

Tenneco Clean Air India Ltd.

Part of the Tenneco Group, a U.S. headquartered key global Tier I automotive component supplier. The first manufacturing plant in India was established in 1979 at Parwanoo. The company manufactures and supplies critical, highly engineered and technologically intensive clean air, powertrain and suspension solutions tailored for Indian OEMs and export markets.

Company Overview

Tenneco operates 12 manufacturing and 2 R&D facilities across India. They are well positioned to leverage Tenneco Group's global R&D for proprietary, modular, and bespoke solutions. Tenneco operates on a well-defined global group framework including the P3 Operating System (standardizing processes across plants, facilitating enhanced efficiency, agility, and performance management) and the P3X Accelerator Program (focuses on building capabilities for consistent execution, strengthening competitive edge in the industry). For Q1 FY26, they exported to 18 countries including Argentina, Brazil, China, Czech Republic, Poland, Germany, Belgium, Indonesia, Thailand, Japan, Turkey, South Korea, Mexico, South Africa, the U.K., the U.S., and Vietnam.

About Tenneco Group:

- Tenneco Group is a U.S. headquartered key global Tier I automotive component supplier (Source: CRISIL Report).
- Tenneco Group: operated in 28 countries, had 180 manufacturing plants and 39 R&D and technical centres and had approximately 59,400 employees. As of December 31, 2024.
- Tenneco Group generated US\$ 16,777 million in revenue in the year ended December 31, 2024.
- Tenneco LLC, the Promoter, is owned by funds managed by affiliates of Apollo Global Management, Inc. Apollo is a global alternative asset manager with approximately US\$ 751 billion of assets under management as of December 31, 2024.
- Tenneco Group operates across five segments: Clean Air, Powertrain, Ignition, Performance Solutions, and DRiV (the aftermarket business).
- Tenneco Group's key worldwide brands include Champion, Goetze, Deva, Glycodur, Monroe, MOOG, Wagner, Fel-Pro, Walker, Bentley Harris, Daros and Clevite.

Market Position:

- Largest supplier of Clean Air Solutions to Indian CT (Commercial Trucks) OEMs, with a market share of 60%.
- Amongst the top 2 suppliers of Clean Air Solutions to Indian OH (off highway) OEMs (excluding tractors), with a market share of 42%.
- Amongst the top 4 suppliers of Clean Air Solutions to Indian PV (passenger vehicle) OEMs, with a market share of 20%.
- Largest supplier of shock absorbers and struts to Indian PV (passenger vehicle) OEMs, with a market share of 48%.

(each in terms of value (revenue) in Fiscal 2024) (Source: CRISIL Report).

Marquee Clients:

- Tenneco clean air Customers include global and well-known names such as Ashok Leyland Limited, Bajaj Auto Limited, Cummins India Limited, Daimler India Commercial Vehicle, Honda Motorcycle and Scooter India Private Limited, Hyundai Motor India Limited, John Deere India Private Limited, Kirloskar Oil Engines Limited, Mahindra & Mahindra Limited, Maruti Suzuki India Limited, Renault Nissan Automotive India Private Limited, Royal Enfield, Skoda Auto Volkswagen India Private

Limited, Tata Motors Limited, Toyota Kirloskar Motor Private Limited, Vinfast Trading and Production Joint Stock Company, and VE Commercial Vehicles Limited.
They enjoy customer stickiness with long standing customer relations. The top 10 customers being with Tenneco for an average of 19.2 years as of 30 th June,2025.
Tenneco forms an integral part of customers' product development cycles, collaborating closely with them from the design stage to create customized, technology-intensive products critical for vehicle performance.

