

STEP TWO CORPORATION LIMITED

NOTICE:

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General meeting of the members of Step Two Corporation Limited will be held at 21, Hemant Basu Sarani, 5th Floor, Suite No.507, Kolkata-700 001, on Monday, the 30th day of September, 2013 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, 2013 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 Bhola Nath Manna, 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 27th day of September, 2013 to 30th day of September, 2013 (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.

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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.
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-appointment has been provided in the section of Corporate Governance incorporated elsewhere in the Annual Report.

Registered Office:
21, Hemant Basu Sarani,
5th Floor, Suite No.507,
Kolkata: 700001
Dated : 2nd September, 2013

By Order of the Board
Bhola Nath Manna
Executive Director

STEP TWO CORPORATION LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual report on the business and operations of the Company together with Audited statements of accounts for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS:

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

	<u>Current</u> YEAR Rs.	<u>Previous</u> YEAR Rs.
Profit before Interest, Depreciation & taxes	4,14,348	9,05,240
Less: Finance Charges	21,584	—
Profit/(Loss) before Depreciation & Taxes	3,92,764	9,05,240
Less: Depreciation	1,14,915	1,15,136
Profit/(Loss) Before Provision & Taxes	2,77,849	7,90,104
Current Tax	36,446	2,40,336
Add/(Less) : Deferred Tax	(2,655)	12,024
Income Tax for the previous year	—	—
Profit/(Loss) after Tax	2,38,748	5,62,505
Transfer to Reserve Fund	47,750	1,12,501
Balance brought forward from last year	(25,81,155)	(30,31,159)
Balance Carried to Balance Sheet	(23,90,157)	(25,81,155)

DIVIDEND

The Company's Dividend policy is based on the need to balance the objectives of rewarding the shareholders with Dividend and retaining the earned surplus to support future growth and healthy Capital Adequacy Ratio. 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.2.78 Lacs compared to previous year Rs:7.9 Lacs mainly on account of declining interest rate.

The year 2012-2013 witnessed a decline in the prevalent market rates of interest thereby affecting the company's profitability adversely. Your Directors expect brighter days ahead since interest rates are expected to stabilise during the next fiscal year.

DIRECTORS

Shri Bhola Nath Manna 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:

1. 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.

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2. Your directors have selected such accounting policies and applied them consistently and made judgments 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.
3. 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
4. Your directors have prepared the accompanying Annual Accounts on a going concern basis.

AUDITORS

M/s Agrarwal Singhania & Co., Chartered Accountants, Kolkata, statutory Auditors of your Company hold office till the conclusion of the 19th 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.

SECRETARIAL COMPLIANCE CERTIFICATE

Secretarial Compliance Certificate as required under Section 383A of the Companies Act, 1956 issued by a Practising Company Secretary, is enclosed and forms part of this report.

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 the 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

Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

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 convey their gratitude to the Company's clients, Bankers, Business Associates, Shareholders, well wishers and employees, for their valued and timely support and advice to your company during the year & look forward to their continued support.

Place : Kolkata
Dated : 30.04.2013

For and on behalf of the Board
Bhola Nath Manna
Sanjay Agarwal
Directors

STEP TWO CORPORATION LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Scenario

India continues to witness a very challenging economic environment. Growth remained weak and continued to decline throughout 2012-13. Declining growth is not the only economic problem. The current account deficit, which stood at 4.2% of GDP for FY2012, is expected to be around 5% for FY2013. Both wholesale price inflation (WPI) and consumer price inflation (CPI) have remained uncomfortably high through the better part of the year.

There were some positive developments on the monetary front. The Reserve Bank of India (RBI) began FY2013 with a higher than expected 50 bps policy rate cut in April 2012. This was followed by two further cuts in the policy rate of 25 bps each resulting in a total of 100 bps repo rate cut through the year. Therefore, while the RBI's policy stance remains focused on containing inflation, it has shown some adjustment to marginally ease interest rates.

During the second half of the fiscal year, the Government of India announced several reform measures such as increasing fuel prices and giving oil marketing companies greater freedom to adjust prices according to the global price of crude; opening of foreign direct investment (FDI) in different sectors, especially retail; setting up a high level committee to address much needed infrastructure investment; simplification of debt limits for foreign institutional investors (FII); and a fiscal consolidation plan under the aegis of the new Finance Minister. Simultaneously, oil, gold and other commodity prices have begun to ease. Hopefully, all these factors may aid growth in FY2014.

