

Siam Heat Service Co. Ltd.

Summary Business Plan

Presented to

**MAI
Bangkok Business Challenge
Sasin**

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IMBA – International Program

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Introduction

This summary business plan offers an investment opportunity which requires about USD 1,350,000 to start our company, Siam Heat Service (SHS). At the moment, our venture has USD 350,000 for the first part of the capital amount required, and it still requires USD 1,000,000. All the equity would be shared 40% for venture capitalists and 60% for us, and its return on investment (ROI) is 29%.

Nitrotec Process/ Product

Our primary service, Nitrotec Process, is a Nitriding surface hardening process that produces wear resistance with the same high quality as hard chromium plating and vastly superior corrosion resistance to zinc plating. The Nitrotec process also enhances low-alloy and mild steel up to four times stronger and gives a black finish that has outstanding resistance to corrosion.

Compared to other kinds of heat treatment process that provides just one or two specific benefits, Nitrotec process is the only process that can cover more than seven benefits. As shown in the figure 2.

As Figure 1 show, the factory process from delivery customer's product to factory until return the product back to the customer. Figure 2 are the benefits of the process and the products that fit with other benefits.

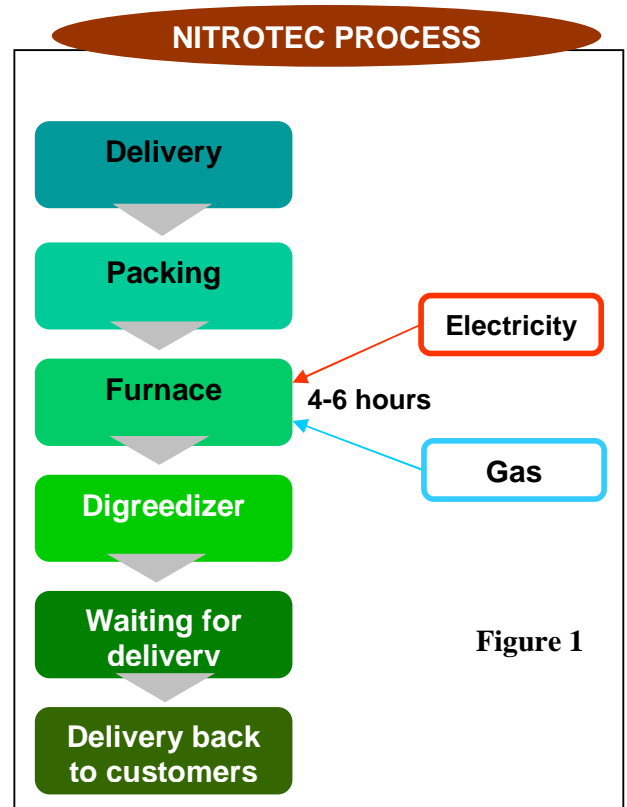
