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## Executive Summary

Castilla Co., Ltd. is a rubber compounder company. The company will prepare raw material for rubber molders. It will buy natural rubber (NR) from planters and dealers and select synthetic rubber (SR), EPDM and NBR, to mix with special additive and innovatively technical process to provide the consistent rubber property with low cost by reducing the proportion of synthetic rubber which is expensive.

Thailand is the world's largest export country for NR with value of 4,700 million USD in year 2006. It has the highest production and account for 36% of global rubber production and growth rate in rubber production is 50% from year 2005 to 2006. Furthermore, global consumption of rubber has increased every year since year 2000. The total value of global rubber market is 40 billion USD in 2005. Moreover, rubber is the most valuable plant that generates the highest income for Thailand in agriculture segment.

First of all, natural rubber has high strength. However, NR has a significant limitation. It is not resistant to heat and oil. Synthesis rubber is an artificial made rubber from petrochemical process. Synthetic rubber, which is much more expensive than NR, must be mixed with NR in specific proportion to improve the properties according to the usages. The more proportion of SR in the product, the higher cost it is. Normally, SR will be mixed with NR in proportion of 50% up to 80%, depending on application. In addition, SR production process makes high pollution. Reducing the use of SR results in cost reduction and lowering pollution. Mixed rubber will then be molded

into several forms, for example elastic, belt, hose and rubber band, and delivered to customers.

Our company provides a patented special method of mixing NR with SR. This method is under development with 100% lab scale and 80% industry scale progress. It allows us to decrease and control proportion of SR while maintaining the desired properties. This method can reduce proportion of SR from 80% to 20%. Significantly reduction in SR content leads to significantly lower cost and price. Flexibility in formulation will benefit us in cost control. Therefore, our company can deliver mixed rubber to customers, which are molders, with specific properties in much lower price than our competitors.

Our target market is molders who produce hose, elastic, vehicle part and rubber band. In year 2005, total market value for our target is 112 million USD and it is expected to be 180 million USD in year 2007. It consumes 30,000 tons of natural rubber and another 30,000 tons of synthetic rubber. In the first year, we expect 10% market share and up to 21% in the fifth year. We will focus on local market in vehicle part and elastic market in the first year. The second year, we will expand to Asian market and global market in the following year. We will use cost leadership strategy to gain market share. We will directly contact to customers, who are listed, and give them information that they can save up to 20% in both operation and raw material cost. By advertising ourselves in special rubber magazine and joining international events, will increase awareness of our products and services.

Generally, rubber market is fluctuate and difficult to control price and quality. Most of manufacturers and molders will directly buy NR and SR rubber from planters and dealers, and mix them at their own factories. Therefore, we found a great opportunity to develop the new market with value-added product by mixing the proportion rubber as customer request without direct competitors. However, lots of manufacturers who produce own rubber will be challenging us to be our potential customer in the near future.

Castilla Co., Ltd. is established by four MBA students, and a scientist who develops this project. Kajorn Thamsuriya is a CEO of company. He has a Master degree in automotive engineering. Nantaya Ratanatraiphob is the chief of operation. She has been working with the scientist for a year in this project. Virinda Chaisawangwong is a chief of marketing. She has an experience in import and export business for 5 years. She is fluent in English and Mandarin. Chawapoth Petcharat is responsible for company's finance. He graduated in accounting and has 4 years business experience. Dr. Chakrit Sirising, from faculty of Science, Mahidol University, is the inventor of this project. He is the project leader from the beginning.

Our financial projection is excellent. IRR of 68% and NPV of 3.25 million USD with 20% discount rate can be achieved within 5 years of operation. Payback period is 2 years and 3 months. The company is seeking investors who will contribute 3,000,000 USD. In return, investors will receive 49% ownership and 2 out of 5 seats of the board of director. Investors will realize 30% of compounded annual return.