

STEP TWO CORPORATION LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General meeting of the Members of Step Two Corporation Limited will be held at 21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata - 700 001, on Saturday, the 29th day of September, 2012 at 10.00 A.M. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sanjay Agarwal, who retires by rotation, and being eligible offers himself for reappointment.
3. To re-appoint M/s. Agrawal Singhania & Co., Chartered Accountants, as statutory auditors and to fix their remuneration.

NOTES:

1. A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A Proxy need not be a Member of the Company. Proxy Forms duly completed should be deposited at the Company's Registered Office at least 48 hours before the commencement of the meeting.
2. The Register of Members & Share Transfer Books of the Company will remain closed from 25th day of September, 2012 to 29th day of September, 2012 (Both days inclusive).
3. All requests for transfer of shares and allied matters along with the relevant transfer deeds and/or share certificates should be sent to the Company's Registrar and Share Transfer Agents, viz., Niche Technologies Pvt. Ltd.
4. The Company's shares are enlisted with NSDL and CDSL for participation into Electronic Depository System operated by them. Its shares are compulsorily to be traded in Electronic Form and the security bears code no. INE623D01015.
5. Members are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents of the Company quoting their folio numbers, to ensure prompt service.
6. Members holding shares in the same name under different folios are requested to apply for consolidation of such folios and send relevant Share Certificates to the Registrar and Share Transfer Agents of the Company.

STEP TWO CORPORATION LIMITED

7. Members are requested to produce the enclosed Attendance Slip at the entrance of the Office and bring their copies of Annual Report to the meeting, as extra copies will not be supplied.
8. Re-appointment / Appointment of Directors: Pursuant to clause 49 of the listing agreement with the Stock Exchanges, the information in respect of Directors being re-appointed has been provided in the section of Corporate Governance incorporated elsewhere in the Annual Report.

Registered Office :
21, Hemanta Basu Sarani,
5th Floor, Suite No.507,
Kolkata 700001
Dated: 2nd September, 2012

By Order of the Board
Bhola Nath Manna
Executive Director

STEP TWO CORPORATION LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighteenth Annual report on the business and operations of the Company together with Audited statements of accounts for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS:

The summarised financial results of the Company are given here under.

	<u>Current</u>		<u>Previous</u>	
	<u>YEAR</u>		<u>YEAR</u>	
	<u>Rs.</u>	<u>P.</u>	<u>Rs.</u>	<u>P.</u>
Total Income	11,175,467		24,483,450	
Total Expenditure	10,385,363		24,220,996	
Profit/(Loss) Before provision & Taxes	790,104		262,454	
Current Tax	(240,336)		(81,717)	
Deferred Tax	12,024		6,558	
Income Tax for the previous year	713		(148,980)	
Profit/(Loss) After Tax	562,505		38,315	

DIVIDEND

With a view to conserving resources and building up reserves, your Directors do not recommend payment of Dividend for the year.

OPERATING PERFORMANCE

During the year under review, your Company has posted a net profit of Rs. 7.90 Lacs compared to previous year net profit of 2.62 Lacs mainly on account of rising interest rates and a boom in the capital market. Your Directors are optimistic about further improvements in the profit margins of the company.

DIRECTORS

Shri Sanjay Agarwal retires from office by rotation, and being eligible offers himself for reappointment. The particulars in respect of the retiring Director are furnished in the Corporate Governance report forming part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.

STEP TWO CORPORATION LIMITED

- ii) Your directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the company for that period.
- iii) Your directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) Your directors have prepared the accompanying Annual Accounts on a going concern basis.

AUDITORS

M/s Agrawal Singhania & Co., Chartered Accountants, Kolkata, statutory Auditors of your Company hold office till the conclusion of the 18th Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under section 224(1C) of the Companies Act, 1956.

PERSONNEL

During the year, no employee was in receipt of remuneration of or in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

A detailed report on corporate governance together with a certificate from the Statutory Auditors, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report.

INFORMATION AS PER SEC 217(1) (e) OF THE COMPANIES ACT 1956

Particulars required to be furnished by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:

1. Part A and B pertaining to conservation and technology absorption are not applicable to the company.
2. Foreign Exchange earnings and outgoes: NIL

ACKNOWLEDGEMENT

Your Directors wish to place on record their warm appreciation to employees at all levels for their dedication, commitment and creativity contributing to the growth of the company.

For and on behalf of the Board

Bhola Nath Manna

Shankar Das Gupta

Executive Directors

Place: Kolkata

Dated: 30th day of April, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Scenario

It was a challenging year for the Indian economy with lingering concerns over global growth prospects and financial stability weighing on external demand and international funding. Further, local headwinds such as inflation, rising interest rates and policy impediments have only exacerbated the impact of a shaky global environment on domestic growth.

The drag from local and global dampeners was largely concentrated on the industrial sector with growth for the year at 3.9%, sharply lower than the 7.2% recorded a year ago. Agricultural growth too slowed down over the past year but this was largely because of an unfavorable base.

While growth slowed down over the past year, inflation was slower to respond to this deceleration, remaining elevated through most of the financial year 2012. The RBI therefore kept its vigil on inflation, hiking key policy rates by an aggressive 175 basis points between April, 2011-November, 2011.

Despite a slowdown in growth over financial year 2012, India has continued to outperform the global economy. With world output growth likely to remain relatively feeble at 3.3% in 2012 against 3.8% in 2011, structural supports from a rapidly expanding rural and semi-urban economy, favorable demographics and low product penetration are likely to continue to keep domestic growth higher than world growth.

Business Outlook

The financial sector especially the Non-banking financial institutions have a major role to play in the coming years. The need for finance is on a rise and more and more of funds are required in the infrastructure sector to boost overall development, employment generation and poverty alleviation. The interest rates are also likely to witness major changes as RBI has been tightening the noose on one side and trying to fight against inflation on the other.

