

STEP TWO CORPORATION LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General meeting of the Members of Step Two Corporation Limited will be held at "Emami Conference Hall", Association of Corporate Advisers & Executives, 6, Lyons Range, Unit-II, 3rd Floor, Kolkata - 700 001, on Friday, the 30th day of September, 2011 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, 2011 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 Anup Fatehpuria, who retires by rotation, and being eligible offers himself for reappointment.
3. To re-appoint M/s. Agrawal Singhanian & Co., Chartered Accountants, as statutory auditors and to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Bhola Nath Manna who was appointed as an Additional Director of the company during the year holds office till the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company whose period of office shall be liable to determination by retirement of Directors by rotation.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956, the Company hereby accords its approval for the appointment of Mr. Bhola Nath Manna, as Whole Time Director of the company for a period of five years w.e.f. 09.02.2011 on the remuneration and terms and conditions as given below:-

- a. Salary at the rate of Rs.15,000/- per month.

"RESOLVED FURTHER THAT in the case of losses or inadequacy of profits in any financial year, the above remuneration be paid to the Whole Time Director as the minimum remuneration."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Sankar Das Gupta who was appointed as an Additional Director of the company during the year holds office till the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company whose period of office shall be liable to determination by retirement of Directors by rotation.

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7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956, the Company hereby accords its approval for the appointment of Mr. Sankar Das Gupta, as Whole Time Director of the company for a period of five years w.e.f. 09.02.2011 on the remuneration and terms and conditions as given below:-

- a. Salary at the rate of Rs.10,000/- per month.

"RESOLVED FURTHER THAT in the case of losses or inadequacy of profits in any financial year, the above remuneration be paid to the Whole Time Director as the minimum 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 26th day of September, 2011 to 30th day of September, 2011 (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.
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.

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EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 4 & 5

Mr. Bhola Nath Manna was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 9th February, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Bhola Nath Manna holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Bhola Nath Manna as a candidate for the office of Director.

The Board of Directors has also appointed Mr. Bhola Nath Manna as a Whole Time Director of the Company for a period of 5 years effective from 9th February, 2011 on the terms and conditions as set out in the resolution, subject to the approval of the shareholders of the Company.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Whole Time Director requires the approval of the shareholders in General Meeting by way of a special resolution.

The Board of Directors recommends the resolutions for your approval as set out under item no. 4 & 5.

None of the Directors except Mr. Bhola Nath Manna is concerned or interested in the said resolutions.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Bhola Nath Manna, Whole Time Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

ITEM NO. 6 & 7

Mr. Sankar Das Gupta was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 9th February, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Sankar Das Gupta holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Sankar Das Gupta as a candidate for the office of Director.

The Board of Directors has also appointed Mr. Sankar Das Gupta as a Whole Time Director of the Company for a period of 5 years effective from 9th February, 2011 on the terms and conditions as set out in the resolution, subject to the approval of the shareholders of the Company.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Whole Time Director requires the approval of the shareholders in General Meeting by way of a special resolution.

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The Board of Directors recommends the resolutions for your approval as set out under item no. 6 & 7.

None of the Directors except Mr. Sankar Das Gupta is concerned or interested in the said resolutions.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Sankar Das Gupta, Whole Time Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

Registered Office :
21, Hemanta Basu Sarani,
5th Floor, Suite No.507,
Kolkata 700 001
Dated : 2nd September, 2011

By Order of the Board
Bhola Nath Manna
Executive Director

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual report on the business and operations of the Company together with Audited statements of accounts for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS:

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

	PREVIOUS		CURRENT	
	YEAR		YEAR	
	Rs.	P.	Rs.	P.
Profit before Interest, Depreciation & taxes	3,31,419		(24,39,523)	
Less: Finance Charges		—	(21,439)	
Profit/(Loss) before Depreciation & Taxes	3,31,419		(24,60,962)	
Less: Depreciation	(68,965)		(1,09,351)	
Profit/(Loss) Before Provision & Taxes	2,62,454		(25,70,313)	
Current Tax	(81,717)		(9,694)	
Deferred Tax	6,558		1,816	
Income Tax for the previous year	(1,48,980)		—	
Profit/(Loss) after Tax	38,315		(25,78,191)	
Transfer to Reserve Fund		—		—
Balance brought forward from last year	(30,69,474)		(4,91,283)	
Balance Carried to Balance Sheet	(30,31,159)		(30,69,474)	

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. 2.62 Lacs compared to previous year net loss of 25.70 Lacs mainly on account of rising interest rates and a boom in the capital market.

The year 2010-2011 witnessed an increase in the prevalent market rates of interest thereby giving boost to the company's profitability. Your Directors expect brighter days ahead since interest rates are expected to rise further during the next fiscal year.

