

The logo consists of a large circle containing a stylized, symmetrical design of vertical and curved lines in shades of gray and white, resembling a globe or a stylized 'R'.

# **RUBELLA**

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## **INTERNATIONAL LIMITED**

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**18th ANNUAL REPORT**  
**2010 - 11**





## EIGHTEENTH ANNUAL REPORT 2010-11

### CORPORATE INFORMATION

#### Board of Directors

**BHARAT J PATEL**

Chairman

**BHARAT J DATTANI**

Director

**THOMAS CALTON THOMPSON III**

Director

**DHIREN S SHAH**

Director

**RAJESH JACOB**

Director (Nominee of KSIDC)

**M. JAYABALAN**

Director

**SAMIR K SHAH**

Director

**PATRICK M DAVENPORT**

Director

**G. KRISHNA KUMAR**

Managing Director

#### COMPANY SECRETARY

**N.N. PARAMESWARAN**

Chief Finance Officer & Company Secretary

#### BANKER

Punjab National Bank

#### AUDITORS

**M/s. Mohan & Mohan Associates**

Chartered Accountants

A-2, Jawahar Nagar,  
Trivandrum - 695 041.

#### REGISTERED OFFICE & FACTORY

New Industrial Development Area  
Kanjikode, Palakkad, Kerala - 678 621.



### ATTENTION MEMBERS

- All members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio / Client ID No. at the following address / e-mail to enable us to send all future communications including Annual Reports through e mode.

**Integrated Enterprises (India) Ltd,**  
**2nd Floor, "Kences Towers", No.1, Ramakrishna Street,**  
**T. Nagar, Chennai - 600 017. Mail ID - corpseiv@iepindia.com**

- SEBI has made it mandatory for every participant in the securities / capital market to furnish the details of Income Tax Permanent Account No. (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with photocopy of both sides of PAN Card, duly attested to the Registrar and Share Transfer Agent of the Company, M/s.Integrated Enterprises (India), as above.

## NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of **M/s.Rubfila International Ltd;** Kanjikode, Palakkad, Kerala - 678 621 will be held on 30th day of September, 2011 at **SKM Auditorium, at Chedayankalai, Kanjikode - 678 623** at **11.00 a.m** to transact the following business :

### AS ORDINARY BUSINESS

- To receive and adopt the Director's Report and the Audited Accounts as at 31st March, 2011 along with Auditor's Report.
- To appoint a Director in place of Thomas Calton Thompson III Director who retires by rotation and is eligible for re-appointment.
- To appoint a Director in place of Mr.M.Jayabalan, Director who retires by rotation and is eligible for re-appointment.
- To appoint the Auditors of the Company for the year 2011 - 12 and to fix their remuneration.

By order of the Board of Directors

**N.N.PARAMESWARAN**

Chief Finance Officer & Company Secretary

Mumbai  
03/08/2011

### NOTES :

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself and the proxy need not be a member of the Company. The Proxy Form if intended to be used should reach the Registered Office of the Company duly completed not less than forty-eight hours before the scheduled time of meeting.
- Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretarial Department so as to reach the Company on or before 23/09/2011 specifying the points requiring clarification from the Chairman.
- Since the Company is yet to declare any dividend, disclosure regarding status of unclaimed dividends under Section 205(A) of the Companies Act, 1956 does not arise.
- The Register of Members and the Share Transfer Books of the Company will be closed from 27th day September 2011 to the 30th day of September 2011.

### Details of Directors retiring by rotation and seeking re-appointment / Regularisation pursuant to Section 257 of the Companies Act, 1956.

(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director :	Thomas Calton Thompson III	M.Jayabalan
Date of Birth	03/06/1952	17/09/1955
Date of Appointment	08/09/2005	05/03/1993
Qualification	BA(Colombia Uni.) MSC	Chartered Secretary
Expertise in specific Functional area	Financial Advisor	Marketing
Details of Other Directorship	Nil	Nil

Palakkad  
03/08/2011

By order of the Board of Directors  
**N.N.PARAMESWARAN**  
 Chief Finance Officer & Company Secretary



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the operations of the Company and the Audited Financial Accounts of the Company for the Financial Year ended 31st March, 2011.

### FINANCIAL RESULTS: (Rs. In lacs)

Particulars	31.03.2011	31.03.2010
Net Sales / Income from Operations	7838.15	5159.50
Other Income	95.42	108.03
Total Expenditure (Excluding Interest, Depreciation and Preliminary Expenses)	7442.28	4715.99
Depreciation	276.39	274.34
Preliminary & Deferred Revenue Expenditure	6.03	6.03
Prior Period Expenses (Net)	(5.90)	(47.30)
Waiver of Loan & Interest	0	(1940.79)
Net Profit(+) / Loss (-) after extra ordinary items	214.77	2259.26

### PERFORMANCE:

Particulars	31.03.2011	31.03.2010
Domestic Sales	7395.16	4841.38
Export Sales	442.92	318.12
Operating Profit / (Loss)	491.29	554.54

During the year under review, the company achieved a sales turnover of Rs.7838.15 lacs, a 52% growth over the sales of the previous year. Out of this sales, Rs.7395.16 lacs came from the domestic market and Rs.442.99 lacs was from exports.

## BIFR PROCEEDINGS

As directed by BIFR, the Company had submitted a fully tied up Draft Rehabilitation Scheme (DRS).

## DIVIDEND

In view of the inadequate distributable surplus during the year, your Board regrets that the Company is not in a position to pay dividend.

## AUDIT COMMITTEE

The Audit Committee had continued its deliberations during the year under review. The accounts for each quarter were reviewed by Audit committee before placing before the Board. The observations of Internal and Statutory Auditors were also discussed during the review meetings.

## CORPORATE GOVERNANCE

The management discussion and analysis report and the compliance of recommendations on corporate governance are annexed to this report.

## DIRECTORS

Mr. Thomas Calton Thompson III, Mr. M Jayabalan, Directors retire by rotation and being eligible offer themselves for reappointment. KSIDC has withdrawn their nominee Director Mr. K. Sureshkumar and appointed Mr. Rajesh Jacob in his place. Mr. Shankar T. Kripalani resigned from the Board with effect from 3rd August 2011 and the board accepted the resignation with due appreciation to the services rendered by him.

## AUDITORS

M/s. Mohan & Mohan Associates, the auditors of the company hold office until the conclusion of the ensuing Annual General Meeting.

## INDUSTRIAL RELATIONS

The Industrial Relations climate continues to remain harmonious and congenial. Your Directors wish to record their sincere appreciation of the efforts made and the support rendered by the employees at all levels.



## STATUTORY DISCLOSURES

### DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217(2)(AA) OF THE COMPANIES (AMENDMENT ACT 2000)

The Board of Directors Report -

- 1) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- 2) that 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 at the end of the financial year and of the profit or loss of the company for that period.
- 3) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies act, 1956 for safeguarding the assets of the Company, for preventing and detecting fraud and other irregularities.
- 4) the Directors have prepared the annual accounts on a going concern basis.

### GROUP COMPANIES

As per SEBI (Substantial Acquisition of Shares and Takeover) Regulation - 1997 as amended by SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2002, the following are the Group Companies falling within the regulations 3 (1) (e) (i):-

- a) Rubpro Sdn. Bhd.; Malaysia

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of requirements of section 217 (1) (e) of the Companies Act, 1956 are set out in the Annexure in the prescribed form forming part of this report.

### INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1973.

Your Company does not have any employee in respect of whom information under Section 217 (2A) of the Companies Act, 1956 as amended, is required to be annexed.

### FIXED DEPOSIT

The Company has neither accepted nor renewed any deposits during the period under review and has no overdue or unclaimed deposits of any kind.