Analysis of performance for the year

The detailed highlights of the performance are produced elsewhere in the Director's Report.

Opportunities and Threats

The ever increasing demand for credit especially in the industrial and infrastructure sectors, requirement of working capital amidst all sectors, impetus on infrastructure development activities and technological advancement are factors which are seen as an opportunity for the growth of your company.

However, with the increasing number of banking institutions and tightening of noose on the working of NBFCs by the Reserve Bank of India as also the rapidly changing regulatory compliances are being viewed as threats. Your Company is in a position to take advantage of the available opportunities and take suitable steps to avert the threats.

Internal control system and their adequacy

The Company has an effective internal control system, commensurate with its size and nature to ensure smooth business operation, including assurance of recording all the transaction details, ensuring regulatory compliance and protecting the Company assets from any kind of loss or misuse.

Development in human resources

Your Company has always given immense importance to its people as believes that the success of any organisation lies in the utmost support, co-operation, efforts, knowledge and expertise put in by them. The Company values the diverse qualities and culture its people bring to it. The success of the Company is attributed to the richness of knowledge, ideas and experience of its varied workforce.

Conclusion

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

STEP TWO CORPORATION LIMITED

CORPORATE GOVERNANCE

Step Two Corporation Limited (STCL) is a Non-banking Finance Company. The business focuses on maximising return on assets, while effectively managing the inherent risks. For efficient and responsible decision making and execution in this pursuit, it is imperative to develop sound governance structures and best-in-class processes that have strong reliance on ethics and values. By adopting such a framework as it does, STCL emphasizes on appropriate and timely disclosures and transparency in its business dealings.

Corporate governance is a continuous process at STCL. Systems, policies and frameworks are regularly upgraded to effectively meet the challenges of rapid growth in a dynamic external business environment. Governance practices not only have to deal with the growing size of the business, but also the increase in complexities of the organizational structure that supports such growth.

The stipulations mandated by Clause 49 of the Listing Agreement with the Stock Exchanges, have been fully complied with by your Company. This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports the Company's compliance with Clause 49.

1. BOARD OF DIRECTORS

The Board comprises Two Executive Directors and Two Non-Executive Directors. The independent executive directors are Sri Bhola Nath Manna and Sri Sankar Das Gupta. Independent Non-executive Directors are Sri Sanjay Agarwal and Sri Anup Fatehpuria. The composition of the Board is in conformity with the listing requirements.

The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholder value are met.

There were no materially relevant pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company during the year.

2. BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting (AGM) of the shareholders. Additional meetings are held whenever necessary. The gap between any two meetings is less than four months. The Board of Directors formulates the business and operational policies and decides on strategic issues concerning the Company.

During the year under review, 16 meetings of the Board of Directors were held.

11/04/2011	25/04/2011	30/04/2011	30/05/2011	20/06/2011
30/07/2011	16/08/2011	10/09/2011	30/09/2011	01/10/2011
15/10/2011	31/10/2011	31/12/2011	31/01/2012	29/02/2012
31/03/2012				

STEP TWO CORPORATION LIMITED

The composition of the Board of Directors, attendance of the Directors at the Board Meetings during the year and at the last Annual General Meeting as also the number of other directorships are as follows:-

Name of Director	Type	Executive/ Non-executive	Number of meetings attended	Number of other Directorships*	Whether attended last AGM
Mr. Sanjay Agarwal	Independent	Non-executive	14	Nil	Yes
Mr. Anup Fatehpuria	Independent	Non-executive	13	Nil	Yes
Mr. Bholu Nath Manna	Independent	Executive	16	Nil	Yes
Mr. Sankar Das Gupta	Independent	Executive	16	Nil	Yes

* Directorship held in Public Limited Company.

3. INFORMATION ON DIRECTORS' RE-APPOINTMENT/APPOINTMENT

Shri Sanjay Agarwal is retiring by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment. His brief particulars are as under:

Shri Sanjay Agarwal (44 years) possesses immense knowledge in the fields of Investment, Banking and retail financing. His rich experience in the corporate world is an asset for the Company and would surely go a long way in terms of value addition for the Company. He holds directorships in the following public limited companies apart from Step Two Corporation Ltd.:

4. AUDIT COMMITTEE

As on 31st March, 2012, the Audit Committee comprised three Independent Directors. The Committee comprises Bholu Nath Manna, Sanjay Agarwal and Anup Fatehpuria. All members of the Audit Committee have accounting and financial management expertise.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approving appointment of the CFO after assessing the qualifications, experience and background, etc. of the candidate.
- Approving payment to statutory auditors for statutory audits and any other services rendered by them.
- Reviewing, with the Management, the annual financial statements before submission to the Board for approval.
- Reviewing, with Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing the adequacy of internal audit function, including coverage and frequency of internal audits.

STEP TWO CORPORATION LIMITED

- Discussing with statutory auditors regarding the nature and scope of their audit, going forward, as well as post-audit discussions to ascertain any area of concern.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year, the Committee met five times on 30.04.2011, 30.07.2011, 31.10.2011, 31.01.2012, 31.03.2012.

Composition of the Committee and attendance of the members are as follows:

<u>Name of the Director</u>	<u>No. of Meetings Attended</u>
Shri Sanjay Agarwal	5
Shri Anup Fatehpuria	5
Mr. Bholu Nath Manna	5
Mr. Sankar Das Gupta	4

5. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Share Transfer and Investor Relations Committee

— To deal with and decide all matters relating to the registration of transfer and transmission of shares and debentures, issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/misplaced

— To redress shareholders and investors complaints relating to transfer of shares, non-receipt of Balance Sheet and non receipt of declared dividends, among others.