DIRECTORS

Shri Anup Fatehpuria 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.

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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.
- 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 15th 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.

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.

For and on behalf of the Board

Bhola Nath Manna

Shankar Das Gupta

Executive Directors

Place : Kolkata

Dated : 30th day of April, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Scenario

The Indian economy has once again emerged as one of the most consistent economies of world post recession. During 2010-11, the overall gross GDP of India stood at 8.6 per cent, going beyond the revised growth of 8 per cent according to the Advanced Estimate 2009-10 of Central Statistics Office (CSO). This rise can be attributed to agriculture and allied activities, which witnessed a robust growth of 5.4 per cent in 2010-11, compared to a growth of 0.4 per cent in 2009-10. Industry and service sector has also grown considerably. The index of six core industries in the Index of Industrial Production (IIP) has increased by 5.6 per cent during April-January 2010-11. The strength of the economic recovery during FY11, unanticipated by many, has been a revelation of not only the strong fundamentals of the economy but also the opportunities that it holds for the future. Timely and aggressive policy responses by the RBI and the Government have helped overcome challenges to aid the growth process.

Business Outlook

The financial sectors globally witnessed a major upturn and supported by government interventions, many of the finance companies including banking institutions have managed to revive successfully world-wide. Conditions in India have also gradually improved supported by excellent results posted by most of the corporates. The financial sector in India has got a major role to play as demand for finance is gradually increasing in all major sectors especially infrastructure and housing development sectors. The equity markets also witnessed a major bounce-back and valuations have increased substantially.

Analysis of performance for the year

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

Opportunities and Threats

Opportunities-

- Rapidly reviving global economies
- Strong demand for finance in the industrial sector
- Increasing demand for working capital requirements in all sectors
- Expanding capital market base
- Growth in infrastructure development

Threats

- Strict competition from Banks
- Upcoming NBFCs entering the retail finance sector
- Regulatory changes in the Non-Banking Financial Company sector

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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 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. In order to maintain balance between the number of employees and upcoming business expansions, the Company continues to invest in successfully recruiting and retaining talented employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing.

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.

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CORPORATE GOVERNANCE

Your Company believes that sound Corporate Governance is a pre-requisite to attainment of excellent performance in terms of creation of value and wealth for its stakeholders and customers on sustainable and long-term basis. Your Company continues to adopt the best practices in the area of Corporate Governance and promotes and practices a culture that is built on core values and ethics. Your Company has an active, experienced and a well-informed Board, necessary to ensure highest standards of Corporate Governance. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics.

Your Company has established robust business practices and procedures to ensure that it remains fully compliant with all mandated regulations and achieves business excellence to enhance stakeholder value, retain trust and goodwill of its investors, business partners, employees and meet societal expectations as well.

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 of Directors formulates the business and operational policies and decides on strategic issues concerning the Company. The Board generally meets every quarter to review the business performance. The gap between any two meetings has been less than four months, thus complying with the Clause 49 requirement.

During the year under review, 9 meetings of the Board of Directors were held.

21/04/2010	13/05/2010	31/07/2010	25/09/2010
30/10/2010	31/01/2011	09/02/2011	10/02/2011
31/03/2011			

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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. Raj Kumar Agarwal	Promoter	Non-executive	5	Nil	Yes
Mr. Sanjay Agarwal	Independent	Non-executive	8	Nil	Yes
#Mr. Ashok Kumar Sharma	Independent	Non-executive	6	Nil	Yes
Mr. Anup Fatehpuria	Independent	Non-executive	8	Nil	Yes
Mr. Bhola Nath Manna	Independent	Executive	2	Nil	Yes
Mr. Sankar Das Gupta	Independent	Executive	2	Nil	Yes

* Directorship held in Public Limited Company.

Resigned during the year

3. INFORMATION ON DIRECTORS' RE-APPOINTMENT / APPOINTMENT

Shri Anup Fatehpuria 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 Anup Fatehpuria (42 years) is a member of the Institute of Chartered Accountant of India. He possesses immense knowledge in the fields of Investment, Banking and retail financing, beside Construction & Infrastructure development. His rich experience in the corporate world is an asset for the Company.

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 (38 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.

Shri Sankar Das Gupta 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 Sankar Das Gupta (59 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.

4. AUDIT COMMITTEE

As on 31st March, 2011, the Audit Committee comprised three Independent Directors. The Committee comprises Bhola Nath Manna, Sanjay Agarwal and Anup Fatehpuria

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and

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other related matters. The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. Generally all items listed in Clause 49 IID of the Listing Agreement are covered in the terms of reference.

During the year, the Committee met five times on 13th May 2010, 31st July 2010, 30th October 2010, and 31st January 2011, 31st March, 2011.