### APPRECIATION

Your Directors acknowledge with gratitude the co-operation and assistance given by M/s. Rubpro Sdn. Bhd., Malaysia, Kerala State Industrial Development Corporation Ltd, M/s. Integrated Enterprises India Ltd, Punjab National Bank, and other agencies of the Central and State government. Your Directors also wish to place on record sincere appreciation to the devoted and dedicated services rendered by all the employees at all levels towards your company's success during the year under review and shareholders for their active support and co-operation

For and on behalf of Board of Directors

**Bharat J. Patel**  
Chairman

Mumbai  
03/08/2011



## ANNEXURE TO DIRECTORS' REPORT

### 01. INFORMATION UNDER SECTION 217 (E) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES DISCLOSURE OF PARTICULARS RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31.03.2011.

#### CONSERVATION OF ENERGY

- a) During the year the following Energy Conservation measures were undertaken.
- The piping for the heating system was overhauled to improve the efficiency.
  - Piping from the chilling system was replaced to improve the efficiency.
  - Rain Water harvesting was extended to a larger catchment area.
- b) Additional investment and proposal if any : Nil
- c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production :
- Energy conservation measures undertaken in the factory have resulted in reduction per unit consumption of energy.

#### TECHNOLOGY ABSORPTION

##### FORM - B (SEE RULE 2)

Form of Disclosure of Particulars with respect to Technology Absorption

Research and Development :

- 1) Specific areas of Research and Development:  
Activities carried out by the Company : Nil
- 2) Benefits derived as a result of the above Research and Development work : Nil
- 3) Future plan of action :
- 4) Expenditure on Research and Development
  - a) Capital : Nil
  - b) Recurring : Nil
  - c) total : Nil

- d) Total Research & Development charged to Expenditure as a percentage of total turnover : Nil

#### Technology - Absorption, Adaptation & Innovation

1. Efforts in brief made towards technology Absorption, adaptation and innovation : Nil
2. Benefits derived as a result of the above efforts, product improvement, cost reduction, product development, import substitution, etc : Nil
3. In case of imported technology (imported During the last 5 years reckoned from the beginning of the financial year) the information may be furnished
  - a) Technology imported : Nil
  - b) Year of Import : N.A
  - c) Extent of absorption full extent : N.A

#### C) FOREIGN EXCHANGE EARNINGS & OUT GO

(Rs.in lacs)

##### 1) FOREIGN EXCHANGE EARNINGS

- a) Export of HRLRT : 442.99

##### 2) FOREIGN EXCHANGE OUT GO :

- a) Raw materials : 84.72
- b) Stores and Spares : 4.16
- c) Professional Charges : 0.10
- d) Testing Charges : 1.15

For and on behalf of Board of Directors

**Bharat J. Patel**

Chairman

Mumbai

03/08/2011



## CORPORATE GOVERNANCE REPORT

In pursuit of its long term corporate goals, RUBFILA continued to strive for the fulfillment of good corporate governance.

### a) Board of Directors

1) Composition and category of Directors is as follows :-

Non-Executive Chairman	Mr.Bharat J Patel
Non-Promoter Executive Director	Mr.G.Krishna Kumar
Promoter / Non-Executive Directors	Mr.Thomas Calton Thompson III Mr.Bharat J. Dattani Mr.Dhiren S. Shah

Non-Executive Independent Directors	Mr.M.Jayabalan Mr.Samir K Shah Mr.Patrick M Davenport Mr.Rajesh Jacob
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2) Attendance of Directors at Board Meeting and Annual General Meeting during the period 01.04.2010 to 31.03.2011.

Name of Director	No. of Board Meetings	Attended	Last AGM Attended	Sitting Fee
Mr.Bharat J Patel	5	5	Yes	Nil
Mr.M.Jayabalan	5	Nil	No	Nil
Mr.G.Krishna Kumar	5	5	Yes	Nil
Mr.Tommy Thompson	5	2	No	Nil
Mr.Bharat Dattani	5	4	No.	Nil
Mr.Shankar T Kirpalani	5	4	No.	Nil
Mr.Samir K Shah	5	4	No.	Nil
Mr.Dhiren Shah	5	5	Yes	Nil
Mr.Patrik M Davenport	5	2	Yes	Nil
Mr.K.Suresh Kumar	4	Nil	Yes	Nil

*KSIDC Nominee Director Mr.K.Suresh Kumar was appointed on 05/04/2010 and was replaced by Mr. Rajesh Jacob w.e.f. 19-07-2011.*

Five Board Meetings were held during the year. The dates on which the meetings were held are 01/04/2010, 31/05/2010, 27/07/2010, 26/10/2010 and 09/01/2011.

### b) Audit Committee

The Audit Committee of the Company has been constituted as per the requirements under Section 292 A of the Companies Act, 1956. Audit Committee

continued its deliberations during the year under review.

The broad terms of reference are as follows :

- Review of company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices.
- Review of internal control system



**c) Remuneration Committee:**

The company had formed a Remuneration Committee in compliance with the Clause 49 of the Listing Agreement. The Committee meets to approve the remuneration payable to the Managing Director .

**Details of remuneration paid to Managing Director for the year 2010- 11:**

The aggregate of salary and perquisites paid for the year ended on 31.03.2011 to the Managing Director is as follows :

Mr.G.Krishna Kumar : 14.31 Lacs

**e) General Body Meetings**

Location and time for the last three Annual General Meetings

Year	AGM	Location	Date	Time	No. of Special Resolutions
2007 - 08	AGM	Panchayat Kalayana Mandapam, Pudusserry	30.09.2008	11.30 a.m	Nil
2008 - 09	AGM	Panchayat Kalyana Mandapam, Pudusserry	23/09/2009	11.30 a.m	Nil
2009 - 10	AGM	Panchayat Kalyana Mandapam, Pudusserry	25/09/2010	11.00 a.m	Nil

No special resolution were put through postal ballot last year and nor is any proposed for this year.

**f) Disclosures**

There are no materially significant transactions with related parties viz. Promoters, Directors or their management, their subsidiaries or relatives conflicting with company's interest except those disclosed in the notes forming part of the accounts.

**g) Means of Communication**

The company is publishing quarterly un-audited financial results and notice advertisements in The Hindu-Business Line and Kerala Kaumudi (vernacular language) regularly. A Management Discussion and Analysis Report form part of the Annual Report.

**h) General Shareholder information**

- i. AGM Date, Time and Venue : SKM Auditorium, Chedayankalai, Kanjikode
- ii. Financial Calendar 2011 - 12
  - a) Results for the Quarter ended 30.06.11 : 03.08.11
  - b) Results for the Quarter ended 30.09.11 : Before 14.11.11
  - c) Results for the Quarter ended 31.12.11 : Before 14.01.12
  - d) Results for the Quarter ended 31.03.12 : Before 31.05.12
- iii. Book Closure Date : 27.09.2011 to 30.09.2011 (both days inclusive)
- iv. Listing on Stock Exchanges : Mumbai Stock Exchange.  
Listing Fees for the year 2011 - 12 have been paid to the Stock Exchange.



v) Stock market data :

Month	Bombay Stock Exchanges (BSE)	
	Month's High Price	Month's Low Price
April 2010	5.14	3.00
May 2010	4.70	3.10
June 2010	4.22	3.20
July 2010	8.86	3.45
August 2010	7.20	5.34
September 2010	6.71	5.30
October 2010	6.10	5.25
November 2010	6.25	5.15
December 2010	5.90	4.50
January 2011	7.15	4.70
February 2011	7.05	5.73
March 2011	6.60	5.66

vi. Registrar/Share Transfer Agents/  
Depository Registrars

: M/s.Integrated Enterprises (I) Ltd  
2nd Floor, "Kences Towers",  
1, Ramakrishna St., North Usman  
Road, T. Nagar,  
Chennai - 600 017

i) **Shareholding Pattern as on 31.03.2011:**

Category	No. of Shared held	% of Share holding
Promoters	12311574	38.85
Mutual Funds and UTI	91600	0.29
Private Corporate Bodies	1600173	5.05
Public Individual	17680360	55.81
<b>Total</b>	<b>31683707</b>	<b>100.00</b>

j) **Distribution on Shareholding as on 31.03.2011**

No. of Shares held	No. of Shareholders	% of Shareholder	No. of Shares	%of Shareholding
1 - 500	42816	92.80	6256829	19.75
501 - 1000	1814	3.93	1546564	4.88
1001 - 2000	720	1.56	1146630	3.62
2001 - 3000	259	0.56	672005	2.12
3001 - 4000	88	0.19	324531	1.02
4001 - 5000	122	0.26	587746	1.86
5001 - 10000	150	0.33	1092227	3.45
100001 and above	171	0.37	20057175	63.30
<b>Total</b>	<b>46140</b>	<b>100.00</b>	<b>31683707</b>	<b>100.00</b>



**k) Dematerialisation of Shares**

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors. The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. The ISIN allotted for the shares of the Company is INE642C01017. As on 31.03.2011 72.24% shares of the company were held in Dematerialised form.

