

B S R & Company

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002 (India)

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Independent Auditor's Report

To the Governing Body of Population Services International

Report on Financial Statements

We have audited the accompanying financial statements of Population Services International, ('the Society') which comprise the Balance Sheet as at 31 March 2015 and the Income and Expenditure Account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

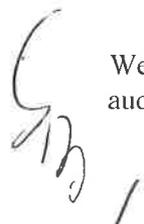
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Society in accordance with the Accounting Standards issued by Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Society's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the society has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Society's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



B S R & Company

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Society as at 31 March 2015; and
- (ii) in the case of the Income and Expenditure Account, of the excess of income over expenditure of the Society for the year ended on that date.

Emphasis of Matter

We draw attention to Note 21 wherein based on the revised legal opinion received on 09 September 2015, (original opinion dated 20 September 2008), the Society is of the view that the activities of the Society are covered under "charitable purpose" as defined under section 2(15) of the Income Tax Act, 1961 and accordingly no provision for tax has been made in these financial statements.

Also we draw attention to Note 22 donation receivable amounting to Rs 182,833,670 disclosed under Note 9 of the financial statements as at 31 March 2015. These receivables are outstanding due to non-compliance by NACO to contract terms. However on the basis of current discussions held during the year with relevant authorities, the management of the society is of the view that they will be able to receive the value against expenses incurred against this contract and accordingly believe that this receivable is good for recovery and does not require any provision at this stage.

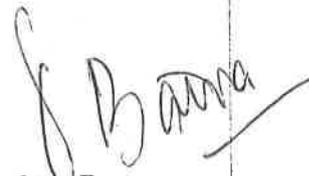
Our opinion is not qualified in respect of these matters.

Report on Other Matters

1. We further report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Society so far as appears from our examination of those books; and
- (iii) the Balance Sheet and the Income and Expenditure Account dealt with by this Report are in agreement with the books of account.

For B S R & Company
Chartered Accountants
ICAI Firm Registration No. 128032W



Sandeep Batra
Partner

Membership No. 093320

Place: Gurgaon

Date: 24, September 2015

Population Services International

(All amount are in Indian Rupees)

Balance Sheet as at 31 March 2015

	Note	As at 31 March 2015	As at 31 March 2014
SOURCES OF FUNDS			
Corpus fund	3	9,844,684	9,844,684
Reserves and surplus	4	269,048,023	220,290,994
		<u>278,892,707</u>	<u>230,135,678</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	131,569,883	122,894,202
Less: Accumulated depreciation and amortisation		99,943,437	91,750,212
Net block		<u>31,626,446</u>	<u>31,143,990</u>
Current assets, loans and advances			
Inventories	6	25,323,887	18,383,622
Cash and bank balances	7	108,696,262	163,774,891
Other current assets	8	145,816	60,077
Loans and advances	9	271,734,156	108,498,624
		<u>405,900,121</u>	<u>290,717,213</u>
Less: Current liabilities and provisions			
Current liabilities	10	134,737,853	70,552,035
Provisions	11	23,896,007	21,173,490
		<u>158,633,860</u>	<u>91,725,525</u>
Net Current Assets		247,266,261	198,991,688
		<u>278,892,707</u>	<u>230,135,678</u>

Significant accounting policies

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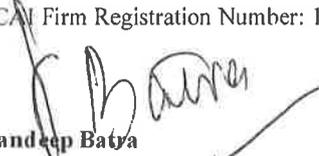
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **BSR & Company**

Chartered Accountants

ICAI Firm Registration Number: 128032W


Sandeep Batra

Partner

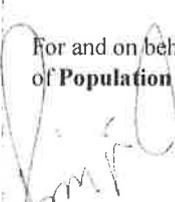
Membership No. 093320

Place: Gurgaon

Date: 24 September 2015

For and on behalf of the Governing Body

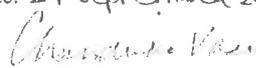
of **Population Services International**


Pritpal Marjara

Secretary

Place: New Delhi

Date: 24 September 2015


Chandrika Vasu

Director - Admin & Finance

Place: New Delhi

Place: New Delhi

Date: 24 September 2015


Asha Das

President

Place: New Delhi

Date: 24 September 2015

Population Services International

(All amount are in Indian Rupees)