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 Raj Kumar Agarwal	4
Shri Sanjay Agarwal	5
# Shri Ashok Kumar Sharma	4
Shri Anup Fatehpuria	5
Mr. Bhola Nath Manna	1
Mr. Sankar Das Gupta	1
# Resigned during the year	

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 nonreceipt 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 31st July 2010.

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 Raj Kumar Agarwal	1
Shri Sanjay Agarwal	1
# Shri Ashok Kumar Sharma	1
Shri Anup Fatehpuria	1
Mr. Bhola Nath Manna	0
Mr. Sankar Das Gupta	0
# Resigned during the year	

No investor complaint was received during the year and none was pending unresolved as on 31st March, 2011.

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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
2008	27.09.2008	10:00 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001
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

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. However, trading has been temporarily suspended for alleged non-compliance of certain clauses of the listing agreement by The Stock Exchange, Mumbai. Your Directors are liaising with the BSE on a continuous basis and hope that trading would resume on the BSE very soon.

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 The Financial Express and Duranto 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.

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10. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Date - 30th September, 2011

Time - 10:00 A.M.

Venue - "Emami Conference Hall", Association of Corporate Advisers & Executives, 6, Lyons Range, Unit-II, 3rd Floor, Kolkata - 700 001

- B. Financial Calendar 1st April to 31st March Provisional : Will be published during
Result for Quarter ending June 30, 2010 : On or before 14th August, 2011
Result for Quarter ending September 30, 2010 : On or before 14th November, 2011
Result for Quarter ending December 31, 2010 : On or before 14th February, 2012
Result for Quarter ending March 31, 2011 : On or before 15th May, 2012

C. Book Closure

The Register of members and Share Transfer Book will remain closed from 26th day of September, 2011 to 30th day of September, 2011 (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 2010-11 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

Smti 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

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13. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

No. of Equity Shares Held	No. of Share holders	% of Shares holders	No. of Shares held	% of Shares holding
1 to 500	458	25.3599	1,59,100	3.1492
501 to 1000	1059	58.6379	7,39,800	14.6434
1001 to 5000	232	12.8461	5,14,700	10.1878
5001 to 10000	15	0.8306	1,19,900	2.3733
10001 to 50000	36	1.9934	8,62,300	17.0681
50001 to 100000	3	0.1661	2,14,500	4.2458
100001 and above	3	0.1661	24,41,800	48.3324
Totals	1806	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

2480836 shares have been dematerialised upto 31.03.2011 which is 49.11% percent of the total shares of the Company.

16. BREAK-UP OF SHARES IN PHYSICAL AND DEMAT SEGMENT (As on 31.03.2011)

Segment	No. of Shareholders	% to total Shareholders	No. of Shares held	% to total Shares
Physical	1706	94.4629	2571264	50.89
Demat	100	5.5371	2480836	49.11
Total	1806	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

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, 2011, 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, 2011

(SANJAY KUMAR AGRAWAL)
(Partner)

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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 2011 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 2011 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

STEP TWO CORPORATION LIMITED

**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, 2011.

Place : Kolkata
Date : April 30, 2011.

Bhola Nath Manna
Executive Director

STEP TWO CORPORATION LIMITED

AUDITOR'S REPORT

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

We have audited the attached Balance Sheet of **M/s. Step Two Corporation Limited**, as at 31st March, 2011, and the Profit and Loss Account of the company for the year ended on that date annexed thereto 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 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, 2011, and taken on record by the Board of directors, we report that none of the directors are disqualified as on 31st March, 2011 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 and Schedules annexed thereto 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 case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2011;
- b) In case of the Profit and Loss Account, of the profit of the company for the year ended on that date;
- c) In 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 45-IA 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

(Sanjay Kumar Agrawal)

Date : 30.04.2011

Partner

Membership No. 056837

STEP TWO CORPORATION LIMITED

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. The company has not disposed off substantial part of fixed assets during the year and it has not affected the going concern status of the company.
2. In respect of its inventories:
 - a. As explained to us, the inventories have been physically verified by the 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. According to the information and explanations given to us, the company has not granted any loans secured or unsecured to companies, firms or 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 or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
4. In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purpose of inventory and fixed assets and for sale of goods and supply of services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control.
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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 are made at price which are reasonable having regard to prevailing market prices at relevant time.
6. The Company has not accepted any deposits under the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.

