Independent Study Title The Feasibility Study on the Investment Project in Rebar Steel Rolling Mill by Thachin Asset Co.,Ltd. in Mueang District , Samut Sakhon Province

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ABSTRACT

The purpose of this research is to study the feasibility of investment in rebar steel rolling mill by Thachin Asset Co.,Ltd. in Mueang District, Samut Sakhon Province, utilizing the feasibility study theory comprising of four perspectives: Finance, Marketing, Technique, and Management.

The data collection employed an in-depth interview with 3 stakeholders involved in rebar steel rolling industry from 3 companies and an interview with an official from a financial institute. Questionnaires were also distributed on July 28, 2005 to 200 customers of Thachin Asset Co.,Ltd. throughout the country.

The result of the **financial** study revealed that the project was feasible for 400 million baht investment. This amount could be divided into 200 million baht capital and 200 million baht loan. The Weighted Average Cost of Capital (WACC) was 6.50 %. From the calculation Net Present Value (NPV) is 2,398.89 million baht, the Profitability Index (PI) is 7.00, the Internal Rate of Return (IRR) is 46.13 %, the Payback Period (PB) is 3.29 years, and the Break Even Point (BEP) at sales amount in the year 2550 equals to 1,232.94 million baht. In addition, the project received a loan approval from a financial institute in the investment and was supported in working capital in Rebar Steel Rolling

Mill. On **marketing** perspective, presently there is a high demand for rebar steel. The customers who purchase in cash equal 75 %, and 25 % by credit, with the average sales price at 20,550 baht per ton in the year 2550. On **technical** perspective, the company applied the advanced technology to increase the capability and efficiency of the rebar steel rolling machines to enable them to produce high quality products and to reduce total costs. The main product was 8-16 mm. rebar steel and the optimal productivity was 200,000 tons per year. The selected location at Tambon Ban Kho, Mueang District, Samut Sakorn Province is suitable with all necessary infrastructure which makes it convenient for the transportation of raw materials and a large amount of finished products. For **management**, the company was divided into 3 divisions: Production, Engineering, and Administration. The Material Resource Planning system was also implemented in the company management.