



# FOCUS

hSenid Business Solutions PLC  
Annual Report 2023/24



**hSenidBiz**  
EMPOWERING PEOPLE THE WORLD OVER



**PeoplesHR**





# FOCUS

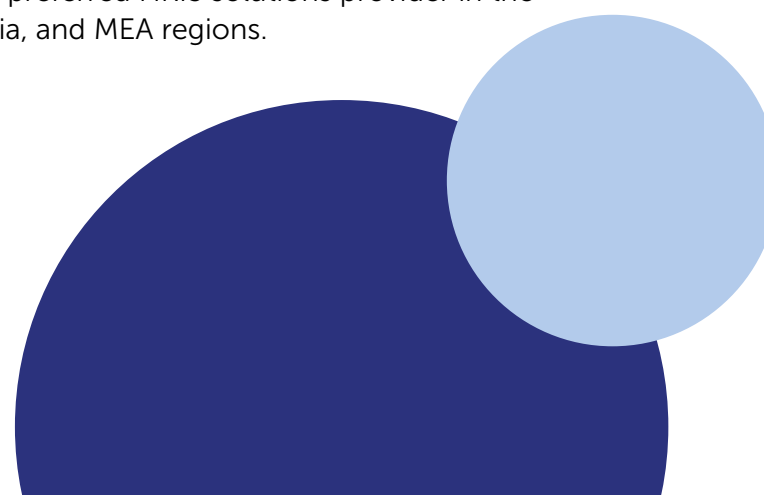
hSenidBiz is a leading provider of Human Capital Management (HCM) software, serving the South Asia, Southeast Asia, and the Middle East & Africa regions. Our flagship brand, PeoplesHR, covers the complete hire-to-retire employee journey, catering to ~1,675 organisations across 40 countries in more than 20 key industries.

Over the past year, the Company transformed itself to better compete in the global HCM space. hSenidBiz adopted a highly focused approach to its business, both in terms of target markets and product development. Significant investments were made in bolstering our talent pool, product capabilities, and processes to meet the needs of existing and potential customers. As a 'Sales-led' organisation, we continued to invest in our global sales team and channel partner network, thereby strengthening our position in target markets.

Our key brand, PeoplesHR, underwent a rebranding exercise to align with our vision for the regional HCM space. The rebranding emphasised our vision of establishing PeoplesHR as the go-to HRIS platform that helps digitalise complex HR operations, aligns our clients' HR processes with their business strategy, and enables them to drive growth and profitability.

With key talent, an enhanced product stack, and refreshed branding in place, our guiding principle for the coming year and beyond is 'Focus'.

We remain committed to focusing our efforts on key growth markets and our revamped product portfolio. We believe this concentrated approach will allow us to leverage our strengths and resources more effectively, driving sustained growth and value creation, and positioning us as the preferred HRIS solutions provider in the South Asia, Southeast Asia, and MEA regions.



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# ABOUT THE REPORT

## ABOUT

The following is the annual report of hSenid Business Solutions PLC ('hSenidBiz' or 'the Company') for the financial year 2023/2024 ending 31 March 2024. hSenidBiz is a multinational software product company focused on the Human Capital Management (HCM) space, and was listed on the Colombo Stock Exchange on 21 December 2021.

## REPORTING CONTENT, SCOPE, AND BOUNDARY

The reporting period covers the financial year ending 31 March 2024. This report includes a comprehensive overview of the Company's operations and strategy, compares the year's performance to the previous financial year, and outlines its future prospects. It combines both financial and non-financial information relevant to this 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 verified.

## INQUIRIES

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

### Name:

**Nilendra Weerasinghe**

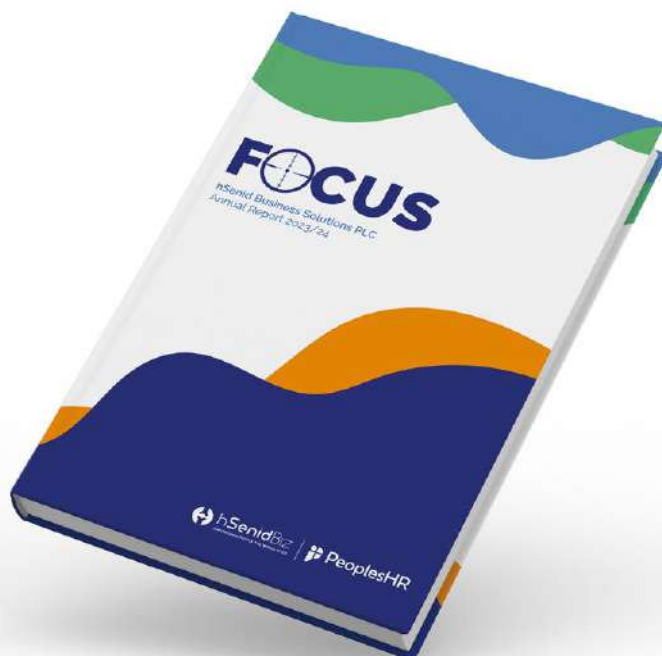
Chief Financial Officer and Head of Investor Relations

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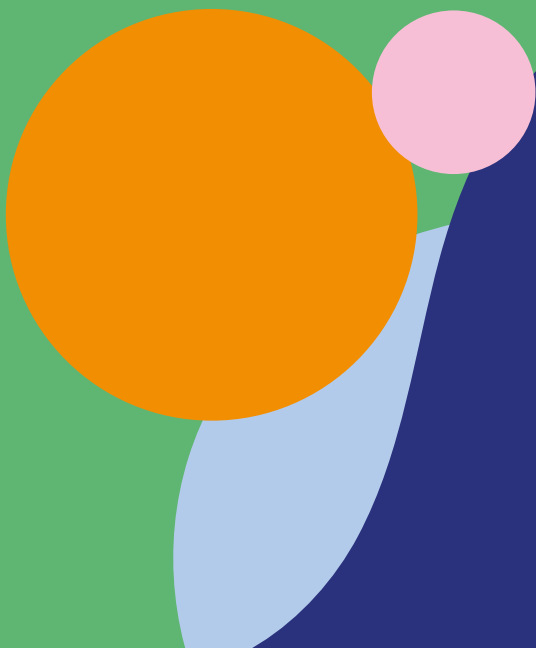
# **Simplifying HR Complexities Globally**





# OVERVIEW

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## VISION AND MISSION

# Vision

"Make Life Easy"

# Mission

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

# FINANCIAL HIGHLIGHTS

## Revenue

**LKR 1,645 Mn**

Up 12.4% YoY driven by PHR Cloud

## Year-end exit ARR

**USD 3.1 Mn**

Up 49.3% YoY

## New Deals

**USD 2.9 Mn**

Up 45.6% YoY on a CC basis  
Bolstered by PHR Cloud, and deals  
in SEA and MEA

## Clients

**1,675**

Up from 1,600 in FY23

## Core Recurring Revenues

**54%**

Of total revenues, driven by  
PeoplesHR Cloud

## Churn Rate

**Less than 5%**

## EBITDA Loss

**LKR 256 Mn**

Vs LKR 136 Mn EBITDA profit in FY23

## EBITDA Margin

**(15.6%)**

Vs +9.3% in FY23

## Net Profit Margin

**(17.8%)**

Vs +12.9% in FY23

## Net Loss

**LKR 293 Mn**

Vs LKR 188 Mn net profit in FY23

## Earnings Per Share

**(LKR 1.06)**

Vs LKR 0.68 in FY23

## Cash Dividend Per Share

**LKR 1.25**

Vs. LKR 0.35 in FY23

## Return on Equity

**(16.4%)**

Down from +9.8% in FY23

## Net Cash

**LKR 1.04 Bn**

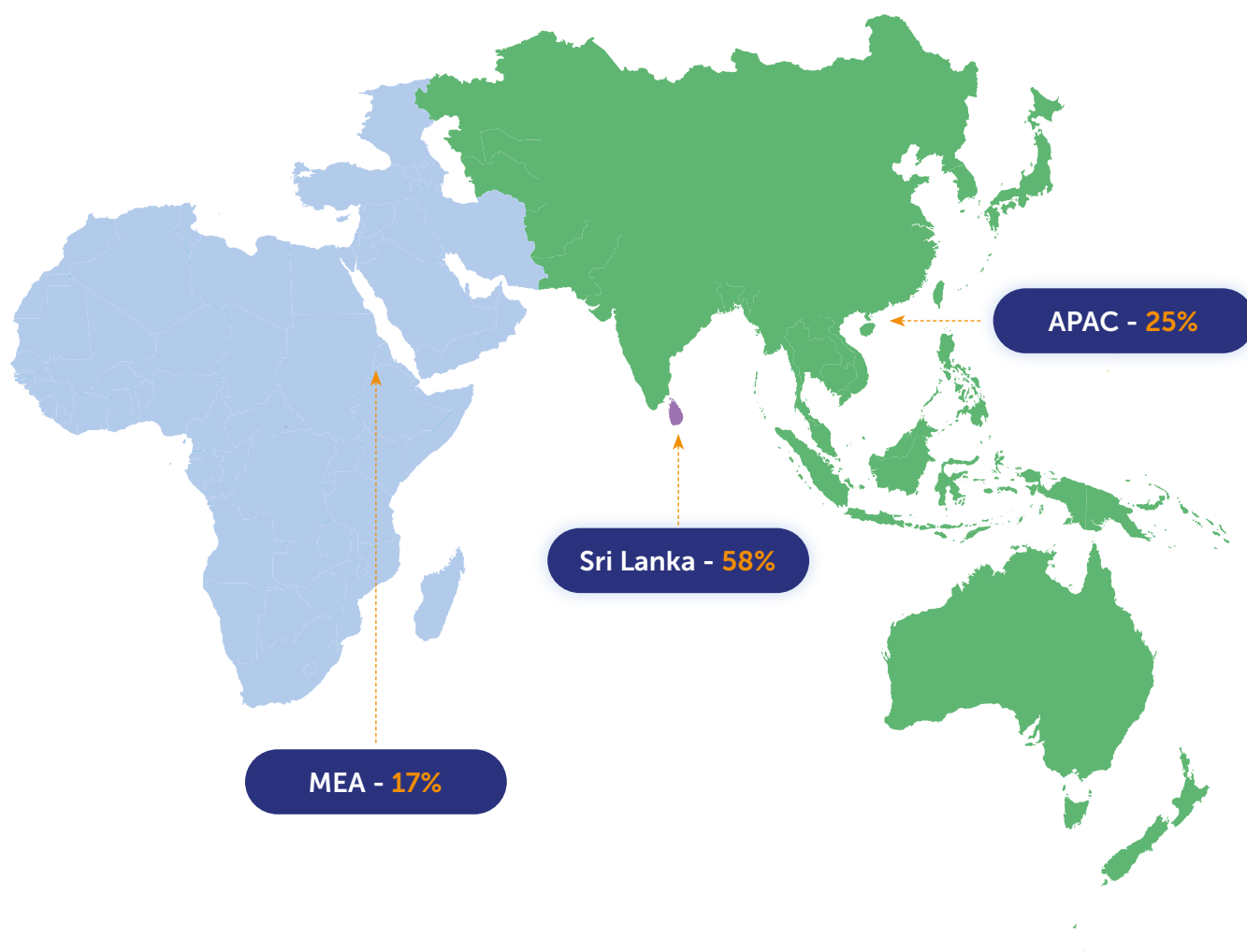
Including IPO funds

## Capex Investments

**LKR 278 Mn**

Up from LKR 222 Mn in FY23

## REVENUE BREAKDOWN BY GEOGRAPHY



## REVENUE BREAKDOWN BY PRODUCT CATEGORY

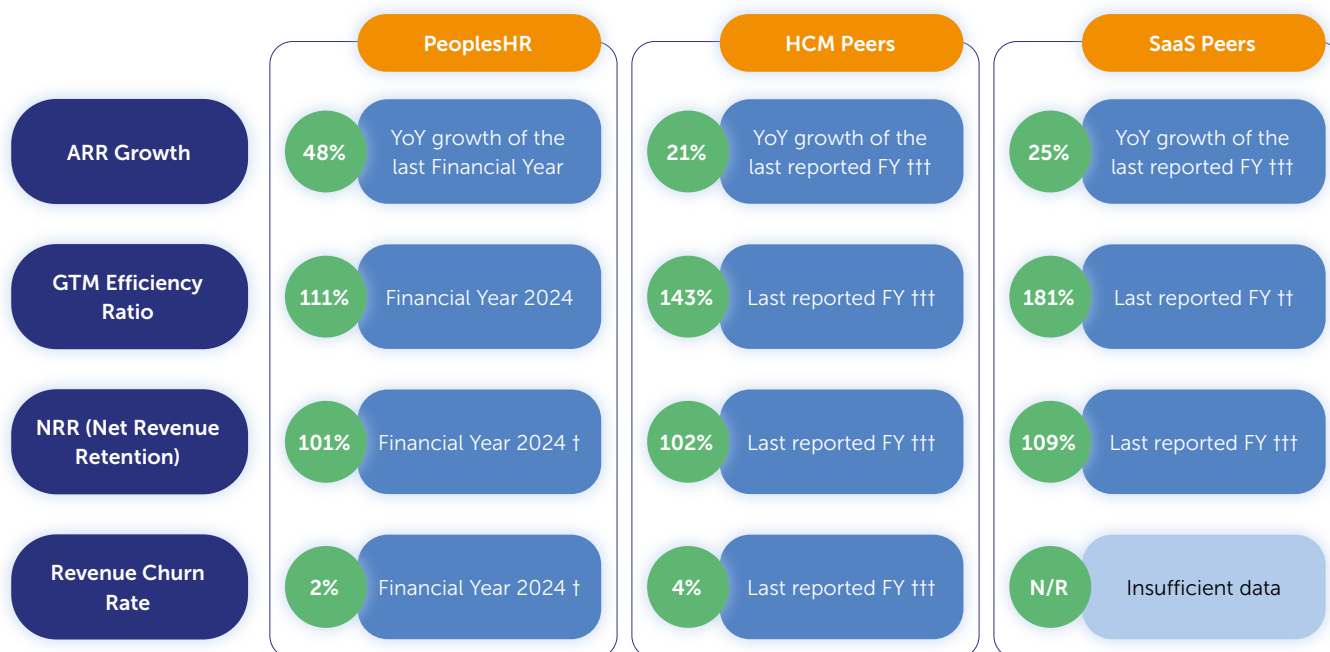
**Over 75% Topline Derived by the PeoplesHR Portfolio**



\* Includes Marketplace and declining non-core revenues such as Mobile Software and Staffing Solutions

# INDUSTRY METRICS

PeoplesHR key performance metrics are benchmarked against both top HCM and SaaS Industry Peers



† PeoplesHR NRR and Churn Rates are calculated only for the PHR Cloud Business | †† 2023 GTM Metrics by BenchSights - GTM ratio for 25-50% growth ARR bucket | ††† Public Company data, hSenidBiz analysis, June 2024.

HCM Peers considered for the analysis - ATOSS, Zalaris, Workday, Paycor, Paylocity, Dayforce

SaaS Peers considered for the analysis - Monday, Klaviyo, Atlassian, SEMRush, Bigtincan

## DEFINITIONS

### ARR (Annualised Recurring Revenue)

ARR stands for Annual Recurring Revenue. It is a metric used by subscription-based businesses to measure the predictable and recurring revenue that they can expect on an annual basis from their customers. ARR is typically calculated by,

$ARR = 12 \times MRR$  (monthly recurring revenue) or  $ARR = 4 \times QRR$  (quarterly recurring revenue)

### GTM spend efficiency ratio

The GTM Efficiency Ratio is the ratio of Sales and Marketing spend to net new ARR. It is calculated by dividing the total GTM costs (Sales and Marketing expenses) for a given period by the net new ARR added. This ratio is tracked to understand the efficiency of the GTM function.

### NRR (Net Revenue Retention)

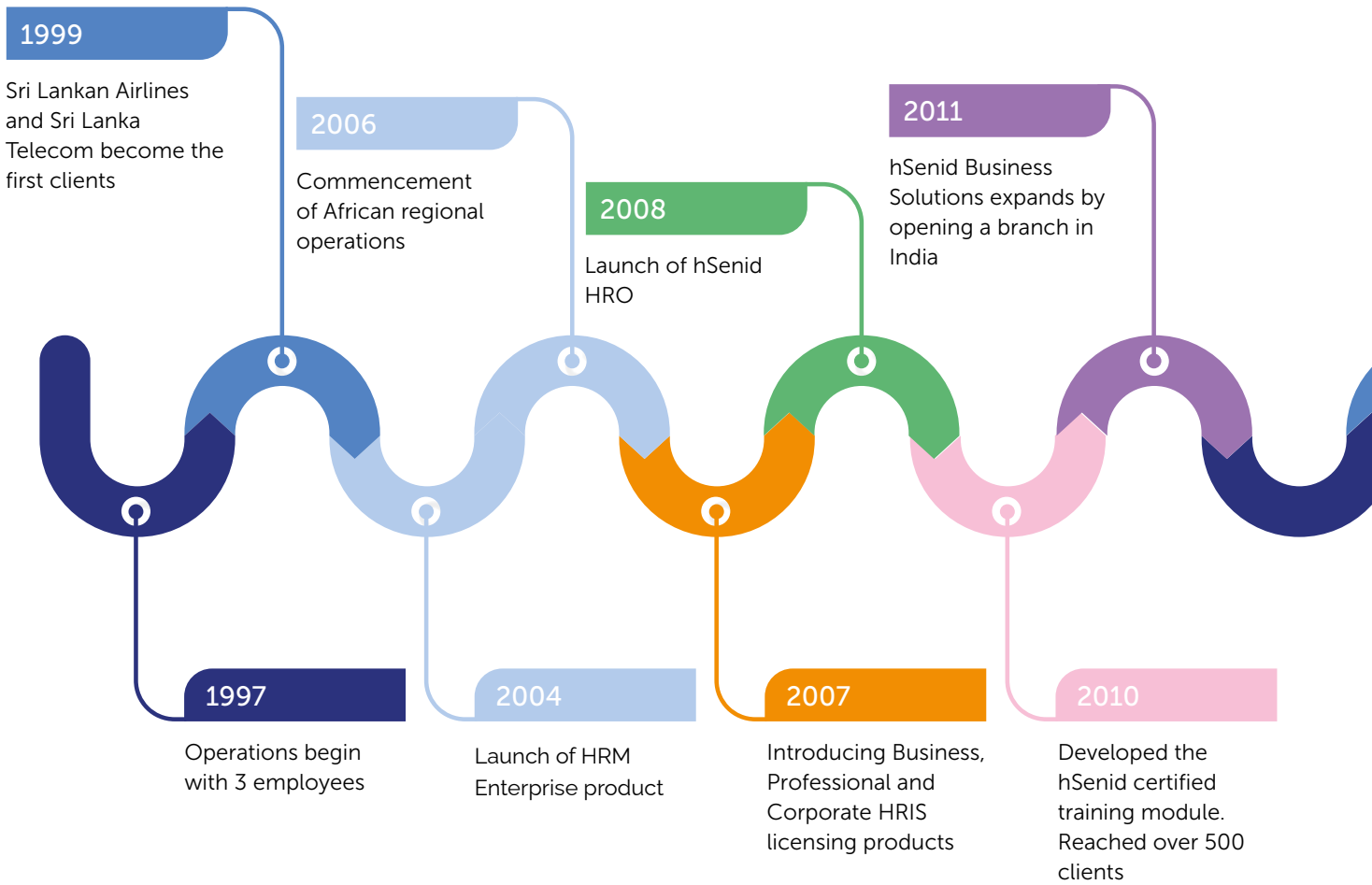
Net Revenue Retention (NRR) shows the percentage of revenue earned from the existing customer base. It is calculated by comparing the revenue generated by existing customers at the beginning of a given period with the revenue generated by the same customers at the end of the period. The formula for NRR is:

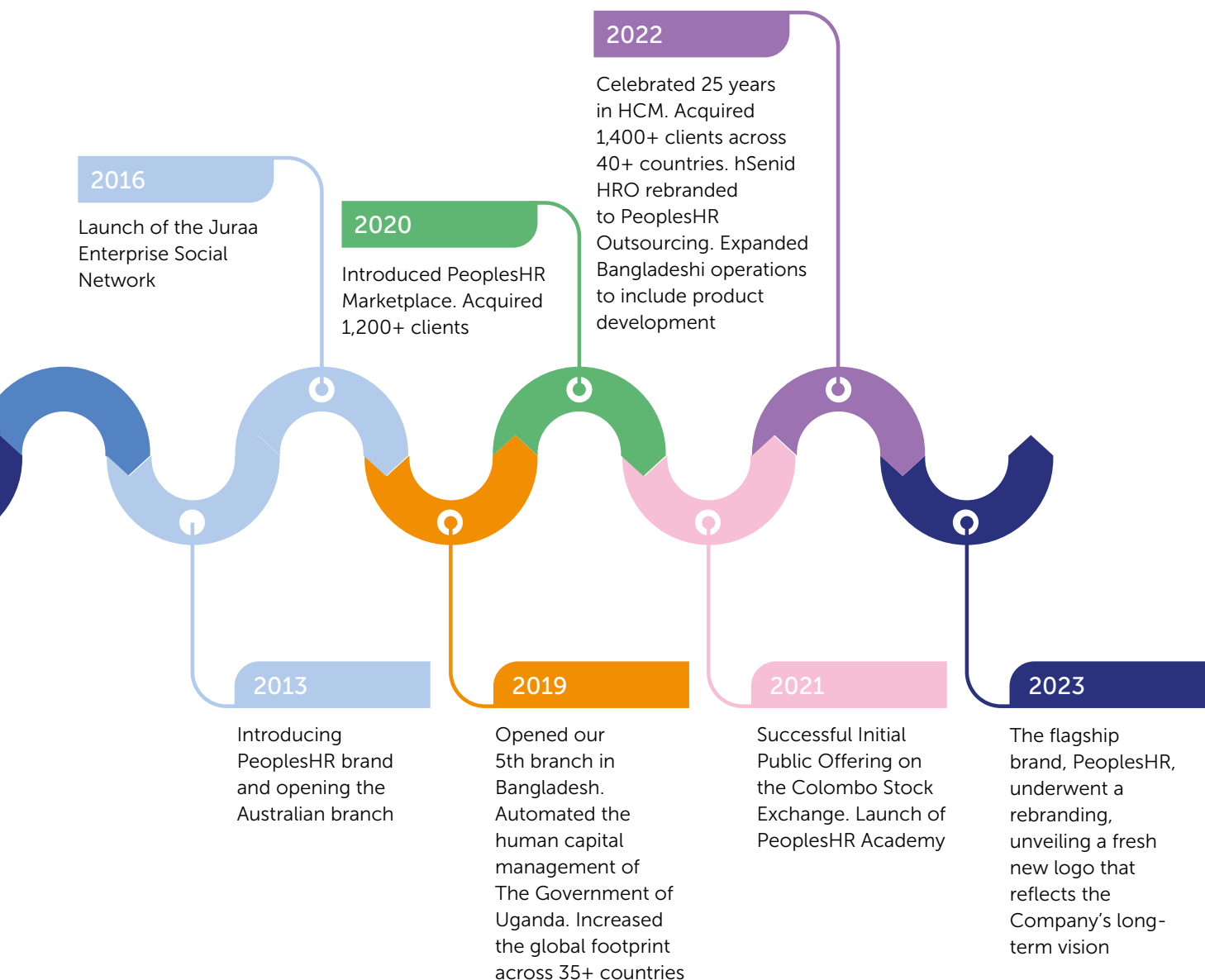
$NRR = 1 - \% \text{ churned revenue} + \% \text{ upsell \& cross-sell revenue} + \% \text{ expanded account revenue} - \% \text{ contracted account revenue}$





## KEY MILESTONES





## PEOPLESHR REBRANDING

**Empowering businesses globally, PeoplesHR streamlines complex HR operations into effective systems that bolster performance and foster a vibrant company culture.**

We align HR with business strategy, transforming it into a dynamic force that drives growth and profitability. Our commitment is to make HR a dynamic, multifaceted powerhouse that propels business growth.

## WHY DID WE REBRAND?

The decision to rebrand to PeoplesHR was driven by the need to align more closely with our evolving identity and values. As the HR landscape changes, so do the needs of our clients. Our rebranding represents our dedication to staying ahead of these changes, ensuring we continue to provide relevant, impactful solutions. This makeover underscores our commitment to innovation and excellence in human resource management, positioning us as leaders in the field.

## The People's Icon

PeoplesHR aspires to a world where human resources are both empowered and adeptly managed, paving the way for gifted individuals to concentrate on both business advancement and personal development.

The figure of the human icon stands as a testament to our belief: people are the guiding light and true essence of our brand.



The design of the two quadrants mimics the appearance of pie charts, a deliberate choice that directly correlates with our software solutions featuring analytics. This design element serves as a visual cue, highlighting our expertise in data-driven insights.

The segments that shape the letter "P" symbolise the harmony of our technological ecosystem. Together, they unite to deliver exceptional results for our clients, showcasing the power of collaboration and innovation.

## Brand Archetype

PeoplesHR, like a Sage, seeks to help its customers navigate the maze of HR management, offering them wisdom and guidance, and empowering them with solutions that help unlock their true potential. This archetype helps position PeoplesHR as a trusted advisor, a source of wisdom, and a guide in the complex landscape of HR management.

**WE ARE THE  
'SAGE'**

## Our Voice

In our journey towards transformation, the voice of PeoplesHR has emerged as a cornerstone, playing a crucial role in our rebranding efforts. This voice reflects our commitment to being approachable, relatable, and supportive, making us more than just a service provider but a trusted partner in HR solutions.

### Educate with Authority

Position PeoplesHR as a trusted HR tech expert using well-researched insights.

### Infuse Energy and Enthusiasm

Use upbeat language to showcase the brand's vibrant spirit.

### Be Authentic and Transparent

Maintain honesty in messaging, highlighting real impacts and stories.

## Our Brand Ecosystem



## CHAIRMAN'S MESSAGE



"In FY24, we made significant strides in strengthening our sales team and enhancing our senior leadership. Our revamped PeoplesHR product portfolio and focused investments in key growth markets, position us on the path as the preferred HRIS solutions provider in the SA, SEA and MEA regions. At the same time, we remain dedicated to providing exceptional service and developing human resource systems that enhance our customers' efficiency and productivity."

**Dinesh Saparamadu**  
Chairman

### **Dear hSenid Business Solutions PLC Shareholders,**

As we reflect on FY24, we are proud to report that hSenidBiz has demonstrated remarkable resilience in the face of challenging market conditions worldwide. Despite these obstacles, we made significant strides in strengthening our sales team and enhancing our senior leadership. These investments, coupled with our revamped PeoplesHR product portfolio, position us well to emerge as the preferred HRIS solutions provider in the South Asia (SA), Southeast Asia (SEA) and Middle East & Africa (MEA) regions.

Our guiding principle for 2024 and beyond is 'Focus'. We are committed to concentrating our efforts on the markets we have identified as key to our growth strategy:

the SA, SEA and MEA regions. This focused approach will enable us to leverage our strengths and resources more effectively, driving sustained growth and value creation.

Over the past year, our CEO, Sampath Jayasundara, and CFO, Nilendra Weerasinghe, along with their dedicated teams, have worked tirelessly to expand our global footprint. Our strategic focus on key markets in SA, SEA and MEA has been instrumental in driving our growth and success.

To support our product enhancement initiatives, we recruited a new Vice President of Engineering. This critical addition to our team will further develop our HR solution by introducing innovative ways to enhance the product with Artificial Intelligence (AI) and Machine Learning (ML) capabilities. Simultaneously, we expanded our sales



team to accelerate our regional expansion efforts. These strategic hires are integral to our goal of establishing a stronger presence in our target markets.

Our success is deeply intertwined with the strength of our team. We are committed to attracting and retaining top talent from around the world, building a diverse and globally nuanced talent pool. Investing in our people's growth and development is a cornerstone of our strategy.

At hSenidBiz, our customer-focused foundation drives everything we do. We are dedicated to providing exceptional service and developing human resource systems that enhance our customers' efficiency and productivity. Our belief is simple: when our customers succeed, we succeed. We remain steadfast in our commitment to supporting their growth.

Prudent capital allocation is essential to our long-term strategy. When we raised capital from our IPO, we earmarked LKR 350.0 Mn for acquisitions and an equal amount for product development and marketing initiatives. While we have effectively utilised the latter, the current market valuations and a depreciating rupee have led us to reassess the timing of acquisitions. We determined that the return on investment (ROI) from internally acquiring customers is more favorable than acquiring growth through expensive acquisitions.

Given the nature of our business, much of our capital expenditure flows through the P&L as operating expenses, such as upfront sales costs, which yield returns over the next 24-36 months. Despite this, we are confident of a higher return on investment from these initiatives. With excess cash on our balance sheet, we believe the prudent course of action is to distribute part of it to our shareholders rather than keeping it as a tax-inefficient reserve.