STEP TWO CORPORATION LIMITED

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.
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, 2011 for a period of more than six months from the date of become payable.
 - b. There are no disputed statutory dues.
10. The Company has been registered for a period of more than five years and it has an accumulated losses of Rs.30,39,082/- [Previous Year: Rs.30,69,474/-] at the end of the financial year. It has not incurred any cash losses in the current financial year but it has incurred cash losses of Rs.23,36,002/- in the immediately preceding financial year.
11. The company does not have any dues payable to a bank or financial institution or debenture holders.
12. In our opinion and according to information and explanations given to us, 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. According to information and explanations given to us, 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. On the basis of records examined by us and information provided by the management, we are of the opinion that the company has not given guarantees for loan taken by other from banks or financial institution.
16. The Company has not taken any term loans during the year under reference.
17. Based on the overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis 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 under audit.
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 2011

SOURCES OF FUNDS	SCHEDULE	As on		As on	
		31.03.2011		31.03.2010	
		Rs.	P.	Rs.	P.
<u>Shareholders' Fund</u>					
Share Capital	1	45,922,536.00		45,922,536.00	
Reserves & Surplus	2	890,780.19		890,780.19	
Deferred Tax Liability		8,495.00		15,053.00	
	Total:-	46,821,811.19		46,828,369.19	
APPLICATION OF FUNDS					
<u>Fixed Assets</u>	3				
Gross Block		1,399,517.00		1,620,865.00	
Less: Depreciation		550,691.88		1,376,692.52	
Net Block		848,825.12		244,172.48	
<u>Current Assets, Loans & Advances</u>					
<u>Current Assets</u>					
Inventories	4	9,141,148.15		12,712,234.16	
Sundry Debtors	5	3,067,149.21		281,256.26	
Cash & Bank Balances	6	4,355,359.88		4,241,225.01	
Loans & Advances	7	29,073,994.85		26,603,696.10	
		45,637,652.09		43,838,411.53	
Less : Current Liabilities & Provisions					
Current Liabilities	8	2,549,942.19		188,266.00	
Provisions	9	145,883.00		135,423.00	
		2,695,825.19		323,689.00	
Net Current Assets		42,941,826.90		43,514,722.53	
Profit & Loss Account		3,031,159.17		3,069,474.18	
(Loss to the extent not adjusted)					
	Total:-	46,821,811.19		46,828,369.19	

Significant Accounting Policies
& Notes on Accounts

The schedules referred to above form
an integral part of the Balance Sheet
As per report of even date attached.

For **AGRAWAL SINGHANIA & CO.**

Chartered Accountants
(CA Sanjay Kumar Agrawal)

Partner

Mem. No. 056837

Place : Kolkata

Date : 30.04.2011

For and on behalf of the Board

Sd/-

Bholanath Manna

Sankar Das Gupta

Executive Directors

STEP TWO CORPORATION LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	SCHEDULE	Year ended 31.03.2011		Year ended 31.03.2010	
		Rs.	P.	Rs.	P.
INCOME					
Sale of Shares		22,060,409.60		18,278,970.18	
Interest & Other Income	10	2,423,040.80		1,760,176.02	
Profit / (Loss) on Sale of Investments		—		(2,610,550.14)	
Accretion / (Decretion) of stock	11	(3,571,086.01)		4,014,517.63	
	Total:-	20,912,364.39		21,443,113.69	
EXPENDITURE					
Purchases of Shares		19,028,748.06		22,115,532.31	
Administrative & Other Expenses	12	1,490,483.66		1,683,786.13	
Share Transaction Expenses		61,713.30		83,317.81	
Depreciation written off		68,965.36		109,350.84	
Finance Charges	13	—		21,439.42	
	Total:-	20,649,910.38		24,013,426.51	
		262,454.01		(2,570,312.82)	
Profit (Loss) before Tax					
Tax Expense					
Current Tax		(81,717.00)		(9,694.00)	
Deferred Tax		6,558.00		1,816.00	
Fringe Benefit Tax		—		—	
Income Tax for the Previous Year		(148,980.00)		—	
Fringe Benefit Tax for the Previous Year		—		—	
		38,315.01		(2,578,190.82)	
Profit (Loss) after Tax					
Transfer to Reserve Fund		—		—	
Balance brought Forward from the last year		(3,069,474.18)		(491,283.36)	
Balance carried to Balance Sheet		<u>(3,031,159.17)</u>		<u>(3,069,474.18)</u>	
Basic & Diluted Earning Per Share		0.01		(0.51)	

Basic & Diluted Earning Per Share

Significant Accounting Policies

& Notes on Accounts

The schedules referred to above form
an integral part of the Profit & loss Account

As per report of even date attached.

