



## Press Release

### Clair Engineers Private Limited (CEPL)

April 03, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Facilities	20.94 (Reduced from Rs. 22.63 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short Term Facilities	72.00 (Enhanced from Rs. 52.00 crore)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
<b>Total</b>	<b>Rs. 92.94 Cr (Rupees Ninety-Two Crore and Ninety-Four Lakh Only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

The ratings reaffirmed by Infomerics ratings to the bank facilities of Clair Engineers Private Limited (CEPL) continues to reflect, extensive experience of the promoter in air pollution control equipment, followed by improving scale of operation and profitability margins; albeit remains moderate, moderate financial risk profile, proven project execution capability along with catering to diversified sector, reputed clientele, comfortable order book and expected boost to the industry due to government policies. The rating however is constrained by elongated working capital cycle and susceptibility to volatility in raw material prices.

The 'Stable' outlook reflects the company will continue to benefit from the experience of the promoters supported by improvement in the financial risk profile which is expected to sustain in the near to medium term.

#### Key Rating Sensitivities:



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### Upward Factors

- Substantial and sustained growth in scale of operations with improvement in EBITDA margin leading to improvement in debt protection metrics.
- Effective working capital management leading to improvement in operating cycle and liquidity.

### Downward Factors

- Any significant decline in the scale of operations and/or the EBITDA margin, leading to deterioration in the debt protection metrics and/or the liquidity.
- Further elongation in the operating cycle impacting the liquidity.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Extensive experience of the promoter in air pollution control equipment**

Dr. K. Sainath is the Promoter and Managing Director of Clair Engineers Private Limited. Dr. K. Sainath is an Ph. D in Gas-Solid separation from IIT-Delhi. He founded Clair Consultants in 1992 with a vision to improve quality of pollution control equipment in order to render the process industries (particularly cement & steel) comply with new Particular Matter emission norms. Being a technocrat himself, he was involved in environmental audits, renovation of Air Pollution Control equipment and process enhancement of cement plants in India, Sudan, Ethiopia and other North African countries. Subsequently, K. Srikanth, son of Dr. K. Sainath also joined the business of his father. He is an Engineer (Electronics & Instrumentation) from Jawaharlal Nehru Technological University (JNTU), Hyderabad. He is an Executive Director handling business development to project execution matters at Clair. Clair is headed by highly skilled and experienced team of people who are expertise in their respective field.

##### **Improving scale of operation and profitability margins; albeit remains moderate**

Clair Engineers Private Limited has reported steady growth in scale of operations and profitability, with Total Operating Income increasing from Rs. 117.98 crore in FY23 (refers to period April 1st, 2022, to March 31st, 2023) to Rs. 145.33 crore in FY24 (refers to period April 1st, 2023, to March 31st, 2024). EBITDA saw a significant increase from Rs. 8.23 crore in FY23 to Rs. 12.34 crore in FY24, benefiting from economies of scale and higher production volumes. Profitability margins have also strengthened, with the EBITDA margin improving



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from 6.97% in FY23 to 8.49% in FY24 and the PAT margin rising from 2.00% in FY23 to 2.53% in FY24. PAT grew from Rs. 2.38 crore in FY23 to Rs. 3.68 crore in FY24. Notably, the company has already achieved a revenue of Rs. 124.29 crore in the first ten months of FY25, reflecting its continued upward trajectory.

### **Moderate financial risk profile**

The Company's financial risk profile is moderately comfortable, marked by a comfortable net worth, moderate gearing along with comfortable debt protection metrics. The adjusted tangible net worth of the company stood at Rs. 48.66 crore as on March 31, 2024, as against Rs. 46.90 crore as on March 31, 2023, which included subordinated unsecured loans treated as quasi equity. The moderate improvement is on account of the accretion of net profit in the reserves during the period. The gearing level stood 0.49x as on March 31, 2024, as against 0.55x as on March 31, 2023, TOL/TNW (Total outside liabilities/Total net worth) stood at 1.60 times as on March 31, 2024, as against 1.47 times as on 31 March 2023.

### **Proven project execution capability along with catering to diversified sectors**

Clair has long track record of more than two decades in pollution control equipment segment. Over the years the company has established itself in the pollution control equipment industry and successfully completed many projects. The journey started with the first supply order of pollution control equipment for cement plant which was an international project and on EPC basis. Subsequently, the company entered into many new industries. The company's promoter has an extensive experience and expertise in pollution control equipment manufacturing with related technical and regulatory knowledge of over four decades. Over the years, the management have developed a sound understanding of market dynamics and healthy relations with customers and suppliers. Company's market position is supported by necessary approvals in place, continuous expansion in its customer and consequently a diversified customer base. It is catering to diversified sectors such as steel, cement, sugar, power, chemical, metal, rubber, glass etc. Hence, the customer profile is well diversified. Clair has supplied over 1,800 Air Pollution Control Systems to over 150 Clients in India and 27 other countries.

