

**INDEPENDENT AUDITOR'S REPORT****TO THE GOVERNING BODY OF POPULATION SERVICES INTERNATIONAL****OPINION**

We have audited the financial statements of Population Services International ("the Society"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Income and Expenditure for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at March 31, 2019, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. 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 society in accordance with the ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matters**

We draw attention to the following matter in the Notes to the financial statements:

- a) The Society entered into an agreement with Ministry of Health & Family Welfare, Department of AIDS Control (NACO) during the financial year 2014-15. The Society, in line with the agreement, incurred certain expenditure amounting to INR 221,785,299 in relation to human resources, trade promotion and communication activities. However, NACO did not fulfil its supply commitment of commodities, as per the contract resulting in limiting the achievement of program deliverables. On the basis of the above facts, the management of the Society issued a notice as "Frustration of Contract" to NACO during 2014-15. The Society subsequently received INR 133,064,731 out of the outstanding amount of INR 221,785,299 on April 2, 2016. During the year, the management has initiated arbitration proceedings to recover balance amount of INR 88,720,568. Based on opinion obtained from Independent consultant and assessment of facts and circumstances of the matter, the management is of the opinion that there are appropriate grounds available with the Society to defend its case from commercial perspective and therefore, no provision is considered necessary at this stage.

Our opinion is not modified in respect of this matter.



### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid 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 society'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 society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the society's financial reporting process.

### **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 SAs 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 based on these financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

For **MSKA & Associates**  
Chartered Accountants  
Firm Registration number: 105047W

  
**Amit Mitra**  
Partner  
Membership number: 094518  
UDIN: 19094518AAAACY8248



Place: Gurugram  
Date: September 19, 2019

### ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF POPULATION SERVICES INTERNATIONAL

#### Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, 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 entity's internal control.
- 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 entity'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 entity to cease to continue as a going concern.

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, related safeguards.

For **MSKA & Associates**  
Chartered Accountants  
Firm Registration number: 105047W

  
**Amit Mitra**  
Partner  
Membership number: 094518  
UDIN: 19094518AAAACY8248



Place: Gurugram  
Date: September 19, 2019

**POPULATION SERVICES INTERNATIONAL  
BALANCE SHEET**  
(All amounts in INR, unless specified)

	Note	As at March 31, 2019	As at March 31, 2018
<b>SOURCES OF FUNDS</b>			
Corpus fund	3	98,44,684	98,44,684
Reserves and surplus	4	12,68,12,205	8,51,76,240
		<b>13,66,56,889</b>	<b>9,50,20,924</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets, net</b>			
Property, plant and equipment	5	1,45,74,769	2,40,10,757
Intangible assets	5	43,909	1,27,261
		<b>1,46,18,678</b>	<b>2,41,38,018</b>
<b>Current assets</b>			
Inventories	6		14,84,263
Cash and bank balances	7	9,76,17,148	2,48,25,874
Other current assets	8	37,29,149	17,20,983
		<b>10,13,46,297</b>	<b>2,80,31,120</b>
<b>Loans and advances</b>			
	9	12,74,32,932	13,00,76,533
		<b>12,74,32,932</b>	<b>13,00,76,533</b>
<b>Current liabilities and provisions</b>			
Current liabilities	10	8,37,03,245	6,37,30,022
Provisions	11	2,30,37,773	2,34,94,725
		<b>10,67,41,018</b>	<b>8,72,24,747</b>
		<b>13,66,56,889</b>	<b>9,50,20,924</b>
Summary of Significant accounting policies	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

For MSKA & Associates  
Chartered Accountants  
Firm registration number: 105047W