For **AGRAWAL SINGHANIA & CO.**

Chartered Accountants

(CA Sanjay Kumar Agrawal)

Partner

Mem. No. 056837

Place : Kolkata

Date : 30.04.2011

For and on behalf of the Board

Sd/-

Bhoianath Manna**Sankar Das Gupta**

Executive Directors

STEP TWO CORPORATION LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	As on 31.03.2011 Rs. P.	As on 31.03.2010 Rs. P.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
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>
Issued, Subscribed & Paid up		
50,52,100 Equity Shares of Rs 10/- each	50,521,000.00	50,521,000.00
Fully called up in cash		
Less: Calls in arrear	4,598,464.00	4,598,464.00
	<u>45,922,536.00</u>	<u>45,922,536.00</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
Profit & Loss Account	0.00	—
Reserve Fund	890,780.19	890,780.19
	<u>890,780.19</u>	<u>890,780.19</u>
SCHEDULE - 4		
INVENTORIES		
(As certified by the management)		
(Valued at lower of cost or market price)		
Stock of Shares / Securities	9,141,148.15	12,712,234.16
(As per Annexure - 1)	<u>9,141,148.15</u>	<u>12,712,234.16</u>
SCHEDULE - 5		
SUNDRY DEBTORS		
(Unsecured, considered Good)		
Debts due within Six months	3,067,149.21	281,256.26
Debts due for more than Six months	3,067,149.21	281,256.26
	<u>3,067,149.21</u>	<u>281,256.26</u>
SCHEDULE - 6		
CASH & BANK BALANCES		
Cash in hand	510,411.56	365,256.36
(As certified by the management)		
Balances with Scheduled banks		
in Current Accounts	3,844,948.32	3,875,968.65
	<u>4,355,359.88</u>	<u>4,241,225.01</u>

**SCHEDULE - 3
FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on 01.04.2010	Additions during the year	Deductions during the year	Total	As on 01.04.2010	Depreciation for the year	Deductions during the year	As on 31.03.2011	WDV as on 31.03.2011	WDV as on 31.03.2010
Computer	529,102.00	-	-	529,102.00	372,799.00	43,725.00	-	416,524.00	112,578.00	156,303.00
Furniture & Fixture	28,300.00	-	-	28,300.00	25,978.00	1,791.00	-	27,699.00	601.00	2,392.00
Office Equipment	80,597.00	-	-	80,997.00	53,566.52	3,847.36	-	57,413.88	23,583.12	27,430.48
Elec. Installation.	44,000.00	-	-	44,000.00	30,461.00	2,090.00	-	32,551.00	11,449.00	13,539.00
Vehicles	894,966.00	648,618.00	894,966.00	648,618.00	888,719.00	15,026.00	894,966.00	8,779.00	639,839.00	6,247.00
Mobile Phones	43,500.00	25,000.00	-	68,500.00	5,239.00	2,486.00	-	7,725.00	60,775.00	38,261.00
Total :-	1,620,865.00	673,618.00	894,966.00	1,399,517.00	1,376,692.52	68,965.36	894,966.00	550,691.88	848,825.12	244,172.48
Previous year	1,556,105.00	64,760.00	-	1,620,865.00	1,267,341.68	109,350.84	-	1,376,692.52	244,172.48	-

STEP TWO CORPORATION LIMITED

	As on 31.03.2011 Rs. P.	As on 31.03.2010 Rs. P.
SCHEDULE - 7		
LOANS & ADVANCES (Unsecured considered good)		
Loans	22,535,758.00	17,330,744.00
Advances Recoverable in cash or in kind or for value to be received or for value to be received	6,382,236.85	9,116,952.10
Security Deposits	156,000.00	156,000.00
	<u>29,073,994.85</u>	<u>26,603,696.10</u>
SCHEDULE - 8		
CURRENT LIABILITIES		
Sundry Creditors	307.19	—
Other Liabilities	2,549,635.00	188,266.00
	<u>2,549,942.19</u>	<u>188,266.00</u>
SCHEDULE - 9		
PROVISIONS		
Provision for Taxation	81,717.00	39,370.00
Provision for Fringe Benefit Tax	64,166.00	96,053.00
	<u>145,883.00</u>	<u>135,423.00</u>
SCHEDULE - 10		
INTEREST & OTHER INCOME		
Dividend	2,525.00	66,233.00
Interest Income (TDS Rs.207,757 /-, Previous Year Rs.107,169/-)	1,955,905.00	1,353,935.00
Consultancy Fees	600,000.00	—
Share Speculation	(41,222.47)	50,320.17
Profit / (Loss) on Future Trading	(11,947.45)	289,687.85
Loss on Foreign Currency Transaction	(82,219.28)	—
	<u>2,423,040.80</u>	<u>1,760,176.02</u>

STEP TWO CORPORATION LIMITED

	As on 31.03.2011 Rs. P.	As on 31.03.2010 Rs. P.
SCHEDULE - 11		
ACCRETION / (DECRETION) OF STOCK		
Closing Stock	9,141,148.15	12,712,234.16
Less: Opening Stock	12,712,234.16	8,697,716.53
	<u>(3,571,086.01)</u>	<u>4,014,517.63</u>

