

July 6, 2016

BSE Limited
Floor 25, Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G- Block,
Bandra Kurla Complex, Bandra (East),
Mumbai- 400 051

Scrip Code: 524109

Stock Code: KABRAEXTRU

Sub : Report on audit of records and systems of M/s. Sharepro Services (India) Pvt. Ltd., Registrar & Share Transfer Agent (RTA) with respect to dividends paid and transfer of securities as directed in ExParte-Ad-Interim Order No. : WTM/RKA/MIRSD2/41/2016 dt. 22.03.2016 passed by **The Securities and Exchange Board of India (SEBI)** against said RTA.


Respected Sirs / Madam,

With reference to subject matter, M/s. Bhandari & Associates, Company Secretaries in Practice were deputed by the Company to conduct aforesaid audit and their report dt. 5th July, 2016 is submitted herewith in compliance of said order, which please acknowledge.

Please note that this report has been submitted to SEBI.

Thanking you,

Yours truly,
For Kabra Extrusiontechnik Ltd.



Y D Sanghavi
Company Secretary

Encls. : As above

Kabra Extrusiontechnik Ltd.

Fortune Terraces, B wing, 10th Floor, Link Road, Opp. Citi Mall,
Andheri (West), Mumbai- 400 053. Maharashtra, India.

Phone: +91-22-2673 4822/23/24/25 • Fax: +91-22-2673 5041 • Email : sales@kolsitegroup.com

Works 1

Kabra Industrial Estate, Kachigam, Daman-396210. India


Works 2

Survey No. 259/1 to 5 260/1 to 6, 265/3, Coastal Highway, Dunetha, Daman-396210. INDIA.

Tel.: +91-260-2241 401-3/ 2242 616 • Fax : +91-260-2241 965 • E-mail : ket@kolsitegroup.com

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DIVIDEND PAYMENT AND SHARE TRANSFER AUDIT

July 5, 2016

Kabra Extrusiontechnik Limited

**Bhandari & Associates
Company Secretaries**



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BHANDARI & ASSOCIATES

Company Secretaries

901, Kamla Executive Park, Off. Andheri Kurla Road,
J. B. Nagar, Andheri East, Mumbai- 400 059
Tel: +91 22 4221 5300 Fax: +91 22 4221 5303
Email: mumbai@anilashok.com

Audit Report

The Board of Directors

Kabra Extrusiontechnik Limited

Dear Sirs

As per the SEBI Order No: WTM/RKA/MIRSD2/41/2016 dated March 22, 2016, the clients of Sharepro Services (India) Private Limited (Sharepro) were required to carry out a thorough audit of its records and systems with respect to dividends paid and transfers of securities effected during at least preceding ten years as per the provisions of extant Laws.

Kabra Extrusiontechnik Limited (KET), being client of Sharepro, had appointed our firm for this purpose. We have audited the share transfer and dividend records and systems of KET maintained by Sharepro for a period starting from April 01, 2005 to March 31, 2015

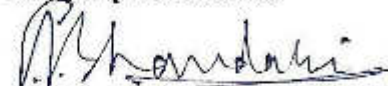
An audit includes examining, evidence supporting the physical share transfer deeds, dividend instruments, various documents, data and information available with KET, Sharepro and Dividend Banker. We believe that our audit provides a reasonable basis for our opinion.

We opine as under that :

1. The Transfer, transmission, issuance of duplicate share certificate and Remat of securities of KET (as may be applicable), made during the period covered by audit has been done in a proper manner. Physical records have been maintained in relation to transfer and transmission of securities and entries have been properly recorded in the system in time.
2. The payment of dividends to holders of securities has been made in the prescribed manner and records have been maintained properly.
3. Transfer of Securities and/or Dividend payments as examined was not made to any of parties referred in said order of SEBI.
4. Our opinion is based on audit of procedure followed by Sharepro and other concerned in relation to above matters which is presented hereafter in details.