Amit Mitra  
Partner

Membership number: 094918

Place: Gurugram

Date: September 19, 2019



For and on behalf of the Governing Body of  
Population Services International

Pritpal Marjara  
Secretary

Place: New Delhi

Date: September 19, 2019

Head Office  
C-445,  
Chittaranjan Park  
New Delhi  
110 019

S.V. Sista  
President

Place: New Delhi

Date: September 19, 2019

Chandrika Vasu  
Chief Financial Officer

Place: New Delhi

Date: September 19, 2019

Head Office  
C-445,  
Chittaranjan Park  
New Delhi  
110 019



**POPULATION SERVICES INTERNATIONAL**  
**STATEMENT OF INCOME AND EXPENDITURE**  
 (All amounts in INR, unless specified)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
<b>INCOME</b>			
Distribution receipts		1,325,184	1,716,800
Donation and grants		564,896,024	430,279,524
Other income	12	32,590,786	6,799,769
		<u>598,811,994</u>	<u>438,796,093</u>
<b>EXPENDITURE</b>			
Cost of goods distributed	13	1,484,263	1,880,419
Employee benefit expense	14	207,887,723	213,078,764
Other expenses	15	340,983,051	336,947,600
Depreciation and amortisation	5	6,820,992	8,021,545
		<u>557,176,029</u>	<u>559,928,328</u>
Deficit of income over expenditure carried to the balance sheet		<u>41,635,965</u>	<u>(121,132,235)</u>
Summary of Significant accounting policies	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date.

For MSKA & Associates  
 Chartered Accountants  
 Firm registration number: 105047W

  
 Amit Mitra  
 Partner  
 Membership number: 094518  
 Place: Gurugram  
 Date: September 19, 2019



For and on behalf of the Governing Body of  
 Population Services International

  
 Pritpal Marjara  
 Secretary  
 Place: New Delhi  
 Date: September 19, 2019

  
 S.V. Sista  
 President  
 Place: New Delhi  
 Date: September 19, 2019



  
 Chandrika Vasu  
 Chief Financial Officer  
 Place: New Delhi  
 Date: September 19, 2019



**POPULATION SERVICES INTERNATIONAL**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
(All amounts in INR, unless specified)

**1. Background**

Population Services International ('PSI' or 'the Society') is a non-profit and non-governmental organisation established in 1980 with a mandate to assist in the fields of reproductive health, HIV/AIDS prevention and maternal child health.

The Society is registered with the Income-tax department under section 10(23C)(iv) of Income-tax Act, 1961 vide tax exemption certificate received vide Notification No.18/2007 dated January 31, 2007.

PSI's mission is to empower low income people to lead healthy lives through the informed use of health products and services, made accessible and affordable to them through social marketing activities. PSI has long-term commitment to the people of India and to maximising its impact through advocacy, networking and collaboration with other organisations. PSI's activities are consistent with and complementary to those of the Government of India.

The Society is also registered under the Foreign Contribution (Regulation) Act, 2010 for carrying out social activities. The registration is valid till October 31, 2021.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the applicable Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI'). The accounting policies adopted in the preparation of financial statements have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy until now (hitherto) in use with those of previous year.

**2.2 Use of estimates**

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**2.3 Fixed assets**

**(a) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure.

Subsequent expenditure relating to tangible assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.



**POPULATION SERVICES INTERNATIONAL**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
(All amounts in INR, unless specified)

**(b) Intangible assets**

Intangibles are stated at historical cost less accumulated amortisation and represents computer software required for internal use and these are recognised as assets if it is probable that future economic benefits attributable to such assets will flow to the Society and the cost of the assets can be measured reliably.

**2.4 Depreciation and amortisation**

Depreciation on tangible assets is provided on written down value method at the per annum rates specified below:

<b>Assets</b>	<b>Rates</b>
Buildings	10%
Furniture and fixtures	15%
Computers	60%
Office equipment	25%
Electrical equipment	25%
Vehicles	20%

Individual assets costing less than INR 5,000 per unit are expensed off in the year of purchase.

Intangible assets are being amortised over their effective useful life of 5 years. Depreciation on additions is provided on pro-rata basis from the month of purchase when the asset has been in use for 20 days or more. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the month of sale when the asset has been in use for 20 days or more.

**2.5 Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are on the basis of reasonable estimate.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

**2.6 Revenue recognition**

**(a) Distribution receipts**

Revenue from distribution receipts is recognised when all significant risks and rewards of the ownership are transferred to the buyer as per the terms of distribution which coincide with the dispatch of the goods. Revenue is recorded net of tax and returns, if any.



**POPULATION SERVICES INTERNATIONAL**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
(All amounts in INR, unless specified)

**(b) Donation and grants**

Donations and grants received are recorded as income when it is reasonably certain that the ultimate collection will be made, other than grants received for a specific purpose, which are recognised as income to the extent of expenditure incurred during the year. Donations received in kind are not valued or accounted for in the books of account.

