

Population Services International

Statutory Audit for the year ended

31 March 2016

B S R & Associates LLP

Chartered Accountants

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

Telephone: + 91 124 2358 610
Fax: + 91 124 2358 613

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 2016 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.

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 2016; 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

- a) 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.
- b) We draw attention to Note 22 on donation receivable amounting to INR 221,785,299 disclosed under Note 9 of the financial statements as at 31 March 2016. These receivables are outstanding due to non-compliance by NACO to contract terms. However, the Society has received the funds of INR 133,064,731 out of this outstanding amount on 02 April, 2016. 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.
- c) We draw attention to Note 23 on purchase advance amounting to INR 12,352,294 disclosed under Note 9 of the financial statements as at 31 March 2016. The advance is standing due to discontinuance of agreement with the Ministry of Health & Family Welfare (MOHFW) for the purchases of contraceptives. 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 execute a new agreement with Ministry and the documents pertaining to the same have been filed on 02 August, 2016 with MOHFW. Accordingly, the management believes 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.

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration No-116231W/W-100024



Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 23/09/2016

Population Services International

(All amount are in Indian Rupees)

Balance Sheet as at 31 March 2016

	Note	As at 31 March 2016	As at 31 March 2015
SOURCES OF FUNDS			
Corpus fund	3	9,844,684	9,844,684
Reserves and surplus	4	349,487,127	269,048,023
		<u>359,331,811</u>	<u>278,892,707</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	144,394,371	131,569,883
Less: Accumulated depreciation and amortisation		111,908,898	99,943,437
Net block		<u>32,485,473</u>	<u>31,626,446</u>
Current assets, loans and advances			
Inventories	6	16,440,632	25,323,887
Cash and bank balances	7	174,679,975	108,696,262
Other current assets	8	276,284	145,816
Loans and advances	9	279,372,408	271,734,156
		<u>470,769,299</u>	<u>405,900,121</u>
Less: Current liabilities and provisions			
Current liabilities	10	120,316,525	134,737,853
Provisions	11	23,606,436	23,896,007
		<u>143,922,961</u>	<u>158,633,860</u>
Net Current Assets		326,846,338	247,266,261
		<u>359,331,811</u>	<u>278,892,707</u>

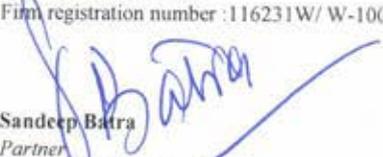
Significant accounting policies

2

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

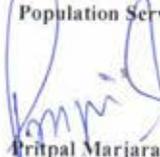
As per our report of even date attached

For **BSR & Associates LLP**
Chartered Accountants
Firm registration number : 116231W/ W-100024

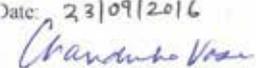

Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 23/09/2016

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


Pritpal Marjara
Secretary

Place: New Delhi
Date: 23/09/2016


Chandrika Vasu
Chief Financial Officer

Place: New Delhi
Date: 23/09/2016


S V Sista
Board Member

Place: New Delhi
Date: 23/09/2016

Population Services International

(All amount are in Indian Rupees)

Income and Expenditure Account for the year ended 31 March 2016

	Note	Year ended 31 March 2016	Year ended 31 March 2015
INCOME			
Distribution receipts		140,436,506	104,464,940
Donation and grants		1,076,169,730	901,210,444
Subsidy		-	7,814,815
Other income	12	10,947,863	9,686,203
		<u>1,227,554,099</u>	<u>1,023,176,402</u>
EXPENDITURE			
Cost of goods distributed	13	90,810,107	85,783,526
Employee cost	14	290,739,208	264,967,833
Other expenses	15	751,591,333	612,924,197
Depreciation	5	13,974,347	10,743,817
		<u>1,147,114,995</u>	<u>974,419,373</u>
Surplus of income over expenditure carried to the balance sheet		<u>80,439,104</u>	<u>48,757,029</u>

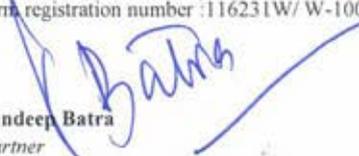
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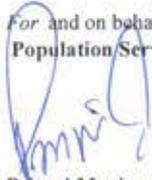
As per our report of even date attached

For **BSR & Associates LLP**
Chartered Accountants
Firm registration number :116231W/ W-100024


Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 23/09/2016

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


Pritpal Marjara
Secretary

Place: New Delhi
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Date: 23/09/2016


S X Sista
Board Member

Place: New Delhi
Date: 23/09/2016

Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

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 2016

(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

- (i) Interest income is accounted for on time proportionate basis at the applicable rate of interest.
- (ii) Dividend income is recorded when the right to receive the dividend is established.

