

STEP TWO CORPORATION LIMITED

**TWENTY SECOND ANNUAL REPORT
2015-2016**

STEP TWO CORPORATION LIMITED

Directors

Bholanath Manna
Sanjay Agarwal
Keshav Kumar Saraf
Mamta Sharma

Bankers

HDFC Bank Ltd.
Punjab & Sindh Bank
ICICI Bank Ltd.

Auditors

Agrawal Singhania & Co.
Chartered Accountants

Registrars & Share Transfer Agents

Niche Technologies Pvt. Ltd.
C444, Bagree Market, 71, B. R. B. Bose Road
Kolkata - 700 001

Registered Office

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

STEP TWO CORPORATION LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty second Annual report on the business and operations of the Company together with Audited statements of accounts for the year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS:

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

	<u>Current</u>	<u>Previous</u>
	YEAR	YEAR
	(Rs.)	(Rs.)
Profit before Interest, Depreciation & taxes	3,89,556	2,26,304
Less: Finance Charges	11,835	2,300
Profit / (Loss) before Depreciation & Taxes	3,77,721	2,24,004
Less: Depreciation	1,09,402	1,43,067
Profit/(Loss) Before Provision & Taxes	2,68,319	80,937
Current Tax	1,18,760	37,216
Add/(Less) : Deferred Tax	25,595	(4,398)
Income Tax for the previous year	—	5,243
Profit/(Loss) after Tax	1,75,154	34,080
Transfer to Reserve Fund	35,031	6,816
Balance brought forward from last year	(2,233,598)	(22,60,861)
Balance Carried to Balance Sheet	(2,093,474)	(22,33,598)

DIVIDEND

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

STATE OF COMPANY AFFAIRS

Your directors are hopeful that the performance of the Company will improve in the coming year.

FUTURE OUTLOOK

The general business conditions affecting business are expected to remain stable and company is expected to perform well.

DEPOSITS

The Company has not invited or accepted deposits from the public covered under Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

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TRANSFER TO RESERVES

An amount of Rs.35,031 has been transferred to the Reserve Fund.

MEETINGS OF BOARD OF DIRECTORS

During the financial year ended 31st March, 2016, 11 Board Meetings were held on 27th April, 2015, 15th May, 2015, 20th May, 2015, 15th July, 2015, 31st July, 2015, 14th August, 2015, 9th November, 2015, 31st December, 2015, 4th February, 2016, 10th February, 2016 and 15th March, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Attendance of directors at the Board Meetings [Whether attended (Yes/No)]:

Board Meeting Date	Mr. Sanjay Agarwal (DIN- 00571217)	Mr. Keshav Kumar Saraf (DIN- 00595594)	Mr. Bhol Nath Manna (DIN- 03345433)	Ms. Mamta Sharma (DIN- 07080870)
27th April, 2015	Yes	Yes	Yes	Yes
15th May, 2015	Yes	Yes	Yes	Yes
20th May, 2015	Yes	Yes	Yes	Yes
15th July, 2015	Yes	Yes	yes	Yes
31st July, 2015	Yes	Yes	Yes	Yes
14th August, 2016	Yes	Yes	yes	yes
9th November, 2015	Yes	Yes	Yes	Yes
31st December, 2015	Yes	Yes	Yes	Yes
4th February, 2016	Yes	Yes	Yes	Yes
10th February, 2016	Yes	Yes	Yes	Yes
15th March, 2016	Yes	Yes	Yes	Yes
TOTAL	11	11	11	11

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting.

AUDITORS AND AUDITORS' REPORT

Auditors' Report contains no remark requiring explanation.

At the 20th Annual General meeting held on September 30, 2014, the members had appointed M/s Agrawal Singhania & Co., Chartered Accountants, Kolkata, having registration number 323512E as the statutory auditors of the Company for a period of 5 years upto March 31, 2019, subject to them ratifying the said appointment at every AGM. The Company has received a

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confirmation from M/s Agrarwal Singhania & Co., Chartered Accountants, to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under. The board proposes to the members to ratify the said appointment of M/s Agrarwal Singhania & Co., Chartered Accountants.

DIRECTORS

Ms. Mamta Sharma, Director of the Company, retires by rotation and being eligible offers herself for re-appointment. The Board recommends her reappointment at the ensuing Annual General Meeting.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6).

ANNUAL EVALUATION BY THE BOARD

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Since the Company is a Non Banking Finance Company, the disclosure regarding particulars of loans given, guarantees given and security provided is exempt under the provisions of Section 186 (11) of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There are no related party transactions during the year and henceforth particulars of every contract or arrangements entered into by the Company with Related Parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC-2 prescribed under the Companies (Accounts) Rules, 2014 is not attached.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

PARTICULARS OF EMPLOYEES

The Company did not have any employee during the financial year, hence disclosure under Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

The company has no activity relating to conservation of energy or technology absorption, details of which are required to be furnished in this report as per the provision of Section 134 (m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014

FOREIGN EXCHANGE EARNING & OUTGO

There were no foreign exchange earning and outgo during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors hereby confirm that:-

- (i) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards, have been followed and there are no material departures from the same;
- (ii) the 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 as at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.
- (v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (vi) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

RISK MANAGEMENT POLICY

The Company has a defined Risk Management framework to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

EXTRACT OF THE ANNUAL RETURN

Extract of the Annual Return as on the financial year ended 31st March, 2016 in Form MGT 9 is annexed hereto and forms a part of this report.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Pursuant to the Listing Regulations, a separate section titled 'Corporate Governance' has been included in this Annual Report, along with the Reports on 'Management Discussion and Analysis' and 'General Shareholder Information'.

All Board members and Senior Management personnel have affirmed compliance with the code of conduct for FY 2015-2016. A declaration to this effect signed by the Whole-time Director of the Company is included in this Annual Report.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Navneet Jhunjunwala of M/s N.Jhunjunwala & Associates, a firm of Company Secretaries in Practice (FCS No.6397, CP No.5184) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith. The same does not contain any qualification, reservation or adverse remark or disclaimer.

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 : 17.05.2016

For and on behalf of the Board

Bhola Nath Manna (DIN- 03345433)

Sanjay Agarwal (DIN- 00571217)

Directors

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Financial year 2015-16 (FY2016) began on a positive note. Despite a gloomy global scenario-both across developed economies and key emerging ones such as China-India had closed FY2015 with growth in real GDP of 7.2% and a growth in gross value added (GVA) of 7.1%. Low crude oil prices, comfortable inflation levels, some reduction of policy rates by the Reserve Bank of India (RBI), a reasonable current account deficit and the promise of reforms by the Central Government under Prime Minister Narendra Modi suggested even faster economic growth in FY2016.