Income and Expenditure Account for the year ended 31 March 2015

	Note	Year ended 31 March 2015	Year ended 31 March 2014
INCOME			
Distribution receipts		104,464,940	171,576,586
Donation and grants		901,210,444	531,726,159
Subsidy		7,814,815	17,551,398
Other income	12	9,686,203	14,998,405
		<u>1,023,176,402</u>	<u>735,852,548</u>
EXPENDITURE			
Cost of goods distributed	13	85,783,526	87,731,682
Employee cost	14	264,967,833	222,299,576
Other expenses	15	612,924,197	514,688,406
Depreciation	5	10,743,817	11,340,004
		<u>974,419,373</u>	<u>836,059,668</u>
Surplus of income over expenditure carried to the balance sheet		<u>48,757,029</u>	<u>(100,207,120)</u>

Significant accounting polices

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **BSR & Company**

Chartered Accountants

ICAI Firm Registration Number: 128032W



Sandeep Batra

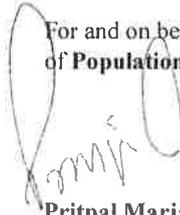
Partner

Membership No. 093320

Place: Gurgaon

Date: 24 September 2015

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

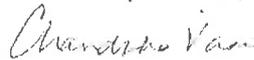


Pritpal Marjara

Secretary

Place: New Delhi

Date: 24 September 2015



Chandrika Vasu

Director - Admin & Finance

Place: New Delhi

Date: 24 September 2015



Asha Das

President

Place: New Delhi

Date: 24 September 2015

Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2015

	As at 31 March 2015	As at 31 March 2014
3 Corpus fund		
Opening and closing balance	<u>9,844,684</u>	<u>9,844,684</u>
4 Reserves and Surplus		
- Reserve for investments for subsidising contraceptive social marketing	550,000	550,000
- Surplus in Income and Expenditure Account		
Balance brought forward	219,740,994	319,948,113
Add: Transfer from income and expenditure account	<u>48,757,029</u>	<u>(100,207,120)</u>
	<u>268,498,023</u>	<u>219,740,994</u>
	<u>269,048,023</u>	<u>220,290,994</u>



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2015

5 Fixed assets

Particulars	Gross block				Depreciation			Net block	
	As at 1 April 2014	Additions	Sales/ Adjustments	As at 31 March 2015	As at 1 April 2014	For the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible assets									
Freehold land	8,370,500	-	-	8,370,500	-	57,197	-	8,370,500	8,370,500
Buildings	4,040,293	-	-	4,040,293	3,468,318	944,479	3,525,515	514,778	571,975
Furniture and fixtures	14,137,725	1,862,323	161,406	15,838,642	11,175,509	145,910	11,974,078	3,864,564	2,962,215
Vehicles	6,879,134	-	-	6,879,134	6,079,999	159,827	6,239,826	639,308	799,135
Computers	48,798,375	7,674,926	1,819,753	54,653,548	41,041,622	6,472,343	45,717,035	8,936,513	7,756,752
Office equipments	27,179,444	1,266,049	638,459	27,807,034	19,265,113	2,246,309	20,903,672	6,903,362	7,914,331
Electrical equipments	6,135,380	-	-	6,135,380	5,654,702	120,169	5,774,871	360,509	480,677
Airconditioners	2,573,217	307,000	-	2,880,217	1,818,864	232,672	2,051,536	828,681	754,353
Intangible assets									
Software	4,780,135	185,000	-	4,965,135	3,246,083	510,821	3,756,904	1,208,231	1,534,052
Current year	122,894,202	11,295,298	2,619,618	131,569,883	91,750,212	10,743,817	99,943,437	31,626,446	31,143,990
Previous year	108,140,399	14,799,282	45,479	122,894,202	80,445,039	11,340,004	91,750,212	31,143,990	27,695,360



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Population Services International
(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2015

