

## **STEP TWO CORPORATION LIMITED**

### **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Twentieth Annual report on the business and operations of the Company together with Audited statements of accounts for the year ended 31st March, 2014.

### **FINANCIAL HIGHLIGHTS:**

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

	<b>Current YEAR Rs.</b>	<b>Previous YEAR Rs.</b>
Profit before Interest, Depreciation & taxes	3,12,698	4,14,348
Less: Finance Charges	—	21,584
Profit/(Loss) before Depreciation & Taxes	3,12,698	3,92,764
Less: Depreciation	1,02,620	1,14,915
Profit/(Loss) Before Provision & Taxes	2,10,078	2,77,849
Current Tax	51,634	36,446
Add/(Less) : Deferred Tax	(3,175)	(2,655)
Income Tax for the previous year	—	—
Profit/(Loss) after Tax	1,61,619	2,38,748
Transfer to Reserve Fund	32,324	47,750
Balance brought forward from last year	(23,90,157)	(25,81,155)
Balance Carried to Balance Sheet	(22,60,861)	(23,90,157)

### **DIVIDEND**

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

### **OPERATING PERFORMANCE**

During the year under review, your Company has posted a net profit of Rs.2.10 Lacs compared to previous year Rs.2.78 Lacs mainly on account of declining interest rate.

The year 2013-2014 witnessed high inflationary conditions backed by poor industrial growth which led to a decline in the return on financial market instruments thereby adversely affecting the revenues of most NBFCs. Your directors are optimistic that with a change in political powers in the country and an emphasis on industrial growth, the revenues of the company are sure to rise in the near future.

### **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.

## **STEP TWO CORPORATION LIMITED**

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 20th 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 : 30.04.2014

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

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Economic Scenario**

A brief overview of the economy is in order. FY2014 has been yet another difficult year. FY2013 ended with a real GDP growth of 4.5%. FY2014 is not much better and is expected to post 4.9% growth. Indeed, it may be lower. In any case, this represents two consecutive years of sub-5% GDP growth something that cannot be good for the health of businesses that deal with financial sector products and services.

That is not all. With serious political uncertainties throughout FY2014 and overhang of many corruption scandals, the government's ability to take fair yet proactive and growth oriented decisions went into the deep freeze. There was more. In an environment of rapidly worsening investment climate, there were the twin dangers of high inflation and a dangerously high current account deficit. The Reserve Bank of India (RBI) responded swiftly by tightening monetary policy which while taming the current account problem and temporarily dampening inflation expectations, increased the financial costs of doing business, which continues until the present.

These factors taken together created extremely challenging times for those businesses in the financial sector

**Business Outlook**

During FY 2013-14, the economic activity in India remained subdued as the economic slowdown bottomed out due to pressure on exchange rate and continuous spell of global financial turbulence caused by capital outflows. However, strong policy measures helped the currency to stabilize, rebuild reserves, and narrow the excessive current account deficit. The Indian economy remains weak due to persistent inflation, fiscal imbalances, bottlenecks to investment, and inefficiencies that require structural reforms. Without a systemic resolution to these, growth is forecasted to pick up modestly. Economic recovery would have to be led by improved investment and consumption, but elevated inflation, a tight monetary stance, and a weak currency will continue to constrain spending.

Indian Non-Banking Finance Companies (NBFCs) faced a challenging economic environment during 2013-14 on account of subdued economic, industrial and manufacturing growth and relatively high credit costs due to increased risk perception in the economy. RBI had to calibrate monetary policy to balance weak growth with concerns over external and price pressures.

**Analysis of performance for the year**

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

## **STEP TWO CORPORATION LIMITED**

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### **Opportunities and Threats**

Your Company as a Financial Institution has been catering to all segments of industry for more than a decade. Your Company will continue to strive for newer business opportunities in the form of creation of fresh assets, unlocking of unquoted shares and advisory services for generating higher fund based income and so on.