Even so, the challenges remain. The good news is that despite economic difficulties, the demand for retail finance remained fairly robust with the sector witnessing all-round growth. We expect retail finance to continue growing given the large untapped demand and a clear demographic shift in favour of a younger and more consumption and lifestyle conscious working population which should increase demand for homes and consumer durables.

Business Outlook

Non-Banking Finance Companies (NBFCs) continue to play a critical role in making financial services accessible to a wider set of India's population and are emerging as strong intermediaries in the retail finance space. Going forward, one should expect NBFCs to further strengthen their presence in retail finance and grow at a reasonably healthy pace. Step Two Corporation Limited expects to maintain its performance in FY2014 and hopes to grow at a rate faster than the growth of bank credit.

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

The Company continues to lay emphasis on people, its most valuable resource. In an increasingly competitive market for human resources, it seriously focuses on attracting and retaining the right talent. It provides equal opportunity to employees to deliver results.

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.

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CORPORATE GOVERNANCE

The commitment of Step Two Corporation Limited to the highest standards of good corporate governance practices predates SEBI and clause 49 of the listing agreement. Transparency, fairness, disclosure and accountability are central to the working of the Bajaj Group. Step Two Corporation Limited (the Company) maintains the same tradition and commitment. Given below are the Company's corporate governance policies and practices for FY2013. As will be seen, the Company's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of clause 49 of the listing agreement.

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.

1. BOARD OF DIRECTORS

The Board comprises One Executive Director and Two Non-Executive Directors. The independent executive director is Sri Bhola Nath Manna. 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 FY 2012-2013, the Board met 5 times on: 30.04.2012, 30.05.2012, 13.08.2012, 12.11.2012, and 13.02.2013

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	5	Nil	Yes
Mr. Anup Fatehpuria	Independent	Non-executive	4	Nil	Yes
Mr. Bhola Nath Manna	Independent	Executive	5	Nil	Yes
Mr. Sankar Das Gupta	Independent	Executive	2	Nil	Yes

* Directorship held in Public Limited Company.

3. INFORMATION ON DIRECTORS' RE-APPOINTMENT / APPOINTMENT

Shri Bhola Nath Manna 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 Bhola Nath Manna (40 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 does not hold directorship in any public limited company apart from Step Two Corporation Ltd.

He is not a director in any Private Limited Company

4. AUDIT COMMITTEE

With a view to comply with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement, the Board of Directors has set up an audit committee. The Board reviews the working of the committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 1956, clause 49 of the listing agreement and NBFC regulations. The terms of reference are extensive and go beyond what is mandated in clause 49 of the listing agreement, section 292A of the Companies Act, 1956 and under NBFC regulations. These broadly include review of financial statements, review of compliances and review of systems and controls.

As on 31st March, 2013, the Audit Committee comprised three Independent Directors. The Committee comprises Bhola Nath Manna, Sanjay Agarwal and Anup Fatehpuria. All members of the Audit Committee have accounting and financial management expertise.

During the year, the Committee met 5 times on: 30.04.2012, 30.05.2012, 13.08.2012, 12.11.2012, and 13.02.2013

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

Name of the Director	No. of Meetings Attended
Shri Sanjay Agarwal	5
Shri Anup Fatehpuria	4
Mr. Bhola Nath Manna	5

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

There were no transfers and there were no investor complaints during the year, hence the committee held no meeting.

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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	Nil
Shri Anup Fatehpuria	Nil
Mr. Bholu Nath Manna	Nil
Mr. Sankar Das Gupta	Nil

No investor compliant was received during the year and none was pending unresolved as on 31st March, 2013.

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

<u>Year</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
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 Advisors & Executives, 6, Lyons Range, Unit-II, 3rd Floor, Kolkata - 700 001
2012	29.09.2012	10:00 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata - 700 001

Postal Ballot

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

8. DISCLOSURE

A summary statement of transactions with related parties was placed periodically before the audit committee during the year. During the year under review there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. Suitable disclosures have been made in the financial statements, together with the management's explanation in the event of any treatment being different from that prescribed in accounting standards.

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.

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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 - 30th September, 2013

Time - 10:00 A.M.

