

INDEPENDENT AUDITOR'S REPORT

To the Members of Staples Future Office Products Limited
(Formerly known as Staples Future Office Products Private Limited)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Staples Future Office Products Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 standalone 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers



internal financial control relevant to the Company's preparation of the standalone 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 Company 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 Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act 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 Company as at March 31, 2016 and its loss and its cash flows for the year ended on that date.

Other Matter

The standalone financial statements of the Company for the year ended March 31, 2015, were audited by another auditor whose report dated May 23, 2015 expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure', a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



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- (e) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 28 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For MZSK & Associates
Chartered Accountants
Firm Registration No. 105047W


Abuali Darukhanawala
Partner
Membership No. 108053



Place : Mumbai
Date : May 18, 2016

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Staples Future Office Products Limited (formerly known as Staples Future Office Products Private Limited) on the standalone financial statements for the year ended March 31, 2016]

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and discrepancies were identified on such verification which is not material, but these discrepancies have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable property. Accordingly, the provisions stated in paragraph 3(i)(c) of the order are not applicable to the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. The Company has granted loans to a body corporate covered in the register maintained under section 189 of the Companies Act ('the Act'),
 - (a) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
 - (b) There are no overdue amounts of more than rupees five lakh in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company. Accordingly, the provisions stated in paragraph 3(vi) of the order are not applicable to the Company.



- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax Matters	3.35	2010-11	Commissioner of Income Tax (Appeals)	Appeal filed with CIT (A) subsequent to year end.

- viii. As per the information obtained from the Company does not have any loans or borrowings from any financial institution, bank and government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers / employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



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- xii. The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For MZSK & Associates
Chartered Accountants
Firm Registration No. 105047W



Abuali Darukhanawala
Partner
Membership No. 108053



Place : Mumbai
Date : May 18, 2016

Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Balance Sheet as at 31st March, 2016

(Rs. in lacs)

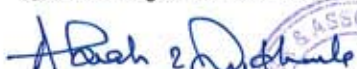
	Notes	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	3	617.19	617.19
Reserves and Surplus	4	<u>6,001.19</u>	<u>6,864.66</u>
		6,618.38	7,481.85
Share Application Money pending allotment	39	800.00	-
Non Current Liabilities			
Other long term Liabilities	7	<u>0.17</u>	<u>2.44</u>
		0.17	2.44
Current Liabilities			
Short-term Borrowings	5	1,047.62	157.05
Trade Payables	6	1,129.39	923.26
Other Current Liabilities	7	325.17	355.77
Short-term Provisions	8	<u>30.29</u>	<u>23.55</u>
		2,532.47	1,459.63
Total		<u><u>9,951.02</u></u>	<u><u>8,943.92</u></u>
ASSETS			
Non-current Assets			
Fixed Assets			
- Tangible Assets	9	288.23	351.89
- Intangible Assets	10	<u>75.22</u>	<u>12.20</u>
		363.45	364.09
Non Current Investments	11	2.13	2.13
Deferred Tax Assets (Net)	29	-	-
Long term Loans and Advances	12	250.29	419.67
Non Current Assets	16	3.52	3,503.52
Current Assets			
inventories	13	713.93	577.38
Trade Receivables	14	1,650.28	1,562.18
Cash and Bank Balances	15	4,703.90	895.70
Short-term Loans and Advances	12	2,173.07	1,550.62
Other Current Assets	16	90.45	68.63
Total		<u><u>9,951.02</u></u>	<u><u>8,943.92</u></u>

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the Financial Statements.

As per our Report of even date

For MZSK & Associates
Chartered Accountants
ICAI Firm Registration No: 105047W


Abuali Darukhanawala
Partner
Membership No: 108053
Place: Mumbai
Date: 18 May, 2016

For and on behalf of
Staples Future Office Products Limited


Shailesh Karwa
Director


Vivek Biyani
Director

Place: Mumbai
Date: 18 May, 2016



Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Statement of Profit and Loss for the year ended 31st March, 2016


(Rs.in lacs)


	Notes	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<u>INCOME:</u>			
Revenue from Operations	17	8,181.24	8,025.81
Other Income	18	562.73	566.95
Total Revenue	A	8,743.97	8,592.76
<u>EXPENSES:</u>			
Purchase of Traded Goods	19	6,122.00	6,131.19
Changes of Inventories of Stock in trade	20	(127.91)	89.54
Employee Benefits Expenses	21	1,173.10	1,097.16
Other Expenses	22	2,252.98	1,862.63
Depreciation and Amortisation (Note 40)	9, 10	138.30	89.18
Finance Cost	23	48.97	14.29
Prior period (Income)/Expenses	36	-	(144.56)
Exceptional items	37	-	(54.28)
Total Expenses	B	9,607.44	9,085.15
Profit/ (Loss) before tax	A - B	(863.47)	(492.39)
Tax Expenses		-	-
Profit/ (Loss) after tax for the year		(863.47)	(492.39)
Earnings per share Basic and Diluted (Nominal value of shares Rs.10 each)	30	(16.09)	(9.17)

Summary of Significant Accounting Policies 2.1
The accompanying notes are an integral part of the Financial Statements.

