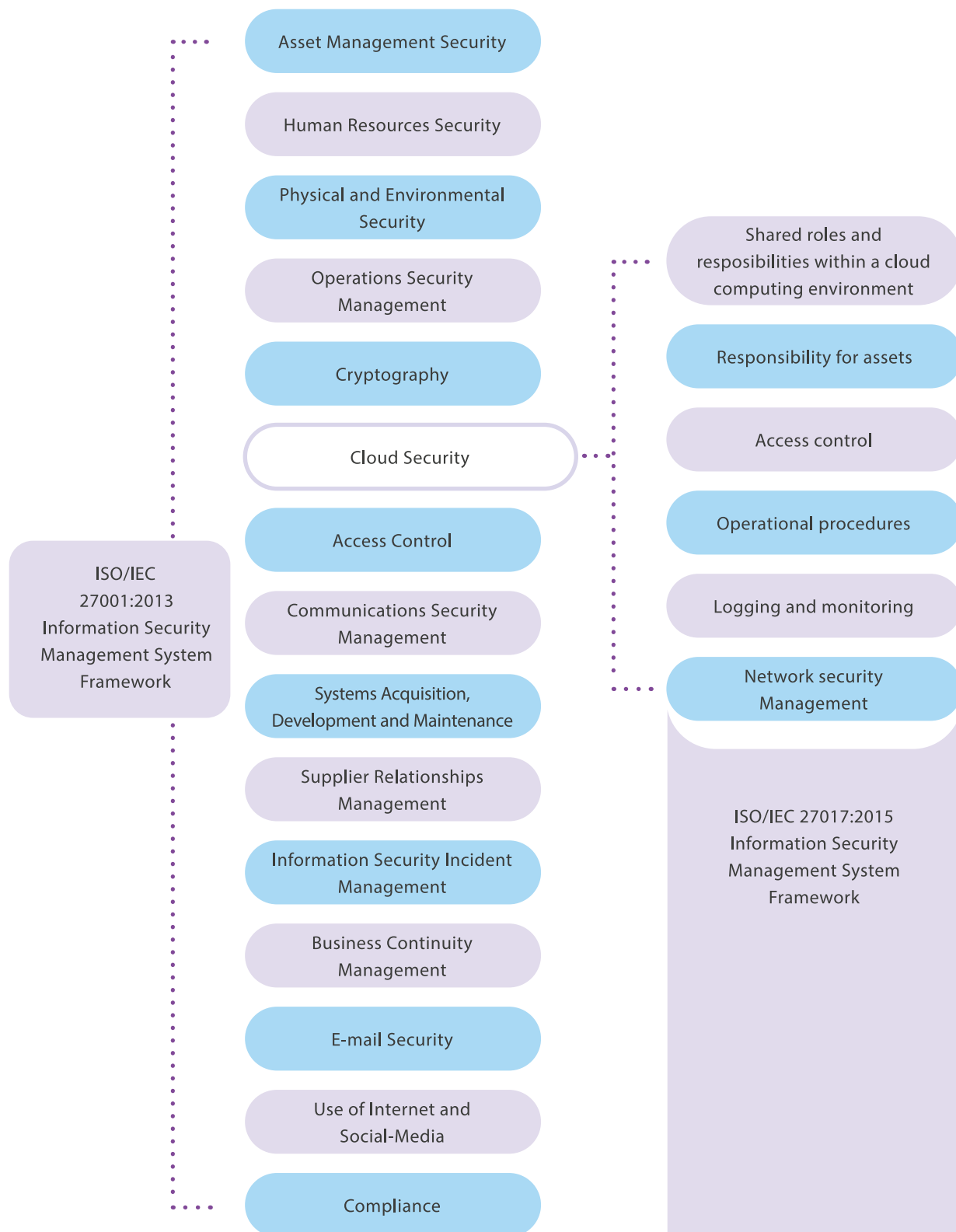
Furthermore, hSenidBiz also secured the ISO/IEC 27017:2015 certification focused on information security controls for cloud services. hSenidbiz completed the audits in 2H FY23 and received the final certification. Recognising the growing importance of cloud products, the Company is committed to implementing risk management practices to safeguard client data and provide guidelines for employees. The responsibility for implementing these new information security policies throughout the organisation lies with the Information Security Officer and a Compliance Officer.

In line with these two certifications, hSenidBiz has laid out detailed policy documents on both Information Security and Cloud Security. The hSenid Business Solutions (hSenidBiz) Information Security Policy (ISP) is a crucial document that outlines the Company's commitment to protecting the confidentiality, integrity, and availability of its information assets. The ISP ensures that its information assets receive comprehensive protection against breaches of confidentiality, integrity failures, interruptions to availability, and repudiation of transactions. It provides clear management direction and support to safeguard our information assets and enables access, use, and disclosure of information in compliance with relevant standards, laws, and regulations. By adhering to this policy, the Company is able to ensure the secure management of its information assets and uphold its commitment to data protection.

The Cloud Security Policy document details the threats, technology risks, and safeguards for cloud environments, and provides the insight needed to make informed information technology decisions for their treatment.

RISK MANAGEMENT CONTD.

Information security management systems framework



AUDIT COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee is to provide assistance to the Board of Directors of hSenidBiz in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and other relevant stakeholders with regard to;

- Integrity of the Company's financial statements,
- Effectiveness of the Company's internal controls,
- Company's compliance with legal and regulatory requirements,
- External and Internal Auditors' qualifications, performance, independence, remuneration, appointment, reappointment and removal together with the terms of engagement, and
- Overseeing the Company's compliance with ethical standards as adopted by the Company.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Audit Committee consists of three (3) Non-Executive directors, chaired by Mr. Malinga Arakularatne, while Corporate Services (Private) Limited acts as the Secretary to the committee.

The Committee's composition as at 31 March 2023 was as follows:

Name	Category	Meeting Attendance
Mr. Malinga Arakularatne	Independent, Non-Executive Director	4/4
Mr. Apurva Udeshi	Non-Independent, Non-Executive Director	3/4
Ms. Anarkali Moonesinghe	Independent, Non-Executive Director	4/4

Brief profiles of each member are given on pages 15 to 17 of this report.

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

- Mr. Dinesh Saparamadu — Chairman
- Mr. Sampath Jayasundara — Chief Executive Officer
- Mr. Raveen Lasath — Financial Controller

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The primary role of the Audit Committee is to ensure the integrity of financial reporting, audit processes, the maintenance of sound internal controls and risk management systems. The Committee's responsibilities include the following:

- Ensuring that the Company maintains proper books of accounts and the financial statements provide a true and fair view of the financial position and financial performance of the Company.
- Ensuring the effectiveness of the finance function.
- Ensuring the External Audit and Internal Audit are performed by two distinct and independent teams with the required professional qualifications, experience, competence, and authority.
- Ensuring independence of the External Auditors and Internal Auditors has not been impaired by any conflict of interest.
- Assessing the performance of the External Auditors and Internal Auditors, and making recommendations to the Board of Directors in this regard.
- Ensuring the Risk Management framework is defined and effectively implemented across the organisation with competent staff.
- Ensuring that the financial statements are prepared and presented in compliance with the relevant laws, regulations and accounting standards.
- Responsible for overseeing, reviewing and periodically updating the Company's code of conduct and ethics, along with compliance monitoring and enforcement of the same.

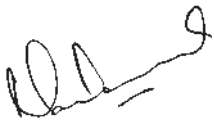
ACTIVITIES CARRIED OUT BY THE COMMITTEE IN FY 2023

- Reviewed and discussed with the Company's management and the Independent Auditors, the Consolidated Financial Statements for the financial year ended 31 March 2023.
- Ensured that the Consolidated Financial Statements were prepared in accordance with Sri Lanka Financial Reporting Standards, fairly presenting the results of operations and the financial position of the Company.
- Ensured that the Management has taken necessary and adequate steps to manage risk exposures by reviewing the internal controls, risk identification and management measures.
- Reviewed internal assessment carried out by the management on the ability of the Company to continue as a going concern, taking into consideration the potential implications of the prevailing economic conditions both locally and in markets hSenidBiz is present in.
- Reviewed the compliance on Colombo Stock Exchange (CSE) Listing Rules and regulations.

AUDIT COMMITTEE REPORT CONTD.

CONCLUSION

The Audit Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the reported financial results present a true and fair view. The Audit Committee is in agreement that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.



Malinga Arsakularatne
Chairperson
Audit Committee

21 July 2023

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The Human Resources and Remuneration Committee operates within the terms of reference approved by the Board and assists the Board in ensuring that the remuneration policies of the Company align with its objectives.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Remuneration Committee consists of three (3) Non-Executive Directors of whom two (2) are Independent Directors. The committee is chaired by Mr. Madu Ratnayake, while Corporate Services (Private) Limited acts as the Secretary to the committee.

The Committee's composition as at 31 March 2023 was as follows:

Name	Category	Meeting Attendance
Mr. Madu Ratnayake	Chairperson Non-Executive, Independent	2/2
Mr. Malinga Arsakularatne	Non-Executive, Independent	2/2
Ms. Dishnira Saparamadu-Ariyaratne	Non-Executive, Non- Independent	2/2

Brief profiles of each member are given on pages 15 to 16 of this report.

The following members of the corporate management team also attended the meetings by invitation of the Committee.

- Mr. Dinesh Saparamadu – Chairman
- Mr. Sampath Jayasundara – Chief Executive Officer
- Mr. Dinushan Tennakoon – Head of Human Resources

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's primary responsibilities include;

- The recommendation of remuneration of the Chairman and Non-Executive Directors of the Board and remuneration policy relating to Executive Directors, Chief Executive Officer and key management personnel of the Company.
- Ensuring that proper succession plans are in place and providing recommendations on key HR decisions relating to key management personnel/corporate managers and HR policies governing other staff.

- Approving the annual budget for human resources along with proposed training and development programmes, action plans and HR strategies.
- Ensuring appropriate compensation packages which suit each business within the Group, determined in line with individual employees' performance, qualifications and level of experience whilst keeping in mind the business performance and long-term shareholder returns.

ACTIVITIES CARRIED OUT BY THE COMMITTEE IN FY 2023

- Deliberated the importance of identifying the talent requirement to execute the developed company strategy. The talent review process was mapped internally during the Financial Year 2022 to 2023. The study was done by having one-on-one conversations with the Senior Management Team, while having a focus on the company strategy for the coming three years and the competency requirement to achieve the company vision. Accordingly, the focus was given mainly to two aspects; what new talent must be hired into the Company and how best we could further sharpen our existing talent through focused learning and development.
- Deliberated the importance of company culture and how to create a culture for high performance. A comprehensive culture diagnostic exercise was carried out using an inside out approach. Survey inputs were gathered from various stakeholders of hSenidBiz, including our staff members, key clients of the Company, and the senior management team. Further, this survey included research on the cultural traits of the top ten global tech companies and a number of key local tech companies and competitors. The internal survey revealed that a majority of our staff members have found hSenidBiz culture to be friendly, supportive and flexible.
- Deliberated details of customer-led and product-led cultures. An ongoing survey and discussion is taking place on the implementation of the salient traits of a product-led culture at hSenidBiz.
- Deliberated succession planning and mapped the succession candidates for each critical position. Further, management introduced special bonus schemes and an employee share option plan (ESOP) as a measure to retain the critical talent of the Company.

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT CONTD.

CONCLUSION

During the year, all objectives of the Human Resources and Remuneration Committee with regard to compensation and benefits and human resources policies were met. The minutes of the meetings including recommendations and approvals were presented to the Board of Directors for affirmation.



Madu Ratnayake

Chairperson

Human Resources and Remuneration Committee

21 July 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The Related Party Transactions Review Committee assists the Board in ensuring that interests of shareholders as a whole are taken into consideration when entering into transactions with related parties in order to avoid any conflict of interests and are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission (SEC) and with the Listing Rules of the Colombo Stock Exchange (CSE).