— To monitor the compliance of Code of prevention of insider trading framed by the Company.

— To effect dematerialisation and re-materialisation of shares of the Company

During the year, the Committee met on 20.06.2011, 30.07.2011, 16.08.2011, 10.09.2011, 01.10.2011, 15.10.2011, 31.12.2011, 29.02.2012.

Composition of the Committee and the attendance of the members are as follows:

<u>Name of the Director</u>	<u>No. of Meeting Attended</u>
Shri Sanjay Agarwal	9
Shri Anup Fatehpuria	8
Mr. Bholu Nath Manna	8
Mr. Sankar Das Gupta	8

No investor complaint was received during the year and none was pending unresolved as on 31st March, 2012.

6. REMUNERATION COMMITTEE

The Remuneration Committee was constituted of Independent and Non-executive Directors. The Committee evaluates compensation and benefits for Executive Directors.

7. GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings

Year	Date	Time	Location
2009	19.09.2009	10:00 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001
2010	25.09.2010	10:00 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001
2011	30.09.2011	10:00 A.M.	"Emami Conference Hall" Association of Corporate Advisers & Executives, 6, Lyons Range, Unit-II, 3rd Floor, Kolkata 700 001

Postal Ballot

No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

8. DISCLOSURE

Disclosures on materially significant related party transactions i.e., transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large : None of the transactions with any of the related parties were in conflict with the interest of the company.

Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : None.

Disclosure of Accounting Treatment : In the preparation of financial statements, the company has followed the treatment as prescribed in the Accounting Standards.

Risk Management : The company has a defined Risk Management framework. The company has laid down procedures to inform the Board members about the risk assessment and minimization procedures.

Proceeds from public issues, rights issues, preferential issues etc.: There were no proceeds from public issues, rights issues, preferential issues etc. during the financial year.

9. MEANS OF COMMUNICATION

The Company publishes quarterly, half-yearly and annual results in Business Standard and Duranta Barta which are national and local dailies. The Company results and official news releases are displayed on the Company's website <http://www.steptwo.in>. The Company also makes presentations to international and national institutional investors and analysts, which are also put up on its website.

10. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Date - 29th September, 2012

Time - 10:00 A.M.

Venue - 21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001

STEP TWO CORPORATION LIMITED

B. Financial Calender 1st April to 31st March Provisional	: Will be published during
Result for Quarter ending June 30, 2012	: On or before 14th August, 2012
Result for Quarter ending September 30, 2012	: On or before 14th November, 2012
Result for Quarter ending December 31, 2012	: On or before 14th Febtuary, 2013
Result for Quarter ending March 31, 2013	: On or before 15th May, 2013

C. Book Closure

The Register of members and Share Transfer Book will remain closed from 25th day of September, 2012 to 29th day of September, 2012 (both days inclusive) on account of Annual General Meeting.

D. Dividend

No dividend is recommended for the year.

E. Listing at Stock Exchange

- | | |
|--|--------------------|
| (i) The Calcutta Stock Exchange Association Ltd. | (Stock Code 29182) |
| (ii) The Stock Exchange, Mumbai | (Stock Code 31509) |
| (iii) The Stock Exchange, Ahmedabad | (Stock Code 56708) |
| (iii) The Jaipur Stock Exchange Ltd. | (Stock Code 758) |

The Company has paid the Listing Fees for the year 2011-12 to all stock exchanges.

F. ISIN Number: INE623D01015

G. Depository Connectivity: NSDL and CDSL

H. STOCK MARKET DATA

The shares of the Company are thinly traded in the market and no data regarding the same is available with the Company.

11. REGISTRAR & TRANSFER AGENTS

<u>Name</u>	<u>Address</u>
Niche Technologies (P) Ltd. (For Physical and Demat Shares)	D-511, Bagree Market, 71 B.R.B. Road, Kolkata - 700001

12. COMPLIANCE OFFICER

Shri Bhola Nath Manna is presently acting as the compliance officer in accordance with the provisions of the Listing Agreement. His brief particulars are as under:

Address : 21, Hemant Basu Sarani, 5th Floor, R.No.507, Kolkata - 700 001

Tel No. : 033-22318207/08

E-mail : admin@steptwo.in

STEP TWO CORPORATION LIMITED

13. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

No. of Equity Shares Held	No. of Share holders	% of Shares holders	No. of Shares held	% of Shares holding
1 to 500	506	29.5389	1,58,968	3.1467
501 to 1000	1044	60.9457	7,27,312	14.3962
1001 to 5000	92	5.3707	2,16,641	4.2881
5001 to 10000	18	1.0508	1,46,679	2.9033
10001 to 50000	47	2.7437	11,46,200	22.6876
50001 to 100000	3	0.1751	2,14,500	4.2458
100001 and above	3	0.1751	24,41,800	48.3324
Totals	1713	100.000	50,52,100	100.000

14. SHAREHOLDING PATTERN AS ON 31.03.2011

Category	No. of Share held	% of Share holding
Indian Promoters	2514800	49.78
Indian Public including corporate bodies	2537300	50.22
	<u>5052100</u>	<u>100.00</u>

15. DEMATERIALIZATION OF SHARES

2584436 shares have been dematerialised upto 31.03.2012 which is 51.16% percent of the total shares of the Company.

16. BREAK-UP OF SHARES IN PHYSICAL AND DEMAT SEGMENT (As on 31.03.2012)

Segment	No. of Shareholders	% to total Shareholders	No. of Shares held	% to total Shares
Physical	1528	89.1482	2477664	48.84
Demat	186	10.8518	2584436	51.16
Total	1714	100.00	5052100	100.00

17. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS.