Persistently high interest rates in the domestic economy and delay in regulatory approvals has significantly reduced the credit offtake by industries. Challenging macro-economic conditions also affected the sentiments. It has been the endeavor of your Company to continuously analyze its portfolio risks and initiate timely interventions like diversification in order to chart out a balanced growth, despite the challenging environment. It is expected that an improvement in macro-economic environment will boost growth in industrial as well as other sectors, lower inflation and will create more opportunities for your Company in the next year. It shall be the endeavor of your Company to strive for ways to lower down its cost of funds and thereby cater to borrowers with the best credit ratings.

Gradually strengthening regulatory framework for NBFC's will lead to more robust governance structures and better performance. Competition within the financial services sector is expected to strengthen, along with the entry of new banking players, but your Company sees them as opportunities for improvement.

### **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.

## **STEP TWO CORPORATION LIMITED**

### **CORPORATE GOVERNANCE**

Corporate Governance is based on the principle of fairness, equity, transparency, accountability and dissemination of information. Step Two Corporation Limited (STCL) believes in maintaining highest standards of Corporate Governance as essential to its existence. STCL is fully committed to practicing best corporate governance and upholding the highest ethical standards in conducting business.

#### **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 Mr. Keshav Kumar Saraf. 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 2013-2014, the Board met 7 times on: 30.04.2013, 30.05.2013, 31.07.2013, 13.08.2013, 31.10.2013, 13.11.2013, and 14.02.2014 .

The composition of the Board is in conformity with the listing agreement. The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship/ Membership of Committees in other Companies in respect of each Director as on March 31, 2014 is given here-in below:

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	6	Nil	Yes
Mr. Keshav Kumar Saraf	Independent	Non-executive	5	Nil	Yes
Mr. Bhola Nath Manna	Independent	Executive	7	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:

## **STEP TWO CORPORATION LIMITED**

Shri Bhola Nath Manna (41 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**

The terms of reference of the Audit Committee is to see the effectiveness of operations of the audit function of the Company, review the systems and procedures of internal control, oversee the Company's financial reporting process, review the periodical and annual financial statements before submission to the Board with the management and ensure compliance with the regulatory guidelines. The Committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring adequate follow up action by the management. The Committee also proposes the fixation of their fees.

As on 31st March, 2014, the Audit Committee comprised One Executive Director and Two Non-Executive Independent Directors. The Committee comprises Bhola Nath Manna, Sanjay Agarwal and Keshav Kumar Saraf. All members of the Audit Committee have accounting and financial management expertise.

During the year, the Committee met 4 times on: 30.04.2013, 13.08.2013, 13.11.2013, and 14.02.2014

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

<b><u>Name of the Director</u></b>	<b><u>No. of Meetings Attended</u></b>
Mr. Sanjay Agarwal	4
Mr. Keshav Kumar Saraf	4
Mr. Bhola Nath Manna	4

### **5. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE**

Investors' Grievance Committee (nomenclature changed to "Stakeholders Relationship Committee" w.e.f. April 30, 2014) of IFCI consists of One Executive Director and Two Non-Executive Independent Directors.

The Share Transfer and Investor Relations Committee

- To deal with and decide all matters relating to the registration of transfer and transmission of shares and debentures, issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/ misplaced
- To redress shareholders and investors complaints relating to transfer of shares, non-receipt of Balance Sheet and non receipt of declared dividends, among others.
- To monitor the compliance of Code of prevention of insider trading framed by the Company.
- To effect dematerialisation and re-materialisation of shares of the Company

During the year, the Committee met Two times on 31.07.2014 and 31.10.2013.

## **STEP TWO CORPORATION LIMITED**

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

<b><u>Name of the Director</u></b>	<b><u>No. of Meeting Attended</u></b>
Mr. Sanjay Agarwal	2
Mr. Keshav Kumar Saraf	1
Mr. Bhola Nath Manna	2

No investor compliant was received during the year and none was pending unresolved as on 31st March, 2014.

### **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

<b><u>Year</u></b>	<b><u>Date</u></b>	<b><u>Time</u></b>	<b><u>Location</u></b>
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
2013	30.09.2013	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.

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

## **STEP TWO CORPORATION LIMITED**

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 Dainik Lipi 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, 2014

Time- 10:30 A.M.