In all fairness, that has happened, notwithstanding disastrous monsoons for the second successive year, low agricultural growth, poor income generation across much of rural India and relatively lukewarm growth in infrastructure activities.

Banks have passed on a part of the benefits of eased liquidity and rate cuts, but not enough given the difficult state of their books thanks to the burden of significant nonperforming assets (NPAs).

Market Scenario

NonBanking Finance Companies (NBFCs) continue to grow their share in financial services industry. Until some years ago, NBFCs were a small part of the financial services business with a small resource base. Today, the equity of leading NBFCs is comparable with or larger than many mid-sized banks. The combined market capitalisation of the top 10 NBFCs is now twice that of mid and small-sized public sector banks. The Indian economy is projected to grow at 7.8%, in 2016-17 as per most accounts. With headline inflation likely to remain low, it is widely expected that RBI will sustain its current accommodative stance.

Private sector investment however, remains weak, amid cyclical headwinds such as high corporate leverage, slow export growth, persistent excess capacity in several sectors, and a troubled banking sector. More than ever, the behavior of the Southwest monsoon will have a major bearing on India's economic fortunes this year. Large parts of the country are reeling from a severe drought after two successive years of deficient rains, resulting in distress for much of the rural economy.

Against this backdrop, your Company hopes to post reasonable growth in its business and also continue to explore new, profitable business opportunities. Competitive pressures in the retail financing market are likely to remain high, with banks increasingly focussing on retail lending, thereby exerting downward pressure on margins. Growth with Quality and Profitability has been the underlying philosophy that has guided your Company over the years and shall continue to do so in the future as well.

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Analysis of performance for the year

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

Opportunities and Threats

Your Company has built a robust risk management framework over the years. Engaged, as it is, in retail financing, the Company has to manage various risks, such as credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee reviews and monitors these risks at regular intervals. The Company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risks. The Company monitors ALM on an ongoing basis to mitigate the liquidity risk, while interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company also measures the interest rate risk by the duration gap method.

Internal control system and their adequacy

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

Development in human resources

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

Conclusion

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties.

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SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To the Members of
Step Two Corporation Limited
L65991WB1994PLC066080
21, Hemanta Basu Sarani,
5th Floor, Suite No.507,
Kolkata - 700 001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Step Two Corporation Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
- v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable:
 - a) SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
 - b) SEBI (Prohibition of Insider Trading) Regulations, 1992
 - c) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - e) SEBI (Issue and listing of Debt securities) Regulations, 2008
 - f) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - g) The SEBI (Delisting of Equity Shares) Regulations, 2009

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- h) The SEBI (Buyback of Securities) Regulations, 1998
- i) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- vi) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NonBanking Financial Companies with classification as a 'Loan Company'; which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the followings:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with BSE Limited, The Calcutta Stock Exchange Ltd., The Stock Exchange, Ahmedabad and The Jaipur Stock Exchange Ltd. (As applicable upto 30 November 2015)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

This report is to be read with my letter of even date which is annexed as **Annexure-1** which forms an integral part of this report.

For **N.JHUNJHUNWALA & ASSOCIATES**
COMPANY SECRETARIES

Place : KOLKATA
Date : 17.05.2016

CS NAVNEET JHUNJHUNWALA
PROPRIETOR
FCS-6397
C. P.No.: 5184

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Annexure - 1

To the Members of
Step Two Corporation Limited
L65991WB1994PLC066080
21, Hemanta Basu Sarani,
5th Floor, Suite No.507,
Kolkata - 700 001

My report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. My responsibility is to express an opinion on those records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **N.JHUNJHUNWALA & ASSOCIATES**
COMPANY SECRETARIES

Place : KOLKATA
Date : 17.05.2016

CS NAVNEET JHUNJHUNWALA
PROPRIETOR
FCS-6397
C. P.No.: 5184

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FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)
of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS :		
1	CIN	L65991WB1994PLC066080
2	Registration Date	25-11-1994
3	Name of the Company	STEP TWO CORPORATION LIMITED
4	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
5	Address of the Registered office & contact details	21, HEMANTA BASU SARANI, 5TH FLOOR, ROOM NO.507,KOLKATA - 700 001.
6	Whether listed company	YES
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NICHE TECHNOLOGIES PVT.LTD. D-511, BAGREE MARKET, 5TH FLOOR, 71, B.R.B.BASU ROAD, KOLKATA - 700 001, PH.NO.033-2234-3576/ 033-2235-7270/7271, E-MAIL : nichetechpl@nichetechpl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	FINANCE AND INVESTMENT		100
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL				
2					

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IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year (As on 31-March-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	16,98,700	4,000	1,702,700	33.703%	1,702,700	-	1,702,700	33.703%	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	0.00%	-	-	-	-	0.00%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	16,98,700	4,000	1,702,700	33.703%	1,702,700	-	1,702,700	33.703%	0.00%
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	16,98,700	4,000	1,702,700	33.703%	1,702,700	-	1,702,700	33.703%	0.00%
B. Public									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs -	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

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2. Non-Institutions									
a) Bodies Corp.	0	0	0		0	0	0		
i) Indian	328,167	763,000	1,091,167	21.598%	328,058	763,000	1,091,058	21.596%	-0.02%
ii) Overseas			-				-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	152,227	1,030,676	1,182,903	23.414%	279,067	1,112,076	1,391,143	27.536	4.122%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	552,800	522,500	1,075,300	21.284%	458,600	408,000	866,600	17.153%	-4.131%
c) Others (specify)	30	-	30	0.001%	599	0	599	0.012%	0.011%
Non Resident Indians			-				-	-	-
Overseas Corporate Bodies			-				-	-	-
Foreign Nationals			-	-			-	-	-
Clearing Members			-	-			-	-	-
Trusts			-	-			-	-	-
Foreign Bodies - D R			-	-			-	-	-
Sub-total (B)(2):-	1,033,224	2,316,176	3,349,400	66.297%	1,066,324	2,283,076	3,349,400	66.297%	0.00%
Total Public (B)	1,033,224	2,316,176	3,349,400	66.297%	1,066,324	2,283,076	3,349,400	66.297%	0.00%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-				-	-
Grand Total (A+B+C)	2,731,924	2,320,176	5,052,100	100.00%	2,769,024	2,283,076	5,052,100	100.00%	0.00%
(ii) Shareholding of Promoter									
SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year	
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares		
1	Ashok Kumar Sharma	4,000	0.079%	-	4,000	0.079%	-		
2	Raj Kumar Agarwal	16,88,700	33.426%	-	16,88,700	33.426%	-		
3	Sapna Agarwal	10,000	0.198%	-	10,000	0.198%	-	0	