As per our Report of even date


For MZSK & Associates
Chartered Accountants
ICAI Firm Registration No: 105047W


Abuali Darukhanawala
Partner
Membership No: 108053



Place: Mumbai
Date: 18 May, 2016

For and on behalf of
Staples Future Office Products Limited


Shallesh Karwa
Director


Vivek Biyani
Director

Place: Mumbai
Date: 18 May, 2016



Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Cash Flow Statement for the year ended 31st March, 2016	(Rs. in lacs)	
	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss before tax	(863.47)	(492.39)
Adjustments for:		
Depreciation and Amortisation	139.35	89.18
Sundry Balance written off	0.23	0.66
Loss on disposal/ discard of Assets	7.19	25.65
Provision for Doubtful Debts and Advances	52.95	47.69
Sundry Balance written back	(20.96)	(17.00)
Interest Income	(539.59)	(546.01)
Unrealised Foreign Exchange loss	0.39	3.08
Interest Expense and Finance Cost	48.97	14.29
Prior period (Income)/Expenses	-	(144.56)
Exceptional items	-	(54.28)
Operating Loss before Working Capital Changes	(1,174.94)	(1,073.69)
Movements in working capital :		
Decrease / (Increase) in trade receivables	(141.05)	961.32
Decrease / (Increase) in inventories	(136.55)	88.66
Decrease / (Increase) in current and non current loans and advances	(315.88)	18.33
Decrease / (Increase) in other current and non current assets	-	-
(Decrease) / Increase in current and non current liabilities	200.34	(147.00)
Cash (used in)/ generated from Operations	(1,568.06)	(152.38)
Direct taxes	36.37	(15.77)
Net Cash (used in)/ from Operating Activities	(1,531.71)	(168.15)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (including CWIP and capital advances)	(117.53)	(301.17)
Sale of Fixed Assets	1.08	3.67
Interest income	517.77	482.73
Loan to related party	(1,025.00)	(1,558.09)
Loan repaid by related party	821.99	1,636.10
Investment in bank deposits	(3,849.00)	(4,401.02)
Redemption / maturity of bank deposits	4,350.00	4,350.00
Net Cash (used in)/ from Investing Activities	699.31	212.22
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Utilization of Overdraft	890.57	(107.94)
Share application money	800.00	-
Interest Expense and Finance Cost Paid	(48.97)	(14.43)
Net Cash (used in)/ generated from Financing Activities	1,641.60	(122.37)
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	809.20	(78.30)
Cash and cash equivalents at the beginning of the year	95.70	174.00
Cash and cash equivalents at the end of the year	904.90	95.70
Components of cash and cash equivalents as at	31st March, 2016	31st March, 2015
Cash on hand	0.53	0.48
With banks - on current account	904.37	95.22
Cash and cash equivalent in cash flow statement	904.90	95.70

Summary of Significant Accounting Policies

2.1

Notes :

1. Comparative figures are regrouped wherever necessary.
2. The cash flow statement has been prepared under 'Indirect Method' as set out in Accounting Standard - 3 on cash flow statement notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounting Standard) Rules, 2014.
3. Figures in bracket represent cash outflow.

As per our Report of even date

For MZSK & Associates

Chartered Accountants

ICAI Firm Registration No: 105047W

Abuali Darukhanawala
Partner

Membership No: 108053

Place: Mumbai

Date: 18 May, 2016



For and on behalf of

Staples Future Office Products Limited

Shailesh Karwa
Director

Vivek Biyani
Director

Place: Mumbai

Date: 18 May, 2016



Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Notes forming part of financial statements

Notes to Accounts

1 Corporate information

Staples Future Office Products Limited (formerly known as Staples Future Office Products Private Limited) ('SFOPL' or 'the Company') is a public limited Company domiciled in India and incorporated under the provisions of The Companies Act, 1956. SFOPL is a subsidiary of Future Enterprises Limited (formerly known as Future Retail Limited). The address of its registered office is at Knowledge House, Shyam Nagar Jogeshwari Vikhroli Link Road, Jogeshwari (East) Mumbai MH 400060 IN. The Staples 'Delivery' business is aimed at large Indian businesses, spanning multiple locations, requiring seamless ordering & fulfillment and savings through consolidated buying & improved consumption information.

2 Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of Significant Accounting Policies

a Change in accounting policy

I Depreciation on fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

(i) Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. As a result of the aforesaid change, the Loss after tax for the current year is higher by Rs. 8.74 Lacs.

(ii) Depreciation on assets costing less than Rs. 5,000/-

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than Rs. 5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000/- did not have any material impact on financial statements of the Company for the current year.



Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Notes forming part of financial statements

b Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the 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.

c Tangible Fixed Assets

Fixed assets, are stated at cost, net of accumulated depreciation and provision for impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d Depreciation on Tangible Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)
Computers-End user devices	3
Computers- Servers and networks	6
Office Equipment	5
Furniture and Fittings	10
Leasehold Improvements	over the life of lease period
Vehicles on lease	8

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

e Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Intangible Assets, namely Software are amortised from the date of acquisition or commencement of commercial services. The period of these are as follows:

a) Software development, ERP Development and implementation, Firewall and Antivirus Software are amortised over a period of three years

b) Other softwares are amortised over a period of four years.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Notes forming part of financial statements

f Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g Impairment of tangible and intangible 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 asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

h Investments

i. Recognition and Measurement

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

ii. Presentation and Disclosure

Investments, which are readily realisable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current investments.



Staples Future Office Products Limited
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Notes forming part of financial statements

i Inventories

Inventories of Trading Goods and consumables are accounted at the lower of cost or net realisable value, after making due allowance for any obsolete or slow moving items. Cost is determined weighted average basis and consists of aggregate of purchase price and other related expenses incurred to bring the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j Employee Retirement Benefits

- i) Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.
- ii) The Company operates defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under these plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for plan using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.
- iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- iv) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- v) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

k Foreign Currency Transactions

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured 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 measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange Difference

Exchange differences arising on the settlement of 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 arise.

l Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i) Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

ii) Income from Gift Vouchers

Revenue in respect of sale of gift voucher is recognised at the gross amount when the said gift vouchers are activated and sold to customers on principal to principal basis and recognised at net amount in case the substance of the transaction is of Principal to agent basis.

iii) Income from services

Service Revenue is recognised as and when the services are performed. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

iv) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

v) Claims, rebate and marketing income

Claims, rebate and marketing incomes are accounted only when there is reasonable certainty of its ultimate collection.