	As at 31 March 2015	As at 31 March 2014
6 Inventories (valued at lower of cost or net realisable value)		
Distributable goods	<u>25,323,887</u>	<u>18,383,622</u>
	<u>25,323,887</u>	<u>18,383,622</u>
7 Cash and bank balances		
Cash in hand	99,988	82,261
Balance with scheduled banks	107,096,274	161,909,024
-saving accounts	1,500,000	1,783,606*
-fixed deposits	<u>108,696,262</u>	<u>163,774,891</u>
* Pledged with government authorities		
8 Other current assets		
Interest accrued on fixed deposits	<u>145,816</u>	<u>60,077</u>
	<u>145,816</u>	<u>60,077</u>
9 Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	61,058,883	27,417,390
- considered good	490,422	490,425
- considered doubtful	192,595,091	64,814,504
Donation and subsidy receivable		
Security and other deposits	3,459,996	2,332,131
- considered good	59,250	59,250
- considered doubtful	14,620,189	13,934,599
TDS receivable	<u>272,283,831</u>	<u>109,048,299</u>
	549,675	549,675
Less: Provision for doubtful advances	<u>271,734,156</u>	<u>108,498,624</u>
10 Current liabilities		
Sundry creditors		
-due to micro, small and medium enterprises (refer note 16)	40,746,440	10,795,921
-due to others	10,506,473	911,795
Advance from customers	56,497,969	37,943,592
Grants / donations received in advance	18,339,036	14,395,321
Expenses payable *	8,647,935	6,505,406
Other liabilities	<u>134,737,853</u>	<u>70,552,035</u>
* (Includes Rs 17,744,875 (previous year Rs 14,038,625) of salary payable)		
11 Provisions		
Gratuity	4,520,454	3,748,957
Compensated absences	19,375,553	17,424,533
	<u>23,896,007</u>	<u>21,173,490</u>

Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2015

	For the Year ended 31st March 2015	For the Year ended 31st March 2014
12 Other income		
Interest on deposits		
- on fixed deposits	102,285	64,959
- saving accounts	8,578,613	13,329,215
- tax refund		336,042
Profit on sale of fixed assets	37,433	1,300
Miscellaneous income	967,872	1,266,889
	<u>9,686,203</u>	<u>14,998,405</u>
13 Cost of goods distributed		
Opening stock	18,383,622	36,634,184
Add: Purchase and related expenses		
- purchase of commodities	81,587,823	60,010,003
- packaging expenses	11,135,968	9,471,117
Less: Closing stock	25,323,887	18,383,622
	<u>85,783,526</u>	<u>87,731,682</u>
14 Employee cost		
Salaries and wages	236,661,136	200,410,394
Contribution to provident and other funds	27,746,125	21,619,374
Staff welfare	560,572	269,808
	<u>264,967,833</u>	<u>222,299,576</u>

12/3/15



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2015

	For the Year ended 31st March 2015	For the Year ended 31st March 2014
15 Other expenses		
Marketing and communications	338,125,033	271,756,678
Travelling and conveyance	119,245,352	103,642,991
Legal and professional charges *	42,364,834	32,502,981
Training, conference and meeting expenses	36,101,108	35,465,340
Shipping and handling expenses	12,697,092	15,364,056
Rent	11,932,776	10,490,983
Communication	11,205,568	9,756,266
Market research expenses	11,153,295	9,873,514
Miscellaneous expenses	9,711,200	7,716,032
Power, electricity and Security Charges	7,870,091	6,904,890
Repair and maintenance		1,505,839
- plant and machinery	2,414,506	5,297,676
- others	4,926,502	1,140,247
Printing and stationery	2,757,911	1,846,458
Sampling and testing expenses	1,664,485	1,070,886
Rates and taxes	410,415	-
Assets written-off	183,606	84,704
Insurance	92,582	148
Loss on sale of fixed assets	51,015	34,109
Bank charges	16,826	234,608
Provision for bad and doubtful advances	-	-
	612,924,197	514,688,406
* Payment to Stautory Auditors (Excluding service tax)		
- Audit Fee	650,000	650,000
- Certification	50,000	50,000
- Out of pocket expenses	52,892	45,256
	752,892	745,256

16/3/15

Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

1. Background

The Population Services International ("PSI") ("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 31 January 2007.

Population Services International (PSI)/India is an Indian non-profit and non-governmental organization established in 1988 with a mandate to assist the Government of India in the fields of reproductive health, HIV/AIDS prevention, and maternal and child health.