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(iii) Change in Promoters' Shareholding (please specify, if there is no change)							
SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Ashok Kumar Sharma						
	At the beginning of the year			4,000	0.079%		
	Date wise Increase /						
	Decrease in Promoters Share holding during the year					(No Change During The Year)	
	At the end of the year					4,000	0.079%
2	Raj Kumar Agarwal						
	At the beginning of the year			16,88,700	33.426%		
	Date wise Increase /						
	Decrease in Promoters Share holding during the year					(No Change During The Year)	
	At the end of the year					16,88,700	33.426%
3	Sapna Agarwal						
	At the beginning of the year			10,000	0.198%		
	Date wise Increase /						
	Decrease in Promoters Share holding during the year					(No Change During The Year)	
	At the end of the year					10,000	0.198%
	TOTAL			1,702,700	33.703%	1,702,700	33.703%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	ANIL KUMAR GOEL						
	At the beginning of the year			39,600	0.784%		
	Changes during the year	19/02/2016	Transfer	-39,600	0.784%		
	At the end of the year	26/02/2016	Transfer	39,600	0.784%	39,600	0.784%
2	BEEJAY INVESTMENT & FIN. CONSULTANT PVT.LTD.						
	At the beginning of the year			48,090	0.952%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					48,090	0.952%

STEP TWO CORPORATION LIMITED

3	INDRA DEVI JAIN						
	At the beginning of the year			42,500	0.841%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					42,500	0.841%

4	MARTIN BURN ESTATES PVT. LTD.						
	At the beginning of the year			95,200	1.884%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					95,200	1.884%

5	NANDANKANAN DISTRIBUTORS PVT.LTD.						
	At the beginning of the year			64,300	1.273%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					64,300	1.273%

6	NARESH CHAND CHANDAK						
	At the beginning of the year			41,200	0.816%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					41,200	0.816%

7	NARESH SINGHAL						
	At the beginning of the year			63,500	1.257%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					63,500	1.257%

8	POOJA FINELEASE LTD.						
	At the beginning of the year			7,53,100	14.907%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					7,53,100	14.907%

9	SUKDEV DHARA						
	At the beginning of the year			45,300	0.897%		
	Changes during the year					(No Change During The Year)	
	At the end of the year					45,300	0.897%

STEP TWO CORPORATION LIMITED

10	SUSHIL KUMAR AGARWAL						
	At the beginning of the year			45,800	0.907%		
	Changes during the year	19/02/2016	Transfer	-45,800	0.907%		
	Changes during the year	26/02/2016	Transfer	45,800	0.907%		
	At the end of the year					45,800	0.907%

11	VIKASH FINANCIAL SERVICES PVT.LTD.						
	At the beginning of the year			55,000	1.089%		
	Changes during the year	01/05/2015	Transfer	-55,000	1.089%		
	At the end of the year					-	0.000%

(v) Shareholding of Directors and Key Managerial Personnel :

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name : Bholu Nath Manna			24700	0.488	24700	0.488
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

2	Name : Sanjay Agarwal			NIL			
	At the beginning of the year						
	Changes during the year						
	At the end of the year			NIL			

3	Name : Keshav Kumar Saraf			NIL			
	At the beginning of the year						
	Changes during the year						
	At the end of the year			NIL			

4	Name : Basant Kumar Agarwal			NIL			
	At the beginning of the year						
	Changes during the year						
	At the end of the year			NIL			

5	Name : Mamta Sharma			NIL			
	At the beginning of the year						
	Changes during the year						
	At the end of the year			NIL			

STEP TWO CORPORATION LIMITED

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	-
ii) Interest due but not paid	Nil	Nil	Nil	-
iii) Interest accrued but not due	Nil	Nil	Nil	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
* Addition	Nil	Nil	Nil	-
* Reduction	Nil	Nil	Nil	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	-
ii) Interest due but not paid	Nil	Nil	Nil	-
iii) Interest accrued but not due	Nil	Nil	Nil	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs/Lac)
		Name	BHOLA NATH MANNA	
		Designation	WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1.80	1.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total (A)		1.80	1.80
	Ceiling as per the Act			

STEP TWO CORPORATION LIMITED

B. Remuneration to other Directors

N.A.

SN	Particulars of Remuneration	Name of Directors			Total Amount (Rs/Lac)
1	Independent Directors				
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors				-
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				1.80
	Overall Ceiling as per the Act				-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Name	BASANT KUMAR AGARWAL	MAMTA SHARMA	
		Designation	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1.50	1.20	2.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total		1.50	1.20	2.70

STEP TWO CORPORATION LIMITED

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

STEP TWO CORPORATION LIMITED

FORM AOC-1

Annexure '1'

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures

PART 'A' – Subsidiaries-

Sl. No.	Particulars		NIL	
1	Name of the Subsidiary			
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.			
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.			
4	Share Capital			
5	Reserves & Surplus			
6	Total Assets			
7	Total Liabilities			
8	Details of Investments			
9	Turnover			
10	Profit Before Taxation			
11	Provision for Taxation			
12	Profit / (Loss) after Taxation			
13	Proposed Dividend			
14	% of shareholding			

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations -NA
- Names of subsidiaries which have been liquidated or sold during the year- NA

PART 'B' – Associates and Joint Ventures

Statement pursuant sub-section (3) of section 129 of the Companies Act, 2013 related to Associates and Joint Ventures

Sl. No.	Name of Associates/Joint Ventures		NIL	
1	Latest audited Balance Sheet Date			
2	Shares of Associate/Joint Ventures held by the company on the year end No.			
	Amount of Investment in Associates/Joint Venture			
	Extent of Holding %			
3	Description of how there is significant influence			
4	Reason why the associate/joint venture is not consolidated			
5	Net worth attributable to Shareholding as per latest audited Balance Sheet			
6	Profit/ Loss for the year			
	i. Considered in Consolidation			
	i. Not Considered in Consolidation			

Notes: The following information shall be furnished at the end of the statement:

- Names of associates or joint ventures which are yet to commence operations -NA
- Names of associates or joint ventures which have been liquidated or sold during the year- NA

For and on Behalf of the Board
sd/-
Bhola Nath Manna (DIN-03345433)
Sanjay Agarwal (DIN-00571217)
Director

STEP TWO CORPORATION LIMITED

FORM-AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1 Details of contracts or arrangements or transactions not at arm's length basis None

2 Details of material contracts or arrangements or transactions at arm's length basis:						
Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient features of contracts / arrangements / transactions, including value, if any	Date(s) of approval by the Board / Audit Committee	Amount paid as advances, if any
1						
----- NIL -----						

CORPORATE GOVERNANCE

At Step Two Corporation Limited (STCL), we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values of integrity, team focus, structured innovation, implementation, performance and client focus. Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. Our governance policies, structures and processes contribute to the growth of our business and the Board ensures that we have appropriate governance arrangement in place, both to support our operations and protect our shareholders' interest.