Staples Future Office Products Limited
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Notes forming part of financial statements

m Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

n Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, including for changes effected prior to the approval of the financial statements by the Board of Directors.

p Cash and Cash equivalents:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



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Notes forming part of the financial statements

(Rs.in lacs)

NOTE 3 : Share capital

	As at 31st March, 2016	As at 31st March, 2015
Authorised Capital		
65,00,000 (Previous Year: 65,00,000) Equity Shares of Rs 10/- each	650.00	650.00
10,00,000 (Previous Year: 10,00,000) Preference Shares of Rs 10/- each	100.00	100.00
Total	750.00	750.00
Issued, Subscribed and Fully Paid up		
53,66,888 (Previous Year: 53,66,888) Equity Shares of Rs. 10/- each fully paid-up	536.69	536.69
8,05,033 (Previous Year: 8,05,033) Preference Shares of Rs. 10/- each fully paid-up	80.50	80.50
Total	617.19	617.19

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

Particulars	31st March, 2016		31st March, 2015	
	Nos	Rs.in lacs	Nos	Rs.in lacs
At the beginning of the period	53,66,888	536.69	53,66,888	536.69
Issued during the period	-	-	-	-
Outstanding at the end of the period	53,66,888	536.69	53,66,888	536.69

Preference Shares

Particulars	31st March, 2016		31st March, 2015	
	Nos	Rs.in lacs	Nos	Rs.in lacs
At the beginning of the period	8,05,033	80.50	8,05,033	80.50
Issued during the period	-	-	-	-
Outstanding at the end of the period	8,05,033	80.50	8,05,033	80.50

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms/ rights attached to Preference shares

During the year ended 31st March 2013, the Company had issued 805,033 Compulsory Convertible Participating Preference shares (CCPS) to Staples Asia Investment Limited ('SAIL') having par value of Rs. 10 per share issued at a premium of Rs 1,698.005 per share. The following are the rights, preference and restriction of CCPS:-

The CCPS has a lock-in period of 5 years from the date of issuance.

Dividend Rights

The CCPS shall be participating, i.e. the holder of a CCPS shall be entitled to receive dividends, as and when declared on the Shares, as if each CCPS represented 1 (one) equity share. Further, no dividend is required to be accrued as these share are non accumulative.

Preferential Rights

In the event of liquidation of the Company, the holders of preference shares have the preference rights over the equity share holder in respect of repayment of capital.

Voting Rights

Holder of Preference share do not carry any voting rights.

Conversion option/ Rights

Each CCPS shall be convertible into 1 (one) fully paid up equity share anytime within a period of 20 years from the date of its issue and allotment only in the following situations:

- a. if SAIL exercises its Tag Along Right pursuant to Article 9.4 of the Articles of Association; and
- b. Prior to an initial public offering of the Shares

Upon conversion of CCPS, it shall stand pari passu in all respects with the then existing equity shares of the Company.



Staples Future Office Products Limited
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Notes forming part of the financial statements

(Rs.in lacs)

(d) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company is as below:

Name of the Shareholder	31st March, 2016		31st March, 2015	
	Nos	Rs.in lacs	Nos	Rs.in lacs
Future Enterprises Limited (formerly known as Future Retail Limited), Holding Company	32,20,133	322.01	32,20,133	322.01

(e) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	31st March, 2016		31st March, 2015	
	Nos	%	Nos	%
Equity Share Capital				
Future Enterprises Limited	32,20,133	60.00%	32,20,133	60.00%
Mr. Shailesh Karwa	8,58,702	16.00%	8,58,702	16.00%
Mr. Sharad Dalmia	8,58,702	16.00%	8,58,702	16.00%
Weavette Business Ventures Limited (formerly Future Ideas Realtors India Limited) (Tirumal Trading & Investment Consultants Private Limited merged with Future Ideas Realtors India Limited)	4,29,351	8.00%	4,29,351	8.00%
Preference Share Capital				
Staples Asia Investment Limited	8,05,033	100.00%	8,05,033	100.00%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTE 4 : Reserves and surplus

Particulars	As at	As at
	31st March, 2016	31st March, 2015
Securities Premium Account	19,916.98	19,916.98
Surplus/(Deficit) in the statement of profit and loss		
Balance brought forward from last year financial statement	(13,052.32)	(12,559.93)
Profit/(Loss) for the year	(863.47)	(492.39)
Net surplus/(deficit) in the statement of Profit and Loss	(13,915.79)	(13,052.32)
Total reserves and surplus	6,001.19	6,864.66



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Staples Future Office Products Limited
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Notes forming part of the financial statements

(Rs. in lacs)

NOTE 5 : Short term borrowings

Particulars	As at 31st March, 2016	As at 31st March, 2015
Overdraft from Bank (secured) (Refer note below)	1,047.62	157.05
Total	1,047.62	157.05

Note

Overdraft facility is secured by Fixed Deposit and is repayable on 12 months or maturity of fixed deposit, whichever is earlier. The outstanding loan of Rs. 868.46 Lacs carries interest rate of fixed deposit interest rate plus 1% p.a. and of Rs. 179.16 Lacs carries interest rate of fixed deposit interest rate plus 0.75% p.a.