Thus, we have decided to distribute approximately LKR 346.0 Mn to our shareholders, offering them the choice between receiving the dividend in either cash or scrip form. Shareholders who prefer to receive a cash dividend can choose to do so, while those who select scrip dividends would essentially be reinvesting the funds into the Company, thereby increasing their effective ownership of the Company. We trust that this decision reinforces our commitment to acting in the best interests of our shareholders and being responsible stewards of your capital.

In closing, I extend my heartfelt gratitude to our customers, employees, and shareholders for their unwavering support. Our ethos is built on focus, dedication, and a commitment to excellence. We are focused on delivering exceptional value to our customers, attracting and retaining top talent, and generating long-term returns for our shareholders. With this unwavering focus, we are confident in our ability to achieve continued success and growth.

Sincerely,

*Dinesh Saparamadu*

**Dinesh B. Saparamadu**

Chairman

hSenid Business Solutions PLC

## CEO'S MESSAGE



"With a renewed focus on maintaining a strong ARR trajectory, our strategy development across our product and market development activities will be aligned to strengthen our ARR and recurring revenues. We remain committed to building further traction in our focus markets, in collaboration with our partner network and supported by our strong global sales team. With our talent in place, hSenidBiz is now well positioned to draw on our expertise to achieve our goal of becoming the go-to HCM service provider in the SA, SEA and MEA regions."

**Sampath Jayasundara**  
Chief Executive Officer

### Dear Stakeholders,

I'm pleased to present to you the Annual Report and Financial Statements of hSenid Business Solutions PLC (hSenidBiz) for the year ended 31 March 2024.

The past year was further testimony to the resilience of the Company amidst ongoing challenges in the local market, and the rapid changes in the Human Capital Management (HCM) space globally. The Sri Lankan market continued to recover from its post-crisis events of 2022, while key markets in the South Asia (SA), Southeast Asia (SEA), and Middle-East and Africa (MEA) regions saw steady growth in 2023, despite the impact of the ongoing crisis in the Middle-East.

Across the globe, the work environment remains a hybrid one post-COVID, with most companies providing employees the flexibility of working either from home or at the office. In such an environment, there has been a growing demand for more robust human resource platforms supported by AI tools that could facilitate remote work. As a result, the demand for cloud platforms is on the rise in the HCM space, with tailored applications for smartphones and tablets.

Amidst these ongoing changes, hSenidBiz took a focused approach to both its product and market development initiatives during the year, while making several investments in talent, particularly on the sales front. Our key brand, PeoplesHR, also underwent a rebranding exercise, to align itself with our vision for the

Company in the regional HCM space. The past year also saw the Company take a more active role in regional HCM events across the key markets we operate in, thereby improving the brand visibility of PeoplesHR. To this end, the Company held its first-ever Partner Conference in Sri Lanka in April 2024.

While we remain watchful of global macro events and their impact on the markets we operate in, we believe there is immense opportunity in the ever-changing HCM space. In particular, the HCM industry continues to be in its growth stage in the SA, SEA and MEA regions, with opportunities for localisation and new product development.

### PERFORMANCE DURING THE YEAR

Overall Company revenues for the year grew by 12.4 percent year-over-year, driven by the PeoplesHR Cloud business. With demand for cloud-based HCM platforms on the rise globally, we continued to witness a growing demand for the business, including conversions to the cloud version from the traditional On-Premise product among existing clients. As a result, the year recorded a 26.3 percent year-over-year growth in core-recurring revenues, which accounted for 54.0 percent of our total revenues.

Exit ARR (end FY24)

**USD 3.1 Mn**

New Deals

**USD 2.9 Mn**

Revenue Growth

**12.4% YoY**

Core Recurring Revenues

**54.0%**

of total revenues

However, similar to FY23, the year witnessed higher operational expenses on account of project implementation expenses, marketing costs, cloud hosting charges, and subscriptions. 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 one-off cash items including exchange losses, gratuity provisions, and deferred tax expenses, the Company reported a net loss of LKR 293.1 Mn for the full year. With many of the key talent acquisitions in place, we expect the impact from salaries to normalise in FY25.

The year also saw the completion of our repricing programme, while the cloud hosting and infrastructure costs optimisation programme came to a close. With these two initiatives, the Company was able to partially recoup the margin erosion caused by significant cost escalations through FY21 and FY22.

The product portfolio underwent a rationalisation during the year, with our core PeoplesHR product portfolio (Cloud and On-Premise) now accounting for 78.0 percent of Company revenues, compared to 71.0 percent in FY23. With increased demand for our SaaS offering and migration of existing On-Premise clients to the SaaS product, PeoplesHR Cloud remains our largest business, accounting for 54.0 percent of Company revenues and recording a 31.7 percent growth for the full-year.

Having adopted the 'Sales-led' strategy in the past year, we saw our new deals reach USD 2.9 Mn – a 45.6 percent increase year-over-year – with a record number of total new deals closed in recent times. This growth was supported mainly by the Cloud business, new deals from the SEA region, as well as Phase-3 of the Ugandan Government Project. In addition, we continue to see the average deal value increase significantly in line with the strategy to focus on a lower volume of higher value deals.

Supported by this growth, the Company's core exit ARR (Annualised Recurring Revenue) ended at USD 3.1 Mn by end FY24, recording a year-over-year growth of 49.3 percent. The core exit ARR generated by the Cloud business recorded a robust 48.0 percent year-over-year growth in constant currency terms, demonstrating the strength of the key segment of the business that has driven overall business growth.

One of our key projects over the past few years, the Government of Uganda HCM implementation project, entered its third phase during FY24. We continue to believe that the successful completion of the first two phases in FY22 and FY23, is a testimony to hSenidBiz's robustness and ability to deploy on a very large scale, with the overall

# CEO'S MESSAGE CONTD.

project covering nearly 300 government organisations and a workforce of 400,000.

As we continue to see more demand for our Cloud platform, information security remains a key factor, with many clients now requiring security features. As a commitment to the implementation of cloud security best practices, the Company obtained the ISO/IEC 27017:2015 certification related to cloud service security during the year. A first in Sri Lanka, these practices guarantee the protection of client information assets, and we believe in the long run, add notable value to both our product and service offerings.

## PEOPLESHR REBRANDING

The year also saw our key brand, PeoplesHR, undergo a rebranding exercise. This exercise was primarily carried out to align our products with global branding practices and to form a clear brand recognition for our products, both in the markets in which we operate and in new markets. The rebranding brought into focus our brand vision where PeoplesHR become the go-to HR platform which streamlines complex HR operations into effective systems, and aligns our clients' HR processes with their business strategy, enabling them to drive growth and profitability. The rebranding also brought our Tracking Solutions business under the PeoplesHR umbrella.

The new PeoplesHR logo, voice, and brand tone puts 'People' at the forefront, while highlighting our expertise in data-driven insights, and the ability of our platform to become an integral part of the client's ecosystem and decision-making process.

## TALENT ACQUISITION

Following our talent investments in FY23, the Company further strengthened its global sales team during FY24. This included the recruitment of several country sales heads, supporting sales team members for key markets in the SA and SEA regions and Vice President - Global Sales, to focus on global sales and partner network development. These teams are supported with upskilling and training focused on building a globally competitive B2B SaaS sales team within the Company. The year also saw the addition of a Vice President in Engineering in January 2024, to strengthen our product development and engineering process.

The talent migration witnessed in Sri Lanka over the past two years due to local macro conditions has now stabilised, and the Company has taken the necessary steps to strengthen our talent pool, in particular our leadership team. In addition, our secondary product development centre in Bangladesh continues to successfully operate as a response to securing a diverse talent pool, supporting our regional expansion.

With the exception of recruiting in-country sales and marketing team members as we expand into key markets, the Company does not see further significant hires. We believe in investing in our existing talent pool as they remain critical for the success of our long-term growth initiatives.

## MARKET DEVELOPMENT

We continued our investments in key markets in SA and SEA, particularly in the SEA region. With a stronger global sales team in place, the Company took part in several regional HCM industry events in the region – including the Philippines, Indonesia, Sri Lanka, and the Maldives – which enabled us to showcase our PeoplesHR brand and expertise in the HCM space through key speaking opportunities at these events. We also combined these events with targeted and robust social media marketing campaigns and demand generation campaigns to gain traction for the brand.

With the sales team at the centre driving our growth strategy, we also increased engagement with our partner network to drive new deal opportunities. They remain an integral part of our market expansion strategy. In early April 2024, we hosted our first Partner Conference, which was aimed at recognising and encouraging stronger relationships with our key partners across the SA, SEA and MEA region.

These continued efforts during the year resulted in a number of wins for the Company, including a stronger new deal pipeline creation, shorter sales cycles, and higher average deal sizes. As a result, the Company witnessed the Average Contract Value (ACV) double in FY24.

## PRODUCT DEVELOPMENT

Our focus within product development remained on automation tools, the use of AI and ML, and data analytics capabilities across the platform, particularly for our PeoplesHR Cloud product. Additionally, with the expansion into the SEA market, investments were made in product localisation to cater to the varying taxation and payroll requirements across these markets.

During the year, the development team successfully launched several new features including advanced features on the recruitment module; extensions to the meal management module, including the POS and a mobile app; the introduction of automation toolsets to improve delivery team efficiency and reduce error rates; and completed payroll Robotic Process Automation (RPAs) with MS Power automate, among many others. In addition, the PeoplesHR platform also underwent a user experience (UX) upgrade during FY24, with further updates scheduled for FY25.

As we look at our product development efforts for FY25, 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 the use of Internet of Things (IoT).

With the addition of the new Vice President - Engineering, the Company is also focusing on improving the efficiency of engineering practices with the use of AI-enabled technologies. Evaluating and ensuring that the PeoplesHR tech stack is updated and in line with the latest available technologies, will also be another focus area for the team.

### SPECIAL DIVIDEND DECLARED FOR FY24

The Initial Public Offering (IPO) in 2021 provided us the opportunity to invest in our growth, particularly in market and product development, and the supporting talent acquisition. While the LKR 342.0 Mn allocated to both product and market development are now fully utilised, we are yet to deploy the remaining LKR 350.0 Mn allocated for strategic acquisitions. As of this point, we believe investments in organic growth – focused market and product development initiatives – are the most suited options for the Company, while remaining open to potential acquisitions, should the opportunity arise.

As a result, with excess cash on our balance sheet, the Company has decided to distribute a part of such funds to our shareholders. Hence, we will be declaring a special dividend amounting to approximately LKR 346.0 Mn to our shareholders, offering the choice between receiving the dividend in either cash or scrip form. A first for Sri Lanka, we believe this decision provides us the opportunity to reward shareholders who have steadfastly believed in our growth story and those who wish to remain a part of our journey to reinvest with us. We believe this decision shows our dedication to serving the best interests of our shareholders and responsibly managing their capital.

### CORPORATE GOVERNANCE

In September 2023, the Securities and Exchange Commission of Sri Lanka (SEC) published its updated corporate governance regulations for listed entities, with compliance for most regulations mandatory by October 2024. In line with these requirements, we have made the necessary changes to our corporate governance guidelines and are in the process of being fully compliant.

As for more immediate actions, we appointed Malinga Arsakularatne, a non-executive independent director at hSenidBiz, as the Senior Independent Director (SID) of the Company with effect from 18th October 2023. In

addition, we established the Nominations and Governance Committee in early April 2024.

hSenidBiz is committed to maintaining its governance practices, ensuring transparency, accountability, and ethical conduct in all our operations, and we welcome the newly published regulations. We believe it not only strengthens the accountability amongst listed entities, but also improves investor confidence in the capital markets.

### RECOGNITION FOR HSENIDBIZ

The year saw hSenidBiz win a number of industry awards. For the fourth consecutive year, hSenidBiz emerged as the Gold winner in the Medium Category of the ICT, BPO & Related Services Sector at the 31st Annual Export Awards 2023, affirming our commitment to innovation quality, and transformative contributions to Sri Lanka's export sector. The Company was also recognised as the Sri Lanka and Maldives Microsoft Independent Software Vendor (ISV) Partner of the Year 2023, for a third year in a row. Additionally, our core brand, PeoplesHR, received recognition from leading software review portals in the APAC region in FY24 including G2. We believe this is a testament to our efforts in both the local and regional markets, with our PeoplesHR application implemented across 1,675 clients in 40 countries in over 20 industries.



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



*hSenidBiz recognised as the Independent Software Vendor (ISV) Microsoft Partner of the Year 2023 for Sri Lanka and Maldives for the third consecutive year*



## CEO'S MESSAGE CONTD.

The year also saw hSenidBiz chosen as the subject company for the 17th Annual CFA Society Sri Lanka Research Challenge which was held in February 2024. The event is an annual educational endeavour organised by the CFA Institute, aimed at promoting the principles of ethical conduct in equity research among university students across the globe. hSenidBiz was honoured to have been a part of this event as the first software enterprise product company to be listed on the Colombo Stock Exchange.



*hSenidBiz Chief Financial Officer Nilendra Weerasinghe addressing participants at the CFA Society Sri Lanka Research Challenge finals*



*hSenidBiz Chief Executive Officer Sampath Jayasundara with the winning team from the Colombo University at the CFA Society Sri Lanka Research Challenge finals*

### PARTNERING WITH OUR COMMUNITY

As a people-focused organisation, hSenidBiz continued to engage in a number of activities during the year with our community. For the third year running, we held our 'Open Closet' project, aimed at giving back to women facing challenges with limited access to clothing, shoes, and accessories.

The year also saw the Company partner with Sri Lanka Rupavahini (TV) Corporation on their 'Donate a book' campaign, building a comprehensive Donation Management System platform designed to streamline

the entire donation process, from donor registration to donation handling and distribution. The collaboration included two phases: the first provides a secure login and registration process for donors and other users, along with profile management tools; in the second phase, the system expands to include item donations, with functionalities for registering recipients, guardians and facilitators, managing the distribution of donated items, and handling item purchases through quotations, invoice uploads, and inventory updates.

hSenidBiz also plays an active role at the industry level via the 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 by helping them with curriculum development, lecturing, conducting workshops, and providing internships to students.

### A 'FOCUSED' APPROACH IN FY25

Looking at FY25, we remain committed to building further traction in the SEA by positioning our brand as a leading HR Technology player. We continue to realise benefits from our investments over the past year in the region and believe it will be a key contributor to the PeoplesHR Cloud business, driving recurring revenues for the Company. Moreover, the year will also see further collaborations with our partner network to broaden our customer reach while increasing our market footprint across the SA, SEA and MEA regions, deal sizes, and shortened sales cycles. With a majority of our talent in place now, these efforts will be supported by our product development, engineering, and implementation functions.

As we continue to extend our position as a leading HCM provider in the SA, SEA and MEA regions, it is important that we align our Company with global technology company standards. To this end, we have brought onboard highly experienced external consultants to fast-track our marketing and product strategy areas, drawing from their experience in the regional and global tech space. We expect these changes to bring focus to customer success and provide business unit-level optimisation in both revenues and costs.

A key metric of our industry is ARR, and in the coming years it will be a focal point in our strategy development. Our product and market development, implementation, and sales and marketing activities will be aligned to strengthen our ARR, which in turn places us on the path to profitability. The USD 3.1 Mn exit ARR at the end FY24, is a clear indication of these renewed efforts.

## APPRECIATION


I thank our Founder and Board for their continued support, and for providing their vision and guidance through another crucial year for the business. Their leadership and expertise have been essential in navigating some of the key decisions that were made during the year, enabling the Company to realign our focus on areas which will drive growth over the coming years.

I am highly appreciative of and thankful to our employees, and their unwavering commitment to the mission and the Company strategy has been the base for our continued growth, the rebranding of PeoplesHR, and focused product and market development witnessed in the past year.

Our partner network has been essential in taking our brand and product portfolio to our key strategic markets. I thank our partners for their steadfast support and collaboration over these past years. Their support has been instrumental in our achievements and progress, and I invite them to continue to work with us in our journey to make PeoplesHR a regional brand.

With our client base expanding to nearly 1,675 across the globe, I thank the existing clients for their unwavering trust in us and for their loyalty, while welcoming our new clients to the PeoplesHR family. We remain committed to providing all our clients with a strong HCM system which will help them make meaningful and impactful data-driven decisions within their organisations – in line with our brand promise.

I would also like to thank our shareholders, in particular those who have been a part of our journey since the IPO, for trusting and believing in our growth story. We encourage them to continue to invest in us and be a part of achieving our ambition of being the go-to HCM service provider in the SA, SEA and MEA regions.



**Sampath Jayasundara**  
Chief Executive Officer  
hSenid Business Solutions

## 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 at Aetna Life and Casualty, in 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 more than 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, which focuses on delivering innovative e-commerce solutions for restaurants. Dinesh is extremely passionate about supporting Sri Lanka's IT industry; he 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. He received 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 a BSc in Computer Engineering from the University of Bridgeport, USA, and has 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 PLC. With over 25 years of experience in the ICT industry, he joined hSenid as a Project Lead in 2000, and held 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 on the lecture panel of the Chartered Institute of Personnel Management (CIPM) of Sri Lanka, and he is a lecturer at the Open University of Sri Lanka (OUSL), the Postgraduate Institute of Management (PIM) – University of Sri Jayewardenepura, the Institute of Human Resources Advancements (IHRA), and the Faculty of Management and Finance of the University of Colombo, for postgraduate studies.

Sampath is also the Co-founder/Director of the Pioneer Institute of Business and Technology (Pvt) Ltd, an institute that offers IT and Business degree programmes in affiliation with the University of Greenwich, UK. He serves as a Director at SLASSCOM, the industry chamber for the IT/BPO industry, and as the Vice President of the Sri Lanka-Australia-New Zealand Business Council. He was recognised as the ICT CEO of the Year 2022 by The CEO Sri Lanka magazine, and he is a distinguished speaker in the HR tech space on various international forums.



**Apurva Udeshi**

**Non-Executive, Non-Independent**

Appointed to the Board on November 21, 2011

Apurva Udeshi is the Managing Director of Argent Capital, Co-Founder of Avantrio, 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. Avantrio is a software services development studio which specialises 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 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, which he headed for three years.



**Dishnira R. Saparamadu-Ariyaratne**

**Non-Executive, Non-Independent**

Appointed to the Board on September 20, 2021

Dishnira Saparamadu is the founder and CEO of Thambili Island Wear (Pvt) Ltd. She graduated from the University of Nottingham, UK, where she obtained a Bachelor of Science (Hons) 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 her return to Sri Lanka, she began her career as a Business Analyst at Millennium 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, Ms. Saparamadu founded Thambili Island, a Good Market-approved label which focuses on conscious production, and works closely with a talented group of local artisans.

With a proven track record in Digital Marketing and Strategy, Ms. Saparamadu is currently overseeing business development initiatives at hSenid Mobile Services. Prior to assuming this role, she was a marketing consultant to AppiGo International, a B2B e-commerce platform which serves 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 led Virtusa, a global digital engineering company, from startup 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 its industry leading cybersecurity program. He also led the growth of Virtusa Sri Lanka's 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 a current advisor to the Cybersecurity Center of Excellence. Madu plays a number of advisory and board roles for startups, universities, the government, and NGOs. He has also 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, Massachusetts, USA.



**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 as 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. He was recently appointed as the Senior Independent Director of hSenid Business Solutions PLC, where he has also served as the Chairperson of the Board Audit Committee since December 2021.

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.





**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.

Anarkali currently serves as a Director on the boards of John Keells Hotels PLC and WealthTrust Securities (Pvt) Ltd, a primary dealer. She is also a member of the Board of Advisors for the Advocata Institute, an independent policy think tank based in Colombo.

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 sectors.

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 Law Commission of Sri Lanka.

Dr. Wikramanayake has been consistently ranked as a leading individual in the fields of Corporate and M&A by Chambers and 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, USA. Dr. Wikramanayake also holds a Masters in Law and Diplomacy (MALD) from the Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA, and a PHD in Law from the University of Colombo.



## CORPORATE MANAGEMENT TEAM



**Nilendra Weerasinghe**  
Chief Financial Officer



**Asitha Goonewardena**  
Chief Product Owner



**Thushara Dissanayake**  
Chief Delivery Officer



**Ishan Fernando**  
Vice President - Engineering



**Luxsho Logan**  
Vice President - Global Sales



**Saman Kumara**  
Director, Administration



**Wasantha Ratnayaka**  
Director Delivery – Government of  
Uganda (GOU)



**Kapila Gajapala**  
Director PeoplesHR Tracking



**Dinuka Erosh**  
Director Human Resources  
Outsourcing



**Riyazi Samsudeen**  
Director Sales & Partner  
Management - ASEAN



**Mahinda Pathirana**  
Head of Support & Enterprise Delivery



**Hasitha Athawuda**  
Director Sales - South Asia



**Chathuranga Senaratne**  
Director Customer Success



**Raveen Lasath**  
Financial Controller



**Vichalya Wijesuriya**  
Director Marketing & Corporate  
Communication



**Dinushan Tennakoon**  
Director Human Resources



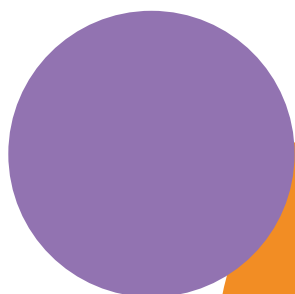
**Champika Kuruppu**  
Principal Architect



**Ayub Sourjah**  
Principal Architect



**Chamaka Chathuranga**  
Senior Manager Information  
Technology





# All-in-One HR Ecosystem





# MANAGEMENT DISCUSSION AND ANALYSIS

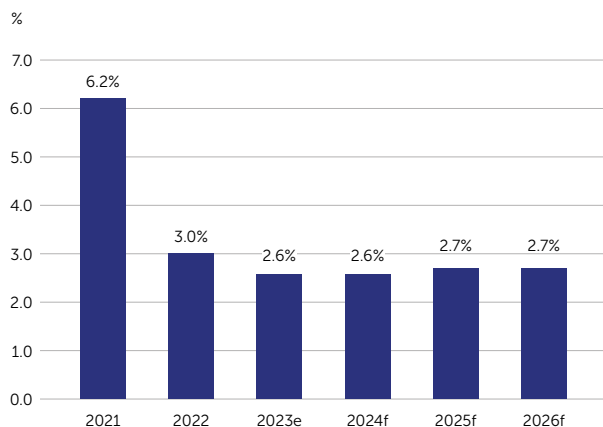
- 33** Operating Environment
  - 38** Business Overview
  - 41** Operational Review
  - 53** Environmental Sustainability and Ethical Practices
- 
- The bottom half of the page features an abstract graphic design. It includes a large, light blue wavy shape that flows from the right side towards the bottom left. Overlapping this are several solid-colored circles: a large orange circle, a smaller green circle, and a small blue circle. The background is a solid purple color.

# OPERATING ENVIRONMENT

## GLOBAL ECONOMY

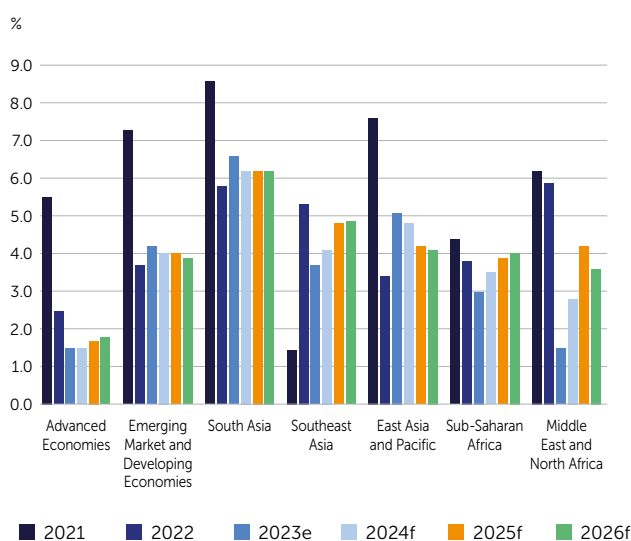
In 2023, while the global economy faced challenges with persistent inflation and subdued economic activity, GDP growth was stronger than anticipated. As per the World Bank (WB), global GDP growth settled at 2.6 percent for the year 2023, 0.5 percent higher compared to its earlier estimate in June 2023. While inflation targeting and monetary policy tightening had a contractionary impact on global trade growth, resilience in investment activity and increased demand for services, particularly in Asia, bolstered final growth estimates.

### Global GDP growth



Source: World Bank Global Economic Prospects Report – June 2024

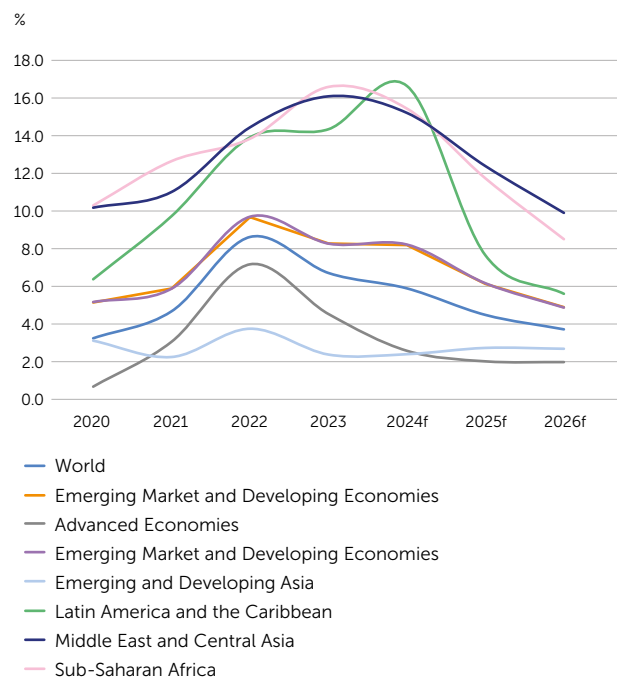
### Forecasted regional real GDP growth



Source: World Bank Global Economic Prospects Report – June 2024

Both global headline and core inflation fell during 2023 compared to 2022 peaks, reflecting the lagged and ongoing effects of accelerated monetary policy tightening across the globe. Lower energy prices and fading supply chain pressures contributed to a decline in inflation at the beginning of the year. However, the conflict in the Middle-East during the second half of 2023, tempered expectations for a further decline in inflation.

### Average consumer price inflation



Source: IMF World Economic Outlook April 2024

Global trade volume growth slowed down to 1.0 percent in 2023 followed by a 5.3 percent robust increase in 2022. The slowdown was driven by inventory reductions and the shift in consumption towards less trade-intensive services, particularly in the US and Europe, although a continued recovery in international travel helped support overall services trade (OECD, May 2024). Labour markets also showed unexpected resilience with global unemployment at 5.1 percent in 2023, a modest improvement from 2022 (ILO). Labour market participation rates have largely also recovered from their pandemic lows.

At the global level, investment as a share of GDP in 2023 is estimated to have been 26.5 percent, only one percentage point lower than in 2022 (IMF). The IMF believes that the resilience in investment activity may have been linked to anchored expectations that inflation (and interest rates) would return to target levels. However, the composition of investment has shifted away from highly innovative



# OPERATING ENVIRONMENT CONTD.

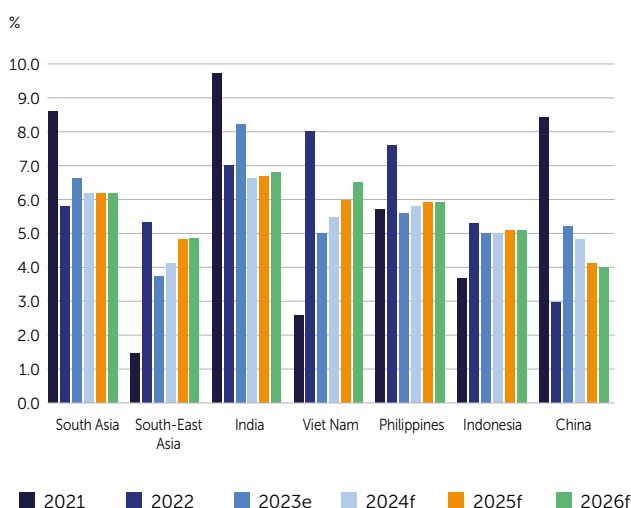
investments to low-yielding ones. While this has helped to bolster economic activity and employment in the short term, an over-reliance on lower-productivity investments, such as retail trade, could dampen productivity over the medium term.

## ASIAN REGION

Growth in the Asian region continued to normalise back to pre-pandemic levels over the course of 2023. Most countries in the region saw strong growth in 2023, albeit at a slower rate than the growth seen in 2022. The effects of the reopening of China also faded rapidly as the country was weighed down by continued weakness in the real estate sector.

Weak growth in China had spill-over effects to the rest of the region as international trade slowed, buoyed only by the continued revival of international tourism and robust expansion of public investment and services exports in India. Exports in Malaysia, the Philippines, and Singapore experienced a decline due to reduced demand for commodities and a slowdown in manufacturing-driven export growth, affecting the subregion's major exporting economies. The accelerated rate hikes in major global economies and export markets contributed to a credit crunch, dampening demand. In contrast, Indonesia, Thailand, and Vietnam saw strong export performance, driven by sustained growth in service exports, primarily from the tourism sector.