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Related Party Transaction Committee comprises five (5) Non-Executive Directors, chaired by Ms. Anarkali Moonesinghe, while Corporate Services (Private) Limited acts as the Secretary to the committee.

The Committee's composition as at 31 March 2023 was as follows:

Name	Category	Meeting Attendance
Ms. Anarkali Moonesinghe	Chairperson Independent, Non-Executive Director	4/4
Mr. Apurva Udeshi	Non-Independent, Non-Executive Director	2/4
Ms. Dishnira Saparamadu-Ariyaratne	Non-Independent, Non-Executive Director	4/4
Mr. Malinga Arsakularatne	Independent, Non-Executive Director	3/4
Dr. Arittha R. Wikramanayake	Independent, Non-Executive Director	0/4

Brief profiles of each member are given on pages 15 to 17 of this report.

During the financial year ending 31 March 2023, two new committee members were appointed. Mr. Malinga Arsakularatne was appointed to the committee effective 27 May 2022 while Dr. Arittha R. Wikramanayake was appointed to the committee effective 18 October 2022.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

Except for transactions mentioned under rule 27 of the Code, all other related party transactions should be reviewed by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such

review, prior to the completion of the transaction.

In particular, the Committee will review all transactions between the Company and Related Parties to;

1. Assess whether the transactions are in the best interests of the Company and its shareholders as a whole,
2. Evaluate whether the transactions fall within the ambit of a normal business relationship, including whether:
 - a) the related party service providers have the adequate skills and capacity, and
 - b) the related party services are provided at market competitive rates,
3. Confirm whether the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis, including by considering benchmarks when available, and
4. Based on its review, the Committee will recommend to the Board entry into the agreement or transaction as appropriate.

REVIEW OF RELATED PARTY TRANSACTIONS IN FY 2023

During the year there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the year is disclosed in Note 27 to the Financial Statements.

CONCLUSION

The Committee will continue to assist the Board of Directors by reviewing all Related Party Transactions and ensuring that;

- They are in compliance with Section 9 of the Listing Rules of CSE
- The shareholders' Interests are safeguarded
- They are fair and transparent and on commercial terms



Anarkali Moonesinghe

Chairperson

Related Party Transactions Review Committee

21 July 2023

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to present the Annual Report for the year ended 31 March 2023 of your Company together with the Audited Financial Statements of hSenid Business Solutions PLC (the “Company”), and the Audited Consolidated Financial Statements of the Company for the year ended 31 March 2023 and the Independent Auditors’ Report on page 64 conforming to all relevant statutory requirements. The details set out here provide pertinent information required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE) and are guided by recommended rules of best practice.

LEGAL FORM

hSenid Business Solutions was incorporated on 05 October 2005 as a private limited liability company under the name hSenid Business Solutions (Private) Limited., and is a Human Capital Management software vendor and solutions provider.

The Company subsequently converted to a public limited liability company on 19 September 2021. The Company pursuant to an initial public offer (“IPO”) was listed on the main board of the CSE on 21 December 2021.

PRINCIPAL ACTIVITIES

The Company is engaged in software development for Human Resource (HR) applications to assist HR professionals to effectively manage human resources and implement HR best practices, Payroll management, IT-related consultancy services, IT-related project management, rendering of support services and sale of Software and Hardware.

REVIEW OF PERFORMANCE

The financial and operational performance and outlook of the Company and its business units are described in the Chief Executive Officer’s message on page 11 and the Operational Review section on page 36. This, together with the Audited Financial Statements, reflects the state of affairs of the Company. Segment-wise contribution to the Company revenue is given in Note 5 to the Financial Statements.

FINANCIAL STATEMENTS

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act, the Board of Directors is responsible for the preparation of the Financial Statements of the Company, which reflect a true and fair view of the financial position and performance of the Company. In this regard, the Board of Directors wishes to confirm that the Consolidated Financial Statements appearing on pages 68 to 104 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka

Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act. There were no changes to the accounting policies adopted in the previous year for the Company, other than those stated.

The Financial Statements of the Company for the year ended 31 March 2023, including comparatives for 2021/22, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 July 2023.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and the group have been consistently applied from previous year. The significant accounting policies including any new accounting standards adopted in the preparation of financial statements are given on pages 72 to 82.

SUBSIDIARIES

The Company’s interest in subsidiaries as at 31 March 2023 is as follows:

Name of the subsidiary	Country of Incorporation	Shareholdings
hSenid Software (Singapore) Pte Ltd	Singapore	100%
hSenid Business Solutions (India) Pvt Ltd	India	100%

DIRECTORS

The Directors of the Company, as at 31 March 2023, and their brief profiles are given on pages 14 to 17. The names of Directors who will retire and those who will seek reappointment at the forthcoming Annual General Meeting (AGM) are given in the Notice of Meeting on page 110.

Directors’ Interests in Contracts and Proposed Contracts except as stated in Note 27 to the Financial Statements, during and at the end of the financial year 2022/23, none of the Directors were directly or indirectly interested in contracts or proposed contracts connected with the Company’s business.

DIRECTORS’ SHAREHOLDINGS

The details of shares held by the Directors as at the end of the current financial year are as follows:

Name of Director	2022/2023	2021/2022
Mr. Dinesh B. Saparamadu	28,000,110	27,800,110
Mr. Sampath Jayasundara	3,303,300	3,303,300

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY CONTD.

DIRECTOR'S REMUNERATION AND OTHER BENEFITS

The remuneration and other benefits of the Directors are given in Note 27.2.1 to the financial statements on page 101.

STATED CAPITAL

The stated capital of the Company as at 31 March 2023 amounted to LKR 922,748,205 consisting of 276,695,376 ordinary shares.

RESERVES

Total reserves and their composition are set out in the statement of changes in equity on page 70 of the consolidated financial statements.

MAJOR SHAREHOLDERS

Details of the Company's twenty largest shareholders and the percentages held by each of them are disclosed in the Investor Information section of the Annual Report on page 107.

DIVIDEND

The Directors recommend that a final cash dividend of LKR 96,843,382 equivalent to LKR 0.35 per ordinary share for the financial year 2022/23, to be paid to those on the register of shareholders at the close of business on the record date. Prior to recommending the dividend and in accordance with Sections 56 (2) and (3) of the Companies Act, the Board signed a certificate stating that, in their opinion, based on available information, the Company will satisfy the solvency test immediately after the distribution is made and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act. Shareholder approval will be sought at the AGM to declare and pay the dividend as recommended by the directors.

EXTERNAL AUDITORS

The External Auditors, Messrs Ernst & Young, have expressed their opinion on pages 64 to 67. Details of their remuneration are given in Note 8 on page 84 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any other relationship or any interest in contracts with the Company. The Directors propose the reappointment of Ernst & Young Chartered Accountants as Auditors of the Company for the year 2023/2024 subject to the approval of the shareholders at the Annual General Meeting.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments to the Government, other

regulatory institutions, and related to employees have been made on time or have been provided for.

DONATIONS

The Company has not made monetary donations during the year 2022/23.

GOING CONCERN BASIS

The Board of Directors reviewed the business plans of the Company, and is satisfied with the adequacy of resources to continue operations in the foreseeable future. Accordingly, the Financial Statements of the Company have been prepared on the going concern basis.

DIRECTORS' INTERESTS AND THE INTERESTS REGISTER

The relevant interests of each Director in the share capital of the Company have been notified by the Directors to the CSE in accordance with Section 7.8 of the Listing Rules and, accordingly, the relevant entries have been made in the Company's Interests Register which has been maintained as required by the Companies Act. This Annual Report also contains particulars of entries made in the Interests Registers of subsidiaries which are public companies or private companies which have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act.

Particulars of entries in the Interests Register include interests in contracts. The Directors have all made a general disclosure to the Board as required by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties in respect of the Company, for the financial year ended 31 March 2023, are given in Note 27 to the Financial Statements on pages 100 and 101 of the Annual Report and have complied with Rule 9.3.2 of the Listing Rules and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

EMPLOYEE SHARE OPTION PLAN

As you are aware, the Company, with the approval of the shareholders obtained on 06 December 2022, established an

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY CONTD.

Employee Share Option Scheme (ESOP) with the objective of providing the employees of the hSenidBiz (including any person rendering services to the company and/or its subsidiaries on a fixed term contract) selected by the Board of Directors on the recommendation of the ESOP committee.

The total number of shares that may be issued by the Company under the ESOP to the Eligible Employees, in the event all of the Options granted to the Eligible Employees are exercised fully, will be ten million (10,000,000) shares amounting to approximately three decimal four nine percent (3.49%) of the total issued shares of the Company, post issuance of such shares.

During the period 1 April 2022 to 31 March 2023, the Company has granted options to 81 Eligible Employees underlining five million (5,000,000) shares. None of the options granted have been vested during the period 1 April 2022 to 31 March 2023.

INTERNAL CONTROL

The Board, through the involvement of the Company Executive Committee, takes steps to gain assurances on the effectiveness of control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Company, compliance with laws and regulations, and established policies and procedures of the Company. The Board has direct access to the Chairman of the Audit Committee. This Committee reviews reports of the Internal Auditors too.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity which is harmful to the environment.

SUSTAINABILITY

The Company pursues its business goals under a stakeholder model of business governance. As per this model, the Company has taken specific steps, particularly in ensuring the conservation of its natural resources and the environment as well as addressing material issues highlighted by stakeholders.

CORPORATE GOVERNANCE

The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of management and operations of the Group. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency.

The Company has complied with Corporate Governance rules laid down by The Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Section on pages 48 and 49 describes the Corporate Governance Principles adopted by the Company.

The company has complied with section 7.10 of the Listing rules of the Colombo Stock Exchange (CSE).

EMPLOYMENT

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability.

ANNUAL GENERAL MEETING

Please refer the Notice of Meeting that appears on page 110 of this Annual Report.

By order of the Board
hSenid Business Solutions PLC



Dinesh Saparamadu
Chairman



Sampath Jayasundara
CEO/Director



Corporate Services (Pvt) Ltd
Company Secretary

21 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY

This statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and, is made to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the Financial Statements contained in this Annual Report.

The responsibility of the Directors with relation to the Financial Statements of the Company is set out in this statement. The responsibility of the Independent Auditors, in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ("the Act"), is set out in the Independent Auditors' Report from pages 64 to 67.

As such, the Directors of hSenidBiz confirm that the Financial Statements of the Company for the year ended 31 March 2023 presented in this report have been prepared in accordance with the Sri Lanka Financial Reporting Standards/SLFRS and the Companies Act No. 07 of 2007.

The Directors are required to prepare Financial Statements for each financial year, which provides a true and fair view of the state of affairs of the Company for the financial year, and of the income and expenditure of the Company for the financial year.

The Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income, which present a true and fair view of the profit and loss of the Company for the financial year; and
- Statement of Financial Position, which present a true and fair view of the state of affairs of the Company as at the end of the financial year, and which comply with the requirements of the Act and SLRFS.

In preparing the Financial Statements, the Directors have selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis. The Directors are of the view that adequate funds and other resources are available within the Company for the Company to continue in operation for the foreseeable future.

The Directors also confirm that this Directors' Report contains a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

In addition, the Directors have also adopted appropriate internal controls which comprise internal checks, risk management policies and financial and other controls which have been implemented to provide reasonable assurance that all assets are safeguarded, and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time. Furthermore, the Directors have established committees, such as the Audit Committee, Human Resources and the Remuneration Committee, and Related Party Transactions Review Committee, to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors have provided the Auditors with all required information and explanations and every opportunity to undertake all necessary audit procedures which they consider appropriate for the purpose of enabling them to provide an audit opinion on the Financial Statements. The Directors are of the view that they have discharged their responsibilities in this regard.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the balance sheet date have been paid or where relevant provided for.