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

B. Financial Calender 1st April to 31st March Provisional : Will be published during

Result for Quarter ending June 30, 2013 : On or before 14th August, 2013

Result for Quarter ending September 30, 2013 : On or before 14th November, 2013

Result for Quarter ending December 31, 2013 : On or before 14th February, 2014

Result for Quarter ending March 31, 2014 : On or before 15th May, 2014

C. Book Closure

The Register of members and Share Transfer Book will remain closed from 27th day of September, 2013 to 30th day of September, 2013 (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 2012-13 to all stock exchanges.

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F. ISIN Number: INE623D01015

G. Depository Connectivity: NSDL and CDSL

H. STOCK MARKET DATA

Monthly highs and lows of Step Two Corporation Ltd. share price (Rs.) during 2012-2013.

Month	BSE		Closing BSE Sensex
	High	Low	
April'12	5.70	5.17	17318.81
May'12	5.15	4.37	16218.53
June'12	4.17	4.17	17429.98
July'12	4.37	4.16	17236.18
Aug'12	4.00	3.82	17429.56
Sep'12	4.25	3.85	18762.74
Oct'12	5.07	4.03	18505.38
Nov'12	6.74	4.82	19339.90
Dec'12	11.55	7.01	19426.71
Jan'13	14.65	12.00	19894.98
Feb'13	12.60	12.60	18861.54
Mar'13	14.43	13.20	18835.77

11. REGISTRAR & TRANSFER AGENTS

Name	Address
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 - 700001

Tel No : 033-22318207/08

E-mail : admin@steptwo.in

STEP TWO CORPORATION LIMITED

13. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

No. of Equity Shares Held	No. of Share holders	% of Shares holders	No. of Shares held	% of Shares holding
1 to 500	529	30.5604	1,59,340	3.1539
501 to 1000	1045	60.3697	7,28,286	14.4155
1001 to 5000	89	5.1415	2,09,136	4.1396
5001 to 10000	19	1.0976	1,53,738	3.0431
10001 to 50000	42	2.4263	10,81,800	21.4129
50001 to 100000	4	0.2311	2,78,000	5.5027
100001 and above	3	0.1733	24,41,800	48.3324
Totals	1731	100.000	50,52,100	100.000

14. SHAREHOLDING PATTERN AS ON 31.03.2013

Category	No. of Share held	% of Share holding
Indian Promoters	2455800	48.609
Indian Public including corporate bodies	2596300	51.391
	<u>5052100</u>	<u>100.00</u>

15. DEMATERIALIZATION OF SHARES

2709636 shares have been dematerialized up to 31.03.2013 which is 53.63% percent of the total shares of the Company.

16. BREAK-UP OF SHARES IN PHYSICAL AND DEMAT SEGMENT (As on 31.03.2013)

Segment	No. of Shareholders	% to total Shareholders	No. of Shares held	% to total Shares
Physical	1517	87.43	2342464	46.37
Demat	218	12.57	2709636	53.63
Total	1735	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 31st March, 2013, 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, 2013

(SANJAY KUMAR AGRAWAL)
(Partner)

CEO/CFO CERTIFICATION

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

- a) I have reviewed financial statements and the cash flow statement for the year ended on 31st March'2013 and that to the best of my knowledge and belief:
 - i. These statement 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'2013 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

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, 2013.

Place : Kolkata
Date : April 30, 2013.

Bhola Nath Manna
Whole-time Director

AUDITOR'S REPORT

TO,
THE SHAREHOLDERS OF
M/s. STEP TWO CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Step Two Corporation Limited, which comprise the Balance Sheet as at March 31, 2013, the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give 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:

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- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) 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;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For AGRAWAL SINGHANIA & CO.

Chartered Accountants

(Sanjay Kumar Agrawal)

Partner

Membership No. 056837

Place : Kolkata

Date : 30.04.2013

ANNEXURE TO AUDITOR'S 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.
- 8) No cost record has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

STEP TWO CORPORATION LIMITED

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, 2013 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.23,90,157/- 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 2013