NOTE 6 : Trade payables

Particulars	As at 31st March, 2016	As at 31st March, 2015
Other than Micro and Small Enterprises	1,122.25	911.60
Total outstanding dues of Micro and Small Enterprises (Refer Note 32)	7.14	11.66
Total	1,129.39	923.26

NOTE 7 : Other current liabilities

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Advance against orders	-	-	104.60	156.34
Finance lease obligation	0.17	2.44	2.55	2.54
Other liabilities for				
- Employees	-	-	160.79	158.79
- Statutory Dues	-	-	57.23	38.10
Total	0.17	2.44	325.17	355.77

NOTE 8 : Short term Provisions

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Gratuity (Refer note 31)	16.66	8.28
Provision for Compensated absences	13.63	15.27
Total	30.29	23.55



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Notes forming part of the financial statements

NOTE 09 : Tangible assets

(Rs.in lacs)

Particulars	Computers	Leasehold Improvements	Office Equipment \$	Furniture and fixtures	Vehicles on Lease	Total
Cost or valuation						
At 1 April 2014	162.49	104.69	165.45	184.69	6.68	624.00
Addition	75.70	125.60	31.82	24.08	-	257.20
Disposals	(9.03)	(43.20)	(31.46)	(49.46)	-	(133.15)
At 31 March 2015	229.16	187.09	165.81	159.31	6.68	748.05
Additions	18.38	13.92	2.83	18.04	-	53.17
Disposals	(43.66)	(26.83)	(27.55)	(16.18)	(6.68)	(120.90)
At 31 March 2016	203.88	174.18	141.09	161.17	-	680.32
Depreciation						
At 1 April 2014	123.67	93.97	124.57	65.38	6.68	414.27
Charge for the year	30.35	15.01	15.55	24.82	-	85.73
Disposals	(9.03)	(42.55)	(31.03)	(21.23)	-	(103.84)
At 31 March 2015	144.99	66.43	109.09	68.97	6.68	396.16
Charge for the year	35.23	29.56	17.61	26.17	-	108.57
Disposals	(42.50)	(26.83)	(26.35)	(10.28)	(6.68)	(112.64)
At 31 March 2016	137.72	69.16	100.35	84.86	-	392.09
Net Block						
At 31 March 2015	84.17	120.66	56.72	90.34	-	351.89
At 31 March 2016	66.16	105.02	40.74	76.31	-	288.23

\$ Office Equipment includes assets taken on finance lease:
Gross block Rs.6.91 Lacs (31 March 2015: Rs. 6.91)
Depreciation charge for the year Rs. 2.31 Lacs (31 March 2015: Rs. 2.32)
Accumulated depreciation Rs. 4.63 Lacs (31 March 2015: Rs. 2.32)
Net book value Rs. 2.28 Lacs (31 March 2015: Rs. 4.59)

NOTE 10 : Intangible assets

Particulars	(Rs.in lacs) Software
Cost	
At 1 April 2014	316.99
Additions	7.70
Disposals	-
At 31 March 2015	324.69
Additions	93.80
Disposals	-
At 31 March 2016	418.49
Amortisation	
At 1 April 2014	309.04
Charge for the year	3.45
At 31 March 2015	312.49
Charge for the year	30.78
At 31 March 2016	343.27
Net Block	
At 31 March 2015	12.20
At 31 March 2016	75.22



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(Rs. in lacs)

NOTE 11 : Non current investments (Unquoted)

	As at 31st March, 2016	As at 31st March, 2015
Investment in Govt. or trust securities (valued at cost) {National Saving Certificates deposited with Sales Tax Authorities}	1.13	1.13
Investment in Subsidiary 9,999 (Previous year: 9,999) equity shares of Rs 10 each fully paid up in Office Shop Private Limited	1.00	1.00
Total	2.13	2.13

Aggregate value of unquoted investments Rs. 2.13 lacs (Previous year Rs. 2.13 lacs)

NOTE 12 : Loans and advances

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Security Deposits				
Unsecured, considered good	78.37	107.90	48.69	23.93
A	78.37	107.90	48.69	23.93
Loans and Advances				
Unsecured, considered good				
Loan to related party (Refer note 34)	-	-	1,525.00	1,321.99
Advances to related party (Refer note 34)	-	-	42.14	109.37
B	-	-	1,567.14	1,431.36
Advances recoverable in cash or in kind or for value to be received				
Unsecured considered good	-	-	477.28	67.30
Doubtful	-	-	34.37	102.85
Less: Provision for Doubtful Advances	-	-	(34.37)	(102.85)
C	-	-	477.28	67.30
Balances with statutory / government authorities	27.27	101.31	62.32	7.42
Advance Income Taxes (Net)	129.35	165.72	-	-
Capital Advances	15.30	44.74	-	-
Prepaid Expenses	-	-	17.64	20.61
D	171.92	311.77	79.96	28.03
Total (A+B+C+D)	250.29	419.67	2,173.07	1,550.62



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Notes forming part of the financial statements

(Rs.in lacs)

NOTE 13 : Inventories

	As at 31st March, 2016	As at 31st March, 2015
Trading goods #	671.66	547.45
Inventory lying with third parties #	22.46	18.76
Consumable goods	19.81	11.17
Total	713.93	577.38

Refer Note 20

NOTE 14 : Trade receivables

	As at 31st March, 2016	As at 31st March, 2015
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	126.99	339.64
Doubtful	214.03	260.18
Less : Provision for doubtful debts	(214.03)	(260.18)
	126.99	339.64
Other receivables		
Unsecured, considered good	1,523.29	1,222.54
Doubtful	-	0.67
Less : Provision for doubtful debts	-	(0.67)
	1,523.29	1,222.54
Total	1,650.28	1,562.18

NOTE 15 : Cash and bank balances

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Cash and cash equivalents				
Balance with Banks	-	-	904.37	95.22
Cash on hand	-	-	0.53	0.48
A	-	-	904.90	95.70
Other bank balances (Refer note below)				
Deposit with original maturity for 12 months or lesser	-	-	3,799.00	800.00
Deposit with original maturity for more than 12 months	3.52	3,503.52	-	-
	3.52	3,503.52	3,799.00	800.00
Less: Amount disclosed under non current assets (note 16)	3.52	3,503.52	-	-
B	-	-	3,799.00	800.00
Total (A+B)	-	-	4,703.90	895.70

Note

Fixed deposits of Rs. 1,500.00 Lacs (Previous year Rs. 3,500.00 Lacs) is lien against the overdraft facility.
Fixed deposits of Rs. 3.52 Lacs (Previous year Rs. 2.50 Lacs) is lien/ pledge with sales tax authorities.