By the order of the Board
hSenid Business Solutions PLC



Dinesh Saparamadu
Chairman



Sampath Jayasundara
CEO/Director



Corporate Services (Pvt) Ltd
Company Secretary



Financial **REPORTS**

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HSENI BUSINESS SOLUTIONS PLC

Opinion

We have audited the financial statements of hSenid Business Solutions PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards

(SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Key audit matters common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>The Group derived a revenue of LKR 1.464 Bn from the sale of products and services for the year ended 31 March 2023, as disclosed in Note 5 to the financial statements.</p> <p>Recognition and measurement of revenue from the products and services was a key focus of the audit due to:</p> <ul style="list-style-type: none"> Complexity involved in determining project milestones, risk contingencies execution and ongoing uncertainties around expected costs to complete. Large volume of transactions which arise from sales of different combinations of the hardware services. The existence of specific contractual terms in sales arrangements entered, affecting the recognition and measurement of revenue for support maintenance services. 	<p>Our audit procedures amongst others included the following;</p> <ul style="list-style-type: none"> Obtained understanding of the process for how management determines the percentage of completions, evaluated the design of, and performed tests of controls. Checked sales agreements entered into by the group and assessed whether terms attached to such agreements have been appropriately factored in by the group in the recognition of revenue. Checked the related evidences to verify the receipt of the revenue <p>We also assessed the adequacy of disclosures made in relation to the recognition of revenue in Note 5 to the financial statements.</p>

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Other Information included in the 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of both Company and Group.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and,

INDEPENDENT AUDITOR'S REPORT CONTD.



based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7752.

24 July 2023
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons) MIS MSc IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers	5	1,464,368,120	1,090,790,758	1,231,651,499	933,782,756
Cost of sales		(819,870,525)	(473,305,600)	(646,174,751)	(356,009,881)
Gross profit		644,497,595	617,485,158	585,476,748	577,772,874
Other operating income	6	79,144,971	291,372,600	70,920,002	287,353,364
Administrative expenses		(386,814,419)	(194,879,843)	(382,470,153)	(150,730,786)
Selling and marketing expenses		(227,068,156)	(197,830,019)	(269,388,950)	(271,329,441)
Other operating expenses		(109,326,924)	(76,278,723)	(102,836,539)	(75,157,438)
Operating Profit		433,067	439,869,173	(98,298,892)	367,908,572
Finance cost	7.1	(5,811,654)	(5,483,189)	(5,569,247)	(5,277,724)
Finance income	7.2	194,271,359	32,003,790	194,271,359	32,003,790
Profit before tax	8	188,892,772	466,389,774	90,403,221	394,634,638
Income tax expense	9	(696,863)	(11,902,554)	(1,039,859)	(11,215,831)
Profit for the year		188,195,909	454,487,219	89,363,362	383,418,808
Attributable to:					
Equity holders of the Company		188,195,909	454,487,219	89,363,362	383,418,808
Non-controlling interest		-	-	-	-
Earnings Per Share					
- Basic, profit for the year attributable to ordinary equity holders of the parent	10	0.68	1.93	0.32	1.63
Other comprehensive income					
Other Comprehensive Income - Items not to be reclassified to profit or loss in subsequent periods		-	-	-	-
Exchange differences on translation of foreign operations		16,613,058	(4,677,867)	-	-
Remeasurement gain/(loss) on defined benefit plans		13,083,877	2,074,258	13,083,877	2,074,258
Deferred tax on Re-measurements of defined benefit obligations		(3,925,163)	(44,061)	(3,925,163)	(44,061)
Total comprehensive income for the year, net of tax		213,967,681	451,839,550	98,522,076	385,449,005
Attributable to:					
Equity holders of the Company		213,967,681	451,839,550	98,522,076	383,418,808
Non-controlling interest		-	-	-	-

The Accounting Policies and Notes on pages 72 through 104 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		Group		Company	
	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	51,217,400	20,060,449	50,645,279	19,717,549
Right of use assets	13	17,453,232	28,233,890	16,787,563	20,478,877
Intangible assets	14	301,092,317	214,888,450	295,871,924	206,040,983
Goodwill on acquisition	15	2,008,131	2,008,131	-	-
Investments in subsidiaries	16	-	-	88,329,540	136,859,362
Deferred tax assets	9.7	38,137,673	-	37,971,891	-
		409,908,752	265,190,920	489,606,197	383,096,771
Current Assets					
Inventories	17	29,729,130	29,685,786	29,729,130	29,685,786
Trade and other receivables	18	636,514,786	530,067,272	587,083,468	600,858,289
Advances and prepayments		74,769,694	66,315,496	21,164,778	8,389,732
Other current financial assets	19	1,168,482,275	1,083,462,924	1,168,482,275	1,083,462,924
Cash and short-term deposits	21.1	409,089,992	413,247,696	256,769,353	215,679,628
		2,318,585,877	2,122,779,174	2,063,229,004	1,938,076,359
Total Assets		2,728,494,629	2,387,970,094	2,552,835,200	2,321,173,130
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	22	922,748,205	922,748,205	922,748,205	922,748,205
Share based payments reserves		2,155	-	2,155	-
Currency translation reserve		29,710,499	13,097,441	-	-
Retained earnings		1,041,046,890	926,700,879	1,023,427,076	1,007,913,613
Total Equity		1,993,507,748	1,862,546,525	1,946,177,436	1,930,661,818
Non-Current Liabilities					
Retirement benefit obligation	24	79,625,460	80,744,970	79,625,460	80,744,970
Interest-bearing loans and borrowings	20	11,898,482	4,277,354	11,898,482	3,658,420
Deferred tax liabilities	9.7	-	1,822,942	-	1,829,107
		91,523,942	86,845,266	91,523,942	86,232,498
Current Liabilities					
Trade and other payables	23	458,116,299	319,021,712	330,477,842	191,942,452
Deferred income		137,777,212	81,481,592	137,777,212	81,481,592
Interest-bearing loans and borrowings	20	7,870,392	31,989,169	7,179,734	24,768,940
Income tax payable		39,699,035	6,085,830	39,699,035	6,085,830
		643,462,939	438,578,304	515,133,823	304,278,815
Total Equity and Liabilities		2,728,494,629	2,387,970,094	2,552,835,200	2,321,173,130

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

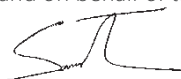


Nilendra Weerasinghe - Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:



Dinesh Saparamadu - Chairman



Sampath Jayasundara - CEO/Director

The Accounting Policies and Notes on pages 72 through 104 form an integral part of these financial statements.

21 July 2023

Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Stated Capital Rs.	Share-Based Payments Reserve Rs.	Foreign Currency Translation Reserve Rs.	Retained Earnings Rs.	Non Controlling Interest Rs.	Total Equity Rs.
Group							
Balance as at 31st March 2021		224,036,627	-	17,775,308	527,476,218	-	769,288,153
Profit for the year		-	-	-	454,487,219	-	454,487,219
Dividends		-	-	-	(30,004,113)	-	(30,004,113)
Other comprehensive income		-	-	(4,677,867)	-	-	(4,677,867)
Total comprehensive income		-	-	(4,677,867)	424,483,106	-	419,805,239
Issue of share capital		698,711,578	-	-	-	-	698,711,578
Share issue expenses		-	-	-	(27,288,642)	-	(27,288,642)
Re-measurements of defined benefit obligations		-	-	-	2,074,258	-	2,074,258
Deferred tax on Re-measurements of defined benefit obligations		-	-	-	(44,061)	-	(44,061)
Balance as at 31st March 2022		922,748,205	-	13,097,441	926,700,879	-	1,862,546,525
Profit for the year		-	-	-	188,195,909	-	188,195,909
Dividends	11	-	-	-	(83,008,613)	-	(83,008,613)
ESOP expenses for the year		-	2,155	-	-	-	2,155
Other comprehensive income		-	-	16,613,058	-	-	16,613,058
		-	2,155	16,613,058	105,187,296	-	121,802,509
Re-measurements of defined benefit obligations		-	-	-	13,083,877	-	13,083,877
Deferred tax on re-measurements of defined benefit obligations		-	-	-	(3,925,163)	-	(3,925,163)
Balance as at 31st March 2023		922,748,205	2,155	29,710,499	1,041,046,890	-	1,993,507,748

	Note	Stated Capital Rs.	Share-Based Payments Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Company					
Balance as at 31st March 2021		224,036,627	-	679,757,364	903,793,990
Profit for the year		-	-	383,418,808	383,418,808
Dividends		-	-	(30,004,113)	(30,004,113)
Total comprehensive income		-	-	353,414,695	353,414,695
Issue of share capital		698,711,578	-	-	698,711,578
Shares Issue expenses		-	-	(27,288,642)	(27,288,642)
Re-measurements of defined benefit obligations		-	-	2,074,258	2,074,258
Deferred tax on re-measurements of defined benefit obligations		-	-	(44,061)	(44,061)
Balance as at 31st March 2022		922,748,205	-	1,007,913,613	1,930,661,818
Profit for the year		-	-	89,363,362	89,363,362
Dividends	11	-	-	(83,008,613)	(83,008,613)
ESOP expenses for the year		-	2,155	-	2,155
Total comprehensive income		-	2,155	6,354,749	6,356,904
Re-measurements of defined benefit obligations		-	-	13,083,877	13,083,877
Deferred tax on re-measurements of defined benefit obligations		-	-	(3,925,163)	(3,925,163)
Balance as at 31st March 2023		922,748,205	2,155	1,023,427,076	1,946,177,436

The Accounting Policies and Notes on pages 72 through 104 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

		Group		Company	
	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) Operating Activities					
Profit before tax		188,892,772	466,389,774	90,403,221	394,634,638
Adjustments to reconcile profit before tax to net cash flows					
Depreciation of property, plant and equipment	12	13,265,497	5,534,877	12,481,575	5,218,580
Amortisation of right-of-use assets and intangible assets	13/14	124,567,120	90,185,176	112,044,789	86,349,279
Provision for impairment of trade receivables		45,946,737	(3,864,480)	129,640,029	75,817,987
Impairment of investment		-	-	48,529,822	-
Finance income	7.2	(194,271,359)	(32,003,790)	(194,271,359)	(32,003,790)
Share based payments expense		2,155	-	2,155	-
Loss / (Gain) disposal of assets		84,362	53,666	84,362	53,666
Finance cost	7.1	5,811,654	5,757,535	5,569,247	5,277,724
Provision for defined benefit obligation	24.1	24,052,616	15,013,262	24,052,616	15,013,262
Net foreign exchange differences		(68,796,852)	(287,387,848)	(70,920,002)	(287,353,364)
Operating profit before working capital changes		139,554,702	259,678,172	157,616,455	263,007,981
Decrease / (Increase) in inventories		(43,344)	(10,025,815)	(43,344)	(10,025,815)
Decrease / (Increase) in trade and other receivables		(152,394,250)	(81,343,593)	(115,865,209)	(144,979,768)
Decrease/(Increase) in advance and prepayment		(8,454,198)	(15,213,381)	(12,775,045)	(2,171,691)
Increase / (Decrease) in deferred income		56,295,620	22,516,274	56,295,620	22,516,274
Increase / (Decrease) in trade and other payables		139,094,587	43,427,378	138,535,389	30,354,671
Cash generated from operations		174,053,117	219,039,036	223,763,865	158,701,652
Finance cost paid		(992,624)	(1,763,464)	(992,624)	(1,489,118)
Defined benefit obligation paid	24.1	(12,088,250)	(3,626,250)	(12,088,250)	(3,626,250)
Income tax paid		(10,969,435)	(8,904,177)	(11,152,815)	(8,178,594)
Net cash flows from operating activities		150,002,807	204,745,144	199,530,176	145,407,690
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	12	(44,452,635)	(16,137,436)	(43,493,666)	(15,743,994)
Acquisition of intangible assets	14.1	(177,300,733)	(119,288,068)	(177,300,733)	(116,718,703)
Investments in short-term investments		112,566,266	(77,206,705)	112,566,266	(77,206,705)
Finance income received	7.2	194,271,359	32,003,790	194,271,359	32,003,790
Net cash flows used in investing activities		85,084,258	(180,628,419)	86,043,227	(177,665,611)
Cash flows from/(used in) financing activities					
Proceeds from issue of shares	22	-	698,711,578	-	698,711,578
Transaction costs for issued share capital		-	(27,288,642)	-	(27,288,642)
Payment of lease installments	20.5	(39,341,827)	(27,453,001)	(30,642,800)	(21,644,050)
Dividends paid to equity holders of the parent	11	(83,008,613)	(30,004,113)	(83,008,613)	(30,004,113)
Repayment of bank loans	20.4	(4,166,650)	(19,479,180)	(4,166,650)	(19,479,180)
Net cash flows from/(used in) financing activities		(126,517,089)	594,486,641	(117,818,063)	600,295,593
Net increase in cash and cash equivalents		193,427,912	618,603,366	167,755,340	791,382,410
Net foreign exchange difference		84,857,937	216,572,814	70,920,002	223,344,739
Cash and cash equivalents at the beginning of the year	21	1,266,407,907	431,231,727	1,068,839,839	277,457,429
Cash and cash equivalents at the end of the year	21	1,459,835,820	1,266,407,907	1,307,515,181	1,068,839,839

The Accounting Policies and Notes on pages 72 through 104 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

hSenid Business Solutions PLC ("Company") is a public limited liability company incorporated on October 05, 2005, and domiciled in Sri Lanka. The registered office of the Company is located at No 50, Ward Place, Colombo 07, and the principal place of business is located at No. 67/1, Hudson Road, Off Perahera Mawatha, Colombo 3.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

1.2 Consolidated financial statements

The financial statements for the year ended 31 March 2023 comprise "the Company" referring to hSenid Business Solutions PLC as the holding Company and "the Group" referring to the companies that have been consolidated therein.