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 maximizing its impact through advocacy, networking and collaboration with other organizations. PSI's activities are consistent with and complementary to those of the Government of India.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Society have been prepared under the historical cost convention, on the accrual basis of accounting in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and the generally accepted accounting principles ("GAAP").

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates are recognized prospectively in current and future years. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

2.3 Revenue recognition

(a) Distribution receipts

Revenue from distribution receipts is recognized 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.

(b) Donation / Grants

Donations / 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 recognized 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.

Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

(c) Subsidy

Subsidy towards promotional incentives and packaging cost is recognized as income on accrual basis. Subsidy towards promotional incentives is calculated at the prevailing subsidy rate per unit of product distributed or actual promotional expenditure, whichever is lower. Subsidy towards packaging cost is calculated at the prevailing per unit subsidy rate or actual packaging costs, whichever is lower.

(d) Others

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

2.4 Inventories

Distributable goods are valued at Cost (inclusive of packaging cost) or net realizable value, whichever is lower. The cost of such products is determined on a First In First Out basis, and is taken at subsidized 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.

2.5 Fixed assets

(a) Tangible

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital expenditure incurred on rented properties is classified as leasehold improvements under fixed assets.

(b) Intangibles

Intangibles are stated at historical cost less accumulated amortization and represents computer software required for internal use and these are recognized 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.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

2.6 Depreciation and amortization

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

Assets	Rates as estimated by the management
Building	10%
Furniture and fixtures	15%
Computers	60%
Office equipment	25%
Electrical equipment	25%
Air conditioner	25%
Vehicles	20%
- Cars	25%
- Scooters	
Leasehold Improvements	Over the period of lease or estimated useful life, if shorter.

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

Intangible assets are being amortized 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.

2.7 Leases

Operating leases:

Lease rentals in respect of assets taken under operating lease are charged to the income and expenditure account on straight line basis over the period of lease.

2.8 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains/(losses) arising on account of realization/settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognized in the Statement of Income and Expenditure.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

2.9 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) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the income and expenditure account in the year to which such gains or losses relate.

(b) Provident Fund

The Society makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(c) Compensated absences

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 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.

(d) Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.10 Provisions, contingent liabilities

A provision is created when there is a 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 the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is

10/3/15



Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.11 Impairment of assets

The Society assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Society estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the income and expenditure account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the income and expenditure account.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

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 and AS 17 – Segment Reporting are not applicable to the Society for the current year. Further, certain exemptions/relaxation from recognition, measurement and disclosure requirements in terms of Accounting Standard 15- Employee Benefits, Accounting Standard 19 – Leases, Accounting Standard 28 – Impairment of Assets and Accounting Standard 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. Segment reporting

The Society is an active partner with the Government of India and various donors in carrying out various health related activities for the underprivileged, which in the opinion of the governing body is the only reportable segment as per Accounting Standard 17 on segment reporting issued by the ICAI. The Society is operating in India which is considered as single geographical segment.

18. There is 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.

19. Related party disclosures

In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Society's related parties are as follows:

(a) Parties with whom transactions have taken place during the current period

Description of relationship	Name of the party
Key managerial personnel	Mr. Pritpal Marjara

(b) Related party transactions during the year ending 31 March 2015

Name of the related party	Relationship	Nature of transaction	Amount
Mr. Pritpal Marjara	Key Management Personnel	Reimbursement of expenses	215,773
		Salaries #	-

being paid by PSI Washington directly.

Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

(b) Balances due from related party as on 31 March 2015

Name of the related party	Relationship	Nature of transaction	Amount
Mr.Pritpal Marjara	Key Management Personnel	Reimbursement of expenses	29,202

20. Employee Benefits:

A. Gratuity and Compensated Absences

a) Amount recognised as expense in the Income and Expenditure account:

Description	Gratuity		Compensated absences	
	For the year ended 31 March 2015 Rs.	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2015 Rs.	For the year ended 31 March 2014 Rs.
Current service cost	3,495,489	2,830,861	4,298,830	3,210,950
Interest cost	1,538,919	14,68,697	1,393,963	1,482,036
Expected return on plan assets	(1,393,978)	(1,390,925)	-	-
Net actuarial (gain)/ loss	1,635,758	1,232,478	2,291,631	581,972
Past service cost	-	-	-	-
Curtailment and settlement cost/ (gain)	-	-	-	-
Total included in "Employee cost"	5,276,188	4,141,111	7,984,424	5,274,958