### Asian region GDP growth



Source: World Bank Global Economic Prospects Report – June 2024

Headline consumer price inflation fell through much of 2023 in most of the region's economies, supported by moderating commodity prices. In many economies,

headline and core inflation towards the end of the year hovered at about or below central bank targets amid moderate demand pressures, with regulated prices in some cases helping to offset higher oil prices in the second half of the year (as shown in the average consumer price inflation chart above).

According to the WB, monetary policy actions across the region have begun to diverge in Asia. Interest rates were hiked further in Indonesia, the Philippines, and Thailand, reflecting varying factors including currency depreciation in the face of U.S. dollar strength, inflationary pressures and, in the case of Thailand, policy normalisation following a period of low interest rates. In India, Malaysia and Vietnam, rates were held steady, while in China, weak activity prompted cuts to interest rates and required reserve ratios.

Employment growth in the region has picked up, driven by job growth in South Asia and Southeast Asia. Total employment for Asia and Pacific region grew by 2.4 percent between 2022 and 2023 which is significantly higher than the pre-pandemic long-term average of 0.9 percent growth year over year (ILO). As a result, the unemployment rate for the region fell below pre-pandemic levels in 2023.

The outlook for 2024 appears cautiously positive for the region. Most economies in Southeast Asia anticipate improved performance, while acknowledging persistent challenges. Robust private consumption stands to benefit from stable prices and a tight job market, with potential reinforcement from government stimulus initiatives. Moreover, the region could see a boost from increased demand for electronics and a resurgence in international tourism. Nevertheless, ongoing geopolitical tensions, such as those between China and the United States, and the impact on export demand from the recessionary environment in key European economies, remain some of the key risks to regional growth. However, as per the WB, Southeast Asia is expected to record a 4.1-4.8 percent GDP growth while South Asia is expected to record a 6.2 percent GDP growth over the next two years, compared to a 3.0-3.5 percent growth for the other regions.

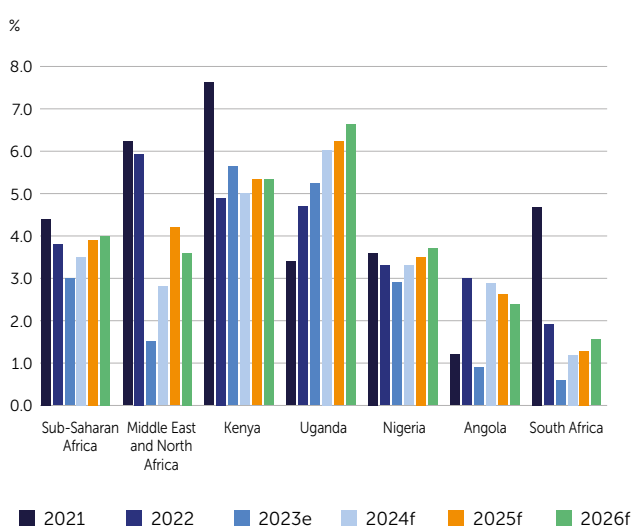
## MEA REGION

Growth in the Middle East and African region (MEA) slowed from 4.9 percent in 2022 to 2.3 percent in 2023 as a result of increased conflict across the region, which increased geopolitical and policy uncertainty, disrupted financial markets, and damaged investor confidence during the second half of 2023 (WB).

The Middle East and North African (MENA) region was impacted heavily by the ongoing conflict in the Middle-East, causing 2023 GDP growth estimates to drop to 1.5 percent from 5.9 percent in 2022. Naturally, international tourist arrivals in these countries likewise slowed down, despite robust activity prior to the onset of the conflict. The MENA region also faced multiple economic headwinds, including oil production cuts, elevated inflation, and weak private sector activity in oil-importing economies. However, non-oil sector activity in the region was robust.

According to the WB, GDP growth for sub-Saharan Africa (SSA) similarly fell to 3.0 percent from 3.8 percent in 2022. Growth in the region's three largest economies—Nigeria, South Africa, and Angola— slowed to an average of 1.5 percent in 2023 from 2.7 percent in 2022. Nigeria, the region's largest economy, displayed a notable increase in oil production after declines in previous years. However, a disruptive currency demonetisation policy in the first quarter of 2023 resulted in cash shortages and weakened services growth. South Africa experienced further weakening of GDP growth as a result of an energy crisis and supply chain bottlenecks. Moreover, growth in several countries was hampered by intense and protracted conflicts, most notably that in Sudan, and recent flareups of violence in Chad and Niger. Post-pandemic recoveries were slowed by weakening external demand and domestic policy tightening to address persistent inflation, particularly in South Africa.

#### MEA region GDP growth



Source: World Bank Global Economic Prospects Report – June 2024

However, growth in SSA is expected to pick up to pre-pandemic levels as inflationary pressures decline and financial conditions stabilise. Excluding the three largest

economies, growth in the region is expected to decline from 3.4 percent in 2023 to 3.9 percent in 2024, and a further 4.3 percent in 2025 (WB estimates). Increasing investments are expected to drive growth in Kenya and Uganda, partly owing to improved business confidence. Growth in the larger economies - Nigeria, Angola and South Africa - is expected to rise albeit at a slower pace. Growth is expected to be driven mainly by agriculture, construction, services, and trade, and supported by policy reforms that were implemented during 2023.

Further, according to the ILO, the size of the labour force in SSA increased by 3.3 percent in 2023, driven by population growth. While unemployment has remained slightly elevated since the onset of the pandemic, the average unemployment rate has dropped to an estimated 5.8 percent in 2023, compared with 5.9 percent in 2019 and 6.0 percent in 2022. Both employment and labour force size are estimated to rise by 2025 (ILO estimates).

#### HUMAN CAPITAL MANAGEMENT INDUSTRY

hSenidBiz operates in the Human Capital Management (HCM) software industry. Human Capital Management is a collection of HR systems, tools, and practices used to recruit, attract, develop, train, retain and manage employees to help organisations achieve their business goals. Against the macro view discussed above, majority of the markets hSenidBiz operates in across the SA, SEA and MEA regions, have seen robust economic growth in the past year, compared to the rest of the regions. These economies also include large working populations with organisations open to adopting new HCM tools, to manage their growing workforce.

The HCM Software market is expected to grow significantly in the coming years. As per Fortune Business Insights the global HCM market was valued at USD 28.9 Bn in 2023 and is projected to grow from USD 31.3 Bn in 2024 to USD 63.1 Bn by 2032, at a CAGR of 9.1 percent.

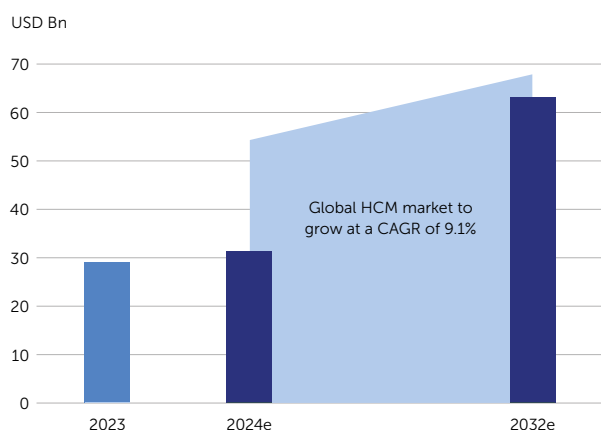
While mature markets such as North America and Europe are expected to remain the largest contributors, developing economies - particularly in the Asian and MEA regions - are expected to show a notable growth over the coming years. Growing digitisation, mobility of workforce, and adoption of advanced technologies such as Industry 4.0, big data, and AI are driving demand for a more skilled workforce, and in turn demand for HCM tools to manage them. In addition, as multinationals continue to expand into developing nations, their ability and willingness to invest in robust HCM platforms to manage large workforces, provide a further boost to the HCM industry. Apart from larger organisations, there is an increasing trend for SME's to adopt HCM tools, particularly

# OPERATING ENVIRONMENT CONTD.

subscription to cloud based platforms, in order to save time and manage employees efficiently.

HCM solutions are increasingly being deployed on cloud-based and mobile technology to run reports, process data and create a smooth end-user experience. Cloud-based HCM software offers several advantages over on-premise solutions including lower costs, greater scalability, and improved accessibility. According to GM Insights, the cloud-based market accounted for around 64.0 percent of the global HCM market in 2023.

## Global Human Capital Management Market to Expand to ~USD 63.1 Bn by 2032



Source: Fortune Business Insights

## Key trends in the HCM space

### The paradigm shift in HRM; hybrid and flexible working are here to stay

Borderless talent is allowing industries and companies to look beyond geographical boundaries to source the best talent. Additionally, the makeup of the global workforce is undergoing significant change. Based on the Future of Payroll Survey (2022) by Ceridian, 53.0 percent of employees would accept a pay cut if it meant improving their work-life balance. As more people prioritise work-life balance, the emergence of the hybrid worker, has increased the complexity of scheduling, onboarding, benefits and, ultimately, payroll. However, the financial ramifications of hybrid and remote employees have resulted in hidden costs and compliance complexities that are yet to be fully realised or addressed by both employers and employees. This has led to a demand for better and faster analytics and reporting as well as a large proportion of companies choosing to outsource their payroll function.

## Artificial intelligence in talent acquisition

The increasing adoption of artificial intelligence (AI) and machine learning (ML) technologies has helped automate several HR processes, including recruitment, onboarding, and performance management. According to Zippia, an online job search tool, 97.0 percent of employers plan to increase their investments in recruiting technology by 2025 with 47.0 percent focusing on AI technologies. Gartner specifically calls out the use of AI in talent acquisition and video recruitment as two major trends.

Artificial intelligence in talent acquisition enhances the automation of recruitment procedures and offers decision-making assistance to candidates, hiring managers, and talent acquisition professionals across various process stages, including talent sourcing, screening, interview arrangement, and initial onboarding.

AI revolutionises video recruiting by automating screening processes through facial and voice analysis, utilising natural language processing to extract candidate information, and facilitating candidate-job matching. It reduces bias by focusing solely on qualifications and performance, while also providing personalised feedback to candidates. Additionally, AI streamlines administrative tasks, such as interview scheduling, enhancing efficiency and the overall recruitment experience.

## Payroll solutions

According to Business Research Insights Payroll Outsourcing Market Report (2023), the payroll market is stable and growing with a forecasted increase from USD 10.0 Bn in 2021 to USD 14.9 Bn by 2028, reflecting a CAGR of 5.8 percent. Despite reductions in capital investment by companies, investment into payroll solutions remains steady owing to its mission-critical status in any company and its role in improving operating efficiencies. Gartner highlights the importance of cloud solutions in the payroll space in their report, Cloud Computing Trends 2023, stating, "cloud payroll has emerged as a game-changer for organisations, revolutionising the way they handle their payroll processes". Gartner further predicts, in its 2022 Market Guide for Multi Country Payroll Solutions, that by 2025, 65.0 percent of payroll processing will be automated with no manual interventions.

## Reaching the deskless employee

HR technology has long endeavoured to align with the needs of employees; however, it has not consistently met the requirements of those whose work does not revolve around a desk or computer screen. Deloitte predicts that a focus on technology for deskless workers to enable front-line digital workplaces will be one of the key HR

technology trends in 2024. Employers have begun to focus more on empowering deskless workers, such as frontline workers in retail, healthcare, and manufacturing through the addition of HR technology. Tailored for smartphones and tablets, the deskless worker design bridges a significant experiential gap, facilitating a more productive and interconnected workforce.

### **Analytics and reporting**

As a result of the increased level of complexity in the new boundary-less HCM landscape, there is an increasing demand for analytics and reporting features that help to monitor employee well-being and productivity (Gartner). By leveraging analytics and reporting features, HR professionals can identify patterns, conduct predictive analytics, and optimise strategies for talent acquisition, retention, and development. Furthermore, advanced analytics tools enable organisations to measure the impact of HR initiatives, track key performance indicators, and align HR practices with business objectives. Ultimately, the integration of analytics and reporting capabilities empowers HR teams to drive informed decision-making and enhance operational efficiency which has become a priority in the present global economic environment.

# BUSINESS OVERVIEW

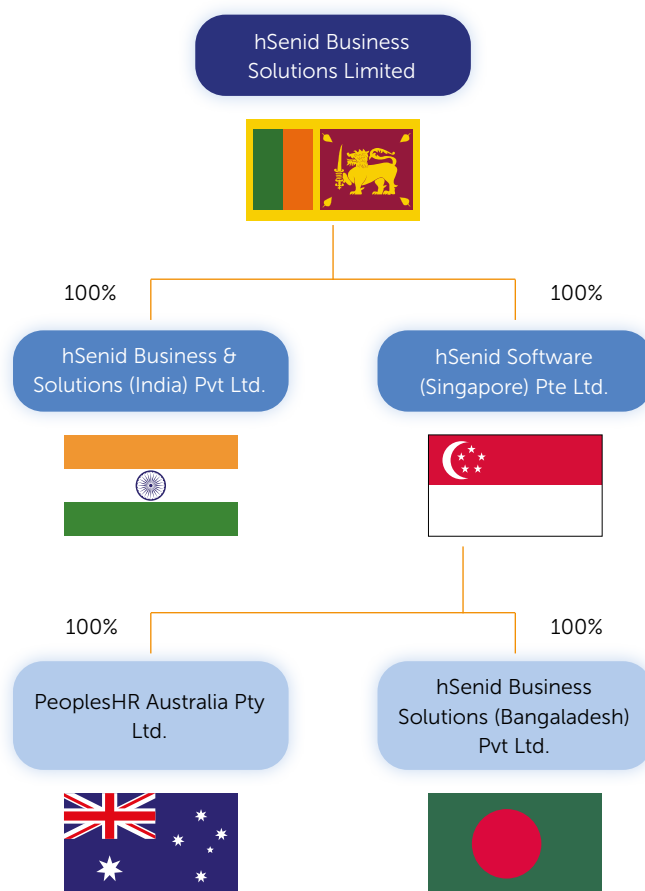
## BUSINESS OVERVIEW

hSenid Business Solutions PLC (hBS), headquartered in Sri Lanka, is a leading provider of Human Capital Management (HCM) software, serving the South Asia (SA), Southeast Asia (SEA), and Middle East & Africa (MEA) regions. Its flagship brand, PeoplesHR, covers the complete hire-to-retire employee journey, including features such as payroll processing, performance evaluation, recruitment, onboarding, training, and workforce planning.

Established in 1997 as hSenid Software International (Private) Limited (hSI), the Company aimed to deliver high-quality software products and services globally. Over time, the hSenid brand expanded significantly, introducing innovative solutions and establishing a strong foothold in both local and international markets. In 2005, the core management team, led by Founder and Chairman Dinesh Saparamadu, launched hSenid Business Solutions (Private) Limited, marking the start of a new chapter focused on global Human Resource Information Systems (HRIS). Their flagship offering, PeoplesHR, which has been refined over the ensuing 25 years, has made remarkable advancements in HRIS technology and is now trusted by major global enterprises across various industries. Today, PeoplesHR is utilised by over one million employees across 1,675 organisations spanning 40 countries and has an established business presence in Singapore, Australia, Bangladesh, India, Kenya, the Philippines, and Indonesia.

In fiscal year 2021, the Company made history by becoming the first enterprise software company to be listed on the Colombo Stock Exchange (CSE), raising LKR 692.0 Mn in equity capital. These funds have been allocated for product development endeavours, market expansion efforts, and potential strategic acquisitions in the APAC and/or MEA regions.

PeoplesHR encompasses a diverse product portfolio, emphasising innovation and state-of-the-art technology. The brand represents people-centred solutions that are customisable, adaptive, and relevant, while incorporating a unique blend of analytics, Artificial Intelligence (AI), and other cutting-edge technologies.



## WHAT IS PEOPLESHR?

PeoplesHR is a comprehensive portfolio of HR solutions that are suitable for companies of all sizes, offering support for various Human Resources (HR) needs, from daily operations to strategic HR decision-making. The platform provides a user-friendly experience, allowing easy engagement through its mobile app, kiosks, and chatbots. With features such as multi-country payroll and an ever-evolving multilingual framework, PeoplesHR ensures versatility and adaptability across diverse business environments.

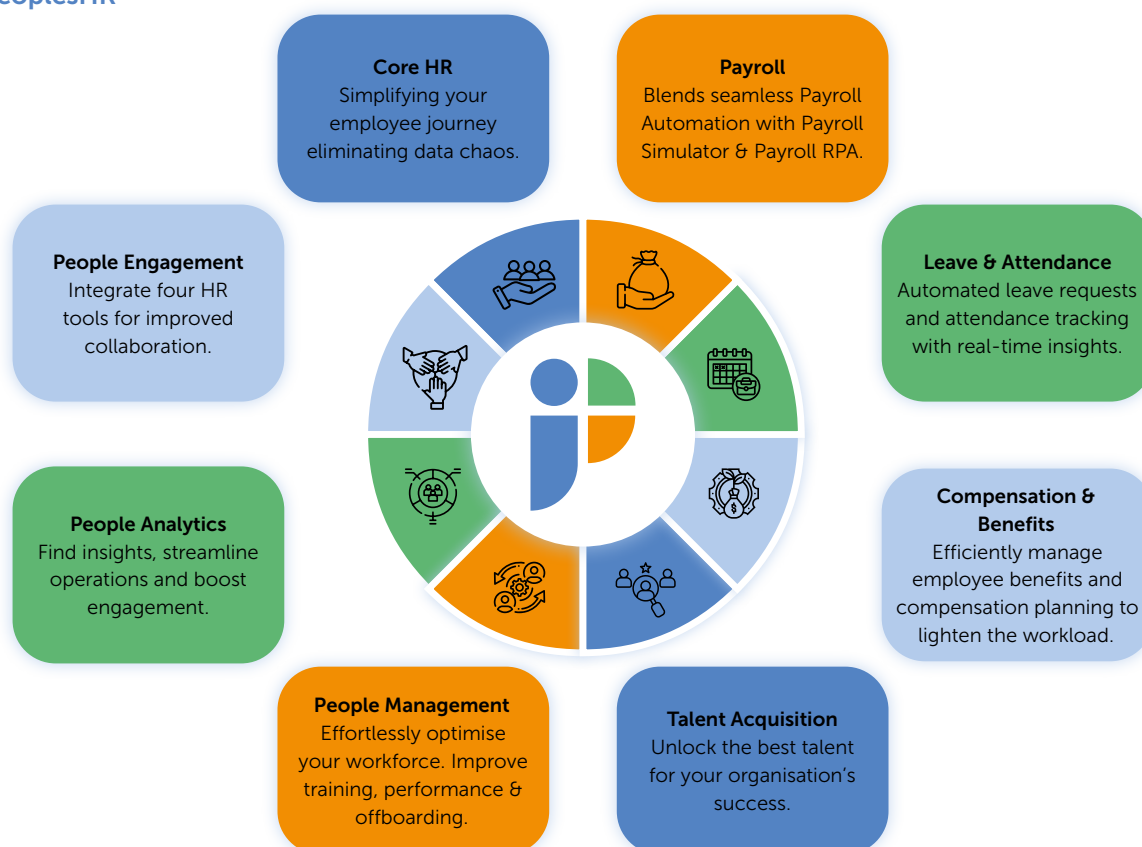
Focusing mainly on cloud-based deployment, PeoplesHR integrates seamlessly with leading cloud infrastructure providers such as Microsoft Azure and Huawei. It offers eight product bundles covering various touchpoints which are crucial for HR management.

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

HCM Products	Capabilities
<b>Core HR</b>	Includes features such as employee profile, centralised tenure management, viewing complete organisational structures, end-to-end self-service options, mobile accessibility, and reporting capabilities.
<b>Time &amp; Attendance</b>	Comprehensive management of time & attendance with integrated IoT technology tailored for industries which require precise time-tracking capabilities.
<b>Payroll</b>	Core payroll functionalities with localisation for specific countries, audit trails, bank transfers, incremental simulations, and a fully automated payroll process.
<b>Compensation &amp; Benefits</b>	Includes various compensation and benefits management tools including common loan management models, customised reimbursement models with payroll integration, expense reports, and meal management.
<b>People Management</b>	Functions include managing performances and Key Performance Indicators (KPIs), learning and development programs, employee offboarding processes, and handling employee incidents.
<b>Talent Acquisition</b>	Features comprise job board integration, candidate shortlisting, offering employment, onboarding formalities, and headcount planning.
<b>People Analytics</b>	Provides organisational-level HR analytics, insights, turnover predictions with early warning on employee disengagement, data visualisation capabilities, and operational dashboards.
<b>People Engagement</b>	Includes discussion forums, focused groups, employee appreciation channels, employee communities, Q&A sessions with AI-powered chatbots, drop boxes for feedback, and employee surveys.

In addition to the core HCM products, PeoplesHR also offers additional services, including payroll and HR outsourcing, tracking solutions and PeoplesHR Academy.

## Why PeoplesHR





## BUSINESS OVERVIEW CONTD.

### PeoplesHR Outsourcing

PeoplesHR Outsourcing 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. In the era of digital nomads and a boundaryless workforce, PeoplesHR Outsourcing takes on the administrative minutiae of overseeing such a complex machine, allowing clients to focus on their core business.

### PeoplesHR Tracking

PeoplesHR Tracking delivers state-of-the-art solutions that redefine how companies track, secure, and manage their assets, whether they are people, places, or objects. This includes access automation and access controls, security, time and attendance management, and crowd control and cafeteria management.

### PeoplesHR Academy

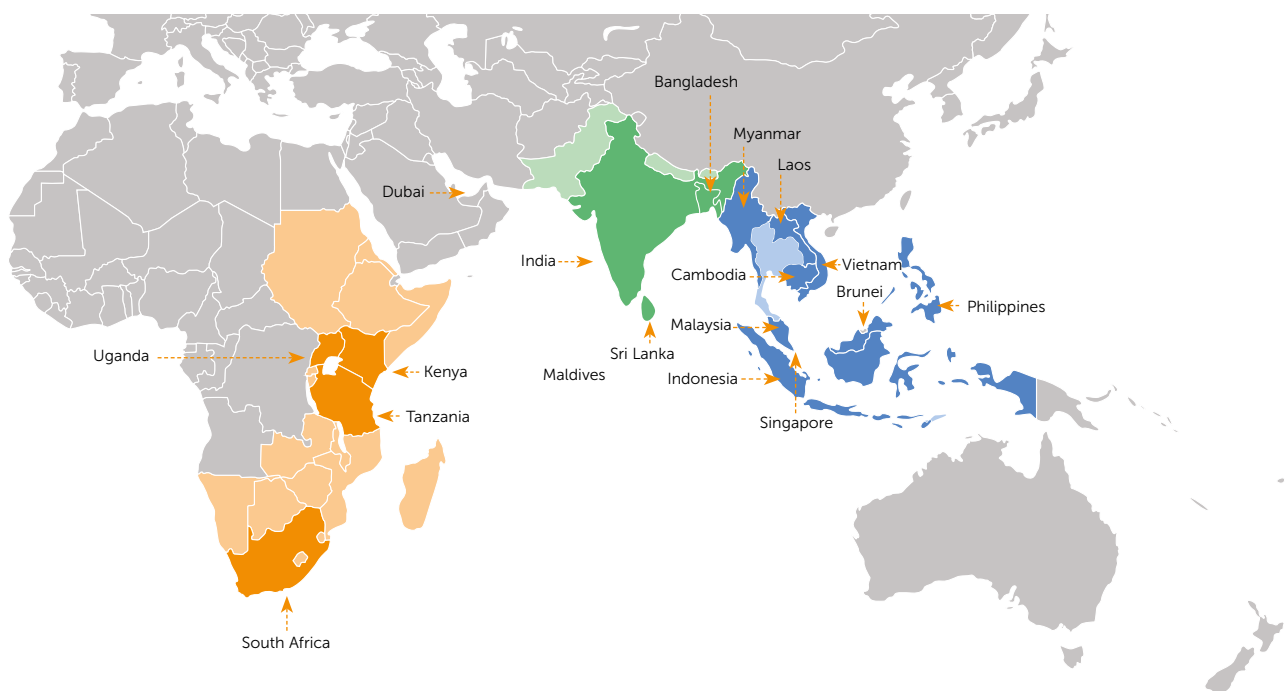
PeoplesHR Academy is a digital learning academy which aims to empower HR Professionals and channel partners by helping them to learn about PeoplesHR offerings and better tailored solutions to client needs. It also intends to build a PeoplesHR community where members can share their ideas, ask questions, learn best practices, and receive valuable suggestions on new product features.

### MARKET PRESENCE AND CHANNEL PARTNERSHIPS

hSneidBiz operates in over 40 countries, primarily in the SA, SEA and MEA regions. Since the first overseas branch opened in Singapore in 2004, the Company 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.

PeoplesHR software solutions are sold and distributed through an extensive network of channel partners across its key regions, 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 and leveraging PeoplesHR Academy to cater to various aspects of the process. Reseller partners form a significant portion of the overall network and promote PeoplesHR to potential clients in their regions. Implementation partners originate sales leads, including providing final implementation and execution of the deployment strategy.

### PeoplesHR operational presence



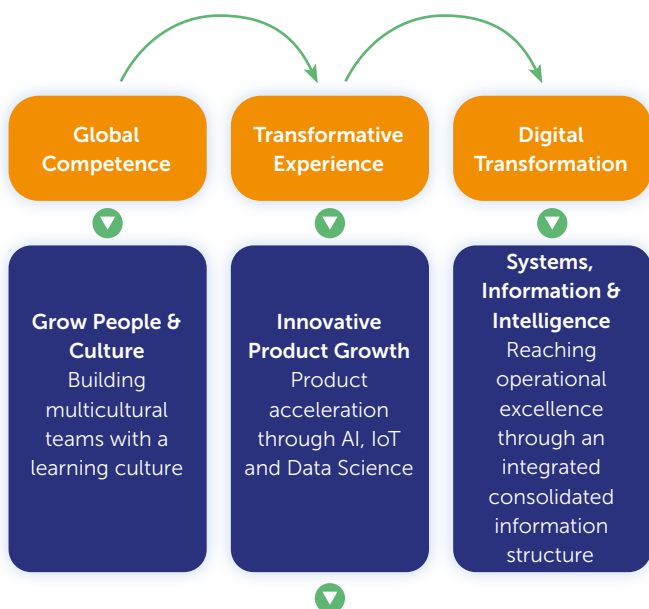
The map illustrates PeoplesHR's target geographic regions, which include South Asia, Southeast Asia, and Middle-East & Africa and the specific countries where PeoplesHR Software is available and compliant.

# OPERATIONAL REVIEW

## KEY FOCUS AREAS DURING THE YEAR

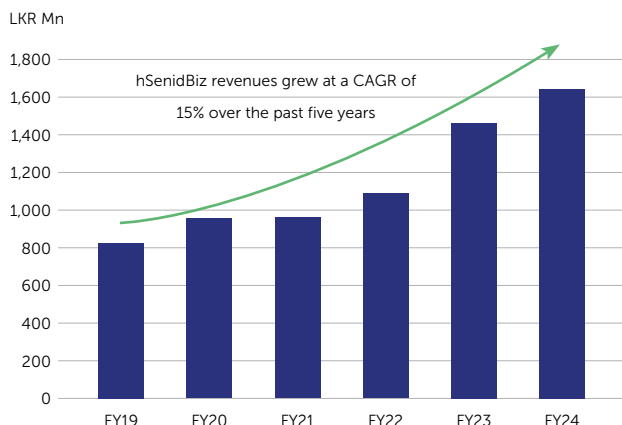
### Strategic overview

During FY24, hSenidBiz showcased its unwavering commitment to innovation, customer satisfaction and shareholder interests, while expertly navigating a challenging economic climate. Over the years, the Company has constantly driven its performance on multiple fronts including product portfolio, modules, markets, technological advancements, and partner relationships. It has now cemented its position as a leading player in the HCM market both locally and regionally. In FY24, the Company refined its strategic approach to prioritise Annualised Recurring Revenue (ARR) as the overarching metric of success for the Company.



### Revenue Growth

Robust sales growth through partner development and market expansion



ARR represents the annualised revenue generated from subscription-based services or products. ARR serves as a leading indicator of forward revenues and a key driver of valuations for SaaS companies.

In line with this strategic vision, hSenidBiz conducted several streamlining initiatives over the course of FY24, encompassing product development, sales, partner management, product portfolio and branding, and market development.

### Process optimisation at hSenidBiz



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



Strong focus on leveraging project management and data collection tools and investing on them to drive efficiency and build a central data collection mechanism within the organisation



Use of the low code-no code tool to support the implementation and delivery function by minimising effort and time required to do product customisations

### Product development and engineering

The Product team underwent a strategic restructuring in FY24 in order to bolster efficiency and adapt to shifting market demands. The team was split into two distinct entities: Product Development and Engineering. Within this framework, the Product Development arm assumed the role of product custodians, overseeing the evolution of product features and functionalities, while the Engineering division was subdivided into Road map and Customer Engineering units.

