

Assero BST PROJECT FILE

Information Memorandum

28th November 2019

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- The issue of this memorandum shall not be taken as any form of commitment on the part of the Project to proceed with any transaction.

Executive Summary

- Assero BST Group was established in Dubai, United Arab Emirates during the year 2019.
- Assero BST Group has exclusive access to approximately 100 Kgs of rough stone, which would be converted into well-cut Kashmir Sapphire over a period of next few years.
- The management team is in the process of selling a small quantity of cut stones in order to raise funds to be utilized for procurement and processing of stones and establishing a luxurious brand.
- During Year 1 of operations [approximately during the year 2020], Assero BST Group will sale the inventory of 2,000 carats already purchased during the year 2019. Year 2 onwards, Assero BST Group will establish luxuriously branded showrooms for Kashmir Sapphire in most prominent cities and locations across the globe.
- By the end of Year 5, Assero BST Group is projected to achieve following targets:
 - 4 showrooms of Transparent Sapphire & 20 showrooms of Translucent Sapphire
 - Consolidated revenue from the sale of three grades of Sapphire [viz. Transparent (Elite Class), Translucent (Standard Class) & Opaque]: 1.7 Billion USD
 - Net Profit of 1.3 Billion USD @ 77.7% of revenue

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Global Gemstone Industry

Global Gemstone Industry

Market Drivers

- The global gemstones market is being driven by rapid increase in following critical factors:
 - Average per capita income
 - Electronic Commerce
 - Gemstones replacing traditional jewellery products for millennials and Generation Z population
 - Fashion designers developing innovative jewellery products using different varieties of gemstones
- The production of rough diamonds is expected to witness steady growth, which will in turn drive the consumption of gemstones.
- The officially recognized and organized global market of branded gemstones is approximately 23 Billion USD.
- The diamonds have the highest market share with 12 to 14 Billion USD followed by jade stone with 3 to 6 Billion USD of officially recognized global market. Gemstones of different colours account for 2 to 3 Billion market. Obviously, it is well-accepted in the industry that, the unorganized unbranded market for gemstones is far approximately ten times the officially recognized market size.

Global Gemstone Industry

Market Drivers

- The popularity in non-diamond gemstones has soared in recent years. Average prices of non-diamond gemstones have at least doubled during the last decade.
- North America is expected to emerge as the largest market in terms of the value for gemstones by the year 2029, owing to the growing demand for precious gemstones such as diamonds, rubies, emeralds and sapphires.
- Consumers in emerging economic regions such as Asia Pacific and Africa are slowly shifting from the conventional unorganized jewellery market to organized and branded gemstone products in order to avoid the possibility of counterfeits.
- The market in Asia Pacific region is projected to witness a rapid growth and register Compounded Annual Growth Rate [CGAR] of approximately 7% at least during the next decade ending the year 2029, owing to the upsurge in demand for finest high quality gems and rare stones. The demand will be further supported by the rise in per capita consumer spending on jewellery in the region.

Global Gemstone Industry

A

Product Type

- Diamond
- Emerald
- Ruby
- Sapphire
- Alexandrite
- Topaz
- Others (Opals, Jade, Jadeite, Citrine, Tanzanite, Tourmaline, Amethyst, Ametrine, Amber, Lapis Lazuli, etc.)

B

Product Format

- Natural
- Synthetic (Lab Created)

C

End Use

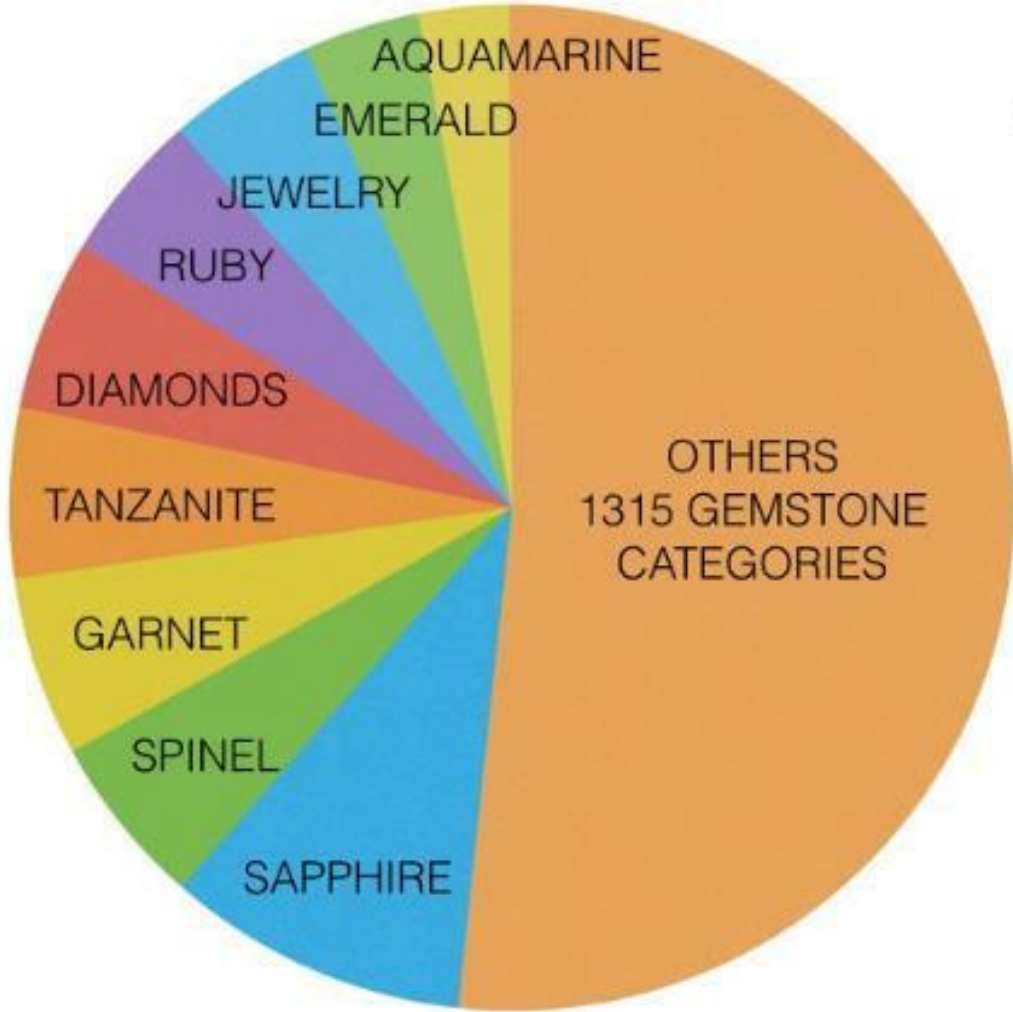
- Jewellery & Ornaments
 - Bangles
 - Necklaces
 - Pendants
 - Earrings
 - Rings
 - Anklets
 - Brooches
- Luxury Art

D

Region

- North America
- Latin America
- Europe
- Asia-Pacific
- Middle East & Africa

Gemstone Categories by Volume



TOP GEMSTONE CATEGORIES

- Sapphire - 9.7%
- Spinel - 5.53%
- Garnet - 5.8%
- Tanzanite - 5.46%
- Diamonds - 5.49%
- Ruby - 4.8%
- Jewelry - 4.77%
- Emerald - 3.75%
- Aquamarine - 2.88%
- Others (1315 Categories) - 51.82%