**l) Registrar / Transfer Agents / Depository Registrars :**

(Share Transfer / Dematerialisation and communication regarding Share Certificates and Change of Address)

M/s. Integrated Enterprises (I) Ltd  
 2nd Floor, "Kences Towers",  
 1, Ramakrishna St., North Usman Road,  
 T. Nagar, Chennai - 600 017  
 Tel : (044) 28140801 - 03  
 Fax : (044) 28142479  
 E-mail : corpser@ieplndia.com

**m) Share Transfer System :**

Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects.

**n) Any query on Annual Report :**

Secretarial Department  
 RUBFILA INTERNATIONAL LTD  
 NIDA, Kanjikode,  
 Palakkad, Kerala - 678 621  
 Tel : (0491) 2567261 - 05  
 Fax : (0491) 2567260  
 E-mail : rubfila@vsnl.com

The above report was adopted by the Board of Directors at their meeting held on 03-08-2011

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)**

1. We have reviewed the implementation of Corporate Governance by Rubfila International Ltd (the Company) during the period ended 31/03/2011, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. We further 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.
4. We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company shareholders / investors grievance committee,
5. On the basis of our review and according to the informations and explanations provided to us, the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement (s) with the Stock Exchanges have been complied with in all material respect by the Company.

For **MOHAN & MOHAN ASSOCIATES**

Chartered Accountants

**R. SURESH MOHAN**

Partner

Thiruvananthapuram  
 03-08-2011



## MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATION

### A) INDUSTRY STRUCTURE AND DEVELOPMENT

Rubber Thread is a product which touches the daily life of the people in the form of foundation garments and the industry thus plays an important role in meeting the requirements of the textile sector which consumes this product in abundance. The major application of the product goes for the manufacture of elastics used in foundation garments. The per capita consumption of the foundation garments in India remains at very low levels today even after healthy growths in the past few years and thus offers good potential for the industry.

#### Market Scenario

Most of the production capacities of this product are based in Thailand, a shift which happened from Malaysia and China also is emerging as a major player in the industry. The rubber thread market is estimated to be growing at about 10% p.a, a healthy rate. India has been witnessing a major growth in the rubber thread industry in the past few years in line with the growth in the economy. With the increase in disposable income in the hands of the people, the consumption patterns in many sectors have undergone a sea change leading to the growth of many consumer products which indirectly has helped the rubber thread industry also.

The price of rubber, the major raw material, witnessed wide fluctuations touching historic highs in the past one year. Consequently, the prices of rubber threads also peaked, but the market continued to absorb good volume of product on account of the growth in demand.

In the past few years, the company has been turning its focus to the domestic market by reducing the dependence on the international market due to the factors like growth in consumption, better realization etc. However, Company continues to cater to the demands of its regular overseas customers and keeps an eye on good business prospects overseas.

Domestic market is fast growing and the company has been able to hold on to major share of the market irrespective many competitors in the market. The proximity to both raw material sourcing centers and a major market for the product, Tirupur is a unique advantage for the Company. Company is gearing up for optimum utilization of the plant capacity to meet the expected increase in demand.

### (B) OPPORTUNITIES AND THREATS

Strength of the Company are:

1. Leader in the Domestic Market with Brand Image for quality products

2. Only manufacturer in India to manufacture Silicone Coated Rubber thread
3. Practices good Quality Management Systems with certifications for ISO 9001-2000 and ISO 14001.
4. Products certified with Oeko-Tex Standard 100.
5. Successful development of wide variety of premium niche products
6. Short lead time for domestic customers.
7. Highly qualified and motivated employees and good employee relations

The major threats being faced by the company are:-

1. Higher credit terms offered by other international suppliers.
2. Cheaper imports

### (C) OUT LOOK

The Company continues to be a significant player in the Rubber Thread Market and hopes to retain its leadership position in the market. Innovations are part of the company's culture and it always strives to expand its customer base both in the country as well as in the international market. The company is hopeful of a positive business outlook for the rubber thread industry in the coming years.

### (D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

### (E) FINANCIAL AND OPERATIONAL PERFORMANCE

Please refer Board Report on performance review.

### (F) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Industrial relations continue to be cordial and satisfactory and the management is proud to state that the company has not lost a single man-hour since inception due to industrial disputes.

#### Risks and concerns

Many factors including unforeseen development may affect the actual results which could be different from what the Directors envisaged at this point of time in terms of future performance and outlook.



**AUDITORS' REPORT**

To,

The Share Holders,  
Rubfila International Limited  
Palakkad

1. We have audited the attached Balance Sheet of RUBFILA INTERNATIONAL LIMITED as at 31st March 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles applied and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, as amended, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that : -
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and comply with the Accounting standards referred to in sub section (3C) of section 211 of the Companies Act to the extent applicable.
- (iv) On the basis of the written representations received from the Directors of the Company as on 31st March 2011 and taken on record by the Board of Directors we report that none of the Directors are disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act 1956 on the said date.
- (v) Some of the balances of creditors, debtors, advance and deposits are subject to confirmation, including the amounts due to the Promoter and Collaborator Company towards Royalty and External Commercial Borrowing availed from them.

Subject to the above, In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the significant accounting policies and notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March 2011.
- (b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
- (c) In case of Cash Flow statement, of the cash flows for the year ended on that date.

For **MOHAN & MOHAN ASSOCIATES**  
Chartered Accountants

**R. SURESH MOHAN**  
(Partner)  
Membership No.:13398  
Firm No. 002925

Place: Thiruvananthapuram  
Date: 31-05-2011



## ANNEXURE TO THE AUDITORS' REPORT TO THE SHARE HOLDERS OF RUBFILA INTERNATIONAL LIMITED, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011.

*(Referred to in paragraph 3 of our Report of even date)*

- 1 The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. According to the information given to us, these fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification, certain minor discrepancies which were noticed have been properly dealt with in the books of account.
- 2 According to the information given to us, we are of the opinion that the Company has not disposed off fixed assets during the year, which constitutes a major part of the plant and machinery or other fixed assets and thus such disposal has not affected the going concern concept of the Company.
- 3 (a) According to the information given to us, the inventory has been physically verified by the management during the year and the procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (b) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, certain minor discrepancies noticed during physical verification have been properly dealt with in the books of account.
4. According to the information and explanations given to us, the company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Act. .
5. We are of the opinion that there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the year we have not observed any continuing failure to correct major weaknesses in internal control.
6. According to the information and explanations given to us, transactions that need to be entered into the register in pursuance of section 301 of the Act have been correctly entered and each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. According to the information and explanations given to us, the Company has NOT accepted deposits from the public.
8. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
9. Maintenance of cost records has NOT been prescribed for the Company
10. The company has been regular in depositing undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, and TDS dues with the appropriate authorities. According to the information and explanations given to us there are no outstanding statutory dues as at the last day of the financial year concerned for a period exceeding six months from the date they became payable.
11. The Company has no dues of sales tax/income tax/custom duty/wealth tax/excise duty/cess, which have not been deposited on account of any dispute with the Department concerned except the following:-

● Sales tax liability :

Nature of Dues	Forum before which the dispute is pending	Period	Demand	Provision made
KGST	Dy. Commissioner (Appeals), Ernakulam	2002-03	Rs. 3,95,36,611	Rs. 5,72,538.70
	-do-	2003-04	Rs. 1,67,16,322	Rs. 63,475.04
	-do-	2004-05	Rs. 1,73,31,328	Rs. 36,094.70
CST	-do-	2002-03	Rs. 1,25,75,910	Rs. 61,06,316.92
	-do-	2003-04	Rs. 1,45,60,866	Rs. 34,51,469.33
	-do-	2004-05	Rs. 1,08,30,358	Rs. 27,08,139.82

In the opinion of the management, the provision made above is considered appropriate for the disputed amounts mentioned above on the ground that there are reasonable chances of successful outcome of appeals filed by the company.