NOTE 16 : Other assets

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Interest accrued on deposit considered good	-	-	90.45	68.63
Non current bank balance (Note 15)	3.52	3,503.52	-	-
Total	3.52	3,503.52	90.45	68.63



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Notes forming part of the financial statements

(Rs.in lacs)

NOTE 17 : Revenue from operations

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Sale of Products	7,283.44	7,024.82
Sale of services	804.55	920.13
<u>Other operating revenue</u>		
Income on sale of gift vouchers	93.25	80.86
Revenue from operations (Net)	8,181.24	8,025.81
Details of Product sold (Net of Tax)		
Office Supplies	4,450.79	3,434.25
Technology Products	1,862.46	2,102.80
Promotional Products	937.20	1,401.31
Furniture	32.99	86.46
Total	7,283.44	7,024.82
Details of Services rendered (Net of Tax)		
Rentals	661.99	777.96
Print Services	104.31	111.36
Others	38.25	30.81
Total	804.55	920.13

NOTE 18 : Other income

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Interest Income - Bank Deposits	361.74	403.95
Interest Income - Others	177.85	142.06
Sundry Balances Written Back	20.96	17.00
Miscellaneous Income	2.18	3.94
Total	562.73	566.95

NOTE 19 : Purchase of traded goods

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Office Supplies	3,593.67	2,947.08
Technology Products	1,603.86	1,852.48
Promotional Products	899.17	1,264.63
Furniture	25.30	67.00
Total	6,122.00	6,131.19

NOTE 20 : Changes of Inventories of Stock in trade

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Inventories at the beginning of the year	566.21	655.75
Less: Inventories at the end of the year	694.12	566.21
	(127.91)	89.54
Details of Inventory		
Office Supplies	531.10	467.61
Technology Products	135.21	85.54
Promotional Products	26.00	9.37
Furniture	1.81	3.69
Total	694.12	566.21

NOTE 21 : Employee Benefits Expenses

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Salaries, Wages and Bonus (Refer note 38)	1,092.97	1,031.85
Gratuity Expenses (Refer Note 31)	12.98	2.32
Contribution to Provident Fund (Refer Note 31)	34.94	29.76
Other Post Employment Funds	4.49	4.95
Employee Welfare and Other Amenities	27.72	28.28
Total	1,173.10	1,097.16



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Notes forming part of the financial statements

(Rs.in lacs)

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
NOTE 22 : Other expenses		
Consumables	84.09	118.95
Rent (Refer Note 24)	267.85	234.65
Rates and Taxes	34.60	21.12
Repairs and maintenance - Others	135.72	123.84
Power and Fuel	40.96	39.35
Rent on Equipments (Refer Note 24)	550.94	615.95
Freight and Forwarding Expenses	158.56	143.36
Contract Labour cost	142.98	152.23
Advertisement and Marketing Expenses	496.61	63.94
Insurance	5.10	7.71
Communication Expenses	61.82	60.80
Travelling and Conveyance Expenses	91.19	99.99
Payment to Auditors (Refer Note 26)	9.33	14.71
Legal and Professional Fees	31.41	19.66
Provision for Doubtful Debts and Advances (net off bad debts written off)	52.95	47.69
Sundry Balances Written Off	0.23	0.66
Loss on Disposal/discard of Assets	7.19	25.65
Franchisee fees (Refer Note 35(ii)(a))	45.92	44.54
Bank Charges	7.40	5.08
Miscellaneous expenses	26.09	19.95
Foreign Exchange Loss (Net)	2.04	2.80
Total	<u><u>2,252.98</u></u>	<u><u>1,862.63</u></u>

NOTE 23 : Finance Cost

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Interest		
On Term Loans and Overdraft	48.71	12.24
Others	0.26	2.05
Total	<u><u>48.97</u></u>	<u><u>14.29</u></u>



Staples Future Office Products Limited
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Notes forming part of the financial statements

Notes on Accounts:

24 Leases

(i) Operating Lease :

Office premises, warehouse and equipments are obtained on operating lease. The lease term is for 1 year to 5 years with escalation ranging from 5% to 15% and renewable for further 1 year to 3 years at the option of the Company. There are no restrictions imposed by lease arrangements. Part of equipments are given on sub-lease.

Operating Lease taken:

Office premises, warehouses and equipments are obtained on operating lease.

	For the Year Ended 31st March, 2016 Rs.in Lacs	For the Year Ended 31st March, 2015 Rs.in Lacs
Lease Rentals for the year	267.85	234.65
Equipment rent for the year	550.94	615.95
Minimum Lease Payments		
Not later than one year	61.27	146.43
Later than one year but not later than five year	-	54.43
Operating Lease given:		
Equipments given on operating lease		
Sub-lease rent on equipment recognised in Statement of Profit and loss	661.99	777.96

(ii) Finance Lease :

The company has finance leases for Security cameras & related hardware installed at Warehouses.

Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	For the Year Ended 31st March, 2016	
	Minimum Lease Payment	Present Value of MLP
Within one year	2.57	2.55
After one year but not more than five year	0.17	0.17
Total Minimum Lease Payments	2.74	2.72
Less: Amount Representing finance charges	0.02	-
Present Value of Minimum Lease Payments	2.72	2.72
	For the Year Ended 31st March, 2015	
	Minimum Lease Payment	Present Value of MLP
Within one year	2.76	2.54
After one year but not more than five year	2.53	2.44
Total Minimum Lease Payments	5.29	4.98
Less: Amount Representing finance charges	0.31	-
Present Value of Minimum Lease Payments	4.98	4.98

25 Segment reporting

The Company is exclusively engaged in trading activity. The trading business is considered to constitute one single primary segment in the context of Accounting Standard 17 on Segmental Reporting notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. There are no geographical reportable segments since the Company sells goods to the Corporate consumers in the Indian market only and does not distinguish any reportable regions within India.