Impact of Technology Innovation

	Overall Gemstone Procedure	Cutting & Polishing	Jewellery Manufacturing	Distribution & Retail Trade
Internet of Things (IoT)	Real-Time Controls & Remote Operating Center	Inventory Tracking	Inventory Tracking; Quality Controls	Inventory Tracking & Omni-Channel Touchpoints
Data Science, Advanced Analytics & Artificial Intelligence	Predictive Maintenance	3D Mapping & Modeling		Personalized Marketing
Autonomous Activities	Autonomous Vehicles; Fully Automated Sorting	Automated Cutting & Polishing	3D Printing	In-store Assistance
Cyber-Security and Design for Veracity	Distributed Ledger/Blockchain	Distributed Ledger/Blockchain	Distributed Ledger/Blockchain	Distributed Ledger/Blockchain

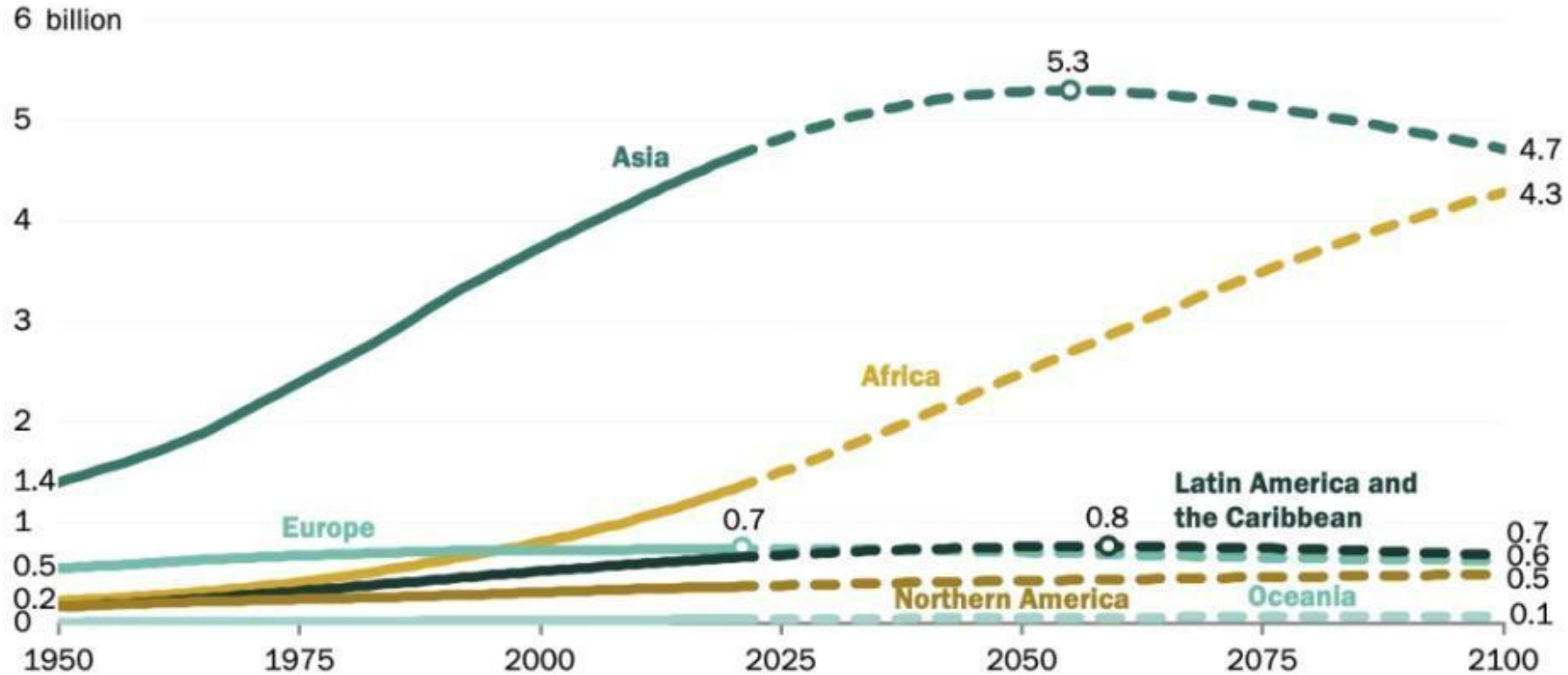
Supply Chain

- Following are the steps in the supply chain in gemstone industry:
 - Excavation
 - Designing [Cutting, Polishing, Developing Jewellery products]
 - Marketing
 - Distribution and Sale
 - Post-Sale Consumer Support
- Artisanal and small-scale mining of gemstones is estimated at higher than 80% of the officially recognized global mining sector
- More than 90% of the artisanal and small-scale mining takes place in developing and emerging economies
- Established brands and industry experts provide support to artisanal and small-scale miners in following different ways in order to establish and maintain efficient supply chain:
 - Organizational and structuring reforms
 - Capacity building
 - Advocacy of labour rights
 - Available and accessible financial services

Critical Market Driver - Population Growth

Population growth in Africa is projected to remain strong throughout this century

Population by region, in billions



Note: Data labels show projected peak population for each region: Europe (2021), Asia (2055) and Latin America and the Caribbean (2058). Regions follow United Nations definitions and may differ from other Pew Research Center reports.

Source: United Nations Department of Economic and Social Affairs, Population Division, "World Population Prospects 2019."

Critical Market Driver - Population Growth

- The growth in demand is forecasted from the emerging economies in Asia, Africa and Middle East regions in direct proportion to the population growth.
- The emerging economies are also observing following two trends which drive the demand for gemstones:
 - Rapid movement of rural population to urban geographies resulting in increasing exposure to new luxuries
 - Due to social media and connectivity, increasing followership of influencers and fashionistas who are developing innovative combinations of gemstones with apparels.



Global Gemstone Industry

Market- Trends

Colored gemstones are gaining popularity across the world due to the increasing demand for the same from the millennial population, as well as the attractive pricing of these products and their uniqueness

Demand for Colored Gemstones to Rise Among Young Consumers

- Some of the recently-held jewellery trade events in Bangkok, Thailand is going to witness a substantial demand for coloured gemstones from China and the U.S. in the near future which is expected to grow during the forecast period.
- According to Natural Resource Governance Institute, the popularity of coloured gemstones has increased in the recent years. However, the prices of coloured gemstones have increased by 100% in the past decade, and consumers are interested in buying gemstones other than diamonds as they are luxury products that act as status symbols.
- Certain coloured gems are far rarer than diamonds. For instance, a black opal gemstone sells for as much as US \$20,000 per carat, which is twice the price of the finest cut diamond that costs US \$9,300 per carat.

Global Gemstone Industry

Market- Trends

- Coloured gem stones are gaining popularity among young buyers across the world, as the right price and uniqueness are among the most important factors taken into account by young buyers while making a buying decision.
- The millennial generation is keen on gathering knowledge about colored gem stones. Moreover, when they see famous personalities, such as Kate Middleton, the Duchess of Cambridge, receiving a sapphire engagement ring, they are inspired to choose colored gemstone jewellery for special locations.