This segmentation seeks to optimise efforts, allowing PeoplesHR to deliver product customisations for existing clients, while also pursuing research and development efforts on the product road map. This restructuring underscores the Company's unwavering commitment to customer satisfaction and agility within a dynamic business landscape.

## OPERATIONAL REVIEW CONTD.

### Reinvigorating the sales organisation

The sales organisation was also subjected to a comprehensive restructuring exercise during which the entire go-to-market (GTM) function, including Sales and Marketing, were brought under one unit to work cohesively to accelerate market penetration. Additionally, Pre-Sales and Post-Sales (Customer Success) teams were strengthened to enhance the efficiency of the GTM function with the help of both existing personnel and new hires, from Sri Lanka and key markets in the region.

The Pre-Sales team was created to liaise with the product and delivery teams, ensuring the effective scoping of new opportunities. The Customer Success team is tasked with maintaining a healthy post-implementation relationship with customers, monitoring and measuring success rates and supporting renewals. The team is empowered with analytical data that presents customer satisfaction metrics, including Net Promoter Score (NPS) for each customer on both support and delivery experiences.

Roles and responsibilities across the function were reviewed and revised in order to help each team member focus on specific areas of responsibility. Territories were realigned under dedicated regional sales leaders, with clearer demarcations established for the SA, SEA and MEA, fostering greater efficiency and focus within each geographic area.

Supplementary to this initiative was the integration of scientific methodologies, systems and playbooks, coupled with intensified sales coaching, to empower the sales team with enhanced tools and strategies. The objective of this reorganisation was twofold: to streamline sales cycles and to raise average deal sizes. As a result, the Company continues to see the average deal value increase significantly in line with the strategy to focus on a smaller number of larger deals. The Company also witnessed the ACV double in FY24.

### Partner channel

In line with the ARR focus of the Company, a Partner-led approach was taken for both customer acquisition and delivery. This helped to increase the efficiency and scalability of the customer acquisition process and take Company resources off efforts to generate one-time implementation revenues, thereby allowing teams to focus on scaling recurring revenues. As a result of these efforts, new deals generated by partners in 4Q FY24 stood at 62.0 percent of total new deals, compared to an average of 23.0 percent in the first nine months of FY24.

The Company also conducts comprehensive training and partner enablement programmes designed to equip partners with the knowledge, skills, and resources they need to excel. These initiatives include detailed product training, support on marketing and branding efforts, and continuous access to a wealth of training materials via the PeoplesHR Academy. By investing in these programmes, hSenidBiz ensures that its partners are empowered to deliver exceptional value to their customers, driving mutual growth, and fostering long-lasting, productive relationships.

With ARR at the forefront of Company strategy, hSenidBiz has aligned its sales approach to maximise this metric. As Cloud services have now grown to comprise ~54.0 percent of total revenues, a minimum contract duration of three years has been established for new customers to safeguard this income stream.

### Marketing and branding

The Company implements a multi-pronged marketing strategy which includes digital marketing and lead generation, leveraging digital channels such as social media, email, and Search Engine Optimisation (SEO); 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 focus of FY24 was on the rebranding of PeoplesHR, creating a cohesive brand image and communicating this message to all business stakeholders. The entire product portfolio has been brought under the PeoplesHR brand, with offerings such as Tracking and Outsourcing now acting as complementary services to the main HRIS product, aligned with the core business purpose: Simplifying Complex HR Systems Globally.

During FY24 the Company partnered with global HR conferences, symposiums, and exclusive client events to launch and reinforce the new brand image and direction. The Company was able to connect with more than 4,000 HR professionals across six countries at these events.

Continuing with our branding and marketing initiatives, the Company held its first PeoplesHR Partner Conference in early FY25 from 16-19 April 2024 in Galle, Sri Lanka. Partners from around the globe gathered for three days of collaboration, networking, and knowledge sharing. The conference opened with a vibrant Sri Lankan night, immersing participants in local culture, and setting the tone for a week of connection and collaboration.



A key highlight was the PeoplesHR Partner Awards celebration, which recognised partners' exceptional achievements in driving growth and client satisfaction. Insightful sessions covered product features, marketing strategies, delivery methods, and customer success, equipping partners with tools to maximise the potential of the PeoplesHR platform. The conference was a success, fostering stronger partnerships and collaborative growth.

### PeoplesHR participates in a number of regional events



June 2023 - National HR Conference 2023 organised by the Chartered Institute of Personnel Management (CIPM), Sri Lanka



October 2023 - Our exclusive client event in Kenya featuring our valued clients and esteemed partners in the region



October 2023 - Expand North Star 2023, Dubai event where our founder proudly represented the Sri Lankan startup ecosystem at the Asian Spotlight



November 2023 - PeoplesHR joined in as the gold sponsor at the Philippines HR Expo and Symposium (PHRES) 2023, an annual gathering tailored for HR professionals and organisational leaders



October 2023 - 27th Annual National HRM Conference organised by IHRM Kenya, with the participation of over 1,000 HR professionals



November 2023 - The HR & Workplace Indonesia Summit 2023, the country's premier HR and WorkTech conference brought together an influential cohort of 500+ leaders, including Chief Human Resources Officers (CHROs), Chief People Officers (CPOs), WorkTech Leaders, and HR Professionals

## OPERATIONAL REVIEW CONTD.



December 2023 - PeoplesHR proudly stood as the HR Tech Sponsor at the Learning & Development Conference 2023 hosted by the Maldives Association of Human Resource Professionals (MAHRP)



April 2024 - PeoplesHR Partner Conference honoured and celebrated partners at the awards ceremony with Global Frontiers (Pvt) Ltd being awarded the 'Partner of the Year', followed by Mustard Seed Systems Corporation leading as 'Fastest Growing Partner'.

### Delivery services

Significant advancements were made in the delivery organisation at hSenidBiz during the last financial year. Expansion of implementation partners, a notable increase in team delivery revenue, and the closure of over 50 lagged client implementations underscored the team's progress. Moreover, initiatives to reduce project delivery cycle time, improve profitability, and optimise team resources yielded tangible results, including increasing profitability while reducing overall product delivery team costs.

The delivery team also adjusted its operating practices to align with the new ARR-driven strategy of the Company. Billing from project initiation and conducting periodic post-go-live audits, were strategies employed to ensure continuity and smoothness of revenue recognition. Quarterly analysis of tickets submitted by customers also provided input back to product development and implementation teams for continuous process/product improvements which would enhance customer satisfaction and thus, ARR.

### FINANCIAL PERFORMANCE

FY24 witnessed hSenidBiz achieve LKR 1.65 Bn in total revenues across the portfolio, recording a growth of 12.4 percent year-over-year. This growth is mainly attributable to the 31.7 percent topline growth in PeoplesHR Cloud. Topline was also bolstered by core-recurring revenues, which accounted for 54.0 percent of total revenues, compared to 48.0 percent in the previous financial year.

The year ended with the Company's core exit ARR recording a figure of USD 3.1 Mn, which is a year-over-year growth of 49.3 percent. The core exit ARR generated by the PeoplesHR Cloud business recorded a robust 48.0 percent year-over-year growth in constant currency terms, demonstrating the strength of the key segment of the business.

Sri Lanka remained the Company's largest revenue generator, accounting for ~58.0 percent, whilst the SA and SEA regions contributed ~25.0 percent and the MEA region contributed ~17.0 percent to the topline. Sri Lankan operations were driven by PeoplesHR Cloud, while the MEA region's topline was supported by both new projects and revenues from the Ugandan Government project, which entered its third and final phase of implementation.

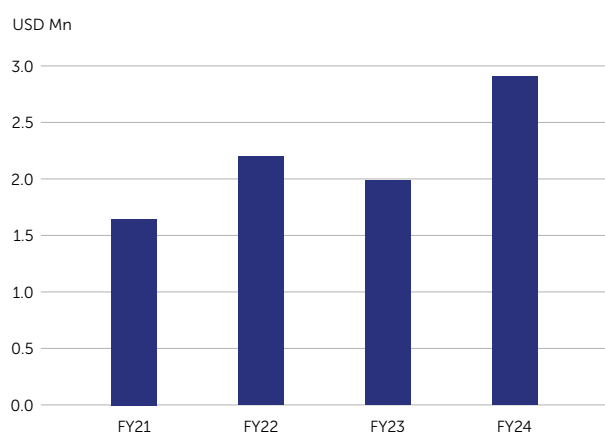
Supported by the new sales and marketing initiatives, the year saw new deals grow by 45.6 percent year-over-year to USD 2.9 Mn, with a record number of new deals. Growth was supported mainly by the Cloud business, On-Premise to Cloud migration among Sri Lankan clients, new deals from the SEA region, as well as Phase-3 of the Ugandan Government Project. In addition, the Company witnessed the average deal value increase significantly in line with the strategy to focus on a lower volume of higher value deals. Renewed focus on the partner network resulted in 62.0 percent of the new deals being generated from the network towards end FY24, reversing the trend seen in the first nine months of the financial year.

The Company reported an earnings before interest, tax, depreciation, and amortisation (EBITDA) loss of LKR 256.4 Mn during the year. This was mainly due to higher operational expenses on account of project implementation expenses, marketing costs, cloud hosting charges, and subscriptions. Additionally, the Company also made notable investments in hiring both global and local talent, which resulted in higher salary expenses for the year. Profitability was also impacted by one-off non-cash items comprising forex losses, gratuity provisions, and deferred tax expenses on account of reversals in debtor provisions. As a result, the Company reported a net loss of LKR 293.1 Mn for the full year.

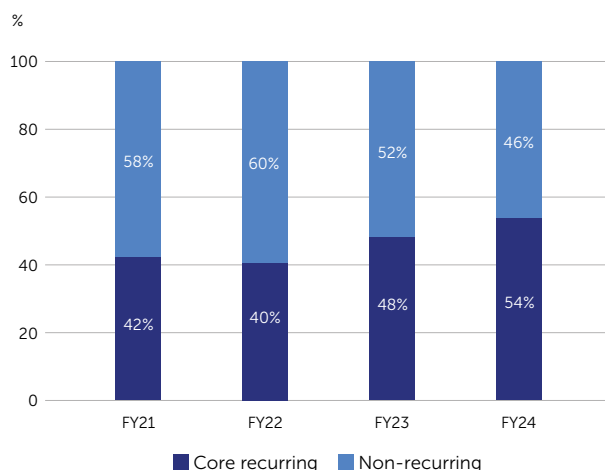
## Special dividend

The Company decided to declare a special dividend amounting to approximately LKR 346.0 Mn, subject to obtaining necessary approval, offering shareholders the choice of receiving the dividend in either cash or scrip form.

## New deals



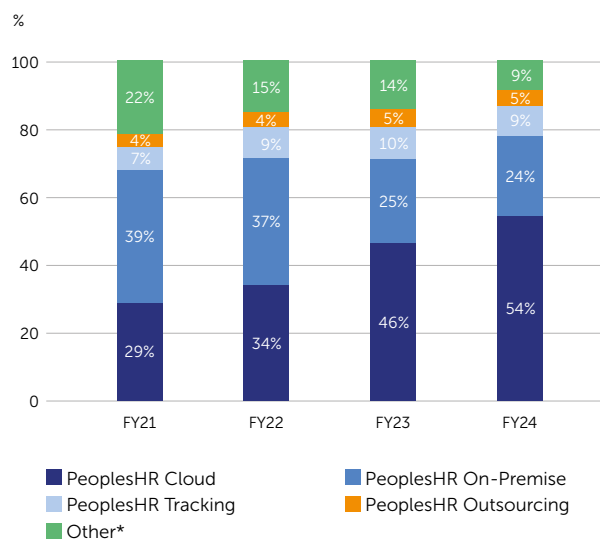
## Core recurring vs non-recurring revenue breakdown



## Segmental performance

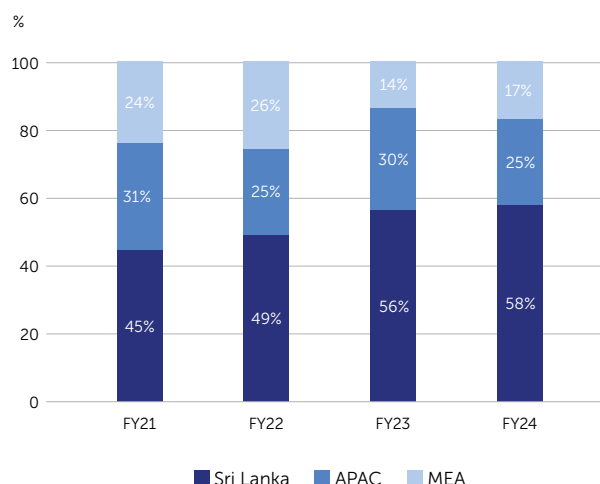
The PeoplesHR product portfolio encompasses a diverse array of products designed to cater to various customer segments in its target markets. Its offerings include an extensive Human Resource Information System (HRIS) available in both On-Premise and Cloud formats, along with additional solutions such as PeoplesHR Tracking and PeoplesHR Outsourcing. This strategic approach has enabled the Company to sustain a competitive edge, promoting the expansion of its regional presence.

## Segment revenue breakdown



\* Includes the non-core revenues of mobile software operations and staffing solutions business, as well as PeoplesHR Marketplace

## Geographic revenue breakdown



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

- PeoplesHR Cloud
- PeoplesHR On-Premise
- Tracking Solutions
- PeoplesHR Outsourcing
- Other – Includes the non-core revenues of mobile software operations and staffing solutions business, as well as PeoplesHR Marketplace



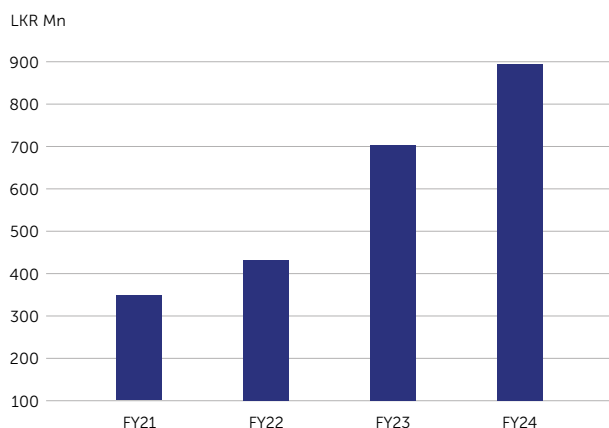
## OPERATIONAL REVIEW CONTD.

### PeoplesHR Cloud

The SaaS offering of PeoplesHR grows in its importance to the Company as market preference continues to lean towards Cloud solutions over On-Premise. The segment showcased a notable performance with a 31.7 percent year-over-year revenue growth, driven by demand from new clients from SEA as well as conversions to the cloud version from the traditional On-Premise product among existing clients. Topline was also driven by recurring revenues within the segment, which accounted for 75.0 percent of segment revenues, and grew by 48.0 percent year-over-year in constant currency terms.

During FY24, the Cloud business secured USD 1.8 Mn of new deals accounting for 62.0 percent of total new deals, a growth of 89.6 percent year-over-year, both as a result of shifting market preferences as well as continued Company efforts to migrate current On-Premise clients to Cloud solutions. Regionally, Sri Lanka and SEA markets contributed to the growth in new deals for the segment. The Company sees increased demand for Cloud-based HCM products as it continues to expand its business in the SA and SEA regions, suggesting the potential upward exponential value curve that is evident in the global SaaS business model.

### PeoplesHR Cloud revenues

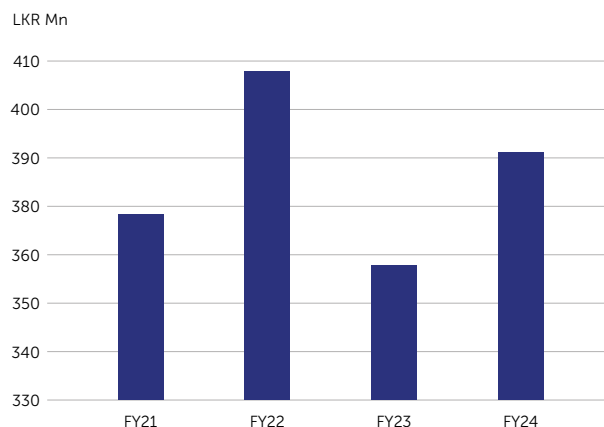


### PeoplesHR On-Premise

The On-Premise offering of PeoplesHR generated revenue through licensing, implementation, and annual maintenance contracts, which amounted to 23.6 percent of total revenues for the fiscal year. Segment revenues grew by 7.4 percent year-over-year supported by Phase-3 of the Ugandan Government project. New deals came in at USD 1.1 Mn, supported primarily by the MEA region, albeit slowing down from the previous financial year. The segment continues to see conversion to the Cloud platform, and with the exception of some of the larger

enterprise clients in Sri Lanka and MEA, we expect this trend to continue.

### PeoplesHR On-Premise revenues



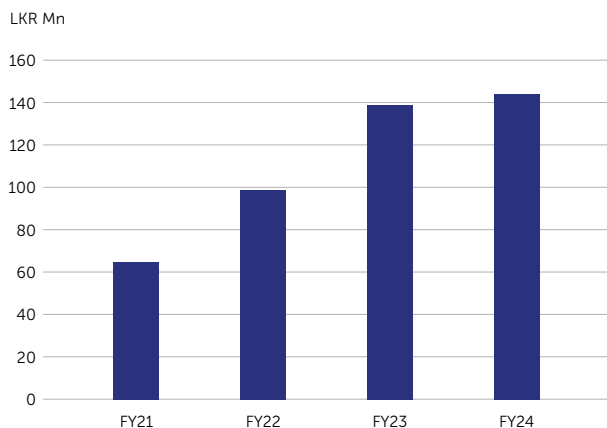
### PeoplesHR Tracking

The segment recorded a 4.0 percent year-over-year growth in revenue, accounting for 9.0 percent of total revenues. The segment continues to cater to companies in the banking, manufacturing, retail, tech and leisure space, and benefitted from a number of new projects, particularly towards the latter stage of the financial year, with notable demand for self-service kiosks for attendance tracking, access control, and meal planning solutions. The year also saw the completion of large-scale access control projects in Sri Lanka.

A number of key projects were implemented in FY24 including a QR code-based access control system for a client's new corporate premises. Additionally, the Company introduced middleware hosting for device management, facilitating connectivity between devices and the HRIS. Currently, around 100 devices are connected, with plans to expand this service to schools for applications such as attendance tracking and smart boards. One of the segment's key projects was the installation of kiosks for attendance tracking at a large retailer, covering nearly 900 locations.

Future product developments include bluetooth-based tracking and advanced meal tracking solutions, and replacement and upgrade of obsolete hardware for legacy clients. Furthermore, as the Company focuses on the SEA and SA regions, the business expects to see expansion into new markets outside of Sri Lanka over the coming years.

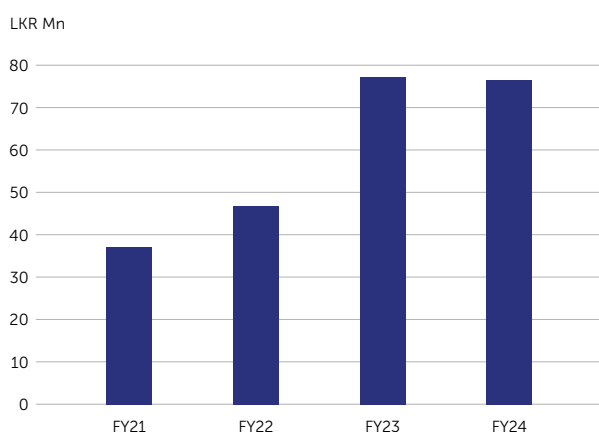
### PeoplesHR Tracking revenues



### PeoplesHR Outsourcing

Primarily focused on payroll outsourcing services, the segment topline remained relatively flat for the fiscal year under review. Revenues witnessed a pick-up in regional business supported by the partner network towards the latter part of the year. From a sector standpoint, financial services is a key contributor. This business segment remains centred around providing a highly efficient service while ensuring the confidentiality and security of client payroll data, which remains a critical success factor for the business. Similar to PeoplesHR Tracking, the business expects to see expansion into new markets over the coming years, supported by the partner network.

### PeoplesHR Outsourcing revenues



## EVOLUTION OF THE PEOPLES HR PRODUCT PORTFOLIO

### New product bundles

In FY24, PeoplesHR made significant strides in enhancing and streamlining its offerings. Its existing modules were reorganised into set product bundles, with the aim of standardising the offerings across similar customers and reducing the costs associated with customisation and customised support.

### Migration to cloud

PeoplesHR, in its drive towards continuous modernisation, is committed to prioritising cloud-based solutions over traditional on-premise offerings. Recognising the myriad benefits of cloud computing – including scalability, accessibility, and cost-efficiency – hSenidBiz has initiated a concerted effort to transition its customer base towards cloud solutions. This move aligns with the Company's ARR-centric goals and is driven by an expected improvement in overall profitability, as cloud-based services offer greater flexibility and reduced infrastructure costs. The Company continues to maintain its commitment to stringent data security protocols for its cloud-based solutions, and this is supported by an annual independent vulnerability test conducted by Ernst & Young. PeoplesHR Cloud is also ISO/IEC 27017:2015 compliant and during FY24, became the first company in Sri Lanka to gain the ISO/IEC 27017:2015 certification for Cloud Security Control.

### New features

Among new developments, PeoplesHR introduced a workforce planning module and made substantial improvements to its recruitment module, by leveraging AI for resume processing and sentiment analysis of self-introduction videos. Further, the PeoplesHR platform now incorporates an assistive bot powered by Generative Pre-trained Transformer (GPT) technology that seamlessly assists in providing the necessary responses to users based on the context within the product.

Towards the end of FY24, PeoplesHR launched a new Low Code-No Code platform, primarily for use by internal teams and implementation partners, to facilitate customisations. Low Code-No Code platforms are software development environments which enable the creation of applications with minimal or no traditional coding. These platforms use visual interfaces with drag-and-drop elements and pre-built templates, allowing users to design, build, and deploy applications quickly and efficiently.

## OPERATIONAL REVIEW CONTD.

The PeoplesHR mobile app also saw several enhancements, including UX improvements, new features such as attendance tracking and cafeteria management, and compatibility with the Huawei Harmony OS. The app now boasts over 200,000 active users. Additionally, PeoplesHR augmented its data analytics module with a new data visualisation plug-in integrated with Microsoft PowerBI Co-pilot, providing enhanced analytical capabilities.

A significant overhaul of the user experience is currently underway, and PeoplesHR has completed the first step of consolidating all interfaces into a standard look and feel, with the next steps focusing on modernising this standard theme. The Company is also working on smoothing the deployment process to ensure seamless updates and integration.

The Company also held its annual 'PeoplesHR Hackathon' to select innovative new products and feature ideas from the employees. The event brought together employees from various teams across the Company to collaborate, brainstorm, and develop creative solutions. This inclusive event not only encouraged teamwork and cross-functional participation, but also allowed the Company to benefit from the diverse skills and perspectives of the employees, driving innovation and improving its products.

The Company's commitment to elevating product features and UX to meet global standards reinforces its dedication to innovation and excellence in product development, positioning the Company as a leader in the industry.

### Uganda Government Project enters Phase-3

Phase-2 of the Ugandan Government project was successfully completed in February 2024, with 100 new Ministries, Local Governments, Departments, and Agencies on-boarded into the PeoplesHR On-Premise HCM system. This brings the total to 160 entities onboarded under Phase-2. Phase-3 began in March 2024 and aims to onboard ~90 entities into the HCM system by December 2024. This phase will also see the migration of over 120,000 active, retired, and contract officers into the system, including the largest government entity to-date. Furthermore, four new government systems will be integrated with the PeoplesHR HCM solution. By the end of Phase-3, the number of entities onboarded is expected to reach over 300, covering approximately 400,000 employees.

The team faced some challenges in the ongoing phase of the project, which is typical for a project of this scope. This includes having to standardise government organisational structures and positions, overcoming a technical skills gap, and the complexities of data collection, cleaning, verification, and approval.

Despite these obstacles, the feedback from the Government of Uganda has been overwhelmingly positive. They have successfully standardised organisational structures, and verified and allocated officers to their respective departments. Users have commended the digital transformation, and positive feedback has also been received from users of dependent systems. The success of the HCM implementation has spurred interest from other companies, leading to new business opportunities for PeoplesHR.

Post-Phase-3, continuous support and development will be provided. This includes Level 1 support teams engaging directly with end-users, Level 2 support addressing technical inquiries escalated from Level 1, and Level 3 service provider support for unresolved issues. Additionally, a Trainer of Trainees (ToTs) programme has been established, with over 85 officers trained as HCM ambassadors. The PeoplesHR Academy will continue to offer HCM certification and knowledge checks for all government officers.

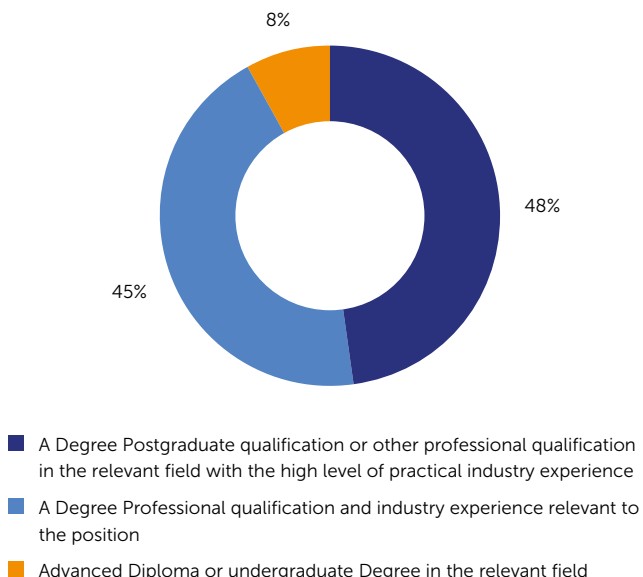
The continued success of the Ugandan Government HCM project in 2024 underscores the PeoplesHR team's capability in driving large-scale HR digital transformations. The positive outcomes of Phases I and 2, despite various challenges, highlight the Company's commitment to excellence and innovation. The project's accomplishments have bolstered operational efficiency and set a new standard for public sector human capital management at Ugandan Government entities. The robust support and training programmes established ensure sustainable progress and user satisfaction. This project also opens new avenues for growth and opportunity for PeoplesHR in the broader market.

### Human Capital

PeoplesHR's accomplishments are primarily due to the commitment and diligence of its team. The Company has made it a priority to recruit high-calibre talent both from Sri Lanka and regional markets. To ensure that candidates are a good fit for PeoplesHR's core values, a well-defined interview process tests their skills, capabilities, and overall compatibility.

Thanks to its recruitment process and dedication to maintaining knowledgeable and competent staff, PeoplesHR is supported by a highly experienced and passionate team of 371 employees with extensive industry knowledge and job-specific expertise from leading global institutions.

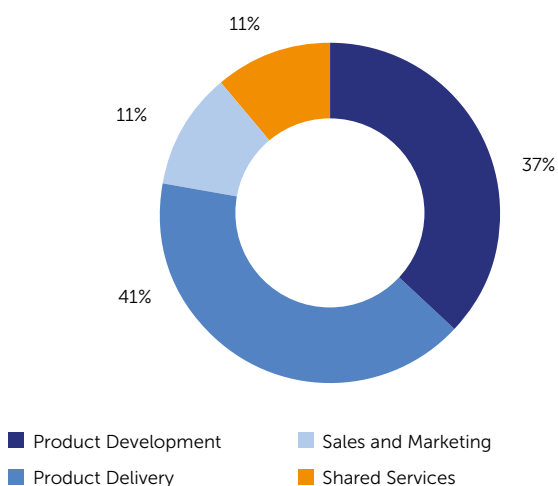
### Employee breakdown by qualifications and experience



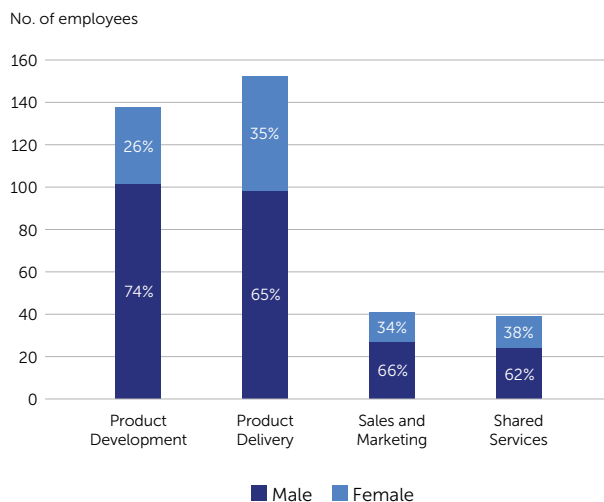
This year also saw the strengthening of the leadership team with the addition of a new Vice President of Engineering and Vice President for Global Sales. The Company also onboarded highly experienced external consultants to fast-track the marketing and product strategy areas, drawing on their experience in the regional and global tech space.