Industry Overview:

- Indian automobile industry is shifting towards low or no emission driven by government regulations and increasing need for ecofriendly vehicles.
- Clean air solutions market at an overall level is estimated at ₹ 54,234 million in FY 2025. It is expected to grow at a CAGR of 8-10% between FY 2025 and FY 2030 to reach ₹ 79,500-87,500 million. The market is primarily driven by strengthening emissions regulations mandating the need for more advanced aftertreatment systems.
- The overall suspension products market is expected to grow between 8-10% CAGR over the next five years through FY 2025 to FY 2030 reaching ₹ 165,500-181,500 million.
- The spark plug market including the sale of domestic OEMs and aftermarket is estimated at ₹ 4,613 million in FY 2025. Domestic OE market is expected to grow at 4-6% CAGR over the FY 2025-30 to reach ₹ 5,600-6,200 million in FY 2030. The market would be majorly accelerated by fast growing passenger vehicle segment followed by two-wheeler, three-wheeler, and small commercial vehicle.

Manufacturing Capabilities:

Tenneco operated 12 manufacturing facilities strategically located near key OEM hubs in India. Manufacturing facilities include 7 Clean Air & Powertrain Solutions facilities and 5 Advanced Ride Technologies facilities across 7 states and 1 UT. They also operate 2 R&D centres in India to address both global and local customer needs.

Details of manufacturing facility and utilisation as on 31st March,2025 and 30th June,2025 is as illustrated below:

Period	31 st March,2025 (FY 25)			30 th June,2025 (Q1 FY26)		
Facility	Products	Installed capacity (in 000's Pcs)	Capacity Utilisation as of 31st March,2025	Products	Installed capacity (in 000's Pcs)	Capacity Utilisation as of 30 th June, 2025
Clean Air & Powertrain Solutions				Clean Air & Powertrain Solutions		
Chakan I	Cold Ends (Mufflers, exhaust pipes)	1513.49	63.03%	Cold Ends	428.75	52.09%
	Hot Ends (Catalytic converters)	1254.42	92.04%	Hot Ends	340.25	86.02%
Chakan II	Hot Ends	259.07	62.77%	Hot Ends	64.75	72.6%
Chennai	Cold Ends	1063.53	43.11%	Cold Ends	266	37.13%
	Hot Ends	139.53	41.5%	Hot Ends	35.25	52.65%
Pithampur	Hot Ends	215.43	60.53%	Hot Ends	54	66.71%
Total	Cold Ends	2577.02	54.81%	Cold Ends	694.75	46.37%
	Hot Ends	1868.45	80.57%	Hot Ends	494.25	79.77%
Bhiwadi	Spark plugs	51,000	96%	Spark plugs	12,750	97.9%

Parwanoo	Bearings	42,892	80.77%	Bearings	10,723	83.38%
	Bushings	13,168	64.68%	Bushings	3,317	60.69%
	Thrust Washers	3,476	88.12%	Thrust Washers	869	107.38%
	Flanges	812	38.18%	Flanges	203	31.57%
Chakan Sealings	MLS (Multi-layer Steel)	909	80.5%	MLS (Multi-layer Steel)	234	91.74%
	Non-MLS (Multi-layer Steel)	19,712	64.28%	Non-MLS (Multi-layer Steel)	4,928	66.03%
	Heat Shields	1,198	92.9%	Heat Shields	405.88	85%
Advanced Ride Technologies				Advanced Ride Technologies		
Hosur	Struts and shock absorbers	8,080	88.38%	Struts and shock absorbers	2,020	94.96%
Bawal	Struts and shock absorbers	8,277.06	83.52%	Struts and shock absorbers	2,069.27	81.15%
Sanand	Struts and shock absorbers	4,320	71.92%	Struts and shock absorbers	1,080	79.29%
Total	Struts and shock absorbers	20,677.06	83%	Struts and shock absorbers	5,169.27	86.16%
Chakan ART	Modular assembly of shock absorber and struts	2,755	85.08%	Modular assembly of shock absorber and struts	688.75	81.18%
Puducherry	Sintered Parts	58,800	99.68%	Sintered Parts	15,700	90.87%

(Note: 1.) Cold Ends - Mufflers, exhaust pipes; 2.) Hot Ends - Catalytic converters; 3.) Chakan ART Facilities receives base shock absorbers from our Hosur and Bawal Facilities for the modular assembly of peripheral parts according to customer requirements; 4.) Puducherry Facility for Advanced Ride Technologies division manufactures and supplies sintered parts to Hosur, Bawal and Sanand Facilities to manufacture struts and shock absorbers.)