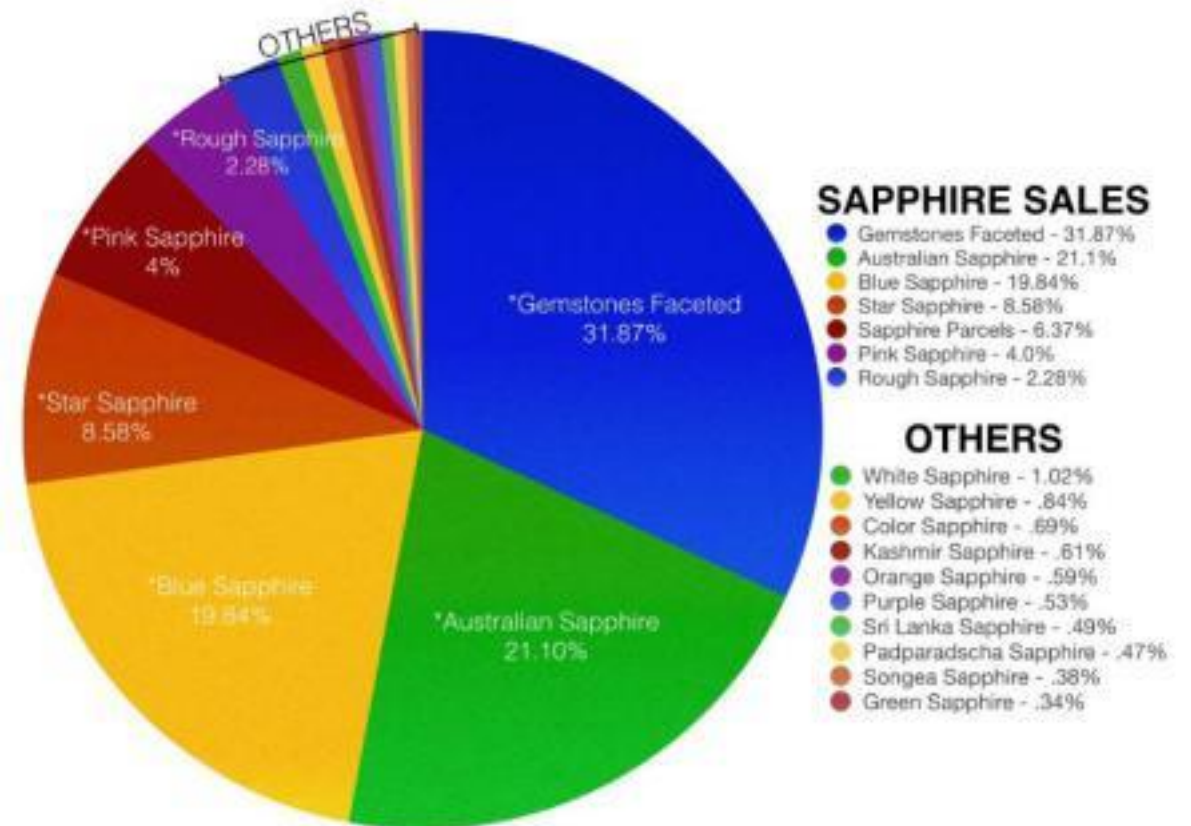


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UAE Gems & Jewellery Industry

UAE Gemstone Industry

UAE Gems & Jewelry Market Size, By Region, By Value, 2014–2024F



- The Gems & Jewellery market in the United Arab Emirates stood at 8.4 Billion USD at the end of the year 2018.
- The market is projected to growth at CAGR of approximately 8% to reach 13 Billion USD by the year 2024.
- Gold jewellery accounts for the largest share in UAE Gems & Jewellery market, followed by diamond jewellery with platinum jewellery at the third position. United Arab Emirates is the fifth largest gold jewellery consumer market in the world.
- The emirates of Dubai and Abu Dhabi share the top position in the market share, followed by Sharjah. The contribution of the remaining emirates is negligible.

UAE Gems & Jewellery Market

UAE gems and jewellery market is controlled by these major players:

- Damas Jewellery LLC
- Joy Alukkas Jewellery LLC
- Titan International (Middle East) FZE
- Gitanjali Gems Limited
- Tiffany & Co.
- Damiani
- Malabar Gold & Diamonds
- Ceylon Master Gems FZCO
- Atlas Jewellery LLC
- Pure Gold Jewellers LLC
- Sky Jewellers LLC



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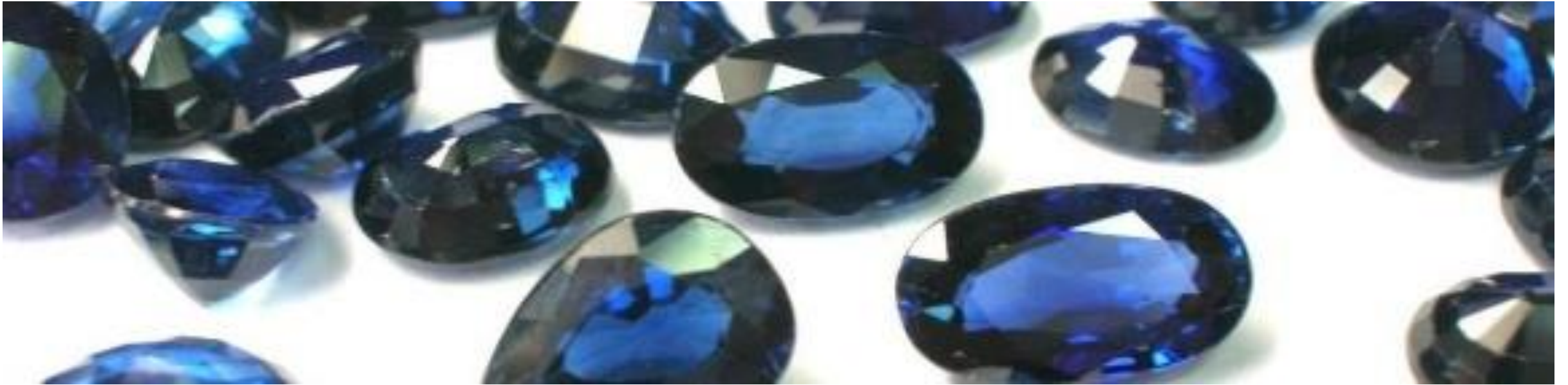
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Global Sapphire Industry

Natural Sapphire Grading



Natural sapphires are graded by following factors:

- Colour
- Clarity
- Cut
- Carat Weight

Sapphire grading by Colour

Following are the critical factors to determine the grade of Sapphire by colour:

- Hue
- Tone
- Saturation

On the basis of these factors, Sapphires are ranked from AAA to B.

For instance, in AAA Rank, the critical factor have following properties, which gradually downgrades with the lower ranks:

- Hue is Royal Blue.
- Tone is Deep Blue.
- Saturation is even throughout the Sapphire.



GRADE
AAA



GRADE
AA



GRADE
A



GRADE
B

Sapphire grading by Colour

- **AAA Rank**
 - Natural blue sapphire, intense, velvety, a combination of Deep Blue and Royal Blue
 - AAA Rank is considered the rarest and the most valuation in the world, as it accounts for only 2% share of all Sapphires available globally.
- **AA Rank**
 - Medium Rich Blue
 - Accounts for 10% share of all Sapphires available globally
- **A Rank**
 - Any Blue Sapphire that has slight grey undertone is considered as Rank A Sapphire
 - 20% share of all Sapphires available globally
- **B Rank**
 - Sapphires with extremely dark and opaque Blue colour are considered as Rank B Sapphires
 - Almost 70% share of all Sapphires available globally

Sapphire grading by Clarity

Following are the widely used methodologies to grade Sapphire based on Clarity:

- **Concave**
 - 'Concave' is a natural mark found on the surface of Sapphire.
 - Concave usually forms on the girdle of the gemstone; hence it does not interfere with the beauty of Sapphire.
- **Eye Grade**
 - Eye Grade methodology evaluates overall clarity of Sapphire by viewing without magnification.
- **Loupe Grade**
 - Loupe Grade - Under Loupe Grade methodology, the clarity is checked under 10X magnification.
- **Transparency**
 - The criteria of Transparency reviews the relative ability of Sapphire to transmit light.

