

GUIDANCE NOTE 2

BUSINESS PLAN

The Stock Exchange of Mauritius Ltd

(February 2016)

FOREWORD

This guidance note has been prepared by the Stock Exchange of Mauritius Ltd (SEM) with the view to ensuring that Business Plans submitted to the SEM in the context of listing applications are clearly written, comprehensive, and demonstrate clearly the financial sustainability and sustained viability of the issuer / applicant issuer (“the company”).

This guidance note provides for a minimum number of important issues that one would reasonably expect a Business Plan to contain.

While the list of items covered in this guidance note in relation to Business Plans in general is not exhaustive, the purpose behind such a document is to instill confidence in investors so that they have complete, relevant and reliable information on the company’s business before making informed investment decisions.

The SEM does not assume any responsibility for the content of any Business Plan submitted by a company in the context of its listing application or for any other purpose, and makes no representation as to the accuracy or completeness of any of the statements made or opinions expressed in the Business Plan and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof. The SEM does not vouch for the financial soundness of a company or for the correctness of any statements made or opinions expressed with regard to it, in any Business Plan.

REQUIREMENT FOR A BUSINESS PLAN

A Business Plan must generally be submitted to the SEM in the context of listing applications / corporate actions in the following cases:

- (1) A company which is not able to satisfy fully the conditions set out in Listing Rule 6.7(a) (audited accounts for three years), Listing Rule 6.10 (nature and duration of business activities) and Listing Rule 6.11 (continuity of management), and which is seeking a listing on the Official Market of the SEM under Chapter 18 Part A of the Listing Rules;
- (2) An company which has no proven track record, and which is seeking a listing on the Development & Enterprise Market of the SEM; and
- (3) Any other application where the Listing Executive Committee of the SEM deems it necessary to impose on the company to submit a Business Plan.

CERTIFICATION OF BUSINESS PLAN

A Business Plan submitted to the SEM must be certified by an Independent Financial Advisor (IFA) accredited, either pursuant to Appendix 9 of the Listing Rules or pursuant to Schedule Eleven of the DEM Rules.

The Register of Accredited Professionals which provides information on who may be appointed as IFA is published on the SEM's website and may be viewed on the following link: [Register of Accredited Professionals](#).

MINIMUM CONTENT REQUIRED IN BUSINESS PLAN

A Business Plan submitted to the SEM must cover a period of at least three years and provide detailed explanations of actions that are proposed to accomplish the primary functions of the company. The description should provide enough detail to demonstrate that the company has a reasonable chance for successful achievement of its objectives, will operate in a safe and sound manner, and will have adequate capital to support its risk profile.

The minimum content expected from a Business Plan is as follows:

- I. **Table of Contents**
- II. **Letter of certification of IFA**
- III. **Executive Summary**

This section should present a summary of the Business Plan and is expected to include key highlights about the company, the fundamentals of its business, its targets and its prospects.

IV. Overview of the company

- Full name and registration number of the company and its major subsidiaries.
- Place and date of incorporation of the company and its major subsidiaries.
- Vision and Mission of the company.
- The company's historical milestones, i.e. a summary of the key developments in the life of the company till date.
- Long-term, middle-term and short-term aims of the company.
- Information about the current situation of the company, with details that are relevant to the functioning of the company. (e.g. the businesses it is already involved in; size; historical turnover; number of employees; etc.).
- Business structure and organisational structure (Both pre- and post- listing, if there will be any change in the organisational structure after admission to listing).
- Details of the qualifications and experience of Directors, Senior Management and Investment Manager (where applicable).
- Reasons for seeking a listing on the SEM.
- Details of existing and anticipated listings on other Stock Exchanges (where relevant).
- Full details of any capital which will be raised and in which jurisdictions.
- Full details of any acquisitions and disposals in the last 12 months.
- Where the company is already listed on another Stock Exchange:
 - Figures /charts showing the evolution of the share prices of the company on the other Exchange during the past 12 months; and
 - Figures / charts showing the evolution of the Earnings Per Share (EPS), Dividend Per Share (DPS), Net Asset Value (NAV) and Market capitalisation of the company since listing on the other Exchange.

V. Historical Financial information (where applicable)

This section should contain a description of how the company performed in the past, as well as explanations for any major changes in its performance. The financial statements of the preceding years (a maximum of 3 years) of the company should also be included here, if available.

VI. Overview of the Industry

- Full description of the industry in which the company intends to operate, including current market conditions and trends.
- Details of basic entry criteria to enter the industry (e.g. any specific licenses or expertise required, etc),
- Experience of Directors and Senior Management team with regards to the industry in which the company intends to operate.
- Description of the target market, i.e. a description of the customers that the company targets / intends to target within the industry. This section should also contain a description (key characteristics and demographics) of these customers.

VII. Strategy of the company

- Description of the company's objectives over the short and medium terms, together with in-depth explanations of the steps that have been or that will be implemented in order for these objectives to be met. (Objectives should not be vague, and as far as possible, objectives should be specific, measurable, attainable, realistic/relevant, and should have a specified time frame.
- Feasibility of its current and planned approaches.
- Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis.
- Full description of any potential issues that the company may face in the future that would be materially detrimental to its business. Any contingency plans that could be put in place to deal with or minimise the issues that the company might face should also be included.
- Description of the competitiveness of the company in the industry, including its competitive advantages vis a vis its competitors.
- Full description of the other major competitors that operate in the target market should be provided.
- In the case where the business of the company is dependent on agreements such as contracts, leases, patents, licenses, etc, these details should be provided in this section along with the extent to which such dependence might be material to the profitability of the company.

VIII. Financial Forecasts

- Projected financial statements covering at least 3 years.
- The key assumptions made in defining the financial forecasts should be clearly documented, and the rationale behind these assumptions should be explained.
- The sales forecasts, including the non-monetary and monetary terms of the level of its sales and the number of its customers that it intends to service.
- Break-even information, including the level of sales and/or the number of customers required to break even will have to be stated. An estimation of when the company will break even will also need to be provided.
- The company's funding requirements, that is:
 - Whether the company requires current and future investment to reach its forecasted level of operations, and if yes, how these funds will be obtained (use of equity, use of debt, or use of a mixture of both equity and debt)
 - The company must explain any plans it has in the case where the funding required is not obtained.
 - The company also needs to explain its policy on the use of leverage to finance its activities.