

December 04, 2015

Facility	Amount (Rs. Crore)	Rating
Bill Discounting	10.00	SMERA B-/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA B-**' (read as SMERA B minus) to the above mentioned bank facility of VXL Instruments Limited. The outlook is '**Stable**'. The rating is constrained by the company's below average financial risk profile marked by low profitability margins. These rating weaknesses are partially offset by the extensive experience of the promoters in the IT industry.

SMERA has consolidated the business and financial risk profile of VXL Instruments Limited and VXL Instruments Limited U.K (subsidiary) together referred to as the VXL group. The consolidation is in view of the common ownership and operational linkages within the group.

Outlook: Stable

SMERA believes VXL will continue to benefit over the medium term from the extensive experience of the management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profitability leading to improved business risk profile. Conversely, the outlook may be revised to 'Negative' with lower-than expected revenue and net cash accruals or deterioration in the financial risk profile.

Rating Sensitivity Factor

- Healthy scaling up of revenues
- Improvement in profitability

About the Company:

VXL, established in 1976 is a Bangalore-based company engaged in the manufacture of thin client and provides server based computing technology.

For FY2014-15, the company reported net loss of Rs.4.53 crore on operating income of Rs.92.72 crore as compared with PAT of Rs.6.07 crore on operating income of Rs.109.64 crore for FY2013-14. For period ended September 2015, the company reported operating income of Rs.29.70 crore.

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