Sapphire grading by Clarity

Based on verification using a combination of these methodologies, Sapphire is graded into following categories of Clarity:

- **Type 1 Stone:** Type 1 Stone is usually 'eye-clean'. In other words, it has no inclusion visible by naked eye.
- **Type 2 Stone:** This type of Stone shows some inclusions visible to the naked eye. However, the inclusions do not weaken overall beauty of Sapphire.
- **Type 3 Stone:** This Stone almost always has inclusions which are visible by naked eye.



TYPE 1
Stone



TYPE 2
Stone



TYPE 3
Stone

Sapphire grading by Cut

- ‘Cut’ of Sapphire refers to the extent to which the surface is proportionate and polished.
- If Sapphire is poorly cut, it will result into leakage of light.
- On the other hand, the best cut Sapphire will always have optimal brilliance and lively look.
- Obviously, Sapphire with optimal brilliance is rarer and more expensive than Sapphire with light leakage.

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Kashmir Sapphire

Kashmir Sapphire Facts

- Kashmir Sapphire is considered as the ‘King of Sapphire World’.
- Kashmir Sapphire is one of the most infamous gemstones in the world.
- Kashmir Sapphire has the rarest availability amongst other grades and origins of Sapphire.
- The discovery of new Sapphires in Kashmir is almost impossible.



Kashmir Sapphire Facts

Reasons for the popularity of Kashmir Sapphire

- The latest extracted Kashmir Sapphire was mined more than 100 years ago.
- Only Kashmir Sapphire contains the best specimens. These specimens are noted to have a superior cornflower blue tint with sleepy quality.
- Kashmir Sapphire is described as 'Blue Velvet' due to its unique velvety texture. Very few and rare varieties of Burmese and Ceylonese Sapphire are closer to the velvety texture of Kashmir Sapphire.
- Due to the extremely rarity of Kashmir Sapphire, it is surrounded by allure which is almost mythical in nature.
- A few Kashmir Sapphires discovered were as large as an eggplant, arguably the largest Sapphire in the world.
- Kashmir Sapphire is one of the highest valued gemstone ever auctioned.
- Kashmir Sapphire demonstrates ultra-Elite social status, as it is used and endorsed by royalties and richest personalities across the world.



Kashmir Sapphire Characteristics

Property	Description
Color range/ phenomena	Near colorless to a deep blue (almost black), including a highly prized, rich "velvety" blue that is considered sapphire nirvana to connoisseurs Rarely pink to purple. Six-rayed stars have been reported
Geologic formation	Sapphire occurs at the contact zone of a pegmatite intruded into a marble, in association with actinolite-tremolite. They are most abundant where the intrusions are quartz-free and surrounded by the actinolite-tremolite. The crystals are found in lenticular pockets of kaolinized plagioclase feldspar.
Crystal Habit SG	Spindle-shaped hexagonal bipyramids are most common, sometimes terminated by the basal pinacoid. Most crystals are coated with a tenacious white kaolin clay. Dark brown tourmaline crystals are often found adhering to the crystal surfaces. The color generally lies near the tips and exterior surfaces of crystals, similar to ottu sapphires from Sri Lanka. Two distinct crystal types are found: <ul style="list-style-type: none"> • Euhedral crystals, with flat faces, where the colour layer is intact • Corroded crystals where the color layer has been partly or completely dissolved. The blue colour of such crystals often appears as mottled blue spots.
RI & birefringence	$n_{[\text{epsilon}]} = 1.762$; $n_{[\text{omega}]} = 1.770$ Bire. = 0.008 (based on one specimen only)
Spectra	Weak to moderate Fe spectrum. Cr-rich stones may display a weak Cr spectrum superimposed on this.
Fluorescence	UV: Generally inert (LW & SW); but often with small fluorescent orange zones, occasionally yellow in surface openings (LW)
Other features	May be heat treated

Hänni, (1986) following The baseidit studleath en (1990a) (1964p) Hübner (1990a) Köberl (1990a) Gübelin Koivulahti

Texture variety of Kashmir Sapphires

- Kashmir Sapphire ranges from near colorless through to deep blue, with the occasional pink or purple stone found.
- Some of the Kashmir Sapphire have window, hole, or cavity in their texture. Some also suffer at times from ambiguity of colours.
- If a Sapphire is free from cavity or window and does not exhibit ambiguity of colour, it can be cut into an excellent Gem.
- Kashmir Sapphires generally remain thick after cutting.
- No stars are found in Kashmir Sapphire texture.



Kashmir Sapphire Heritage

- Kashmir Sapphire descended from a remote part of the Himalaya Mountains known as the Zanskar range. The mines were inaccessible during winter Season due to freezing temperatures.
- When the Maharaja [Emperor] of Kashmir noticed the presence of the bright blue beautiful Sapphire during the year 1882, he posted guards outside the mines to protect their value.
- From the year 1882 to 1887, the mines were worked on extensively throughout the months in Summer season until the mines were fully depleted.
- During the year 1887, a geologist discovered that, Sapphire also originated in another location in the valley below the original location. This new mine also was discovered to be fully exhausted by the year 1888.
- A few attempts by different authorities were carried out to extract Sapphire from these mines, however the results were mostly negative.



Kashmir Sapphire History

- **1879 / 1882:** Bright Blue Kashmir Sapphire was discovered in Padar portion of Kashmir.
- **1882:**The first sapphire was extracted and cut in Kashmir. The Maharaja of Kashmir sent a regiment of his sepoy army to control the mine.
- **1882 / 1887:** This is called as 'Most Glorious Period' of the Kashmir mines. Sapphire as large as 5" X 3" was discovered during this period.
- **1887:**The declining revenue from the mines prompted the Maharaja to seek British Government assistance ruling Indian subcontinent. The British government sent a geologist called Mr. T.D. La Touch to Kashmir to conduct expert geologic survey.
- **1888:**Mr. La Touch's survey showed that, the old mine was already fully exhausted. However he discovered another mine in the floor valley. However in this mine as well, very few good quality Sapphire was found.
- **1889 / 1905:** Mining was officially halted. However, poachers continued to dig in Kashmir mines till the year 1906.

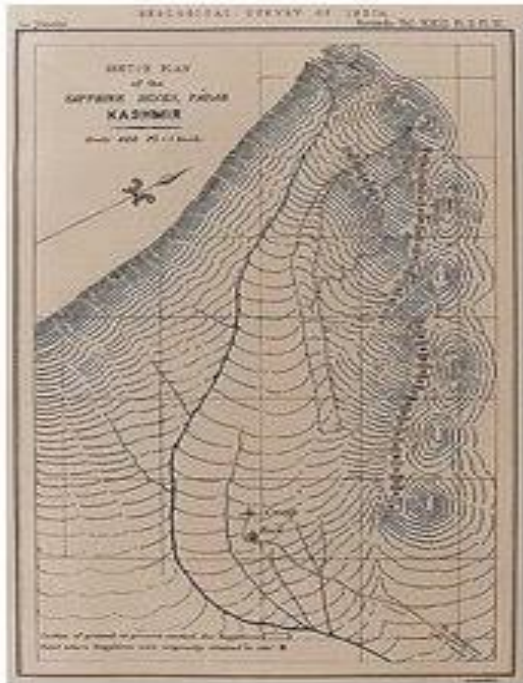
Kashmir Sapphire History

- **1906 / 1908:** The mines were leased by British Government to private companies such as Kashmir Mineral Co. and CMP Wright. CMP Wright initially obtained reasonably good quantity of good quality Sapphire by reworking the extraction process. However, it soon discovered that, the mines were fully exhausted and became inhospitable. CMP Wright soon discontinued the digging activities.
- **1911:**As the last attempt, the company sends Mr. Lala Joti Parshad, Mining & Prospecting Officer to review the situation. Mr. Parshad mines the southwest portion of the mines and gives a negative report.
- **1920:**The mines were leased to the Shah [King] of Jammu region. The Shah attempts to extract Sapphire with the conclusion that, the mines were already exhausted.
- **1924:**Mr. Pandit Labhu Ram, an iconic mining engineer during those times maps out all the portions of the mines. The maps provide useful information about probably location of Sapphire.