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.



Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

2.6 Depreciation and amortization

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

Assets	Rates
Building	10%
Furniture and fixtures	15%
Computers	60%
Office equipment	25%
Electrical equipment	25%
Air conditioner	25%
Vehicles	
- Cars	20%
- Scooters	25%
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.



Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

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 a possible obligation or a present obligation in respect of which the likelihood of outflow of



Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

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.



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2016

	As at 31 March 2016	As at 31 March 2015
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	268,498,023	219,740,994
Add: Transfer from income and expenditure account	<u>80,439,104</u>	<u>48,757,029</u>
	<u>348,937,127</u>	<u>268,498,023</u>
	<u>349,487,127</u>	<u>269,048,023</u>



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2016

5 Fixed assets

Particulars	Gross block			Depreciation			Net block	
	As at 1 April 2015	Additions	Sales/ Adjustments	As at 31 March 2016	For the year	Sales/ Adjustments	As at 31 March 2016	As at 31 March 2015
Tangible assets								
Freehold land	8,370,500	-	-	8,370,500	-	-	-	8,370,500
Buildings	4,040,293	-	-	4,040,293	51,478	-	3,576,993	463,300
Furniture and fixtures	15,838,642	2,113,022	379,497	17,572,167	882,827	298,181	12,558,724	5,013,443
Vehicles	6,879,134	-	39,701	6,839,433	126,566	30,869	6,335,523	503,910
Computers	54,653,548	10,805,577	1,446,363	64,012,762	9,587,554	1,390,179	53,914,410	10,098,352
Office equipments	27,807,034	2,039,123	224,583	29,621,574	2,364,252	154,726	23,113,198	6,508,376
Electrical equipments	6,135,380	-	-	6,135,380	90,127	-	5,864,998	270,382
Airconditioners	2,880,217	-	162,840	2,717,377	202,663	134,931	2,119,268	598,109
Intangible assets								
Software	4,965,135	119,750	-	5,084,885	668,880	-	4,425,784	659,101
Current year	131,569,883	15,077,472	2,252,984	144,394,371	13,974,347	2,008,886	111,908,898	32,485,473
Previous year	122,894,202	11,295,298	2,619,618	131,569,883	10,743,817	2,550,590	99,943,437	31,143,990



Population Services International
(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2016

	As at 31 March 2016	As at 31 March 2015
6 Inventories (valued at lower of cost or net realisable value)		
Distributable goods	16,440,632	25,323,887
	<u>16,440,632</u>	<u>25,323,887</u>
7 Cash and bank balances		
Cash in hand	170,000	99,988
Balance with scheduled banks		
-saving accounts	173,009,975	107,096,274
-fixed deposits	1,500,000	1,500,000
	<u>174,679,975</u>	<u>108,696,262</u>
8 Other current assets		
Interest accrued on fixed deposits	276,284	145,816
	<u>276,284</u>	<u>145,816</u>
9 Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
- considered good	33,519,148	61,058,883
- considered doubtful	497,043	490,422
Donation and subsidy receivable	228,224,281	192,595,091
Security and other deposits		
- considered good	2,994,296	3,459,996
- considered doubtful	190,450	59,250
TDS receivable	14,634,685	14,620,189
	<u>280,059,903</u>	<u>272,283,831</u>
Less: Provision for doubtful advances	687,495	549,675
	<u>279,372,408</u>	<u>271,734,156</u>
10 Current liabilities		
Sundry creditors		
-due to micro, small and medium enterprises (refer note 18)		
-due to others	36,037,916	40,746,440
Advance from customers	780,274	10,506,473
Grants / donations received in advance	59,229,984	56,497,969
Expenses payable *	16,043,355	18,339,036
Other liabilities	8,224,996	8,647,935
	<u>120,316,525</u>	<u>134,737,853</u>
* (Includes Rs 15,539,617 (previous year Rs 17,744,875) of salary payable)		
11 Provisions		
Gratuity	6,638,042	4,520,454
Compensated absences	16,968,394	19,375,553
	<u>23,606,436</u>	<u>23,896,007</u>