12. Since the Company's net worth is still negative, the company continues to remain as a Sick Industry as on 31/03/2011.
13. According to the information and explanations given to us, The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. Provisions of any special statute applicable to chit fund/nidhi/ mutual benefit funds/societies are not applicable to the Company.
15. In our opinion and according to the explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
16. According to the information given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
17. According to the information given to us no term loan was availed by the company during the year.
18. According to the information given to us, and on the basis of an overall examination of the balance sheet of the company, we are of the opinion that the Company has not raised any funds on short-term basis for long-term investment. No long-term funds have been used to finance short-term assets, except for permanent working capital.
19. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
20. The Company has not issued any debenture during the year.
21. The Company has not raised any funds through public issue during the year.
22. According to the information given to us, no fraud on or by the company has been noticed or reported during the year.

For **MOHAN & MOHAN ASSOCIATES**  
Chartered Accountants

**R. SURESH MOHAN, (Partner)**  
Membership No.:13398  
Firm No. 002925

Place: Thiruvananthapuram  
Date : 31-05-2011



**RUBFILA INTERNATIONAL LTD**  
**BALANCE SHEET**

Particulars		As at 31.03.2011 Rs. (in Lakhs)	As at 31.03.2010 Rs. (in Lakhs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Fund</b>			
Share Capital	1	3,168.37	3,168.37
<b>Loan Funds :</b>			
Unsecured Loans	2	2,432.65	2,432.65
<b>TOTAL</b>		<b>5,601.02</b>	<b>5,601.02</b>
<b>APPLICATIONS OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	5,564.35	5,392.10
Less : Depreciation		3,461.87	3,185.56
Net Block		2,102.48	2,206.54
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	4	195.91	145.92
Sundry Debtors	5	845.52	572.91
Cash and Bank	6	241.35	158.18
Other Current Assets	7	0.12	0.42
Loans & Advances	8	307.55	184.85
		1,590.46	1,062.29
<b>Less : Current Liabilities &amp; Provisions</b>	9	1,350.65	1,147.34
<b>Net Current Assets</b>		239.80	(85.05)
<b>Miscellaneous Expenditure</b>	10	-	6.03
<b>Profit &amp; Loss Account</b>		3,258.74	3,473.51
<b>TOTAL</b>		<b>5,601.02</b>	<b>5,601.02</b>

For and on behalf of the Board of Directors  
For **Rubfila International Limited**

**Bharat J Patel**  
Chairman

**G.Krishna Kumar**  
Managing Director

**N.N.Parameswaran**  
Chief Finance Officer &  
Company Secretary

As per our report of even date attached  
For **Mohan & Mohan Associates**  
Chartered Accountants

**R.Suresh Mohan**  
Partner

Place : Coimbatore  
Date : 31-05-2011

Place : Thiruvananthapuram  
Date : 31-05-2011



## RUBFILA INTERNATIONAL LIMITED, KANJIKODE, PALAKKAD

## PROFIT AND LOSS ACCOUNT

Particulars	Schedule	Period Ended 31.03.2011 Rs. (in Lacs)	Period Ended 31.03.2010 Rs. (in Lacs)
<b>INCOME</b>			
Sales	11	7,838.15	5,159.50
Other Income	12	95.42	108.03
Total		<b>7,933.57</b>	<b>5,267.53</b>
<b>EXPENDITURE</b>			
Variation in Finished Stock	13	(23.62)	(43.98)
Consumption of Raw-materials	14	6,418.93	3,957.85
Manufacturing Expenses	15	465.49	470.36
Employee Cost	16	311.40	256.63
Administrative Expenses	17	221.86	78.27
Marketing Expenses	18	44.05	11.39
Interest and Financial Charges	19	4.16	(14.54)
Depreciation	3	276.39	274.34
Preliminary / Deferred Revenue Expenditure	20	6.03	6.03
Prior Period Expenses	21	(5.90)	(47.29)
Total		<b>7,718.80</b>	<b>4,949.07</b>
<b>Net Profit / ( Loss ) before tax and extraordinary item</b>		<b>214.77</b>	<b>318.46</b>
Waiver of Bank Loan		-	1,940.79
<b>Net Profit / ( Loss )</b>		<b>214.77</b>	<b>2,259.25</b>
Balance Brought forward from last year		(3,473.51)	(5,732.75)
<b>Balance Carried to Balance Sheet</b>		<b>(3,258.74)</b>	<b>(3,473.51)</b>
Earnings Per Share		0.68	7.13
Number of Shares		31683707	31683707
Notes forming part of accounts attached	22		

For and on behalf of the Board of Directors  
For **Rubfila International Limited**

As per our report of even date attached  
For **Mohan & Mohan Associates**  
Chartered Accountants

**Bharat J Patel**  
Chairman

**G.Krishna Kumar**  
Managing Director

**N.N.Parameswaran**  
Chief Finance Officer &  
Company Secretary

**R.Suresh Mohan**  
Partner

Place : Coimbatore  
Date : 31-05-2011

Place : Thiruvananthapuram  
Date : 31-05-2011



**RUBFILA INTERNATIONAL LTD**
**SCHEDULE FORMING PART OF BALANCE SHEET AS AT**

Particulars	31.03.2011 Rs. (in Lacs)	31.03.2010 Rs. (in Lacs)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital : 3,50,00,000 Equity Shares of Rs.10/= each	3,500.00	3,500.00
Issued, Subscribed & Paid up Capital : 3,16,83,707 Equity Shares of Rs.10/= each, fully paid up	<b>3,168.37</b>	<b>3,168.37</b>
<b>SCHEDULE 2</b>		
<b>UNSECURED LOANS</b>		
Loan from Promoters	465.70	465.70
PAT Financial Consultants Pvt. Limited	1,810.00	1,810.00
Rubpro Sdn. Bhn. Loan a/c	156.95	156.95
<b>TOTAL</b>	<b>2,432.65</b>	<b>2,432.65</b>
<b>SCHEDULE 4</b>		
<b>INVENTORIES</b>		
( As Certified by Management )		
Latex	37.67	4.91
Chemicals	39.76	38.35
Packing Materials	5.76	6.27
Furnace Oil	3.27	3.36
Diesel	1.16	1.42
Fire Wood	0.57	-
Stores, Spares & Consumables	16.88	24.37
Finished Goods	90.86	67.24
<b>TOTAL</b>	<b>195.91</b>	<b>145.92</b>
<b>SCHEDULE 5</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured & Considered good for Recovery)		
Total Debtors	890.65	592.00
Provision for Bad & Doubtful Debts	(45.13)	(19.08)
<b>TOTAL</b>	<b>845.52</b>	<b>572.91</b>
<b>SCHEDULE 6</b>		
<b>CASH &amp; BANK</b>		
Cash in hand	1.33	0.29
Balances with Scheduled Banks		
(i) In Current Account	165.06	138.03
(ii) In Deposit Account	74.96	19.86
<b>TOTAL</b>	<b>241.35</b>	<b>158.18</b>