- **1926:**Mr. Lala Jagan from Jammu region obtained a prospecting license and successfully mined 5,500 Tolas of Sapphire.
However his license was soon revoked due to certain illegalities in his activities.

Kashmir Sapphire History

- **1927:**The British Government extracted 39,209 Tolas of Sapphire from the mines. However, the stones were considered worthless after cutting activities.
- **1928:**Mining activities legally discontinued.
- **1928 / 1932:** Local poachers attempted extraction of Sapphire with no positive result.



From left: Sketch plan of the Kashmir sapphire mines, Pádar, Kashmir. Photograph by T.D. La Touche of the Kashmir sapphire mines

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Leadership Team

Founding Leadership Team

J k Gautam,
Farooq Abdal
Owner & Manager

Gautam

Farooq Ahmad Chopan
Chief Executive Officer

- Nationality: India

- Nationality: India

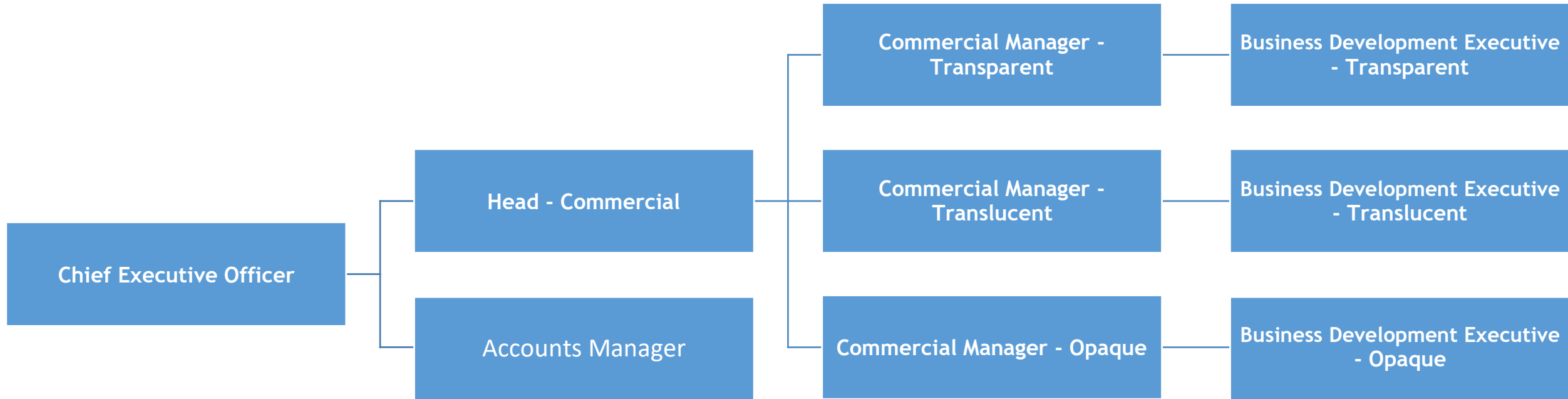
- Nationality: India

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Organization Structure

Organization Structure - Year 1



Organization Structure - Years 2 to 5

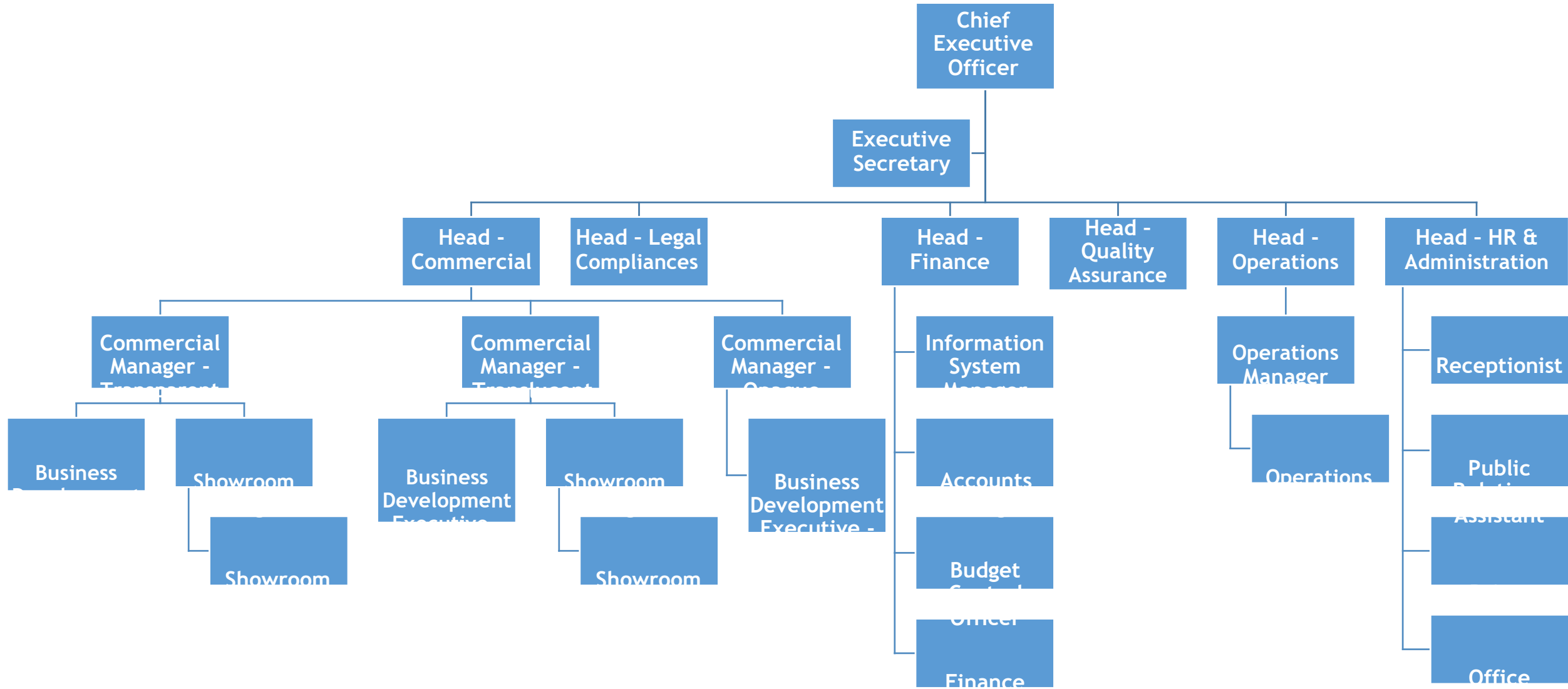


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Project Timelines

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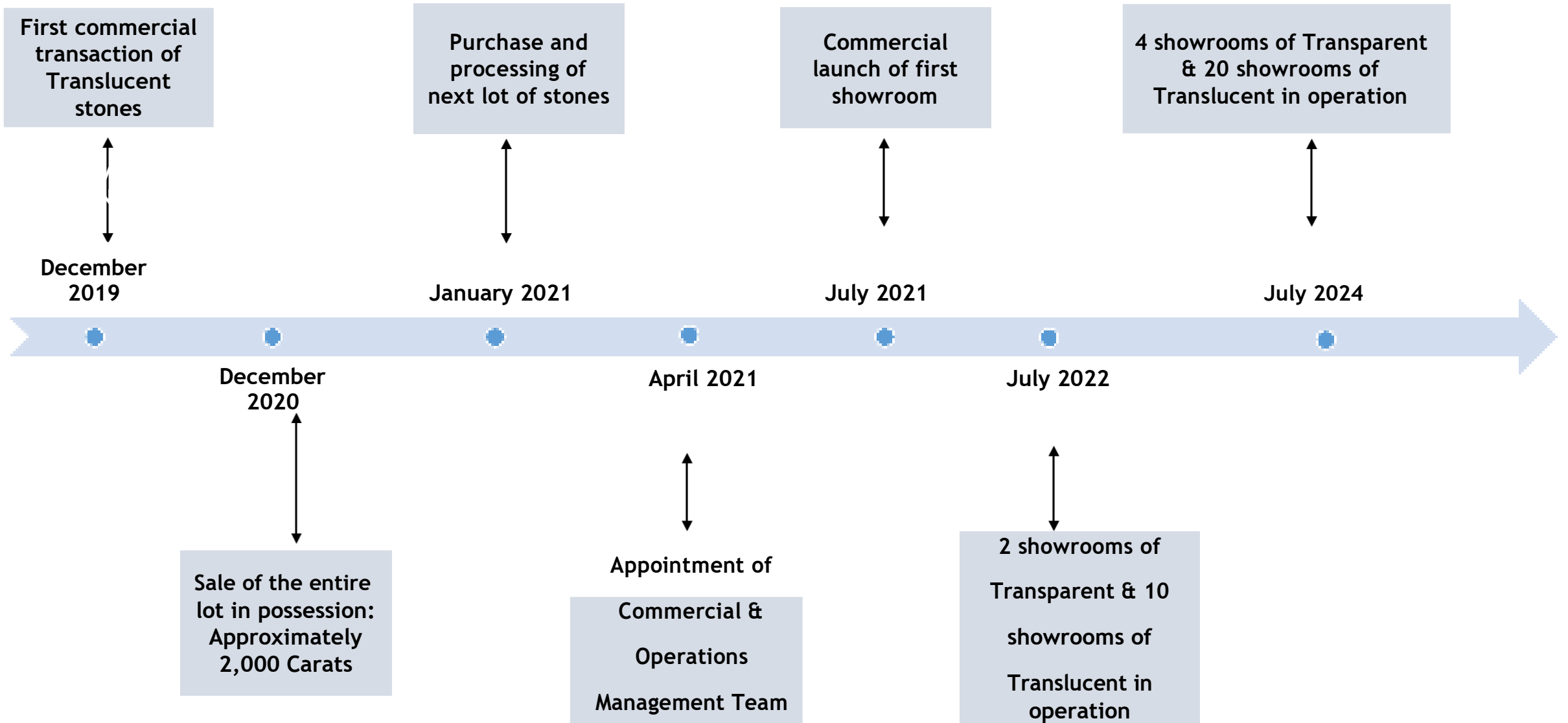


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SWOT Analysis

SWOT Analysis

Strengths

Oyo Rooms
AND Ministry
of Hajj &
Umrah

- Kashmir Sapphire is the one of the rarest and most expensive gemstone in the world with extremely high heritage value
- Assero BST Group has exclusive access to approximately 100 Kgs of rough stone from Kashmir mines, which is estimated to convert into arguably the largest inventory of Kashmir Sapphire with any official owner across the globe
- Assero BST Group is extremely well connected with the business community in distribution and retail sectors through their extensive direct selling network.
- With headquarters of Assero BST Group established in Dubai, United Arab Emirates, there is direct accessibility to gems and jewellery markets in UAE as well as globally.

Weaknesses

- Due to the rare availability of Kashmir Sapphire, very few prospective associates in the value chain [cutting, polishing, certification authorities, valuers etc.] throughout the world have expertise of dealing with Kashmir Sapphire. It is critical to find the experienced persons to process the stones.
- Customer education is the key. As most of the prospective customers have never seen Kashmir Sapphire, Assero BST Group has been investing considerable time and efforts in educating the prospective customer about the unique features of Kashmir Sapphire.
- As the inventory is in rough form, it is impossible to estimate the exact volume of good quality Kashmir Sapphire to be extracted from the inventory.

SWOT Analysis

Oyo Rooms Opportunities AND Ministry of Hajj & Umrah

- Steady rise in per capita income across emerging economies
- Gemstones replacing traditional jewellery products for millennials and Generation Z population
- Fashion designers developing innovative jewellery products using different varieties of gemstones
- Dubai, being international hub for gems and jewellery, is the perfect location to headquarter the operations.
- Given the nature and size of future operations of Assero BST Group, an introduction of its own cryptocurrency and its trading against all digital currencies available across the globe will tap limitless business growth potential in the gems & jewellery sector.

Threats

- Lab manufactured / counterfeit Sapphire is available in large quantities and at low prices. This poses a challenge in targeting different economic sectors of the market.