In FY24, PeoplesHR made it a priority to provide high-quality, localised support to partners and customers in the many regions in which it operates. The team now includes a growing cadre of dedicated local talent in its key regions, including the product development operations in Bangladesh.

### Employee breakdown of PeoplesHR team as at 31 March 2024



### Employee breakdown by gender, as at 31 March 2024



### Learning and development

PeoplesHR promotes a robust learning culture. It fosters peer-to-peer knowledge exchange through on-the-job training and provides additional training as required, adhering to its well-structured training policy. As a people-centric HR solution, PeoplesHR takes care of its in-house talent by nurturing and training in all necessary areas in line with its global competence framework.

During FY24, employees completed almost 150 learning hours through internal and external training sessions. Over 500 certificates were issued over the course of the year through the PeoplesHR Academy, which is a significant increase from around 200 in FY23. Notably, almost 40.0 percent of the participants at internally conducted training sessions were women, indicating PeoplesHR's commitment toward developing women in technology.

The Company's comprehensive training programmes, conducted across the organisation, with particular emphasis on sales and product development this year, significantly enhanced employee motivation and upskilling. By investing in these initiatives, PeoplesHR not only fosters personal and professional growth among its employees but also ensures that it remains at the forefront of innovation and excellence in the industry.

# OPERATIONAL REVIEW CONTD.

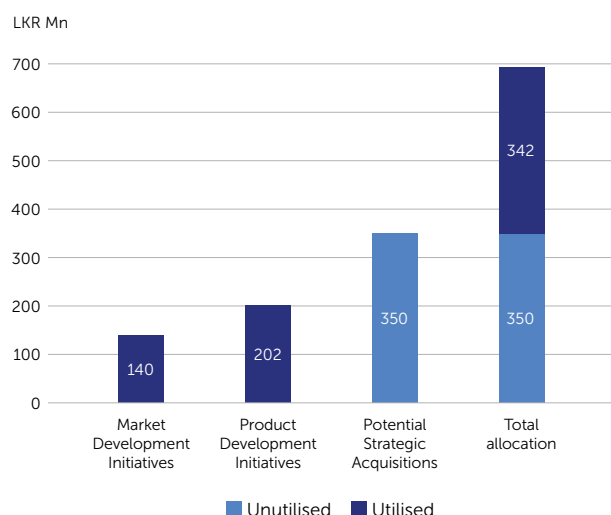
## STRATEGIC INITIATIVES FOR FY25

### Investment road map

In FY24, hSenidBiz utilised an additional LKR 175.8 Mn of the funds raised from the 2021 IPO. The LKR 342.0 Mn allocated for product and market development has now been fully utilised. However, the remaining LKR 350.0 Mn earmarked for strategic acquisitions is yet to be deployed. Currently, the Company is focused on organic growth through market and product development initiatives, including supporting talent acquisition, while remaining open to potential acquisitions as opportunities arise.

### Investments road map and fund utilisation

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



### Product development

In its dedication to continuous innovation and growth, hSenidBiz plans to leverage the latest technological advancements. This is expected to significantly improve cost efficiency and system performance for PeoplesHR. The adoption of novel technological tools and techniques will not only provide cost benefits but also improve employee morale, as engineers will benefit from working with modern technologies that enhance their work environment. Additionally, PeoplesHR plans to introduce a fixed release schedule with quarterly updates for new software, including customer change requests and new features. Test automation will also be emphasised to improve efficiency and reliability in the development process.

The Company also plans to enhance system compatibility by improving its Application Programming Interface (API) frameworks and Software Development Kits (SDKs). This initiative will involve upgrading and refining the API frameworks to ensure robust and flexible integration with a wide range of third-party applications and services, facilitating smoother data exchange and interoperability. Enhancing the SDKs will provide developers with more powerful tools, comprehensive documentation, and resources for efficient custom solutions development.

PeoplesHR will undergo further UX enhancement, alongside the addition of new features. This includes more AI and ML based features which will enhance the customer experience, and empower companies to glean insights from their HR processes and employee data through advanced analytics.

Localisation continues to be a key focus area both in terms of product features and language. During the year under review, the PeoplesHR team worked on understanding and localising its product to cater to the unique statutory requirements of a number of ASEAN countries in particular.

These efforts will ensure that the PeoplesHR systems are secure, scalable, and easy to maintain, ultimately supporting customer needs, fostering innovation, and maintaining a competitive edge in the market.

### PeoplesHR AI journey

PeoplesHR aims to enhance the efficiency and functionalities of common HR use cases in recruitment and payroll through AI-based solutions. Currently, PeoplesHR provides AI-driven solutions in recruitment, compensation planning, talent acquisition, talent management, and payroll processing.

Furthermore, our product engineering teams are actively leveraging AI solutions and intend to further enhance the usage of such products to improve the overall efficiency of engineering practices within the organisation.

### Market expansion

Extending its presence into new territories is of vital importance to the Company, with specific attention on key countries in SEA as potential markets. Customisation efforts for these regions involve understanding their distinct statutory requirements and tailoring the product accordingly. Additionally, the Company is prioritising business continuity by diversifying its workforce beyond Sri Lanka, aiming to establish a presence in new time zones to provide sustainable 24/7 support, thereby ensuring uninterrupted service delivery to clients. To this end, the product development team established in Bangladesh in 2022, continues to support the Company's regional expansion efforts.

### Talent acquisition

In its ongoing commitment to provide high-quality localised support to customers, PeoplesHR has bolstered its team by welcoming new members across the SA and SEA regions. These new recruits will leverage their substantial expertise on local business needs to lead sales endeavours, elevate service quality, and seize growth opportunities in critical markets. Looking ahead, PeoplesHR will continue to augment its diverse teams with local talent.

Overall, these strategic initiatives aim to enhance the functionality, versatility, and user experience of the product, while also expanding the Company's market reach and ensuring high-quality service delivery. Through these measures, PeoplesHR is taking decisive strides toward solidifying its position as a premier HRIS solutions provider in the SA, SEA, and MEA regions.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

During FY24, the Company continued to carry out its duty as a responsible corporate citizen by giving back to society. As a company that prioritises people, it has implemented numerous CSR endeavours over time to assist and enrich local communities. A summary of the Company's primary CSR efforts for FY24 is given below.

### Open Closet

On 8 March 2024, PeoplesHR celebrated International Women's Day with the eighth installation of "The Open Closet" initiative. This annual event is conducted with the aim of empowering women in challenging circumstances by providing free clothing, accessories, and footwear.

This year, over 500 women attended, receiving more than 3,000 items, including essential goody bags.

"The Open Closet" is more than a CSR project; it's PeoplesHR's way of honouring the superwomen in their communities. The event's success was made possible by generous donors, such as Thambili Culture and contributions from Adithi and Aya by Hemas Holdings PLC. Witnessing the joy and appreciation from participants reinforced the Company's commitment to this initiative and it aims to continue spreading happiness and offering support to women facing silent battles daily.

### Donation Management System for Rupavahini

Launched in January 2024, PeoplesHR proudly extended its reach beyond HR solutions by collaborating with Sri Lanka Rupavahini Corporation to develop the first phase of a Donation Management System. This user-friendly platform empowers both donors and administrators by streamlining the giving experience. The system streamlines the process with features for managing donation events, auditing offline payments, and offering personalised dashboards. Furthermore, secure communication via email and SMS keeps users informed and verified throughout the donation process. To foster community engagement, a dedicated website provides regular news and updates.

### Sunshine games

For over 15 years, the Rotary Club of Colombo Metropolitan has organised the Sunshine Games, a charitable event aimed at enhancing the self-confidence of children with special needs. The event, held this year in June 2024 at the Welikada Prison Grounds, provides a day of fun and entertainment for approximately 1,200 children from various schools and homes. By fostering self-confidence, the Sunshine Games prepare children for future challenges, help them feel accepted and understood in society, while serving as a platform to identify contenders for future international sports events.

hSenidBiz was honoured to contribute to this annual event, which brings joy and empowerment to differently-abled children, making a meaningful impact in their lives.



## OPERATIONAL REVIEW CONTD.

### CSR events in FY24



Sunshine Games



Open Closet



World Environment Day

# 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 promote sustainable development. Our main business offering, the PeoplesHR solution, embodies the motto "Simple. Fast. Green.", highlighting its environmentally friendly approach and efficient streamlining of HR functions for our 1,675 clients.

In the long run, we aim 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.

## DISPOSAL OF ELECTRONIC DEVICES

The 'Electronic Devices Disposal Procedure' outlines a systematic approach for responsibly and securely disposing of electronic devices. The process begins with the assessment and inventory of all devices slated for disposal, to determine their condition and functionality. Secure data erasure is performed on all devices to protect sensitive information, utilising certified software or physical destruction methods.

Devices are then classified based on their disposal method – reuse, recycle, or waste, – whilst adhering to relevant regulations. Functional devices which are not storage related are evaluated for potential reuse within the organisation or considered for donation to schools, non-profits, or community organisations. Devices that cannot be reused or donated, are handed over to certified e-waste recycling companies, ensuring they meet environmental and safety standards.

This process ensures that electronic device disposal is conducted in a secure, responsible, and environmentally friendly manner.

## 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 was awarded this certificate on 6 September 2022. This accreditation enhances our commitment to ethical initiatives and signifies our dedication to moral conduct, employee engagement, investor trust, and revenue growth.



# Harnessing Technology for People





# GOVERNANCE

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- 
- An abstract graphic design featuring a large orange background. In the bottom right corner, there is a large, dark blue, wavy shape that resembles a stylized wave or a cloud. Overlapping this blue shape are two circles: a large green one and a smaller orange one. The orange circle is positioned slightly above and to the right of the green circle. The overall design is modern and minimalist.



# CORPORATE GOVERNANCE

A robust and effective corporate governance system enables a company to foster a culture of integrity, paving the way for successful performance and sustainable growth. Moreover, a well-defined framework that regulates the relationships between the shareholders, management, and the Board of Directors helps to build trust and instil confidence among all stakeholders, leading to improved access to capital flows.

At hSenidBiz, corporate governance plays an integral role in sustaining the effective management of operations to deliver value to all our 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's operations with integrity and accountability.

## BOARD RESPONSIBILITIES

The Board of Directors is primarily responsible for managing the affairs of the Company fairly and transparently, by ensuring that the corporate governance guidelines and best practices are strictly followed within the organisation, to serve and protect 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 2023, issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and the CSE Listing Rules.

hSenidBiz deems that an active, well-informed, and independent Board is imperative to ensure the highest standards of corporate governance. To this end, it 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 each committee deals with the relevant issues according to its Terms of References, and makes 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

In line with the newly updated Section 9 of the CSE Listing Rules with regard to corporate governance, the Company appointed Malinga Arsakularatne, a non-executive independent director at hSenidBiz, as the Senior Independent Director (SID) of the Company with effect from 18 October 2023. This is as a result of the Chairman of the Company being an Executive, Non-Independent Director.

## 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 sets and expertise of its members on an ongoing basis in alignment with business requirements and the complexity of business operations.

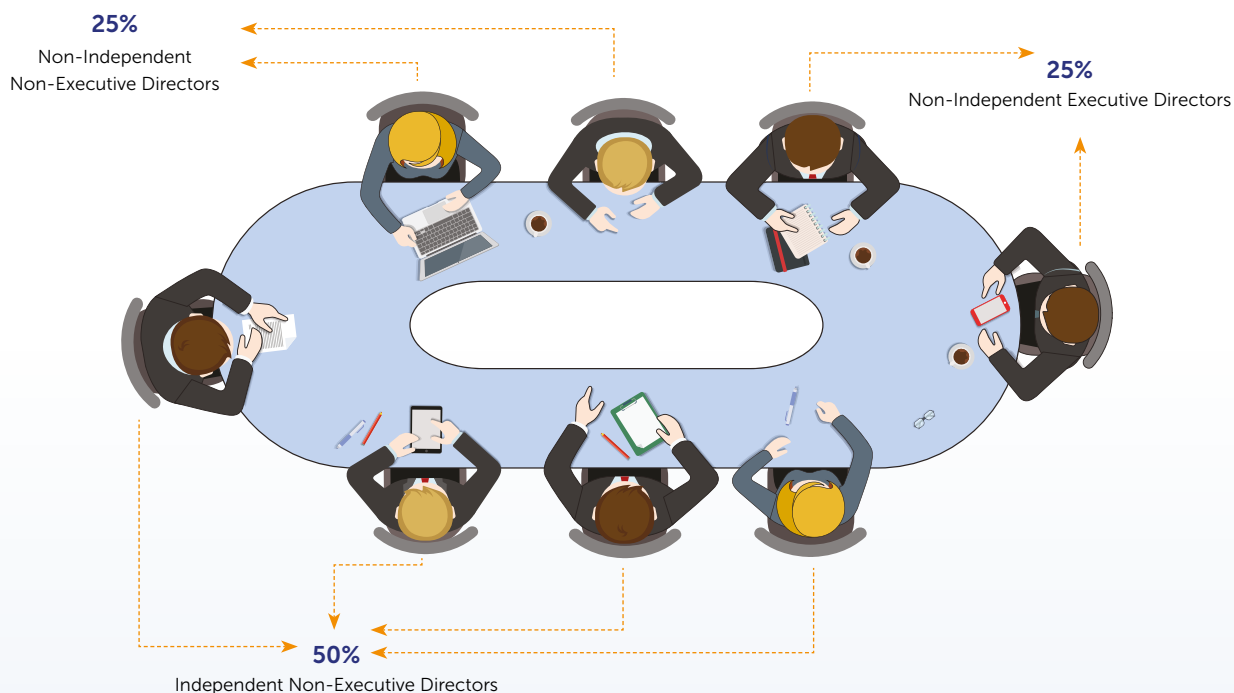
## Board skills

The Board consists of highly qualified individuals who have a wealth of experience in their respective fields. They serve on the Boards of several local and international organisations, possessing 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.

# CORPORATE GOVERNANCE CONTD.

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

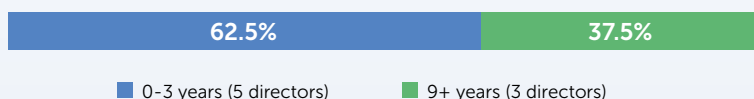
## Board composition



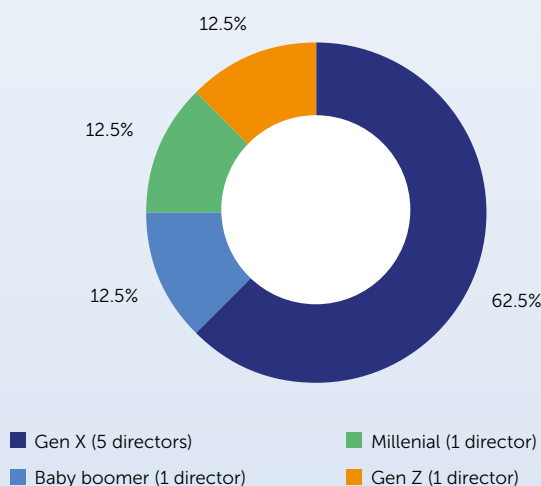
## Board gender breakdown



## Board tenure



## Board age breakdown



### Updated corporate governance requirements and compliance

In October 2023, the Securities and Exchange Commission of Sri Lanka (SEC) published its updated corporate governance regulations for listed entities, with compliance for most regulations mandatory by October 2024. In line with these requirements, the Company has made the necessary changes to its corporate governance guidelines and are in the process of being fully compliant.

In addition to the appointment of the SID, the Company also established the Nominations and Governance Committee on 01 April 2024. The Committee is responsible for the formulation of policies that provide the framework for the nomination, appointment, election/re-election of directors to the Board and appointment of members to Board committees, including the formulation of policies which set out the governance framework of the Company.

hSenidBiz is committed to maintaining its governance practices, ensuring transparency, accountability, and ethical conduct in all its operations. The Company welcomes the newly published regulations, which it believes not only strengthens the accountability amongst listed entities, but also improves investor confidence in the capital markets.

Section	Corporate Governance requirement	Compliant	Effective date
9.2	<b>Policies</b>	WIP	Before 01 Oct 2024
9.3	<b>Board Committees</b>	Yes	As of 01 Apr 2024
9.4	<b>Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders</b>		
9.4.1	Maintain records of all resolutions considered at any General Meeting of the Entity	Yes	As of Nov 2021
9.4.2	Policy on effective communication and relations with shareholders and investors	WIP	Before 01 Oct 2024
9.5	<b>Policy on matters relating to the Board of Directors</b>	WIP	Before 01 Oct 2024
9.6	<b>Chairperson and CEO</b>	Yes	As of Nov 2021
9.6.3	The Requirement for a SID	Yes	As of 18 Oct 2023
9.7	<b>Fitness of Directors and CEOs</b>	Yes	As of Nov 2021
9.8	<b>Board Composition</b>	Yes	As of Nov 2021
9.9	<b>Alternate Directors</b>	WIP	Before 01 Oct 2024
9.10	<b>Disclosures relating to Directors</b>	Yes	As of Nov 2021
9.11	<b>Nominations and Governance Committee</b>	Yes	As of 01 Apr 2024
9.12	<b>Remuneration Committee</b>	Yes	As of Nov 2021
9.13	<b>Audit Committee</b>	Yes	As of Nov 2021
9.14	<b>Related Party Transactions Review Committee</b>	Yes	As of Nov 2021
9.15	<b>Definitions</b>	Yes	As of Nov 2021
9.16	<b>Additional disclosures</b>	Yes	As of Nov 2021
9.17	<b>Enforcement procedure for non-compliance with corporate governance requirements</b>	NA	NA
9.18	<b>Corporate governance requirements applicable in respect of entities listed on the Empower Board</b>	NA	NA
9.19	<b>Enforcement procedure for entities listed on the Empower Board</b>	NA	NA

# RISK MANAGEMENT

hSenidBiz understands that risk management is a crucial component of effective corporate management and governance. By thoroughly evaluating various risks, the Company ensures its long-term sustainability through appropriate and timely actions to prevent or minimise potential threats. hBS adopts a proactive approach to identify, assess, and mitigate risks that could impact business performance.

As a software development company in the HCM industry, the Company places a high priority on Information Security. To protect the confidentiality and integrity of its data, the Company has implemented policies and processes aligned with global standards such as ISO/IEC 27001:2013 (certification pertaining to Information Security Management Systems) and ISO/IEC 27017:2015

(certification pertaining to Cloud Security Controls & Cloud Services Management Systems).

hSenidBiz was also certified as a data controller in Kenya by the Government of Kenya, which provides credibility for the Company's data protection measures within the PeoplesHR product portfolio. The certification is valid for a period of two years and will be renewed post a review process at the end of the two-year period. We believe this certification also bodes well for the brand's credibility in the region.

Additionally, the Company remains vigilant regarding uncertainties in its operating environment, continuously identifying potential business risks. The risk framework below outlines the key risks specific to the business and the mitigation strategies that have been adopted.

Risk	Description	Mitigation Strategy
Risk to strategic growth potential	Risk arising from the inability to execute strategic growth plans in a timely and prudent manner	<ul style="list-style-type: none"> <li>Acquiring, retaining, and training talent resources required to execute the Company's growth plans</li> <li>Nurturing a culture of continuous development, innovation, and accountability</li> <li>Continuing to invest in essential product and market development to achieve the expected growth</li> </ul>
Cybersecurity	System security and data privacy risks	<ul style="list-style-type: none"> <li>Regularly carrying out vulnerability and penetration testing of products and systems</li> <li>Maintaining compliance with ISO/IEC 27001:2022 and ISO/IEC 27017:2015 (detailed below)</li> <li>Adhering to the Company's internal Client Data Protection Policy, applied both internally and externally, which outlines Company policy for managing and safeguarding client data</li> </ul>
Service interruptions	Client-side system breaches, infrastructure failures, and service interruptions	<ul style="list-style-type: none"> <li>Using state-of-the-art cloud infrastructure providers such as Microsoft Azure and Huawei, while rigorously assessing client infrastructure readiness to host Company software applications</li> </ul>
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"> <li>Maintaining and constantly updating a product roadmap for new features, improved architecture, and regular updates</li> <li>Investing in product development, talent acquisition, and monitoring new trends</li> </ul>
Compliance risk	Reputational risks and loss of customers due to non-compliance with local regulatory requirements, and industrywide and company-specific HR practices	<ul style="list-style-type: none"> <li>Proactive compliance with regulations and industry practices on a "best efforts" basis by liaising with local practitioners to obtain and validate rules and regulations in relation to personal identifiable data, payroll practices, and tax regulations</li> <li>Product enhancements to increase anomaly detection capabilities in Payroll</li> <li>Carrying out detailed requirement gathering exercises to ensure compliance with industry-wide and company-specific HR practices</li> </ul>
Licensing risk	Loss of necessary third-party software licences, resulting in service interruptions	<ul style="list-style-type: none"> <li>Long-term agreements and proactive monitoring of relationships with third-party software vendors</li> </ul>

Risk	Description	Mitigation Strategy
Shortage of skilled talent	Migration risk leading to employee turnover and shrinkage of talent pool. Increased replacement costs	<ul style="list-style-type: none"> <li>Focusing on improving the Company image to showcase a appealing workplace for IT professionals in Sri Lanka</li> <li>Collaborating with local educational institutions to recruit a diverse and skilled workforce</li> <li>Establishing offshore development hubs to attract talent from the region and mitigate long-term talent acquisition challenges</li> <li>Working with the larger IT industry in Sri Lanka to address the high demand for IT skills and enhance the talent supply</li> </ul>
Sustainability risk	The potential for Company decisions or activities to have a negative impact on environmental, social, or governance (ESG) issues	<ul style="list-style-type: none"> <li>Currently building a roadmap towards ESG reporting with the aim of maintaining accountability and transparency to stakeholders as the business grows</li> </ul>

### Information security management in accordance with ISO 27001:2022

hSenidBiz gained the ISO/IEC 27001:2013 certification for its Information Security Management Systems (ISMS) in FY23. This system establishes an appropriate 'Information Security Organisation Structure' and delineates roles and responsibilities for coordinating information security activities within the Company. It ensures robust protection for the Company's information assets, safeguarding against confidentiality breaches, integrity failures, interruptions, and repudiation of transactions. The system also offers management guidance and supports compliance with standards, laws, and regulations while allowing appropriate access, use, and disclosure of information.

The ISO/IEC 27001:2013 standard has now been updated from the 2013 version to the 2022 version. Key changes include enhanced risk management with more comprehensive assessment and treatment processes, a stronger focus on current cybersecurity trends and threats, and the clarification of documentation requirements for easier implementation and audit processes. Maintaining compliance with the revised standard involves a re-certification audit, updating information security policies and procedures, and conducting a gap analysis to identify deviations from the new standard. The gap analysis has already been completed. The team will revise all ISMS documentation, provide staff training on the updates, and perform an internal audit to ensure effective implementation. The re-certification audit is scheduled for February 2025.

### Cloud security controls & cloud services management systems

Acknowledging the increasing significance of cloud products, the Company is dedicated to implementing risk management practices to protect client data and provide guidelines for employees. Thus, in FY24, hSenidBiz became the first company in Sri Lanka to gain the ISO/IEC 27017:2015 certification. This standard focuses on information security controls for cloud services. The Information Security Officer and a Compliance Officer appointed as per the requirements of the policy framework, are responsible for implementing these new information security policies throughout the organisation.

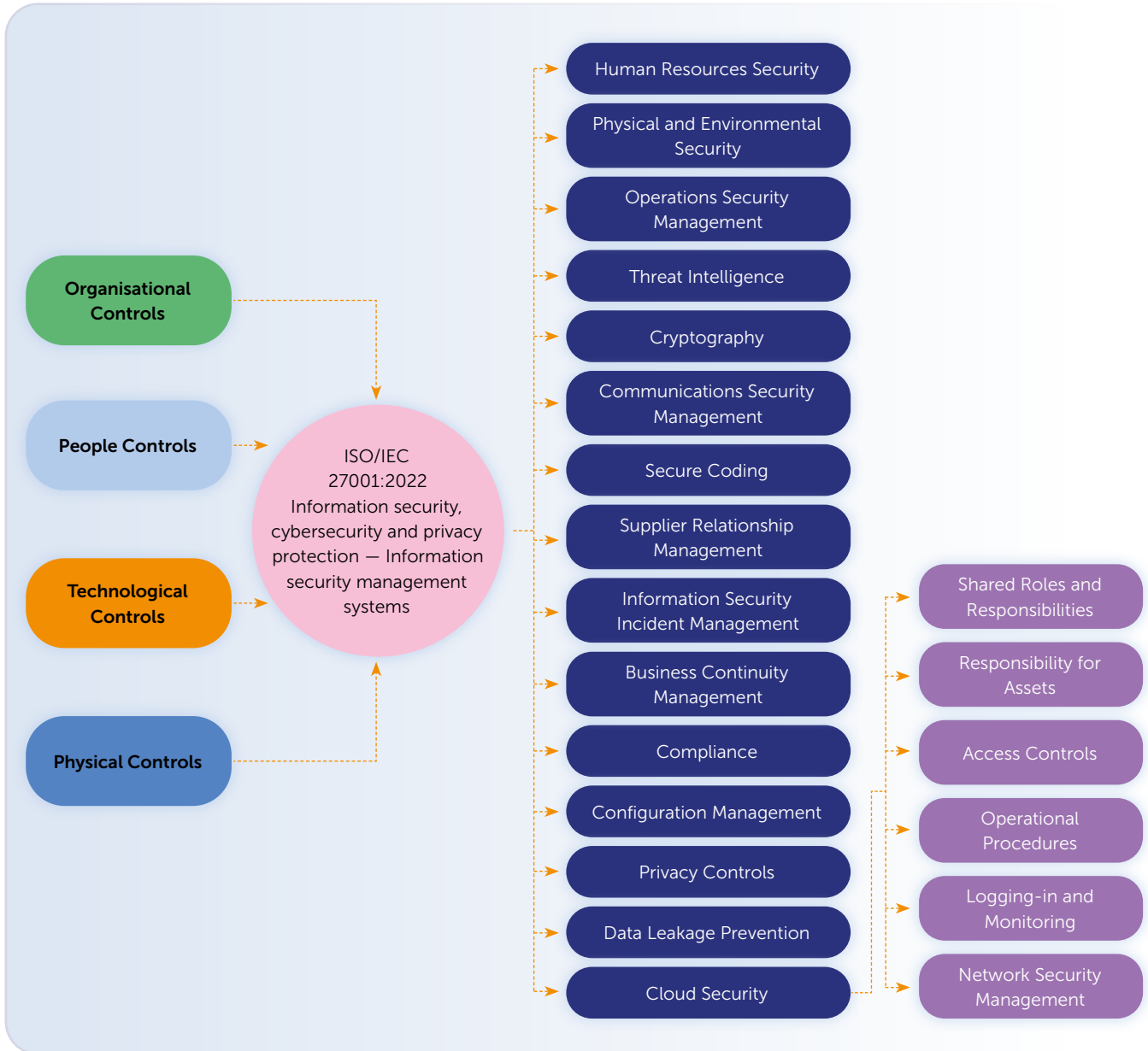
In alignment with these certifications, hSenidbiz has developed detailed policy documents on both Information Security and Cloud Security. The hSenidBiz Information Security Policy (ISP) is a key document that outlines the Company's commitment to protecting the confidentiality, integrity, and availability of its information assets. The ISP ensures comprehensive protection against confidentiality breaches, integrity failures, availability interruptions, and repudiation of transactions. It provides clear management direction and support to safeguard information assets and ensures access, use, and disclosure of information in compliance with relevant standards, laws, and regulations. Adhering to this policy enables the Company to securely manage its information assets and uphold its commitment to data protection.

The Cloud Security Policy document outlines the threats, technology risks, and the required safeguards for cloud environments, offering the insights needed to make informed information technology decisions to counter such threats and risks.



# RISK MANAGEMENT CONTD.

## Information security management systems framework



*hSenidBiz receiving the certification from Bureau Veritas Lanka, together with Ernst & Young*



*The team Bureau Veritas Lanka, hSenidBiz and Ernst & Young*

# 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:

- the integrity of the Company's financial statements,
- the effectiveness of the Company's internal controls,
- the Company's compliance with legal and regulatory requirements,
- the 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, which consists of three (3) non-executive directors, is 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 2024 was as follows:

Name	Category	Meeting Attendance
Mr Malinga Arakularatne	Independent, Non-Executive Director	6/6
Mr Apurva Udesi	Non-Independent, Non-Executive Director	6/6
Ms Anarkali Moonesinghe	Independent, Non-Executive Director	6/6

Brief profiles of each member are given on pages 24 to 27 of this report.