1.3 Date of authorization for issue

The Financial Statements of hSenid Business Solutions PLC for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 21 July 2023.

1.4 Principal activities and nature of operations of the holding company

During the year, the principal activities of the Company were software development for HR applications to assist HR professionals to effectively manage human resources and implement HR best practices, Payroll management, IT-related consultancy services, IT-related project management, rendering of support services and sale of Software and Hardware.

1.5 Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the Annual report.

1.6 Parent Enterprise and ultimate parent enterprise.

hSenid Business Solutions PLC does not have an identifiable parent of its own.

2. BASIS FOR PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation

2.1.1 Statement of compliance

The Consolidated financial statements which comprise the statement of financial position, the statement of

comprehensive income, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.1.2 Basis of measurement

The Consolidated Financial Statements of have been prepared on a historical cost basis, except for:

- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value (previously classified as Available for Sale).
- Retirement benefit obligations which are determined based on actuarial valuations.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.1.3 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 2.2.2 to the Financial Statements.

2.1.4 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.1.5 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

2.1.6 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.2 Summary of significant accounting policies

2.2.1 Basis of consolidation

The consolidated financial statements (referred to as the 'Group') comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. The financial statements of the subsidiaries are prepared in compliance with the group's accounting policies unless stated otherwise.

All intra-group balances, income and expenses and unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases.

2.2.2 Subsidiaries

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent holds more than 50% of the voting rights or otherwise has a controlling interest.

The financial statements of the following subsidiary companies are included in the consolidated financial statements.

The total profits and losses for the year of the company and of its subsidiaries included in consolidation and all assets and liabilities of the company and of its subsidiaries included in consolidation are shown in the consolidated income statement and Statement of Financial Position respectively.

Minority interest which represents the portion of profit or loss and net assets not held by the group, are shown as a component of profit for the year in the income statement and as a component of equity in the consolidated Statement of Financial Statement, separately from parent's shareholders' equity.

In the case of subsidiaries, where the reporting dates are different to group reporting dates, adjustments are made for any significant transactions or events up to 31st March 2023.

The consolidated cash flow statement includes the cash flows of the company and its subsidiaries.

Company	Country of Incorporation	Functional Currency	Effective Holding	Principal Activities
1. hSenid Software (Singapore) Pte Ltd	Singapore	Singapore dollar	100%	The principal activity of this company is deploying Mobile applications and HR applications to assist HR professionals to effectively manage human resources and introducing HR best practices in Singapore and nearby countries.
2. hSenid Business Solutions (India) Pvt Ltd	India	Indian Rupee	100%	The principal activity of this company is deploying HR applications to assist HR professionals to effectively manage human resources and introducing HR best practices in India.

Both subsidiaries are incorporated out of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

2.2.3 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the performance of the Group and the measures adopted by the government to support the recovery of the economy.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense and the disclosure of contingent liabilities at the reporting date. The key judgements, estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Measurement of the defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 24. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. The group recognizes liabilities for anticipated tax based on estimates of taxable income. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Allowance for doubtful debts

Company reviews at each reporting date all receivables and assess whether an allowance should be recorded in the income statement. Management uses judgement in estimating such allowances considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

Impairment of inventories

The Group reviews the adequacy of the provision for slow moving and obsolete inventory provision through assessment of assessment of the condition of inventories based on the periodic inventory counts and expectations of future sales.

Development costs

The Group capitalizes software developer's compensation as a development cost of the software applications. Capitalization of cost is based on the managements judgement that such costs are incurred for the development and programming of the software applications.

Share-based payments

Estimating fair value for share-based payment transactions (in terms of SLFRS 2 Share Based Payment Transactions) requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign currency translation, foreign currency transactions and balances

The Consolidated financial statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate. All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Foreign operations

The statement of financial position and income statement of overseas subsidiaries and joint ventures which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to other comprehensive income.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

4.2 Taxation

a) Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

b) Deferred taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.4 Financial instruments – financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

1. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2. Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified into four categories.

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

All financial assets of the Company represent financial assets at amortized cost (debt instruments). The Company measures

financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Company's financial assets at amortized cost include trade receivables.

3. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e.: removed from the Company's financial position) when:

The rights to receive cash flows from the asset have expired

Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4. Impairment of financial assets

Further disclosures relating to impairment of Trade Receivables is provided in note 18 to the financial statements.

For trade receivables and contract assets, the Company applies a simplified approach in calculating Expected Credit Loss (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 12 months past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

1. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

2. Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of

profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss.

3. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

4.5 Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4.6 Property, plant and equipment

a) Cost

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing property, part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

b) Depreciation

The provision for depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, in order to write off such amounts over the following estimated useful lives by equal instalments as follows:

Category	Useful Life
Network Hardware	3 years
Computer Equipment	4 years
Fittings	5 years
Generators	4 years
Office Equipment	4 years

However, hSenid Software (Singapore) Pte Ltd, a subsidiary incorporated in Singapore applies the following estimated useful lives to provide depreciation.

Category	Useful Life
Computer Equipment	1 years
Office Equipment	3 years

4.7 Intangible assets

a) Cost

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

b) Research and development costs

Research costs are expensed as incurred. Development expenditures on base product developments are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How will the asset generate future economic benefits?
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated

amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in other operating expenses. During the period of development, the asset is tested for impairment annually.

c) Amortization

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The Company has capitalized and amortized the cost incurred on intangible assets; Software Development, over a period of 5 years to reflect the accurate financial position and performance in the Financial Statements.

4.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and value in use.

4.9 Liabilities and provisions

4.9.1 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, where it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.9.2 Retirement benefit obligations

a) Defined benefit plan – gratuity

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest (not applicable to the Group), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under cost of sales, administrative expenses and selling & distribution expenses in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Defined Benefit Obligations in the Statement of Financial Position.

Recognition of actuarial losses / gains

Actuarial gains & losses are recognized in full in other comprehensive income.

Funding arrangements

The Gratuity liability is not externally funded.

b) Defined contribution plans – Employees Provident Fund and Employees' Trust Fund

Employees are eligible for Employees Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees Provident Fund and Employees' Trust Fund respectively.

4.10 Leases

a) Recognition and initial measurement (As a lessee)

At commencement date, a lessee shall recognize a right-of-use asset and a lease liability at the lease.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

b) Subsequent measurement

Right of use asset

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the

NOTES TO THE FINANCIAL STATEMENTS CONTD.

underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Recognition exemption

As per the SLFRS 16 the lessee may elect not to apply above-mentioned requirements for short-term leases and leases of low-value assets. Accordingly, the Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment.

The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11 Recognition of revenue and other income

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers:

- Identify the contract
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the Company satisfies a performance obligation

Under SLFRS 15, revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

a) Customized projects

Revenue from customised projects is recognised by reference to the stage of completion, determined by surveys of work performed.

b) Rendering of support services

Revenue from rendering of Support Services is recognised on the straight-line basis over the period of agreements.

c) Sale of software and hardware

Revenue from the sale of software and hardware is recognised when the significant risks and rewards of ownership of the software and hardware have passed to the buyer.

d) Interest income

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using effective interest rate.

e) Others

Other income is recognized on an accrual basis.

4.12 Share based payments

Effective from 31 March 2023, Employees of the Company also receive remuneration in the form of share-based payments whereby employees render services as consideration for equity instruments of hSenid Business Solutions PLC, (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefit expenses, together with a corresponding increase in "Capital Contribution on ESOP" in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that

NOTES TO THE FINANCIAL STATEMENTS CONTD.

period Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

4.13 Effect of accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4.13.1 SLFRS 17 - Insurance contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The Group does not expect to have a significant impact on the Group's financial statements on the adoption of this standard. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless

of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

4.13.2 Amendments to LKAS 8 - definition of accounting estimates

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

4.13.3 Amendments to LKAS 12 - deferred tax related to assets and liabilities arising from a single transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

4.13.4 Amendments to LKAS 1 and IFRS practice statement 2 - disclosure of accounting policies

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

4.13.5 Amendments to LKAS 1 - classification of liabilities as current or non-current

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

5. REVENUE

5.1 Disaggregation of revenue

5.1.1 Based on the nature of the product/service

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from customised projects	737,709,735	633,248,280	509,596,494	480,873,407
Hardware sales	116,707,890	82,646,773	116,707,890	82,646,773
Revenue from support / maintenance services	621,395,504	374,895,705	616,792,125	370,262,575
	1,475,813,129	1,090,790,758	1,243,096,509	933,782,756
Less - sales taxes- SSCL	(11,445,010)	-	(11,445,010)	-
Net sales value	1,464,368,120	1,090,790,758	1,231,651,499	933,782,756

5.1.2 Based on the geographical locations

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sri Lanka	822,690,671	534,925,766	822,984,171	534,925,766
Asia-Pacific	387,347,573	241,666,771	171,472,326	99,361,191
South Asia	52,982,164	34,460,023	36,331,574	19,757,602
Africa	201,347,712	279,738,198	200,863,428	279,738,198
	1,464,368,120	1,090,790,758	1,231,651,499	933,782,756

6. OTHER OPERATING INCOME

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Foreign exchange gains	70,920,002	287,387,848	70,920,002	287,353,364
Sundry income	8,224,968	3,984,752	-	-
	79,144,971	291,372,600	70,920,002	287,353,364

7. FINANCE COSTS AND INCOME

7.1 Finance cost

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest expenses on bank overdrafts	964,639	853,271	964,639	853,271
Interest expenses on bank loans	27,986	635,847	27,986	635,847
Interest on leases	4,819,030	3,994,071	4,576,622	3,788,606
	5,811,654	5,483,189	5,569,247	5,277,724

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

7.2 Finance income

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Income from investments :				
- Interest on deposits	194,271,359	32,003,790	194,271,359	32,003,790
	194,271,359	32,003,790	194,271,359	32,003,790