CONVERSION DATE AND LIKELY IMPACT ON EQUITY

Not applicable as the Company has not issued any such instruments.

18. ADDRESS FOR CORRESPONDENCE

REGISTERED OFFICE:
Step Two Corporation Limited
21, Hemanta Basu Sarani,
5th Floor, Suite No.507,
Kolkata 700 001

STEP TWO CORPORATION LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
STEP TWO CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Step Two Corporation Limited for the year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from the Share Transfer Agent, we state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For AGRAWAL SINGHANIA & CO.
Chartered Accountants

Place: Kolkata
Date: The 30th Day of April, 2012

(SANJAY KUMAR AGRAWAL)
(Partner)

CEO/CFO CERTIFICATION

I, Mr. Bholanath Manna, Executive Director, certify to the Board that:

- a) I have reviewed financial statements and the cash flow statement for the year ended on 31st March 2012 and that to the best of my knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
- b) To the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March 2012 are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit Committee
 - i. Significant changes in internal control during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For Step Two Corporation Limited

Sd/-

Bholanath Manna

Executive Director

**DECLARATION ON COMPLIANCE OF THE
COMPANY'S CODE OF CONDUCT**

To
The Members of
Step Two Corporation Limited

I, **Bhola Nath Manna**, Executive Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

Place : Kolkata
Date : April 30, 2012.

Bhola Nath Manna
Executive Director

AUDITOR'S REPORT

TO,
THE SHAREHOLDERS OF
M/s. STEPTWO CORPORATION LIMITED

We have audited the attached Balance Sheet of M/s. Step Two Corporation Limited, as at 31st March, 2012, and the Profit and Loss Account of the company annexed thereto for the year ended on that date and the cash flow statement for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Act and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

We further report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books of the company.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the company.
4. In our opinion the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet & the Profit & Loss Accounts read together with and subject to the

STEP TWO CORPORATION LIMITED

Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2012,
- b) In the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date.
- c) In the case of cash flow statement, of the cash flows for the year ended on that date.

As required by the "Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998", we further state that we have submitted a Report to the Board of Directors of the Company containing a statement on the matters of supervisory concern to the Reserve Bank of India as specified in the said Directions, namely the following: -

- i) The company, incorporated prior to January 9, 1997, has applied for registration as provided in section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934). The Company has been granted certificate of registration as NBFC by the Reserve Bank of India & the Registration no. is 05.02614 dated 04.06.1998.
- ii) The Board of Directors of the Company has passed a Resolution for non-acceptance of any public deposits.
- iii) The Company has not accepted any public deposits during the year under reference.
- iv) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning of bad doubtful debts as applicable to it.

For AGRAWAL SINGHANIA & CO.

Chartered Accountants

Place : Kolkata

Date : 30.04.2012

(Sanjay Kumar Agrawal)

Partner

Membership No. 056837

ANNEXURE TO AUDITORS' REPORT

- 1) In respect of its fixed assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b. The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
 - c. There was no substantial disposal of fixed assets during the year
- 2) In respect of its inventories:
 - a. As explained to us, the inventories have been physically verified by management at regular intervals during the year.
 - b. In our opinion and according to information and explanation given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3) In respect of Loans, secured or unsecured granted to or taken from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has not given any loans secured or unsecured to companies, firms & other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
 - b. The Company has not taken any loans secured or unsecured from companies, firms & other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- 4) In our opinion, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase and sale of inventories and fixed assets.
- 5) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under Section 301 of the Companies act, 1956 have been so entered.
 - b. In our opinion and according to information and explanation given to us, no transactions are made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- 6) The Company has not accepted any deposits under the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act and the rules framed there under.
- 7) According to the information and explanations given to us, the company does not have an internal audit system commensurate with its size and nature of its business.

STEP TWO CORPORATION LIMITED

- 8) No cost record has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- 9) In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues including Income Tax, Service Tax, Cess and other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of become payable.

b. The details of disputed statutory dues are as under:

Status	Period for which related	Amount of Disputed demand payable	remark
Income Tax Act, 1961	2005-06	Rs. 3,96,105	Pending with C.I.T.(A)

- 10) The Company has been registered for a period of more than five years and it has accumulated losses of Rs.25,81,155/- at the end of the financial year. It has not incurred any cash loss in the current financial year nor in the immediately preceding financial year.
- 11) The company does not have dues to a financial institution or bank or debenture holders.
- 12) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi or mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to it.
- 14) In our opinion, the company has maintained proper records of transactions and contracts in respect of trading in shares & other investments and timely entries have been made therein and the shares, securities, debentures and other securities have been held by the company, in its own name.
- 15) The company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
- 16) The Company has not taken any term loans during the year under reference.
- 17) The Company has not raised any funds on short-term basis, which have been used for long term investment.
- 18) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- 19) The Company has not raised any money by issue of debentures.
- 20) The Company has not raised any money by public issue during the year.
- 21) As per the information and explanations given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.