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

<b>B. Financial Calender</b>	1st April to 31st March Provisional	:	Will be published during
Result for Quarter ending	June 30, 2014	:	On or before 14th August, 2014
Result for Quarter ending	September 30, 2014	:	On or before 14th November, 2014
Result for Quarter ending	December 31, 2014	:	On or before 14th Febtuary, 2015
Result for Quarter ending	March 31, 2015	:	On or before 15th May, 2015

#### **C. Book Closure**

The Register of members and Share Transfer Book will remain closed from 25th day of September, 2014 to 30th day of September, 2014 (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 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 2013-14 to all stock exchanges.

F. ISIN Number: INE623D01015

G. Depository Connectivity: NSDL and CDSL



## **STEP TWO CORPORATION LIMITED**

### **H. STOCK MARKET DATA**

Monthly highs and lows of Step Two Corporation Ltd. share price (Rs.) during 2013-2014.

<b><u>Month</u></b>	<b><u>BSE</u></b>		<b><u>Closing BSE Sensex</u></b>
	<b><u>High</u></b>	<b><u>Low</u></b>	
April'13	15.15	15.15	19504.18
May'13	14.40	10.20	19760.30
June'13	9.70	9.70	19395.81
July'13	10.68	10.18	19345.70
Aug'13	11.21	10.65	18619.72
Sep'13	11.72	11.18	19379.77
Oct'13	12.86	12.25	21164.52
Nov'13	13.65	13.00	20791.93
Dec'13	14.99	14.30	21170.68
Jan'14	14.99	14.85	20513.85
Feb'14	14.11	12.74	21120.12
Mar'14	12.11	9.87	22386.27

### **11. REGISTRAR & TRANSFER AGENTS**

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

### **12. COMPLIANCE OFFICER**

Shri Bholā Nath Mannā 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  
TelNo. : 033-22318207/08  
E-mail : admin@steptwo.in

**STEP TWO CORPORATION LIMITED**

**13. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014**

<u>No. of Equity Shares Held</u>	<u>No. of Share holders</u>	<u>% of Shares holders</u>	<u>No. of Shares held</u>	<u>% of Shares holding</u>
1 to 500	557	31.8832	1,59,926	3.1655
501 to 1000	1034	59.1872	7,20,504	14.2615
1001 to 5000	87	4.9800	2,07,392	4.1051
5001 to 10000	20	1.1448	1,62,888	3.2242
10001 to 50000	42	2.4041	10,81,590	21.4087
50001 to 100000	4	0.2290	2,78,000	5.5027
100001 and above	3	0.1717	24,41,800	48.3324
<b>Totals</b>	<b>1747</b>	<b>100.000</b>	<b>50,52,100</b>	<b>100.0000</b>

**14. SHAREHOLDING PATTERN AS ON 31.03.2014**

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

**15. DEMATERIALIZATION OF SHARES**

2722236 shares have been dematerialized up to 31.03.2014 which is 53.88% percent of the total shares of the Company.

**16. BREAK-UP OF SHARES IN PHYSICAL AND DEMAT SEGMENT (As on 31.03.2014)**

<u>Segment</u>	<u>No. of Shareholders</u>	<u>% to total Shareholders</u>	<u>No. of Shares held</u>	<u>% to total Shares</u>
Physical	1506	85.86	2329864	46.12
Demat	248	14.14	2722236	53.88
<b>Total</b>	<b>1754</b>	<b>100.00</b>	<b>5052100</b>	<b>100.00</b>

**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, 2014, 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, 2014

**(SANJAY KUMAR AGRAWAL)**  
(Partner)

**STEP TWO CORPORATION LIMITED**

**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'2014 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'2014 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

**STEP TWO CORPORATION LIMITED**

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**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, 2014.

Place : Kolkata  
Date : April 30, 2014.

**Bhola Nath Manna**  
Whole-time Director

**STEP TWO CORPORATION LIMITED**

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**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, 2014, 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:

## **STEP TWO CORPORATION LIMITED**

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 : 30.04.2014

**STEP TWO CORPORATION LIMITED**

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**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.