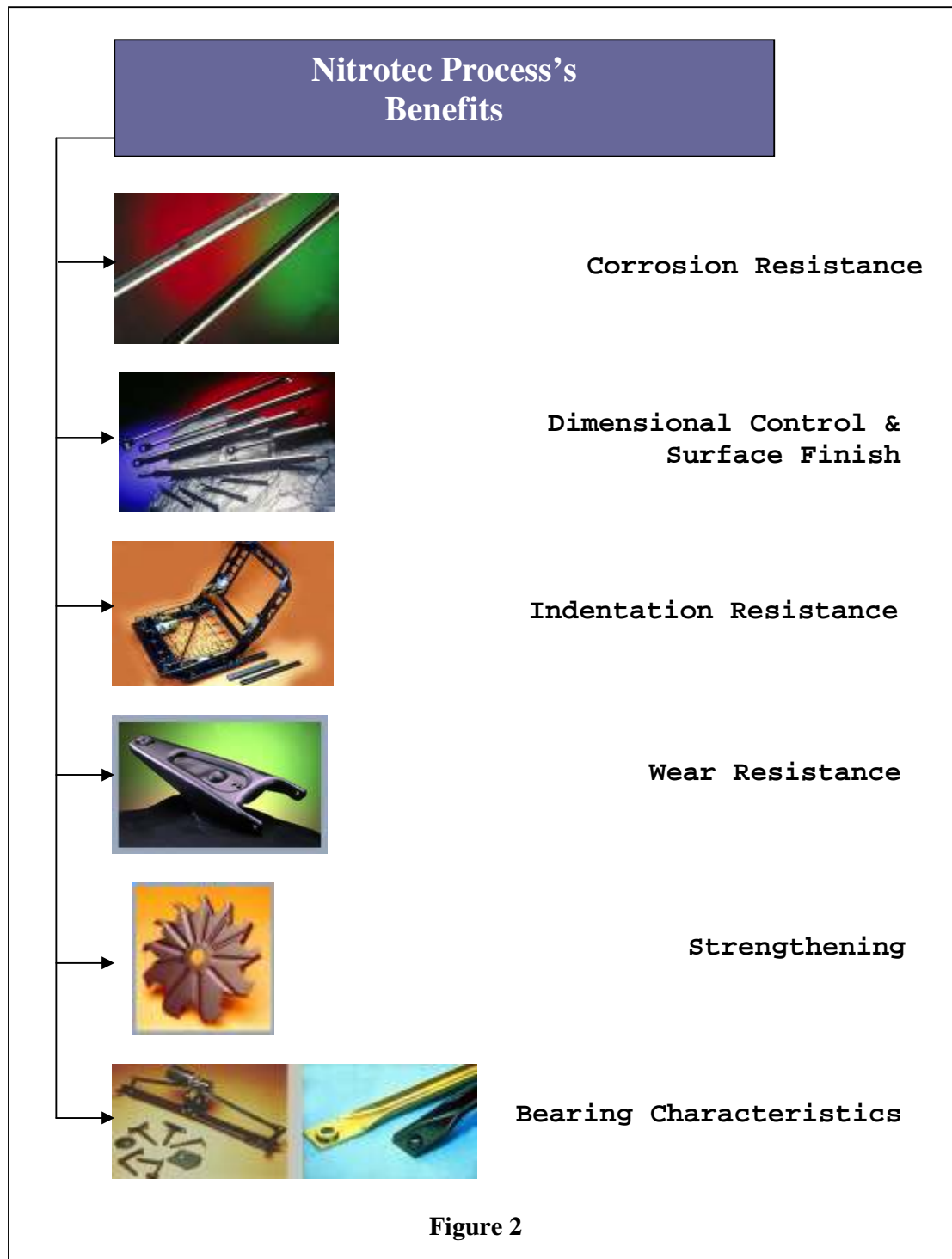


Figure 1

Nitrotec is an environmentally friendly process (guaranteed with ISO 14001) whose patent is originally owned by TTI group, the largest manufacturer in Europe. Meanwhile, S.H.S. is the only one partner officially authorized for the Nitrotec patent in Thailand.



Target Market and Marketing Strategy

Our company is in heat treatment industry and emphasizes on B2B market. Our service can be applied with wide range of customer parts products. For example, automobile parts, molds, swivels and so on for automotive and agricultural industry industrial instruments and overhaul service for petrochemical industry.

There are many companies servicing other kinds of heat treatment process. The most well-known process is the hard chrome, which provides benefits in the surface hardening process to the same potential market as we are focusing. However, the chromium is considered health hazards since it causes toxic to humans and the environment. It is an opportunity for the Nitrotec process which not only can solve the problem of chrome plating, but also had advantageous benefits over any other process in the market.

An example of our prospective customers, P.C.S. MACHINE GROUP, one of the largest third-party automobile spare part suppliers in Thailand producing parts to international branded automobile companies such as Toyota, Isuzu (it also supplies parts in US) have responded us with a pleasure as stated below.