8. PROFIT BEFORE TAX

Stated after charging

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<i>Included in Cost of Sales</i>				
Employees benefits including the following	368,322,863	235,619,067	317,845,207	192,035,068
- Defined benefit plan costs - Gratuity	13,818,450	9,179,851	13,818,450	9,179,851
- Defined contribution plan costs - EPF and ETF	23,630,523	18,941,203	23,630,523	18,941,203
<i>Included in General and Administration Expenses</i>				
Directors' emoluments	72,391,770	51,917,652	42,077,250	28,740,000
Employees benefits including the following	130,507,146	54,323,145	122,965,989	49,874,374
- Defined benefit plan costs - Gratuity	6,646,689	3,817,462	6,646,689	3,004,202
- Defined contribution plan costs - EPF and ETF	14,533,240	7,649,953	11,488,979	5,757,440
Service fees	15,115,163	9,895,140	5,927,803	4,785,514
Auditor's remuneration	5,887,858	4,714,264	2,844,946	2,527,120
Legal fees	762,000	1,978,756	762,000	1,733,000
<i>Included in Selling and Marketing Expenses</i>				
Employees benefits including the following	145,008,621	116,391,422	103,975,448	111,579,176
- Defined benefit plan costs - Gratuity	3,587,478	2,829,208	3,587,478	2,829,208
- Defined contribution plan costs - EPF and ETF	5,954,025	5,497,765	5,954,025	5,497,765
Advertising expenses	14,989,016	10,627,471	14,935,883	10,627,471
Sales promotional expenses	21,044,018	8,053,285	20,748,720	6,614,217
Impairment of trade receivable	46,026,501	(3,932,749)	129,728,899	75,817,987
<i>Included in Other Expenses</i>				
Depreciation	13,265,495	5,534,877	12,481,573	5,218,580
Amortization of right of use assets	32,959,301	23,178,198	24,574,998	17,579,411
Amortization of Intangible assets	89,624,537	68,769,867	87,469,791	68,769,868

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

9. TAXES

9.1 Income tax expense

The major components of income tax expense for the year ended 31 March are as follows :

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current income tax :				
Current income tax charge (Note 9.2)	44,582,641	7,667,991	44,766,020	7,008,721
	44,582,641	7,667,991	44,766,020	7,008,721
Deferred tax :				
Relating to origination and reversal of temporary differences (Note 9.7)	(43,885,778)	4,234,563	(43,726,161)	4,207,109
Income tax expense/(reversal) reported in the Statement of comprehensive income	696,863	11,902,554	1,039,859	11,215,831

9.2 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting profit before income tax	188,892,772	466,389,774	90,403,221	394,634,638
Add: Aggregate disallowed items	345,066,809	247,763,467	345,066,809	247,763,467
Less: Aggregate allowable items	(151,998,492)	(93,781,836)	(151,998,492)	(93,781,836)
Less: Tax exempt income	(185,369,839)	(542,636,081)	(89,045,836)	(490,210,259)
Taxable profit	196,591,250	77,735,323	194,425,702	58,406,010
Income tax charged at :				
Income tax	42,590,275	7,667,991	42,773,654	7,008,721
Under / (Over) provision with last year	1,992,366	-	1,992,366	-
Current tax expense	44,582,641	7,667,991	44,766,020	7,008,721

9.3 General provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

The company has used the tax rates imposed by the Inland Revenue (Amendment) Act No. 45 of 2022 certified on December 19, 2022 (applicable with retrospective effect from October 1, 2022) for income and deferred taxation. Accordingly, the concession tax rate of 14% made available to companies that listed their shares on or after January 1, 2021, but prior to December 31, 2021, on the Colombo Stock Exchange by the Inland Revenue (Amendment) Act No. 10 of 2021 has been applied only for the first six months of the financial year. Consequently, the liable income will be subject to taxation at the standard rate of 30% thereafter.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

9.4 Overseas operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Company	Country	Income tax rate
hSenid Software (Singapore) Pte Ltd	Singapore	17%
hSenid Business Solutions (India) Pvt Ltd	India	25%

9.5 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

9.6 Deferred tax expense

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Statement of Profit or Loss				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	14,280,128	(86,113)	14,280,128	(86,113)
Unrealised foreign exchange gains	5,538,041	5,404,124	5,538,041	5,404,124
Retirement benefit obligation	(26,097,632)	(330,586)	(26,097,632)	(330,586)
Provision for impairment of inventory	(137,378)	(612)	(137,378)	(612)
Provision for impairment of trade receivables	(36,856,366)	(761,487)	(36,702,458)	(780,528)
Right-of-use assets	(612,571)	9,237	(606,862)	824
	(43,885,778)	4,234,563	(43,726,161)	4,207,109
Other comprehensive income				
Deferred tax expense arising from;				
Actuarial gain on defined benefit obligations	3,925,163	44,061	3,925,163	44,061
Deferred tax charged/(reversal) directly to OCI	3,925,163	44,061	3,925,163	44,061

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

9.7 Deferred taxation

Deferred Tax Assets, Liabilities and Income Tax relates to the following:

9.7.1 Group

	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liability						
Accelerated depreciation for tax purposes	(15,075,557)	(795,429)	(14,280,128)	86,113	-	-
Unrealised foreign exchange gains	(10,942,165)	(5,404,124)	(5,538,041)	(5,404,124)	-	-
	(26,017,722)	(6,199,553)	(19,818,169)	(5,318,011)	-	-
Deferred tax assets						
Retirement benefit obligation	23,887,638	1,715,169	26,097,632	330,586	(3,925,163)	(44,061)
Provision for impairment of inventory	147,846	10,468	137,378	612	-	-
Provision for impairment of trade receivables	39,425,218	2,568,852	36,856,366	761,487	-	-
Right-of-use assets	694,693	82,122	612,571	(9,237)	-	-
	64,155,395	4,376,611	63,703,947	1,083,448	(3,925,163)	(44,061)
Deferred taxation (charge)/reversal	-	-	43,885,778	(4,234,563)	(3,925,163)	(44,061)
Net deferred tax assets/(liabilities)	38,137,673	(1,822,942)	-	-	-	-

9.7.2 Company

	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liability						
Accelerated depreciation for tax purposes	(15,075,557)	(795,429)	(14,280,128)	86,113	-	-
Unrealised foreign exchange gains	(10,942,165)	(5,404,124)	(5,538,041)	(5,404,124)	-	-
	(26,017,722)	(6,199,553)	(19,818,169)	(5,318,011)	-	-
Deferred tax assets						
Retirement benefit obligation	23,887,638	1,715,169	26,097,632	330,586	(3,925,163)	(44,061)
Provision for impairment of inventory	147,846	10,468	137,378	612	-	-
Provision for impairment of trade receivables	39,266,934	2,564,476	36,702,458	780,528	-	-
Right-of-use assets	687,195	80,333	606,862	(824)	-	-
	63,989,613	4,370,446	63,544,330	1,110,901	(3,925,163)	(44,061)
Deferred taxation (charge)/reversal	-	-	43,726,161	(4,207,109)	(3,925,163)	(44,061)
Net deferred tax assets/(liabilities)	37,971,891	(1,829,107)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

9.7.3 Reconciliation of deferred tax charge / (reversal)

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liability as 01 April	(1,822,943)	2,455,681	(1,829,107)	2,422,063
Deferred tax charge reported in the Statement of Profit or Loss	43,885,778	(4,234,563)	43,726,161	(4,207,109)
Deferred tax charge reported in other comprehensive income	(3,925,163)	(44,061)	(3,925,163)	(44,061)
Deferred tax asset as 31 March	38,137,672	(1,822,943)	37,971,891	(1,829,107)

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax (Assets) / Liability has been computed taking into consideration the effective tax rate which is 30% (2021/22 – 2.12%) for the company.

Due to the changes in rate of taxes applicable to the Group/Company an additional deferred tax reversal of Rs. 35,437,296 and Rs. 35,283,253 respectively has been recognized for the group and the company for the current period.

10. BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

10.1 Earnings per share - basic

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit attributable to equity holders of the parent	188,195,909	454,487,219	89,363,362	383,418,808
Weighted average number of shares (10.2)	276,695,376	235,380,181	276,695,376	235,380,181
Basic earnings per share	0.68	1.93	0.32	1.63

10.2 Amount used as denominator

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Ordinary shares at the beginning of the year	276,695,376	218,222,950	276,695,376	218,222,950
Effect of share options exercised	-	1,995,840	-	1,995,840
Issue of shares - Initial Public Offering	-	15,161,391	-	15,161,391
Weighted average number of shares before dilution	276,695,376	235,380,181	276,695,376	235,380,181
Effect of dilution from share option scheme	-	-	-	-
Adjusted weighted average number of ordinary shares	276,695,376	235,380,181	276,695,376	235,380,181

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

11. DIVIDENDS PER SHARE

Equity dividend on ordinary shares declared and paid during the year.

	2023		2022	
	Dividend per share Rs.	Gross Dividend Rs.	Dividend per share Rs.	Gross Dividend Rs.
Final dividend	0.30	83,008,613	0.11	30,004,113

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Group

12.1.1 Gross carrying amounts

	As at 01.04.2022 Rs.	Additions Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2023 Rs.
Network hardware	801,938	5,385,929	-	-	6,187,868
Computer equipment	53,449,982	24,848,594	(3,594,660)	60,247	74,764,164
Fittings	4,393,124	3,904,596	-	-	8,297,720
Generator	1,769,500	-	-	-	1,769,500
Office equipment	9,623,969	10,313,515	(110,000)	5,171	19,832,655
	70,038,514	44,452,635	(3,704,660)	65,418	110,851,907

12.1.2 Accumulated depreciation

	As at 01.04.2022 Rs.	Additions Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2023 Rs.
Network hardware	801,938	595,336	-	-	1,397,274
Computer equipment	34,675,102	10,638,862	(3,510,300)	10,593	41,814,258
Fittings	3,979,240	480,225	-	-	4,459,465
Generator	1,769,500	-	-	-	1,769,500
Office equipment	8,752,253	1,551,074	(110,000)	683	10,194,010
	49,978,034	13,265,497	(3,620,300)	11,276	59,634,507

12.1.3 Net book values

	2023 Rs.	2022 Rs.
Network hardware	4,790,564	-
Computer equipment	32,949,906	18,774,881
Fittings	3,838,255	413,884
Office equipment	9,638,645	871,716
	51,217,400	20,060,449

12.1.4 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 44,452,635/- (2022 - Rs. 16,137,437/-). Cash payments amounting to Rs. 44,452,635/- (2022 - Rs. 16,137,437/-). were made during the year for purchase of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

12.1.5 As at 31 March 2023, the group had fully depreciated assets still in use amounting to Rs. 32,798,215 /- (2022- Rs. 36,354,348)

12.1.6 The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

12.1.7 There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2022/2023 and 2021/2022

12.1.8 The Group has no property, plant and equipment pledged as security for liabilities.

12.2 Company

12.2.1 Gross carrying amounts

At cost	As at 01.04.2022 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2023 Rs.
Network hardware	801,938	5,385,929	-	6,187,868
Computer equipment	50,233,722	23,889,625	(3,594,660)	70,528,687
Fittings	4,393,124	3,904,596	-	8,297,720
Generator	1,769,500	-	-	1,769,500
Office equipments	9,164,709	10,313,515	(110,000)	19,368,224
	66,362,993	43,493,666	(3,704,660)	106,151,999

12.2.2 Accumulated depreciation

At cost	As at 01.04.2022 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2023 Rs.
Network hardware	801,938	595,336	-	1,397,274
Computer equipment	31,641,489	9,881,938	(3,510,300)	38,013,127
Fittings	3,979,240	480,225	-	4,459,465
Generator	1,769,500	-	-	1,769,500
Office equipments	8,453,276	1,524,077	(110,000)	9,867,353
	46,645,444	12,481,575	(3,620,300)	55,506,719

12.2.3 Net book values

As at 31 March 2023	2023 Rs.	2022 Rs.
Network hardware	4,790,594	-
Computer equipment	32,515,560	18,592,233
Fittings	3,838,255	413,884
Office equipments	9,500,870	711,432
	50,645,279.25	19,717,549

12.2.4 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 44,452,635/- (2022 - Rs. 16,137,437/-). Cash payments amounting to Rs. 44,452,635/- (2022 - Rs. 16,137,437/-). were made during the year for purchase of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

12.2.5 As at 31 March 2023, the group had fully depreciated assets still in use amounting to Rs. 32,798,215 /- (2022- Rs. 36,354,348)