SOURCES OF FUNDS	Note No.	As on 31.03.2013 Rs.	As on 31.03.2012 Rs.
I EQUITY & LIABILITIES			
SHAREHOLDER'S FUNDS			
Share Capital	1	45,922,536	45,922,536
Reserves & Surplus	2	(1,339,126)	(1,577,874)
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	3	—	—
CURRENT LIABILITIES			
Trade Payables	4	-	3,992
Other Current Liabilities		33,090	16,545
Short Term Provisions	5	77,653	287,627
	Total	<u>44,694,153</u>	<u>44,652,826</u>
II ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
a) Tangible Assets	6	630,274	733,689
Deferred Tax assets (net)	7	874	3,529
Long Term Loans & Advances	8	156,000	156,000
CURRENT ASSETS			
Current Investment	9	—	6,200,000
Inventories	10	8,127,554	10,107,503
Trade Receivables	11	7,093,154	26,780
Cash & Cash Equivalents	12	5,968,513	3,246,687
Short Term Loans & Advances	13	16,717,784	19,178,638
Other Current Assets	14	6,000,000	5,000,000
		<u>44,694,153</u>	<u>44,652,826</u>

Significant Accounting Policies
& Notes on Accounts

As per report of even date attached.

For **AGRAWAL SINGHANIA & CO.**

Chartered Accountants

(CA Sanjay Kumar Agrawal)

Partner

Mem. No. 056837

Place : Kolkata

Date : 30.04.2013

For and on behalf of the Board

Sd/:

Bholanath Manna

Sanjay Agarwal

Executive Directors

STEP TWO CORPORATION LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

	Note No.	Year ended 31.03.2013 Rs.	Year ended 31.03.2012 Rs.
I Revenue from Operations	15	41,709,705	11,128,659
II Other Incomes	16	1,600,059	46,808
III Total Revenue (I+II)		43,309,764	11,175,467
IV EXPENSES			
Purchase		39,784,032	8,477,486
Change in Stock in Trade	17	1,979,949	(966,355)
Employee Benefit Expenses	18	418,000	527,572
Finance Expenses	19	21,584	—
Depreciation and Amortization	20	114,915	115,136
Other Expenses	21	713,434	2,231,524
Total Expenses		43,031,915	10,385,363
V Profit/(Loss) before exceptional and extraordinary items and taxes (III-IV)		277,849	790,104
VI Exceptional Items		—	—
VII Profit/(Loss) before extraordinary items and tax (V-VI)		277,849	790,104
VIII Extraordinary Items		—	—
IX Profit/(Loss) before tax (VII-VIII)		277,849	790,104
X Tax Expenses:			
(1) Current Tax		(36,446)	(240,336)
(2) Income Tax paid for earlier years		—	713
(3) Deferred Tax		(2,655)	12,024
XI Profit/(Loss) for the period from Continuing Operations (VII-VIII)		238,748	562,505
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)		238,748	562,505
XVI Earnings per Equity Share:			
(1) Basic		0.05	0.11
(2) Diluted		0.05	0.11

Significant Accounting Policies
& Notes on Accounts

As per report of even date attached.

For **AGRAWAL SINGHANIA & CO.**

Chartered Accountants

(CA Sanjay Kumar Agrawal)

Partner

Mem. No. 056837

Place : Kolkata

Date : 30.04.2013

For and on behalf of the Board

Sd/-

Bholanath Manna

Sanjay Agarwal

Executive Directors

STEP TWO CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
1. SHARE CAPITAL		
Authorised Share Capital		
53,50,000 Equity Shares of Rs. 10/- each	53,500,000	53,500,000
	<u>53,500,000</u>	<u>53,500,000</u>
Issued, Subscribed & Paid up		
50,52,100 Equity Shares of Rs 10/- each fully paid up in cash	50,521,000	50,521,000
Less: Calls in arrear	4,598,464	4,598,464
	<u>45,922,536</u>	<u>45,922,536</u>
Reconciliation of No. of Shares outstanding		
At the beginning of the year	5,025,100	5,025,100
Issued / (Buy Back) during the year	—	—
At the end of the year	<u>5,025,100</u>	<u>5,025,100</u>
List of Shareholders holding more than 5% shares		
Raj Kumar Agarwal	1,688,700	1,688,700
Akron Dealers Pvt. Ltd.	500,100	500,100
Equi Invest Pvt. Ltd.	<u>253,000</u>	<u>253,000</u>
2. RESERVES & SURPLUS		
Reserve Fund		
Opening Balance	1,003,281	890,780
Addition during the year	47,750	112,501
	<u>1,051,031</u>	<u>1,003,281</u>
Profit & Loss Account		
Opening Balance	(2,581,155)	(3,031,159)
Addition during the year	238,748	562,505
Less : Transfer to Statutory Reserve	(47,750)	(112,501)
	<u>(2,390,157)</u>	<u>(2,581,155)</u>
Total	<u>(1,339,126)</u>	<u>(1,577,874)</u>