# RUBFILA INTERNATIONAL LIMITED, KANJIKODE, PALAKKAD

## SCHEDULE - 3 FIXED ASSETS AS ON 31.03.2011

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	OPENING 01.04.2010	ADDITIONS	ADJUSTMENTS	CLOSING 31.03.2011	OPENING 01.04.2010	FOR THE PERIOD			CLOSING 31.03.2011	OPENING 31.03.2010
						ON OPENING BALANCE	ADDITIONS	DELETIONS		
								TOTAL		
LAND	7.30	127.35	-	134.65	-	-	-	-	134.65	7.30
BUILDING	408.99	2.32	-	411.31	116.63	12.68	0.06	12.73	281.94	292.36
Plant and Machinery	4,891.76	36.25	-	4,928.01	3,005.22	258.25	1.46	259.70	1,663.09	1,886.55
Computer & Accessories	41.51	0.96	0.15	42.33	37.25	1.14	0.10	1.24	3.93	4.27
Furniture Fixtures &	37.97	0.23	-	38.19	22.65	2.12	0.01	2.13	13.41	15.31
Motor Vehicles	4.57	5.28	-	9.85	3.82	0.40	0.19	0.59	5.44	0.75
<b>Total</b>	<b>5,392.10</b>	<b>172.39</b>	<b>0.15</b>	<b>5,564.35</b>	<b>3,185.56</b>	<b>274.58</b>	<b>1.81</b>	<b>276.39</b>	<b>2,102.48</b>	<b>2,206.54</b>
<b>Previous Year</b>	<b>5,385.52</b>	<b>6.58</b>	<b>-</b>	<b>5,392.10</b>	<b>2,911.22</b>	<b>274.05</b>	<b>0.29</b>	<b>274.34</b>	<b>2,206.54</b>	<b>2,474.29</b>



**RUBFILA INTERNATIONAL LTD**  
**SCHEDULE FORMING PART OF BALANCE SHEET**

Particulars	31.03.2011 Rs. (in Lacs)	31.03.2010 Rs. (in Lacs)
<b>SCHEDULE 7</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	0.12	0.42
<b>TOTAL</b>	<b>0.12</b>	<b>0.42</b>
<b>SCHEDULE 8</b>		
<b>LOANS AND ADVANCES</b>		
(unsecured, considered good unless otherwise stated)		
Advances Recoverable in Cash or in kind or for value to be received		
Advance to Suppliers	20.48	6.86
Advance Tax Paid	6.39	6.06
Other Advances	4.58	6.07
Deposit with Statutory Authorities	-	
KVAT Refund	255.36	148.74
Cenvat Credit (Excise)	6.38	3.56
Others	10.01	10.01
Other Deposits	4.34	3.56
<b>TOTAL</b>	<b>307.55</b>	<b>184.85</b>
<b>SCHEDULE 9</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors for Supplies	283.22	208.08
Other Current Liabilities	432.20	457.18
Advance from Customers	40.52	13.26
Provision for Contingent Liabilities	594.70	468.82
<b>TOTAL</b>	<b>1,350.65</b>	<b>1,147.34</b>
<b>SCHEDULE 10</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Product Development Expenses		
As per Last Balance Sheet	6.03	12.06
Written off during the year	6.03	6.03
<b>TOTAL</b>	<b>-</b>	<b>6.03</b>



**RUBFILA INTERNATIONAL LTD**
**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>31.03.2011 Rs. (in Lacs)</b>	<b>31.03.2010 Rs. (in Lacs)</b>
<b>SCHEDULE - 11</b>		
<b>SALES</b>		
- Domestic	7,401.68	4,856.47
Less : Material Returns	6.53	15.09
	7,395.16	4,841.38
- Export	442.99	318.12
<b>Total</b>	<b>7,838.15</b>	<b>5,159.50</b>
<b>SCHEDULE - 12</b>		
<b>OTHER INCOME</b>		
Sales (Miscellaneous)	77.85	83.29
Interest Received	2.33	21.47
R & D charges	1.31	-
Miscellaneous Income	14.92	3.30
Sundry Balances written off	(0.99)	(0.03)
<b>Total</b>	<b>95.42</b>	<b>108.03</b>
<b>SCHEDULE - 13</b>		
<b>VARIATION IN FINISHED GOODS</b>		
Opening Stock	67.24	23.26
Closing Stock	90.86	67.24
<b>Increase / ( Decrease ) in Stock</b>	<b>(23.62)</b>	<b>(43.98)</b>
<b>SCHEDULE - 14</b>		
<b>CONSUMPTION OF MATERIAL</b>		
Raw materials : Opening Stock	43.27	61.05
Add: Purchases	6,235.35	3,777.37
Less :Duty Drawback Received	4.18	30.50
Discount Allowed on Purchase	1.02	-
Closing Stock	77.43	43.27
<b>Raw Material Consumed</b>	<b>6,195.99</b>	<b>3,764.65</b>
Stores, Spares & Consumables		
Opening Stock	24.37	17.81
Add: Purchases	28.27	46.95
Less : Closing Stock	16.88	24.37
<b>Stores , Spares &amp; Consumables Consumed</b>	<b>35.76</b>	<b>40.40</b>
Packing Material		
Opening Stock	6.27	4.19
Add: Purchases	85.06	72.81
Less : Closing Stock	5.76	6.27
<b>Packing Material Consumed</b>	<b>85.57</b>	<b>70.73</b>
Carriage Inward	45.20	35.27
Clearing & Forwarding	2.82	5.19
Customs Duty	4.61	1.39
Loading & Unloading Expense	5.05	4.65
Adhesive - Expense	3.01	-
Rubber Board Cess	40.91	35.57
<b>Total</b>	<b>6,418.93</b>	<b>3,957.85</b>



**RUBFILA INTERNATIONAL LTD**  
**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>31.03.2011 Rs. (in Lacs)</b>	<b>31.03.2010 Rs. (in Lacs)</b>
<b>SCHEDULE - 15 MANUFACTURING EXPENSES</b>		
Furnace Oil :		
Opening Stock	3.36	4.22
Add : Purchases	178.41	246.90
Less : Closing Stock	3.27	3.36
<b>Furnace Oil Consumed</b>	<b>178.49</b>	<b>247.77</b>
Diesel:		
Opening Stock	1.42	0.78
Add: Purchases	21.64	10.78
Less: Closing Stock	1.16	1.42
<b>Diesel Consumed</b>	<b>21.91</b>	<b>10.14</b>
Fire Wood :		
Opening Stock	-	-
Add : Purchases	64.68	-
Less : Closing Stock	0.57	-
<b>Wood Consumed</b>	<b>64.12</b>	<b>-</b>
Job Processing	-	0.14
Electricity & Water Charges	84.61	94.27
Repairs & Maintenance		
- Others	92.67	93.26
- Electrical	1.33	7.40
Effluent Treatment Expense	16.75	17.39
Wood Handling Charges	5.62	-
	<b>465.49</b>	<b>470.36</b>
<b>SCHEDULE - 16 EMPLOYEE COST</b>		
Salaries & Benefits	244.79	209.82
Staff Welfare Expense	17.72	14.15
Contributions	48.89	32.66
	<b>311.40</b>	<b>256.63</b>
<b>SCHEDULE - 17 ADMINISTRATIVE EXPENSE</b>		
AGM Expenses	4.98	4.59
Audit Expenses	0.51	0.53
Audit Fee	1.50	1.50
List Up Fee	1.85	1.96
Share Transfer Charges	3.03	2.97
Rents, Rates and Taxes	140.82	8.27
Professional Charges	10.00	6.58
Postage, Telephone & Fax	5.90	6.51
ISO Expenses	2.45	1.89
Traveling & Conveyance	26.98	23.26
Printing & Stationery	2.76	2.86



