Axess Limited
04 February 2025

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facilities – Import line	**650 (Increased from MUR 350 million)**	**CARE MAU A+; Stable**	Reaffirmed
Money Market Instrument	**100**	**CARE MAU A1+**	Reaffirmed
Bank Facilities – Credit Control Line	**500 (Reduced from MUR 800 million)**	**CARE MAU A1+**	Reaffirmed
Total	**1,250**		

Rating Rationale

The rating assigned to the bank facilities and Money Market instrument of Axess Limited ("Axess") continues to derive strength from the long and satisfactory track record of the company in the auto dealership business, the company's position being one of the top two largest car reseller in the automobile dealership market of Mauritius, the strong parentage with being part of ENL group, the diversified product range and exclusivity in dealership of Jaguar, Land Rover, Ford, Citroen, Mazda & Peugeot in Mauritius, 15 years long relationship with Jaguar and Land Rover and the continuous high demand for cars in Mauritius during last 5 years. The rating also takes into consideration the healthy growth in car sales and the satisfactory financial position of Axess with comfortable profitability and liquidity.

The rating is, however, constrained by exchange rate fluctuation risk, competition from dealers of other luxury brands and secondary market and risk associated with inherent cyclical nature of demand in the automobile sector.

Rating sensitivities

Positive factors that could, individually or collectively, lead to positive rating action/upgrade

- Ability to maintain steady profitability
- Ability to maintain its position among the top two largest car reseller in the automobile dealership market of Mauritius
- Effective working-capital management

Negative factors that could, individually or collectively, lead to negative rating action/downgrade

- Non-renewal of dealership Agreement with Jaguar/Land Rover
- Significant decline in market position on sustained basis
- Decline in total income of more than 20%
- Deterioration in working capital turnover days for more than 150 days

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

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Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

BACKGROUND

Axess was incorporated in October 1982 as a private limited company in Mauritius. Since 1989, Axess has broadened its portfolio of car brands, increased its market share, and positioned itself as one stop shop for motor vehicle owners on the island. Axess is also a specialist supplier of heavy vehicles and agricultural/industrial equipment and operates a portfolio of international brands including Isuzu, New Holland, and Sumitomo. Axess is wholly owned (100%) by ENL Commercial, which in turn is a subsidiary of ENL Limited (rated CARE MAU A+; Stable). The company has expanded its activities and entered distribution of Ford, Suzuki, Mazda, Citroen, Jaguar, Land Rover and Peugeot (all sole distributors except for Suzuki).

Axess is engaged in the distribution of new cars - passenger vehicles, commercial vehicles, and heavy vehicles of agricultural /industrial equipment. The company display its vehicle brands through its two showrooms (rented) equipped with 4-S facilities (sales, service, spare-parts, and systems) in Mauritius along with one body & paint and mechanical workshop. Apart from this, the company is also involved in trading of pre-owned cars. Axess also has a dedicated Tyre Department supplying Michelin and BY Goodrich to its customers.

Management: Axess is a professionally managed company. It is governed by a 6-member Board of Directors comprising of eminent industrialists and professionals. Mr. Eric Espitalier Noel is the Chief Executive Officer of ENL Commercial and has extensive experience in the commercial and hospitality sectors, being a Board Member of various companies operating in those fields of activity. The strategic affairs of the company are looked after by him and Mr. Antoine D'Unienville (General Manager of Axess).

Satisfactory financial position with moderate gearing and comfortable cash position

In FY24, Axess saw steady revenue growth across its key segments: vehicle sales, spare parts, and after-sales services. Revenue increased by 37% to MUR 6,433 million (MUR 4,668 million in FY23), largely due to an increase in new passenger car sales, which increased to 3,194 vehicles in FY24 from 2,110 vehicles in FY23. Total income also increased from MUR 4,766 million in FY23 to MUR 6,555 million in FY24. Axess reported its highest EBITDA at MUR 835 million in FY24, up from MUR 556 million in FY23. Accordingly, PAT increased significantly from MUR 260 million in FY23 to MUR 455 million in FY24. A foreign exchange gain of MUR 34 million and a gain on disposal of equipment amounting to MUR 8 million also contributed to the higher PAT. GCA was at a healthy level of MUR 591 million in FY24. The company paid a dividend of MUR 285 million in FY24, up from MUR 192 million in FY23, indicating strong cash generation and a commitment to returning value to its shareholders.

In FY19, Axess availed a long-term loan of MUR 121 million from ENL Limited which was used to reduce its short-term borrowings from banks. In FY20, the company took another MUR 286 million from ENL Limited at the same interest rate of 3.10%, primarily to manage its working capital, which was cheaper than its overdraft rate of 4.10%. As of June 30, 2024, Axess' total debt amounted to MUR 870 million, with the majority of it being working capital borrowings (MUR 637 million). The company's overall gearing ratio stood at 0.99x as on June 30, 2024 (0.93x as on June 30, 2023). This increase in gearing reflects a higher working capital requirement due to a significant increase in the number of cars sold. The interest coverage ratio improved to 5.68x in FY24, indicating strong ability to meet interest obligations. Additionally, the average fund-based working capital utilization was 64% for the 12 months ending September 2023, showing a reasonable level of utilization of available working capital lines.

Disclaimer

CARE Ratings (Africa) Private Limited (“CRAF”)’s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF’s ratings do not convey suitability or price for the investor. CRAF’s ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF’s rating.

CRAF’s ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure II

Rating Symbols
Long /Medium-term Instruments

Symbols	Rating Definition
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook
The rating outlook can be 'Positive', 'Stable' or 'Negative'.
A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.
A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.
A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Short term Instruments

Symbols	Rating Definition
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifiers {"+" (plus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.

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Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
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Contact us

Chief Executive Officer

Name : Mr. Saurav Chatterjee
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical Contact:
Chief Rating Officer

Name : Mr. Vidhyasagar Lingesan
Phone : +230 5273 1406
E-mail : Vidhya.sagar@careratingsafrica.com

Group Head

Name : Ms. Pooja Appadoo
Phone : +230 5955 3060
E-mail : pooja.appadoo@careratingsafrica.com

About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.