STEP TWO CORPORATION LIMITED

BALANCE SHEET AS ON 31ST MARCH 2012

Sl. No.	Particulars	Note No.	As at	
			31.03.2012	31.03.2011
			Rs.	P.
I EQUITY & LIABILITIES				
SHAREHOLDER'S FUNDS				
	Share Capital	1	45,922,536.00	45,922,536.00
	Reserves & Surplus	2	(1,577,874.00)	(2,140,379.00)
NON CURRENT LIABILITIES				
	Deferred Tax Liabilities	3	—	8,495.00
CURRENT LIABILITIES				
	Trade Payables	4	20,537.00	2,549,942.00
	Short Term Provisions	5	287,627.00	145,883.00
	Total		<u>44,652,826.00</u>	<u>46,486,477.00</u>
II ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
	a) Tangible Assets	6	733,689.00	848,825.00
	Deferred Tax assets (net)	3	3,529.00	—
	Long Term Loans & Advances	7	343,180.00	427,210.00
CURRENT ASSETS				
	Current Investment	8	6,200,000.00	—
	Inventories	9	10,107,503.00	9,141,148.00
	Trade Receivables	10	26,780.00	3,067,149.00
	Cash & Cash Equivalents	11	3,246,687.00	4,355,360.00
	Short Term Loans & Advances	12	18,916,338.00	20,146,785.00
	Other Current Assets	13	5,075,120.00	8,500,000.00
	Total		<u>44,652,826.00</u>	<u>46,486,477.00</u>

Significant Accounting Policies
and Notes on Accounts

As per our Report of even date

For, **AGRAWAL SINGHANIA & CO.**

Chartered Accountants

(Sanjay Kumar Agarwal)

Partner

Membership No.056837

Date : 30.04.2012

Place: Kolkata

For & on Behalf of the Board

Sd/-

Eholanath Manna

Sankar Das Gupta

Executive Directors

STEP TWO CORPORATION LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Sl. No.	Particulars	Note No.	Year ended		Year ended	
			31.03.2012		31.03.2011	
			Rs.	P.	Rs.	P.
I	Revenue from Operations	14	11,128,659.00		23,880,925.00	
II	Other Incomes	15	46,808.00		602,525.00	
III	Total Revenue (I+II)		11,175,467.00		24,483,450.00	
IV	EXPENSES					
	Purchase		8,477,486.00		19,028,748.00	
	Change in Stock in Trade	16	(966,355.00)		3,571,086.00	
	Employee Benefit Expenses	17	527,572.00		420,000.00	
	Depreciation and Amortization	18	115,136.00		68,965.00	
	Other Expenses	19	2,231,524.00		1,132,197.00	
	Total Expenses		10,385,363.00		24,220,996.00	
V	Profit/(Loss) before exceptional and extraordinary items and taxes (III-IV)		790,104.00		262,454.00	
VI	Exceptional Items					
VII	Profit/(Loss) before extraordinary items and tax (V-VI)		790,104.00		262,454.00	
VIII	Extraordinary Items					
IX	Profit/(Loss) before tax (VII-VIII)		790,104.00		262,454.00	
X	Tax Expenses:					
	(1) Current Tax		(240,336.00)		(81,717.00)	
	(2) Income Tax paid for earlier years		713.00		(148,980.00)	
	(3) Deferred Tax		12,024.00		6,558.00	
XI	Profit/(Loss) for the period from Continuing Operations (VII-VIII)		562,505.00		38,315.00	
XII	Profit/(Loss) from Discontinuing Operations					
XIII	Tax Expense of discontinuing operation					
XIV	Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)					
XV	Profit/(Loss) for the period (XI+XII)		562,505.00		38,315.00	
XVI	Earnings per Equity Share:					
	(1) Basic		0.11		0.01	
	(2) Diluted		0.11		0.01	

Significant Accounting Policies and Notes on Accounts

As per our Report of even date

For, **AGRAWAL SINGHANIA & CO.**

Chartered Accountants
(Sanjay Kumar Agarwal)
Partner

Membership No.056837

Date : 30.04.2012

Place: Kolkata

For & on Behalf of the Board

Sd/-
Bholanath Manna
Sankar Das Gupta
Executive Directors

Significant accounting policies

1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Generally Accepted Accounting Principles in India, under the historical cost convention, on a going concern concept and in accordance to applicable accounting standards.

2 Revenue Recognition

Income & Expenditure are accounted for on accrual basis except dividend income which is accounted for on the basis of right to received dividend.

3 Use of Estimates

Certain estimates and assumptions have been made in preparation of financial statement. The difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

4 Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised not disclosed in the financial statements.

5 Fixed assets

Fixed Assets are accounted at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalised until fixed assets are ready for use.

6 Depreciation and Amortization

Depreciaton on fixed assets has been provided for on streight line basis at rates prescribed under Schedule XIV of the Companies Act, 1956.

7 Taxation

Current Tax

Provision for income tax is made on the assessable income at the tax rate applicable for the relevant assessment year.

Deferred Tax

Deferred tax liability is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

8 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

9 Investments

Investments are either classified as current or long term based on management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment. Long term investments are carried at cost.

10 Inventories

Stock of all quoted shares and securities has been value at cost or fair value whichever is lower. Unquoted shares have been valued at cost of acquisition.

11 Cash flow statement

Cash flow reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of Company are segregated.

12 The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standard notified under the Companies (Accounting Standard) Rule, 2006. Accordingly, the Company has complied with the Accounting Standards as applicable to the Small and Medium Sized Company.

13 Previous year figures have been regrouped & rearranged wherever necessary to confirm to the current years classification.