## **STEP TWO CORPORATION LIMITED**

- 8) No cost record has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- 9) In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues including Income Tax, Service Tax, Cess and other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 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.22,58,056/- 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 2014**

<b>SOURCES OF FUNDS</b>	<b>Note No.</b>	<b>As on 31.03.2014 Rs.</b>	<b>As on 31.03.2013 Rs.</b>
<b>I EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	45,967,738	45,922,536
Reserves & Surplus	2	(1,177,507)	(1,339,126)
<b>CURRENT LIABILITIES</b>			
Other Current Liabilities	3	53,698	33,090
Short Term Provisions	4	131,903	77,653
	<b>Total</b>	<b>44,975,832</b>	<b>44,694,153</b>
<b>II ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
a) Tangible Assets	5	686,653	630,274
Deferred Tax assets (net)	6	4,049	874
Long Term Loans & Advances	7	156,000	156,000
<b>CURRENT ASSETS</b>			
Current Investment	8	5,500,000	—
Inventories	9	4,941,750	8,127,554
Trade Receivables	10	406,933	7,093,154
Cash & Cash Equivalents	11	4,743,407	5,968,513
Short Term Loans & Advances	12	17,916,040	16,717,784
Other Current Assets	13	10,621,000	6,000,000
		<b>44,975,832</b>	<b>44,694,153</b>

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 : 30.04.2014

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 2014**

	Note No.	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
I Revenue from Operations	14	8,595,037	41,709,705
II Other Incomes	15	392,466	1,600,059
III Total Revenue (I+II)		<u>8,987,503</u>	<u>43,309,764</u>
IV EXPENSES			
Purchase		4,222,582	39,784,032
Change in Stock in Trade	16	3,185,805	1,979,949
Employee Benefit Expenses	17	654,603	418,000
Finance Expenses	18	—	21,584
Depreciation and Amortization	19	102,620	114,915
Other Expenses	20	611,814	713,434
Total Expenses		<u>8,777,425</u>	<u>43,031,915</u>
V Profit/(Loss) before exceptional and extraordinary items and taxes (III-IV)		210,078	277,849
VI Exceptional Items		—	—
VII Profit/(Loss) before extraordinary items and tax (V-VI)		<u>210,078</u>	<u>277,849</u>
VIII Extraordinary Items		—	—
IX Profit/(Loss) before tax (VII-VIII)		210,078	277,849
X Tax Expenses:			
(1) Current Tax		(51,634)	(36,446)
(2) Income Tax paid for earlier years		—	—
(3) Deferred Tax		3,175	(2,655)
XI Profit/(Loss) for the period from Continuing Operations (VII-VIII)		<u>161,619</u>	<u>238,748</u>
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)		<u>161,619</u>	<u>238,748</u>
XVI Earnings per Equity Share:			
(1) Basic		0.03	0.05
(2) Diluted		0.03	0.05

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 : 30.04.2014

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, 2014**

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
<b>1. SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
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>
<b>Issued, Subscribed &amp; Paid up</b>		
50,52,100 Equity Shares of Rs. 10/- each fully paid up in cash	50,521,000	50,521,000
Less: Calls in arrear	4,553,262	4,598,464
	<u>45,967,738</u>	<u>45,922,536</u>
<b>Reconciliation of No. of Shares outstanding</b>		
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>
<b>List of Shareholders holding more than 5% shares</b>		
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>
<b>2. RESERVES &amp; SURPLUS</b>		
<b>Reserve Fund</b>		
Opening Balance	1,051,031	1,003,281
Addition during the year	32,324	47,750
	<u>1,083,354</u>	<u>1,051,031</u>
<b>Profit &amp; Loss Account</b>		
Opening Balance	(2,390,157)	(2,581,155)
Addition during the year	161,619	238,748
Less : Transfer to Statutory Reserve	(32,324)	(47,750)
	<u>(2,260,861)</u>	<u>(2,390,157)</u>
<b>Total</b>	<u>(1,177,507)</u>	<u>(1,339,126)</u>