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(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

b) Amount recognized in the Balance Sheet:

Description	Gratuity		Compensated absences	
	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.
Present value of defined benefit obligation ("DBO")	21,507,261	19,236,491	19,375,553	17,424,533
Fair value of plan assets	16,986,807	15,487,534	-	-
Status [surplus / (liability)]	(4,520,454)	(3,748,957)	(19,375,553)	(17,424,533)
Unrecognized Actuarial(gain)/loss	-	-	-	-
Net assets / (liability) recognized in the balance sheet	(4,520,454)	(3,748,957)	(19,375,553)	(17,424,533)

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

Description	Gratuity		Compensated absences	
	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.
Present value of defined benefit obligation as at beginning of the year	19,236,491	18,358,713	1,742,533	18,525,446
Current service cost	3,495,489	2,830,861	4,298,830	3,210,950
Interest cost	1,538,919	1,468,697	1,393,963	1,482,036
Actuarial (gain)/ loss recognized during the year	1,730,250	1,276,224	2,291,631	581,972
Benefits paid	(4,493,888)	(4,698,004)	(6,033,404)	(6,375,871)
Past service cost	-	-	-	-
Present value of defined benefit obligation as at the end of the year	21,507,261	19,236,491	19,375,553	17,424,533

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(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2015

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

Description	Gratuity	
	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.
Fair value of plan assets as at beginning of the year	15,487,534	15,896,289
Expected return on plan assets	1,488,370	1,434,671
Contribution by plan participants	4,561,958	2,854,578
Benefits paid	(4,493,888)	(4,698,004)
Settlement cost	-	-
Charges deducted	(57,167)	-
Fair value of plan assets as at the end of the year	16,986,807	15,487,534

e) Actuarial valuation of compensated absences and gratuity has been done with the following assumptions:

Description	Gratuity		Compensated absences	
	2015	2014	2015	2014
Discount rate (p.a.)	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation levels	6.00%	6.00%	6.00%	6.00%
Expected rate of return on plan assets	9 %	8.75%	NA	NA
Average remaining working lives of employees (years)	23.35	23.79	23.35	23.79

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 Rs.13,290,529 (previous year Rs.11,059,608).

21. The society, based on the legal opinion obtained on 09 September 2015, (original opinion dated 20 September 2008), is of the view that its activities falls 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 accounts.
22. The society has entered into an agreement with National AIDS Control Organization (NACO). As per the terms mentioned in the agreement the society has to incur an expenditure of Rs 182,833,670



Population Services International

(All amounts are in Indian Rupees)

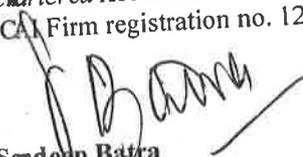
Notes forming part of the financial statements for the year ended 31 March 2015

in relation to trade promotion and communication activities and has to submit their report for the expenses incurred in this behalf. However, due to the delays on NACO's end, the society has not received the subsidized supplies and NACO has not complied with payment terms, which has led to a situation where the Society was not able to continue the aforesaid activities.

On the basis of the above facts, the management of the society has issued a notice as "Frustration of Contract" to NACO. As per the current discussions held during the year with relevant NACO authorities, the management of the society is of the view that they will be able to receive the value against expenses incurred against this contract and accordingly believe that this receivable is good for recovery and does not require any provision at this stage.

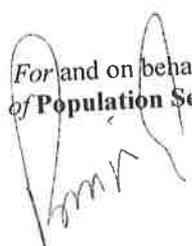
23. Previous year figures have been regrouped / reclassified wherever considered necessary to make them comparable with those of the current year.

For BSR & Company
Chartered Accountants
ICAI Firm registration no. 128032W


Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 24 September 2015

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


Pritpal Marjara
Secretary


Asha Das
President

Place: Delhi
Date: 24 September 2015


Chandrika Vasu
Director - Admin & Finance

Place: Delhi
Date: 24 September 2015