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

- Mr Dinesh Saparamadu — Chairman
- Mr Sampath Jayasundara — Chief Executive Officer
- Mr Nilendra Weerasinghe — Chief Financial Officer
- Mr Raveen Lasath — Finance Controller

## DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

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

- Ensuring 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 the 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 the financial statements are prepared and presented in compliance with the relevant laws, regulations, and accounting standards.
- Overseeing, reviewing, and periodically updating the Company's code of conduct and ethics, along with compliance monitoring and enforcement.

## ACTIVITIES CARRIED OUT BY THE COMMITTEE IN FY24


- Reviewed and discussed with the Company's management and the External Auditors, the Consolidated Financial Statements for the financial year ended 31 March 2024.
- Reviewed and discussed with the Company's management and Internal Auditors, the Internal Audit Report and the required follow-up actions during the financial year ended 31 March 2024.
- Ensured 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.

# AUDIT COMMITTEE REPORT CONTD.

- Ensured the management has taken the necessary and adequate steps to manage risk exposures by reviewing the internal controls, and risk identification and management measures.
- Reviewed the 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 in which hSenidBiz operates.
- Reviewed the compliance with Colombo Stock Exchange (CSE) Listing Rules and regulations.

## 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

18 July 2024

# 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 of Directors and assists the Board in ensuring the remuneration policies of the Company align with its objectives.

## COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Human Resources and 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 2024 was as follows:

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

Brief profiles of each member are given on pages 24 to 27 of this report.

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

- Mr Dinesh Saparamadu – Chairman
- Mr Sampath Jayasundara – Chief Executive Officer
- Mr A L Saman Kumara – Director Administration & HR
- Mr Dinushan Tennakoon – Head of Human Resources

## DUTIES AND RESPONSIBILITIES

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, the Chief Executive Officer, and key management personnel of the Company.
- Ensuring proper succession plans are in place, and providing recommendations on important 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 all businesses within the Group, determined in line with individual employee performance, qualifications and level of experience, whilst keeping in mind the business performance and long-term shareholder returns.
- Formulating HR strategies which align with the Company business strategy and its future focus.

## ACTIVITIES CARRIED OUT BY THE COMMITTEE DURING FY24

- Evaluated the Group Remuneration Policy against the current market trends and industrial norms.
- Conducted research on the monetary and non-monetary benefits provided within the industry, to offer benefits that are more competitive to our staff members. Furthermore, the employee value proposition was re-validated to position hSenidBiz as a preferred employer.
- Evaluated the performance of the CEO and CFO, and the collective performance of Directors and Senior Management of the strategic business units.
- Deliberated details of customer-led and product-led cultures. A survey is being conducted and discussions are taking place on the implementation of the salient traits of a product-led culture at hSenidBiz.

# HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT CONTD.

- Reiterated the importance of company culture and how to create a culture of high performance as we strive to become a global leader in HRIS solutions. Further to this conversation, a thorough analysis was done on the right mix of talent for business continuation, which led to a realignment of the business divisions and talent pool within the Company.
- Research was carried out to revamp employee career paths within the Company. Further to this study, the internal career path was realigned according to best practices within the sector. The objective was to ensure that we provide a steady career path to our teams with improved clarity on how they can excel on their career journey at hSenidBiz.

## 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 approval.



**Madu Ratnayake**

Chairperson

The Human Resources and Remuneration Committee

18 July 2024



# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

## PURPOSE OF THE COMMITTEE

The Related Party Transactions Review Committee assists the Board in ensuring that the 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 to ensure such transactions are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Listing Rules of the Colombo Stock Exchange (CSE).

## COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Related Party Transactions Review Committee, which comprises four (4) Non-Executive Directors, is 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 2024 was as follows:

Name	Category	Meeting Attendance
Ms Anarkali Moonesinghe	Independent, Non-Executive Director	2/2
Mr Apurva Udesi	Non-Independent, Non-Executive Director	2/2
Ms Dishnira Saparamadu-Ariyaratne	Non-Independent, Non-Executive Director	1/2
Mr Malinga Arsakularatne	Independent, Non-Executive Director	2/2
Dr Ariththa R. Wikramanayake	Independent, Non-Executive Director	1/2

Brief profiles of each member are given on pages 24 to 27 of this report.

## DUTIES AND RESPONSIBILITIES

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:

- Assess whether the transactions are in the best interests of the Company and its shareholders as a whole
- Evaluate whether the transactions fall within the ambit of a normal business relationship, including whether:
  - the related party service providers have the adequate skills and capacity, and
  - the related party services are provided at market competitive rates.
- 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.
- Based on its review, the Committee will recommend to the Board entry into the agreement or transaction as appropriate.

## REVIEW OF RELATED PARTY TRANSACTIONS DURING FY24

During the year under review, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the CSE Listing Rules which would require disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the year are disclosed in Note 29 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 the CSE
- The shareholders' Interests are safeguarded
- They are fair and transparent and on commercial terms



**Anarkali Moonesinghe**

Chairperson  
Related Party Transactions Review Committee

18 July 2024

# NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

## PURPOSE OF THE COMMITTEE

As per Rule 9.11 of the CSE Listing Rules, hSenidBiz established the Nominations and Governance Committee ("NOMCO") of the Company on 1 April 2024.

The NOMCO is a key component of a company's board of directors, and focuses on ensuring effective governance and leadership. The scope of the committee includes:

- Formulation of policies that provide the framework for the nomination, appointment, election and/or re-election of directors to the Board and the appointment of members to Board committees.
- Formulation of policies that set out the framework for governance of the Company, including corporate governance policies and compliance manuals.
- Evaluating the fitness and propriety of persons for appointment, election, and/or re-election as directors to the Board, and making recommendations to the Board.
- Overseeing and evaluating the Company's compliance with the governance framework.

## COMPOSITION OF THE COMMITTEE

The NOMCO, which consists of three (3) non-executive directors, is chaired by Dr Arittha Wikramanayake, while Corporate Services (Private) Limited acts as the Secretary to the Committee.

The Committee's composition as at 01 April 2024 is as follows:

Name	Category
Dr Arittha Wikramanayake	Independent, Non-Executive Director
Ms Anarkali Moonesinghe	Independent, Non-Executive Director
Mr Apurva Udeshi	Non-Independent, Non-Executive Director

Brief profiles of each member are given on pages 24 to 27 of this report.

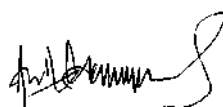
## DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee's responsibilities include the following:

- Establish and maintain a set of criteria for the selection of directors such as academic/professional qualifications, skills, experience, and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry-specific requirements.
- Set out, review, and implement the framework for appointment of directors to Board committees.
- Establish and maintain a set of criteria for the selection, assessment, and appointment of the chief executive officer and key management personnel, taking into consideration the nature of the business of the Company and industry-specific requirements.
- Review and recommend the overall corporate governance framework of the Company to align with the applicable laws and regulations (including the Listing Rules) and industry best practices.

## COMMITTEE ACTIVITIES

With the committee only established on 01 April 2024, there are no reportable actions for FY24. As per the requirements of the Listing Rules, meetings shall be held once every quarter or more frequently, if required. The committee may, from time to time, request the attendance of members of the corporate management team at such meetings.



**Dr Arittha Wikramanayake**  
Chairperson  
Nominations and Governance Committee

18 July 2024

# 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 2024 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 2024 and the Independent Auditors' Report on page 77 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 practices.

## LEGAL FORM

hSenid Business Solutions, which was incorporated on 05 October 2005 as a private limited liability company under the name hSenid Business Solutions (Private) Limited, 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 offering ("IPO"), was listed on the main board of the CSE on 21 December 2021.

## PRINCIPAL ACTIVITIES

The Company is engaged in developing human capital management software to help digitalise the entire employee journey within an organisation, from hiring to retirement. The software solution enables enterprises to automate day-to-day HR processes, enhances human interactions, and delivers actionable insights for organisations. Additionally, the Company also provides payroll management services and engages in the sale of hardware for tracking human resources.

## 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 18 and the Operational Review section on page 41. This, together with the Audited Financial Statements, reflects the state of affairs of the Company. Segment-wise contributions to Company revenue are 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. Hence, the Board of Directors wishes to confirm that the Consolidated Financial Statements appearing on

pages 80 to 83 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 2024, including comparatives for 2022/23, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 July 2024.

## ACCOUNTING POLICIES

The accounting policies adopted by the Company and the group have been consistently applied from the previous year. The significant accounting policies, including any new accounting standards adopted in the preparation of Financial Statements, are given on pages 84 to 94.

## SUBSIDIARIES

The Company's interest in subsidiaries as at 31 March 2024 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%
hSenid Business Solutions (Bangladesh) Pvt Ltd	Bangladesh	100%
PeoplesHR Pty Ltd	Australia	100%

## DIRECTORS

The Directors of the Company, as at 31 March 2024, and their brief profiles are given on pages 24 to 27. 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 128.

## DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS

Except as stated in Note 29 to the Financial Statements, during and at the end of the financial year 2023/24, none of the Directors were directly or indirectly interested in contracts or proposed contracts connected with the Company's business.

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

## 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	2023/2024	2022/2023
Mr. Dinesh B. Saparamadu	28,000,110	28,000,110
Mr. Sampath Jayasundara	3,303,300	3,303,300

## DIRECTOR'S REMUNERATION AND OTHER BENEFITS

The remuneration and other benefits of the Directors are given in Note 29.2.1 to the Financial Statements on page 117.

## STATED CAPITAL

The stated capital of the Company as at 31 March 2024 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 82 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 125.

## SPECIAL DIVIDEND

The Board of Directors has decided, subject to the approval of the shareholders, to distribute a sum of Sri Lankan Rupees Three Hundred and Forty-five Million, Eight Hundred and Sixty-nine Thousand, Two Hundred and Twenty (LKR 345,869,220) to the shareholders, by way of a final dividend, from and out of the retained earnings of the Company as at financial year ended 31 March 2024 (which will be paid after deducting the applicable withholding tax prior to distribution).

The Board of Directors acknowledges that some shareholders may prefer dividends to be distributed to them in cash so that they may choose to invest the same into available investment opportunities, whereas some shareholders who wish to contribute to and benefit from the growth prospects of the Company and its ability to generate further returns, may prefer to receive shares in lieu of cash in the form of a scrip dividend, thereby increasing their shareholding in the Company.

The decision of the Board of Directors is accordingly for the distribution of a final dividend of Sri Lankan Rupees One and Cents Twenty Five (LKR 1.25) per share amounting to a total dividend of Sri Lankan Rupees Three Hundred and Forty-five Million, Eight Hundred and Sixty-nine Thousand, Two Hundred and Twenty (LKR 345,869,220) to the shareholders of the Company, with the option being given to each of the entitled shareholders to select, by completing and returning to the Company a form to be made available to the shareholders, the manner in which shareholders may receive the dividend that such shareholders are entitled to, from and out of the three (3) options identified below:

- (i) receive the dividend entirely in cash ("Option 1");
- (ii) receive the dividend entirely in new shares, in the form of a scrip dividend ("Option 2"); or
- (iii) receive fifty percent (50%) of the dividend in cash and receive the balance fifty percent (50%) of the dividend in shares in the form of a scrip dividend ("Option 3").

## EXTERNAL AUDITORS

The External Auditors, Messrs Ernst & Young, have expressed their opinion on pages 77 to 79. Details of their remuneration are given in Note 8 on page 97 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 2024/2025 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 2023/24.

## 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 a 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 2024, are given in Note 29 to the Financial Statements on page 116 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

The Company, with the approval of the shareholders obtained on 6 December 2022, established the Employee Share Option Plan (ESOP) with the objective of providing shares to the employees of 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.

During the period 1 April 2023 to 31 March 2024, the Company has granted options to 10 Eligible Employees underlining two million seven hundred ninety thousand (2,790,000) shares. None of the options granted have been vested during the period 1 April 2023 to 31 March 2024.

## 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. The Committee also reviews reports of the Internal Auditors.

## SUSTAINABILITY

The Company is committed to developing practices that allow it to effectively manage sustainability risks. We have integrated environmental sustainability into our Company's strategic planning and business operations to ensure the protection of the environment and promote sustainable development.

## CORPORATE GOVERNANCE

The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of the management and operations of the Company. 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 Colombo Stock Exchange (CSE) published its updated corporate governance regulations for listed entities in October 2023, with compliance for most regulations mandatory by October 2024. These guidelines are included in Section 9 of CSE Listing Rules. In line with these requirements, the Company has made the necessary changes to the corporate governance guidelines and are in the process of being fully compliant. In addition, hSenidBiz has also complied with Corporate Governance rules laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Corporate Governance Section on pages 57 to 73 discusses the Corporate Governance Principles adopted by the Company.

The Company has also complied with section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE).



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

## 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 to the Notice of Meeting that appears on page 128 of this Annual Report.

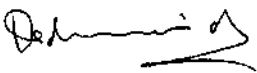
**By order of the Board**  
**hSenid Business Solutions PLC**

*Dinesh Saparamadu*

**Dinesh Saparamadu**  
Chairman



**Sampath Jayasundara**  
CEO/Director



**Corporate Services (Pvt) Ltd**  
Company Secretary

18 July 2024

# STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The responsibility of the Directors in 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 77 to 79.

As such, the Directors of hSenidBiz confirm that the Financial Statements of the Company for the year ended 31 March 2024, 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 provide 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 presents a true and fair view of the profit and loss of the Company for the financial year, and
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year, and which complies with the requirements of the Act and SLFRS.

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, which were due in respect of the Company and its subsidiaries as at the balance sheet date, have been paid or where relevant provided for.

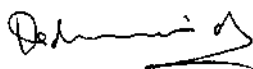
By the Order of the Board  
**hSenid Business Solutions PLC**

*Dinesh Saparamadu*

**Dinesh Saparamadu**  
Chairman



**Sampath Jayasundara**  
Chief Executive Officer



**Corporate Services (Pvt) Ltd**  
Company Secretary

18 July 2024



# Future-Ready Workforce Solutions





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# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
Fax : +94 11 768 7869  
Email: [eyst@lk.ey.com](mailto:eyst@lk.ey.com)  
[ey.com](http://ey.com)

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HSENIID 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 2024, and statements 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 material accounting policy information.

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 2024, 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 Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) 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.

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MSc - IT, V Shakhiveli B.Com (Sp), W D P L Perera ACA

A member firm of Ernst & Young Global Limited

# INDEPENDENT AUDITOR'S REPORT CONTD.



## Key audit matter common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group derived revenue LKR 1.645 Bn from the sale of products and services for the year ended 31 March 2024 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"> <li>• Complexity involved in determining project milestones, risk contingencies execution and ongoing uncertainties around expected costs to complete.</li> <li>• Large volume of transactions which arise from sales of different combinations of the services.</li> <li>• The existence of specific contractual terms in sales arrangements entered, affecting the recognition and measurement of revenue for support maintenance services.</li> </ul>	<p>Our audit procedures amongst others included the following;</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the process for how management determines the percentage of completions, evaluated the design of, and performed tests of controls.</li> <li>• 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.</li> <li>• Checked the related evidence to verify the receipt of the revenue.</li> </ul> <p>We also assessed the adequacy of disclosures made in relation to the recognition of revenue in Note 05 to the financial statements.</p>

## Other Information included in the 2023/24 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, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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.

18 July 2024  
Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from contracts with customers	5	1,645,250,916	1,464,368,120	1,449,748,619	1,231,651,499
Cost of sales		(979,847,789)	(819,870,525)	(813,830,422)	(646,174,751)
<b>Gross profit</b>		<b>665,403,127</b>	<b>644,497,595</b>	<b>635,918,198</b>	<b>585,476,748</b>
Other income/(losses)	6	(65,499,598)	79,144,971	(71,542,150)	70,920,002
Administrative expenses		(524,360,935)	(386,814,419)	(576,281,432)	(382,470,153)
Selling and marketing expenses		(361,023,830)	(227,068,156)	(292,712,191)	(269,388,950)
Other operating expenses		(145,747,095)	(109,326,924)	(140,335,056)	(102,836,539)
<b>Operating profit</b>		<b>(431,228,331)</b>	<b>433,067</b>	<b>(444,952,632)</b>	<b>(98,298,892)</b>
Finance cost	7.1	(6,976,182)	(5,811,654)	(6,633,279)	(5,569,247)
Finance income	7.2	146,633,355	194,271,359	146,633,355	194,271,359
<b>Profit before tax</b>	8	<b>(291,571,158)</b>	<b>188,892,772</b>	<b>(304,952,556)</b>	<b>90,403,221</b>
Income tax expense	9	(1,539,727)	(696,863)	(971,435)	(1,039,859)
<b>Profit for the year</b>		<b>(293,110,886)</b>	<b>188,195,909</b>	<b>(305,923,991)</b>	<b>89,363,362</b>
<b>Attributable to:</b>					
Equity holders of the Company		(293,110,886)	188,195,909	(305,923,991)	89,363,362
Non-controlling interest		-	-	-	-
<b>Earnings per share</b>					
Basic, profit for the year attributable to ordinary equity holders of the parent	10	(1.06)	0.68	(1.11)	0.32
<b>Other comprehensive income</b>					
Other Comprehensive Income - Income that may be reclassified to profit or loss in subsequent periods (net of tax)		-	-	-	-
Exchange differences on translation of foreign operations		454,239	16,613,058	-	-
Remeasurement gain/(loss) on defined benefit plans		(20,815,045)	13,083,877	(20,815,045)	13,083,877
Deferred tax on Re-measurements of defined benefit obligations		6,244,514	(3,925,163)	6,244,514	(3,925,163)
<b>Total comprehensive income for the year, net of tax</b>		<b>(307,227,178)</b>	<b>213,967,681</b>	<b>(320,494,522)</b>	<b>98,522,076</b>
<b>Attributable to:</b>					
Equity holders of the Company		(307,227,178)	213,967,681	(320,494,522)	98,522,076
Non-controlling interest		-	-	-	-

The Accounting Policies and Notes on pages 84 through 121 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 March		2024	2023	2024	2023
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	48,808,974	51,217,400	47,727,502	50,645,279
Right of use assets	13	37,943,905	17,453,232	31,110,056	16,787,563
Intangible assets	14	440,087,224	301,092,317	429,449,592	295,871,924
Capitalised contract costs	15	12,742,304	-	12,742,304	-
Goodwill on acquisition	16	-	2,008,131	-	-
Investments in subsidiaries	17	-	-	7,223,770	88,329,540
Deferred tax assets	9.7	53,676,495	38,137,673	52,585,420	37,971,891
		593,258,901	409,908,753	580,838,643	489,606,197
Current Assets					
Capitalised contract costs	15	5,165,558	-	5,165,558	-
Inventories	18	36,976,638	29,729,130	36,976,638	29,729,130
Trade and other receivables	19	724,066,330	636,514,786	674,415,597	587,083,468
Advances and prepayments		66,920,881	74,769,694	27,065,624	21,164,778
Tax receivables		3,039,543	-	3,039,543	-
Other current financial assets	20	782,559,264	1,168,482,275	782,559,264	1,168,482,275
Cash and short-term deposits	22.1	319,894,008	409,089,992	230,791,781	256,769,353
		1,938,622,221	2,318,585,877	1,760,014,005	2,063,229,004
Total Assets		2,531,881,122	2,728,494,629	2,340,852,648	2,552,835,200
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	23	922,748,205	922,748,205	922,748,205	922,748,205
Share based payments reserve		1,260,701	2,155	1,260,701	2,155
Currency translation reserve		30,164,738	29,710,499	-	-
Retained earnings		636,522,091	1,041,046,890	606,089,172	1,023,427,076
Total Equity		1,590,695,734	1,993,507,748	1,530,098,077	1,946,177,436
Non-Current Liabilities					
Retirement benefit obligation	25	128,388,588	79,625,460	128,388,588	79,625,460
Interest-bearing loans and borrowings	21	14,280,835	11,898,482	11,866,821	11,898,482
		142,669,423	91,523,942	140,255,408	91,523,942
Current Liabilities					
Trade and other payables	24	501,137,153	458,116,299	473,043,855	330,477,842
Deferred income	27	251,470,722	137,777,212	156,099,597	137,777,212
Interest-bearing loans and borrowings	21	45,908,090	7,870,392	41,355,710	7,179,734
Income tax payable		-	39,699,035	-	39,699,035
		798,515,965	643,462,939	670,499,162	515,133,823
Total Equity and Liabilities		2,531,881,122	2,728,494,629	2,340,852,648	2,552,835,200

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 84 through 121 form an integral part of these financial statements.

18 July 2024  
Colombo



## STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024		Stated Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Retained Earnings	Non Controlling Interest	Total Equity
Group	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 1st April 2022</b>		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
Total comprehensive income		-	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)
<b>Balance as at 31st March 2023</b>		922,748,205	2,155	29,710,499	1,041,046,890	-	1,993,507,748
Profit for the year		-	-	-	(293,110,886)	-	(293,110,886)
Dividends	11	-	-	-	(96,843,382)	-	(96,843,382)
ESOP expenses for the year		-	1,258,546	-	-	-	1,258,546
Other comprehensive income		-	-	454,239	-	-	454,239
Total comprehensive income		-	1,258,546	454,239	(389,954,267)	-	(388,241,482)
Re-measurements of defined benefit obligations		-	-	-	(20,815,045)	-	(20,815,045)
Deferred tax on re-measurements of defined benefit obligations		-	-	-	6,244,514	-	6,244,514
<b>Balance as at 31st March 2024</b>		922,748,205	1,260,701	30,164,738	636,522,091	-	1,590,695,734

Company	Note	Stated Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
		Rs.	Rs.	Rs.	Rs.
<b>Balance as at 1st April 2022</b>		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
<b>Total comprehensive income</b>		-	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)
<b>Balance as at 31st March 2023</b>		922,748,205	2,155	1,023,427,076	1,946,177,436
Profit for the year		-	-	(305,923,991)	(305,923,991)
Dividends	11	-	-	(96,843,382)	(96,843,382)
ESOP expenses for the year		-	1,258,546	-	1,258,546
<b>Total comprehensive income</b>		-	1,258,546	(402,767,372)	(401,508,827)
Re-measurements of defined benefit obligations		-	-	(20,815,045)	(20,815,045)
Deferred tax on re-measurements of defined benefit obligations		-	-	6,244,514	6,244,514
<b>Balance as at 31st March 2024</b>		922,748,205	1,260,701	606,089,172	1,530,098,077

The Accounting Policies and Notes on pages 84 through 121 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Cash flows from/(used in) operating activities</b>					
Profit before tax		(291,571,158)	188,892,772	(304,952,556)	90,403,221
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment"	12	19,853,214	13,265,497	19,536,672	12,481,575
Amortisation of right-of-use assets and intangible assets	13/14	154,419,725	124,567,120	148,634,321	112,044,789
Amortisation of capitalised contract costs	15	3,484,781	-	3,484,781	-
Provision for impairment of trade receivables		(63,077,030)	45,946,737	(65,520,912)	129,640,029
Impairment of investment		2,008,131	-	81,105,770	48,529,822
Finance income	7.2	(146,633,355)	(194,271,359)	(146,633,355)	(194,271,359)
Share based payments expense		1,258,546	2,155	1,258,546	2,155
Loss / (Gain) disposal of assets		48,766	84,362	48,766	84,362
Finance cost	7.1	6,976,182	5,811,654	6,633,279	5,569,247
Provision for defined benefit obligation	25.1	31,095,583	24,052,616	31,095,583	24,052,616
Net foreign exchange differences		70,898,911	(68,796,852)	71,542,150	(70,920,002)
Operating profit before working capital changes		(211,237,705)	139,554,702	(153,766,956)	157,616,455
Decrease / (Increase) in inventories		(7,247,509)	(43,344)	(7,247,508)	(43,344)
Decrease / (Increase) in trade and other receivables		(24,474,515)	(152,394,250)	(21,811,218)	(115,865,209)
Decrease/(Increase) in advance and prepayment		7,848,814	(8,454,198)	(5,900,846)	(12,775,045)
Increase / (Decrease) in deferred income		113,693,510	56,295,620	18,322,385	56,295,620
Increase / (Decrease) in trade and other payables		43,020,854	139,094,587	142,566,014	138,535,389
Cash generated from operations		(78,396,551)	174,053,116	(27,838,130)	223,763,866
Finance cost paid		(716,488)	(992,624)	(716,215)	(992,624)
Defined benefit obligation paid	25.1	(3,147,500)	(12,088,250)	(3,147,500)	(12,088,250)
Income tax paid		(53,572,615)	(10,969,435)	(52,079,029)	(11,152,815)
Net cash flows from operating activities		(135,833,154)	150,002,807	(83,780,874)	199,530,177
<b>Cash flows from/(used in) investing activities</b>					
Acquisition of property, plant and equipment	12	(17,681,358)	(44,452,635)	(16,770,661)	(43,493,666)
Acquisition of intangible assets	14.1	(259,997,744)	(177,300,733)	(251,031,487)	(177,300,733)
Acquisition of contract assets	15	(21,392,642)	-	(21,392,642)	-
Investments in short-term investments		5,157,509	112,566,266	5,157,509	112,566,266
Finance income received	7.2	146,633,355	194,271,359	146,633,355	194,271,359
Proceed from the sale of fixed assets		103,000	-	103,000	-
Net cash flows used in investing activities		(147,177,880)	85,084,258	(137,300,926)	86,043,227
<b>Cash flows from/(used in) financing activities</b>					
Payment of lease installments	21.3	(39,887,130)	(39,341,827)	(36,616,800)	(30,642,800)
Dividends paid to equity holders of the parent	11	(96,843,382)	(83,008,613)	(96,843,382)	(83,008,613)
Repayment of bank loans		-	(4,166,650)	-	(4,166,650)
Net cash flows from/(used in) financing activities		(136,730,512)	(126,517,089)	(133,460,182)	(117,818,063)
<b>Net increase in cash and cash equivalents</b>		(419,741,546)	108,569,975	(354,541,982)	167,755,340
Net foreign exchange difference		(69,560,996)	84,857,937	(71,542,149)	70,920,002
<b>Cash and cash equivalents at the beginning of the year</b>	22	1,459,835,819	1,266,407,907	1,307,515,181	1,068,839,839
<b>Cash and cash equivalents at the end of the year</b>	22	<b>970,533,277</b>	<b>1,459,835,819</b>	<b>881,431,051</b>	<b>1,307,515,181</b>

The Accounting Policies and Notes on pages 84 through 121 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. 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 2024 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 authorisation for issue

The Financial Statements of hSenid Business Solutions PLC for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 18 July 2024.

### 1.4 Principal activities and nature of operations of the Holding Company

The Company is engaged in developing human capital management software to help digitalise the entire employee journey within an organisation, from hiring to retirement. The software solution enables enterprises to automate day-to-day HR processes, enhances human interactions, and delivers actionable insights for organisations. Additionally, the Company also provides payroll management services and engages in the sale of hardware for tracking human resources.

### 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.

### 1.7 Newly incorporated entities under parent company.

PeoplesHR Solutions (Pvt) Ltd, a subsidiary of hSenid Business Solutions PLC, was incorporated on 21 December 2023. No transactions occurred during this period.

## 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.
- Share based payment are measured at fair value.

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.

### 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 material accounting policy information

### 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 2024. 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 unrealised 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.

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.
3. hSenid Business Solutions (Bangladesh) Pvt Ltd	Bangladesh	Bangladesh Taka	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 Bangladesh.
4. PeoplesHR Pty Ltd	Australia	Australian Dollar	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 Australia.

All subsidiaries are incorporated out of Sri Lanka.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

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 31 March 2024.

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

## 2.2.3 Going Concern

The Board of 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 a 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 25. 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 recognises 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

The 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 indicate uncertainty in recoverability.

### Impairment of inventories

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

### Development costs

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

### Contract Assets

The Group capitalises its incremental sales commissions and amortises the costs over the project period.

### 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 26.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

### 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.

#### 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 recognised 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 utilised:

- 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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

- 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 utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised 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 capitalised 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 amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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 amortised 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 recognised 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 amortised cost (debt instruments). The Company measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets at amortised 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 derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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.

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 the impairment of trade receivables is provided in Note 19 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 recognises 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 recognised 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 amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

Amortised 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 amortisation is included in finance costs in the statement of profit or loss.

## 3. Derecognition

A financial liability is derecognised 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 recognised 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.

### 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 year
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 amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised 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 recognised 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 amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in other operating expenses. During the period of development, the asset is tested for impairment annually.

### c) Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The Company has capitalised and amortised 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 recognised 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 recognised 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.

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 recognised 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 recognises 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 and losses are recognised in full in other comprehensive income.

### Funding arrangements

The gratuity liability is not externally funded.

### b) Defined contribution plans – Employees Provident Fund & 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 the Employees Provident Fund and Employees' Trust Fund respectively.



# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 4.10 Leases

### a) Recognition and initial measurement (as a lessee)

At the commencement date, a lessee shall recognise 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 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 amortised 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 recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment.

The Company recognises 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
- Recognise revenue when or as the Company satisfies a performance obligation

Under SLFRS 15, revenue is recognised 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) Customised 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) Deferred income**

Revenue from annual and bi-annual subscriptions and maintenance fees is initially recorded as deferred income and subsequently recognised in sales based on the terms of the agreement.