The Securities and Exchange Board of India ("SEBI") had recently issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with an aim to consolidate and streamline the provisions of existing listing agreements for different segments of capital markets such as equity shares (including convertible instruments), non-convertible debt securities, etc. and disclosure norms in relation thereto. The Listing Regulations mandated by SEBI have been fully complied with. A Report on compliance with the Listing Regulations as prescribed by SEBI is given below:

1. BOARD OF DIRECTORS

The members of the Board of Directors of the Company are eminent personalities from various fields and are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company. The Board of Directors is responsible for and committed to sound principles of Corporate Governance in the Company.

The Board comprises One Executive Director and Three Non-Executive Directors. The executive director is Sri Bhola Nath Manna. Independent Non-executive Directors are Sri Sanjay Agarwal and Mr. Keshav Kumar Saraf, professional non-executive director are Ms. Mamta Sharma.

Ms. Mamta Sharma is also the Secretary and compliance officer of the Company.

Mr. Basant Kumar Agarwal is the Chief Financial Officer (CFO) of the Company. 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. 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.

STEP TWO CORPORATION LIMITED

During the FY 2015-2016, the Board met 11 times on: 27.04.2015, 15.05.2015, 20.05.2015, 15.07.2015, 31.07.2015, 14.08.2015, 09.11.2015, 31.12.2015, 04.02.2016, 10.02.2016 and 15.03.2016

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, 2016 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 (DIN- 00571217)	Independent	Non-executive	11	Nil	Yes
Mr. Keshav Kumar Saraf (DIN- 00595594)	Independent	Non-executive	11	2	Yes
Mr. Bhol Nath Manna (DIN- 03345433)	Executive		11	Nil	Yes
Ms. Mamta Sharma (DIN- 07080870)	Professional	Non-executive	11	Nil	Yes

* Directorship held in Public Limited Company.

Name of Director	Directorships		Committee Positions in Listed & Unlisted public <u>Limited companies</u>	
	In listed companies	In unlisted public companies	As Chairman	As Member
Mr. Sanjay Agarwal (DIN- 00571217)	1	-	-	2
Mr. Keshav Kumar Saraf (DIN- 00595594)	2	1	-	4
Mr. Bhol Nath Manna (DIN- 03345433)	1	-	-	2
Ms. Mamta Sharma (DIN- 07080870)	1	-	-	1

STEP TWO CORPORATION LIMITED

Note: For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013/section 25 of the Companies Act, 1956 have been excluded. Only audit committee and stakeholders relationship committee are considered for the purpose of reckoning committee positions.

Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of the management. The Independent Directors of the Company met on March 31, 2016, pursuant to the provisions of the Act and the Listing Regulations.

3. INFORMATION ON DIRECTORS' RE-APPOINTMENT / APPOINTMENT

Ms. Mamta Sharma is retiring by rotation in the ensuing Annual General Meeting and being eligible offers herself for re-appointment. Her brief particulars are as under:

Ms. Mamta Sharma (25 years) possesses immense knowledge in the fields of Investment, Banking and retail financing. Her 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. She is a member of the Institute of Company Secretaries of India.

She does not hold directorship in any public limited company apart from Step Two Corporation Ltd. She is not a director in any Private Limited Company

Mr. Bhola Nath Manna was appointed as Whole-time Director of the Company on February 09, 2011 and his appointment ratified at the 17th Annual General Meeting of the shareholders of the Company held on September 30, 2011, for a period of five years w.e.f. February 09, 2011.

The Board of Directors of the Company in its meeting held on February 04, 2016, on recommendation of Nomination & Remuneration Committee, re-appointed Mr. Manna as Whole-time Director for a period of five years with effect from February 09, 2016 on the terms and conditions approved by the Nomination & Remuneration Committee as given herein below, subject to approval of the shareholders at this Annual General Meeting.

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

STEP TWO CORPORATION LIMITED

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, 2016, the Audit Committee comprised One Executive Director and Three Non-Executive Independent Directors. The Committee comprises Bhola Nath Manna, Sanjay Agarwal, Mamta Sharma and Keshav Kumar Saraf; Ms. Mamta Sharma professional Non executive Director. All members of the Audit Committee have accounting and financial management expertise.

During the year, the Committee met 4 times on: 20.05.2015, 31.07.2015, 09.11.2015 and 10.02.2016.

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

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

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee of STCL consists of One Executive Director and Two Non-Executive Independent Directors. The constitution and composition of the Committee is in accordance with the provisions of the Listing Regulations. The Company Secretary acts as the Secretary and has been appointed as the Compliance Officer of the Committee.

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

No investor compliant was received during the year and none was pending unresolved as on 31st March, 2016.

6. REMUNERATION COMMITTEE

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

7. POLICIES, CODE OF CONDUCT AND STATUTORY DISCLOSURES

Code of Conduct:

The Company has laid down a Code of Conduct for all Board members including Independent Directors and Senior Management Personnel. The Code of Conduct is available on the website of the Company at www.steptwo.in. The declaration of Whole-time Director is given elsewhere in the report.

Vigil Mechanism Framework/Whistle Blower Mechanism:

The Board at its meeting held on December 01st, 2015 had established a Vigil Mechanism Framework for directors and employees to report genuine concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The details of establishment of such mechanism has been disclosed on the website of the Company at www.steptwo.in. As on March 31st, 2016, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrong doings that may have an adverse impact on the Company's image or financials of the Company.

CEO/CFO certification

The CEO and CFO have certified to the Board with regard to the financial statements and other matters as required under the Listing Regulations.

Auditors' certificate on corporate governance

The Company has obtained a certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in the Listing Regulations.

This certificate is annexed to the Directors' Report.

Compliances regarding insider trading

Securities and Exchange Board of India has notified on 15th January 2015 new regulations for prohibition of insider trading (effective from 15th May 2015) repealing the regulations issued in 1992. In terms of the new regulations, the Board of the Company, at its meeting held on 15th May, 2015, had approved a code of conduct and a code of fair disclosure. The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the requirements.

Compliance of mandatory requirements under the Listing Regulations

The Company has complied with all the mandatory requirements of the Listing Regulations.

Modified opinion in the audit report

The Company confirms that its financial statements are with unmodified audit opinion.

STEP TWO CORPORATION LIMITED

Separate posts of Whole-time Director/CFO/Secretary

The Company has appointed separate persons to the post of Whole-time Director, Chief Financial Officer and Company Secretary.

Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

Pursuant to the provisions of the Companies Act, 2013 no fraud was reported by auditors of the Company to the Audit Committee during FY 2015-2016.

A Cash Flow Statement for FY 2015-2016 is attached to the Balance Sheet.

The Company has a policy on prevention of sexual harassment at workplace. There was no case of sexual harassment reported during FY 2015-2016.