26 Payment to Statutory Auditors (including Service Tax)

	For the Year Ended 31st March, 2016 Rs.in Lacs	For the Year Ended 31st March, 2015 Rs.in Lacs
Paid to auditors for :		
Statutory Audit	9.16	14.51
Out of Pocket Expenses	0.17	0.20
Total	9.33	14.71



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Notes forming part of the financial statements

27	Expenditure in Foreign Currency (Accrual basis):	For the Year Ended 31st March, 2016 Rs.in Lacs	For the Year Ended 31st March, 2015 Rs.in Lacs
	Travelling	0.43	-
	Repairs and maintenance	24.09	16.41
	Franchisee fees	45.92	44.54
	Service fees	1.85	-
28	Value of Imports on CIF basis in respect of:	For the Year Ended 31st March, 2016 Rs.in Lacs	For the Year Ended 31st March, 2015 Rs.in Lacs
	Trading Goods	279.80	416.15
29	Deferred Tax Liability and asset	31st March, 2016 Rs.in Lacs	31st March, 2015 Rs.in Lacs
	Deferred Tax Assets		
	Unabsorbed Depreciation	480.12	353.05
	Carry forward of losses	3,328.51	3,149.41
	Effect of expenditure debited to statement of profit and loss in the current year but allowed for tax purposes in following years	62.06	54.38
	Provision for Doubtful Debtors	66.14	80.60
	Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	102.84	111.73
	Gross Deferred Tax Assets (A)	<u>4,039.67</u>	<u>3,749.17</u>
	Gross Deferred Tax Liabilities (B)	<u>-</u>	<u>-</u>
	Deferred Tax Asset (Net) (A-B)	<u>4,039.67</u>	<u>3,749.17</u>
	Note:		
	The Company has net deferred tax asset situation on account of accumulated losses and in absence of virtual certainty to generate adequate taxable income in near future to set-off the accumulated losses, the Company has not recognised deferred tax asset.		
30	Earnings Per Share: (Basic and Diluted)	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Losses attributable to Equity Shareholders (Rs.in Lacs)	(863.47)	(492.39)
	Weighted average number of Equity Shares	53,66,888	53,66,888
	Weighted average number of Equity for Diluted EPS	61,72,574	61,71,921
	Basic Earnings per share (in Rs.)	(16.09)	(9.17)
	Basic and Diluted Earnings per share (in Rs.)	(16.09)	(9.17)

(Note: The effect of anti dilution potential equity shares are ignored in calculating diluted earning per share, since their conversion would decrease loss per share from continuing ordinary activities.)

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Staples Future Office Products Limited
(formerly known as Staples Future Office Products Private Limited)

Notes forming part of the financial statements

51 Employee Retirement Benefits

a Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Disclosure as required by Accounting Standard (AS) - 15 (Revised 2005) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2014 as amended are given below:

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Cost)

Rs. in lacs

Particulars	Gratuity	
	31st March, 2016	31st March, 2015
Current service cost	9.68	8.81
Interest cost on benefit obligation	2.10	2.04
Expected return on plan assets	(1.61)	(1.30)
Net actuarial (gain) / loss recognised in the year	2.81	(7.23)
Total expenses recognised in the statement of Profit and loss	12.98	2.32

Balance sheet

Details of Provision for gratuity

Rs. in lacs

Particulars	Gratuity	
	31st March, 2016	31st March, 2015
Present value of the obligation	36.26	26.27
Fair value of plan assets	19.60	17.99
Unfunded Liability	16.66	8.28

Changes in the present value of the defined benefit obligation are as follows:

Rs. in lacs

Particulars	Gratuity	
	31st March, 2016	31st March, 2015
Opening defined benefit obligation	26.27	25.44
Interest cost	2.10	2.04
Current service cost	9.68	8.81
Benefits paid	(4.60)	(2.79)
Actuarial (gains) / losses on obligation	2.81	(7.23)
Closing defined benefit obligation	36.26	26.27

Changes in fair value of planned assets are as follows:

Particulars	Gratuity	
	31st March, 2016	31st March, 2015
Opening fair value of planned assets	17.99	16.69
Actual return on planned assets	1.61	1.30
Employers' Contribution	-	-
Benefits Paid	-	-
Closing value of planned assets	19.60	17.99

The principal actuarial assumptions used in determining gratuity for the company's plans are shown below:

Particulars	Gratuity (Funded)	Gratuity (Funded)
	31st March, 2016	31st March, 2015
Retirement age	58 years	58 years
Withdrawal Rates	10.00% to 2.00% Age related on graduated scale	10.00% to 2.00% Age related on graduated scale
Future Salary Rise	5.00% per annum	5.00% per annum
Rate of Discounting	8.00% per annum	8.00% per annum
Mortality Table	Indian Assured lives Mortality (2006-08) U1t	Indian Assured lives Mortality (2006-08) U1t

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



Staples Future Office Products Limited
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Notes forming part of the financial statements

Amount for the current and previous period are as follows:

Rs. in lacs

Particulars	Gratuity			
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013
Defined benefit obligations	36.26	26.27	25.44	20.93
Plan Assets	19.60	17.99	16.69	15.46
Surplus / (Deficit)	16.66	8.28	8.75	5.47
Experience adjustment on plan liabilities	2.81	(7.23)	(1.53)	(8.43)
Experience adjustment on plan assets	0.18	(0.04)	NIL	NIL

b Defined Contribution Plans (Provident Fund)

The provident fund is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The fund is recognized by the Income tax authorities.