13. RIGHT OF USE ASSETS

	Group		Company	
	Building		Building	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost				
Balance at the beginning the year	68,506,002	61,248,579	55,585,524	55,502,913
New lease entered during the year	20,883,683	7,257,423	20,883,683	82,611
Balance at the end the year	89,389,685	68,506,002	76,469,207	55,585,524
Accumulated depreciation				
Balance at the beginning the year	(44,419,441)	(21,241,243)	(35,106,647)	(17,527,236)
Charge for the year	(32,959,301)	(23,178,198)	(24,574,998)	(17,579,411)
Balance at the end the year	(77,378,742)	(44,419,441)	(59,681,644)	(35,106,647)
Forex adjustment	5,442,288	4,147,329	-	-
Carrying amount	17,453,232	28,233,890	16,787,563	20,478,877

The followings are the amounts recognised in profit or loss

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Depreciation expense of right of use assets	32,959,301	23,178,198	24,574,998	17,579,411
Interest expense on lease liabilities	4,819,030	3,994,071	4,576,622	3,788,606

14. INTANGIBLE ASSETS

14.1 Company

	As at 01.04.2022 Rs.	Additions/ Transfers Rs.	Disposals Rs.	As at 31.03.2023 Rs.
Gross carrying amounts				
At cost				
Licensed software	3,169,006	-	-	3,169,006
Development cost	654,797,109	177,300,733	-	832,097,842
	657,966,115	177,300,733	-	835,266,848
Amortisation				
At cost				
Licensed software	3,169,006	-	-	3,169,006
Development cost	448,756,127	87,469,791	-	536,225,918
	451,925,133	87,469,791	-	539,394,924

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

14.2 Group

	As at 01.04.2022 Rs.	Additions/ Transfers Rs.	Disposals Rs.	Forex Adjust. Rs.	As at 31.03.2023 Rs.
Gross carrying amounts					
At cost					
Licensed software	3,169,006	-	-	-	3,169,006
Development cost	664,391,751	177,300,733	-	108,035	841,800,518
	667,560,757	177,300,733	-	108,035	844,969,524
Amortisation					
At cost					
Licensed software	3,169,006	-	-	-	3,169,006
Development cost	449,503,301	91,607,818	-	(402,918)	540,708,201
	452,672,307	91,607,818	-	(402,918)	543,877,207

14.3 Net book values

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Net book values				
At cost				
Licensed software	-	-	-	-
Development cost	301,092,317	214,888,450	295,871,924	206,040,983
	301,092,317	214,888,450	295,871,924	206,040,983

15. GOODWILL ON ACQUISITION

15.1 Gross carrying amounts

Group	Balance As at 31.03.2023 Rs.	Balance As at 31.03.2022 Rs.
At cost		
Goodwill	2,008,131	2,008,131
	2,008,131	2,008,131

15.2 During the year 2012, the Company has acquired 100% ownership of two related entities. Acquisition of hSenid Business Solutions (India) Private Limited on 28 March 2012 has resulted goodwill of Rs. 2,008,131/- .

Description	hSenid Business Solutions (India) Pvt. Ltd. Rs.
Fair value of purchase consideration	3,567,473
Fair value of net assets acquired	(1,559,342)
Goodwill / (negative goodwill) on acquisition	2,008,131

Group has performed an impairment test as at 31st March 2023 and no impairment was recognized.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

16. INVESTMENT IN SUBSIDIARIES

Non-Quoted Investments	Company Holding		Cost	Directors' Valuation	Cost	Directors' Valuation
	%	%	2023 Rs.	2023 Rs.	2022 Rs.	2022 Rs.
hSenid Software (Singapore) Pte Ltd	100%	100%	7,223,770	7,223,770	7,223,770	7,223,770
hSenid Business Solutions (India) Pvt Ltd	100%	100%	139,517,743	139,517,743	139,517,743	139,517,743
Gross value of investment in subsidiaries			146,741,513	146,741,513	146,741,513	146,741,513
Less: provision for impairment			-	(58,411,973)	-	(9,882,151)
Net value of investment in subsidiaries			146,741,513	88,329,540	146,741,513	136,859,362

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

16.1 Provision for impairment of investments in subsidiaries

Impairment provision is recognized to the extent that exceeds the carrying value over the investee's recoverable value as at the reporting date.

The Company carried out impairment test through the determination of the value in use of the investment. Based on the assessment done the provision for impairment of investments in hSenid Business Solutions (India) Pvt Ltd have been recognised.

17. INVENTORIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hardware	26,959,381	16,323,947	26,959,381	16,323,947
Software	492,820	492,820	492,820	492,820
Goods in transit	2,769,749	13,361,838	2,769,749	13,361,838
Less: provision for slow moving stocks	(492,820)	(492,820)	(492,820)	(492,820)
	29,729,130	29,685,786	29,729,130	29,685,786

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables - related parties (18.1)	24,422,896	20,943,917	225,254,138	204,069,479
- others	728,067,668	576,415,085	614,138,484	505,216,768
	752,490,565	597,359,001	839,392,621	709,286,247
Less: allowances for impairment	(131,417,393)	(85,470,656)	(294,655,405)	(165,015,376)
	621,073,172	511,888,345	544,737,216	544,270,871
Other receivables - related parties (18.2)	-	6,944,652	31,027,726	48,860,692
- others	15,441,614	11,234,276	11,318,526	7,726,726
	636,514,786	530,067,272	587,083,468	600,858,289

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

18.1 Trade receivables - related parties

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
hSenid Software (Singapore) Pte Ltd.	Subsidiary	-	-	21,209,889	5,894,421
hSenid Business Solutions (India) Pvt Ltd.	Subsidiary	-	-	180,533,552	177,146,760
PeoplesHR Pty Limited	Subsidiary	-	-	2,778,668	2,298,570
hSenid Software India (Pvt) Ltd	Affiliate	2,239,121	2,214,190	-	-
hSenid Mobile Solutions (Pvt) Ltd.	Affiliate	1,451,745	-	-	-
hSenid Venture (Pvt) Ltd.	Affiliate	5,796	-	5,796	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	20,726,234	18,729,727	20,726,234	18,729,727
		24,422,896	20,943,917	225,254,138	204,069,479

18.2 Other receivables - related parties

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
hSenid Business Solutions (India) Pvt Ltd	Subsidiary	-	-	30,805,434	41,745,781
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	-	6,944,652	-	6,944,652
PeoplesHR Pty Ltd	Subsidiary	-	-	222,292	170,259
		-	6,944,652	31,027,726	48,860,692

As at 31 March, the ageing analysis of trade receivables is as follows;

Group	Total	Neither past due or nor impaired	Past due but not impaired				
			30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2023	621,073,172	177,885,110	136,375,763	2,710,159	120,854,989	128,569,989	54,677,162
2022	511,888,345	242,184,500	100,526,393	4,024,431	42,625,324	89,773,488	32,754,209

Company	Total	Neither past due or nor impaired	Past due but not impaired				
			30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2023	544,737,216	149,632,110	107,233,806	121,130	119,900,736	106,112,683	61,736,751
2022	544,270,871	227,432,954	66,118,431	3,762,221	42,424,558	73,718,076	130,814,631

19. OTHER CURRENT FINANCIAL ASSETS

19.1 Investments in fixed deposits

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Investments in fixed deposits	1,168,482,275	1,083,462,924	1,168,482,275	1,083,462,924
	1,168,482,275	1,083,462,924	1,168,482,275	1,083,462,924

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

20. INTEREST BEARING LOANS AND BORROWINGS

20.1 Group

	Amount Repayable			Amount Repayable		
	Within 1 Year Rs.	After 1 Year Rs.	2023 Total Rs.	Within 1 Year Rs.	After 1 Year Rs.	2022 Total Rs.
Bank loans (Note 20.2)	-	-	-	4,166,650	-	4,166,650
Lease liabilities (Note 20.5)	7,870,392	11,898,482	19,768,874	27,822,519	4,277,354	32,099,873
	7,870,392	11,898,482	19,768,874	31,989,169	4,277,354	36,266,523

20.2 Bank loans

	Balance As at 01.04.2022 Rs.	Loan Obtained Rs.	Repayment Rs.	Balance As at 31.03.2023 Rs.	Repayable Within 1 Year Rs.	Repayable after 1 Year Rs.
Commercial Bank of Ceylon PLC	4,166,650	-	4,166,650	-	-	-
	4,166,650	-	4,166,650	-	-	-

20.3 Company

	Amount Repayable			Amount Repayable		
	Within 1 Year Rs.	After 1 Year Rs.	2023 Total Rs.	Within 1 Year Rs.	After 1 Year Rs.	2022 Total Rs.
Bank loans (Note 20.4)	-	-	-	4,166,651	-	4,166,651
Lease liabilities (Note 20.5)	7,179,734	11,898,482	24,260,709	20,602,289	3,658,420	24,260,709
	7,179,734	11,898,482	24,260,709	24,768,940	3,658,420	28,427,360

20.4 Bank loans

	Balance As at 01.04.2022 Rs.	Loan Obtained Rs.	Repayment Rs.	Balance As at 31.03.2023 Rs.	Repayable Within 1 Year Rs.	Repayable after 1 Year Rs.
Commercial Bank of Ceylon PLC	4,166,650	-	4,166,650	-	-	-
	4,166,651	-	4,166,650	-	-	-

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

20.5 Lease liabilities

Group	As at	New Lease		As at	Amount Repayable	
	01.04.2022	Obtained	Repayment	31.03.2023	Current	Non current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross liability	34,007,733	27,657,000	(39,341,827)	22,322,906	9,392,458	14,274,000
Finance charges allocated to future periods	(1,907,860)	(6,773,317)	4,807,577	(3,873,600)	(1,522,066)	(2,375,518)
Forex adjustment	-	-	-	1,319,568	-	-
Net liability	32,099,873	20,883,683	(34,534,250)	19,768,874	7,870,392	11,898,482

Company	As at	New Lease		As at	Amount Repayable	
	01.04.2022	Obtained	Repayment	31.03.2023	Current	Non current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross liability	25,961,600	27,657,000	(30,642,800)	22,975,800	8,701,800	14,274,000
Finance charges allocated to future periods	(1,700,891)	(6,773,317)	4,576,623	(3,897,585)	(1,522,066)	(2,375,518)
Net liability	24,260,709	20,883,683	(26,066,177)	19,078,211	7,179,734	11,898,482

21. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

21.1 Favorable cash and cash equivalent balances

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Favorable cash and cash equivalent balances				
Cash and bank balances	409,089,992	413,247,696	256,769,353	215,679,628
Short term deposits (Note 19.1)	1,168,482,275	1,083,462,924	1,168,482,275	1,083,462,924
	1,577,572,267	1,496,710,621	1,425,251,628	1,299,142,552

21.2 Unfavorable cash and cash equivalent balances

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Bank overdraft	-	-	-	-
	1,577,572,267	1,496,710,621	1,425,251,628	1,299,142,552

21.3 Deposits pledged as securities for bank overdraft (Note 26.4)

	(117,736,447)	(230,302,713)	(117,736,447)	(230,302,713)
	1,459,835,820	1,266,407,908	1,307,515,181	1,068,839,839

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

22. STATED CAPITAL

22.1 Issued and fully paid ordinary shares

Stated capital	Group/Company			
	2023		2022	
	Number	Rs.	Number	Rs.
Balance as at the beginning of the year	276,695,376	922,748,205	1,983,845	224,036,627
Issue of shares	-	-	28,485	6,973,128
Issue of shares - Initial Public Offering	-	-	55,339,076	691,738,450
Share split (Note 22.3)	-	-	219,343,970	-
Balance as at 31st March	276,695,376	922,748,205	276,695,376	922,748,205

22.2 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of shareholders.

All shares rank equally and pari passu with regard to the Company's residual assets.

22.3 During the year ended 31st March 2022, the Company has subdivided its Rs. 1,983,845 fully paid Ordinary Shares, by splitting each One (01) Ordinary Share into one hundred and ten (110) Shares totaling to 218,222,950 fully paid Ordinary Shares without any change to the Stated Capital of the Company.