The Company has formulated an Archival Policy for ensuring compliance with the provisions under Regulation 30(8) of the Regulations for protection, maintenance and archival of the Events or Information disclosed to the stock exchange(s) which are also hosted on its website.

The Board of Directors of the company have laid down a code of conduct for all Board members and Senior Management personnel of the Company in compliance with Regulation 17(5) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a Familiarization Programme for Independent Directors in compliance with Schedule IV of the Companies Act, 2013 and the Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has in place a Policy on Determination of Materiality of Event or Information in pursuance of the requirements of Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Board of Directors of the Company has adopted a policy on materiality of Related Party Transactions and dealing with Related Party Transactions. The policy is in line with requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and The Companies Act, 2013.

The Company has in place a Risk Management Policy in compliance with Section 134 (3) (n) of the Companies Act, 2013 and Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the Company to develop and implement a Risk Management Policy / Plan and to lay down risk assessment and minimisation procedures.

Secretarial standards of ICSI

Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has, on 23 April 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective from 1 July 2015.

STEP TWO CORPORATION LIMITED

The Company is compliant with the same.

8. GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings

Year	Date	Time	Location
2013	30.09.2013	10:00 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001
2014	30.09.2014	10:30 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001
2015	30.09.2015	10:00 A.M.	21, Hemanta Basu Sarani, 5th Floor, Suite No.507, Kolkata 700 001

Details of special resolution(s) passed at the last three years' annual general meetings (AGM) and postal ballot:

I. Special resolutions passed at the previous three annual general meetings:

At the 19th AGM held on 30th September, 2013, no special resolution was passed.

At the 20th AGM held on 30th September, 2014, one special resolution was passed pertaining to enhancement of borrowing limits of the company in terms of Section 180(1)(c) of the Companies Act, 2013

At the 21st AGM held on 30th September, 2015, no special resolution was passed.

II. No special resolution was passed through postal ballot during FY 2015-2016.

III. No special resolution is proposed to be passed through postal ballot at this annual general meeting.

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, Dainik Lipi and Sukhabar 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, 2016

Time - 10:00 A.M.

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

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

Result for Quarter ending June 30, 2016 : On or before 14th August, 2016

Result for Quarter ending September 30, 2016 : On or before 14th November, 2016

Result for Quarter ending December 31, 2016 : On or before 14th Febtuary, 2017

Result for Quarter ending March 31, 2017 : On or before 15th May, 2017

C. Book Closure

The Register of members and Share Transfer Book will remain closed from 24th day of September, 2016 to 30th day of September, 2016 (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 2016-17 to all stock exchanges.

STEP TWO CORPORATION LIMITED

F. ISIN Number: INE623D01015

G. Depository Connectivity: NSDL and CDSL

H. STOCK MARKET DATA

Monthly highs and lows of Step Two Corporation Ltd. share price (Rs.) during 2015-2016.

Month	BSE		Closing BSE Sensex
	High	Low	
April'15	12.70	11.50	27011.31
May'15	12.00	12.00	27828.44
June'15	13.65	12.50	27780.83
July'15	15.76	14.30	28114.56
Aug'15	-----	-----	26283.09
Sep'15	15.00	13.55	26154.83
Oct'15	12.88	12.24	26656.83
Nov'15	11.75	8.57	26145.67
Dec'15	8.99	8.15	26117.54
Jan'16	8.50	7.61	24870.69
Feb'16	8.79	7.99	23002.00
Mar'16	9.22	9.22	25341.86

11. REGISTRAR & TRANSFER AGENTS

Name

Address

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

12. COMPLIANCE OFFICER

Ms. Mamta Sharma is presently acting as the compliance officer in accordance with the provisions of the Listing Agreement. Her contact details are as under:

Address : 21, Hemant Basu Sarani, 5th Floor, R.No.507, Kolkata - 700 001
Tel No. : 033-22318207/08
E-mail : admin@steptwo.in

STEP TWO CORPORATION LIMITED

13. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2016

No. of Equity Shares Held	No. of Share holders	% of Shares holders	No. of Shares held	% of Shares holding
1 to 500	634	34.7588	1,59,719	3.1614
501 to 1000	1034	56.6886	7,20,654	14.2644
1001 to 5000	87	4.7697	2,07,257	4.1024
5001 to 10000	20	1.0965	1,63,080	3.2280
10001 to 50000	44	2.4123	11,36,590	22.4974
50001 to 100000	3	0.1645	2,23,000	4.4140
100001 and above	2	0.1096	24,41,800	48.3324
Totals	1824	100.000	50,52,100	100.000

14. SHAREHOLDING PATTERN AS ON 31.03.2016

Category	No. of Share held	% of Share holding
Indian Promoters	1702700	33.70
Indian Public including corporate bodies	3349400	66.30
	<u>5052100</u>	<u>100.00</u>

15. DEMATERIALIZATION OF SHARES

2769024 shares have been dematerialized up to 31.03.2016 which is 54.81% percent of the total shares of the Company.

16. BREAK-UP OF SHARES IN PHYSICAL AND DEMAT SEGMENT (As on 31.03.2016)

Segment	No. of Shareholders	% to total Shareholders	No. of Shares held	% to total Shares
Physical	1488	80.65	2283076	45.19
Demat	357	19.35	2769024	54.81
Total	1845	100.00	5052100	100.00

17. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

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

18. ADDRESS FOR CORRESPONDENCE

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

STEP TWO CORPORATION LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
STEP TWO CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Step Two Corporation Limited for the year ended 31st March, 2016, as stipulated in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of corporate governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and 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 SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the 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
Firm Registration Number : 323512E

Place : Kolkata
Date : The 17th day of May, 2016

(Sanjay Kumar Agrawal)
Partner
Membership No. 056837

STEP TWO CORPORATION LIMITED

CEO/CFO CERTIFICATION

I, Basant Kumar Agarwal, Chief Financial Officer, certify to the Board that:

- a) I have reviewed financial statements and the cash flow statement for the year ended on 31st March'2016 and that to the best of my knowledge and belief :
 - i. These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii. These statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
- b) To the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March'2016 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

Place : Kolkata

Basant Kumar Agarwal

Date : The 17th day of May, 2016

Chief Financial Officer

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, 2016.

Place : Kolkata
Date : 17.05.2016

Bhola Nath Manna
Whole-time Director

STEP TWO CORPORATION LIMITED

INDEPENDENT AUDITOR'S REPORT

To
The Members of
STEP TWO CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of STEP TWO CORPORATION LTD., which comprise the Balance sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair

STEP TWO CORPORATION LIMITED

view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy

STEP TWO CORPORATION LIMITED

and operating effectiveness of the company's internal financial controls over financial reporting; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long term contract including derivatives contracts for which there were any material foreseeable losses; and
 - iii. there were no amount which is required to be transferred to the Investor Education and Protection Fund by the Company.