**STEP TWO CORPORATION LIMITED**

**2.5 FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		AMOUNT (RS)
	Balance as on 01.04.2013	Additions during the year	Deductions during the year	As on 01.04.2013	Depreciation for the year	Deductions during the year	As on 31.03.2014	WDV as on 31.03.2014	WDV as on 31.03.2014
	Total								
Computer	529,102	98,800	-	503,974	29,909.00	-	533,883.00	94,019.00	25,128
Furniture & Fixture	-	-	-	-	-	-	-	-	-
Office Equipment	80,997	-	-	65,109	3,847.36	-	68,955.96	12,041.04	15,888
Elec. Installation	44,000	-	-	36,731	2,090.00	-	38,820.92	5,179.08	7,269
Vehicles	648,618	-	-	132,017	61,619.00	-	193,636.00	454,982.00	516,601
Mobile Phones	80,000	60,200	-	14,613	5,155.00	-	19,767.80	120,432.20	65,387
<b>Total</b>	<b>1,382,717</b>	<b>159,000</b>	<b>-</b>	<b>752,443</b>	<b>102,620.36</b>	<b>-</b>	<b>855,064</b>	<b>686,653</b>	<b>630,273.68</b>
<b>Previous Year</b>	<b>1,371,217</b>	<b>11,500</b>	<b>-</b>	<b>637,528</b>	<b>114,915</b>	<b>-</b>	<b>752,443</b>	<b>630,274</b>	<b>733,689</b>

**STEP TWO CORPORATION LIMITED**

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
<b>3. OTHER CURRENT LIABILITIES</b>		
Liabilities for expenses	53,698	33,090
	<u>53,698</u>	<u>33,090</u>
<b>4. SHORT TERM PROVISIONS</b>		
Provision for Current Tax	88,080	36,446
Contingent Provision for Standard Assets	43,823	41,207
	<u>131,903</u>	<u>77,653</u>
Provision for all known liabilities is adequate and not in excess of amount reasonable necessary.		
<b>6. Deferred Tax</b>		
Opening Balance [Liability/(Assets)]	(874)	(3,528)
Less : Deferred tax Assets reversed during the year	—	2,654
Add : Deferred tax assets created during the year	(3,175)	
Closing Balance [Laibility/(assets)]	<u>(4,049)</u>	<u>(874)</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>4,049</u>	<u>874</u>
<b>7. LONG TERM LOANS &amp; ADVANCES</b>		
Security Deposit	156,000	156,000
(unsecured, considered good)	<u>156,000</u>	<u>156,000</u>

**STEP TWO CORPORATION LIMITED**

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
<b>8. CURRENT INVESTMENT</b>		
<u>INVESTMENTS IN MUTUAL FUND</u>		
<u>Quoted</u>		
Kotak Banking & PSU Debt Fund - Growth	5,500,000	—
	<u>5,500,000</u>	<u>—</u>
Aggregate Fair Value	<u>5,688,277</u>	<u>—</u>
<b>9. INVENTORIES</b>		
(as taken, valued & certified by the management)		
Stock in Trades of Shares & Securities	4,941,750	8,127,554
	<u>4,941,750</u>	<u>8,127,554</u>
<b>10. TRADE RECEIVABLES</b>		
Unsecured, Considered Good		
— Outstanding for a period exceeding six months	1,780	1,780
— Others	405,153	7,091,374
	<u>406,933</u>	<u>7,093,154</u>
Debtors balances are subject to confirmation from the respective parties.		
<b>11. CASH &amp; BANK BALANCE</b>		
Cash & Cash Equivalent		
Cash in Hand	522,565	159,533
(As certified by the management)		
Balance With Bank		
— Current Account	4,220,842	5,808,980
	<u>4,743,407</u>	<u>5,968,513</u>

During the financial year 1997-98, a sum of Rs. 25,00,000/- (Rupees Twenty Five Lacs only) had been fraudulently withdrawn from Punjab & Sind Bank Ltd., New Tangra Road Branch, Kolkata. The matter is under investigation by authorities. The closing balance as per the Book is Rs. 25,02,195/-.