**(c) Interest**

Interest income is accounted for on time proportionate basis at the applicable rate of interest.

**2.7 Inventories**

Distributable goods are valued at cost (inclusive of packaging cost) or net realisable value, whichever is lower. The cost of such products is determined on a First In First Out basis, and is taken at subsidised rates in case of purchases made from the Government of India.

Items such as testing kits and contraceptives purchased for the purpose of distribution to beneficiaries free of cost or at a nominal value, are valued at lower of cost or replacement cost.

**2.8 Cash and bank balances**

Cash and bank balances include cash in hand, bank balances in savings account and fixed deposits held with scheduled banks.

**2.9 Leases**

**Operating leases:** Lease rentals in respect of assets taken under operating lease are charged to the statement of Income and Expenditure on straight line basis over the period of lease.

**2.10 Foreign currency transactions**

**Initial recognition:** Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

**Exchange differences:** Exchange differences arising on the settlement of monetary items or on reporting the Society's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they occur.



**POPULATION SERVICES INTERNATIONAL**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
(All amounts in INR, unless specified)

**2.11 Retirement benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.

**(a) Defined contribution plan**

The Society makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund which are recognised in the statement of Income and Expenditure on accrual basis.

**(b) Defined benefit plan - Gratuity**

The Society provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Society with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the Balance Sheet date. The plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the statement of Income and Expenditure. The expected return on plan assets is based on the assumed rate of return of such assets. The Society contributes to a fund set up by Life Insurance Company of India.

**(c) Other long-term benefits - Compensated absences and leave encashment**

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed or encashed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

The employees are entitled to ten sick leave in a year. Such leaves can be accumulated upto 45 days however encashment is not allowed. The Society provides for the liability at year end on account of unavailed leaves as per the actuarial valuation using the projected unit credit method.

**2.12 Contingent liability, provisions and contingent asset**

The Society creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are neither recorded nor disclosed in the financial statements.



POPULATION SERVICES INTERNATIONAL  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
 (All amounts in INR, unless specified)

	As at March 31, 2019	As at March 31, 2018
<b>3 CORPUS FUND</b>		
Opening and closing balance	9,844,684	9,844,684
	<u>9,844,684</u>	<u>9,844,684</u>
<b>4 RESERVES AND SURPLUS</b>		
Reserve for investments for subsidising contraceptive social marketing		
Opening balance	-	550,000
Less: Transfer to surplus in Income and Expenditure Account	-	(550,000)
	-	-
Surplus in Income and Expenditure Account		
Balance brought forward	85,176,240	205,758,475
Add: Transfer from income and expenditure account	41,635,965	(121,132,235)
Add: Transfer from reserve for investments for subsidising contraceptive social marketing	-	550,000
	<u>126,812,205</u>	<u>85,176,240</u>
	<u>126,812,205</u>	<u>85,176,240</u>

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POPULATION SERVICES INTERNATIONAL  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
(All amounts in INR, unless specified)

5 FIXED ASSETS

A) PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings	Furniture and fixtures	Vehicles	Computers	Office equipments	Electrical equipments	Total	Softwares
Gross block									
At April 1, 2017	8,370,500	4,040,293	17,610,310	6,909,133	65,571,004	29,781,910	8,852,757	141,135,907	5,084,885
Additions	-	-	173,429	-	6,903,209	600,679	-	7,677,317	-
Disposals	-	-	-	-	76,763	-	-	76,763	-
At March 31, 2018	8,370,500	4,040,293	17,783,739	6,909,133	72,397,450	30,382,589	8,852,757	148,736,461	5,084,885
Additions	-	-	381,945	-	2,610,412	1,324,061	-	4,316,418	-
Adjustments (refer note 19)	-	4,040,293	15,369,372	5,217,551	43,445,873	27,086,518	8,852,757	104,012,364	-
Disposals	-	-	89,773	1,621,882	9,506,514	467,469	-	11,685,638	-
At March 31, 2019	8,370,500	-	2,706,539	69,700	22,055,475	4,152,663	-	37,354,877	5,084,885

