

# Melstar Information Technologies Limited (Revised)

April 23, 2019

#### **Ratings**

Facilities/Instruments Amount (Rs. crore)		Ratings <sup>1</sup>	Rating Action		
Long-term Bank Facilities	14.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	CARE D; ISSUER NOT COOPERATING*  Issuer not cooperating; Based on best available information		
Short-term Bank Facilities	3.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	CARE D; ISSUER NOT COOPERATING*  Issuer not cooperating; Based on best available information		
Total	17.00 (Rupees seventeen crore only)				

Details of instruments/facilities in Annexure-1

#### **Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated November 3, 2017, 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 and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. MITL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 08, 2019, April 10, 2019 and April 12, 2019. 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 (updated from the publicly available information and interaction with banker)

**Delay in debt servicing:** As per the interaction with the banker, there have been overdrawals in working capital limits for more than 30 days.

Analytical Approach: Standalone

### Applicable criteria

Policy in respect of Non-cooperation by issuer CARE's Policy on Default Recognition
Rating Methodology-Manufacturing Company Criteria for Short Term Instruments
Financial ratios – Non-Financial Sector

#### About the company

<sup>&</sup>lt;sup>1</sup>Complete definitions of the ratings assigned are available at <u>www.careratings.com</u> and in other CARE publications

<sup>\*</sup>Issuer did not cooperate; Based on best available information



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.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	21.06	4.13
PBILDT	-1.56	-3.12
PAT	-3.86	-2.68
Overall gearing (times)	2.51	9.22
Interest coverage (times)	-0.92	-1.60

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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#### **About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices

#### Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is 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.

## Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-	-	-	-	5.00	CARE D; ISSUER NOT
Cash Credit					COOPERATING*



					Issuer not cooperating; Based on best available information		
Fund-based - LT-	-	-	-	9.00	CARE D; ISSUER NOT		
Bank Overdraft					COOPERATING*		
					Issuer not cooperating; Based		
					on best available information		
Non-fund-based -	-	-	-	3.00	CARE D; ISSUER NOT		
ST-BG/LC					COOPERATING*		
					Issuer not cooperating; Based		
					on best available information		

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

Sr.	Name of the	Current Ratings			Rating history				
No.	Instrument/Bank Facilities	Туре	Amount Outstanding (Rs. crore)	Rating	Rating(s)	Date(s) & Rating(s) assigned in 2018- 2019	Date(s) & Rating(s) assigned in 2017- 2018	Date(s) & Rating(s) assigned in 2016-2017	
1.	Fund-based - LT-Cash Credit	LT	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-17)	1)CARE BB- (02- Sep-16)	
2.	Fund-based - LT-Bank Overdraft	LT	9.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-17)	1)CARE BB- (02- Sep-16)	
3.	Non-fund- based - ST- BG/LC	ST	3.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (03-Nov-17)	1)CARE A4 (02- Sep-16)	

<sup>\*</sup>Issuer did not cooperate; Based on best available information



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