



ID	707
Target Country	Mongolia
Project Sector	Textiles, textile articles
IIPP number	MNG, 010, I, 2009, 05
Status	P-Promotion
Title (english)	Joint Venture and equipment purchase for the production of cashmere garments
Title (italian)	Joint Venture e acquisto di macchinari per la produzione di capi d'abbigliamento in cashmere
Isic	1711-Preparation and spinning of textile fibres; weaving of textiles
Summary (english)	The company is engaged in knitted products made of cashmere, camel wool and yak wool. It produces cashmere garments such as cardigans, pullovers, sweaters, dresses, skirts and pants.
Summary (italian)	L'azienda si occupa di produrre articoli di cashmere, lana di cammello e lana di yak. Produce indumenti di cashmere, come cardigan, maglioni, golf, vestiti, gonne e pantaloni.
Classification	Diversification
Turn Over	81,477
Business Line	Cashmere garment to export and import sales
Company search	Joint Venture, Loan, Buy back arrangement, Equipment purchase,
City	Ulaanbaatar
Country	Mongolia
Foundation	2006
Employees	18
Females	20 %
Products	Cashmere garments such as cardigans, pullovers, sweaters, dresses, skirts, pants

COMPANY

The company was established in 2006 and is engaged in knitted products made of cashmere, camel wool and yak wool. It has been working on orders made by Germany, England, Japan and Belgium cooperating with domestic biggest producer companies.

Since the beginning of 2008 the company began to release a new brand product named "Tugs" for domestic consumers and has been working on the introduction of the product in the market. It participated at the "Made in Mongolia" exhibition to introduce the product, which was nominated as the best product during the exhibition and was awarded a certificate. "Tugs" brand attracts the interest of purchasers because it is cheaper than market price by 4000-5000 tugrugs.





PRODUCTS

The company is producing cashmere garments for local biggest producers and is supplying them, selling its products and renewing and repairing old products kept by consumers. It offers a wide range of choice in colours and designs; the price is relatively cheap.

The following are company's actual activities:

1. Renting a building with 508 m² dedicated to manufacturing, office, cafeteria and storage of all kind of goods. The factory is provided with knitting, sewing and completing equipments made in Japan, Taiwan and China.
2. Starting to prepare qualified staffs and workers based on company's technique, equipments and experienced human resources.
3. Selling its goods through distributors in rural area. In total, the company has 5 distributors including 3 in Zavkhan aimag, 1 in Uvs aimag and 1 in Umnugobi aimag.

PROJECT

The company is looking for a joint-venture in view of realizing final products such as cardigans, pullovers, sweaters, dresses, skirts, pants and so on: the company would process all from cashmere yarn to cashmere garment ready to customers.

Main objectives of the project are:

- 1) Increasing the productivity with minimum labour costs. With the help of automatic knitting machines the company intends to increase its productivity, decreasing the salary costs. Furthermore, automatic knitting machines functions will expand its capability of design in clothes, so that it could attract customers' choice.
- 2) Building factory premises.
- 3) Expanding its market shares in domestic market and overseas. Mongolia has a great possibility of raw cashmere supply and its cashmere is recognized as the finest cashmere in the world. Cashmere garments import from Mongolia is increasing among the countries and the biggest importers are currently Japan, German, and United Kingdom. Also, other developed countries are starting to import from Mongolia such as Austria and Korea. The company wishes to use this opportunity in order to expand its market share.

The company looks for:

- Joint-venture
- Loan
- Buy-back arrangement
- Equipment purchase





THE MARKET

Although Chinese companies are holding a big portion in the cashmere garment supply, international companies start to refuse cooperating with them because they focus more on quantity instead of quality.

Cashmere is an elegant natural source requiring special care. Mongolian herders have a long-term experience, so the company has the finest cashmere in the world. Domestic targeted customers are comparatively welfare customers. Foreign targeted customers will be Japanese and European companies.

COMPANY'S STRONG POINTS

The company has an experienced management team and its production manager has worked for the biggest cashmere exporter for 22 years.

It has enough raw material sources with which the company wants to realize the highest quality cashmere garments in the global market. Currently, it has opened 4 retail shops around Mongolia (1 in Zavkhan, 1 in Erdenet and 2 in Ulaanbaatar) and is also cooperating with Russian, Japanese and British companies to export its products.

Actually, the company is using hand machines to knit and sew and workers who are working on these machines are already well - trained.

In terms of infrastructure, the company has adequate connections and sufficient supply of water, power, drainage and communication.

Labour sources are available.