#### **e) Interest income**

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

#### **f) Others**

Other income is recognised 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 recognised 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 recognised 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 recognised as at the beginning and end of that 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 recognised 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 recognised 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 recognised 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## **4.13.1 Classification of liabilities as current or non-current - Amendment to LKAS 1**

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

## **4.13.2 Disclosures: Supplier finance arrangements - Amendments to LKAS 7 and SLFRS 7**

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

## **4.13.3 Lease liability in a sale and leaseback - Amendment to SLFRS 16**

The amendments to SLFRS 16 Leases specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

## **4.13.4 International tax reform - Pillar Two Model Rule - Amendments to LKAS 12**

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

## 5. REVENUE

### 5.1 Disaggregation of revenue

#### 5.1.1 Based on the nature of the product/service

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from customised projects	799,691,800	737,709,735	609,771,044	509,596,494
Hardware sales	118,067,412	116,707,890	118,067,412	116,707,890
Revenue from support / maintenance services	751,547,232	621,395,504	745,965,692	616,792,125
	1,669,306,444	1,475,813,129	1,473,804,148	1,243,096,509
Less - sales taxes- SSCL	(24,055,528)	(11,445,010)	(24,055,528)	(11,445,010)
Net sales value	1,645,250,916	1,464,368,120	1,449,748,619	1,231,651,499

#### 5.1.2 Based on the geographical locations

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sri Lanka	949,712,031	822,690,671	949,712,031	822,984,171
Asia-Pacific	357,442,703	387,347,573	177,493,193	171,472,326
South Asia	61,773,371	52,982,164	44,037,078	36,331,574
Africa	276,322,811	201,347,712	278,506,317	200,863,428
	1,645,250,916	1,464,368,120	1,449,748,619	1,231,651,499

#### 5.1.3 Based on the timing of revenue recognition

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Goods and services transferred at a point in time	118,067,412	116,707,890	118,067,412	116,707,890
Goods and services transferred over time	1,551,239,032	1,359,105,239	1,355,736,736	1,126,388,619
Less - sales taxes- SSCL	(24,055,528)	(11,445,010)	(24,055,528)	(11,445,010)
	1,645,250,916	1,464,368,120	1,449,748,619	1,231,651,499

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 6. OTHER INCOME/(LOSSES)

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Foreign exchange gains/(losses)	(70,898,911)	70,920,002	(71,542,150)	70,920,002
Sundry income	5,399,312	8,224,968	-	-
	(65,499,598)	79,144,971	(71,542,150)	70,920,002

## 7. FINANCE COSTS AND INCOME

### 7.1 Finance cost

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest expenses on bank overdrafts	716,488	964,639	716,215	964,639
Interest expenses on bank loans	-	27,986	-	27,986
Interest on leases	6,259,694	4,819,030	5,917,064	4,576,622
	6,976,182	5,811,654	6,633,279	5,569,247

### 7.2 Finance income

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Income from investments :				
- Interest on deposits	146,633,355	194,271,359	146,633,355	194,271,359
	146,633,355	194,271,359	146,633,355	194,271,359



## 8. PROFIT BEFORE TAX

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Stated after charging</b>				
<b>Included in Cost of Sales</b>				
Employees benefits including the following	556,099,453	368,322,863	464,824,320	317,845,207
- Defined benefit plan costs - Gratuity	14,872,256	13,818,450	14,872,256	13,818,450
- Defined contribution plan costs - EPF and ETF	36,670,813	23,630,523	36,670,813	23,630,523
<b>Included in General and Administration Expenses</b>				
Directors' emoluments	85,910,581	72,391,770	60,414,000	42,077,250
Employees benefits including the following	220,322,311	130,507,146	213,465,668	122,965,989
- Defined benefit plan costs - Gratuity	8,931,784	6,646,689	8,931,784	6,646,689
- Defined contribution plan costs - EPF and ETF	23,190,617	14,533,240	20,292,655	11,488,979
Service fees	19,398,315	15,115,163	12,479,219	5,927,803
Auditor's remuneration	6,151,334	5,887,858	3,425,983	2,844,946
Legal fees	219,025	762,000	219,025	762,000
<b>Included in Selling and Marketing Expenses</b>				
Employees benefits including the following	261,310,594	145,008,621	203,408,135	103,975,448
- Defined benefit plan costs - Gratuity	7,291,543	3,587,478	7,291,543	3,587,478
- Defined contribution plan costs - EPF and ETF	9,724,195	5,954,025	9,724,195	5,954,025
Advertising expenses	29,276,686	14,989,016	29,276,686	14,935,883
Sales promotional expenses	66,420,961	21,044,018	59,159,100	20,748,720
Impairment of trade receivable	4,015,589	46,026,501	868,271	129,728,899
<b>Included in Other Expenses</b>				
Depreciation	20,435,906	13,265,495	19,536,672	12,481,573
Amortisation of right of use assets	34,224,209	32,959,301	31,180,503	24,574,998
Amortisation of intangible assets	120,195,515	89,624,537	117,453,819	87,469,791

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 9. TAXES

### 9.1 Income tax expense

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>The major components of income tax expense for the year ended 31 March are as follows:</b>				
<b>Current income tax:</b>				
Current income tax charge (Note 9.2)	10,834,036	44,582,641	9,340,450	44,766,020
	10,834,036	44,582,641	9,340,450	44,766,020
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences (Note 9.7)	(9,294,309)	(43,885,778)	(8,369,015)	(43,726,161)
Income tax expense/(reversal) reported in the Statement of Comprehensive Income	1,539,727	696,863	971,435	1,039,859

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

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting profit before income tax	(291,571,158)	188,892,772	(304,952,556)	90,403,221
Add: Aggregate disallowed items	181,815,145	345,066,809	181,815,145	345,066,809
Less: Aggregate allowable items	(202,140,528)	(151,998,492)	(202,140,528)	(151,998,492)
Less: Tax exempt income / loss	142,450,191	(185,369,839)	140,912,099	(89,045,836)
<b>Taxable profit</b>	<b>(169,446,350)</b>	<b>196,591,250</b>	<b>(184,365,840)</b>	<b>194,425,702</b>
<b>Income tax charged at:</b>				
Income tax	1,493,586	42,590,275	-	42,773,654
Under / (Over) provision with last year	9,340,450	1,992,366	9,340,450	1,992,366
Current tax expense	10,834,036	44,582,641	9,340,450	44,766,020

#### 9.2.1 Income tax loss movement during the year

	2024 Rs.	2023 Rs.
Balance at the beginning	-	-
Income tax loss for the year	(177,772,983)	-
Claimed during the year	125,673,525	-
Balance at the end	(52,099,459)	-

Current income tax rate applicable for hSenid Business Solutions PLC (Sri Lanka) is 30%.

### 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.

### 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%
hSenid Business Solutions (Bangladesh) Pvt Ltd	Bangladesh	27.5%

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

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Statement of Profit or Loss</b>				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	4,539,064	14,280,128	4,539,064	14,280,128
Unrealised foreign exchange gains	(10,942,165)	5,538,041	(10,942,165)	5,538,041
Capitalised contract costs	5,372,358	-	5,372,358	-
Unrealised foreign exchange loss	(18,665,518)	-	(18,465,892)	-
Retirement benefit obligation	(8,384,425)	(26,097,632)	(8,384,425)	(26,097,632)
Provision for impairment of inventory	-	(137,378)	-	(137,378)
Provision for impairment of trade receivables	18,923,109	(36,856,366)	19,656,274	(36,702,458)
Right-of-use assets	(136,732)	(612,571)	(144,230)	(606,862)
	(9,294,309)	(43,885,778)	(8,369,015)	(43,726,161)
<b>Other comprehensive income</b>				
Deferred tax expense arising from;				
Actuarial gain on defined benefit obligations	(6,244,514)	3,925,163	(6,244,514)	3,925,163
Deferred tax charged/(reversal) directly to OCI	(6,244,514)	3,925,163	(6,244,514)	3,925,163

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 9. INCOME TAX EXPENSE (CONTD....)

### 9.7 Deferred taxation

Deferred tax assets, liabilities and income tax relates to the following:

#### 9.7.1 Group

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Deferred tax liability</b>						
Accelerated depreciation for tax purposes	(19,614,621)	(15,075,557)	(4,539,064)	(14,280,128)	-	-
Unrealised foreign exchange gains	-	(10,942,165)	10,942,165	(5,538,041)	-	-
Contract assets	(5,372,358)	-	(5,372,358)	-	-	-
	(24,986,979)	(26,017,722)	1,030,743	(19,818,169)	-	-
<b>Deferred tax assets</b>						
Unrealised foreign exchange loss	18,665,518	-	18,665,518	-	-	-
Retirement benefit obligation	38,516,576	23,887,638	8,384,425	26,097,632	6,244,514	(3,925,163)
Provision for impairment of inventory	147,846	147,846	-	137,378	-	-
Provision for impairment of trade receivables	20,502,109	39,425,218	(18,923,109)	36,856,366	-	-
Right-of-use assets	831,425	694,693	136,732	612,571	-	-
	78,663,474	64,155,395	8,263,566	63,703,947	6,244,514	(3,925,163)
Deferred taxation (charge) / reversal	-	-	9,294,309	43,885,778	6,244,514	(3,925,163)
Net deferred tax assets /(liabilities)	53,676,495	38,137,673	-	-	-	-

#### 9.7.2 Company

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Deferred tax liability</b>						
Accelerated depreciation for tax purposes	(19,614,621)	(15,075,557)	(4,539,064)	(14,280,128)	-	-
Unrealised foreign exchange gains	-	(10,942,165)	10,942,165	(5,538,041)	-	-
Contract assets	(5,372,358)	-	(5,372,358)	-	-	-
	(24,986,979)	(26,017,722)	1,030,743	(19,818,169)	-	-
<b>Deferred tax assets</b>						
Unrealised foreign exchange loss	18,465,892	-	18,465,892	-	-	-
Retirement benefit obligation	38,516,576	23,887,638	8,384,425	26,097,632	6,244,514	(3,925,163)
Provision for impairment of inventory	147,846	147,846	-	137,378	-	-
Provision for impairment of trade receivables	19,610,660	39,266,934	(19,656,274)	36,702,458	-	-
Right-of-use assets	831,425	687,195	144,230	606,862	-	-
	77,572,399	63,989,613	7,338,272	63,544,330	6,244,514	(3,925,163)
Deferred taxation (charge) / reversal	-	-	8,369,015	43,726,161	6,244,514	(3,925,163)
Net deferred tax assets /(liabilities)	52,585,420	37,971,891	-	-	-	-

### 9.7.3 Reconciliation of deferred tax charge / (reversal)

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred tax liability as 01 April	38,137,673	(1,822,943)	37,971,891	(1,829,107)
Deferred tax charge reported in the Statement of Profit or Loss	9,294,309	43,885,778	8,369,015	43,726,161
Deferred tax charge reported in other comprehensive Income	6,244,514	(3,925,163)	6,244,514	(3,925,163)
Deferred tax asset as 31 March	53,676,496	38,137,673	52,585,420	37,971,891

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 (asset) / liability has been computed taking into consideration the effective tax rate which is 30% (2022/23 – 30%) for the Company.

Deferred tax asset has not been recognised in respect of brought forward tax losses of the Group as at 31 March 2024, amounting to Rs. 15,629,838/, since it is not probable that future taxable profit will be available against which the Group can use the benefits therein.

## 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

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit attributable to equity holders of the parent	(293,110,886)	188,195,909	(305,923,991)	89,363,362
Weighted average number of shares (Note 10.3)	276,695,376	276,695,376	276,695,376	276,695,376
Basic earnings per share	(1.06)	0.68	(1.11)	0.32

### 10.2 Earnings per share - Diluted

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit attributable to equity holders of the parent	(293,110,886)	188,195,909	(305,923,991)	89,363,362
Adjusted weighted average number of shares (Note 10.3)	276,695,376	276,695,376	276,695,376	276,695,376
Diluted earnings per share	(1.06)	0.68	(1.11)	0.32



# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 10. BASIC/DILUTED EARNINGS PER SHARE (CONTD...)

### 10.3 Amount used as denominator

Year ended 31 March	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
Ordinary shares at the beginning of the year	276,695,376	276,695,376	276,695,376	276,695,376
Effect of share options exercised	-	-	-	-
Issue of shares - Initial Public Offering	-	-	-	-
Weighted average number of shares before dilution	276,695,376	276,695,376	276,695,376	276,695,376
Effect of dilution from share option scheme (Note 26)	-	-	-	-
Adjusted weighted average number of ordinary shares	276,695,376	276,695,376	276,695,376	276,695,376

## 11. DIVIDENDS PER SHARE

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

	Group		Company	
	Dividend per share Rs.	Gross Dividend Rs.	Dividend per share Rs.	Gross Dividend Rs.
Final dividend	0.35	96,843,382	0.30	83,008,613

## 12. PROPERTY, PLANT AND EQUIPMENT

### 12.1 Group

#### 12.1.1 Gross carrying amounts

	As at 01.04.2023 Rs.	Additions Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2024 Rs.
Network hardware	6,187,868	-	-	-	6,187,868
Computer equipment	74,002,723	11,442,881	(3,148,170)	(374,097)	81,923,337
Fittings	8,297,720	1,644,781	(3,303,764)	-	6,638,737
Generator	1,769,500	-	-	-	1,769,500
Office equipment	19,832,655	4,593,696	(2,025,349)	(43,443)	22,357,560
	110,090,466	17,681,358	(8,477,283)	(417,540)	118,877,001

**12.1.2 Accumulated depreciation**

	As at 01.04.2023 Rs.	Charge for the year Rs.	Disposals Rs.	Exchange differences Rs.	As at 31.03.2024 Rs.
Network hardware	1,397,274	1,794,335	-	-	3,191,609
Computer equipment	41,052,817	13,480,727	(3,075,435)	(301,007)	51,157,101
Fittings	4,459,465	1,205,613	(3,303,764)	-	2,361,314
Generator	1,769,500	-	-	-	1,769,500
Office equipment	10,194,010	3,372,539	(1,946,318)	(31,728)	11,588,503
	58,873,066	19,853,214	(8,325,517)	(332,735)	70,068,027

**12.1.3 Net book values**

Year ended 31 March	2024 Rs.	2023 Rs.
Network hardware	2,996,259	4,790,594
Computer equipment	30,766,236	32,949,906
Fittings	4,277,423	3,838,255
Office equipment	10,769,056	9,638,645
	48,808,974	51,217,400

**12.1.4** During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 17,681,358/- (2023 - Rs. 44,452,635/-). Cash payments amounting to Rs. 17,681,358/- (2023 - Rs. 44,452,635/-) were made during the year for purchase of property, plant and equipment.

**12.1.5** As at 31 March 2024, the group had fully depreciated assets still in use amounting to Rs. 36,509,532/- (2023- Rs. 32,798,215/-).

**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 2023/2024 and 2022/2023.

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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

### 12.2 Company

#### 12.2.1 Gross carrying amounts

	As at 01.04.2023 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2024 Rs.
<b>At cost</b>				
Network hardware	6,187,868	-	-	6,187,868
Computer equipment	70,528,687	10,532,184	(3,148,170)	77,912,701
Fittings	8,297,720	1,644,781	(3,303,764)	6,638,737
Generator	1,769,500	-	-	1,769,500
Office equipment	19,368,224	4,593,696	(2,025,349)	21,936,571
	106,151,999	16,770,661	(8,477,283)	114,445,377

#### 12.2.2 Accumulated depreciation

	As at 01.04.2023 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31.03.2024 Rs.
Network hardware	1,397,274	1,794,335	-	3,191,609
Computer equipment	38,013,127	13,184,091	(3,075,435)	48,121,783
Fittings	4,459,465	1,205,613	(3,303,764)	2,361,314
Generator	1,769,500	-	-	1,769,500
Office equipment	9,867,353	3,352,633	(1,946,318)	11,273,669
	55,506,719	19,536,672	(8,325,517)	66,717,875

#### 12.2.3 Net book values

Year ended 31 March	2024 Rs.	2023 Rs.
Network hardware	2,996,259	4,790,594
Computer equipment	29,790,918	32,515,560
Fittings	4,277,423	3,838,255
Office equipment	10,662,902	9,500,870
	47,727,502	50,645,279

**12.2.4** During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 16,770,661/- (2023 - Rs. 44,452,635/-). Cash payments amounting to Rs.16,770,661/- (2023 - Rs. 44,452,635/-) were made during the year for purchase of property, plant and equipment.

**12.2.5** As at 31 March 2024, the Company had fully depreciated assets still in use amounting to Rs. 36,509,532/- (2023- Rs. 32,798,215/-).

### 13. RIGHT OF USE ASSETS

Year ended 31 March	Group Building		Company Building	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>Cost</b>				
Balance at the beginning the year	89,389,685	68,506,002	76,469,207	55,585,524
New lease entered during the year	55,124,953	20,883,683	45,502,996	20,883,683
Balance at the end the year	144,514,639	89,389,685	121,972,203	76,469,207
<b>Accumulated depreciation</b>				
Balance at the beginning the year	(77,378,742)	(44,419,441)	(59,681,644)	(35,106,647)
Charge for the year	(34,224,209)	(32,959,301)	(31,180,503)	(24,574,998)
Balance at the end the year	(111,602,950)	(77,378,742)	(90,862,147)	(59,681,644)
Forex adjustment	5,032,216	5,442,288	-	-
Carrying amount	37,943,905	17,453,232	31,110,056	16,787,563

The followings are the amounts recognised in profit or loss:

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Depreciation expense of right of use assets	34,224,209	32,959,301	31,180,503	24,574,998
Interest expense on lease liabilities	6,259,694	4,819,030	5,917,064	4,576,622

### 14. INTANGIBLE ASSETS

#### 14.1 Company

	As at 01.04.2023 Rs.	Additions/ Transfers Rs.	Disposals Rs.	As at 31.03.2024 Rs.
<b>Gross carrying amounts</b>				
<b>At cost</b>				
Licensed software	3,169,006	8,649,072	-	11,818,078
Development cost	832,097,842	242,382,415	-	1,074,480,256
	835,266,848	251,031,487	-	1,086,298,334
<b>Amortisation</b>				
<b>At cost</b>				
Licensed software	3,169,006	288,302	-	3,457,308
Development cost	536,225,918	117,165,517	-	653,391,435
	539,394,924	117,453,819	-	656,848,743

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 14. INTANGIBLE ASSETS (CONTD...)

### 14.2 Group

	As at 01.04.2023 Rs.	Additions/ Transfers Rs.	Disposals Rs.	Forex Adjust. Rs.	As at 31.03.2024 Rs.
<b>Gross carrying amounts</b>					
<b>At cost</b>					
Licensed software	3,169,006	8,649,072	-	-	11,818,078
Development cost	841,800,518	251,348,672	-	(1,382,981)	1,091,766,209
	844,969,524	259,997,744	-	(1,382,981)	1,103,584,287
<b>Amortisation</b>					
<b>At cost</b>					
Licensed software	3,169,006	288,302	-	-	3,457,308
Development cost	540,708,201	119,907,213	-	(575,659)	660,039,755
	543,877,207	120,195,515	-	(575,659)	663,497,063

### 14.3 Net book values

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>At cost</b>				
Licensed software	8,360,770	-	8,360,770	-
Development cost	431,726,454	301,092,317	421,088,822	295,871,924
	440,087,224	301,092,317	429,449,592	295,871,924

## 15. CAPITALISED CONTRACT COSTS

	As at 01.04.2023 Rs.	Capitalised during the year Rs.	Amortised during the year Rs.	As at 31.03.2024 Rs.	Carrying value	
					Current Rs.	Non current Rs.
Capitalised contract costs	-	21,392,642	(3,484,781)	17,907,861	5,165,558	12,742,304
	-	21,392,642	(3,484,781)	17,907,861	5,165,558	12,742,304

During the year, hSenid business Solutions PLC paid Rs. 7,050,285.20/- as commission which is related to this asset.



## 16. GOODWILL ON ACQUISITION

### 16.1 Gross carrying amounts

Group	Balance As at 2024 Rs.	Balance As at 2023 Rs.
<b>At cost</b>		
Goodwill	2,008,131	2,008,131
Impairment during the year 2023/24	(2,008,131)	-
	-	2,008,131

**16.2** The Group performed its annual impairment test in March 2024 and considered the investment made in hSenid Business Solutions (India) Pvt Ltd for full impairment, as the Company was unable to achieve the expected return on investment (ROI). The slow pace of customer acquisition and challenges related to product readiness for the Indian market contributed to the impairment indicators.

Recoverable amount is based on value in use. As a result of this analysis, management has recognised an impairment charge of Rs. 2,008,131/- in the current year against goodwill with a nil carrying amount as at 31 March 2024. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

## 17. INVESTMENT IN SUBSIDIARIES

Non-Quoted Investments	Company Holding		Cost	Directors' Valuation	Cost	Directors' Valuation
	%	%	2024 Rs.	2024 Rs.	2023 Rs.	2023 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			-	(139,517,743)	-	(58,411,973)
Net value of investment in subsidiaries			146,741,513	7,223,770	146,741,513	88,329,540

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.

### 17.1 Provision for impairment of investments in subsidiaries

The Group performed its annual impairment test in March 2024 and considered the investment made in hSenid Business Solutions (India) Pvt Ltd for full impairment, as the Company was unable to achieve the expected return on investment (ROI). The slow pace of customer acquisition and challenges related to product readiness for the Indian market contributed to the impairment indicators.

Recoverable amount is based on value in use. As a result of this analysis, management has recognised an impairment charge of Rs. 81,105,770/- in the current year against investment of hSenid business Solutions (India) Pvt Ltd as at 31 March 2024. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 18. INVENTORIES

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Hardware	29,505,704	26,959,381	29,505,704	26,959,381
Software	492,820	492,820	492,820	492,820
Goods in transit	7,470,934	2,769,749	7,470,934	2,769,749
Less: provision for slow moving stocks	(492,820)	(492,820)	(492,820)	(492,820)
	36,976,638	29,729,130	36,976,638	29,729,130

## 19. TRADE AND OTHER RECEIVABLES

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade receivables - related parties (Note 19.1)	23,081,933	22,183,775	226,910,114	225,254,138
- others	733,629,203	728,067,668	644,319,161	505,216,768
	756,711,136	750,251,444	871,229,275	839,392,621
Less: allowances for impairment	(68,340,363)	(131,417,393)	(229,134,493)	(294,655,405)
	688,370,773	618,834,051	642,094,782	544,737,216
Other receivables - related parties (Note 19.2)	20,028,477	2,239,121	19,299,889	31,027,726
- others	15,667,080	15,441,614	13,020,926	11,318,526
	724,066,330	636,514,786	674,415,597	587,083,468

### 19.1 Trade receivables - related parties

Year ended 31 March	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
hSenid Software (Singapore) Pte Ltd.	Subsidiary	-	-	38,875,020	21,209,889
hSenid Business Solutions (India) Pvt Ltd.	Subsidiary	-	-	163,673,254	180,533,552
PeoplesHR Pty Limited	Subsidiary	-	-	2,496,091	2,778,668
hSenid Software India (Pvt) Ltd	Affiliate	-	-	-	-
hSenid Mobile Solutions (Pvt) Ltd.	Affiliate	1,216,184	1,451,745	-	-
hSenid Venture (Pvt) Ltd.	Affiliate	-	5,796	-	5,796
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	21,865,749	20,726,234	21,865,749	20,726,234
		23,081,933	22,183,775	226,910,114	225,254,138

## 19.2 Other receivables - related parties

Year ended 31 March	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
hSenid Software International (Pvt) Ltd	Affiliate	-	-	-	-
hSenid Software (Singapore) Pte Ltd	Subsidiary	-	-	-	-
hSenid Business Solutions (India) Pvt Ltd	Subsidiary	-	-	-	30,805,434
hSenid Software India (Pvt) Ltd	Affiliate	2,029,674	2,239,121	-	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	17,998,803	-	17,998,803	-
PeoplesHR Pty Ltd	Subsidiary	-	-	1,301,086	222,292
		20,028,477	2,239,121	19,299,889	31,027,726

## 19.3 Movement of provision for impairment during the year

Balance as at 01 April 2023				294,655,405
During the year charge/(Reversal)- Including exchange impact				(65,520,912)
Balance as at 31 March 2024				229,134,493

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

Group	Total	Neither past due or nor impaired <30days	Past due but not impaired				
			30-60 Days	60-90 Days	90-120 Days	120-365 Days	>365 Days
2024	688,370,773	257,885,573	162,178,305	28,415,346	89,824,108	111,867,467	38,199,973
2023	618,834,051	175,645,989	136,375,763	2,710,159	120,854,989	128,569,989	54,677,162

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
2024	642,094,782	248,579,977	150,388,822	20,807,368	84,410,017	106,439,936	31,468,662
2023	544,737,216	149,632,110	107,233,806	121,130	119,900,736	106,112,683	61,736,751

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 20. OTHER CURRENT FINANCIAL ASSETS

### 20.1 Investments in fixed deposits

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Investments in fixed deposits	782,559,264	1,168,482,275	782,559,264	1,168,482,275
	782,559,264	1,168,482,275	782,559,264	1,168,482,275

## 21. INTEREST BEARING LOANS AND BORROWINGS

### 21.1 Group

	Amount Repayable		2024	Amount Repayable		2023
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank overdraft	19,341,056	-	19,341,056	-	-	-
Lease liabilities (Note 21.3)	26,567,034	14,280,835	40,847,868	7,870,392	11,898,482	19,768,874
	45,908,090	14,280,835	60,188,924	7,870,392	11,898,482	19,768,874

### 21.2 Company

	Amount Repayable		2024	Amount Repayable		2023
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank overdraft (Note 22.2)	19,341,056	-	19,341,056	-	-	-
Lease liabilities (Note 21.3)	22,014,654	11,866,821	33,881,475	7,179,734	11,898,482	19,078,215
	41,355,710	11,866,821	53,222,530	7,179,734	11,898,482	19,078,215

### 21.3 Lease liabilities

Group	As at 01.04.2023 Rs.	New Lease Obtained Rs.	Repayment Rs.	As at 31.03.2024 Rs.	Amount Repayable	
					Current Rs.	Non current Rs.
Gross liability	23,666,458	62,254,620	(39,887,130)	46,033,948	29,985,240	15,605,370
Finance charges allocated to future periods	(3,897,585)	(7,129,667)	6,259,694	(4,767,557)	(3,418,206)	(1,324,535)
Forex adjustment	-	-	-	(418,523)	-	-
Net liability	19,768,874	55,124,953	(33,627,436)	40,847,868	26,567,034	14,280,835

Company	As at 01.04.2023 Rs.	New Lease Obtained Rs.	Repayment Rs.	As at 31.03.2024 Rs.	Amount Repayable	
					Current Rs.	Non current Rs.
Gross liability	22,975,800	51,822,000	(36,616,800)	38,181,000	25,045,500	13,135,500
Finance charges allocated to future periods	(3,897,585)	(6,319,004)	5,917,063	(4,299,525)	(3,030,846)	(1,268,679)
Net liability	19,078,215	45,502,996	(30,699,737)	33,881,471	22,014,654	11,866,821

## 22. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
<b>22.1 Favourable cash and cash equivalent balances</b>				
Cash and bank balances	319,894,008	409,089,992	230,791,781	256,769,353
Short term deposits (Note 20.1)	782,559,264	1,168,482,275	782,559,264	1,168,482,275
	1,102,453,271	1,577,572,267	1,013,351,045	1,425,251,628
<b>22.2 Unfavourable cash and cash equivalent balances</b>				
Bank overdraft	(19,341,056)	-	(19,341,056)	-
	1,083,112,215	1,577,572,267	994,009,989	1,425,251,628
<b>22.3 Deposits pledged as securities for bank overdraft (Note 28.4)</b>				
	(112,578,938)	(117,736,447)	(112,578,938)	(117,736,447)
	970,533,277	1,459,835,820	881,431,051	1,307,515,181

## 23. STATED CAPITAL GROUP/COMPANY

### 23.1 Issued and fully paid ordinary shares

Year ended 31 March	Group/Company			
	2024		2023	
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	276,695,376	922,748,205	276,695,376	922,748,205
Issue of shares	-	-	-	-
Balance as at 31st March	276,695,376	922,748,205	276,695,376	922,748,205

### 23.2 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 pair passu with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 24. TRADE AND OTHER PAYABLES

Year ended 31 March	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade payables - related parties (Note 24.1)		17,506,138	-	-	-
Trade payables		7,990,348	35,177,988	5,652,930	11,034,298
		25,496,486	35,177,988	5,652,930	11,034,298
Other payables - related parties (Note 24.2)		23,771,595	5,325,168	33,273,583	5,325,168
- Others		339,251,213	293,881,070	330,821,059	275,106,583
		363,022,808	299,206,238	364,094,641	280,431,752
Customer advances		14,729,913	92,476,378	14,433,920	8,237,025
Accrued expenses		97,575,942	31,068,758	88,862,364	30,774,767
Directors' current accounts		312,004	186,937	-	-
		501,137,153	458,116,299	473,043,855	330,477,842

### 24.1 Trade payables - related parties

hSenid Mobile Solutions (Pvt) Ltd	Affiliate	10,361,416	-	-	-
hSenid Mobile Solutions Singapore Pvt Ltd	Affiliate	7,144,722	-	-	-
		17,506,138	-	-	-

### 24.2 Other payables - related parties

hSenid Mobile Solutions (Pvt) Ltd	Affiliate	-	-	-	-
hSenid Mobile Solutions (Bangladesh) Pvt Ltd	Affiliate	23,771,595	5,325,168	-	5,325,168
hSenid Software (Singapore) Pte Ltd	Subsidiary	-	-	33,273,583	-
		23,771,595	5,325,168	33,273,583	5,325,168



## 25. RETIREMENT BENEFIT OBLIGATION

### Group/Company

#### 25.1 Retirement benefit obligation - Gratuity

Year ended 31 March	2024 Rs.	2023 Rs.
Balance at the beginning	79,625,460	80,744,970
Current service cost	15,217,291	11,940,871
Interest cost	15,878,292	12,111,746
Past service cost	-	-
Payments made during the year	(3,147,500)	(12,088,250)
Actuarial (gain)/loss	20,815,045	(13,083,877)
Balance at the end	128,388,588	79,625,460

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 31st March 2024. 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:

#### 25.2 Actuarial assumptions

	2024	2023
Discount rate	12.0%	20.0%
Salary increment rate	8.0%	15.0%

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

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

#### 25.3 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.

	2024 Rs.	2023 Rs.
<b>Discount rate</b>		
Effect on retirement benefit obligation due to 1% increase	123,301,037	76,516,097
Effect on retirement benefit obligation due to 1% decrease	133,919,814	82,497,424
<b>Salary increment rate</b>		
Effect on retirement benefit obligation due to 1% increase	134,652,173	82,947,159
Effect on retirement benefit obligation due to 1% decrease	122,544,560	76,056,446

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 25. RETIREMENT BENEFIT OBLIGATION (CONTD...)