**RUBFILA INTERNATIONAL LTD**  
**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>31.03.2011 Rs. (in Lacs)</b>	<b>31.03.2010 Rs. (in Lacs)</b>
Loss on Sale of Assets	0.03	-
Sundry Expenses	8.47	6.18
Advertisement Expenses	2.82	1.64
Insurance Charges	0.81	0.83
Security Charges	7.56	7.69
Vehicle Maintenance	1.40	1.03
	<b>221.86</b>	<b>78.27</b>
<b>SCHEDULE - 18</b>		
<b>MARKETING EXPENSE</b>		
Provision for Bad Debts	26.04	-
Discount Allowed on Sales	10.08	2.42
Domestic Sales Commission	0.66	1.26
Export Expenses	3.01	3.49
Sales Promotion Expense	0.90	2.25
Transportation Charges	3.37	1.96
	<b>44.05</b>	<b>11.39</b>
<b>SCHEDULE - 19</b>		
<b>INTEREST &amp; FINANCIAL EXPENSE</b>		
Bank Charges & Commission	3.78	7.38
Bank Interest - Others	0.22	-
Exchange Fluctuation	(1.67)	(21.92)
Financial Charges	1.84	-
	<b>4.16</b>	<b>(14.54)</b>
<b>SCHEDULE - 20</b>		
<b>PRELIMINARY / DEFERRED REVENUE EXPENDITURE</b>		
Product Development Expenditure	6.03	6.03
	<b>6.03</b>	<b>6.03</b>
<b>SCHEDULE - 21</b>		
<b>PRIOR PERIOD INCOME / EXPENDITURE</b>		
Expense	4.47	5.45
Income	(10.37)	(52.74)
Prior Period Expense	<b>(5.90)</b>	<b>(47.29)</b>



## A. SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Accounting

The Company follows accrual method of accounting. The Balance Sheet and Profit and Loss Account of the Company are in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

### 2. Income Recognition

2.1 Sales are recognized upon delivery of products at net of excise duty and sales tax..

2.2 Incomes from export entitlement benefits are accounted as and when the certainty of entitlement is determined.

2.3 Other Income is recognized when no significant uncertainty as to its determination or realization exists.

### 3. Fixed Assets & Depreciation

3.1 Expenditure that are of capital nature are capitalized at a cost that comprises of purchase price (net of Cenvat, rebate and discounts), import duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use.

3.2 Depreciation has been provided on Straight Line Method in accordance with the provisions of Schedule XIV of the Companies Act, 1956, on assets which have been installed and put to use during the year.

3.3 An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### 4. Inventories

4.1 Raw Materials are valued at cost on FIFO basis, or net realizable value whichever is less.

4.2 Finished Goods are Valued at Lower of the Cost or net realizable value.

### 5. Exchange Fluctuation

5.1 Foreign Currency transactions are accounted at the exchange rates prevailing at the date of the transaction.

5.2 Gains and Losses resulting from the settlement of Foreign Currency transaction and from the translation of monetary assets and liabilities denominated in Foreign Currencies at year end rate, are recognized in the Profit and Loss account.

### 6. Miscellaneous Expenditure

Product Development expense are being written off equally over a period of ten years.

	Product Devp. (Rs.In Lakhs)
Gross Block	204.84
Written Off During 2010-11	6.03
Written Off Upto 31/03/11	204.84
Balance As on 31/03/11	Nil

### 7. Retirement Benefits

7.1 Provident Fund remittances to the government are charged against revenue, each year on accrual basis.

7.2 Gratuity liability is determined on the basis of actuarial valuation obtained at the year end from the Life Insurance Corporation of India under the Group Gratuity Cash Accumulation Scheme

7.3 Leave encashment benefits are charged to Profit and Loss Account on the basis of actual estimation basis as at the year end.

## B. Notes on Accounts

1. Previous year figures have been regrouped and reclassified wherever necessary to make them comparable.



2. Figures have been rounded off to the nearest lakhs.
3. Accounting for Taxes as Income
- a) In view of exemption from the preview of the provisions of Sec115 JB of the Income Tax Act, 1961, being a Sick Industrial Company registered with BIFR, the entire book profit is exempt from tax and hence the company does not envisage any tax liability for the year.
- b) The Company has worked out deferred tax liabilities/assets as at 31st March 2011. In view of unclaimed allowances, unabsorbed depreciation and business losses under tax laws, net result of computation is net deferred tax assets. However, as a matter of prudence deferred tax assets have been recognized only to the extent there is deferred tax liability.
- c) Break up of Deferred Tax liabilities and assets into major components of the respective balances are as under :

	As on 31/03/2010	For the Year	(Rs.in Lakhss) As on 31/03/2011
<b>Deferred Tax Liabilities</b>			
1. Depreciation	510.01	(74.73)	435.28
2. Deferred Revenue Expenditure	2.05	(2.05)	0.00
Total Deferred Tax Liabilities	512.06	(76.78)	435.28
<b>Deferred Tax Assets</b>			
1. Provision for Bad Debts	6.49	8.50	14.99
2. Others	269.16	373.58	642.74
3. Unabsorbed Depreciation	1101.33	(25.03)	1076.30
4. Unabsorbed Business Loss	233.93	(199.98)	33.95
Total Deferred Tax Asset	1610.91	(157.07)	1767.98
<b>Net Deferred Tax Asset</b>	<b>1098.85</b>	<b>233.85</b>	<b>1332.70</b>

- d) The Company has not created the deferred tax assets on unabsorbed business loss and balance of unabsorbed depreciation to the tune of Rs. 13.33 Crores.

#### 4. Earnings Per Share (EPS)

Particulars	2010-11	2009-10
<b>Numerator :</b>		
Operating Profit / (Loss) after Tax and before extra ordinary items	214.90	277.20
Net Profit / (Loss) as disclosed in Profit and Loss Account	214.77	2259.25
<b>Denominator:</b>		
Weighted average Equity Shares (Nos.) (Face value of Rs.10 each)	31683707	31683707
<b>Basic and Diluted Earnings per Share (Before extra ordinary Items)</b>	0.68	0.87
<b>Basic and Diluted Earnings per Share (After extra ordinary Items)</b>	0.68	7.13



5. In the opinion of Board of Directors, Current Assets, Loans and Advances, have at least the value as stated in the Balance Sheet, if realized in the ordinary course of the business.
6. Debtors, Creditors and Items included under other liabilities are subject to confirmation.
7. There is no Unsecured Loan denominated in foreign Currency.
8. The Company has obtained 3 advance licenses for duty free import of raw material. Company has met the export obligation in full for Rs. 55,00,047/- against License No. 4008 and Rs. 11,888,042 against License No. 4241. The Third License No. 4490 has been partially utilized. The FOB value has been utilized in full for Rs. 16,253,641 but quantity to be utilized is still pending to the extent of 38,003.05. The liability to the company as on 31.03.11 on this is the customs duty concession availed to the extent of Rs.13,80,740/- and applicable penalties. This has been subsequently fulfilled. The documents for redemption are in process for the first two licenses.

9. Contingent Liability not provided for in respect of disputed demands for taxes, duties and other claims not acknowledged as debts:  
 a) Bank guarantee of Rs. 8.29 lakhs during the year (Previous year Rs. 7.92 Lakhs)

b) Sales Tax Liability:

Nature of Dues	Forum before which the dispute is pending	Period	Demand	Provision made
KGST	Dy. Commissioner (Appeals), Ernakulam	2002-03	Rs. 3,95,36,611	Rs. 5,72,538.70
	-do-	2003-04	Rs. 1,67,16,322	Rs. 63,475.04
	-do-	2004-05	Rs. 1,73,31,328	Rs. 36,094.70
CST	-do-	2002-03	Rs. 1,25,75,910	Rs. 61,06,316.92
	-do-	2003-04	Rs. 1,45,60,866	Rs. 34,51,469.33
	-do-	2004-05	Rs. 1,08,30,358	Rs. 27,08,139.82

In the opinion of the management, the provision made above is considered appropriate for the disputed amounts mentioned above on the ground that there are reasonable chances of successful outcome of appeals filed by the company.