- Ongoing political and economic uncertainties in USA, Europe, UK and China may resist the business development efforts by Assero BST Group.

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Financial Information

Financial Model - Assumptions & Remarks

- The Financial Information slides summarize critical performance indicators, revenue drivers and profitability potential of the processing and distribution model of Kashmir Sapphire.
- The Financial Information slides are backed by in-depth financial analysis carried out across spreadsheets. For complete understanding of the financial model, the readers of the Financial Information slides are requested to review the spreadsheets of the financial analysis, which will be made available on request.
- Important revenue and profitability drivers, as far as possible, are computed and estimated based on market research and industry analysis independently carried out by M Strategy.
- The sections and aspects of the financial model, which could not be supported by documentation and information from independent associates and professional experts in gemstone industry, have been estimated, computed and concluded on the basis of representations, verbal and written, by the founding leadership team.
- All amounts in the Financial Information slides are in USD, unless otherwise specifically mentioned.
- Assero Group is presently self-funded and has no outstanding borrowings or loans from banks, financial institutions or private financiers.
- Revenue and profitability is projected over a period of five years.
- Month 1 of Year 1 is presumed to be January 2020 however, change in Month 1 of Year 1 does not materially change the assumptions related to revenue and profitability.

Financial Model - Assumptions & Remarks

- Month 1 of Year 1 includes Pre-Operation expenses and efforts carried out by Assero BST Group during the period prior to January 2020, including the year 2019.

- Assero BST Group is in the process of selling a few stones, which are ready with cutting and certification. The purpose of selling this small section of inventory is to fund the procurement of more inventory and processing of such inventory [cutting, polishing and certification]. The vision of Assero BST Group is to own and manage luxuriously branded showrooms in most prominent cities and locations across the globe. This vision will be gradually achieved over a period of five years. Following points are critical in this respect:
 - There is no clearly demarcated Pre-Operation and Post-Operation period of activities.
 - Pre-Operation, Operation and Business Development activities will always be carried out simultaneously throughout the projected period of five years.

- Once Assero branded showrooms are operational, many opportunities will emerge in respect of dealing in other gemstones than Kashmir Sapphire as well as creating and developing Assero BST Group's own jewellery brand. Such revenue upsides and cross-selling opportunities are not addressed in the Financial Model.

Number of showrooms

	Year				
	1	2	3	4	5
Transparent	-	1	2	3	4
Translucent	-	5	10	15	20
Total	-	6	12	18	24

Assero Group categorizes total inventory into three grades:

- Transparent [Elite Class]**

- The most precious stones, estimated to be approximately 3.5% of total inventory after extracted from rough stones.

- One new showroom will be commercially launched every year during years 2 to 5. The showroom will be the most luxuriously branded by Assero BST Group.

- Translucent [Standard Class]**

- Middle grade of Kashmir Sapphire with majority volume share. It is estimated to be approximately 81.50% of total inventory after extracted from rough stones.