SCHEDULE - 12**ADMINISTRATIVE & OTHER EXPENSES**

Personnel Cost	420,000.00	420,000.00
Advertisement Expenses	27,090.00	20,693.00
Car Maintenance	94,188.11	—
Tour & Travelling expenses	269,456.62	597,855.67
Balance W/off	—	124,959.95
Rent	96,000.00	96,000.00
Rates & Taxes	238,439.00	90,950.00
Legal & Professional Charges	48,000.00	30,000.00
Auditor's Remuneration	16,545.00	16,545.00
Bank Charges	110.32	137.90
Conveyance expenses	32,665.00	19,306.00
General Expenses	29,540.00	26,570.00
Communication cost	89,743.81	125,293.47
Printing & Stationery	17,000.00	31,069.00
Interest on F.B.T	1,027.00	—
Custodial Fees	58,844.00	47,637.00
Repair & Maintenance & Electricity	36,834.80	36,769.14
Website Development Charges	15,000.00	—
	<u>1,490,483.66</u>	<u>1,683,786.13</u>

SCHEDULE - 13**FINANCE CHARGES**

Interest Paid	—	21,349.42
	<u>—</u>	<u>21,349.42</u>

STEP TWO CORPORATION LIMITED

SCHEDULE - 14

Significant Accounting Policies & Notes On Accounts

(Notes annexed to & forming part of the accounts for the year ended 31st March, 2011)

1. Significant Accounting Policies

1.1 Accounting Convention

The accounts have been prepared on historical cost convention under accrual method of accounting and under the going concern concept & in accordance with the applicable accounting standards.

1.2 Basis of Accounting

The Company prepares its financial statement in accordance with generally accepted Accounting practices and also in accordance with the requirement of the Companies Act, 1956.

1.3 Inventories

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

1.4 Investments

Investments are stated at their cost of acquisition.

1.5 Income & Expenditure

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

1.6 Fixed Assets

Fixed Assets are stated at their original cost of acquisition which includes expenditure incurred for the acquisition and / or installation cost (if any) as reduced by accumulated depreciation there on upto date.

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

1.7 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 is recognised, 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 recognised unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

STEP TWO CORPORATION LIMITED

2. Notes on Accounts

- 2.1 Particulars in respect of opening stock, purchases, sales & closing stock of shares, Mutual Funds etc.

	Quantity as at 31.03.2011	Quantity as at 31.03.2010
Opening Stock	5,36,851	4,83,653
Purchases	3,02,838	5,84,207
Sales	6,04,900	5,31,009
Closing Stock	2,34,789	5,36,851

- 2.2. In terms of the Reserve Bank of India guidelines issued to Non-Banking Financial Companies, all investments in securities are bifurcated into current investments & long term investments. Investments which are acquired with the intention of short term holding are considered as Stock-in-trade and classified as current assets and others are considered as long term investments. Long term investments are valued at cost, whereas current investments are valued at cost or market price whichever is lower.

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

	2010-2011 Amount (Rs.)	2009-2010 Amount (Rs.)
1. Earning in Foreign Exchange on F.O.B. basis	Nil	Nil
2. Expenditure in Foreign Currency:- For Tour & Traveling Expenses	Nil	24,550.00

2.4. Auditor's Remuneration

	2010-2011 Amount (Rs.)	2009-2010 Amount (Rs.)
Statutory Audit Fees	5,618.00	5,618.00
Tax Audit fees	2,247.00	2,247.00
Other matters	8,680.00	8,680.00
Total	<u>16,545.00</u>	<u>16,545.00</u>

- 2.5. 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 Targri Road Branch, Kolkata. The matter is under litigation. The closing balance of this account as appearing in the balance sheet under the head "Cash & Bank Balances" is Rs.25,02,195/-.

STEP TWO CORPORATION LIMITED

2.6. Related party disclosures as per Accounting Standard-18 are given below:

(i) Details of transactions with related parties: (Amount in Rs.)

Sl.No.	Nature of Relationship Particulars/Transactions	Key Management personnel and their relatives
1.	Rent Paid	Rs. 96,000/-
2.	Maintenance & Electric Charges	Rs. 33,233/-
3.	Legal & Professional Fees	Rs. 18,000/-

(ii) Name and description of relationship with the related parties:

Associates of Key Managerial Personnel:

M/s. Raj Bhavna & Associates & M/s. Asra Abasan Pvt. Ltd.

2.7 Deferred Tax

	<u>31.03.2011</u>		<u>31.03.2010</u>	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Opening Balance (A)	NIL	15,053.00	NIL	16,869.00
Less : Deferred tax liability reversed during the year	NIL	6,558.00	NIL	1,816.00
Closing Balance	NIL	8,495.00	NIL	15,053.00

2.8 Earnings per share - The numerators and denominators used to calculate Basic/Diluted

(Amount in Rs.)