Product range:

- **Clean Air & Powertrain Solutions:**
 - **Clean Air Solutions:** They design, manufacture, and sell exhaust aftertreatment systems, such as catalytic converters, mufflers, and exhaust pipes to OEMs.
 - **Powertrain Solutions:** Engine bearings, sealing systems and ignition products (such as spark plugs and ignition coils) to OEMs and the aftermarket under the Champion brand.
- **Advanced Ride Technologies:** This division designs, manufactures, and sells shock absorbers, struts, and advanced suspension systems under the Monroe brand to OEMs and the aftermarket. The products cater to both 'ICE' internal combustion engine vehicles and 'EV' Electric vehicles.
- **Aftermarket:** Aftermarket products are primarily sold through Motocare, a Tenneco Group Company. Additionally, OEMs sell some of the products to their dealers for use as spare parts in the aftermarket (original equipment spare parts ("OES")). Aftermarket products include spark plugs, bearings and suspension systems, which are sold under the Monroe and Champion brands.

Procurement:

- They maintain a localized supply chain that complies with Tenneco Group's global procurement standards.
- Domestic sources accounted for ~87% & ~92% of cost of raw materials for Q1 FY26 and FY 2025.
- Additionally, they started to manufacture catalytic converter casings in-house instead of importing them, which in turn reduced the overall purchases from top ten suppliers.

"VAR" Value Added Revenue:

- The key metric for Tenneco is value-added revenue (“VAR”), defined as revenue from operations after excluding the cost of substrates.
- Substrates are porous ceramic filters coated with a catalyst - typically, precious metals such as platinum, palladium, and rhodium.
- These are not manufactured by the company; they are supplied to them by Tier II suppliers generally at the direction of our OEM customers.
- The substrates are then assembled into the final manufactured products that Tenneco sells to its OEM customers. Substrates are a necessary part of the exhaust aftertreatment systems for emission control. The need for substrate components grows for more sophisticated emission control solutions to meet more stringent environmental regulations for on road and off-road vehicles. Substrate costs depend on precious metals prices, which may be volatile.
- Thus, VAR is an important metric as it eliminates the effect of this uncontrollable portion of the revenue from operations, including the effect of potentially volatile precious metals prices. Thus, VAR differentiates this value-added portion (Not done by the company) from Revenue from operations.

Financials:

INR Cr	FY23	FY24	FY25	Q1 FY26
Total Revenue from operations	4,827	5,468	4,890	1,286
VAR (Value-Added Revenue)	3,902	4,269	4,380	1,167
EBITDA	571	612	815	229
EBITDA Margin (%)	15%	14%	19%	20%
PAT	381	417	553	168
PAT Margin (%)	9.8%	9.8%	12.6%	14.4%
Net worth	1,209	981	1,612	1,608
Cash and Bank balance	413	184	286	371
Cash Conversion Cycle	(10)	(18)	(24)	(23)
Fixed Assets Turnover Ratio	7.8	9	8.4	2.3
ROE (%)	33%	38%	43%	10%
ROCE (%)	34%	45%	57%	16%

Note: Margins presented as a % of VAR (Value-added revenue).

- 3-year CAGR (FY22-25) Revenue – 1%; VAR – 6%;
EBITDA – 19%; PAT – 20%

Business Divisions:

INR Cr	FY23	FY24	FY25	Q1 FY26
Total VAR (Value-Added Revenue)	3,902	4,269	4,380	1,167
Clean Air & Powertrain Solutions				
VAR	2115	2,404	2,302	604
% of Total VAR	54.2%	57.51%	52.55%	51.81%

Advanced Ride Technologies				
VAR	1,787	1,865	2,078	562
% of Total VAR	45.8%	43.68%	47.45%	48.19%

Peers:

- Clean Air Solutions: Sharda Motors, SM Auto and Cummins Emission Solutions.
- Ignition: Bosch, Niterra India Pvt Ltd. (formerly known as NGK), and Denso India Pvt Ltd.
- Bearings and sealings: Daido, Bimetal Bearings Ltd, Taiho Kogyo Co. Ltd., Talbrose (Talbros Automotive Components Ltd, Talbros Engineering Ltd), and Elring Klinger.
- Advanced Ride Technologies: Gabriel India Ltd.

