

Title : A Financial Analysis of Prestressed Concrete
Pile Industry : A Case Study on Concrete Bang
La - Mung Co.,Ltd.

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At the present time, the prestressed concrete pile is the most widely used in the construction industry in Thailand. This is because of not only its relatively lower price but also of the fact that the production of the pile is readily subject to quality control.

This thesis is to analyse the general structure of prestressed concrete pile industry with special emphasis on the financial analysis of Concrete Bang La - Mung Co.,Ltd. as a case study. The data used in the analysis are financial statements of the year 1986 - 1990 obtained from the Department of Commercial Registration, the Ministry of Commerce. The major aspects of this study areas follows :

With regard to the structure of this industry, the general conditions in manufacturing, marketing, government control and government aids are examined. At present, the prestressed concrete pile produces is to meet domestic demand. Most of the raw materials used in the manufacturing process can be obtained within the country. However, in the marketing of prestressed concrete pile industry, there exist a very high competition among domestic producers. In order to ensure safety towards life and property, the government enforce strict quality control and the standard is prescribed by the Committee on Standard Manufacture of the Ministry of Industry.

Financial analysis is based on four main groups of financial ratios, namely : liquidity ratio ; leverage ratio ; efficiency ratio ; and profitability ratio. On the whole, it may be concluded that the financial status of Concrete Bang La - Mung Co.,Ltd. are not in a very sound condition particularly, liquidity and profitability are not very attractive to the investors' view point. Moreover, trend analysis of financial ratio on the movement of each financial ratio during the period between 1986 - 1990 is also undertaken. The trend analysis indicates that the profitability of Concrete Bang La - Mung Co., Ltd. is subject to rapid decreasing from the year 1989 to 1990.

The analysis on the sources and uses of funds statement reveals that the means of financing Concrete Bang La - Mung Co., Ltd. is not well conformed to the general principles. It was

found that short term loan was obtained to invest in permanent assets. This is a risky practice which may result in difficulty in the repayment of loan. If this practice is carried on the company may be undergoing high risk and may effect its future financial security adversely.

This study can be concluded that the prestressed concrete pile industry especially the Concrete Bang La - Mung Co.,Ltd. are facing with the increasing price of raw materials which leads to high production cost while selling price of the finished products cannot be raised sufficiently, This problem may be due to high rate of competition. Moreover the Concrete Bang La - Mung Co.,Ltd. also face with problem of using short term loans to invest in permanent assets entails high financial risk to the company. It is suggested that this problem may be resolved by improving the financing method in order to match the working life of the assets. Moreover the company has to increase production efficiency lead to the minimization of unit cost. Finally the government should assist this industry by planning a specific budget for construction annually and arrange occasional meetings among the concerned parties to discuss problems and means to facilitate the growth of the industry.