STEP TWO CORPORATION LIMITED

Notes on Accounts

	As on 31.03.2012 Rs. P.	As on 31.03.2011 Rs. P.
1. SHARE CAPITAL		
<u>Authorised Share Capital</u>		
53,50,000 Equity Shares of Rs. 10/- each	53,500,000.00	53,500,000.00
	<u>53,500,000.00</u>	<u>53,500,000.00</u>
<u>Issued, Subscribed & Paid up</u>		
50,52,100 Equity Shares of Rs 10/- each fully paid up in cash	50,521,000.00	50,521,000.00
Less: Calls in arrear	4,598,464.00	4,598,464.00
	<u>45,922,536.00</u>	<u>45,922,536.00</u>
<u>Reconciliation of No. of Shares outstanding</u>		
At the beginning of the year	5,025,100	5,025,100
Issued / (Buy Back) during the year	0	0
At the end of the year	<u>5,025,100</u>	<u>5,025,100</u>
<u>List of Shareholders holding more than 5% shares</u>		
Raj Kumar Agarwal	1,688,700	1,688,700
Akron Dealers Pvt. Ltd.	500,100	500,100
Equi Invest Pvt. Ltd.	253,000	253,000
2. RESERVES & SURPLUS		
<u>Reserve Fund</u>		
Opening Balance	890,780.00	890,780.00
Addition during the year	112,501.00	—
	<u>1,003,281.00</u>	<u>890,780.00</u>
<u>Profit & Loss Account</u>		
Opening Balance	(3,031,159.00)	(3,069,474.00)
Addition during the year	562,505.00	38,315.00
Less : Transfer to Statutory Reserve	(112,501.00)	—
	<u>(2,581,155.00)</u>	<u>(3,031,159.00)</u>
Total	<u>(1,577,874.00)</u>	<u>(2,140,379.00)</u>

STEP TWO CORPORATION LIMITED

	As on 31.03.2012 Rs. P.	As on 31.03.2011 Rs. P.
3. Deferred Tax		
Opening Balance(Liability)	8,495.00	15,053.00
Less : Deferred tax liability reversed during the year	(12,023.00)	(6,558.00)
Closing Balance[Liability/(assets)]	<u>(3,528.00)</u>	<u>8,495.00</u>
Deferred Tax Assets and Deferred Tax Liabilities have been netted off as per AS-22.		
Computation of Deferred Tax Liability/(Assets)		
Deferred Tax on account of Fixed assets	(12,023.00)	(6,558.00)
4. TRADE PAYABLES		
Trade Payable	20,537.00	2,549,942.00
	<u>20,537.00</u>	<u>2,549,942.00</u>
Creditors balances are subject to confirmation from the respective parties.		
As per provisions of Macro, Small, and Medium Enterprises Development Act, 2006, there are no outstanding dues to such Enterprises which are over due or outstanding for more than 45 days at the Balance Sheet date to the extent such enterprises have been identified on the basis of information available with the company.		
5. SHORT TERM PROVISIONS		
Provision for Current Tax	240,336.00	81,717.00
Provision for FBT	—	64,166.00
Contingent Provision for Standard Assets	47,291.00	—
	<u>287,627.00</u>	<u>145,883.00</u>
Provision for all known liabilities is adequate and not in excess of amount reasonable necessary.		

STEP TWO CORPORATION LIMITED

6. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 01.04.2011	Additions during the year	Deductions during the year	Total	As on 01.04.2011	Depreciation for the year	Deductions during the year	As on 31.03.2012	WDV as on 31.03.2012	WDV as on 31.03.2011
Computer	529,102.00	-	-	529,102.00	416,324.00	43,725.00	-	460,249.00	68,863.00	112,578.00
Furniture & Fixtures	28,300.00	-	-	28,300.00	27,899.00	601.00	-	28,300.00	-	601.00
Office Equipment	80,997.00	-	-	80,997.00	57,413.88	3,847.36	-	61,261.24	19,735.76	23,583.12
Elec. Installations	44,000.00	-	-	44,000.00	32,351.00	2,090.00	-	34,614.00	9,359.00	11,449.00
Vehicles	648,618.00	-	-	648,618.00	8,779.00	61,519.00	-	70,398.00	578,220.00	639,839.00
Mobile Phones	68,500.00	-	-	68,500.00	7,725.00	3,254.00	-	10,979.00	57,521.00	60,775.60
Total :-	1,399,517.00	-	-	1,399,517.00	550,691.98	115,136.36	-	665,828.34	733,688.76	848,825.12
Previous year	1,620,865.00	873,618.00	894,966.00	1,399,517.00	1,376,692.52	68,965.36	894,966.00	530,691.88	848,825.12	244,172.48

STEP TWO CORPORATION LIMITED

	As on 31.03.2012 Rs. P	As on 31.03.2011 Rs. P
7. LONG TERM LOANS & ADVANCES		
Balance with government authorities	187,180.00	271,210.00
Security Deposit	156,000.00	156,000.00
(unsecured, considered good)	<u>343,180.00</u>	<u>427,210.00</u>
In the opinion of the management, the Loans & Advances are approximated at the value stated unless stated otherwise, if realized in the ordinary course of business.		
8. CURRENT INVESTMENT		
INVESTMENTS IN MUTUAL FUND		
Quoted		
Kotak Floater Short Term - FMP	5,200,000.00	—
Kotak FMP Series 48	1,000,000.00	—
	<u>6,200,000.00</u>	—
Aggregate Fair Value	<u>6,318,286.74</u>	—
Current investments are valued at lower of Cost and Fair Value		
9. INVENTORIES		
(as taken, valued & certified by the management)		
Stock in Trades of Shares & Securities	<u>10,107,503.00</u>	<u>9,141,148.00</u>
	<u>10,107,503.00</u>	<u>9,141,148.00</u>
a) inventories are valued at cost or market price whichever is lower.		
b) Particulars in respect of opening stock, purchase, sales & closing stock of shares, mutual fund etc.		
	Quantity as on 31.03.2012	Quantity as on 31.03.2011
Opening Stock	234,789.00	536,851.00
Purchase	102,593.00	302,838.00
Sales	141,383.00	604,900.00
Closing Stock	<u>195,999.00</u>	<u>234,789.00</u>

