

INDEPENDENT AUDITOR'S REPORT

To the Governing Body of Population Services International

Report on the financial statements

We have audited the accompanying financial statements of Population Services International ("the Society"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Income and Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Management of the Society is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Society in accordance with the Accounting Standards issued by Institute of Chartered Accountants of India (the 'ICAI'). This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Society and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 ICAI. 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 the 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 control 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 control system over financial reporting and 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 on the financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Society as at March 31, 2018, and its excess of expenditure over income for the year ended on that date.

Emphasis of matters

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

- a) Foot note (ii) in Note 8 with respect to receivable from Ministry of Health & Family Welfare, Department of AIDS Control (NACO) amounting to INR 88,720,568 disclosed under Note 8 'Loans and advances' of the financial statements as at March 31, 2018. The Management is initiating arbitration proceedings and believe such amounts are recoverable.
- b) Foot note (i) in Note 8 on unsettled advance paid against purchases amounting to INR 12,352,293 disclosed under Note 8 'Loans and advances' of the financial statements. The advance could not be settled due to non-receipt of material within the agreement period. The Society's Management is in the process of renewing such agreement with Ministry of Health and Family Welfare (MOHFW) for which necessary documents have already been submitted on August 2, 2016. Management believes that such advances will be settled based on renewed agreement, accordingly are good for recovery and so does not require any provision.

Our opinion is not modified in respect of these matters.

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


Amit Mitra

Partner

Membership number: 094518



Place: Gurugram

Date: 24 September 2018

Population Services International

BALANCE SHEET

(All amounts in INR, unless specified)

	Note	As at March 31, 2018	As at March 31, 2017
SOURCES OF FUNDS			
Corpus fund	3	9,844,684	9,844,684
Reserves and surplus	4	85,176,240	206,308,475
		<u>95,020,924</u>	<u>216,153,159</u>
APPLICATION OF FUNDS			
Fixed assets, net			
Property, plant and equipments	5	24,010,757	24,197,539
Intangible assets	5	127,261	289,006
		<u>24,138,018</u>	<u>24,486,545</u>
Current assets, loans and advances			
Inventories	6	1,484,263	3,414,603
Cash and bank balances	7	24,825,874	177,866,002
Loans and advances	8	130,076,533	128,306,580
Other current assets	9	1,720,983	542,674
		<u>158,107,653</u>	<u>310,129,859</u>
Current liabilities and provisions			
Current liabilities	10	63,730,022	90,810,581
Provisions	11	23,494,725	27,652,664
		<u>87,224,747</u>	<u>118,463,245</u>
		<u>95,020,924</u>	<u>216,153,159</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**

Firm registration number: 105047W

Amit Mitra

Amit Mitra
Partner

Membership number: 094518

Place: Gurugram

Date: 24 September 2018



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

Pritpal Marjara
Pritpal Marjara
Secretary

Place: New Delhi

Date: 24 September 2018

Sanjay Chaganti Rao

Sanjay Chaganti Rao
Member

Place: New Delhi

Date: 24 September 2018

Chandrika Vasu

Chandrika Vasu
Chief Financial Officer
Place: New Delhi

Date: 24 September 2018

Population Services International
STATEMENT OF INCOME AND EXPENDITURE
 (All amounts in INR, unless specified)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Distribution receipts		1,716,800	20,375,844
Donation and grants		430,279,524	644,802,991
Other income	12	6,799,769	21,013,014
		<u>438,796,093</u>	<u>686,191,849</u>
EXPENDITURE			
Cost of goods distributed	13	1,880,419	9,276,047
Employee cost	14	213,078,764	216,620,119
Other expenses	15	336,947,600	593,486,365
Depreciation and amortisation	5	8,021,545	9,987,970
		<u>559,928,328</u>	<u>829,370,501</u>
Deficit of income over expenditure carried to the balance sheet		<u>(121,132,235)</u>	<u>(143,178,652)</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**

Firm registration number : 105047W


Amit Mitra

Partner

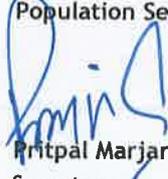
Membership number: 094518

Place: Gurugram

Date: 24 September 2018



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


Pritpal Marjara
Secretary

Place: New Delhi

Date: 24 September 2018


Sanjay Chaganti Rao
Member

Place: New Delhi

Date: 24 September 2018


Chandrika Vasu
Chief Financial Officer
Place: New Delhi
Date: 24 September 2018

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) Tangible assets

Tangible assets 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:

Assets	Rates
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.



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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.

(d) Rental income

Rental Income is recognised on time proportionate basis over the period of the rent.

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.