**STEP TWO CORPORATION LIMITED**

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
<b>12. SHORT TERM LOANS &amp; ADVANCES</b>		
Unsecured considered good		
Balance with Govt. Authority	386,737	234,832
Other Loans & Advances		
— Others	17,529,303	16,482,952
	<u>17,916,040</u>	<u>16,717,784</u>
<b>13. OTHER CURRENT ASSETS</b>		
Share Application Money (refer note no. 21)	10,600,000	6,000,000
Religare Finvest Ltd.	21,000	—
	<u>10,621,000</u>	<u>6,000,000</u>
<b>14. REVENUE FROM OPERATIONS</b>		
Sale of Share	4,682,610	35,430,145
Interest Income	2,009,919	1,840,182
Share Speculation	3,450	45,373
Commodity Dealing	1,899,058	4,401,541
Loss on Share Trading	—	(7,537)
	<u>8,595,037</u>	<u>41,709,705</u>
<b>15. OTHER INCOMES</b>		
Dividend	21,500	96,000
Brokerage & Commission	173,133	835,217
Profit/(loss) on Current Investment	191,333	668,841
Other Income	6,500	—
	<u>392,466</u>	<u>1,600,059</u>
<b>16. CHANGE IN STOCK IN TRADE</b>		
Opening Stock	8,127,555	10,107,504
Less: Closing Stock	(4,941,750)	(8,127,554)
	<u>3,185,805</u>	<u>1,979,949</u>



**STEP TWO CORPORATION LIMITED**

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
<b>17. EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Bonus	467,267	168,000
Directors Remuneration (refer note no 21)	180,000	250,000
Staff Welfare Expenses	7,336	—
	<u>654,603</u>	<u>418,000</u>
<b>18. Finance Expense</b>		
Interest on I.Tax	—	21,584
	<u>—</u>	<u>21,584</u>
<b>19. DEPRECIATION &amp; AMORTIZATION EXPENSES</b>		
Depreciation	102,620	114,915
	<u>102,620</u>	<u>114,915</u>
<b>20. OTHER EXPENSES</b>		
Auditors Fees	16,545	16,545
Advertisement Expenses	30,189	37,257
Business Promotion	8,989	—
Rent, Rates & Taxes	107,910	104,310
Legal & Professional Charges	54,000	51,000
Contingent Provision for Standard Assets	2,616	(6,084)
Membership Fees	40,394	32,023
Repair & Maintenance & Electricity	47,670	62,718
Share Transaction Charges	35,067	130,534
Listing Fees	69,695	81,669
Sundry Expenses	198,739	203,461
	<u>611,814</u>	<u>713,434</u>

**STEP TWO CORPORATION LIMITED**

<b>20.1 AUDITOR'S REMUNERATION</b>	<u>2013-14</u>	<u>2012-13</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>

<b>20.2 Details of the foreign currency transaction entered into by the company during the year.</b>	<u>2013-14</u>	<u>2012-13</u>
	Amount (Rs.)	Amount (Rs.)
Earning in Foreign Exchange on F.O.B. Basis	Nil	Nil
Expenditure in Foreign Currency:-	Nil	Nil

<b>20.3 Sundry Expenses</b>	<u>2013-14</u>	<u>2012-13</u>
Bank Charges	1,281	253
Car Insurance	9,378	8,561
Car Maintenance	34,585	40,444
Custodian fees	33,708	33,708
Filing Fees	2,500	2,000
General Expense	27,695	28,744
Postage & Telegram	8,734	8,465
Printing & Stationary	31,398	26,282
Tour & Travelling	34,475	39,355
Telephone Expenses	14,985	15,650
	<u>198,739</u>	<u>203,461</u>

**21. Related Party disclosure**

Key Management Personnel

Bholanath Manna  
Sanjay Agarwal  
Keshav Kumar Saraf

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>2013-14</u>	<u>2012-13</u>
	Amount (Rs.)	Amount (Rs.)
Nature of Transaction		
Directors Remuneration	1,80,000	250,000
Share Application Money Given	1,600,000	1,000,000
<u>Balance Outstanding</u>		
Amount Receivable	7,600,000	6,000,000

## **STEP TWO CORPORATION LIMITED**

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### **22. 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**

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### **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 31<sup>st</sup> March 2014**