STEP TWO CORPORATION LIMITED

	As on 31.03.2012 Rs. P.	As on 31.03.2011 Rs. P.
10. TRADE RECEIVABLES		
Unsecured, Considered Good		
- Outstanding for a period exceeding six months	26,780.00	—
- Others	—	3,067,149.00
	<u>26,780.00</u>	<u>3,067,149.00</u>
Debtors balances are subject to confirmation from the respective parties.		
11. CASH & CASH EQUIVALENTS		
Cash in Hand	33,847.00	510,412.00
(As certified by the management)		
Balances with Bank	3,212,840.00	3,844,948.00
	<u>3,246,687.00</u>	<u>4,355,360.00</u>
During the financial year 1997-98, a sum of Rs. 25,00,000/- (Rupees Twenty Five Lacs only) had been fraudulently withdrawn from Punjab & Sind Bank Ltd., New Tangra Road Branch, Kolkata. The matter is under investigation by authorities. The closing balance as per the Book is Rs. 25,02,195/-.		
12. SHORT TERM LOANS & ADVANCES		
Unsecured considered good		
- Others	18,916,338.00	20,146,785.00
	<u>18,916,338.00</u>	<u>20,146,785.00</u>
13. OTHER CURRENT ASSETS		
Share Application Money (refer note no. 20)	5,000,000.00	8,500,000.00
Debit Balance in Creditors Ledger	75,120.00	—
	<u>5,075,120.00</u>	<u>8,500,000.00</u>
14. REVENUE FROM OPERATIONS		
Sale of Share	8,584,657.00	22,060,410.00
Interest Income	2,517,070.00	1,955,905.00
Share Speculation	26,932.00	(41,223.00)
Profit/(loss) on Future Trading	—	(11,948.00)
Loss on Foreign Currency Transaction	—	(82,219.00)
	<u>11,128,659.00</u>	<u>23,880,925.00</u>

STEP TWO CORPORATION LIMITED

	As on 31.03.2012 Rs. P.	As on 31.03.2011 Rs. P.
15. OTHER INCOMES		
Interest on IT Refund	6,300.00	—
Dividend	2,000.00	2,525.00
Consultancy Fees	—	600,000.00
Profit/(loss) on Current Investment	38,508.00	—
	<u>46,808.00</u>	<u>602,525.00</u>
16. CHANGE IN STOCK IN TRADE		
Opening Stock	9,141,148.00	12,712,234.00
Less: Closing Stock	(10,107,503.00)	(9,141,148.00)
	<u>(966,355.00)</u>	<u>3,571,086.00</u>
17. EMPLOYEE BENEFIT EXPENSES		
Salary & Bonus	468,000.00	420,000.00
Staff Welfare Expenses	59,572.00	—
	<u>527,572.00</u>	<u>420,000.00</u>
<p>The Company does not have, nor does it require any statute to have, any short/long term Defined Contribution Plan or any Defined Benefit Plan for Employee. There are also no other Short/Long Term Employee benefit which become due during or post employment period of Employee. In the absence of aforesaid Employee benefit the requirement to comply with AS 15 does not arise.</p> <p>Break up expenditure on employees who were in receipt of remuneration which in aggregate was not less than Rs.2,00,000/- per month if employed for part of the year or Rs. 24,00,000/- per annum sum if employed for a part of the year: NIL.</p>		
18. DEPRECIATION & AMORTIZATION EXPENSES		
Depreciation	115,136.00	68,965.00
Preliminary Expenses w/off	—	—
	<u>115,136.00</u>	<u>68,965.00</u>

STEP TWO CORPORATION LIMITED

	As on 31.03.2012 Rs. P.	As on 31.03.2011 Rs. P.
19. OTHER EXPENSES		
Auditors Fees	16,545.00	16,545.00
Advertisement Expenses	23,671.00	27,090.00
Business Promotion	354,222.00	—
Car Maintenance	86,356.00	94,188.00
Tour & Travelling	246,902.00	269,457.00
Rent, Rates & Taxes	104,310.00	207,870.00
Legal & Professional Charges	18,000.00	48,000.00
Contingent Provision for Standard Assets	47,291.00	—
Membership Fees	30,921.00	70,994.00
Repair & Maintenance & Electricity	214,747.00	36,835.00
Share Transaction Charges	53,380.00	61,713.00
Website Development Charges	—	15,000.00
Listing Fees	835,575.00	55,575.00
Other	199,604.00	228,930.00
	<u>2,231,524.00</u>	<u>1,132,197.00</u>
19.1 AUDITOR'S REMUNERATION		
	2011-12	2010-11
Statutory Audit Fees	5,618.00	5,618.00
Tax Audit Fees	2,247.00	2,247.00
Other Matter	8,680.00	8,680.00
	<u>16,545.00</u>	<u>16,545.00</u>

19.2 Details of the foreign currency transaction entered into by the company during the year.

	2011-12 Amount (Rs.)	2010-11 Amount (Rs.)
Earning in Foreign Exchange on F.O.B. basis	Nil	Nil
Expenditure in Foreign Currency:-		
For Tour & Traveling Expenses	111634.00	Nil

STEP TWO CORPORATION LIMITED

	As on 31.03.2012 Rs. P.	As on 31.03.2011 Rs. P.
--	-------------------------------	-------------------------------

19.3 Listing Fees includes Rs. 7,80,000/- Paid towards
Revocation of Suspension by BSE.

20. Related Party disclosureDetails of transactions with related parties: (Amount in Rs.)

Nature of Transaction	Amount (Rs.)
Directors Remuneration	300,000
Share Application Money Given	2,500,000

Name and description of relation ship with related parties

Name	Relationship
Bhola Nath Manna	Director
Sankar Das Gupta	Director
Step Two Infrastructure Pvt. Ltd.	Enterprises controlled by Director