Accumulated Depreciation

At April 1, 2017	-	3,623,323	13,316,805	6,447,922	60,602,840	24,746,090	8,201,388	116,938,368	4,795,879
Charge for the year	-	41,697	767,141	92,242	5,477,378	1,318,500	162,842	7,859,800	161,745
Disposals	-	-	-	-	72,464	-	-	72,464	-
At March 31, 2018	-	3,665,020	14,083,946	6,540,164	66,007,754	26,064,590	8,364,230	124,725,704	4,957,624
Charge for the year	-	37,528	663,793	55,517	4,630,681	1,227,989	122,132	6,737,640	83,352
Adjustments (refer note 19)	-	3,702,548	13,568,926	5,097,640	41,614,667	24,753,838	8,486,362	97,223,981	-
Disposals	-	-	48,666	1,464,027	9,504,715	441,847	-	11,459,255	-
At March 31, 2019	-	-	1,130,147	34,014	19,519,053	2,096,894	-	22,780,108	5,040,976

Net block as at

March 31, 2018	8,370,500	375,273	3,699,793	368,969	6,389,696	4,317,999	488,527	24,010,757	127,261
March 31, 2019	8,370,500	-	1,576,392	35,686	2,536,422	2,055,769	-	14,574,769	43,909



POPULATION SERVICES INTERNATIONAL  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
(All amounts in INR, unless specified)

	As at March 31, 2019	As at March 31, 2018
<b>6 INVENTORIES</b>		
(valued at lower of cost or net realisable value)		
Distributable goods	-	1,484,263
	<u>-</u>	<u>1,484,263</u>
<b>7 CASH AND BANK BALANCES</b>		
Cash in hand	10,000	20,000
Balance with scheduled banks		
- Savings accounts	68,185,898	24,795,874
- Term deposits	29,421,250	10,000
	<u>97,617,148</u>	<u>24,825,874</u>
<b>8 OTHER CURRENT ASSETS</b>		
Recoverable against distribution receipts	3,041,984	1,716,800
Interest accrued on term deposits	687,165	4,183
	<u>3,729,149</u>	<u>1,720,983</u>
<b>9 LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
- considered good	16,972,520	21,274,731
- considered doubtful	12,352,293	239,353
Donation receivable (refer foot note (i))	88,720,568	88,720,568
Security and other deposits		
- considered good	1,636,172	2,185,739
- considered doubtful	-	235,256
TDS receivable		
- considered good	20,103,672	17,895,495
- considered doubtful	1,124,790	1,124,790
	<u>140,910,015</u>	<u>131,675,932</u>
Less: Provision for doubtful balances	13,477,083	1,599,399
	<u>127,432,932</u>	<u>130,076,533</u>

**Foot note:**

i) The Society entered into an agreement with Ministry of Health & Family Welfare, Department of AIDS Control (NACO) during the financial year 2014-15. The Society, in line with the agreement, incurred certain expenditure amounting to INR 221,785,299 in relation to human resources, trade promotion and communication activities. However, NACO did not fulfil its supply commitment of commodities, as per the contract resulting in limiting the achievement of program deliverables. On the basis of the above facts, the management of the Society issued a notice as "Frustration of Contract" to NACO during 2014-15. The Society subsequently received INR 133,064,731 out of the outstanding amount of INR 221,785,299 on April 2, 2016. During the year, the management has initiated arbitration proceedings to recover balance amount of INR 88,720,568. Based on opinion obtained from Independent consultant and assessment of facts and circumstances of the matter, the management is of the opinion that there are appropriate grounds available with the Society to defend its case from commercial perspective and therefore, no provision is considered necessary at this stage.



**POPULATION SERVICES INTERNATIONAL**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
 (All amounts in INR, unless specified)

**10 CURRENT LIABILITIES**

Grants/ donations received in advance	56,274,552	31,401,108
Payable for expenses *	6,881,053	15,420,075
Payable to employees	14,475,437	10,859,727
Other liabilities	6,072,203	6,049,112
	<u>83,703,245</u>	<u>63,730,022</u>

\* There are no Micro, Small and Medium Enterprises as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Society owes dues on account of principal amount together with interest any time during the year and accordingly no additional disclosures have been made.