STEP TWO CORPORATION LIMITED

2.5. FIXED ASSETS

AMOUNT (RS)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance as on 01.04.2012	Additions during the year	Deductions during the year	Total	As on 01.04.2012	Depreciation for the year	Deductions during the year	As on 31.03.2013	WDV as on 31.03.2012
Computer	529,102.00	-	-	529,102.00	460,299.00	43,725.00	-	503,974.00	68,853.00
Furniture & Fixture	-	-	-	-	-	-	-	-	-
Office Equipment	80,997.00	-	-	80,997.00	61,261.24	3,847.36	-	65,108.60	19,735.76
Elec. Installation	44,000.00	-	-	44,000.00	34,641.00	2,090.00	-	36,731.00	9,359.00
Vehicles	6,48,618.00	-	-	6,48,618.00	70,398.00	61,619.00	-	132,017.00	578,220.00
Mobile Phones	68,500.00	11,500.00	-	80,000.00	10,979.00	3,534.00	-	14,613.00	57,521.00
Total	1,371,217.00	11,500.00	-	1,382,717.00	637,528.00	114,915.00	-	752,444.00	733,689.00
Previous year	1,629,865.00	673,618.00	894,966	1,399,517.00	1,376,693.00	68,965.00	894,966.00	550,692.00	244,172.00

STEP TWO CORPORATION LIMITED

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
3. TRADE PAYABLES		
Trade Payable	—	3,992
	<u>—</u>	<u>3,992</u>
	<u>—</u>	<u>3,992</u>

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.

4. OTHER CURRENT LIABILITIES		
Liabilities for expenses	33,090	16,545
	<u>33,090</u>	<u>16,545</u>

5. SHORT TERM PROVISIONS		
Provision for Current Tax	36,446	240,336
Contingent Provision for Standard Assets	41,207	47,291
	<u>77,653</u>	<u>287,627</u>

Provision for all known liabilities is adequate and not in excess of amount reasonable necessary.

7. Deferred Tax		
Opening Balance [Liability/(Assets)]	(3,528)	8,495
Less : Deferred tax Assets reversed during the year	874	(12,023)
Closing Balance [Laibility/(assets)]	<u>(2,654)</u>	<u>(3,528)</u>
Deferred Tax Assets and Deferred Tax Liabilities have been netted off as per AS-22.		
Computation of Deferred Tax Liability/(Assets)		
Deferred Tax Assets	<u>874</u>	<u>(12,023)</u>

STEP TWO CORPORATION LIMITED

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
8. LONG TERM LOANS & ADVANCES		
Security Deposit	156,000	156,000
(unsecured, considered good)	<u>156,000</u>	<u>156,000</u>
9. CURRENT INVESTMENT		
INVESTMENTS IN MUTUAL FUND		
Quoted		
Kotak Floater Short Term - FMP	—	5,200,000
Kotak FMP Series 48	—	1,000,000
	<u>—</u>	<u>6,200,000</u>
Aggregate Fair Value	<u>—</u>	<u>6,318,287</u>
10. INVENTORIES		
(as taken, valued & certified by the management)		
Stock in Trades of Shares & Securities	8,127,554	10,107,503
	<u>8,127,554</u>	<u>10,107,503</u>
a) Inventories are valued at cost or market price whichever is lower.		
11. TRADE RECEIVABLES		
Unsecured, Considered Good		
— Outstanding for a period exceeding six months	1,780	26,780
— Others	7,091,374	—
	<u>7,093,154</u>	<u>26,780</u>
Debtors balances are subject to confirmation from the respective parties.		

