

Retail Research	IPO Note
Sector: Auto Ancillary	Price Band (Rs): 378 – 397
7 th November 2025	Recommendation: SUBSCRIBE

Tenneco Clean Air India Ltd

Company Overview:

Tenneco Clean Air India Ltd (Tenneco), a part of U.S. headquartered key global Tier I automotive component supplier Tenneco Group manufactures and supplies critical, highly engineered and technology intensive clean air, powertrain and suspension solutions tailored for Indian OEMs and export markets. Tenneco India operates 2 distinct business verticals **a) Clean Air & Powertrain Solutions** (~57.5% of FY25 revenue), and **b) Advanced Ride Technologies** (~42.5% of FY25 revenue) and also has presence in aftermarket through Motorcare India Pvt Ltd.

Key Highlights:

1. Market leading position supported by marquee customers: Tenneco India was the largest supplier of a) clean air solutions to Indian Commercial Truck (CT) and Off-Highway (OH) OEMs (ex-Tractors) with a market share of 57% and 68% respectively, b) among Top 4 suppliers of clean air systems to Indian Passenger Vehicle (PV) OEMs with market share of 19%, and c) largest supplier of shock absorbers and struts to Indian PV OEMs with market share of 52% in terms of value during FY25. Further, it enjoys customer stickiness due to the customized & tech-intensive nature of the products. As a result, the company has supplied to 101 customers during 1QFY26 and has built relationship with all the Top 7 PV and Top 5 CT OEMs in India incl. M&M, Tata Motors, Ashok Leyland, Maruti Suzuki, VECV, Daimler India CV, John Deere, Toyota Kirloskar Motor etc.

2. Diversified product portfolio: The company offer a diversified range of customized and proprietary products and solutions for each industry sub-segment including exhaust aftertreatment systems such as catalytic converters, mufflers and exhaust pipes, engine bearings, sealing systems, spark plugs, shock absorbers and struts and advanced suspension systems. Its offerings also include aftermarket & export products which are generally counter-cyclical revenue streams which reduces impact of downturn in the Indian automotive industry.

3. Innovation focused product development approach: The company leverages Tenneco Group's ownership of over 5,000 active patents and 7,500 active trademarks worldwide as of Jun'25 to develop innovation led products for Indian OEMs. As of Jun'25, the company operated 2 R&D technical centers in India which are equipped to address and local customer needs. Further, the company's technical team often collaborates with customers to develop innovative, cost-effective and customized solutions which provides the company with customer stickiness due to the high cost of switching for OEMs.

4. Flexible and automated manufacturing footprint: As of Jun'25, Tenneco India operated 7 Clean Air & Powertrain facilities and 5 Advanced Ride Technology facilities across 7 states & 1 UT, which are strategically located near auto hubs. These facilities are equipped with advanced technologies and quality production processes and employ precision manufacturing techniques which provides flexibility for product development.

Valuation: Tenneco India, a part of the Tenneco Group is a supplier of critical, highly engineered and technology intensive clean air, powertrain and suspension solutions with market leading positions. The company effectively leverages the parent's 5,000 patents and 7,500 trademarks to design and develop products suited for Indian OEMs and is ready to leverage rising trend of premiumization in the Indian Auto industry. At upper price band of Rs 397, the issue is valued at FY25 P/E and EV/EBITDA multiple of 29.0x and 19.3x respectively. We recommend investors to SUBSCRIBE to the issue.

Issue Details	
Date of Opening	12 th November 2025
Date of Closing	14 th November 2025
Price Band (Rs)	378 – 397
Offer for sale (Rs cr) @ upper price band	3,600
Fresh Issue (Rs cr)	-
Issue Size (Rs cr) @ upper price band	3,600
No. of shares @ upper price band	9,06,80,101
Face Value (Rs)	10.0
Post Issue Market Cap (Rs cr)	15,256 – 16,023
BRLMs	JM Financial Ltd, Citigroup Global Markets India Pvt Ltd, Axis Capital Ltd, HSBC Securities and Capital Markets (India) Pvt Ltd.
Registrar	MUFG Intime India Pvt Ltd
Bid Lot	37 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	39,25,21,185	97.3
Public & Others	1,10,83,124	2.7
Total	40,36,04,309	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	30,18,41,084	74.8
Public & Others	10,17,63,225	25.2
Total	40,36,04,309	100.0

Selling shareholders through OFS	Classification	Amount (Rs cr)
Tenneco Mauritius Holdings Ltd	Promoter	3,600.0
Total		3,600.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from operations	4,827	5,468	4,890	1,286
Value Added Revenue (VAR)	3,902	4,269	4,380	1,167
EBITDA	571	612	815	229
PAT	381	417	552	168
EBITDA Margin (%)	11.8	11.2	16.7	17.8
EBITDA as a % of VAR	14.6	14.3	18.6	19.6
PAT Margin (%)	7.9	7.6	11.3	13.1
RoE (%)	31.5	42.5	34.3	-
RoCE (%)	43.3	59.0	46.8	-
P/E (x)*	42.0	38.5	29.0	-

**Value Added Revenue (VAR) is revenue from operation after excluding the cost of substrates, which are porous ceramic filters coated with a catalyst - typically, precious metals such as platinum, palladium, and rhodium. These substrates are included in inventory and are "passed through" to the customer at cost, plus a nominal handling fee.*

***Note: Pre-issue P/E based on upper price band
Source: RHP, SSL Research*

Risk Factors

- **Dependence on parent company:** The company depends on entities in the Tenneco Group for the license to use Tenneco Group's brands and patented designs, technical know-how, purchase of certain parts and materials, and R&D. Any adverse change in relationship, including the termination of License Agreement may have an adverse impact on the company's performance.
- **Customer concentration:** During FY23/FY24/FY25/1QFY26, the company derived 77.8%/83.9%/81.5%/80.6% of its revenue from its Top 10 customers.
- **Cyclical industry:** The company derives all of its revenue from the passenger and commercial vehicle sectors in India. Any adverse changes in these sectors in India or a drop in demand for these vehicles may have an adverse impact on the company's performance.