Viewpoint:

1. They positioned themselves as a production and export hub for major Tenneco Group markets, including North America, Europe, APAC, and Africa.
2. OEMs prefer single suppliers for critical components to ensure consistent quality, streamline logistics, and enable close collaboration on design and performance. Tenneco has seen strong long-standing relationships with its customers including the top 10, thus making it a trustworthy critical component partner to renowned OEM's.
3. Plans to target key OEMs across all end markets with modular and standardized emission control solutions that are compliant with BS7, CAFE norms, TREM V, CPCB and CEV.
4. India is emerging as a key export hub for automotive components. Tenneco is focused on driving its next leg of growth from export revenues by establishing India as a central hub for exports, both for the Tenneco Group and for third-party OEMs. For Q1 FY 26 and FY 2025, exports represented ~8% and ~6.5% of VAR (Value Added Revenue) respectively.
5. Tenneco has transitioned leading Indian OEMs from passive suspension products to advanced technologies from Tenneco Group's portfolio, including the Advanced Hydraulic Rebound System, to meet the growing demand for enhanced ride experience and comfort. Certain imported components of these technologies provide scope for localization. They expect to further leverage advancements like next generation suspension valve technology for enhanced tuning and performance.
6. The premiumization trend in SUVs, EVs and hybrids presents a substantial opportunity. This drives the demand for higher technological requirements. Premium vehicles often feature advanced technologies that improve fuel efficiency and reduce emission. Tenneco is well positioned and plans to strategically capitalize on this premiumization trends.
7. To further build up on its expertise and capacities the company might look at active M&A opportunities spanning Technology, Thermal management, Related diversifications like bearings and other customer pain areas.

Management

▪ **Mr. Arvind Chandrasekharan, Whole-Time Director & CEO:**

He holds a bachelor's degree of engineering (chemical plant engineering) from the University of Bombay, and a master's degree of science in the field of industrial engineering and management from Oklahoma State University, USA. Further, he has completed Master of Business Administration from the University of Michigan, Michigan, USA and holds a diploma in quality systems and management from the Narsee Monjee Institute of Management Studies. Previously associated with Delphi Corporation (now part of Phinia) in the powertrain, energy and exhaust divisions, Faurecia Exhaust Systems, WABCO Europe BVBA-SPRL, Minda Corporation Limited, Ashirvad Pipes Private Limited (Aliaxis Group), Ameya Steel Process Private Limited. He has over 21 years of experience in the automotive sector.

▪ **Mr. Mahender Chhabra, CFO:**

He holds a bachelor's degree of commerce from Maharshi Dayanand University, Rohtak, Haryana and is a member of the Institute of Chartered Accountants of India. He has over 27 years of experience and has previously been associated with Motherson Sumi Wiring India Limited, HMD Mobile India Private Limited as their chief financial officer.

▪ **Mr. Rishi Verma, President – India:**

He holds a bachelor's degree of technology in metallurgical engineering from the Indian Institute of Technology, Roorkee, Uttarakhand. He has been previously associated with, National Engineering Industries Limited, Dana India Technical Centre Private Limited, and Walker Exhaust India Private Limited.

▪ **Mr. Niranjan Kumar Gupta, Independent Director and Chairman of the Board.**

He has been associated with the company since May 5, 2025. He has over 30 years of experience across different corporates, including publicly traded companies. Most recently, he was Chief Executive Officer of Hero MotoCorp Ltd. Previously, he was associated with Vedanta Ltd. and Hindustan Unilever Ltd.

Issue Details:

- Total Issue size: ₹ 3,600 Crores
- Offer for Sale: ₹ 3,600 Crores
- Face Value: ₹ 10
- Price Band: ₹ 378 - ₹ 397

Utilisation of Funds Details:

- Offer For Sale issue.

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