22.4 The company has issued fifty-five million three hundred thirty-nine thousand seventy-six (55,339,076) new ordinary voting shares each at Rs. 12.5/- to the general public on 21 December 2021 by way of an offer for subscription.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Trade payables	35,177,988	5,999,647	11,034,298	5,999,647
	35,177,988	5,999,647	11,034,298	5,999,647
Other payables - related parties (Note 23.1)	5,325,168	34,153,844	5,325,168	-
- Others	293,881,070	170,143,974	275,106,583	156,005,200
	299,206,238	204,297,818	280,431,752	156,005,200
Customer advances	92,476,378	87,326,876	8,237,025	8,859,620
Accrued expenses	31,068,758	21,207,020	30,774,767	21,077,986
Directors' current accounts	186,937	190,352	-	-
	458,116,299	319,021,712	330,477,842	191,942,452

23.1 Other payables - related parties

hSenid Mobile Solutions (Pvt) Ltd	-	34,153,844	-	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	5,325,168	-	5,325,168	-
	5,325,168	34,153,844	5,325,168	-

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

24. RETIREMENT BENEFIT OBLIGATION

24.1 Retirement benefit obligation - Gratuity

	Group/Company	
	2023 Rs.	2022 Rs.
Balance at the beginning	80,744,970	71,432,216
Current service cost	11,940,871	9,724,142
Interest cost	12,111,746	5,285,984
Past service cost	-	3,136
Payments made during the year	(12,088,250)	(3,626,250)
Actuarial (Gain)/Loss	(13,083,877)	(2,074,258)
Balance at the end	79,625,460	80,744,970

Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for hSenid Business Solutions PLC as at 31 March 2023. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Actuarial Cost Method' recommended by LKAS 19. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

24.2 Actuarial assumptions

	2023	2022
Discount rate	20.0%	15.0%
Salary increment rate	15.0%	15.0%
Staff turnover	10.0%	15.0%
Retirement age	60 Years	55 Years

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

Assumptions regarding discount rate, based upon the yields available on government bonds or high quality corporate bonds at the accounting date.

24.3 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	2023 Rs.	2022 Rs.
Discount rate		
Effect on retirement benefit obligation due to 1% increase	76,516,097	(76,732,664)
Effect on retirement benefit obligation due to 1% decrease	82,497,424	85,185,399
Salary increment rate		
Effect on retirement benefit obligation due to 1% increase	82,947,159	85,494,234
Effect on retirement benefit obligation due to 1% decrease	76,056,446	(76,383,201)

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

24.4 Expected average future working life of the active participants is 5.99 years.

24.5 The following are the expected payments to the defined benefit plan in future years:

	2023 Rs.	2022 Rs.
Within the next 12 months	14,114,036	10,746,748
Between 1-5 years	38,478,265	33,597,652
Between 5-10 years	17,457,270	19,822,445
More than 10 years	9,575,889	16,578,125
Total Expected Payments	79,625,460	80,744,970

25. EMPLOYEE SHARE OPTION PLAN (ESOP)

The Board of Directors, with the approval of the Colombo Stock Exchange, and authorised by the Shareholders at an Extraordinary General Meeting dated 6th December 2022 formulated an Employee Share Option Plan (ESOP) to grant options ("Options") to Eligible Employees entitling an Eligible Employee to whom an Option is granted (the "Grantee") subscribe to and purchase ordinary shares in the Company.

Total number of shares that may be issued by the Company under the ESOP to Eligible Employees, in the event all the Options granted to Eligible Employees are exercised fully, will be ten million (10,000,000) shares amounting to approximately 3.49% of total issued shares of the Company post issuance of shares.

Details of Options are as follows:

Date of grant	No of Shares Granted	Grant Price Rs.	Vesting	Exercise Period	Date of Expiry
Tranche 1	5,000,000	16.10	Vesting over a period of 4 years commencing from 31st March 2023 at a rate of 25% per year.	3 Years from the vesting	31 March 2030
Tranche 2	5,000,000	To be decided	Vesting over a period of 4 years from the grant date.	3 Years from the vesting	31 March 2033

The Exercise Price applicable to a particular option will be the volume weighted average price of the shares of the Company taking into consideration all share transactions of the Company during the thirty (30) market days immediately preceding the date of the grant of the Option.

The fair value of Share Options is estimated at the Grant Date using the Binomial Option Pricing model considering the terms and conditions upon which the Share Options were granted. There are no cash – settlement alternatives.

The first tranche was granted on 31 March 2023. As such, share-based payment expense for the current year amounted to Rs. 2,155 and has been charged to administrative expenses. The share-based payments reserve has been used to recognise the value of equity-settled share-based payments provided to eligible employees, as part of their remuneration.

Inputs to the model is as disclosed below

Weighted average share price	16.10
Exercise price	16.10
Expected volatility	50%
Option life	7 Years
Expected dividends	13%
Risk free interest rate	25.99%

The options granted are having an anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

26. COMMITMENTS AND CONTINGENCIES**26.1 Capital expenditure /operational commitments**

The Group does not have any significant capital or operational commitments as at the reporting date.

26.2 Purchase and service commitments

The Company does not have any purchase and service commitments as at the reporting date.

26.3 Contingent liabilities

There were no material contingent liabilities outstanding as at the reporting date which require adjustments to or disclosure in the financial statements.

26.4 The following assets have been pledged as securities as at reporting date.

					Balance as at 31 March 2023 Rs.
Lender	Security	Security Value Rs.	Approved Facility Rs.	Nature of Facility	
01 Hatton National Bank PLC	Lien over Savings Deposits	31,463,957	19Mn	Bank Guarantee	22,671,034
02 Commercial Bank of Ceylon PLC	Lien over Savings Deposits	8,312,003	5Mn	Overdraft	-
	Lien over Fixed Deposits	77,960,487	40Mn	Overdraft	-
		117,736,447			22,671,034

27. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

27.1 Transactions with the parent and related entities

	Group/Company	
	2023 Rs.	2022 Rs.
Subsidiary companies*		
Trade sales	42,572,735	6,086,192
Settlements for trade sales	(23,603,682)	(893,582)

* hSenid Software (Singapore) Pte Ltd, People HR Pty Ltd, hSenid Business Solutions (India) Pvt. Ltd.
Outstanding current balances at year end are unsecured, interest free and settlement occurs in cash.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

	Group/Company	
	2023 Rs.	2022 Rs.
Affiliate companies**		
Trade sales	31,426,776	20,419,978
Settlements for trade sales	(22,294,435)	(7,672,629)
Expenses incurred on behalf of company	(33,962,997)	(3,243,218)
Collections on behalf of company	21,693,176	6,488,493
Other service expenses	-	(1,080,000)
Settlements for other service expenses	-	14,912,624

** hSenid Mobile Solutions (Pvt) Ltd, hSenid Ventures (Pvt) Ltd, hSenid Software Lanka (Pvt) Ltd, hSenid Software India (Pvt) Ltd and hSenid Software International (Pvt) Ltd.

Outstanding current balances at year end are unsecured, interest free and settlement occurs in cash.

27.2 Transactions with key management personnel of the company

The Key Management Personnel of the Company are the members of its Board of Directors. There are no transaction with such KMP and their close family members, other than mentioned below.

27.2.1 Key management personnel compensation

As at 31 March 2023		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Short-term employee benefits	- Executive	85,736,276	64,645,431	55,421,756	41,467,779
Post-employment benefits	- Executive	-	-	-	-
		85,736,276	64,645,431	55,421,756	41,467,779

27.2.2 Loans to directors

No loans have been granted to the Directors of the Company/ Group.

27.2.3 Other transactions

There are no other transactions with key management personnel and their spouses' other than those disclosed above.

28. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no events subsequent to the reporting date, which require to disclose in the financial statements.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk can be defined as the probability of or threat of damage, injury, liability, loss or any other negative occurrence that is caused by external or internal vulnerabilities. Risk management, is the process of analysing exposure to risks by identifying vulnerabilities and their probability of outcome in order to determine how best to handle such exposures. It also looks at implementing various policies, procedures and practices that work to identify, analyse, evaluate and monitor risks, followed by applications and solutions to minimise the probability of occurrence and/or the impact of the identified risks. The company is exposed to the following types of risks from its use of financial Instruments:

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit Risk
2. Liquidity Risk
3. Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for identifying, analyzing, evaluating and monitoring the risk and the management of capital of the Company. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring risk management policies of the Company.

The Group's financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor Financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

29.1 Credit risk

The Group is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with banking Institutions. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure.

29.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables	621,073,172	511,888,345	544,737,216	544,270,871
Short term investments	1,168,482,275	1,083,462,924	1,168,482,275	1,083,462,924
Cash and cash equivalents	409,089,992	413,247,696	256,769,353	215,679,628
	2,198,645,439	2,008,598,965	1,969,988,844	1,843,413,423

29.1.2 Management of credit risk

Trade receivables

The Group monitors the creditworthiness of all its customers prior to entering into credit terms and monitors the recoverability of its trade receivables on a regular basis.

The ageing of trade receivables at the reporting date that were impaired are shown in Note 18.2.

Short term investments

The Group's short term investments are placed in the reputed financial institutions with good credit ratings in order to minimize the credit risk.

Cash and cash equivalents

The Group's short term investments are placed in the reputed financial institutions with good credit ratings in order to minimize the credit risk.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

29.2 Liquidity risk

Liquidity risk' is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

29.2.1 The maturity analysis of liabilities

	Contractual cash flows			
	Carrying amount Rs.	6 months or less Rs.	6 - 12 months Rs.	Over 1 year Rs.
Group				
Non-derivative financial liabilities				
Trade payables	329,059,058	329,059,058	-	-
Amount due to related parties	5,325,168	5,325,168	-	-
Accrued expenses	31,068,758	31,068,758	-	-
Lease liabilities	19,768,874	6,467,458	7,179,734	6,121,682
Income tax payable	39,699,035	39,699,035	-	-
	424,920,894	411,619,478	7,179,734	6,121,682

	Contractual cash flows			
	Carrying amount Rs.	6 months or less Rs.	6 - 12 months Rs.	Over 1 year Rs.
Company				
Trade payables	286,140,881	286,140,881	-	-
Amount due to related parties	5,325,168	5,325,168	-	-
Accrued expenses	30,774,767	30,774,767	-	-
Lease liabilities	19,078,211	5,776,800	7,179,734	6,121,678
Income tax payable	39,699,035	39,699,035	-	-
	381,018,064	367,716,652	7,179,734	6,121,678

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly difference amounts.

29.2.2 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's approach to managing its liquidity risk is as follows;

1. Regularly monitoring the Group's assets and liabilities in order to forecast cash flows for future purpose.
2. Arrange adequate facilities with banks as contingency measures.
3. Daily monitoring the facility limits, i.e. overdrafts with banks.

29.3 Market risk

'Market risk' is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

NOTES TO THE FINANCIAL STATEMENTS CONTD.

Year ended 31 March 2023

29.3.1 Currency risk

The Group operates in Sri Lanka, Singapore, Australia and India. Entities in the Group may transact in currencies other than their respective functional currencies. The Group is also exposed to currency translation risk on the net assets in foreign operations. The Group does not hedge its exposure to foreign currency risk, and does not trade or speculate in foreign currencies.

A 5% strengthening of the foreign currencies against the Sri Lankan Rupee would have the following approximate impact on profit or loss and equity, assuming other factors are held constant, is shown below.

	Group		Company	
	5% increase Rs.	5% decrease Rs.	5% increase Rs.	5% decrease Rs.
United States Dollar	917,363,175	829,995,254	845,630,976	765,094,693
Singaporean Dollar	2,592,399	2,345,504	2,592,399	2,345,504
Australian Dollar	192,800,111	174,438,196	349,694,676	316,390,421
Indian Rupee	7,892,305	7,140,657	6,159,209	5,572,617
Kenyan Shilling	207,883,563	188,085,129	18,391,898	16,640,288
Brunei Dollar	14,568,123	13,180,683	14,568,123	13,180,683
Bangladeshi Taka	36,826,184	33,318,928	20,996,706	18,997,020
Maldivian Rufiyaa	2,067,251	1,870,370	2,067,251	1,870,370
Total	1,381,993,111	1,250,374,719	1,260,101,238	1,140,091,596

29.3.2 Interest rate risk

Interest rate risk is the risk to the Group's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates. The Group does not have any floating rate borrowings nor any deposits which earn interest at floating rate. Therefore the interest rate risk to the Group is minimal.