“I’m very confident that the Nitrotec process will be the process which helps to increase the quality of parts and enhance more durable. Moreover, the process can be easier controlled than other process such as Carburnizing, Nitriding, Cabonitriding, etc. These processes need high temperature in hardening and plating which results to waste a lot of energy. Furthermore, these processes have difficulty to control the dimension. Therefore, there are many opportunities to have wrong specification which cost a lot”

“To me, I worked for automotive parts production and design more than 9 years. There are a lot of parts needed hardening and plating which need different processes as per their usage and burden. If the Nitrotec process is used in industry, it would be highly useful in automotive industries or similar industries in Thailand”
“Finally, I would like to have the Nitrotec be used seriously in order to increase potentiality in automotive parts industry in Thailand and competitive ability in the world market.” – Preecha Boonyapicharttikarn (Engineering Department Manager)

Furthermore, Nitrotec has been being globally used in some auto parts especially European automobile brand such as Range Rover, Porsche.

Management Strategies

The management strategies include Responsible Care (RC), Responsible Community Relations (RCR) and various activities for our employees, suppliers and stockholders. Those strategies are meant to improve the quality of employees, product and brand value toward the customers and suppliers. Not only is our company able to solve social and environmental problem, but also can our company's global standard corporate social responsibility policy can benefit the society and environment.

Company Structure and Management team

Board of Directors

Mr. Surin Chungsirawat

With 10-years of experience as President and CEO of Heattreatment Co.,LTD.

Major Fuangwit Anirutthewa

Secretary of Thailand Polo Association.

Mr.Bunjong Chingsirawat

With 5 years of experience as Factory manager of Heattreatment Co.,LTD.

Management Team

Mr.Saakkarin Chingsirawat

President and CEO of Siam Heat Treatment Service (S.H.S)

Mr.Amnaj Assavanichakorn

Vice president and Director of operation

Mrs.Lada Lertbutsayanukul

Director of Finance

Irisara Srijundee

Director of Marketing

Mrs.Pimpetch Mansrithawawn

Director of Administration & HR

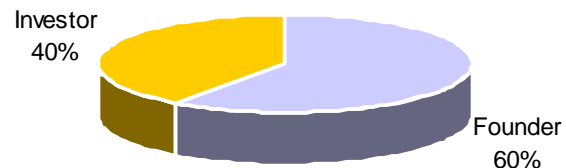
Summarize of Projected Financial Data

Company's set up: January 2008, when the company expects to obtain Nitrotec's license from TTI group, United Kingdom.

The founders are investing USD 350,000 for acquiring Nitrotec's contract and land purchasing. Our company is seeking an additional total USD 1 million for plant construction, machinery investment, and operational preparation.

Our company will offer appropriate investors 40% of equity and 2 seats on the Board of Directors in return.

	Percentage	Investment Value
Founder	60%	\$ 350,000
Investor	40%	\$ 1,000,000
Total	100%	\$ 1,350,000



Key Financial Analysis

Payback Period 2 Year 10 Month
Net Present Value USD 3.48 million, 10% discount rate
Internal Rate of Return: 86%

Unit: USD million					
	2008	2009	2010	2011*	2012
Sales	0.39	1.10	1.54	2.25	2.57
Net Profit	0.07	0.45	0.72	1.04	1.20
EPS	0.11	0.77	1.24	1.78	2.07
ROA (%)	4.60	24.19	25.10	27.10	23.61
ROE (%)	4.70	24.00	27.97	28.67	24.99

* The company invests in additional machines thru internal funding so as to serve the productivity expansion.

Exit Strategy

1. Strategic sales to the company's partners including automotive and agricultural firm.
2. Initial Public Offering: The Company may offer the equity in the stock exchange in the next five years. The forecasted company's value is approximately USD 8.46 million. This calculated from P/E ratio of 7 (compared to the industry average of 14 on the stock exchange of Thailand.). By this exit strategy, our company expect to provide investors with a 28% annual return