10. The Estimated value of Contracts in progress and not provided for is nil.
11. Amount outstanding for more than 30 days to Small scale Industrial undertaking is Nil.
12. KVAT refund due from Govt. Of Kerala is Rs. 255.36 and the details are as follows:

Period	Rs. (In Lacs)	Status
2005-06	12.00	Appeal Filed
2006-07	15.86	Appeal Allowed. Order not implemented
2007-08	15.20	Assessment Pending
2008-09	43.12	Assessment Pending
2009-10	62.55	Assessment Pending
2010-11	106.63	Assessment Pending
TOTAL	255.36	

13. The company has initiated the process of obtaining confirmations from the "suppliers" who have registered under Micro Small Medium Enterprise Development Act, 2006 (MSMED ACT) which came into effect from October'2006 and so far it has not received the information from suppliers regarding their status under MSMED Act as on 31st March, 2011. Hence disclosures relating to the amounts outstanding to them have not been made
14. Income Tax Assessment has been completed upto the accounting year ended 31st March, 2006.
15. Disclosures in respect of Provisions (Rs. In Lakhs)

Particulars	As on 31-03-2010	Provided during the year	As on 31-03-2011
Electricity Charges	21.00	-	21.00
Excise duty on Sale of Scrap	16.21	-	16.21
Sales Tax	4.51	129.38	133.88
ESI on Payment to Contractors	3.50	(3.50)	-
Financial Charges on disputed Liabilities	31.88	-	31.88
Duty Draw Back	391.73	-	391.73
	468.83	125.88	594.70



16. Disclosure in respect of Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rule 2007:

Employee Benefits		(Rs. In Lacs) 2010-11		
<b>1 Assumptions</b>				
Discount Rate		8%		
Salary Escalation		7%		
<b>2 Changes in present value of obligations during the year</b>				
Present value of obligations as at beginning of year		44.69		
Interest cost		03.56		
Current Service Cost		03.80		
Benefits Paid		(04.73)		
Actuarial (gain)/Loss on obligations		22.27		
Present value of obligations as at end of year		69.60		
<b>3 Changes in the fair value of plan assets during the year</b>				
Fair value of plan assets at beginning of year		47.48		
Expected return on plan assets		05.10		
Contributions		20.44		
Benefits paid		(04.73)		
Actuarial Gain / (Loss) on Plan assets		NIL		
Fair value of plan assets at the end of year		68.29		
<b>4 Fair value of plan assets</b>				
Fair value of plan assets at beginning of year		47.48		
Actual return on plan assets		05.10		
Contributions		20.44		
Benefits Paid		(04.73)		
Fair value of plan assets at the end of year		68.29		
Funded status		(01.32)		
			Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	NIL
			<b>5 Actuarial Gain/Loss recognized during the year</b>	
			Actuarial gain/(Loss) for the year -Obligation	(22.27)
			Actuarial (gain)/Loss for the year - plan assets	NIL
			Actuarial (gain)/ loss on obligations	22.27
			Actuarial (gain)/Loss recognized in the year	22.27
			<b>6 Net Asset / (Liability) recognized in the Balance Sheet</b>	
			Present value of obligations as at the end of year	69.60
			Fair value of plan assets as at the end of the year	68.29
			Funded status	(01.32)
			Net Asset/(liability) recognized in balance sheet	01.32
			<b>7 Expenses Recognized during the year</b>	
			<b>Current Service cost</b>	03.80
			Interest Cost	03.58
			Expected return on plan assets	(05.10)
			Net Actuarial (gain)/Loss recognised in the year	22.27
			Expenses recognized in statement of Profit & loss	24.54

17. Segment Information

- Primary Business Segment: There is only one segment namely Manufacture and Sale of Rubber Threads.
- Secondary Business Segment: By Geographical Market:

	Within India		Outside India		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Sales revenue by Geographical market	7395.16	4841.38	442.99	318.12	7838.15	5159.50
Carrying amount of	814.21	563.35	31.31	9.57	845.52	572.92
Addition to fixed Assets	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -

Notes:

The segment revenue in the Geographical segments considered for disclosure is as follows:

- Revenue within India includes sales to customers located within India.
- Revenue outside India includes sales to customers located outside India.



**18. Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956 (Rs. In Lacs)**

	31.03.2011	31.03.2010
1 Earning in Foreign Exchange - FOB Value of Exports	442.99	318.12
2 Expenditure in Foreign Exchange CIF Value of Imports:		
- Capital Goods		-
- Raw Materials	84.72	12.86
- Stores and Spares	4.16	13.01
3 Expenditure in Foreign Exchange (Actual Payment)		
- Traveling Expenses		
- Testing Charges	1.15	1.25
- Professional Charges	0.10	-
- Commission		0.11

**19. Value of Raw Materials, Stores & Spares Consumed during the Year**

	Value Rs. in Lakhs	31.03.2011 (% to total Consumption)	Value Rs. in Lakhs	31.03.2010 (% to total Consumption)
1 Raw Materials				
- Indigenous	6375.79	98.69%	4009.70	99.68%
- Imported	84.72	1.31%	12.83	0.32%
2 STORES & SPARES				
- Indigenous	117.17	96.57%	98.12	88.30%
- Imported	4.16	3.43%	13.01	11.70%

**20. a) Capacity and Production**

Quantity in M.T

I. Product	31.03.2011 HRLRT	31.03.2010 HRLRT
II. Installed Capacity	6,350.00	6,350.00
III. Actual Production	3424.17	3123.60

**b) Sales and Finished Goods Stock**

	31.03.2011		31.03.2010	
	Qty(M.T) Value	(Rs.In Lakhs)	Qty(M.T) Value	(Rs.In Lakhs)
1. Sales				
Domestic Sales	3274.76	7395.16	2920.27	4841.38
Export Sales	147.58	442.99	191.96	318.12
2. Finished Goods Stock				
- Own Goods	52.26	90.86	50.02	67.24



<b>21. Auditors Remuneration (Rs. in Lacs)</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Statutory Audit	0.75	0.50
Transfer Pricing	-	0.30
Tax Audit	0.25	0.20
Internal Audit	0.40	0.40
Limited Review	0.10	0.10
<b>Total</b>	<b>1.50</b>	<b>1.50</b>

<b>22. Particulars of Employee Cost (Rs. In Lacs)</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
a) Salary, Wages and Bonus	244.79	209.82
b) Contribution to Provident Fund and other Funds	17.72	32.66
c) Workmen and Staff welfare expenses	48.89	14.15
<b>Total</b>	<b>311.40</b>	<b>256.63</b>

<b>23. Remuneration to Managing Director (Rs. In Lakhs)</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
a) Basic Salary	7.45	6.85
b) House Rent Allowance	0.96	0.96
c) Others	4.94	2.76
d) Provident Fund	0.96	0.87
<b>Total</b>	<b>14.31</b>	<b>11.44</b>

#### **24. Related Party Disclosure (As identified by the Management)**

- |    |  |                      |
|----|--|----------------------|
| 1) | a) Name of the transacting related party | Mr. G. Krishna Kumar |
|    | b) Description of relationship           | Managing Director    |
|    | c) Nature of Transaction                 | Remuneration         |
|    | d) Volume of transaction                 | Rs. 14.31 Lakhs      |
|    | e) Outstanding at the Balance sheet date | Nil                  |
- 2. Unsecured Loans**
- |     |  |
|-----|--|
| I)  | From M/s. PAT Financial Consultants (P) Ltd., Mumbai                           |
| a)  | Amount Involved - Rs. 1810.00 Lakhs  |
|     | (Previous year Rs. 1810.00 Lakhs)  |
| b)  | Nature of Transaction - Interest free Unsecured Loan                           |
| c)  | Purpose - Take over and Settlement of Bank dues                                |
| II) | From Promoters / Directors - Rs. 265.00 Lakhs (Previous Year Rs. 265.00 Lakhs) |
| a)  | Nature of Transaction - Interest free Unsecured Loan                           |
| b)  | Purpose - Settlement of Bank dues  |
| c)  | Tenure - Subject to finalization after approval of DRS by BIFR                 |