STEP TWO CORPORATION LIMITED

Cash Flow Statement for the Year Ended 31st March 2012

	2011-2012	2010-2011
	Amount (Rs.)	Amount (Rs.)
A. <u>Net Cash from Operational Activities</u>		
Net Profit before Taxes	790,104.00	262,454.00
Adjustments		
Depreciation & Amortisation	115,136.00	68,965.00
Net (Gain)/loss on sale of Investments	(38,508.00)	—
Interest Income	(2,523,370.00)	(1,955,905.00)
Dividend Income	(2,000.00)	(2,525.00)
Provision for Contingencies	47,291.00	—
Operating Profit/(Loss) before change in Working Capital	<u>(1,611,347.00)</u>	<u>(1,627,011.00)</u>
Adjustments for (increase)/decrease in operating assets:		
Inventories	(966,355.00)	3,571,086.00
Trade receivables	3,040,369.00	(2,785,892.00)
Short term loans and advances	1,230,447.00	(2,816,041.00)
Long term Loans and advances	84,030.00	152,557.00
Other Current assets	3,424,880.00	193,185.00
Adjustments for increase /(decrease) in operating liabilities:		
Trade payables	(2,529,405.00)	2,361,676.00
Short term provisions	—	—
	2,672,619.00	(950,440.00)
Net income tax (paid)/refunds	(145,170.00)	(220,237.00)
Net Cash from Operating Activities	<u><u>2,527,449.00</u></u>	<u><u>(1,170,677.00)</u></u>
B. <u>Cash Flow from Investing Activities</u>		
Purchase of short term Investments	(8,200,000.00)	(673,618.00)
Proceeds from sale of Short term Investments	2,038,508.00	—
Interest Received	2,523,370.00	1,955,905.00
Dividend Received	2,000.00	2,525.00
Cash Flow from Invest Activities	<u><u>(3,636,122.00)</u></u>	<u><u>1,284,812.00</u></u>

STEP TWO CORPORATION LIMITED

C. Cash Flow from Financial Activities

Loan Taken	---	---
Loan Repaid	---	---
Cash Flow from Financial Activities	C	---
Net Increase in Cash & Cash equivalent (A+B+C)	(1,108,673.00)	114,135.00
Cash & Cash equivalent (opening Balance)	4,355,360.00	4,241,225.00
Cash & Cash Equivalent (Closing Balance)	<u>3,246,687.00</u>	<u>4,355,360.00</u>

For **AGRAWAL SINGHANIA & CO.**
Chartered Accountants

(CA Sanjay Kumar Agrawal)
Partner
Membership No.: 056837

For and on behalf of the Board

Sd/-
Bholanath Manna
Sankar Das Gupta
Executive Directors

Place : Kolkata
Date : 30.04.2012

STEP TWO CORPORATION LIMITED

Schedule to the Balance Sheet of Non-Banking Financial Company

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

Particulars	(Rs. in Thousands)	
Liabilities side:		
(1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures : Secured	NIL	NIL
: Unsecured	NIL	NIL
(other than falling within the Meaning of Public deposits*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Public Deposits*	NIL	NIL
(g) Other Loans (specify nature)	NIL	NIL
* Please see Note 1 below		
(2) Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured Debentures	NIL	NIL
(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security	NIL	NIL
(c) Other public deposits	NIL	NIL
* Please see Note 1 below		
Assets side:		
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured		NIL
(b) Unsecured		19,250
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		NIL
(b) Operating lease		NIL
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		NIL
(b) Repossessed Assets		NIL
(iii) Hypothecation loans counting towards EL/HP activities:		
(a) Loans where assets have been repossessed		NIL
(b) Loans other than (a) above		NIL

STEP TWO CORPORATION LIMITED

(5) **Break-up of Investments :**

Current Investments :

1. **Quoted :**

(i) Shares : (a) Equity	10,108
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	6,200
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

2. **Unquoted :**

(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

Long Term Investments :

1. **Quoted :**

(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

2. **Unquoted :**

(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

(6) **Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :**

Please see Note 2 below

Category	Amount net of previous		
	Secured	Unsecured	Total
1. Related Parties**	Nil	Nil	Nil
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	19,260	19,260
Total	Nil	19,260	19,260

STEP TWO CORPORATION LIMITED

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value/Break Up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	17,726	16,308
Total	Nil	Nil

** As per Accounting Standard of ICAI (Please see Note 3)

(8) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	NIL
(a) Related parties	NIL
(b) Other than related parties	NIL
(ii) Net Non-Performing Assets	
(a) Related Parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

Notes:

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

STEP TWO CORPORATION LIMITED

Regd. Office : 21, Hemanta Basu Sarani, 5th Floor, Room No. 507, Kolkata-700 001

Folio
No. of Shares

PROXY

I/WE.....being a member/
Members of the abovenamed company, hereby appoint.....
of.....or failing him.....of.....as
my/our proxy absence to attend and vote for me/us and my/our behalf at Eighteenth Annual
General Meeting of the Company, to be held at 21, Hemanta Basu Sarani, 5th Floor, Room No. 507,
Kolkata-700 001 on 29th September, 2012 at 10 A.M. or at any adjournment thereof. AS WITNESS
my/our hand/hands this.....day of.....2012.



Signed by the said

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

STEP TWO CORPORATION LIMITED

Regd. Office : 21, Hemant Basu Sarani, 5th Floor, Room No. 507, Kolkata-700 001

ADMISSION SLIP

I/WE hereby record my/our presence at the Eighteenth Annual General Meeting of the Company, to be held at 21, Hemanta Basu Sarani, 5th Floor, Room No. 507, Kolkata-700 001 on 29th September, 2012 at 10 A.M.

Name (s).....

Folio No.....

Signature(s) of Shareholders/Proxy attending the meeting.

NOTES : (1) A Member/Proxy/Representative wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.

(2) Name of the Proxy/Representative in Block Letters (in case of Proxy/Representative attends the meeting).