### **Reputed clientele**



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CEPL sells its products to reputed customers including JSW Steel Limited, Ultratech Cement Limited, Dalmia Cement (Bharat) Limited, KHD Humboldt Wedag (India) Pvt Ltd, Wonder Cement Limited, TATA Steel Limited and others where the firm carries a long- standing relationship with its customers reflecting in repeated and continuous orders flow on weekly and monthly basis.

### **Comfortable order book**

The total order (PO) Value is Rs. 309.91 crore, out of which the total dispatched orders till Dec'24 stands at Rs. 175.66 crore which is 56.68% of the total order book value. Total balance to execute as on 1<sup>st</sup> January 2025 stands at Rs. 134.29 crore providing short to medium term revenue visibility. Most of the projects are to be executed in less than one year with some of the small orders to be executed within two to three months. The cement and steel segments are the major contributors to the order book. CEPL has been able to secure orders for air pollution control equipment from Rain CII Carbon Limited, Oriental Yeast India Private Limited, In the steel segment, CEPL has added large integrated steel plants like Tata Steel and JSW Steel to its portfolio. Apart from the existing order book, CEPL has active business enquiries from the steel, cement and sugar sectors.

### **Expected boost to the industry due to government policies**

The Indian Air Pollution Control Equipment (APCE) market is a layered market with multiple segments like scrubbing systems, filtration systems, electrostatic precipitators etc. Stricter implementation of stringent ecological regulations is expected to boost demand and drive revenue growth. Rapid growth in the infrastructure sector is also likely to increase the demand for APCE. Another boosting factor is the growing public awareness about pollution.

### **Key Rating Weaknesses**

#### **Elongated working capital cycle**

The Company operates in an industry where the debtor's cycle is getting elongated due to the nature of the industry and payment cycle which is linked to the completion of CAPEX cycles by the companies. The payment cycle is defined as 10% received in advance, 80% is received within 30 to 45 days of the material dispatch and the remaining 10% is released after the material is installed and inspected at the client's end. Time taken for installation and inspection is increasing due to longer commissioning of the plant which sometimes results in some receivables being outstanding for more 180 days. This results in the debtor's cycle being elongated. During FY24, the average collection period stood at 144 days (FY23: 148 days).



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Thus, working capital cycle days are elongated around 128 days in FY24 and 141 days in FY23.

### **Susceptibility to volatility in raw material prices**

Because of volatility in the price of major raw material- steel, polyester etc, the operating margin remains susceptible to these volatilities. The ability of players to pass on input cost increases or retain any benefit of lower input costs is constrained due to intense competition. The company is able to pass on the same to some extent. Going forward, the company's ability to pass on any fluctuation in raw material price movement and sustaining the margins will remain a key monitorable.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity draws comfort on account of the steady gross cash accruals of CEPL, which stood at Rs.4.97 crore in FY24 [FY23: Rs. 3.79 Crore] as against long term debt repayment during the same periods. The current ratio stood comfortable at 1.34 times as on March 31, 2024. The overall average fund based working capital utilisation for the last 12 months ended February 2025 stood at ~ 75.30%. The cash and bank balances of the company stood at Rs.0.05 Crore as on March 31, 2024.

### **About the Company**

Dr. K. Sainath founded Clair Consultants in 1992 at Hyderabad, Telangana with a vision to improve the quality of pollution control equipment in order to render the process industries





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(particularly cement & steel). Clair Engineers Private Limited was incorporated in 2005 at Hyderabad, Telangana, as a supplier of Air Pollution Control equipment (like Bag filter, ESP's, Dust Extraction Systems etc.) and ventured into turnkey projects. With an intent to catering to industry needs of tackling large gas volumes, Clair collaborated with an Italian techno-scientist to launch their product, the Opti wave pulse-jet bag filter, that can efficiently handle high gas volumes with bag-lengths of more than 8 meters and up to 12 meters.

### Financials (Standalone)

For the year ended/ As on*	31-03-2023	(Rs. crore) 31-03-2024
	Audited	Audited
Total Operating Income	117.98	145.33
EBITDA	8.23	12.34
PAT	2.38	3.68
Total Debt	25.64	24.00
Tangible Net Worth	46.90	48.66
EBITDA Margin (%)	6.97	8.49
PAT Margin (%)	2.00	2.53
Overall Gearing Ratio (x)	0.55	0.49
Interest Coverage (x)	1.55	1.98

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Jan 16, 2024	July 25, 2023	-
1.	Long Term Facilities	Long Term	20.94 (Reduced from Rs. 22.63 crore)	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-
2.	Short Term Facilities	Short term	72.00 (Enhanced from Rs. 52.00 crore)	IVR A3	IVR A3	IVR A3	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).



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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL	-	-	-	Up to March 2027	0.94	IVR BBB-/Stable
Cash Credit	-	-	-	Revolving	20.00	IVR BBB-/Stable
Bank Guarantee	-	-	-	Revolving	62.00	IVR A3
Letter of Credit				Revolving	10.00*	IVR A3

**\*Sublimit of LC: BG of Rs. 2.00 crore**

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-clair-apr25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).