STEP TWO CORPORATION LIMITED

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
12. CASH & BANK BALANCE		
Cash & Cash Equivalent		
Cash in Hand	159,533	33,847
(As certified by the management)		
Balance With Bank		
— Current Account	5,808,980	3,212,840
	<u>5,968,513</u>	<u>3,246,687</u>
<p>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/-.</p>		
13. SHORT TERM LOANS & ADVANCES		
Unsecured considered good		
Balance with Govt. Authority	234,832	187,180
Other Loans & Advances		
— Others	16,482,952	18,991,458
	<u>16,717,784</u>	<u>19,178,638</u>
14. OTHER CURRENT ASSETS		
Share Application Money (refer note no. 21)	6,000,000	5,000,000
	<u>6,000,000</u>	<u>5,000,000</u>
15. REVENUE FROM OPERATIONS		
Sale of Share	35,430,145	8,584,657
Interest Income	1,840,182	2,517,070
Share Speculation	45,373	26,932
Commodity Dealing	4,401,541	—
Loss on Share Trading	(7,537)	—
	<u>41,709,705</u>	<u>11,128,659</u>

STEP TWO CORPORATION LIMITED

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
16. OTHER INCOMES		
Interest on IT Refund	—	6,300
Dividend	96,000	2,000
Brokerage & Commission	835,217	—
Profit/(loss) on Current Investment	668,841	38,508
	<u>1,600,059</u>	<u>46,808</u>
17. CHANGE IN STOCK IN TRADE		
Opening Stock	10,107,504	9,141,148
Less: Closing Stock	(8,127,554)	(10,107,503)
	<u>1,979,949</u>	<u>(966,355)</u>
18. EMPLOYEE BENEFIT EXPENSES		
Salary & Bonus	168,000	168,000
Directors Remuneration (refer note no 21)	250,000	300,000
Staff Welfare Expenses	—	59,572
	<u>418,000</u>	<u>527,572</u>
19. Finance Expense		
Interest on I.Tax	21,584	—
	<u>21,584</u>	<u>—</u>
20. DEPRECIATION & AMORTIZATION EXPENSES		
Depreciation	114,915	115,136
	<u>114,915</u>	<u>115,136</u>
21. OTHER EXPENSES		
Auditors Fees	16,545	16,545
Advertisement Expenses	37,257	23,671
Business Promotion	—	354,222
Car Maintenance	40,444	86,356
Tour & Travelling	39,355	246,902
Rent, Rates & Taxes	104,310	104,310
Legal & Professional Charges	51,000	18,000
Contingent Provision for Standard Assets	(6,084)	47,291
Membership Fees	32,023	30,921
Repair & Maintenance & Electricity	62,718	214,747
Share Transaction Charges	130,534	53,380
Listing Fees	81,669	835,575
Sundry Expenses	123,662	199,604
	<u>713,434</u>	<u>2,231,524</u>

STEP TWO CORPORATION LIMITED**21.1 AUDITOR'S REMUNERATION**

	<u>2012-13</u>	<u>2011-12</u>
Statutory Audit Fees	5,618	5,618
Tax Audit Fees	2,247	2,247
Other Matter	8,680	8,680
	<u>16,545</u>	<u>16,545</u>

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

	<u>2012-13</u>	<u>2011-12</u>
	Amount (Rs.)	Amount (Rs.)
Earning in Foreign Exchange on F.O.B. Basis	Nil	Nil
Expenditure in Foreign Currency:- For Tour & Travelling Expenses	Nil	111634

21.3 Sundry Expenses

Bank Charges	253	689
Car Insurance	8,561	10,626
Custodian fees	33,708	33,090
Filing Fees	2,000	2,500
General Expense	28,744	88,703
Postage & Telegram	8,465	9,838
Printing & Stationary	26,282	32,684
Telephone Expenses	15,650	21,474
	<u>123,662</u>	<u>199,604</u>

22 Related Party disclosure**Key Management Personnel**

Bholanath Manna
Sanjay Agarwal
Sankar Das Gupta (for part of the Year)
Anup Fatehpuria

Enterprise Controlled by Key Management personnel & their relatives

Step Two Infrastructure Pvt. Ltd.

<u>Details of transactions with related parties: (Amount in Rs.)</u>	<u>2012-13</u>	<u>2011-12</u>
Nature of Transaction	Amount (Rs.)	
Directors Remuneration	250,000	300,000
Share Application Money Given	1,000,000	2,500,000

STEP TWO CORPORATION LIMITED

23. Significant accounting policies

a. 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.

b. 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.

c. 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.

d. 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 nor disclosed in the financial statements.

e. 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.

f. Depreciation and Amortization

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

g. Taxation

Current Tax

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

STEP TWO CORPORATION LIMITED

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.

h 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.

i 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.

j 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.

k 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.