**11 PROVISIONS**

Gratuity (refer note 17)	4,132,190	4,919,112
Compensated absences and leave encashment	18,905,583	18,575,613
	<u>23,037,773</u>	<u>23,494,725</u>

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**POPULATION SERVICES INTERNATIONAL**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
(All amounts in INR, unless specified)

	Year ended March 31, 2019	Year ended March 31, 2018
<b>12 OTHER INCOME</b>		
Interest income		
- on term deposits	758,871	117,210
- on savings accounts	1,637,643	5,758,999
Profit on sale of fixed assets	275,739	701
Profit on sale of brand (sale proceeds)*	29,500,000	-
Miscellaneous income	418,533	605,715
Rental income	-	317,144
	<b>32,590,786</b>	<b>6,799,769</b>
* Society has sold brands (internally generated) during the current year to Population Services International, USA based on the valuation done by an independent valuer.		
<b>13 Cost of goods distributed</b>		
Inventory at the beginning of the year	1,484,263	3,414,603
Add: Purchases	-	-
(Less): Inventory at the end of the year	-	(1,484,263)
Cost of goods distributed or written-off	1,484,263	1,930,340
(Less): Inventory written-off (refer note 15)	-	(49,921)
	<b>1,484,263</b>	<b>1,880,419</b>
<b>14 Employee benefit expense</b>		
Salaries and wages	191,087,830	197,163,342
Contribution to provident and other funds	11,451,035	11,115,712
Gratuity (funded) (refer note 17)	4,645,214	4,077,294
Staff welfare	703,644	722,416
	<b>207,887,723</b>	<b>213,078,764</b>
<b>15 Other expenses</b>		
Advertising and communications	53,737,404	156,057,833
Travelling and conveyance	70,507,473	67,844,836
Legal and professional	118,534,086	47,328,335
Training, conference and meeting	28,140,142	22,843,717
Shipping, handling and packaging	-	2,975
Rent	8,834,086	11,186,051
Communication	4,620,588	5,954,192
Market research	17,045,045	6,181,489
Miscellaneous	5,470,652	7,567,506
Inventory written off (refer note 13)	-	49,921
Property, plant and equipment written off (refer note 19)	6,788,383	-
Power, electricity and security	7,346,269	8,072,289
Repair and maintenance		
- plant and machinery	683,816	704,473
- others	2,590,517	2,331,377
Printing and stationery	899,720	513,105
Rates and taxes	3,261,566	226,671
Provision for bad and doubtful advances	12,352,293	-
Insurance	58,470	79,137
Loss on sale of fixed assets	19,683	-
Bank charges	92,858	3,693
	<b>340,983,051</b>	<b>336,947,600</b>



**POPULATION SERVICES INTERNATIONAL**  
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16 The Society is classified as Small and Medium Sized Enterprise (SME) of Level - II entity for the purposes of applicability of Accounting Standards as defined by the Council of the Institute of Chartered Accountants of India. Accordingly, the Society has complied with the Accounting Standards as applicable to a Small and Medium Sized Enterprise. Pursuant to the exemptions/ relaxations applicable to SME of Level - II, Accounting Standard (AS) 3 - Cash Flow Statements, AS 17 - Segment Reporting, AS 18 - Related Party Disclosures, AS 24 - Discontinuing Operations, AS 21 - Consolidated Financial Statements, AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements and AS 27 - Financial Reporting of Interests in Joint Ventures are not applicable to the Society. Further, certain exemptions/ relaxations from recognition, measurement and disclosure requirements in terms of AS 19 - Leases, AS 20 - Earnings Per Share and AS 29 - Provisions, Contingent Liabilities and Contingent Assets have been extended to the Society for the current year. Accordingly, the Society has disclosed information to the extent applicable in these financial statements pursuant to the above exemptions/ relaxations.

**17 Employee Benefits:**

**A. Gratuity**

**a) Amount recognised as expense in the statement of Income and Expenditure:**

Description	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	3,368,259	2,881,147
Interest cost	1,288,083	1,279,814
Expected return on plan assets	(877,599)	(777,294)
Net actuarial loss/(gain)	866,471	326,935
Past service cost	-	366,692
Total included in "Employee cost"	<u>4,645,214</u>	<u>4,077,294</u>

**b) Amount recognised in the Balance Sheet:**

Present value of the obligation at end of the year	17,475,183	16,620,427
Fair value of plan assets	13,342,993	11,701,315
Net liability recognised in the Balance Sheet	<u>4,132,190</u>	<u>4,919,112</u>