	<u>2010-2011</u>	<u>2009-2010</u>
(a) Amount used as the numerator Profit after tax (A) (Rs.)	30,392	(25,78,191)
(b) Basic/weighted average number of equity Shares used as denominator (B)	50,52,100	50,52,100
(c) Nominal value of equity shares (Rs.)	10.00	10.00
(d) Basic/diluted Earnings per share (A/B)	0.001	(0.56)

2.9 No employee is eligible for gratuity benefits, hence, the same has not been provided in the books.

2.10 There is no outstanding amount payable to small scale industrial undertaking, which is outstanding for more than 30 days.

2.11 As per provisions of Macro Small and Medium Enterprises Development Act, 2006, there are no such enterprises to whom the company over due which are 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.

2.12 Previous years figures have been re-grouped & re-arranged wherever considered necessary.

STEP TWO CORPORATION LIMITED**3. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31ST MARCH 2011.****I. REGISTRATION DETAIL**

Registration No.	21-66080	State Code	21
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. '000)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. '000)

Total Liabilities	46822	Total Assets	46822
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SOURCES OF FUNDS

Paid-up Capital	45923	Reserve & Surplus	891
Secured Loans	0	Unsecured Loans	0
Deferred Tax Liability	8		

APPLICATION OF FUNDS

Net Fixed Assets	849	Investment	-
Net Current Assets	42942	Misc. Expenditure	NIL

IV. PERFORMANCE OF COMPANY (Amount in Rs. '000)

Turnover / Total Income	20912	Total Expenditure	20650
Profit before tax	262	Profit after tax	0.38
Basic E.P.S. in Rs.	0.01	Dividend Rate %	NIL

V. GENERIC NAMES OF THREE PRODUCTS/SERVICES OF COMPANY

(as per monetary terms)

Products/Service Description	Item Code No.
1. Dealing in Shares & Securities	Not Applicable
2. Finance Activities	Not Applicable

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

Place: Kolkata
Date: 30.04.2011

(**CA Sanjay Kumar Agrawal**)
Partner
Mem. No. 056837

STEP TWO CORPORATION LIMITED

Annexure-1
INVENTORIES
(Equity shares fully paid up)

SR. No.	Name of company	No. of Shares as on 31.03.2011	No. of Shares as on 31.03.2010	Value as on 31.03.2011	Value as on 31.03.2010
Quoted Shares					
1	Aftek Infosys Ltd	20,000	20,000	149,000.00	149,000.00
2	Bang Overseas Ltd.	21,316	21,316	821,731.80	903,798.40
3	Bipinind Ltd	800	800	14,400.00	14,400.00
4	Birla Shloka Edutech Ltd.	-	20,000	—	969,600.00
5	Cerebra Intergrate Ltd	-	9,331	—	60,931.43
6	Clutch Auto Ltd	12,500	12,500	200,000.00	200,000.00
7	Donear Industries Ltd	-	84,454	—	1,520,172.00
8	Intellivision Soft Ltd.	40,000	40,000	482,000.00	756,000.00
9	JMD Telefilm Ltd.	20,000	-	312,000.00	—
10	RDB Industries Ltd.	3,537	3,537	97,444.35	233,760.33
11	RDB Reality & Infra Ltd	3,537	—	—	—
12	Spanco Telesystems Ltd.	2,525	2,525	148,672.00	148,672.00
13	Stenly Credit Capital Ltd	3,400	3,400	245,650.00	245,650.00
Total (A)		127,615	217,863	2,470,898.15	5,201,984.16
Unquoted Shares					
1	Saffron Capital Advisors Pvt.Ltd.	63,750	63,750	4,730,250.00	4,730,250.00
2	Avani Projects and Infrastructure Ltd.	—	250,000	—	2,500,000.00
3	Shiva Kitchen & Equipments Pvt.Ltd.	32,500	—	1,300,000.00	—
Total (B)		96,250	313,750	6,030,250.00	7,230,250.00

STEP TWO CORPORATION LIMITED

Mutual Funds					
1	HDFC Top 200 Fund-Growth	1,100	528	210,000.00	90,000.00
2	DSP Black Rock Top 100 Equity Fund-Growth	2,125	923	200,000.00	80,000.00
3	Reliance Growth Fund-Retail Plan	32	32	10,000.00	10,000.00
4	Reliance Regular Savings Fund-Growth	491	491	10,000.00	10,000.00
5	ICICI Prudential Infrastructure Fund-Growth	7,176	3,264	210,000.00	90,000.00
Total (C)		10,924	5,238	640,000.00	280,000.00
Total (A) + (B) + (C)		234,789	536,851	9,141,148.15	12,712,234.16

