



► Industry Sector: Rubber

Case Study

RUBFILA International Ltd.

Yr. Incorpor.: 1995

- ❖ **Scale :** Medium
- ❖ **Main Product/Service:**
 - Rubfila International Ltd. (RIL) manufactures heat resistant latex rubber thread. RIL has production facilities to manufacture talc coated rubber thread and silicon coated rubber thread to the extent of 6350 MT.
 - RIL has the technology to produce threads ranging in size from 20 counts to 100 counts. RIL makes threads predominantly for the textile industry. Its also has developed products suitable for food grade, diaper grade, sports grade etc.
- ❖ Average Annual Growth (in last 3 Yr.) for:
 - Company: 7-8%
 - Industry sector: 10%

Foreign JV/TC Partner: Rubpro Sdn. Bhd., Malaysia

Rubpro Sdn. Bhd. Is one of the few companies in the world that has the technology to manufacture both - Talc and silicon coated rubber thread.

Nature of tie up -

- In 1995, from Kerala State Industrial Development Corporation (KSIDC), India entered into a Joint Venture cum Technical Collaboration with Rubpro Sdn. Bhd., Malaysia which had the technology to manufacture 'heat resistant' rubber threads. The JV company Rubfila International had equity participation primarily from KSIDC - 11%, Rubpro - 32% and rest from FIIs and general public. Rubpro Sdn. Bhd. hand held RIL with respect to the project set up, training of manpower, technology transfer and in developing new products as well as new markets overseas.

Purpose/Motive for tie up -

- ❖ India being the fourth largest producer of rubber in the world and Kerala being an abundant rubber producing state did not have any manufacturer of quality rubber threads in the country. Although India has skilled manpower including the qualified rubber technologists, the rubber threads were imported in the country. Rubpro Sdn. Bhd. Malaysia identified India as the potential investment location and formed a JV company to manufacture a superior product with following motives in mind-
 - Tapping the large domestic market along with a high potential for profitable exports due to resource advantages like - cheap labour and raw material.



- Indian partner wanted to become the first and the only manufacturer of an international quality product with a superior technology and at the same time exploring an export opportunity of these products from India.

Benefits from tie-up -

- **Champion in Quality:** Rubfila International started manufacturing highest quality products by using superior technology and could become 1st rubber thread plant in the world to achieve ISO 9000 certification in the rubber manufacturing line.
- **Increased Market Share:** The company soon became a leading player in their industry sector as they could acquire a large share in the vast domestic market which earlier was limited only to non-heat resistant rubber threads.
- **Higher Revenues and Profitability:** Rubfila revenues saw an immediate hike of 18%, with 8% improvement in the profitability. The company realised 51% growth in its sales from overseas markets. An overall growth of 7% - 8% was seen, after the collaboration was started.
- **Joint Development in Product and Technology:** A complete re-engineering of the product was done along with the continuous development of technical aspects. Rubfila become from Single-product Company to a manufacturer of Multi-product Company. With the joint efforts towards product & technology development by both partners in venture, Rubfila also offered the technology to Bangladesh.
- **International Brand Recognition:** World wide the brand name of Rubpro Sdn, Bhd, Malaysia, is accepted and acknowledged as a mark of the best rubber threads in the world. The tie-up thus benefited in terms of the brand recognition world over and helped company venture international markets. Due to this, instead of being a net importer, the country became an exporter of rubber threads. Rubfila exports 50% of its total production to Sri Lanka and Europe and is setting up another plant purely for the expansion of its business to the export market. Today RIL has a market presence in 25 countries.

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