For Bhandari & Associates

Company Secretaries



S. N. Bhandari

FCS 761 CP No 366

Mumbai | July 5, 2016



Purpose of the Report

The audit was carried out with the following scope:

- A) Verification of Dividend payment, to determine whether dividend have been paid to actual/ beneficial holders.
- B) Verification of Transfer of securities to ascertain whether securities have been transferred as per the provision of law.



Sources of Information

We have called for and obtained such data, information etc. as were necessary for the purpose of our assignment from the management of KET which inter-alia includes:

1. soft data provided by Sharepro for preceding 10 years containing the following:
 - (i) Dividend register
 - (ii) Ben Pos received from NSDL and CDSL as of the date fixed for the purpose of dividend entitlement of the shareholder of the said company.
 - (iii) Data related to transfer, transmission, etc of Securities.
 - (iv) Data related to Demat Confirmation of the Securities.
 - (v) Annual returns prescribed under the provision of Companies Act.
2. Data of Dividend payments provided by Dividend banker of KET, M/s HDFC Bank Ltd.,
 - (i) Master data of Dividend warrants
 - (ii) Paid and unpaid list of Dividend warrants
 - (iii) ECS payments data
 - (iv) ECS rejected and draft issued in lieu thereof.
 - (v) Dividend paid by way of Demand draft / Bankers cheque during the period of 7 Years from date of declaration.

We have visited office of Sharepro and KET for the purpose of said audit and attempted to understand the procedure followed relating to Share transfer registry and Dividend Payments.



Background

KET is a listed public limited Company engaged in manufacturing of Plastic extrusion machinery having units at Damam. It has Listed 31902320 Equity shares of Rs 5/- each, having Code 524109 on BSE and "Kabraextru" on NSE. It's paid up capital as on date aggregates to Rs 159.512 million. Sharepro is acting as Registrar and Share Transfer Agent of the Company w.e.f. 1st April, 2003 in compliance of regulatory requirements looking after Share Transfer Registry work both in physical and electronic modes.

The Shareholding Pattern as on March 31, 2016 was:

Category of shareholder	Total Number of shareholders	Total Number of fully paid up equity shares held	
		Shareholding as a % of total no. of shares.	
Promoter & Promoter Group	9	17920460	56.17
Public	6,582	13981860	43.83
Grand Total	6,591	31902320	100.00

83.35% of the total shares of the company are held in Demat mode.

Sharepro was attending to following activities as summarized herein below:

- Accepting request for transfer, transmission of shares lodged by shareholders, processing it and delivering the duly registered shares to the transferee.
- Attending to request for address change, bank mandate and other correspondence received from shareholders.
- Processing dividend payments declared by the company.

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- d) Processing Demat requests of shareholders, received through their depository participants for its confirmation.
- e) Printing various registers such as Transfer, Demat, Dividend and other stationery such as warrants, share certificates, ECS credit intimation, letters etc.

The Company was coordinating and monitoring with Sharepro and attending to following activities:

- a) Approval of Share Transfer and endorsement / signature on back of share certificates in respect of transfer registered.
- b) Instruction to dividend banker to issue banker's Cheque / dividend warrants.
- c) Reconciliation of dividend paid / unpaid, transfer to unclaimed dividend to the credit of IEPF.
- d) Dispatch of warrants, ECS Intimation, share certificate etc
- e) Safe keeping of Undelivered documents returned by the postal authority.



Dividend Payment Details

Financial Year	Benpo/ Record Date	AGM Held on	Dividend Per Share (Rs.)	Number of Shares	Face Value (Rs.)	Dividend amount Deposited in bank by the Company
2005-06	31-Jul-06	11-Aug-06	4	7975580	10/-	31,902,320
2006-07	9-Aug-07	17-Aug-07	4.5	7975580	10/-	35,890,110
2007-08	7-Jul-08	15-Jul-08	6	7975580	10/-	47,853,480
2008-09	29-Jul-09	6-Aug-09	6	7975580	10/-	47,853,480
2009-10	2-Aug-10	6-Aug-10	3.5	15951160 *	5/-	55,829,060
2010-11	22-Aug-11	30-Aug-11	1.75	31902320 **	5/-	55,829,060
2011-12	22-Aug-12	30-Aug-12	1	31902320	5/-	31,902,320
2012-13	19-Aug-13	27-Aug-13	1	31902320	5/-	31,902,320
2013-14	1-Sep-14	9-Sep-14	1.5	31902320	5/-	47,853,480
2014-15	19-Aug-15	27-Aug-15	2	31902320	5/-	63,804,640

* Sub-division of Shares of Rs. 10/- each into two Equity Shares of Rs. 5/- each and Record Date fixed for the purpose was 18th May, 2010.