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: -

1. The company, incorporated prior to January 9, 1997, has applied for registration as provided in section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934). The Company has been granted certificate of registration as NBFC by the Reserve Bank of India & the Registration no. is 05.02614 dated 04.06.1998.
2. The Board of Directors of the Company has passed a Resolution for non-acceptance of any public deposits.
3. The Company has not accepted any public deposits during the year under reference.
4. 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

FRN No. 323512E

Place : Kolkata

Date : 17.05.2016

(Sanjay Kumar Agrawal)

Partner

Membership No. 056837

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2016, we report that:

1. Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us, all fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. The company doesn't have any immovable property, hence this clause is not applicable.
2. In respect of its inventories it was explained to us that inventory consists of Shares and securities which are held in dematerialized form, hence physical verification is not possible. However, it has been verified from demat statements by the management at regular intervals and no material discrepancies were noticed during the year.
3. The company has not granted any loans secured or unsecured to companies, firm and other parties covered in the register maintained under section 189 of Companies Act, 2013.
4. The Company being a Non-Banking Financial Company the provisions of Section 185 & 186 is not applicable to it.
5. The Company has not accepted any deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of activities of the Company.
7. In respect of Statutory dues:
 - a. According to the records maintained by the Company and information and explanations given to us, undisputed statutory dues in respect of Income Tax, wealth tax, sales tax, custom duty, excise duty, 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, 2016 for a period of more than six months from the date of become payable.
 - b. There are no Disputed Statutory dues.
8. The Company did not have any outstanding dues to financial institutions, banks, Government dues or debenture holders during the year.

STEP TWO CORPORATION LIMITED

9. The company has not raised any money by way of Initial Public Offer, Further Public Offer or term loan during the year. Hence this clause is not applicable.
10. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
11. The managerial remuneration has been paid after the requisite approvals as mandated by provisions of Section 197 read with Schedule V of the Companies Act, 2013
12. The company is not a Nidhi Company. Therefore this clause is not applicable
13. The company has made adequate disclosures in Financial Statements for related party transaction as required u/s 188 of Companies Act,
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. The company has not entered into any non-cash transaction with directors or persons as per provisions of Section 192 of companies Act, 2013.
16. The Company is registered u/s 45-IA of the Reserve Bank of India Act, 1934 vide registration no. 05.02614 dated 04.06.1998

for AGRAWAL SINGHANIA & CO.

Chartered Accountants

FRN No. 323512E

Place : Kolkata
Date : 17.05.2016

(Sanjay Kumar Agrawal)
Partner
Membership No. 056837

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Step Two Corporation Ltd. (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”), to the extent applicable to an audit of internal financial controls, Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

STEP TWO CORPORATION LIMITED

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

for AGRAWAL SINGHANIA & CO.

Chartered Accountants

FRN No. 323512E

Place : Kolkata

Date : 17.05.2016

(Sanjay Kumar Agrawal)

Partner

Membership No. 056837

STEP TWO CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

		As at	As on
I	EQUITY & LIABILITIES	31.03.2016	31.03.2015
	SHAREHOLDER'S FUNDS	Rs.	Rs.
	Share Capital	45,967,738	45,967,738
	Reserves & Surplus	(968,273)	(1,143,427)
	NON CURRENT LIABILITIES		
	Deferred Tax Liability (net)	—	349
	CURRENT LIABILITIES		
	Short Term Borrowings	—	1,002,300
	Other Current Liabilities	120,664	83,328
	Short Term Provisions	200,841	197,688
	Total	<u>45,320,970</u>	<u>46,107,976</u>
II	ASSETS		
	NON-CURRENT ASSETS		
	Fixed Assets		
	a) Tangible Assets	154,220	566,287
	Deferred Tax assets (net)	25,246	—
	Long Term Loans & Advances	156,000	156,000
	CURRENT ASSETS		
	Current Investment	5,809,135	6,385,142
	Inventories	1,413,750	6,184,368
	Trade Receivables	816,749	3,709
	Cash & Cash Equivalents	3,790,470	3,187,612
	Short Term Loans & Advances	33,139,559	29,624,858
	Other Current Assets	15,840	—
		<u>45,320,970</u>	<u>46,107,976</u>

Significant Accounting Policies
and Notes on Accounts
As per our Report of even date
For, **AGRAWAL SINGHANIA & CO.**
Chartered Accountants
FRN No. 323512E
(SANJAY KUMAR AGRAWAL)
Partner
Membership No. 056837
Date : 17.05.2016
Place: Kolkata

For & on Behalf of the Board
Sd/-
Bhola Nath Manna (DIN-03345433)
Sanjay Agarwal (DIN-00571217)
Director
Mamta Sharma
Sd/-
Company Secretary
Basant Kumar Agarwal
Sd/-
C.F.O.

STEP TWO CORPORATION LIMITED**PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

		Year ended 31.03.2016	Year ended 31.03.2015
	Note No.	Rs.	Rs.
I	Revenue from Operations	5,234,583	7,003,586
II	Other Incomes	564,978	581,242
III	Total Revenue (I+II)	<u>5,799,561</u>	<u>7,584,828</u>
IV	EXPENSES		
	Purchase	1,674,250	5,123,546
	Change in Stock in Trade	1,930,710	(1,242,618)
	Employee Benefit Expenses	750,000	622,671
	Finance Expenses	11,835	2,300
	Depreciation and Amortization	109,402	143,067
	Other Expenses	1,055,045	2,854,926
	Total Expenses	<u>5,531,241</u>	<u>7,503,891</u>
V	Profit/(Loss) before exceptional and extraordinary items and taxes (III-IV)	268,319	80,937
VI	Exceptional Items	—	—
VII	Profit/(Loss) before extraordinary items and tax (V-VI)	268,319	80,937
VIII	Extraordinary Items	—	—
IX	Profit/(Loss) before tax (VII-VIII)	<u>268,319</u>	<u>80,937</u>
X	Tax Expenses:		
	(1) Current Tax	(118,760)	(37,216)
	(2) Income Tax paid for earlier years	—	(5,243)
	(3) Deferred Tax	25,595	(4,398)
XI	Profit/(Loss) for the period from Continuing Operations (VII-VIII)	<u>175,154</u>	<u>34,080</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>175,154</u>	<u>34,080</u>
XVI	Earnings per Equity Share:		
	(1) Basic	0.03	0.01
	(2) Diluted	0.03	0.01

Significant Accounting Policies
and Notes on Accounts
As per our Report of even date
For, **AGRAWAL SINGHANIA & CO.**
Chartered Accountants
FRN No. 323512E
(SANJAY KUMAR AGRAWAL)
Partner
Membership No. 056837
Date : 17.05.2016
Place: Kolkata

For & on Behalf of the Board
Sd/-
Bhola Nath Manna (DIN-03345433)
Sanjay Agarwal (DIN-00571217)
Director
Mamta Sharma
Sd/-
Company Secretary
Basant Kumar Agarwal
Sd/-
C.F.O.