- 5 new showrooms will be commercially launched every year during years 2 to 5. The showrooms will be branded in an ultra-premium way and will be located at popular locations across the globe.

- Opaque**

- Opaque is the lowest grade of Kashmir Sapphire, estimated to be around 15% of total inventory.

- Opaque grade will not have dedicated showrooms. It will be sold through B2B trade to established jewellery brands.

Capital Expenditure

	Year				
	1	2	3	4	5
Intellectual Property	105,000	50,000	50,000	50,000	50,000
ERP	50,000	-	-	-	-
Softwares - Creative & marketing	10,000	-	-	-	-
Computers, printers & office equipment	10,800	70,800	52,800	63,600	123,600
Vehicles	100,000	700,000	400,000	700,000	1,500,000
Total Capital Expenditure	275,800	820,800	502,800	813,600	1,673,600

- Showrooms are projected to be leased, hence do not form part of the capital expenditure.
- Interiors, furniture and fixtures in the showroom are mentioned as part of the administration expenses every year, as the same will need to be renovated frequently keeping the luxurious brand image of Assero BST Group.

Manpower - Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Manpower	12	71	115	159	203
Senior Management	2	7	7	7	7
CEO	1	1	1	1	1
Head - Commercial	1	1	1	1	1
Head - Legal Compliances	-	1	1	1	1
Head - Finance - CFO	-	1	1	1	1
Head - Quality Assurance	-	1	1	1	1
Head - Operations - COO	-	1	1	1	1
Head - Human Resources & Administration	-	1	1	1	1
Commercial, Sales & Business Development	9	12	15	18	21
Finance, Accounting & Reporting	1	6	8	10	12
Operations - Showroom Transparent	-	6	12	18	24
Operations - Showroom Translucent	-	30	60	90	120
Human Resources	-	2	3	4	5
Operations - Opaque	-	3	5	7	9
Administration Support	-	5	5	5	5

- During Year 1, the management of Assero BST Group will sale a small portion of ready inventory of Kashmir Sapphire through their personal network.
- From Year 2, Assero BST Group will establish branded showrooms and would require commercial and operational management and execution team, gradually increasing in proportion to the number of showrooms.

Manpower - Commercial & Operational

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Manpower	12	71	115	159	203
Senior Management	2	7	7	7	7
CEO	1	1	1	1	1
Head - Commercial	1	1	1	1	1
Head - Operations - COO	-	1	1	1	1
Commercial, Sales & Business Development	9	12	15	18	21
Commercial Manager - Transparent	1	1	1	1	1
Commercial Manager - Translucent	1	1	1	1	1
Commercial Manager - Opaque	1	1	1	1	1
Business Development Team - Transparent	2	3	4	5	6
Business Development Team - Translucent	2	3	4	5	6
Business Development Team - Opaque	2	3	4	5	6
Operations - Showroom Transparent	-	6	12	18	24
Showroom Manager	-	1	2	3	4
Showroom Executive	-	5	10	15	20
Operations - Showroom Translucent	-	30	60	90	120
Showroom Manager	-	5	10	15	20
Showroom Executive	-	25	50	75	100
Operations - Opaque	-	3	5	7	9
Operations Manager	-	1	1	1	1
Operations Executive	-	2	4	6	8

- During Year 1, the management of Assero BST Group will sale a small portion of ready inventory of Kashmir Sapphire through their personal network.
- From Year 2, Assero BST Group will establish branded showrooms and would require commercial and operational management and execution team, gradually increasing in proportion to the number of showrooms.

Inventory

	Year					
	1	2	3	4	5	Total
<u>Lot 1</u>						
Kg	-	-	-	-	-	-
Carat	1,200	-	-	-	-	1,200
Cost per Kg						
Cost per Carat	40,000					
Total Cost	48,000,000	-	-	-	-	48,000,000
<u>Lot 2</u>						
Kg	2	10	20	29	39	100
Carat	800	3,920	7,840	11,760	15,680	40,000
Cost per Kg	100,000	100,000	100,000	100,000	100,000	
Cost per Carat	250	250	250	250	250	
Total Cost	200,000	980,000	1,960,000	2,940,000	3,920,000	10,000,000
<u>Classification</u>						
Lot 1 Carats	1,200	-	-	-	-	1,200
Lot 2 Carats	800	3,920	7,840	11,760	15,680	40,000
Total Carats	2,000	3,920	7,840	11,760	15,680	41,200
Transparent	70	137	274	412	549	1,442
Translucent	1,630	3,195	6,390	9,584	12,779	33,578
Opaque	300	588	1,176	1,764	2,352	6,180

Revenue & Gross Profitability - Transparent

	Year				
	1	2	3	4	5
Number of Carats sold	(70)	(137)	(274)	(412)	(549)
Average Purchase Cost of Carats	24,100	250	250	250	250
Total Purchase Cost	(1,687,000)	(34,300)	(68,600)	(102,900)	(137,200)
<u>Other Direct Cost per Carat</u>					
Cutting		1,273	1,273	1,273	1,273
Certification		2,265	2,265	2,265	2,265
Making charges of Jewellery		143	143	143	143
Total Other Direct Cost per Carat	-	3,681	3,681	3,681	3,681
Total Other Direct Cost	(237,320)	(505,075)	(1,010,150)	(1,515,226)	(2,020,301)
Total Direct Cost per Carat		3,931	3,931	3,931	3,931
Total Direct Cost	(1,924,320)	(539,375)	(1,078,750)	(1,618,126)	(2,157,501)
Number of Carats sold per Showroom	70	137	137	137	137
Number of Showrooms	1	1	2	3	4
Total Number of Carats sold	70	137	274	412	549
Average Sales Value per Carat	240,000	240,000	240,000	240,000	240,000
Total Sales	16,800,000	32,928,000	65,856,000	98,784,000	131,712,000
Total Sales per Showroom	16,800,000	32,928,000	32,928,000	32,928,000	32,928,000
	Year				
	1	2	3	4	5
Total Revenue	16,800,000	32,928,000	65,856,000	98,784,000	131,712,000
Direct Cost	(1,924,320)	(539,375)	(1,078,750)	(1,618,126)	(2,157,501)
Gross Profit	14,875,680	32,388,625	64,777,250	97,165,874	129,554,499
<i>Gross Profit %</i>	88.5%	98.4%	98.4%	98.4%	98.4%
Gross Profit per Carat	212,510	236,069	236,069	236,069	236,069

Revenue & Gross Profitability - Translucent

	Year				
	1	2	3	4	5
Number of Carats sold	(1,630)	(3,195)	(6,390)	(9,584)	(12,779)
Average Purchase Cost of Carats	24,100	250	250	250	250
Total Purchase Cost	(39,283,000)	(798,700)	(1,597,400)	(2,396,100)	(3,194,800)
<u>Other Direct Cost per Carat</u>					
Cutting		1,273	1,273	1,273	1,273
Certification		2,240	2,240	2,240	2,240
Making charges of Jewellery		143	143	143	143
Total Other Direct Cost per Carat	3,368	3,657	3,657	3,657	3,657
Total Other Direct Cost	(5,489,600)	(11,682,428)	(23,364,856)	(35,047,284)	(46,729,712)
Total Direct Cost per Carat	27,468	3,907	3,907	3,907	3,907
Total Direct Cost	(44,772,600)	(12,481,128)	(24,962,256)	(37,443,384)	(49,924,512)
Number of Carats sold per Showroom	1,630	639	639	639	639
Number of Showrooms	1	5	10	15	20
Total Number of Carats sold	1,630	3,195	6,390	9,584	12,779
Average Sales Value per Carat	120,000	120,000	120,000	120,000	120,000
Total Sales	195,600,000	383,376,000	766,752,000	1,150,128,000	1,533,504,000
Total Sales per Showroom	195,600,000	76,675,200	76,675,200	76,675,200	76,675,200
	Year				
	1	2	3	4	5
Total Revenue	195,600,000	383,376,000	766,752,000	1,150,128,000	1,533,504,000
Direct Cost	(44,772,600)	(12,481,128)	(24,962,256)	(37,443,384)	(49,924,512)
Gross Profit	150,827,400	370,894,872	741,789,744	1,112,684,616	1,483,579,488
Gross Profit %	77.1%	96.7%	96.7%	96.7%	96.7%
Gross Profit per Carat	92,532	116,093	116,093	116,093	116,093