** Bonus declared in the ratio of 1:1 and Record Date fixed for the purpose was 7th September, 2010



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Dividend payment procedure

- a) Followed by the company
- (i) Recommendation by the Board to declare dividend.
 - (ii) Approval by the Members at Annual General Meeting
 - (iii) Opening of Separate Bank Account for Dividend Payments.
 - (iv) Printing of warrant stationery through authorized printers.
 - (v) Request to NPCI through dividend banker for testing of warrant stationery.
- b) Followed by Sharepro
- (i) Downloading of Ben Pos from NSDL CDSL as of Record Date.
 - (ii) Updating transfer and Register of Members.
 - (iii) Preparation of Dividend file / Master data / Dividend register in required format of dividend banker based on above.
 - (iv) Preparation of Control Statement showing payment to be made by ECS, Warrants, Bankers' Cheque, Foreign DD etc.
 - (v) Over Printing of Dividend Warrants
 - (vi) Printing of ECS Credit Intimation.
 - (vii) Maintaining Soft data of Dividend processed
 - (viii) MICR control of printed Warrants
 - (ix) Return of Blank Stationery to KET.
- c) Followed by Dividend Banker
- (i) Processing dividend payment out of the fund deposited by the company.
 - (ii) Validation and uploading ECS through banking mechanism to credit Dividend to the bank account of respective Shareholder.