STEP TWO CORPORATION LIMITED

Notes to Financial Statement for the year ended 31st March, 2016

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
1. SHARE CAPITAL		
Authorised Share Capital		
53,50,000 Equity Shares of Rs. 10/- each	53,500,000	53,500,000
	<u>53,500,000</u>	<u>53,500,000</u>
Issued, Subscribed & Paid up		
50,52,100 Equity Shares of Rs 10/- each fully paid up in cash	50,521,000	50,521,000
Less: Calls in arrear	4,553,262	4,553,262
	<u>45,967,738</u>	<u>45,967,738</u>
Reconciliation of No. of Shares outstanding		
At the beginning of the year	5,052,100	5,052,100
Issued / (Buy Back) during the year	—	—
At the end of the year	<u>5,052,100</u>	<u>5,052,100</u>
List of Shareholders holding more than 5% shares		
Raj Kumar Agarwal	1,688,700	1,688,700
Pooja Finelease Ltd.	753,100	753,100
	<u>1,688,700</u>	<u>1,688,700</u>
2. RESERVES & SURPLUS		
<u>Reserve Fund</u>		
Opening Balance	1,090,170	1,083,354
Addition during the year	35,031	6,816
	<u>1,125,201</u>	<u>1,090,170</u>
<u>Profit & Loss Account</u>		
Opening Balance	(2,233,598)	(2,260,861)
Addition during the year	175,154	34,080
Less : Transfer to Statutory Reserve	(35,031)	(6,816)
	<u>(2,093,474)</u>	<u>(2,233,598)</u>
Total	<u>(968,273)</u>	<u>(1,143,427)</u>

STEP TWO CORPORATION LIMITED

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
3. SHORT TERM BORROWINGS		
Unsecured considered goods		
Unsecured Loan		
- From Others	—	1,002,300
	—	1,002,300
	<u>—</u>	<u>1,002,300</u>
4. OTHER CURRENT LIABILITIES		
Liabilities for expenses	120,664	83,328
	120,664	83,328
	<u>120,664</u>	<u>83,328</u>
5. SHORT TERM PROVISIONS		
Provision for Current Tax	118,760	125,296
Contingent Provision for Standard Assets	82,081	72,392
	200,841	197,688
	<u>200,841</u>	<u>197,688</u>
Provision for all known liabilities is adequate and not in excess of amount reasonable necessary.		
7. DEFERRED TAX		
Opening Balance [Liability/(Assets)]	349	(4,049)
Less : Deferred tax Assets reversed during the year	—	—
Add: Deferred tax assets created during the year	(25,595)	4,398
Closing Balance [Laibility/(assets)]	(25,246)	349
Deferred Tax Assets and Deferred Tax Liabilities have been netted off as per AS-22.		
Computation of Deferred Tax Liability/(Assets)		
Deferred Tax Liability/(Assets)	(25,246)	349
	<u>(25,246)</u>	<u>349</u>
8. LONG TERM LOANS & ADVANCES		
Security Deposit	156,000	156,000
(unsecured, considered good)	156,000	156,000
	<u>156,000</u>	<u>156,000</u>

STEP TWO CORPORATION LIMITED

SCHEDULE - 6

Fixed Assets	GROSS BLOCK				DEPRECIATION				Written Down Value	
	Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	During the year	Deduction	Closing Balance	as on 31-03-2016	as on 31-03-2015
Computers	98,800	-	-	98,800	37,878	33,098	-	70,976	27,824	60,922
Motor Vehicle	6,48,618	-	6,48,618	-	2,80,674	65,278	3,45,952	-	-	3,67,944
Office Equipments & installations	2,69,180	-	-	2,69,180	1,31,759	11,025	-	1,42,784	1,26,396	1,37,421
	10,16,598	-	6,48,618	3,67,980	4,50,311	1,09,402	3,45,952	2,13,760	1,54,220	5,66,287
Previous Year	9,93,898	22,700	-	10,16,598	3,07,244	1,43,067	-	4,50,311	5,66,287	-

STEP TWO CORPORATION LIMITED

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
9. CURRENT INVESTMENT		
<u>INVESTMENTS IN MUTUAL FUND</u>		
Quoted		
Investment in Shares	447,457	—
Investment in Mutual Funds	5,361,679	6,385,142
	<u>5,809,135</u>	<u>6,385,142</u>
Aggregate Fair Value	<u>7,555,907</u>	<u>6,576,385</u>
10. INVENTORIES		
(as taken, valued & certified by the management)		
Stock in Trades of Shares & Securities	1,413,750	6,184,368
	<u>1,413,750</u>	<u>6,184,368</u>
11. TRADE RECEIVABLES		
Unsecured, Considered Good		
- Outstanding for a period exceeding six months	1,780	1,780
- Others	814,970	1,929
	<u>816,749</u>	<u>3,709</u>
Debtors balances are subject to confirmation from the respective parties.		
12. CASH & BANK BALANCE		
Cash & Cash Equivalent		
Cash in Hand	388,233	391,746
(As certified by the management)		
Balance With Bank		
- Current Account	3,402,237	2,795,867
	<u>3,790,470</u>	<u>3,187,612</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 31.03.2016 Rs.	As at 31.03.2015 Rs.
13. SHORT TERM LOANS & ADVANCES		
Unsecured considered good		
Balance with Govt. Authority	307,295	667,990
Other Loans & Advances		
- Others	32,832,264	28,956,868
	33,139,559	29,624,858
	33,139,559	29,624,858
14. OTHER CURRENT ASSETS		
Religare Finvest Ltd.	15,840	—
	15,840	—
	15,840	—
15. REVENUE FROM OPERATIONS		
Sale of Share	1,063,801	4,934,938
Interest Income	3,169,404	3,074,377
Share Speculation	—	5,245
Profit / (Loss) on Share Trading	1,001,378	(1,010,974)
	5,234,583	7,003,586
	5,234,583	7,003,586
16. OTHER INCOMES		
Dividend	27,603	46,100
Profit/(loss) on Current Investment	494,609	535,142
Other on IT Refund	42,766	—
	564,978	581,242
	564,978	581,242
17. CHANGE IN STOCK IN TRADE		
Opening Stock	6,184,368	4,941,750
Less:- Transferred to Investment	(2,839,908)	—
Less: Closing Stock	(1,413,750)	(6,184,368)
	1,930,710	(1,242,618)
	1,930,710	(1,242,618)
18. EMPLOYEE BENEFIT EXPENSES		
Salary & Bonus	450,000	422,671
Directors Remuneration (refer note no 21)	300,000	200,000
	750,000	622,671
	750,000	622,671