Cash Flow Statement for the Year Ended 31st March 2011

		2010-2011	2009-2010
		Amount (Rs.)	Amount (Rs.)
A. Net Cash from Operational Activities			
Net Profit before Taxes		262,454.01	(2,570,312.82)
Adjustments			
Loss from sale of Investments		—	2,610,550.14
Depreciation & Amortisation		68,965.36	109,350.84
Provision for Taxation		(81,717.00)	(9,694.00)
Operating Profit before change in Working Capital		249,702.37	139,894.16
Increase/Decrease in trade & other receivable		(2,785,892.95)	24,952,743.99
Increase/Decrease in Inventories		3,571,086.01	(4,014,517.63)
Increase/Decrease in Loans & Advances		(2,470,298.75)	(20,366,996.15)
Increase/Decrease in trade & other payable		2,361,676.19	(80,227.38)
Increase/Decrease in Provision		10,460.00	9,694.00
Income Tax for the Previous Year paid		(148,980.00)	—
Net Cash from Operating Activities	A	787,752.87	640,590.99
B. Cash Flow from Investing Activities			
Loss from sale of Investment		—	(2,610,550.14)
Purchase/Sale of Fixed Assets		(673,618.00)	(64,760.00)
Purchase/Sale of Investments		—	3,461,853.60
Cash Flow from Investing Activities	B	(673,618.00)	786,543.46
C. Cash Flow from Financing Activities			
Loan Taken		—	—
Loan Repaid		—	—
Cash Flow from Financing Activities	C	—	—
Net Increase in cash & Cash Requirement	Total (A+B+C)	114,134.87	1,427,134.45
Cash & Cash Equivalent (Opening Balance)		4,241,225.01	2,814,090.56
Cash & Cash Equivalent (Closing Balance)		4,355,359.88	4,241,225.01

STEP TWO CORPORATION LIMITED

Notes to the Cash Flow Statement:

1. Cash & Cash Equivalent comprises of:

	As on 31.03.2011 Amount (Rs.)	As on 31.03.2010 Amount (Rs.)
Cash in hand	510,411.56	234,125.86
Balances with Scheduled banks in Current Accounts	3,844,948.32	2,579,964.70
	<u>4,355,359.88</u>	<u>2,814,090.56</u>

2. The opening as well as the closing balance of Cash & Cash Equivalents as shown in the Cash Flow Statement include an amount of Rs. 25,00,000/- which was fraudulently withdrawn from the Punjab & Sind Bank in the financial year 1996-97. The closing Balance of this account as appearing in Balance Sheet under the head "Cash & Bank Balances" is Rs. 25,02,195/- as on 31.03.2011. The entire amount is not available for use by the Company.

3. The Cash Flow Statement has been prepared using 'Indirect Method' set out in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

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

(**CA Sanjay Kumar Agrawal**)
Partner
Mem. No.: 056837

Place : Kolkata
Date : 30.04.2011

For and on behalf of the Board
Sd/-

Bholanath Manna
Sankar Das Gupta
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	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	2,500	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		28,536
(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	2,471
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	640
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

2. Unquoted :

(i) Shares : (a) Equity	6,030
(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

STEP TWO CORPORATION LIMITED

(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	28,536	28,536
Total	Nil	28,536	28,536

(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	10,141	9,141
Total	10,141	9,141

** 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.

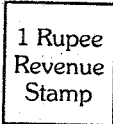
STEP TWO CORPORATION LIMITED

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 Seventeenth Annual
General Meeting of the Company, to be held at "Emami Conference Hall", Association of Corporate
Advisers & Executives, 6, Lyons Range, Unit-II, 3rd Floor, Kolkata - 700 001 on 30th September,
2011 at 10 A.M. or at any adjournment thereof. AS WITNESS my/our hand/hands
this.....day of.....2011.



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 Seventeenth Annual General Meeting of the Company, to be held at "Emami Conference Hall", Association of Corporate Advisers & Executives, 6, Lyons Range, Unit-II, 3rd Floor, Kolkata - 700 001 on 30th September, 2011 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).

STEP TWO OPERATIONAL WITNESS

Police Officer [Name] [Rank] [Station]

Date: [Date]
Time: [Time]

WITNESS

[Faint, illegible text describing the incident, including details of the stop, the vehicle, and the actions of the officers and the witness.]

STEP TWO OPERATIONAL WITNESS

Police Officer [Name] [Rank] [Station]

Date: [Date]
Time: [Time]

[Faint, illegible text describing the incident, including details of the stop, the vehicle, and the actions of the officers and the witness.]