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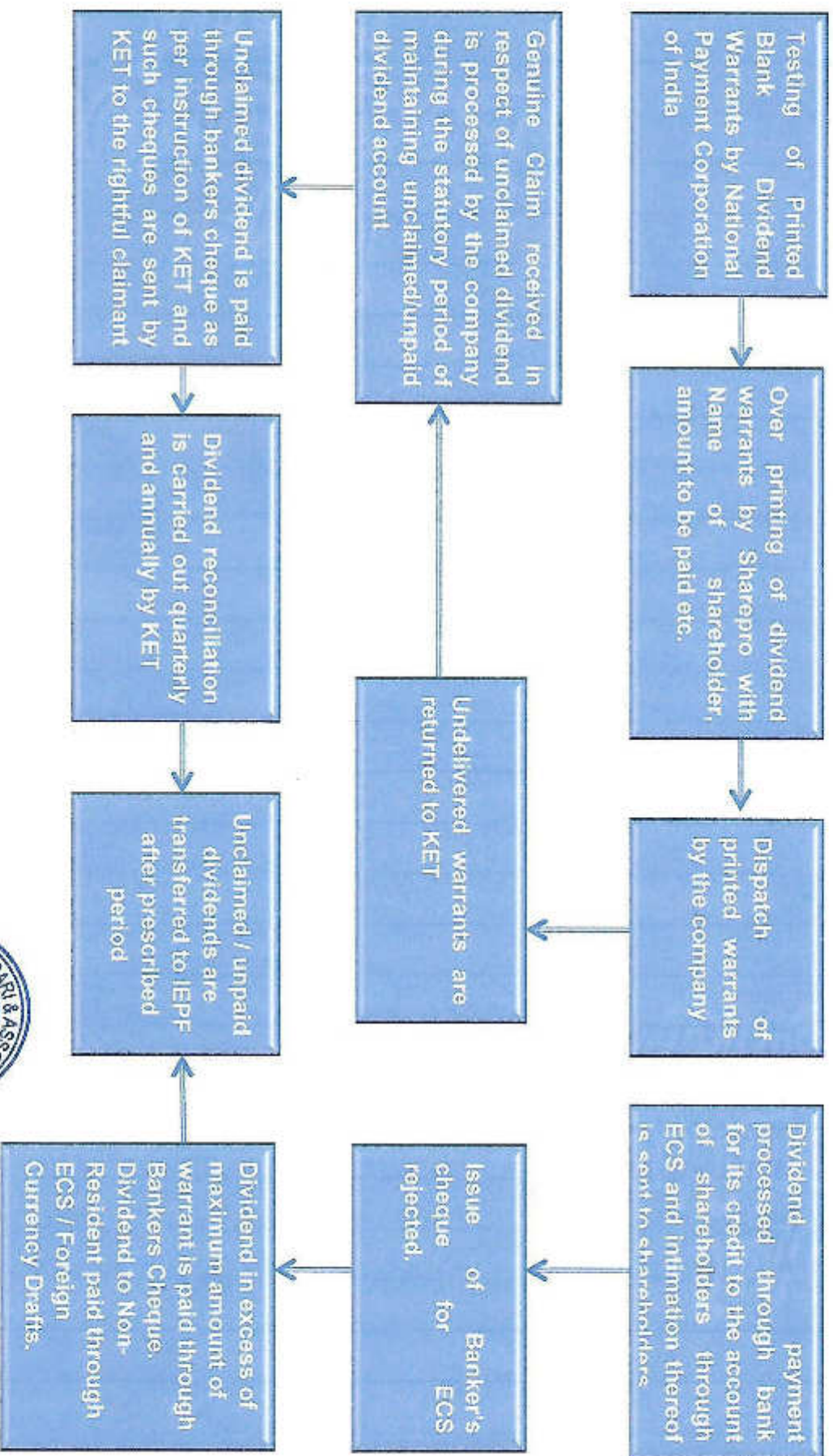
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- (iii) Issue of Banker's cheque for ECS rejected and also in Lieu of matured Warrants / unclaimed dividend as per request of shareholders and written instruction of the Company.
 - (iv) Reconciliation of Dividends Paid, remaining unpaid and balance confirmation.
 - (v) Transfer unclaimed dividend to the credit of Investors Education and Protection Fund (IEPF) and closure of respective account as per instruction of KET.
- d) Further follow up by the company.
- (i) After printing of Dividend warrants and ECS credit intimation, same are mailed through mailer deputed by KET and also takes back unutilized stationery from Sharepro.
 - (ii) Yearly reconciliation with statement received from dividend bankers for accounting purpose.
 - (iii) Processing requests of shareholders in respect of unclaimed dividends during the period of 7 years after declaration and after verifying unpaid list and genuineness of the claimant.
 - (iv) Instructing the bank for issue of banker's cheque to make payment and its dispatch.
 - (v) Requesting banker to issue draft in favour of IEPF and close account after completion of 7 Years as prescribed under the provision of Companies Act and rules made thereunder.



Flow Chart of Dividend Payment procedure



Audit Methodology followed.

A) Dividends register verification.

- (i) **Name of shareholder and No of shares held:** The Contents in Dividend register received from Sharepro such as Name of holder, No of shares held was verified with the Ben Pos received from NSDL and CDSL in case of DEMAT holdings and in case of shareholders holding shares in physical mode, it was verified with Register of Members.
- (ii) **Amount to be paid to each shareholder:** It was calculated based on rate of dividend, number of shares held and verified with Dividend Register.
- (iii) **Mode of payment:** The Mode of payment (Demand Draft, Foreign Remittance, Dividend warrants, ECS, etc) as per dividend register was verified with the details provided by Sharepro and KET to the dividend banker.

B) Dividend payment through Dividend Warrants

- (i) **Dividend Warrants verification:** In the absence of access to Cheque viewer software provided by the bank, we were unable to verify this online. We have instead verified the name and amount with the paid warrant details provided by the bank to ensure that the name and amount were correct.
- (ii) **Demand Draft Issued in lieu of Warrants which are undelivered:** The demand Drafts issued details are received from Dividend bankers. We have verified the details such as Name of the shareholder and amount paid with Dividend master data and unpaid list.

C) Dividend payment through ECS.