29.4 Capital management

The Group's policy is to maintain an adequate capital base so as to sustain the Group's development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising stated capital, retained earnings and reserves.

The Group finds its operations through equity. The Group is not subject to externally imposed capital requirements, and there were no changes in the Group's approach to capital management during the year.

INVESTOR INFORMATION

STOCK EXCHANGE LISTING

The issued ordinary shares of hSenid Business Solutions PLC are listed with the Colombo Stock Exchange (CSE) Sri Lanka.

SHAREHOLDER INFORMATION

	31 March 2023	31 March 2022
Total numbers of shareholders	4,785	5,276
Total numbers of shares	276,695,376	276,695,376

31 MARCH 2023

Number of shares held	Residents			Non- Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1,000	1,869	759,373	0.27	4	1,160	0.00	1,873	760,533	0.27
1,001-10,000	2,377	8,329,573	3.01	17	59,525	0.02	2,394	8,389,098	3.03
10,001-100,000	420	12,560,665	4.54	3	137,800	0.05	423	12,698,465	4.59
100,001-1,000,000	71	20,613,603	7.45	2	412,000	0.15	73	21,025,603	7.60
1,000,001 & Over	18	204,221,371	73.81	4	29,600,306	10.70	22	233,821,677	84.51
Total	4,755	246,484,585	89.08	30	30,210,791	10.92	4,785	276,695,376	100.00

CATEGORIES OF SHAREHOLDERS

31 March 2023

	No. of Shareholders	%	No. of Shares	%
Individuals	4,683	97.89	153,528,786	55.49
Institutions	102	2.13	123,166,590	44.51
Total	4,785			

PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2023	Comply with CSE Rule 7.13.1 (a)
Option	5	5	YES
Float adjusted market capitalisation	2,500,000,000	2,373,231,223	YES
The percentage of shares held by the public	20%	57.95%	YES
Number of shareholders representing public holding	500	4,769	YES

INVESTOR INFORMATION CONTD.

SHAREHOLDER TRADING INFORMATION FOR THE YEAR ENDED 31 MARCH 2023

	31 March 2023
Highest price (LKR)	24.00
Lowest price (LKR)	14.20
As at 31 March (LKR)	14.80
Number of transactions	19,073
Number of shares traded	71,186,523
Value of shares traded (LKR)	1,353,516,300

MARKET CAPITALISATION VS SHAREHOLDERS' FUNDS

	LKR
Market capitalisation as at 31 March 2023 (LKR)	4,095,091,565

DIVIDEND

Financial Year	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Dividends amount	96,843,382*	83,008,613	30,004,113	20,000,000	25,006,559	-
Earnings per share (LKR)	0.68	1.93	0.96	0.78	0.63	2.33
Dividends per share (LKR)	0.35	0.30	0.14	0.09	0.12	-
Payout ratio	51.47%	15.54%	14.19%	11.77%	18.33%	NA

* Proposed final dividend, subject to shareholders' approval

INVESTOR INFORMATION CONTD.

TWENTY (20) LARGEST SHAREHOLDERS AS AT 31.03.2023

	Name	No. of Shares	%
1	hSenid Ventures (Private) Limited	68,839,540	24.88
2	Mr. Rusi Sohli Captain	29,283,715	10.58
3	Mr. Kurukulasuriya Patabendige Rohindra Bernard De Silva	28,585,504	10.33
4	Mr. Dinesh Boditha Saparamadu	28,000,110	10.12
5	Mr. Otto Edvard Husby Kalvo	18,020,000	6.51
6	Argent Capital (Private) Ltd	13,343,096	4.82
7	Timex Garments (Pvt) Ltd	11,235,070	4.06
8	Mrs. Juthika Narotam Ambani	6,982,018	2.52
9	GF Capital Global Limited	5,809,400	2.10
10	Citibank Newyork S/A Norges Bank Account 2	4,350,267	1.57
11	Mr. Jayasundara Mudiyanseelage Sampath Kumara Jayasundara	3,303,300	1.19
12	Mr. Mohamed Nilamdeen Alawdeen	2,420,000	0.87
13	Union Assurance PLC -Universal Life Fund	1,909,813	0.69
14	Rosewood (Pvt) Limited-Account No.1	1,651,442	0.60
15	Miss. Marianne Mahilmalar Page	1,618,525	0.58
16	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.55
17	Mr. Vinod Kishore Hirdaramani	1,500,000	0.54
18	AFC Umbrella Fund - AFC Asia Frontier Fund	1,420,639	0.51
19	AIA Insurance Lanka Limited A/C No.07	1,310,000	0.47
20	Bank of Ceylon A/C Ceybank Unit Trust	1,213,338	0.44

GLOSSARY

SOFTWARE AS A SERVICE (SAAS)

Software as a Service is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted.

CHURN RATE

Annual percentage rate at which customers stop subscribing to a service.

EBIT

Earnings before interest and tax (includes other operating income).

EBITDA

Earnings before interest, tax, depreciation and amortisation.

EFFECTIVE RATE OF TAXATION

Tax expense divided by profit before tax.

NET PROFIT MARGIN

Profit after tax divided by turnover.

CASH EQUIVALENTS

Liquid investments and assets which are cash or can be converted into cash immediately.

TOTAL DEBT

Long-term and short-term loans, including overdrafts.

STATED CAPITAL

Total of all amounts received by the Company or due and payable to company:

- a. In respect of issue of shares and
- b. In respect of calls on shares

TOTAL EQUITY

Shareholders' funds plus minority interest.

NON-CONTROLLING INTEREST

A portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiary, by the parent.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the Company.

RETURN ON EQUITY (ROE)

Attributable net profits divided by average shareholders' funds.

RECURRING REVENUE

Revenue generated on a monthly or annual basis from all active subscriptions.

EARNINGS PER SHARE

Net profit attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the period.

EBIT MARGIN

EBIT divided by turnover.

EBITDA MARGIN

EBITDA divided by turnover.

DIVIDEND

Distribution of profit to holders of equity investments in proportion to their holding of a particular class of capital.

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

NET ASSETS

Sum of fixed assets and current assets less total liabilities.

NET DEBT/CASH

Total debt minus cash and short-term deposits.

SHAREHOLDERS' FUNDS

Total of issued and fully-paid share capital, capital reserves and revenue reserves.

CAPITAL EMPLOYED

Total equity plus long-term borrowings.

CONTINGENT LIABILITIES

Conditions or situations at the reporting date, the financial effects of which are to be determined by future events, which may or may not occur.

DEFERRED TAXATION

The tax effect of timing differences deferred to / from other periods, which would only qualify for inclusion on a tax return at a future date.

MARKET CAPITALISATION

Number of shares in issue at the end of year multiplied by the market price at end of year.

CORPORATE INFORMATION

NAME OF COMPANY

hSenid Business Solutions PLC

LEGAL FORM

A Limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 21 December 2021

YEAR OF INCORPORATION

2005

REGISTRATION NUMBER

PQ00245385

ACCOUNTING YEAR END

31 March

REGISTERED OFFICE

hSenid Business Solutions PLC
No. 50, Ward Place
Colombo 07, Sri Lanka.
Tel: +94 11 4621111
Fax: +94 11 2394064

DIRECTORS

Dinesh Saparamadu (Chairman)
Sampath Jayasundara (Chief Executive Officer)
Dishnira Saparamadu
Apurva Udeshi
Malinga Arsakularatne
Madu Ratnayake
Anarkali Moonesinghe
Dr. Aritta Wickramanayake

SECRETARIES

Corporate Services (Pvt) Ltd
216, De Saram Place
Colombo 10, Sri Lanka.
Tel : +94 11 4718200

INVESTOR RELATIONS

hSenid Business Solutions PLC,
67/1, Hudson Road, Off Perahera Mw,
Colombo 03, Sri Lanka.
+94 722 309988
nilendra.w@hsenidbiz.com, investor@hsenidbiz.lk

AUDITORS

Ernst & Young (Chartered Accountants)
No. 201, de Saram Place
Colombo 10, Sri Lanka.
Tel: +94 11 2463500
Fax: +94 11 2697369

BANKERS

Hatton National Bank PLC
No. 715, Pannipitiya Road
Thalawathugoda, Sri Lanka.
Tel: +94 11 2774194
Fax: +94 11 2774195

Commercial Bank of Ceylon PLC
No. 07, Suramya Building, Kotte Road
Thalawathugoda, Sri Lanka.
Tel: +94 11 2773551
Fax: +94 11 2773553

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of hSenid Business Solutions PLC will be held on Thursday, 17th August 2023, at 2.00 p.m at The Ceylon Chamber of Commerce, No. 50 Nawam Mawatha, Colombo 02 for the following purposes:

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31st March 2023 together with the Report of the Auditors thereon.
2. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.
3. To re-elect Dr. Arittha R. Wikramanayake, who retires in terms of Article 27 (2) of the Articles of Association and being eligible has offered himself for re-election.
4. To re-elect Mr. Malinga De F. Arakularatne who retires by rotation in terms of Article 27 (8) of the Articles of Association and being eligible has offered himself for re-election.
5. To re-elect Ms. Anarkali Moonesinghe who retires by rotation in terms of Article 27 (8) of the Articles of Association and being eligible has offered herself for re-election.
6. To declare a final dividend of LKR 0.35 per share for the financial year ended 31st March 2023 as recommended by the Board.
7. To authorise Directors to determine contributions to charities.

By order of the Board



CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

hSENID BUSINESS SOLUTIONS PLC

At Colombo, on this 21 day of July 2023

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. 50, Ward Place, Colombo 07 or e-mailed to corporateservices@corporateservices.lk **not less than 48 hours before the time appointed for the holding of the meeting.**

FORM OF PROXY

*I/We..... of

Being a shareholder/shareholders of hSenid Business Solutions PLC do hereby appoint

- | | |
|-------------------------------------|-----------------|
| 1. Mr. Dinesh B. Saparamadu | or failing him, |
| 2. Mr. Sampath Jayasundara | or failing him, |
| 3. Ms. Dishnira S. Ariyaratne | or failing her, |
| 4. Mr. Malinga De. F. Arsakularatne | or failing him, |
| 5. Ms. Anarkali Moonesinghe | or failing her, |
| 6. Mr. Madu Ratnayake | or failing him, |
| 7. Mr. Apurva Udeshi | or failing him, |
| 8. Dr. Arittha R. Wikramanayake | or failing him, |

.....of

as *my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held on 17th August 2023 at 2.00 p.m held and at any adjournment thereof.

	For	Against
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2023 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Messrs. Ernst & Young as the auditors of the Company and to audit the financial statements for the ensuing year and authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr. Arittha R. Wikramanayake, who retires in terms of article 27 (2) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect re-elect Mr. Malinga De F. Arsakularatne who retires by rotation in terms of article 27 (8) of the articles of association.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect re-elect Ms. Anarkali Moonesinghe who retires by rotation in terms of article 27 (8) of the articles of association.	<input type="checkbox"/>	<input type="checkbox"/>
6. To declare a final dividend of LKR 0.35 per share as recommended by the Board.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorize the Directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2023

.....
Signature/s

Note: Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY CONTD.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and sign in the space provided. Please fill in the date of signature.
2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an 'X' in the space provided against each resolution, the manner in which you wish your vote to be cast.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him/her.
4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 50, Ward Place, Colombo 07 or e-mailed to corporateservices@corporateservices.lk not less than fortyeight (48) hours before the appointed time for meeting.
7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as he/she thinks fit.
8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

