

## Melstar Information Technologies Limited

October 26, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	14.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	3.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1

\*Issuer did not cooperate; based on best available information

### Rationale & key rating drivers

CARE had, vide its press release dated August 18, 2022, placed the rating(s) of Melstar Information Technologies Limited (MITL) under the 'issuer non-cooperating' category as Melstar Information Technologies Limited had failed to provide information for monitoring of the rating. MITL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated July 04, 2023, July 14, 2023 and July 24, 2023. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

### Detailed description of the key rating drivers

At the time of last rating on August 18, 2022, the following were the rating strengths and weaknesses:

**Analytical approach:** Standalone

**Outlook:** Not applicable

### Detailed description of the key rating drivers:

#### Key Rating Weaknesses

**Delay in debt servicing:** There are ongoing delays as there have been overdraws in working capital limits for more than 30 days.

#### Applicable criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

### About the Company and industry

#### Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

Incorporated in the year 1986, Melstar Information Technologies Limited (MITL), is an ISO 9001:2008, ISO 14001:2004, ISO 27001:2013 and SEI-CMM Level III certified software service company providing IT solutions and skilled manpower catering to Banking, Insurance, IT and Government sectors. Headquartered out of its Mumbai office, MITL also operates branch offices in Bangalore, Chennai, Hyderabad, Gurgaon and Kolkata. The company caters to a reputed clientele.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

Brief Financials (₹ crore)	March 31, 2019 (A)	*March 31, 2020 (A)
Total operating income	4.82	11.13
PBILDT	-4.16	-4.45
PAT	-0.10	-4.65
Overall gearing (times)	2.14	-0.85
Interest coverage (times)	-4.81	-16.12

A: Audited, Note: 'the above results are latest financial results available'

\*Financials are not available on BSE from FY2021

**Status of non-cooperation with previous CRA:** CRISIL ratings continues to be 'CRISIL D/CRISIL D Issuer not cooperating' as per RR dated July 31, 2023

**Any other information:** Not Applicable

**Disclosure of Interest of Independent/Non-Executive Directors of CARE:** Not Applicable

**Disclosure of Interest of Managing Director & CEO:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

**Lender details:** Annexure-5

#### Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	9.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	3.00	CARE D; ISSUER NOT COOPERATING*

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	5.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Aug-22)	1)CARE D; ISSUER NOT COOPERATING* (13-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Jun-20)
2	Fund-based - LT-Bank Overdraft	LT	9.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Aug-22)	1)CARE D; ISSUER NOT COOPERATING* (13-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Jun-20)
3	Non-fund-based - ST-BG/LC	ST	3.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-Aug-22)	1)CARE D; ISSUER NOT COOPERATING* (13-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Jun-20)

\*Issuer did not cooperate; based on best available information.

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities : Not applicable****Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure 5: Bank Lender Details for this Company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>  <b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 91 22 6754 3444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	<b>Analytical Contacts</b>  Akhil Goyal Director <b>CARE Ratings Limited</b> Phone: 022- 6754 3590 E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a>  Manohar S Annappanavar Associate Director <b>CARE Ratings Limited</b> Phone: 022- 6754 3436 E-mail: <a href="mailto:manohar.annappanavar@careedge.in">manohar.annappanavar@careedge.in</a>  Suchita Narkar Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:suchita.shirgaonkar@careedge.in">suchita.shirgaonkar@careedge.in</a>
--	---

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**