- (i) **Dividend payment through ECS:** We have been provided with data of ECS payments from the Dividend banker and the name of the holder and amount paid was verified with Dividend register maintained by the RTA.
- (ii) **Banker's Cheque Issued in lieu of ECS rejection:** In case of ECS Rejections, banker's cheque are issued to Holders and details thereof was received from Dividend banker. We have received data of ECS rejection from Bank and verified the details such as Name of the shareholder and amount paid with Dividend Register maintained by RTA.

D) Dividend payment to Non-resident Shareholders through Foreign Currency Draft: The demand Drafts issued details are received from Dividend bankers. We have verified the details such as name of the shareholder and amount paid with dividend register.

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Share Transfer Audit

Procedure followed for share transfer registry work is summarized as under:

- 1) All applications received are verified to ascertain,
 - a) Whether application for transfer is signed and stamped properly and is properly supported by transfer deeds, copy of PAN card of Transferee and transferor and original share certificate are submitted.
 - b) Whether application for Transmission, duplicate, Name change, etc are annexed with relevant documents such as affidavit, indemnity, NOC, surety form, Proof of identity, residence, marriage certificate / death certificate as may be applicable.
 - c) Whether requests for Name, address change are annexed with evidences / relevant proof.
- 2) If the requisite documents are annexed, Inward department put the date of acknowledgement and attach a copy of receipt issued with such document. It is then entered in to the system and acknowledgement number is generated.
- 3) The application and set of supporting documents are forwarded to the concerned Client manager.
- 4) Signature is verified by Signature department in confidence, maintained separately by sharepro. In case of slight variation in Signature, notice is sent seeking NOC from Seller/ Transferor. In case of Signature Mismatch, documents missing, the applications are returned back to applicant stating reasons in Objection Memo.
- 5) If documents are valid in all respect, they are processed. Sticker is generated for endorsement of transfer, Register of Transfer and Members are prepared. Similar process is followed for Transmission, Duplicate share certificate, etc.
- 6) Certificates affixed with sticker are sent to KET for approval and signature.
- 7) KET's official verifies such transfer deeds, relevant documents and transfer register. Valid Transfers are approved by Share Transfer Committee and thereafter endorsement made on back of the certificate is authorized.
- 8) M/s Sharepro then dispatches the duly transferred/ transmitted certificate to the concerned shareholder at their Registered Address.
- 9) In case of request for change in address, name, noting of mandate etc, relevant documents, signatures are verified and if found satisfactory, request is processed and then changes as requested are effected in the system. Intimation of change is sent to the concerned shareholder.

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Methodology applied.

We have verified the following data on sample basis:

- i) Transfer Deeds duly bound as per serial number of Transfer registration number.
- ii) Demat request duly bound with surrendered share certificate as per Demat confirmation Number.
- iii) Data of Transfer reflected in Annual Return filed by the company with Registrar Of Companies.
- iv) Documents annexed with said Transfer Deeds and Demat requests.
- v) Transfer and Demat Registers.
- vi) Application for Transfer, Transmission, Duplicate Share Certificate and other supporting documents.

While verifying the dividends paid and transfer/transmission of shares we have verified Ben Pos, Dividend Register, Register of Transfer, and Register of Members to ascertain whether,

- a) Any Dividend is paid to the persons whose names are covered in the SEBI order. and/or
- b) Any Shares of KET have been transferred to any of them.



Limitations and Disclaimer

1. Our report is subject to the limitations detailed hereinafter and is to be read in totality and not in parts.
2. This report has been prepared solely for the purpose set out in this report and should not be reproduced (in part or otherwise) in any other document whatsoever without our prior written permission.
3. We are informed that all valid claims in respect of payment of dividends or transfer of securities are processed, except restrained legally.
4. Nothing has come to our attention to cause us to believe that the facts and data set forth in this report are not correct.
5. Neither Bhandari & Associates nor any individual signing or associated with this report shall be required by reason of this report to give testimony or appear in court or other legal proceedings, unless specific arrangement there for has been made.
6. In case of Dematerialized shares, the transfer of Securities occurs merely by passing book entries in the records of the depositories, on the instructions of the beneficial owners to their Depository participants. Hence these cases do not form part of our verification.