	<b>As at 31.03.2014 Rs.</b>	<b>As at 31.03.2013 Rs.</b>
<b>A. <u>Net Cash from Operational Activities</u></b>		
Net Profit before Taxes	210,078.18	277,848.76
<b><u>Adjustments</u></b>		
Depreciation & Amortisation	102,620.36	114,915.36
Net (Gain)/loss on sale of Investments	(191,332.69)	(668,841.30)
Interest Income	(2,009,919.00)	(1,840,182.00)
Interest Expense	—	21,584.00
Dividend Income	(21,500.00)	(96,000.00)
Provision for Contingencies	2,615.88	(6,083.62)
Operating Profit/(Loss) before change in Working Capital	(1,907,437.27)	(2,196,758.80)
Adjustments for (increase)/decrease in operating assets:		
Inventories	3,185,804.32	1,979,948.78
Trade receivables	6,686,221.17	(7,066,374.12)
Short term loans and advances	(1,046,350.70)	2,508,505.70
Long term Loans and advances	—	—
Other Current assets	(4,621,000.00)	(1,000,000.00)
Adjustments for increase /(decrease) in operating liabilities:		
Trade payables	—	(3,992.00)
Other current Liabilities	20,608.00	16,545.00
	<u>2,317,845.52</u>	<u>(5,762,125.44)</u>
Net income tax (paid)/refunds	(151,905.00)	(287,988.00)
Net Cash from Operating Activities      A	<u>2,165,940.52</u>	<u>(6,050,113.44)</u>
<b>B. <u>Cash Flow from Investing Activities</u></b>		
Purchase of short term Investments	(22,759,027.01)	—
Purchase of Fixed Assets	(159,000.00)	(11,500.00)
Proceeds from sale of Short term Investments	17,450,359.70	6,868,841.30
Interest Received	2,009,919.00	1,840,182.00
Dividend Received	21,500.00	96,000.00
Cash Flow from Investing Activities      B	<u>(3,436,248.31)</u>	<u>8,793,523.30</u>

**STEP TWO CORPORATION LIMITED**

**C. Cash Flow from Financial Activities**

Call money received	45,202.00	—
Interest Paid	—	(21,584.00)
Cash Flow from Financial Activities C	<u>45,202.00</u>	<u>(21,584.00)</u>
Net Increase in Cash & Cash equivalent (A+B+C)	(1,225,105.79)	2,721,825.86
Cash & Cash equivalent (opening Balance)	<u>5,968,512.82</u>	<u>3,246,687.00</u>
Cash & Cash Equivalent (Closing Balance)	<u>4,743,407.03</u>	<u>5,968,512.86</u>

For **AGRAWAL SINGHANIA & CO.**

Chartered Accountants

**(CA Sanjay Kumar Agrawal)**

Partner

Mem. No.: 056837

Place : Kolkata

Date : 30.04.2014

For and on behalf of the Board

Sd/-

**Bholanath Manna**

**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)

<b>Particulars</b>	<b>(Rs. in Thousands)</b>	
<b>Liabilities side:</b>		
<b>(1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
(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		
<b>(2) Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(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		
<b>Assets side:</b>		
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>		
(a) Secured		NIL
(b) Unsecured		17,529
<b>(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>		
(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

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(iii) Hypothecation loans counting towards EL/HP activities:			
(a) Loans where assets have been repossessed			NIL
(b) Loans other than (a) above			NIL
(5) <b>Break-up of Investments :</b>			
<b>Current Investments :</b>			
<b>1. Quoted :</b>			
(i) Shares : (a) Equity			3,242
(b) Preference			NIL
(ii) Debentures and Bonds			NIL
(iii) Units of mutual funds			1,700
(iv) Government Securities			NIL
(v) Others (please specify)			NIL
<b>2. Unquoted :</b>			
(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
<b>Long Term Investments :</b>			
<b>1. Quoted :</b>			
(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
<b>2. Unquoted :</b>			
(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) <b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b>			
Please see Note 2 below			
<b>Category</b>		<b>Amount net of previous</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1. Related Parties**	Nil	Nil	Nil
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil



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(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	17,529	17,529
<b>Total</b>	Nil	17,529	17,529

**(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

<b>Category</b>	<b>Market Value/Break Up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
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	10,904	18,185
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

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

**(8) Other Information**

<b>Particulars</b>	<b>Amount</b>
(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 :**

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3. 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.