Revenue & Gross Profitability - Opaque

	Year				
	1	2	3	4	5
Number of Carats sold	(300)	(588)	(1,176)	(1,764)	(2,352)
Average Purchase Cost of Carats	24,100	250	250	250	250
Total Purchase Cost	(7,230,000)	(147,000)	(294,000)	(441,000)	(588,000)
<u>Other Direct Cost per Carat</u>					
Cutting		-	-	-	-
Certification	100	2,400	2,400	2,400	2,400
Making charges of Jewellery		-	-	-	-
Total Other Direct Cost per Carat	100	2,400	2,400	2,400	2,400
Total Other Direct Cost	(30,000)	(1,411,200)	(2,822,400)	(4,233,600)	(5,644,800)
Total Direct Cost per Carat	24,200	2,650	2,650	2,650	2,650
Total Direct Cost	(7,260,000)	(1,558,200)	(3,116,400)	(4,674,600)	(6,232,800)
Number of Carats sold per Showroom	300	588	1,176	1,764	2,352
Number of Showrooms	1	1	1	1	1
Total Number of Carats sold	300	588	1,176	1,764	2,352
Average Sales Value per Carat	30,000	30,000	30,000	30,000	30,000
Total Sales	9,000,000	17,640,000	35,280,000	52,920,000	70,560,000
Total Sales per Showroom	9,000,000	17,640,000	35,280,000	52,920,000	70,560,000
	Year				
	1	2	3	4	5
Total Revenue	9,000,000	17,640,000	35,280,000	52,920,000	70,560,000
Direct Cost	(7,260,000)	(1,558,200)	(3,116,400)	(4,674,600)	(6,232,800)
Gross Profit	1,740,000	16,081,800	32,163,600	48,245,400	64,327,200
Gross Profit %	19.3%	91.2%	91.2%	91.2%	91.2%
Gross Profit per Carat	5,800	27,350	27,350	27,350	27,350

Indirect Expenses - Consolidated

	Year				
	1	2	3	4	5
<u>Business Development & Sales</u>					
Travelling & Guest Entertainment	120,000	540,000	780,000	1,020,000	1,260,000
Branding, Marketing, Creatives	142,000	573,000	824,000	1,075,000	1,326,000
Marketing campaigns, social media	37,500	146,250	210,000	273,750	337,500
Salaries - Commercial	1,140,000	4,734,000	8,161,650	11,920,230	16,034,264
Employment benefits	142,500	591,750	1,020,206	1,490,029	2,004,283
Commissions, bonus, incentives	33,210,000	65,091,600	130,183,200	195,274,800	260,366,400
Total Business Development & Sales	34,792,000	71,676,600	141,179,056	211,053,809	281,328,447
<u>Administration & Support</u>					
Salaries - Senior Management	300,000	1,335,000	1,401,750	1,471,838	1,545,429
Salaries - Finance	60,000	246,000	321,300	403,515	493,148
Salaries - HR	-	90,000	126,000	165,375	208,373
Salaries - Support Services	-	96,000	100,800	105,840	111,132
Employment benefits	45,000	220,875	243,731	268,321	294,760
Recruitment Expenses	125,000	541,750	842,625	1,172,233	1,532,696
Rent- Dubai Office	139,000	10,145,950	20,153,248	30,160,910	40,168,955
Communication	30,000	85,200	138,000	190,800	243,600
Legal, Government fees	112,000	117,600	123,480	129,654	136,137
Legal consultancy	120,000	180,000	240,000	300,000	360,000
Financial consultancy	210,000	-	-	-	-
Statutory Auditor	10,000	15,000	20,000	25,000	30,000
Travelling & Accomodation: Admin	368,000	552,000	736,000	920,000	1,104,000
Other office expenses	120,000	126,000	132,300	138,915	145,861
Total Administration & Support	1,639,000	13,751,375	24,579,234	35,452,400	46,374,091
Indirect Costs	36,431,000	85,427,975	165,758,290	246,506,209	327,702,538

Project Profitability - Consolidated

	Year				
	1	2	3	4	5
Number of Carats sold	(2,000)	(3,920)	(7,840)	(11,760)	(15,680)
Average Purchase Cost of Carats	24,100	250	250	250	250
Total Purchase Cost	(48,200,000)	(980,000)	(1,960,000)	(2,940,000)	(3,920,000)
Total Other Direct Cost per Carat	2,878	3,469	3,469	3,469	3,469
Total Other Direct Cost	(5,756,920)	(13,598,703)	(27,197,406)	(40,796,110)	(54,394,813)
Total Direct Cost per Carat	26,978	3,719	3,719	3,719	3,719
Total Direct Cost	(53,956,920)	(14,578,703)	(29,157,406)	(43,736,110)	(58,314,813)
Total Number of Carats sold	2,000	3,920	7,840	11,760	15,680
Average Sales Value per Carat	110,700	110,700	110,700	110,700	110,700
Total Sales	221,400,000	433,944,000	867,888,000	1,301,832,000	1,735,776,000
	Year				
	1	2	3	4	5
Total Revenue	221,400,000	433,944,000	867,888,000	1,301,832,000	1,735,776,000
Direct Cost	(53,956,920)	(14,578,703)	(29,157,406)	(43,736,110)	(58,314,813)
Gross Profit	167,443,080	419,365,297	838,730,594	1,258,095,890	1,677,461,187
<i>Gross Profit %</i>	<i>75.6%</i>	<i>96.6%</i>	<i>96.6%</i>	<i>96.6%</i>	<i>96.6%</i>
Gross Profit per Carat	83,722	106,981	106,981	106,981	106,981
Indirect Costs					
Total Business Development & Sales	34,792,000	71,676,600	141,179,056	211,053,809	281,328,447
Total Administration & Support	1,639,000	13,751,375	24,579,234	35,452,400	46,374,091
Indirect Costs	36,431,000	85,427,975	165,758,290	246,506,209	327,702,538
Cash Profit	131,012,080	333,937,322	672,972,304	1,011,589,681	1,349,758,650
Less: Depreciation & Amortisation	(46,660)	(219,320)	(319,880)	(482,600)	(817,320)
Net Profit	130,965,420	333,718,002	672,652,424	1,011,107,081	1,348,941,330
<i>Net Profit %</i>	<i>59.2%</i>	<i>76.9%</i>	<i>77.5%</i>	<i>77.7%</i>	<i>77.7%</i>
Net Profit per Carat	65,483	85,132	85,798	85,978	86,029

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Glossary

Glossary

Glossary	Explanation
GDP	Gross Domestic Product
AED	Arab Emirati Dirham (Currency)
USD	United States Dollar (Currency)
UAE	United Arab Emirates
CIS	Commonwealth of Independent States
USA	United States of America
ERP	Enterprise Resource Planning
VAT	Value Added Tax
KG	Kilo Gram
Capex	Capital Expenditure
CAGR	Compounded Annual Growth Rate
%	Percentage
YOY	Year-on-Year

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References & Resources

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Assero BST BST GEMSTONE TRADING LLC Stone Trading