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

STEP TWO CORPORATION LIMITED**Cash Flow Statement for the Year Ended 31st March 2013**

A. Net Cash from Operational Activities		
Net Profit before Taxes	277,848.76	790,104.00
Adjustments		
Depreciation & Amortisation	114,915.36	115,136.00
Net (Gain)/loss on sale of Investments	(668,841.30)	(38,508.00)
Interest Income	(1,840,182.00)	(2,523,370.00)
Interest Expense	21,584.00	—
Dividend Income	(96,000.00)	(2,000.00)
Provision for Contingencies	(6,083.62)	47,291.00
Operating Profit/(Loss) before change in Working Capital	<u>(2,196,758.80)</u>	<u>(1,611,347.00)</u>
Adjustments for (increase)/decrease in operating assets:		
Inventories	1,979,948.78	(966,355.00)
Trade receivables	(7,066,374.12)	3,040,369.00
Short term loans and advances	2,508,505.70	1,230,447.00
Long term Loans and advances	—	84,030.00
Other Current assets	(1,000,000.00)	3,424,880.00
Adjustments for increase /(decrease) in operating liabilities:		
Trade payables	(3,992.00)	(2,529,405.00)
Other current Liabilities	16,545.00	—
	<u>(5,762,125.44)</u>	<u>2,672,619.00</u>
Net income tax (paid)/refunds	(287,988.00)	(145,170.00)
Net Cash from Operating Activities A	<u>(6,050,113.44)</u>	<u>2,527,449.00</u>
B. Cash Flow from Investing Activities		
Purchase of short term Investments	—	(8,200,000.00)
Purchase of Fixed Assets	(11,500.00)	—
Proceeds from sale of Short term Investments	6,868,841.30	2,038,508.00
Interest Received	1,840,182.00	2,523,370.00
Dividend Received	96,000.00	2,000.00
Cash Flow from Investing Activities B	<u>8,793,523.30</u>	<u>(3,636,122.00)</u>

STEP TWO CORPORATION LIMITED

C. Cash Flow from Financial Activities

Loan Taken	—	—
Loan Repaid	—	—
Interest Paid	(21,584.00)	—
Cash Flow from Financial Activities C	<u>(21,584.00)</u>	<u>—</u>
Net Increase in Cash & Cash equivalent (A+B+C)	2,721,825.86	(1,108,673.00)
Cash & Cash equivalent (opening Balance)	<u>3,246,687.00</u>	<u>4,355,360.00</u>
Cash & Cash Equivalent (Closing Balance)	<u>5,968,512.86</u>	<u>3,246,687.00</u>

For **AGRAWAL SINGHANIA & CO.**
Chartered Accountants
(CA Sanjay Kumar Agrawal)
Partner
Mem. No.: 056837
Place : Kolkata
Date : 30.04.2013

For and on behalf of the Board
Sd/-
Bholanath Mania
Sanjay Agarwal
Executive Directors

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 (other than falling within the Meaning of Public deposits*)	NIL	NIL
(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		16,483
(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

STEP TWO CORPORATION LIMITED

(iii) Hypothecation loans counting towards EL/HP activities:

- (a) Loans where assets have been repossessed NIL
- (b) Loans other than (a) above NIL

(5) Break-up of Investments :

Current Investments :

1. Quoted :

- (i) Shares : (a) Equity 6,840
- (b) Preference NIL
- (ii) Debentures and Bonds NIL
- (iii) Units of mutual funds 1,288
- (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		Total
	Secured	Unsecured	
1. Related Parties**	Nil	Nil	Nil
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil

STEP TWO CORPORATION LIMITED

(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	16,483	16,483
Total	Nil	16,483	16,483

(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	8,402	13,486
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, Hemant 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 Nineteenth Annual
General Meeting of the Company, to be held at 21, Hemant Basu Sarani, 5th Floor, Room No. 507,
Kolkata-700001 on 30th September, 2013 at 10 A.M. or at any adjournment thereof. AS WITNESS
my/our hand/hands this.....day of.....2013.



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 Nineteenth Annual General Meeting of the Company, to be held at 21, Hemant Basu Sarani, 5th Floor, Room No. 507, Kolkata-700 001 on 30th September, 2013 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).