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2016

	For the Year ended 31st March 2016	For the Year ended 31st March 2015
12 Other income		
Interest on deposits		
- on fixed deposits	144,964	102,285
- saving accounts	10,510,241	8,578,613
Profit on sale of fixed assets	152,607	37,433
Miscellaneous income	140,051	967,872
	<u>10,947,863</u>	<u>9,686,203</u>
13 Cost of goods distributed		
Opening stock	25,323,887	18,383,622
Add: Purchase and related expenses		
- purchase of commodities	78,811,852	81,587,823
- shipping & handling charges	640,000	-
- packaging expenses	2,475,000	11,135,968
Less: Closing stock	16,440,632	25,323,887
	<u>90,810,107</u>	<u>85,783,526</u>
14 Employee cost		
Salaries and wages	257,491,921	236,661,136
Contribution to provident and other funds	32,856,691	27,746,125
Staff welfare	390,596	560,572
	<u>290,739,208</u>	<u>264,967,833</u>



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Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements as at 31 March 2016

	For the Year ended 31st March 2016	For the Year ended 31st March 2015
15 Other expenses		
Marketing and communications	412,224,376	338,125,033
Travelling and conveyance	118,706,921	119,245,352
Legal and professional charges *	111,091,202	42,364,834
Training, conference and meeting expenses	38,648,691	36,101,108
Shipping and handling expenses	12,944,952	12,697,092
Rent	12,345,749	11,932,776
Communication	11,748,382	11,205,568
Market research expenses	4,675,732	11,153,295
Miscellaneous expenses	10,017,277	9,711,200
Power, electricity and Security Charges	9,836,333	7,870,091
Repair and maintenance		
- plant and machinery	1,314,339	2,414,506
- others	3,739,726	4,926,502
Printing and stationery	1,448,757	2,757,911
Sampling and testing expenses	2,207,519	1,664,485
Rates and taxes	425,568	410,415
Assets written-off	-	183,606
Insurance	63,047	92,582
Loss on sale of fixed assets	144,826	51,015
Bank charges	7,936	16,826
	<u>751,591,333</u>	<u>612,924,197</u>
* Payment to Statutory Auditors (Excluding service tax)		
- Audit Fee	650,000	650,000
- Certification	50,000	50,000
- Out of pocket expenses	52,892	52,892
	<u>752,892</u>	<u>752,892</u>



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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 2016

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 2016

Name of the related party	Relationship	Nature of transaction	Amount
Mr. Pritpal Marjara	Key Management Personnel	Reimbursement of expenses	69,208
		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 2016

(b) Balances due from related party as on 31 March 2016

Name of the related party	Relationship	Nature of transaction	As at 31 March 2016 INR	As at 31 March 2015 INR
Mr.Pritpal Marjara	Key Management Personnel	Reimbursement of expenses	9,765	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 2016 INR	For the year ended 31 March 2015 INR	For the year ended 31 March 2016 INR	For the year ended 31 March 2015 INR
Current service cost	3,644,006	3,495,489	4,164,712	4,298,830
Interest cost	1,725,295	1,538,919	1,554,291	1,393,963
Expected return on plan assets	(1,392,918)	(1,393,978)	-	-
Net actuarial (gain)/ loss	2,708,909	1,635,758	4,940,768	2,291,631
Past service cost	-	-	-	-
Curtailement and settlement cost/ (gain)	-	-	-	-
Total included in "Employee cost"	6,685,292	5,276,288	10,659,771	7,984,424

b) Amount recognized in the Balance Sheet:

Description	Gratuity		Compensated absences	
	As at 31 March 2016 INR	As at 31 March 2015 INR	As at 31 March 2016 INR	As at 31 March 2015 INR
Present value of defined benefit obligation ("DBO")	19,679,305	21,507,261	16,968,394	19,375,553
Fair value of plan assets	13,041,263	16,986,807	-	-
Status [surplus / (liability)]	(6,638,042)	(4,520,454)	(16,968,394)	(19,375,553)
Unrecognized Actuarial(gain)/loss	-	-	-	-
Net assets / (liability) recognized in the balance sheet	(6,638,042)	(4,520,454)	(16,968,394)	(19,375,553)



Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

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

Description	Gratuity		Compensated absences	
	As at 31 March 2016 INR	As at 31 March 2015 INR	As at 31 March 2016 INR	As at 31 March 2015 INR
Present value of defined benefit obligation as at beginning of the year	21,507,261	19,236,491	19,375,553	1,7424,533
Current service cost	3,644,006	3,495,489	4,164,712	4,298,830
Interest cost	1,725,295	1,538,919	1,554,291	1,393,963
Actuarial (gain)/ loss recognized during the year	2,824,188	1,730,250	4,940,768	2,291,631
Benefits paid	(10,021,445)	(4,493,888)	(13,066,930)	(6,033,404)
Past service cost	-	-	-	-
Present value of defined benefit obligation as at the end of the year	19,679,305	21,507,261	16,968,394	19,375,553

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

Description	Gratuity	
	As at 31 March 2016 INR	As at 31 March 2015 INR
Fair value of plan assets as at beginning of the year	16,986,807	15,487,534
Expected return on plan assets	1,508,197	1,488,370
Contribution by plan participants	4,709,433	4,561,958
Benefits paid	(10,021,445)	(4,493,888)
Settlement cost	-	-
Charges deducted	(141,729)	(57,167)
Fair value of plan assets as at the end of the year	13,041,263	16,986,807

e) Withdrawal rate:

Withdrawal rates	As at 31 March 2016	As at 31 March 2015
Ages	Withdrawal rate	Withdrawal rate
Upto 30 years	3%	3%
Upto 44 years	2%	2%
Above 44 years	1%	1%



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(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

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

Description	Gratuity		Compensated absences	
	2016	2015	2016	2015
Discount rate (p.a.)	7.50%	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	8.20 %	9 %	NA	NA
Average remaining working lives of employees (years)	21.21	23.35	21.27	23.35
Retirement Age	60 Years	60 Years	60 Years	60 Years
Mortality Table	IALM (2006 - 08)	IALM (2006 - 08)	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.15,511,628 (previous year INR. 13,290,529).

21. The society, based on the legal opinion obtained on 20 September 2016, (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 entered into an agreement with National AIDS Control Organization (NACO) during previous year. As per the terms mentioned in the agreement the society has to incur an expenditure of INR 221,785,299 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 issued a notice as "Frustration of Contract" to NACO during 2014-15. The Society has received the funds of INR 133,064,731 out of this outstanding amount on 02 April, 2016. 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 balance expenses incurred against this contract and accordingly believe that this receivable is good for recovery and does not require any provision at this stage.



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(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2016

23. The society had given a purchase advance of INR 28,200,823 to Ministry of Health & Family Welfare (MOHFW) on 03, November 2014 against which goods of INR 15,848,530 were received during 2015-16 and an advance of INR 12,352,294 is outstanding at 31 March, 2016. The society did not renew the agreement with MOHFW since 31 March 2015, with intension of not continuing purchases of contraceptives from MOHFW. However, the MOHFW declined to refund the due amount and is only ready to provide the goods against it.

The society has decided to renew the agreement with MOHFW, the documents for the same have been filed with the ministry on 02, August 2016. Accordingly, the management believes that this receivable is good for recovery and does not require any provision at this stage.

24. The society is in the process of updating its fixed assets register. On updation of the same, it will carry-out an exhaustive exercise for the physical verification of fixed assets and the consequent reconciliation with the fixed assets register. The society believes that the difference between the quantities of assets as per books/records and the actual physical quantities may not be material and hence at this stage, no adjustments is required in these financial statements.
25. Previous year figures have been regrouped / reclassified wherever considered necessary to make them comparable with those of the current year.

For **BSR & Associates LLP**
Chartered Accountants
ICAI Firm registration no. 116231W/ W-100024



Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 23/09/2016

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



Pritpal Marjara
Secretary

Place: Delhi
Date: 23/09/2016



S V Sista
Board Member.

Place: Delhi
Date: 23/09/2016



Chandrika Vasu
Chief Financial Officer

Place: Delhi
Date: 23/09/2016