The Company has recognised the following amounts in the statement of Profit and loss:

Rs. in lacs

Particulars	31st March, 2016	31st March, 2015
Employer's contribution to Provident Fund	34.94	29.76

- 32 There are suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2016 and March 31, 2015. The information regarding micro, small or medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

Details of dues to Micro and Small Enterprises as per MSMED

Particulars	Amount (in lacs)	
	31st March, 2016	31st March, 2015
(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
Principal Amount	7.14	11.66
Interest Due thereon	0.13	0.03
(ii) the amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.70	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	4.94	4.11
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

- 33 Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date

Particulars	Amount (in lacs)	
	31st March, 2016	31st March, 2015
Foreign Creditors (for goods and services)	Rs. 6.89 (US \$ 10,399 @ 66.255)	Rs. 32.46 (US \$ 51,935 @ 62.50)



Staples Future Office Products Limited
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Notes forming part of the financial statements

34 Related party disclosure as required by Accounting Standard (AS) - 18 "Related Party Disclosure" notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 are given below:

(i) List of related parties

a) Enterprises that directly, or indirectly through one or more intermediaries, control the reporting enterprise.

Future Enterprises Limited (formerly known as Future Retail Limited) - Holding Company

b) Enterprises that directly, or indirectly through one or more intermediaries are controlled by reporting enterprise.

Office Shop Private Limited - Subsidiary Company

c) Enterprises that directly, or indirectly through one or more intermediaries are under common control with the reporting enterprise.

- 1 Future E-Commerce Infrastructure Limited
- 2 Future Supply Chain Solutions Limited
- 3 Future Media (India) Limited
- 4 Future Bazaar India Limited

d) Enterprise over which any Key Management Personnel and their relatives are able to exercise significant influence.

- 1 Value Tree Logistics Private Limited
- 2 Officedge India Private Limited

e) Key Managerial Personnel

- 1 Mr. Shailesh Karwa - Director
- 2 Mr. Sharad Dalmia - Director

The list includes only those related parties with whom transactions have been entered during the year.

Transactions with Key Managerial Personnel for the Period April 15 - March 16

Nature of transaction	Rs. in Lacs	
	31st March, 2016	31st March, 2015
Employee Benefits for Key Managerial Personnel		
Sharad Dalmia	66.28	83.17
Shailesh Karwa	66.28	83.17
Amounts recovered (Refer Note 38)		
Sharad Dalmia	-	37.35
Shailesh Karwa	-	37.35

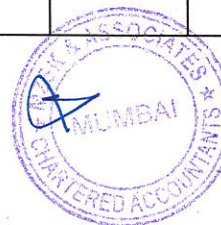
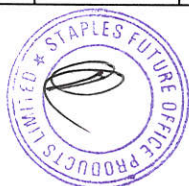


Staples Future Office Products Limited (formerly known as Staples Future Office Products Private Limited)
Notes forming part of the financial statements

The following transaction were carried out with the related parties in the ordinary course of business:

(Rs in lacs)

Relationship	Holding Company		Subsidiary		Enterprises over which any Key Management Personnel /or their relatives have significant influence		Other Related Parties		Total	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1 Sales (net)										
Future Enterprises Limited	9.85	1.42	-	-	-	-	-	-	9.85	1.42
Officedge India Private Limited	-	-	-	-	0.82	0.16	-	-	0.82	0.16
Office Shop Private Limited	-	-	20.92	102.21	-	-	-	-	20.92	102.21
Value Tree Logistics Private Limited	-	-	-	-	2.09	0.71	-	-	2.09	0.71
2 Purchases										
Future Enterprises Limited	2.61	282.11	-	-	-	-	-	-	2.61	282.11
Office Shop Private Limited	-	-	47.83	28.55	-	-	-	-	47.83	28.55
3 Purchase of Fixed Assets										
Office Shop Private Limited	-	-	0.09	27.79	-	-	-	-	0.09	27.79
4 Advances repaid										
Future Enterprises Limited	-	2.95	-	-	-	-	-	-	-	2.95
Future E-Commerce Infrastructure Limited	-	-	-	-	-	-	12.97	-	12.97	-
5 Interest payment received										
Office Shop Private Limited	-	-	146.59	142.06	-	-	-	-	146.59	142.06
6 Reimbursement of expenses										
Office Shop Private Limited	-	-	46.74	74.36	-	-	-	-	46.74	74.36
7 Advance transfer										
Office Shop Private Limited	-	-	106.42	258.78	-	-	-	-	106.42	258.78
Future Enterprises Limited	14.27	-	-	-	-	-	-	-	14.27	-

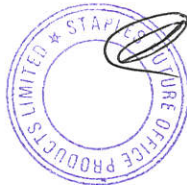


Staples Future Office Products Limited (formerly known as Staples Future Office Products Private Limited)
Notes forming part of the financial statements

(Rs in lacs)

Relationship	Holding Company		Subsidiary		Enterprises over which any Key Management Personnel /or their relatives have significant influence		Other Related Parties		Total	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
8 Reimbursement of statutory dues paid by the Company										
Office Shop Private Limited	-	-	36.44	156.50	-	-	-	-	36.44	156.50
9 Repayment of Loan										
Office Shop Private Limited	-	-	821.99	1,636.10	-	-	-	-	821.99	1,636.10
10 Share application money received										
Future Enterprises Limited	800.00	-	-	-	-	-	-	-	800.00	-
11 Loan given										
Office Shop Private Limited	-	-	1,025.00	1,558.09	-	-	-	-	1,025.00	1,558.09
12 Net Margin on GV Sale										
Future Enterprises Limited *	85.74	71.24	-	-	-	-	-	-	85.74	71.24
13 Reimbursement of debtors collection										
Office Shop Private Limited	-	-	-	4.58	-	-	-	-	-	4.58
14 Reimbursement of vendor payments										
Office Shop Private Limited	-	-	0.33	5.29	-	-	-	-	0.33	5.29