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, 2018	As at March 31, 2017
3 Corpus fund		
Opening and closing balance	9,844,684	9,844,684
	<u>9,844,684</u>	<u>9,844,684</u>
4 Reserves and surplus		
Reserve for investments for subsidising contraceptive social marketing		
Opening balance	550,000	550,000
Less: Transfer to surplus in Income and Expenditure Account	(550,000)	-
	<u>-</u>	<u>550,000</u>
Surplus in Income and Expenditure Account		
Balance brought forward	205,758,475	348,937,127
Add: Transfer from income and expenditure account	(121,132,235)	(143,178,652)
Add: Transfer from reserve for investments for subsidising contraceptive social marketing	550,000	-
	<u>85,176,240</u>	<u>205,758,475</u>
	<u>85,176,240</u>	<u>206,308,475</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 equipments

Particulars	Freehold land	Buildings	Furniture and fixtures	Vehicles	Computers	Office equipments	Electrical equipments	Total	Softwares
Gross block									
At April 1, 2016	8,370,500	4,040,293	17,572,167	6,839,433	64,012,762	29,621,574	8,852,757	139,309,486	5,084,885
Additions	-	-	38,143	69,700	1,736,278	188,800	-	2,032,921	-
Disposals	-	-	-	-	178,036	28,464	-	206,500	-
At March 31, 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
Accumulated Depreciation									
At April 1, 2016	-	3,576,993	12,558,724	6,335,523	53,914,410	23,113,198	7,984,265	107,483,113	4,425,784
Charge for the year	-	46,330	758,081	112,399	6,840,413	1,643,529	217,123	9,617,875	370,095
Disposals	-	-	-	-	151,983	10,637	-	162,620	-
At March 31, 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
Net block as at									
March 31, 2017	8,370,500	416,970	4,293,505	461,211	4,968,164	5,035,820	651,369	24,197,539	289,006
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

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Population Services International
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts in INR, unless specified)

	As at March 31, 2018	As at March 31, 2017
6 Inventories (valued at lower of cost or net realisable value)		
Distributable goods	1,484,263	3,414,603
	<u>1,484,263</u>	<u>3,414,603</u>
7 Cash and bank balances		
Cash in hand	20,000	98,581
Balance with scheduled banks		
- Savings accounts	24,795,874	176,004,222
- Term deposits	10,000	1,763,199
	<u>24,825,874</u>	<u>177,866,002</u>
8 Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
- considered good (refer foot note (i))	21,274,731	21,597,108
- considered doubtful	239,353	-
Donation receivable (refer foot note (ii))	88,720,568	88,720,568
Security and other deposits		
- considered good	2,185,739	2,307,918
- considered doubtful	235,256	-
TDS receivable		
- considered good	17,895,495	15,680,986
- considered doubtful	1,124,790	862,806
	<u>131,675,932</u>	<u>129,169,386</u>
Less: Provision for doubtful balances	1,599,399	862,806
	<u>130,076,533</u>	<u>128,306,580</u>

Foot note:

- i) The Society had given advance with respect to purchases amounting to INR 28,200,823 to Ministry of Health & Family Welfare (MOHFW) on November 3, 2014 against which goods of INR 15,848,530 were received during 2015-16 and balance amount of INR 12,352,293 is outstanding as at March 31, 2018. The Society did not renew the agreement with MOHFW since March 31, 2015, with the intention of not continuing purchases from MOHFW. However, MOHFW declined to refund the due amount and is willing to provide the goods against the same. The Society has decided to renew the agreement with MOHFW. The documents for the same have been filed with the Ministry on August 2, 2016. Accordingly, the management believes that the advances paid will be adjusted against future purchases to be made from MOHFW.
- ii) 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 fulfill 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. Management is initiating arbitration proceedings to recover balance amount of INR 88,720,568. The management of the Society believes that they have strong likeliness of winning the arbitration. Accordingly, no provision has been made in the books of accounts.



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Population Services International
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts in INR, unless specified)

9 Other current assets

Recoverable against distribution receipts	1,716,800	394,349
Interest accrued on term deposits	4,183	148,325
	<u>1,720,983</u>	<u>542,674</u>