**25.4** Expected average future working life of the active participants is 5.3 years.

Other assumptions comprise a staff turnover rate of 10% and a retirement age of 60 years.

**25.5** The following are the expected payments to the defined benefit plan in future years

	2024 Rs.	2023 Rs.
Within the next 12 months	21,036,723	14,114,036
Between 1-5 years	64,852,168	38,478,265
Between 5-10 years	24,085,514	17,457,270
More than 10 years	18,414,182	9,575,889
<b>Total expected payments</b>	<b>128,388,588</b>	<b>79,625,460</b>

## 26. 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.

### 26.1 Details of Options are as follows:

Date of grant	Allocation	No of Shares Granted	Grant Price Rs.	Vesting	Exercise Period	Date of Expiry
Tranche 1	5,000,000	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	31st March 2030
Tranche 2	5,000,000	2,190,000	16.10	Vesting over a period of 4 years from the grant date.	3 Years from the Vesting	31st March 2033
		400,000	13.4			
		200,000	11.98			
		2,210,000	To be decided			

## 26.2 Movement during the year

	2024 Rs.	2023 Rs.
Balance at the beginning	5,000,000	-
Granted during the year	2,790,000	5,000,000
Exercised during the year	-	-
Balance at the end	7,790,000	5,000,000

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. 1,258,545.55 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:

Tranche 1		Tranche 2	
Weighted average share price	16.10	Weighted average share price	11.98 - 16.1
Exercise price	16.10	Exercise price	11.98 - 16.1
Expected volatility	50%	Expected volatility	50%
Option life	7 Years	Option life	7 Years
Expected dividends	13%	Expected dividends	13%
Risk free interest rate	25.99%	Risk free interest rate	14.51% - 25.99%

Using historical trading data of the stock to derive input parameters to calculate expected volatility results in values that are not meaningful for the model given the limited availability of data and significant volatility witnessed in market data. Therefore, such assumptions and input parameters have been derived based on overall market return expectations and associated probabilities.

These shares do not have a dilutive effect.

## 27. DEFERRED INCOME RECONCILIATION

	Group Rs.	Company Rs.
Opening balance as at 1st April 2023	227,478,167	137,777,212
Invoices issued	426,107,994	289,796,505
Subscription revenue recognised	(402,115,439)	(271,474,120)
Closing balance as at 31 March 2024	251,470,722	156,099,597

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 28. COMMITMENTS AND CONTINGENCIES

### 28.1 Capital expenditure /operational commitments

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

### 28.2 Purchase and service commitments

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

### 28.3 Contingent liabilities

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

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

Lender	Security	Security Value Rs.	Approved Facility Rs.	Nature of Facility	Balance as at 31 March 2024 Rs.
Hatton National Bank PLC	Lien over Fixed Deposits	34,035,518	34Mn	Bank Guarantee	11,250,459
Commercial Bank of Ceylon PLC	Lien over Savings Deposits	78,543,420	40Mn	Overdraft	19,341,056
		112,578,938			30,591,515

## 29. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

### 29.1 Transactions with the parent and related entities

Year ended 31 March	Group/Company	
	2024 Rs.	2023 Rs.
<b>Subsidiary companies*</b>		
Trade sales	73,912,084	42,572,735
Settlements for trade sales	(53,735,840)	(23,603,682)

\* hSenid Software (Singapore) Pte Ltd, People HR Pty Ltd, hSenid Business Solutions (India) Pvt. Ltd, hSenid Business Solutions (Bangladesh) Pvt Ltd

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

Year ended 31 March	Group/Company	
	2024 Rs.	2023 Rs.
<b>Affiliate companies**</b>		
Trade sales	26,296,244	31,426,776
Settlements for trade sales	(23,620,322)	(22,294,435)
Expenses incurred on behalf of the Company	-	(33,962,997)
Collections on behalf of the Company	23,323,972	21,693,176
Other service expenses	-	-
Settlements for other service expenses	-	-

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

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

## 29.2 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.

### 29.2.1 Key Management Personnel Compensation

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Short-term employee benefits - Executive	89,566,681	85,736,276	64,070,100	55,421,756
Post-employment benefits - Executive	-	-	-	-
	89,566,681	85,736,276	64,070,100	55,421,756

Share based options granted to Key Management Personals as at 31 March 2024 is Rs. 12,880,000/-.

### 29.2.2 Loans to directors

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

### 29.2.3 Other transactions

There are no other transactions with Key Management Personnel and their spouses' other than those disclosed above.

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 30. EVENTS OCCURRING AFTER THE REPORTING DATE

### Dividends on ordinary shares

After satisfying the solvency test, in accordance with Section 57 of the Companies Act, No.07 of 2007, the Board of Directors recommended a first and final dividend of LKR. 1.25 per share for the year ended 31 March 2024 amounting to LKR. 345,869,220/- which is to be approved at the forthcoming Annual General Meeting. In accordance with LKAS 10 - "Events after the reporting period" this dividend was not recognised as a liability as at 31 March 2024.

Shareholders can choose one of the options below for their dividend settlement.

- (i) receive the dividend entirely in cash;
- (ii) receive the dividend entirely in new shares, in the form of a scrip dividend; or
- (iii) receive fifty percent (50%) of the dividend in cash and receive the balance fifty percent (50%) of the dividend in shares in the form of a scrip dividend

## 31. 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:

### 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, analysing, 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.



### 31.1 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 minimising losses incurred due to increased credit risk exposure.

#### 31.1.1 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;

Year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade receivables	688,370,773	618,834,051	642,094,782	544,737,216
Short term investments	782,559,264	1,168,482,275	782,559,264	1,168,482,275
Cash and cash equivalents	319,894,008	409,089,992	230,791,781	256,769,353
	1,790,824,044	2,196,406,318	1,655,445,827	1,969,988,844

#### 31.1.2 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 19.4.

##### Short term investments

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

# NOTES TO THE FINANCIAL STATEMENTS CONTD.

## 31.2 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.

### 31.2.1 The maturity analysis of liabilities

Group	Contractual cash flows			
	Carrying amount	6 months or less	6 - 12 months	Over 1 year
<b>Non-derivative financial liabilities</b>				
Trade payables	347,241,561	347,241,561	-	-
Amount due to related parties	41,277,732	41,277,732	-	-
Accrued expenses	97,575,942	97,575,942	-	-
Lease liabilities	45,579,000	16,204,500	13,773,000	15,601,500
	531,674,236	502,299,736	13,773,000	15,601,500

Company	Contractual cash flows			
	Carrying amount	6 months or less	6 - 12 months	Over 1 year
Trade payables	336,473,989	336,473,989	-	-
Amount due to related parties	33,273,583	33,273,583	-	-
Accrued expenses	88,862,364	88,862,364	-	-
Lease liabilities	38,181,000	13,738,500	11,307,000	13,135,500
	496,790,935	472,348,435	11,307,000	13,135,500

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

### 31.2.2 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

## 31.3 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.

### 31.3.1 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	854,156,117	772,807,915	762,048,380	689,472,344
Singaporean Dollar	41,377,556	37,436,836	(11,476,524)	(10,383,522)
Australian Dollar	291,065	263,344	2,911,961	2,634,631
Indian Rupee	9,097,307	8,230,897	155,362,992	140,566,517
Kenyan shilling	2,054,160	1,858,525	2,054,160	1,858,525
Brunei dollar	2,517,388	2,277,637	2,517,388	2,277,637
Bangladeshi taka	22,276,959	20,155,344	22,276,959	20,155,344
Maldivian rufiyaa	3,398,432	3,074,772	3,398,432	3,074,772
Total	935,168,984	846,105,271	939,093,749	849,656,249

### 31.3.2 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.

### 31.4 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.

# ANNEXES

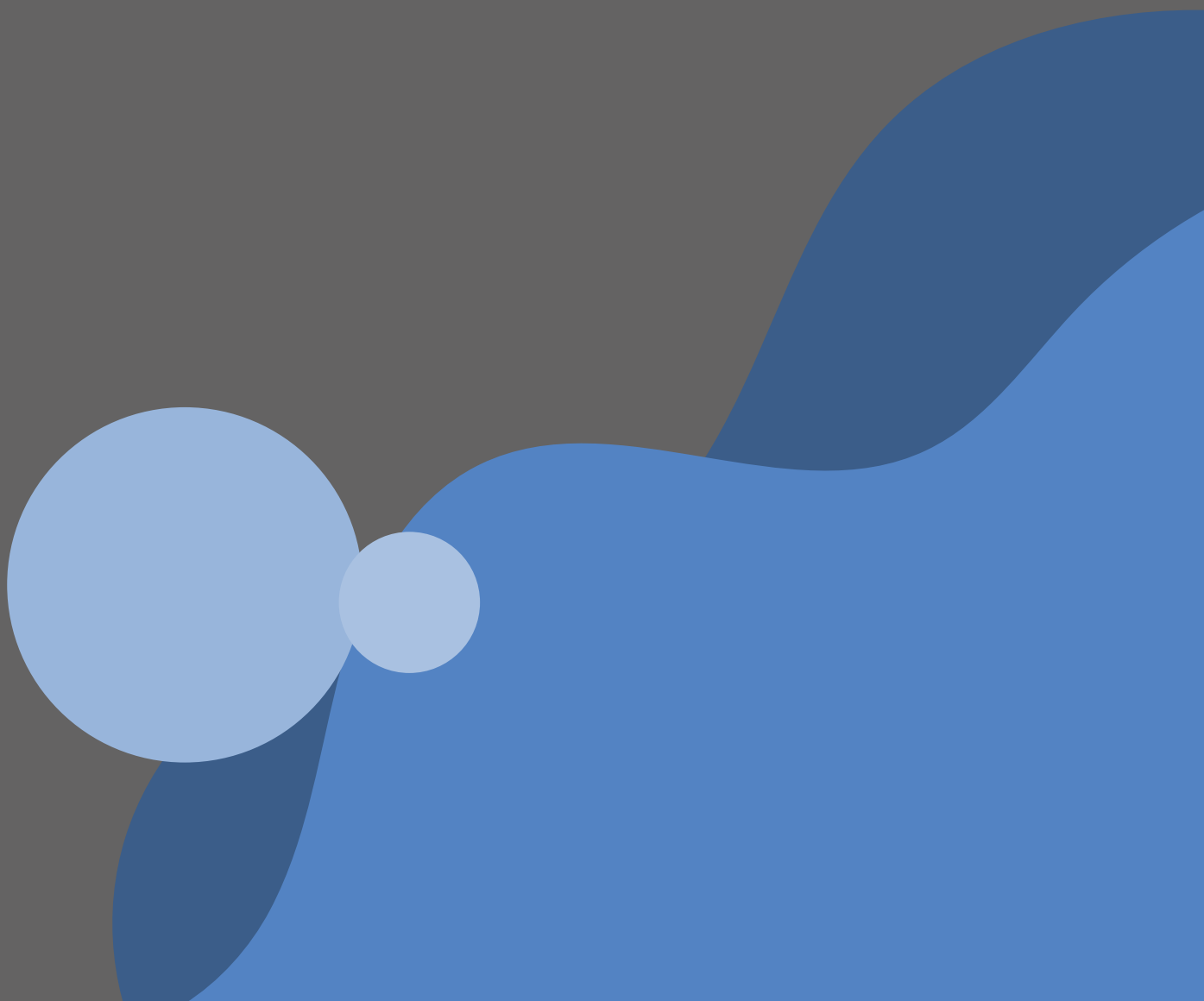
**123** Investor Information

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# 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 2024	31 March 2023
Total number of shareholders	4,748	4,785
Total number of shares	276,695,376	276,695,376

### 31 MARCH 2024

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	1,796	707,893	0.26	5	1,405	0.00	1,801	709,298	0.26
1,001-10,000	2,254	8,204,719	2.97	13	54,128	0.02	2,267	8,258,847	2.98
10,001-100,000	566	17,445,771	6.31	8	292,500	0.11	574	17,738,271	6.41
100,001-1,000,000	83	21,355,652	7.72	4	961,500	0.35	87	22,317,152	8.07
1,000,001 & Over	14	198,046,502	71.58	5	29,625,306	10.71	19	227,671,808	82.28
<b>Total</b>	<b>4,713</b>	<b>245,760,537</b>	<b>88.82</b>	<b>35</b>	<b>30,934,839</b>	<b>11.18</b>	<b>4,748</b>	<b>276,695,376</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS

31 March 2024				
	No. of shareholders	%	No. of shares	%
Individuals	4,543	95.68	155,066,382	56.04
Institutions	205	4.32	121,628,994	43.96
<b>Total</b>	<b>4,748</b>	<b>100</b>	<b>276,695,376</b>	<b>100.00</b>

## PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2024	Comply with CSE Rule 7.13.1 (a)
Option	5	5	YES
Float adjusted market capitalisation	2,500,000	1,766,449,146	YES
The percentage of shares held by the public	20%	58.04%	YES
Number of shareholders representing public holding	500	160,109,090	YES

# INVESTOR INFORMATION CONTD.

## SHAREHOLDER TRADING INFORMATION FROM LISTING DATE TO 31 MARCH 2024

	31 March 2024
Highest price (LKR)	15.30
Lowest price (LKR)	10.50
As at 31 March (LKR)	11.00
Number of transactions	13,538
Number of shares traded	40,581,689
Value of shares traded (LKR)	504,192,515

## MARKET CAPITALISATION VS SHAREHOLDERS' FUNDS

	LKR
Market capitalisation as at 31 March 2024 (LKR)	3,043,649,136

## DIVIDEND

Financial Year	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Dividends Amount	345,869,220*	96,843,382	83,008,613	30,004,113	20,000,000	25,006,559
Earnings per share (LKR)	-1.06	0.68	1.93	0.96	0.78	0.63
Dividends per Share (LKR)	1.25	0.35	0.30	0.14	0.09	0.12
Payout Ratio	-106.84%	51.47%	15.54%	14.19%	11.77%	18.33%

\* Proposed final dividend, subject to shareholders' approval



**TWENTY (20) LARGEST SHAREHOLDERS AS AT 31.03.2024**

	Name	No. of shares	%
1	hSenid Ventures (Private) Limited	68,839,540	24.88
2	Mr. K.P.R.B. De Silva	28,585,504	10.33
3	Mr. Dinesh Saparamadu	28,000,110	10.12
4	Mr. R.S.Captain	26,469,861	9.57
5	Argent Capital (Private) Ltd	13,343,096	4.82
6	Timex Garments (Pvt) Ltd	11,069,688	4.00
7	Mr. Jan Gunnar Naess	9,035,000	3.27
8	Mr. Otto Edvard Husby kalvo	9,010,000	3.26
9	Mrs. J.N. Ambani	6,982,018	2.52
10	GF Capital Global Limited	5,809,400	2.10
11	Citibank New York S/A Norges Bank Account 2	4,350,267	1.57
12	Mr. Sampath Jayasundara	3,303,300	1.19
13	Bank of Ceylon A/C Ceybank Unit Trust	3,008,960	1.09
14	Mr. Nilam Alawdeen	2,420,000	0.87
15	Miss. M.M. Page	1,618,525	0.58
16	Mr. Upali Amarasinghe	1,575,000	0.57
17	Commercial Bank of Ceylon PLC A/C No. 03	1,520,900	0.55
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	Peoples Bank	1,000,000	0.36

# GLOSSARY

## SOFTWARE-AS-A-SERVICE (SAAS)

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

## RECURRING REVENUE

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

## CHURN RATE

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

## ANNUALISED RECURRING REVENUE (ARR)

Predictable and recurring revenue generated by customers within a year.

## NET RETENTION REVENUE (NRR)

The percentage of revenue earned from the existing customer base.

## PHR

PeoplesHR

## GO-TO-MARKET (GTM)

Marketing, Sales, and Customer Success functions.

## DEAL PIPELINE

Total amount of prospective deals that can potentially be converted into actual sales in a given period.

## SALES CYCLE

Total time taken to complete a deal, from customer discovery to deal closure.

## AVERAGE CONTRACT VALUE (ACV)

Also known as the Average Deal Size, ACV is the total value of a deal. The ACV of a cloud deal includes the total implementation cost and the 12-month subscription charge. The ACV of an on-premise deal includes the implementation cost and the perpetual licensing cost.

## EARNINGS PER SHARE

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

## EBIT

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

## EBIT MARGIN

EBIT divided by turnover.

## EBITDA

Earnings before interest, tax, depreciation, and amortisation.

## EBITDA MARGIN

EBITDA divided by turnover.

## EFFECTIVE RATE OF TAXATION

Tax expense divided by profit before tax.

## DIVIDEND

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

## NET PROFIT MARGIN

Profit after tax divided by turnover.

## 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.

## CASH EQUIVALENTS

Liquid investments with original maturities of three months or less.

## NET ASSETS

Sum of fixed assets and current assets, less total liabilities.

## TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

## NET CASH

Total cash and short-term deposits minus total debt.

## 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

## SHAREHOLDERS' FUNDS

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

## TOTAL EQUITY

Shareholders' funds plus minority interest.

## CAPITAL EMPLOYED

Shareholders' funds plus minority interest and debt.

## 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 a subsidiary, by the parent.

## 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.

## RELATED PARTIES

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

## 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.

## RETURN ON EQUITY (ROE)

Attributable profits divided by average shareholders' funds.

## MARKET CAPITALISATION

Number of shares in issue at the end of the 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 21st December 2021

## YEAR OF INCORPORATION

2005

## REGISTRATION NUMBER

PQ00245385

## ACCOUNTING YEAR END

31 March

## REGISTERED OFFICE

hSenid Business Solutions PLC  
Second Floor, Scanwell Building, 67/1,  
Hudson Road, Off Perahera Mawatha, Colombo 03  
Tel: +94 11 4621111  
Fax: +94 11 2394064

## DIRECTORS

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

## SECRETARIES

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

## INVESTOR RELATIONS

hSenid Business Solutions PLC  
Second Floor, Scanwell Building, 67/1,  
Hudson Road, Off Perahera Mawatha, Colombo 03  
+94 71 797 6777  
nilendra.w@hsenidbiz.com, samila.i@hsenidbiz.com

## AUDITORS

Ernst & Young (Chartered Accountants)  
No. 109, Rotunda Towers, Galle Road,  
Colombo 03  
Tel: +94 11 2463500  
Fax: +94 11 768 7869

## BANKERS

Hatton National Bank PLC  
No. 479, T. B. Jayah Mawatha (Darley Road),  
Colombo 10  
Tel: +94 11 2664 664  
Fax: +94 11 2662 832

Commercial Bank of Ceylon PLC  
No 21, Sir Razik Fareed Mawatha,  
Colombo 01  
Tel: +94 11 2430 420  
Fax: +94 11 2449 889

NDB Bank PLC  
40, Navam Mawatha,  
Colombo 02  
Tel: + 94 11 244 8888  
Fax: +94 11 244 8448

Standard Chartered Bank  
37 York Street,  
Colombo 01  
Tel: +94 11 2480 480

# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of hSenid Business Solutions PLC will be held on Thursday, 15 August 2024, 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 31 March 2024 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 consider and, if thought fit, to pass the following Special Resolutions to amend the Articles of Association of the Company in line with and to comply with the Listing Rules of the Colombo Stock Exchange that are currently in force.

## Special Resolution 1:

IT IS HEREBY RESOLVED THAT article 27(1) be deleted in its entirety and substituted with the following Article 27(1):

27(1) "Unless otherwise determined by a special resolution of the shareholders of the Company, the number of Directors of the Company shall not be less than five (5) and not more than ten (10)"

## Special Resolution 2:

IT IS HEREBY RESOLVED that article 27(4) be deleted in its entirety and be substituted with the following new articles numbered 27(4), and 27(4) (a) to 27(4) (e).

27(4) A Director may, if he/she is unable to attend to his duties as a Director, by notice in writing under his hand to the registered office of the Company or by notice sent by facsimile transmission or by email, appoint any person to be an alternate director of the Company in exceptional circumstances and for a maximum period of one (01) year from the date of appointment, and at any time remove the alternate director so appointed.

27(4) (a) If an alternate director is appointed by and for a non-executive director, such alternate should not be an executive of the Company.

27(4) (b) If an alternate director is appointed by and for an independent director, the person so appointed should meet the criteria of independence specified in the Listing Rules of the Colombo Stock Exchange, and the Company shall satisfy the requirements relating to the minimum number of independent directors specified in the Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an independent director before such appointment is made.

27(4) (c) The attendance of any alternate director at any meeting, including a board committee meeting, shall be counted for the purpose of quorum.

27(4) (d) Be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him/her is not personally present, and to exercise (in addition to his/her own right of voting as a Director) the rights of the appointer at meetings of the Board; and

27(4) (e) Not be entitled in respect of such appointment, to receive any remuneration from the Company except such part of the alternate's appointor's remuneration as the appointer may direct by notice in writing to the Company, but the Directors may repay the alternate Director such reasonable expenses that he/she may incur in attending to his/her business as an alternate Director.

4. To re-elect Mr. Madu Ratnayake 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. Dishnira S. Ariyaratne 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. **ORDINARY RESOLUTION - DISTRIBUTION OF A FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

**IT IS HEREBY RESOLVED THAT:**

1. A final dividend of Sri Lankan Rupees One and Cents Twenty Five (LKR 1.25) amounting to a total dividend of Sri Lankan Rupees Three Hundred and Forty-five Million, Eight Hundred and Sixty-nine Thousand, Two Hundred and Twenty (LKR 345,869,220) be paid to the shareholders of the Company, with the option being given to each of the entitled shareholders to select, by completing and returning to the Company the documentation made available to shareholders to facilitate such selection, the manner in which the shareholder may receive the dividend that such shareholder is entitled to, from and out of the three (3) options identified below:
  - (i) receive the dividend entirely in cash ("Option 1");
  - (ii) receive the dividend in new shares, in the form of a scrip dividend ("Option 2"); or
  - (iii) receive fifty percent (50%) of the dividend in cash and receive the balance fifty percent (50%) of the dividend in shares in the form of a scrip dividend ("Option 3").
2. The shareholders entitled to the final dividend shall be those shareholders whose names have been duly registered in the share register of the Company, and those shareholders whose names appear on the Central Depository Systems (Private) Limited as at end of trading on the record date/entitlement date (which shall be the second (2nd) market day from and excluding the date of the Annual General Meeting (the "Record Date");
3. The Company does accordingly pay the said final dividend of Sri Lankan Rupees One and Cents Twenty Five (LKR 1.25) per share to the entitled shareholders in the manner set forth below:
  - (i) any shareholder who selects Option 1 or does not select any of the said options at all, will be paid the dividend that the shareholder is entitled to, entirely in cash;
  - (ii) any shareholder who selects Option 2 shall be paid the dividend that the shareholder is entitled to, in new shares in the form of a scrip dividend on the basis of One (01) new share for every Eleven decimal One Zero Five Eight Eight Two Three Five Three (11.105882353) shares held, with the number of shares to be issued to the shareholder being computed based on the following formula:

Number of Shares to be issued =	$\frac{\text{Number of shares as at end of trading on the Record Date}}{11.105882353}$
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All residual fractions arising from the calculation of shares to be issued to shareholders who select Option 2 based on the above formula shall be disregarded in its entirety.

- (iii) any shareholder who selects Option 3 shall be paid the dividend that the shareholder is entitled to, as follows:
  - a. fifty percent (50%) of the dividend shall be paid in cash; and
  - b. balance fifty percent (50%) of the dividend shall be paid in shares in the form of a scrip dividend on the basis of One (01) new share for every Twenty Two decimal Two One One Seven Six Four Seven Zero Six (22.211764706) shares held, with the number of shares to be issued to the shareholder being computed based on the following formula.

Number of Shares to be issued =	$\frac{\text{Number of shares as at end of trading on the Record Date}}{22.211764706}$
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## NOTICE OF MEETING CONTD.

All residual fractions arising from the calculation of shares to be issued to shareholders who select Option 3 based on the above formula shall be disregarded in its entirety.

4. The new shares to be issued by way of scrip dividend shall, immediately consequent to the allotment thereof to the entitled shareholders, rank equal and *pari passu* in all respects with the existing issued and fully paid ordinary shares of the Company, and shall be listed on the Colombo Stock Exchange.
  5. The new ordinary shares to be so allotted and issued shall not be eligible for the payment of dividend declared hereby.
7. **SPECIAL RESOLUTION – ISSUE OF NEW SHARES UNDER THE FINAL DIVIDEND FOR SHAREHOLDERS SELECTING OPTION 2 OR OPTION 3**

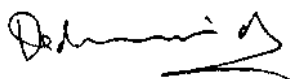
**IT IS HEREBY RESOLVED THAT** the issue by the Company of up to a maximum of Twenty-four Million, Nine Hundred and Fourteen Thousand, Three Hundred and Eight (24,914,308) ordinary shares in the Company to the shareholders who select Option 2 or Option 3 under the final dividend, as referred to in item 6 (1) above, be and is hereby approved.

8. **SPECIAL RESOLUTION – REALLOCATION OF FUNDS RAISED UNDER THE INITIAL PUBLIC OFFERING**

**IT IS HEREBY RESOLVED THAT** the reallocation by the Company of the sum of Sri Lankan Rupees Three Hundred and Fifty Million (LKR 350,000,000) raised under the Initial Public Offering and originally allocated for Strategic Acquisitions in APAC and the Middle-East and Africa Regions, for product and market development activities, and the consequent utilisation by the Company of such sum for suitable market development activities during the period of the current financial year ending 31 March 2025, be and is hereby approved.

9. 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 18 day of July 2024

**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 Second Floor, Scanwell Building, No.67/1, Hudson Road, off Perahera Mawatha, Colombo 03, or e-mailed to [corporateservices@corporateservices.lk](mailto:corporateservices@corporateservices.lk) **not less than 48 hours before the time appointed for the holding of the meeting.**



# FORM OF PROXY

\*I/We ..... of .....  
 ..... 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. Ariththa R. Wikramanayake    |                 |

..... of

as \*my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held on 15 August 2024 at 2.00 p.m and at any adjournment thereof.

	For	Against	Abstain
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 2024, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
3. To pass Special Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Madu Ratnayake, who retires by rotation in terms of article 27(8) of the Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Ms. Dishnira S. Ariyaratne who retires by rotation in terms of article 27(8) of the Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ordinary Resolution – Distribution of a final dividend for the financial year ended 31 March 2024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Special Resolution – Issue of new shares under the final dividend for shareholders selecting Option 2 or Option 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Special Resolution – Reallocation of funds raised under the Initial Public Offering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2024

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 and 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 in the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Second Floor, Scanwell Building, No. 67/1, Hudson Road, Off Perahera Mawatha, Colombo 03, or e-mailed to corporateservices@corporateservices.lk not less than forty eight (48) hours before the appointed time of the 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 she/he 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.





**hSenidBiz**  
EMPOWERING PEOPLE THE WORLD OVER



**PeoplesHR**