**c) Reconciliation of opening and closing balances of defined benefit obligations:**

Present value of defined benefit obligation as at beginning of the year	16,620,427	17,064,183
Current service cost	3,368,259	2,881,147
Past service cost	-	366,692
Interest cost	1,288,083	1,279,814
Actuarial loss/(gain) recognised during the year	964,407	472,666
Benefits paid	(4,765,993)	(5,444,075)
Present value of defined benefit obligation as at the end of the year	<u>17,475,183</u>	<u>16,620,427</u>

**d) Reconciliation of opening and closing balances of plan assets:**

Fair value of plan assets as at beginning of the year	11,701,315	10,160,700
Actual return on plan assets	975,535	923,025
Contribution by plan participants	5,594,605	6,209,785
Benefits paid	(4,765,993)	(5,444,075)
Charges deducted	(162,469)	(148,120)
Fair value of plan assets as at the end of the year	<u>13,342,993</u>	<u>11,701,315</u>



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e) Actuarial gain/loss recognised:

Description	Year ended March 31, 2019	Year ended March 31, 2018
Actuarial (gain)/loss on defined benefit obligation	964,407	472,666
Actuarial (gain)/loss on plan assets	(97,936)	(145,731)
Actuarial loss/(gain) recognised	<u>866,471</u>	<u>326,935</u>

f) Actuarial gain/ loss on plan assets:

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Actual return on plan assets	(975,535)	(923,025)	(767,821)	(1,508,197)	(1,488,370)
Expected return on plan assets	877,599	777,294	1,010,698	1,392,918	1,393,878
Actuarial (gain)/loss on plan assets	<u>(97,936)</u>	<u>(145,731)</u>	<u>242,877</u>	<u>(115,279)</u>	<u>(94,492)</u>

g) Experience adjustments:

	Year ended March 31, 2019	Year ended March 31, 2018
Experience adjustment on plan assets	(97,936)	(145,731)
Experience adjustment on defined benefit obligation	787,100	965,236

h) Withdrawal rate:

Ages		
Upto 30 years	3%	3%
Upto 44 years	2%	2%
Above 44 years	1%	1%

i) Actuarial valuation of gratuity has been done with the following assumptions:

Discount rate (p.a.)	7.65%	7.75%
Rate of increase in compensation levels	6.00%	6.00%
Expected rate of return on plan assets	7.50%	7.65%
Average remaining working lives of employees (years)	18.92	20.02
Retirement age (years)	60	60
Mortality table	IALM (2006-08)	IALM (2006-08)

The Society made annual contribution to the Life Insurance Corporation of India (LIC) of an amount advised by the LIC. The Society was not informed by LIC of the investment made or the break-down of plan assets by investment type.

B. Provident fund

The Society makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post-employment benefit and is in the nature of defined contribution plan. Contribution made by the Society during the year is INR 11,451,035 (previous year INR 11,115,592).

18 The Society, based on the opinion obtained from independent legal firm, is of the view that its activities are covered under the definition of "charitable purpose" as defined in section 2(15) of the Income-tax Act, 1961 and accordingly, has not created any provision for income tax in its books of account.



POPULATION SERVICES INTERNATIONAL  
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19 During the year, the Society has carried out an exhaustive exercise for the physical verification of fixed assets and its reconciliation with the fixed asset register/books of accounts. Accordingly, the Society has written off assets amounting to INR 6,788,383 (Gross Block INR 104,012,364 and Accumulated Depreciation INR 97,223,981) which were not physically available.

20 Previous year figures have been regrouped/reclassified wherever considered necessary to make them comparable with those of the current year.

For MSKA & Associates  
Chartered Accountants  
Firm registration number: 105047W

Amit Mitra  
Partner

Membership number: 19318

Place: Gurugram

Date: September 19, 2019



For and on behalf of the Governing Body of  
Population Services International

Pritpal Marjara  
Secretary

Place: New Delhi

Date: September 19, 2019

*Chandrika Vasu*

Chandrika Vasu  
Chief Financial Officer

Place: New Delhi

Date: September 19, 2019



Head Office  
C-445,  
Chittaranjan Park  
New Delhi  
110 019

S. V. Sista  
President

Place: New Delhi

Date: September 19, 2019



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