* Gross value of GV purchased Rs. 5,182.99 Lacs (previous year Rs. 3,631.40 lacs)

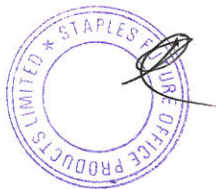


Staples Future Office Products Limited (formerly known as Staples Future Office Products Private Limited)
Notes forming part of the financial statements

OUTSTANDING AT THE YEAR END

(Rs in lacs)

Relationship	Holding Company		Subsidiary		Enterprises over which any Key Management Personnel /or their relatives have significant influence		Other Related Parties		Total	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
1 Payable										
Future Enterprises Limited	36.79	53.44	-	-	-	-	-	-	36.79	53.44
2 Receivable										
Officedge India Private Limited	-	-	-	-	0.08	0.16	-	-	0.08	0.16
Value Tree Logistics Private Limited	-	-	-	-	0.10	1.54	-	-	0.10	1.54
3 Advance to Vendor										
Future E-Commerce Infrastructure Limited	-	-	-	-	-	-	-	12.97	-	12.97
Value Tree Logistics Private Limited	-	-	-	-	-	3.08	-	-	-	3.08
Office Shop Private Limited	-	-	42.14	90.90	-	-	-	-	42.14	90.90
4 Interest Receivable										
Office Shop Private Limited	-	-	83.43	67.25	-	-	-	-	83.43	67.25
5 Loan Receivable										
Office Shop Private Limited	-	-	1,525.00	1,321.99	-	-	-	-	1,525.00	1,321.99
6 Share Application Money pending allotment										
Future Enterprises Limited	800.00	-	-	-	-	-	-	-	800.00	-



Staples Future Office Products Limited
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Notes forming part of the financial statements

35 Contingent Liability and Commitment

(i) Contingent Liability

Rs.in Lacs

Nature of transaction	31st March, 2016	31st March, 2015
Claims against the Company not acknowledged as debt		
Appeals filed in respect of disputed demands of Income Tax (the Company is in appeal)	-	0.07
Disputed demands of Income Tax \$	3.35	-
Disputed demands of Value Added Tax / Cenral Sales Tax #	-	154.11

\$ Appeal filed with CIT(A) subsequent to year end.

During the previous year, sales tax department had completed assessment for AY 2008-09 and raised demand of Rs. 154.11 Lacs (including interest of Rs. 64.51 Lacs and penalty of Rs. 17.92 Lacs). This Demand is raised on sale of gift vouchers and encashment considering it as taxable item. The Company went into appeal against the order with the Dy. Commissioner of Sales Tax, wherein the matter was decided in favour of the Company citing ruling by Honb'le Supreme Court in this relation.

(ii) Commitment

(a) The Company has entered into an Franchisee Agreement with Staples Acquisition II BV effective from 1st Febraury 2013 to operate licensed business and use licensed brands. Inconsideration thereof the Company is required to pay "Ongoing fees" for a period of 30 years as a percentage of net sales, subject to minimum payout which will not be less than Minimum fees calculated at 5% of earnings before interest and tax for that year. The rate of fees for first 5 years term beginning 1st Feb 2013 is 0.5%, 1.5% for 2nd 5 year term, 2% for 3rd 10 year term and 3% for last 10 year term.

(b) Capital commitment Rs. 10.31 Lacs (Previous year Rs. 42.46 Lacs)

36 Prior period (Income)/Expenses

Rs.in Lacs

Particulars	31st March, 2016	31st March, 2015
Excess provision written back	-	(144.56)
Total	-	(144.56)

37 Exceptional items, during previous year, included Rs. 54.28 lacs in respect of write back of rent and other expenses related to lease, which is no longer payable.

38 i) During the previous year, the Company had received the Central Government approval related to remuneration for 2 executive directors for year ended March 31, 2013 and March 31, 2014. Based on said approval, the Company had recovered the excess remuneration paid amounting to Rs. 5.86 lacs and Rs. 40.56 Lacs for the year ended March 31, 2013 and March 31, 2014 respectively. The said receipt had been recorded under Employee Benefit Expenses (Note 21).

ii) During the year ended March 31, 2014, the Company had entered into transactions with certain entities in which a director or his relatives were interested amounting to Rs. 28.29 Lacs. During the previous year, the Board of Directors had disapproved the said transactions with the related parties, resulting the transaction to be void and hence the transaction amount of Rs. 28.29 Lacs had been recovered from the directors. The said recovery had been recorded under Employee Benefit Expenses (Note 21).



Staples Future Office Products Limited
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Notes forming part of the financial statements

- 39 Share application money pending allotment represents application received from holding company - Future Enterprises Limited which consists of 2,38,521 Equity shares of face value of Rs. 10 each fully paid up, subsequently issued at a premium of Rs.325.40.
- 40 Depreciation and Amortisation is disclosed net of recoveries of Rs. 1.06 Lacs (previous year NIL).
- 41 **Previous Year Comparatives**
Previous year figures have been regrouped/rearranged wherever necessary.

As per our Report of even date

For MZSK & Associates
Chartered Accountants
ICAI Firm Registration No: 105047W



Abuali Darukhanawala
Partner
Membership No: 108053

Place: Mumbai
Date: 18 May, 2016



For and on behalf of
Staples Future Office Products Limited



Shafiq Karwa
Director

Place: Mumbai
Date: 18 May, 2016



Vivek Biyani
Director

