

RIL/SECTL/2020/
04/06/2020

The Stock Exchange Mumbai
Corporate Relationship Dept,
Phirozee Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai - 400 001

Dear Sir,

Sub :- Disclosure of material impact of COVID-19 pandemic on the business and Operations of the Company.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dt. 20-05-2020, we are submitting herewith the impact of COVID-19 on the business and operations of the Company.

1. Impact of the COVID-19 pandemic on the business :

COVID -19 pandemic has impacted world economy badly and no company is an exception. Rubfila caters to the textile industry which has been impacted very badly since all garment retailing has come to a standstill. The company has its products finding application in PPE products used for COVID fight and did a commendable job in supplying rubber threads for making face masks and other PPE kits.

COVID had an impact in terms of business lost since the 23rd of March 2020.

Rubfila started its operations by the beginning of May by utilizing 30% of the capacity and has slowly scaled up to about 50% utilization. This is more because of the paucity of orders from the domestic market, majority of which are based in states like Gujarat, Maharashtra, Delhi etc, affected badly by COVID.

With production completely lost for the month of April, turnover will be impacted in Q-1. The domestic market is not showing signs of recovery as of now and the capacity utilization during the first quarter could be in the range up to 50%.

The company is tapping the exports market to tide over the crisis, the COVID situation in many markets could be a limitation there too.

2. Ability to maintain operations including the factories / units / office spaces functioning and closed down :

Company has two plants one in Kerala and the other one in Tamil Nadu. The plant in Tamil Nadu is not operational now due to paucity of orders. Office at Palakkad is functioning full-fledged, whereas the Tamil Nadu is functioning partially only.

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3. Steps taken to ensure smooth functioning of operations :-

Rubfila restarted the operations by strictly following the COVID protocols as advised by state and central governments. Sanitisation of premises, social distancing, limiting entry of visitors in the premises, sanitization of vehicles and a host of steps were taken to ensure the safety of employees.

The situation is monitored by a team headed by HR Manager for compliance as well as for changing scenario in and around the location on the COVID situation.

4. Estimation of the future impact of COVID-19 on the operations :-

With economy in standstill, the situation is still unpredictable how the situation is going to turn around. Rubber threads cater to textile chain and has taken a big hit with the textile segment business coming to a naught and volatile as major textile centers to which we cater to are still not started showing any positive response.

The business operations of April 2020 were impacted very significantly due to the COVID – 19. With the capacity utilization around 50%, the sales are expected to take a hit to that range in the medium term. Company expects the situation to improve only by the 3rd quarter of the financial year.

Efforts are on to tap export orders, but the situation in many countries is also grim and may take one or two quarters before recovering.

We are closely monitoring and adjusting ourselves to address the situation.

Details of impact of COVID on capital and financial resources :

With operations affected due to dull market conditions, there is going to be a negative impact on the profitability for the year, while the extent of impact cannot be predicted as of now.

Liquidity is affected due to some extent due to the fact that many customers based in Gujarat, Maharashtra are yet to start operations.

Since the company is a zero-debt company, there is no issues related to debt servicing.

Irrespective of the constraints, the company has taken sufficient steps to follow adequate financial reporting and control.

This is for your kind information and records.

Thanking You,

Yours Truly,
For **RUBFILA INTERNATIONAL LTD**


G. KRISHNA KUMAR
Managing Director