For and on behalf of the Board of Directors  
For Rubfila International Limited

As per our report of even date attached  
For **Mohan & Mohan Associates**  
Chartered Accountants

**Bharat J Patel**  
Chairman

**G.Krishna Kumar**  
Managing Director

**N.N.Parameswaran**  
Chief Finance Officer  
& Company Secretary

**R.Suresh Mohan**  
Partner

Place: Coimbatore  
Date : 31/05/2011

Place : Thiruvananthapuram  
Date : 31/05/2011



## CASH FLOW STATEMENT

Particulars	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
<b>A. Cash Flow from Operating activities</b>		
Net Profit	214.77	318.46
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	276.31	274.30
Provision for Tax	-	-
Interest & Financial Charges	4.16	(14.54)
Preliminary Expenses/Deferred Revenue expenses W/ off	6.03	6.03
Prior period Income/Expenses	(5.90)	(47.29)
Interest Income	(2.33)	(21.47)
Other Income	(93.09)	(86.56)
<b>Operating Profit before working capital changes:</b>	<b>399.95</b>	<b>428.93</b>
(Increase) / Decrease in Current Assets		
Inventories	(49.99)	(34.61)
Debtors	(272.61)	222.65
Other Current Assets	0.30	3.89
Loans & Advances	(122.69)	-
Increase / (Decrease) in Current Liabilities :		
Trade Liabilities	203.31	44.06
Cash Generated from Operations before extraordinary items	158.27	214.62
Extraordinary items :		
Prior period expenses / incomes	5.90	47.29
Cash from extraordinary item	-	1,940.79
<b>Net Cash from Operating Activity (A)</b>	<b>164.17</b>	<b>2,202.70</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Fixed Assets	(172.39)	(6.58)
Sale of Fixed Assets	0.15	-
Increase in Loans and Advances	-	(47.24)
Interest Received	2.33	21.47
Other Income	93.09	86.56
<b>Net Cash used in investing Activities (B)</b>	<b>(76.83)</b>	<b>54.21</b>



Particulars	As at 31.03.2011 (Rs. In Lacs)	As at 31.03.2010 (Rs. In Lacs)
<b>C. Cash flow from Financial Activities :</b>		
Proceeds from long term borrowing	-	2,025.00
Repayment of Long Term Borrowings	-	(4,290.79)
Interest Paid	(4.16)	14.54
<b>Net Cash used in Financing Activities (C)</b>	<b>(4.16)</b>	<b>(2,251.25)</b>
<b>Increase / (Decrease) in Cash &amp; Cash equivalents [A + B + C]</b>	<b>83.18</b>	<b>5.66</b>
<b>Opening Balance as on 1st April 2010</b>	<b>158.18</b>	<b>152.52</b>
<b>Closing Balance as on 31st March 2011</b>	<b>241.35</b>	<b>158.18</b>

For and on behalf of the Board of Directors  
 For **Rubfila International Limited**

As per our report of even date attached  
 For **Mohan & Mohan Associates**  
 Chartered Accountants

**Bharat J Patel**  
 Chairman

**G.Krishna Kumar**  
 Managing Director

**N.N.Parameswaran**  
 Chief Finance Officer &  
 Company Secretary

**R.Suresh Mohan**  
 Partner

Place : Coimbatore  
 Date : 31-05-2011

Place : Thiruvananthapuram  
 Date : 31-05-2011

## AUDITORS' REPORT ON CASH FLOW STATEMENT

The Shareholders,

We have examined the attached Cash Flow Statement of M/s. Rubfila International Limited, for the period ended 31.03.2011. The Statement has been prepared by the Company in accordance with the requirements of listing agreements executed with the stock exchanges where the shares of the company are listed and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of date to the members of the company.

For **MOHAN & MOHAN ASSOCIATES**  
 Chartered Accountants

Place : Thiruvananthapuram  
 Date : 31-05-2011

**R.SURESH MOHAN,**  
 Partner  
 Mem No. 13398  
 Firm No.00292S



Part IV of Schedule VI to Companies Act, 1956 in the Terms of Govt. of India Notification Dated, 15/05/1995

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## I. Registration Details

Registration No.

7 0 1 8

State Code

0 9

Balance Sheet Date

3 1 0 3 2 0 1 1

## II. Capital raised during the year (amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Preferential Issue

N I L

Bonus Issue

N I L

Private placement

N I L

## III. Position of mobilisation and deployment of funds (amount in thousands)

Sources of Funds :  
 Total liabilities  
 5 6 0 1 0 2  
 Paid-up Capital  
 3 1 6 8 3 7  
 Secured Loans  
 0 0 0 0 0 0  
 Application of Funds :  
 Net fixed assets  
 2 1 0 2 4 8  
 Net Current Assets  
 2 3 9 8 0  
 Accumulated Losses  
 3 2 5 8 7 4

Total assets  
 5 6 0 1 0 2  
 Reserves & Surplus  
 Unsecured Loans  
 2 4 3 2 6 5  
 Investments  
 Misc. Expenditure  
 0 0 0 0

## IV. Performance of the company (amount in Rs. thousands)

Turnover  
 7 9 3 3 5 7  
 Profit/Loss before tax  
 0 2 1 4 7 7  
 + -  
 √

Total expenditure  
 7 7 1 8 8 0  
 Profit/Loss after tax  
 0 2 1 4 7 7  
 + -  
 √

(Please tick Appropriate box + for profit and - for loss)

Earning per share in Rs.

0 . 6 8

Dividend rate %

N I L

## V. Generic Names of Three Principa/Services of the Company (as per monetary itms)

Item Code No. (ITC Code)

4 0 0 7 . 0 0

H	E	A	T		R	E	S	I	S	T	A	N	T			
L	A	T	E	X		R	U	B	B	E	R					
T	H	R	E	A	D											

 For and on behalf of the Board of Directors  
 For **Rubfila International Limited**

 As per our report of even date attached  
 For **Mohan & Mohan Associates**  
 Chartered Accountants

**Bharat J Patel**  
 Chairman

**G.Krishna Kumar**  
 Managing Director

**N.N.Parameswaran**  
 Chief Finance Officer &  
 Company Secretary

**R.Suresh Mohan**  
 Partner

 Place : Coimbatore  
 Date : 31-05-2011

 Place : Thiruvananthapuram  
 Date : 31-05-2011





## RUBFILA INTERNATIONAL LIMITED

New Industrial Development Area, Kanjikkode - Palakkad - 678 621, Kerala, India

### ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Full Name of the Member attending (IN BLOCK LETTERS).....

Full Name of the First Holder .....

(To be filled in if First Holder does not attend Meeting)

Name of the Proxy .....

(To be filled if the Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Eighteenth Annual General Meeting of the Members of the Company being held today, the 30th September, 2011 at 11.00 a.m. at SKM Auditorium, at Chedayankalai, Kanjikkode.

Regd. Folio No.:

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

No. of Shares held :

---

## RUBFILA INTERNATIONAL LIMITED

New Industrial Development Area, Kanjikkode - Palakkad - 678 621, Kerala, India

### PROXY FORM

I/We .....of..... in the district of ..... being a member / members of the above-named Company hereby appoint ..... of ..... or failing him ..... of ..... in the district of ..... as my / our proxy to vote for me / us on my / our behalf at the 18th Annual General Meeting of the Company to be held on 30th September 2011 at SKM Auditorium, at Chedayankalai, Kanjikkode and at any adjournment thereof.

Regd. Folio No. :

Signature.....

Re. 1

Revenue .....  
Stamp

NOTE: An instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than Forty eight hours before the time of holding the meeting.

A proxy need not be a member.



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T. Nagar, Chennai - 600 017