STEP TWO CORPORATION LIMITED

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
19. Finance Expense		
Interest paid on Loan	11,835	—
Interest on I.Tax	—	2,300
	<u>11,835</u>	<u>2,300</u>
20. DEPRECIATION & AMORTIZATION EXPENSES		
Depreciation	109,402	131,161
Depreciation for earlier Years	—	11,906
	<u>109,402</u>	<u>143,067</u>
21. OTHER EXPENSES		
Auditors Fees (Refer Note 21.1)	17,175	16,854
Advertisement Expenses	40,626	16,319
Bad Debt	13,750	2,000,000
Business Promotion	—	30,430
Rent, Rates & Taxes	104,070	100,600
Legal & Professional Charges	107,350	93,708
Contingent Provision for Standard Assets	9,689	28,569
Membership Fees	23,716	31,461
Repair & Maintenance & Electricity	46,560	60,064
Share Transaction Charges	34,619	44,035
Listing Fees	247,754	155,224
Loss on Sale of Car	82,667	—
Sundry Expenses	327,069	277,662
	<u>1,055,045</u>	<u>2,854,926</u>

STEP TWO CORPORATION LIMITED

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
21.1. AUDITOR'S REMUNERATION		
Statutory Audit Fees	17,175	16,854
	<u>17,175</u>	<u>16,854</u>
21.2 Sundry Expenses		
Bank Charges	600	1,292
Car Insurance	—	7,175
Car Maintenance	43,705	53,001
Custodian fees	57,251	33,708
Filing Fees	5,400	8,900
General Expense	38,998	25,141
Postage & Telegram	69,238	59,951
Printing & Stationary	52,632	33,890
Tour & Travelling	47,333	41,605
Telephone Expenses	12,542	12,999
	<u>327,069</u>	<u>277,662</u>
22. Related Party disclosure		
<u>Key Management Personnel</u>		
Bholanath Manna		
Sanjay Agarwal		
Keshav Kumar Saraf		
Mamta Sharma		
Basant Kumar Agarwal		
<u>Details of transactions with related parties: (Amount in Rs.)</u>	<u>2015-16</u>	<u>2014-15</u>
Nature of Transaction	Amount (Rs.)	
Directors Remuneration	300,000	200,000
Share Application Money refunded	—	7,600,000

STEP TWO CORPORATION LIMITED

22. General Information

The Company is a registered non-banking finance company engaged in the business of providing finance. The Company is registered with Reserve Bank of India as a Non-Banking Finance Co.(NBFC). The Company is primarily engaged in providing Business Loans, and is also engaged in Trading and Investment in Shares & Securities

23. Significant accounting policies

a Basis of preparation of financial statements

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

b Revenue Recognition

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

c Use of Estimates

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

d Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the notes. Contingent Assets are neither recognized not disclosed in the financial statements.

e Fixed assets

Fixed Assets are accounted at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized 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 II of the Companies Act, 2013.

g Taxation

Current Tax

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

Deferred Tax

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

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

h Earnings per share

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

i Investments

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

j Inventories

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

k Cash flow statement

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

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

STEP TWO CORPORATION LIMITED

Cash Flow Statement for the Year Ended 31st March 2016	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
A. Net Cash from Operational Activities		
Net Profit before Taxes	268,319	80,937
<u>Adjustments</u>		
Depreciation & Amortisation	109,402	143,067
Net (Gain)/loss on sale of Investments	(494,609)	(535,142)
Loss on Sale of Fixed Assets	82,667	—
Provision for Contingencies	9,689	28,569
Operating Profit/(Loss) before change in Working Capital	(24,532)	(282,570)
Adjustments for (increase)/decrease in operating assets:		
Inventories	1,930,710	(1,242,618)
Trade receivables	(813,041)	403,224
Short term loans and advances	(3,514,701)	(11,427,565)
Long term Loans and advances	—	—
Other Current assets	(15,840)	10,621,000
Adjustments for increase /(decrease) in operating liabilities:		
Short term borrowings	(1,002,300)	1,002,300
Other current Liabilities	37,336	29,630
	(3,402,369)	(896,599)
Net income tax (paid)/refunds	(125,298)	(286,496)
Net Cash from Operating Activities	A	(3,527,666)
B. Cash Flow from Investing Activities		
Purchase of current Investments	(2,150,000)	(8,435,142)
Purchase of Fixed Assets	—	(22,700)
Sale of Fixed Assets	220,000	—
Proceeds from sale of current Investments	6,060,524	8,085,142
Cash Flow from Investing Activities	B	4,130,524

STEP TWO CORPORATION LIMITED

C. Cash Flow from Financial Activities

Cash Flow from Financial Activities	C	—	—
Net Increase in Cash & Cash equivalent (A+B+C)		602,858	(1,555,795)
Cash & Cash equivalent (opening Balance)		3,187,612	4,743,407
Cash & Cash Equivalent (Closing Balance)		3,790,470	3,187,612

For, **AGRAWAL SINGHANIA & CO.**

Chartered Accountants

FRN No. 323512E

(SANJAY KUMAR AGRAWAL)

Partner

Membership No. 056837

Date : 17.05.2016

Place: Kolkata

For & on Behalf of the Board

Sd/-

Bhola Nath Manna (DIN-03345433)

Sanjay Agarwal (DIN-00571217)

Director

STEP TWO CORPORATION LIMITED

Schedule to the Balance Sheet of Non-Banking Financial Company

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

Particulars	(Rs. in Thousands)	
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Public Deposits*	NIL	NIL
(g) Other Loans (specify nature)	NIL	NIL
* Please see Note 1 below		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	NIL	NIL
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
(c) Other public deposits	NIL	NIL
* Please see Note 1 below		
Assets side :		
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured		NIL
(b) Unsecured		32,832
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		NIL
(b) Operating lease		NIL
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		NIL
(b) Repossessed Assets		NIL
(iii) Hypothecation loans counting towards EL/HP activities:		
(a) Loans where assets have been repossessed		NIL
(b) Loans other than (a) above		NIL

STEP TWO CORPORATION LIMITED

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

Current Investments :

1. Quoted :

(i) Shares : (a) Equity	447
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	5,362
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

2. Unquoted :

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

Long Term investments :

1. Quoted :

(i) Share : (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 provisions		
	Secured	Unsecured	Total
1. Related Parties **	Nil	Nil	Nil
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	32,750	32,750
Total	Nil	32,750	32,750

STEP TWO CORPORATION LIMITED

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

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	7,556	5,809
Total	7,556	5,809

** 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	NIL
(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.

If undelivered, please return to :
STEP TWO CORPORATION LIMITED
Regd. Office :
21, Hemant Basu Sarani
5th Floor, Room No. 507
Kolkata - 700 001

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