10 Current liabilities

Grants/ donations received in advance	31,401,108	26,670,273
Payable for expenses *	15,420,075	43,766,644
Payable to employees	10,859,727	12,757,719
Other liabilities	6,049,112	7,615,945
	<u>63,730,022</u>	<u>90,810,581</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)	4,919,112	6,903,483
Compensated absences and leave encashment	18,575,613	20,749,181
	<u>23,494,725</u>	<u>27,652,664</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, 2018	Year ended March 31, 2017
12 Other income		
Interest income		
- on term deposits	117,210	139,154
- on savings accounts	5,758,999	19,685,240
Profit on sale of fixed assets	701	51,813
Miscellaneous income	605,715	239,661
Rental income	317,144	897,146
	6,799,769	21,013,014
13 Cost of goods distributed		
Inventory at the beginning of the year	3,414,603	16,440,632
Add: Purchases		
(Less): Inventory at the end of the year	(1,484,263)	(3,414,603)
Cost of goods distributed or written-off	1,930,340	13,026,029
(Less): Inventory written-off (refer note 15)	(49,921)	(3,749,982)
	1,880,419	9,276,047
14 Employee cost		
Salaries and wages	197,163,342	201,174,694
Contribution to provident and other funds	11,115,712	11,101,336
Gratuity (funded) (refer note 17)	4,077,294	3,737,186
Staff welfare	722,416	606,903
	213,078,764	216,620,119
15 Other expenses		
Advertising and communications	156,057,833	240,725,786
Travelling and conveyance	67,844,836	97,402,695
Legal and professional	47,328,335	136,124,013
Training, conference and meeting	22,843,717	27,232,175
Shipping, handling and packaging	2,975	4,843,449
Rent	11,186,051	10,817,268
Communication	5,954,192	9,467,630
Market research	6,181,489	37,138,711
Miscellaneous	7,567,506	12,422,887
Inventory written off (refer note 13)	49,921	3,749,982
Power, electricity and security	8,072,289	9,503,551
Repair and maintenance		
- plant and machinery	704,473	902,919
- others	2,331,377	1,523,958
Printing and stationery	513,105	1,306,761
Sampling and testing		110,806
Rates and taxes	226,671	136,062
Insurance	79,137	72,745
Bank charges	3,693	4,967
	336,947,600	593,486,365

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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, 2018	Year ended March 31, 2017
Current service cost	2,881,147	3,278,789
Interest cost	1,279,814	1,475,948
Expected return on plan assets	(777,294)	(1,010,698)
Net actuarial loss/ (gain)	326,935	(6,853)
Past service cost	366,692	-
Total included in "Employee cost"	<u>4,077,294</u>	<u>3,737,186</u>

b) Amount recognised in the Balance Sheet:

Present value of the obligation at end of the year	16,620,427	17,064,183
Fair value of plan assets	11,701,315	10,160,700
Net liability recognised in the Balance Sheet	<u>4,919,112</u>	<u>6,903,483</u>

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

Present value of defined benefit obligation as at beginning of the year	17,064,183	19,679,305
Current service cost	2,881,147	3,278,789
Past service cost	366,692	-
Interest cost	1,279,814	1,475,948
Actuarial loss/ (gain) recognised during the year	472,666	(249,730)
Benefits paid	(5,444,075)	(7,120,129)
Present value of defined benefit obligation as at the end of the year	<u>16,620,427</u>	<u>17,064,183</u>

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

Fair value of plan assets as at beginning of the year	10,160,700	13,041,263
Actual return on plan assets	923,025	767,821
Contribution by plan participants	6,209,785	3,487,954
Benefits paid	(5,444,075)	(6,990,970)
Charges deducted	(148,120)	(145,368)
Fair value of plan assets as at the end of the year	<u>11,701,315</u>	<u>10,160,700</u>



Population Services International
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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e) Actuarial gain/ loss recognised:

Description	Year ended March 31, 2018	Year ended March 31, 2017
Actuarial (gain)/loss on defined benefit obligation	472,666	(249,730)
Actuarial (gain)/loss on plan assets	(145,731)	242,877
Actuarial loss/ (gain) recognised	<u>326,935</u>	<u>(6,853)</u>

f) Actuarial gain/ loss on plan assets:

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Actual return on plan assets	(923,025)	(767,821)	(1,508,197)	(1,488,370)	(1,434,671)
Expected return on plan assets	777,294	1,010,698	1,392,918	1,393,878	1,390,925
Actuarial (gain)/ loss on plan assets	<u>(145,731)</u>	<u>242,877</u>	<u>(115,279)</u>	<u>(94,492)</u>	<u>(43,746)</u>

g) Experience adjustments:

	Year ended March 31, 2018	Year ended March 31, 2017
Experience adjustment on plan assets	(145,731)	301,562
Experience adjustment on defined benefit obligation	965,236	(249,730)

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.)	7.75%	7.50%
Rate of increase in compensation levels	6.00%	6.00%
Expected rate of return on plan assets	7.65%	7.75%
Average remaining working lives of employees (years)	20.02	20.64
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 11,115,592 (previous year INR 11,101,336).

- 18 The Society, based on the revised legal opinion obtained on September 11, 2017 (original opinion dated September 20, 2008), 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.



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(All amounts in INR, unless specified)

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

For MSKA & Associates

Firm registration number: 105047W



Amit Mitra
Partner

Membership number: 094518

Place: Gurugram

Date: 24 September 2018



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



Pritpal Marjara
Secretary

Place: New Delhi

Date: 24 September 2018



Chandrika Vasu
Chief Financial Officer

Place: New Delhi

Date: 24 September 2018



Sanjay Chaganti Rao
Member

Place: New Delhi

Date: 24 September 2018