Growth Strategies

- Capture market opportunities driven by tightening emission standards.
- Capitalize on rising trends of premiumization, SUVs, Electric vehicles & Hybrid vehicles.
- Enhance competitiveness through strategic localization and "Make in India".
- Positioning of operation in India as an export hub with global manufacturing standards.
- Continued focus on R&D and product innovation.
- Further leverage efficiencies and cross-selling across two divisions to drive overall growth.
- Continued focus on operational efficiencies to ensure sustained improvement in profit and cash generation.

Business Divisions

The company operates two distinct business divisions:

- A) Clean Air & Powertrain Solutions:** The division includes **a) Clean Air Solutions**, where the company designs, manufactures and sells exhaust aftertreatment systems, such as catalytic converters, mufflers and exhaust pipes to OEMs, and **b) Power train Solutions**, where it designs, manufactures and sells engine bearings, sealing systems and ignition products (such as spark plugs and ignition coils) to OEMs and the aftermarket under the 'Champion' brand.
- B) Advanced Ride Technologies:** The division designs, manufactures and sells shock absorbers, struts and advanced suspension systems under the Monroe brand to OEMs and the aftermarket which are used by both internal combustion engine and electric vehicles.

Source: RHP, SSL Research

Revenue Mix – Division wise

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue
Clean Air & Powertrain Solutions	3,040.3	63.0	3,603.1	65.9	2,812.3	57.5	723.5	56.3
Advanced Ride Technologies	1,787.0	37.0	1,864.5	34.1	2,078.2	42.5	562.1	43.7
Total	4,827.4	100.0	5,467.6	100.0	4,890.4	100.0	1,285.6	100.0

Source: RHP, SSL Research

Revenue Mix – End market wise

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue
Passenger Vehicles	3,092.6	64.1	3,463.2	63.3	3,123.4	63.9	807.5	62.8
Commercial Vehicles	1,167.4	24.2	1,301.1	23.8	1,113.2	22.8	312.8	24.3
Industrial & Other	214.2	4.4	356.8	6.5	298.8	6.1	74.0	5.8
Aftermarket (Motocare India Pvt Ltd)	267.6	5.5	258.1	4.7	238.5	4.9	64.1	5.0
Others	85.5	1.8	88.5	1.6	116.5	2.4	27.2	2.1
Total	4,827.4	100.0	5,467.6	100.0	4,890.4	100.0	1,285.6	100.0

Source: RHP, SSL Research

Value Added Revenue Mix – Division wise

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	as a % of VAR	Rs cr	as a % of VAR	Rs cr	as a % of VAR	Rs cr	as a % of VAR
Clean Air & Powertrain Solutions	2,115.0	54.2	2,404.1	56.3	2,302.0	52.6	604.4	51.8
Advanced Ride Technologies	1,787.0	45.8	1,864.5	43.7	2,078.2	47.4	562.1	48.2
Total	3,902.0	100.0	4,268.6	100.0	4,380.1	100.0	1,166.5	100.0

Source: RHP, SSL Research

*Value Added Revenue (VAR) is revenue from operation after excluding the cost of substrates, which are porous ceramic filters coated with a catalyst - typically, precious metals such as platinum, palladium, and rhodium. These substrates are included in inventory and are "passed through" to the customer at cost, plus a nominal handling fee.

Market Share as of FY25

Particulars	Market Share by value	Market Ranking
Clean Air Solutions		
Passenger Vehicles	19%	Top 4
Commercial Trucks	57%	Leader
Off-Highway Vehicles (ex-Tractors)	68%	Leader
Shock absorbers and Struts		
Passenger Vehicles	52%	Leader
Engine Bearings		
Passenger Vehicles	44%	Top 2
Commercial Trucks	34%	Top 2
Sealings		
Passenger Vehicles	14%	Top 7
Ignition		
Passenger Vehicles	18%	Top 5


















Source: RHP, SSL Research

Royalty Payments

Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Tenneco Automotive Operating Company LLC	88.9	237.4	100.3	25.4
Tenneco GmbH, Germany	15.8	10.1	-	-
Federal-Mogul Powertrain LLC	7.2	10.0	10.0	2.7
Total	111.9	257.4	110.3	28.0
Royalty Payment as a % of Revenue	2.32%	4.71%	2.25%	2.18%

Source: RHP, SSL Research

Product Portfolio

Clean Air Solutions		
Catalytic converter with diesel oxidation catalysts ("DOC") and selective catalytic reduction converter ("SCR")-coated diesel particulate filters ("SDPF")	Catalytic converter for small commercial vehicles with DOC – Diesel particulate filters ("DPFs") and SCR	Muffler & Exhaust pipes
		
Exhaust aftertreatment system for CTs (Inline)	Exhaust aftertreatment system for CTs (Box)	Exhaust aftertreatment system for OHs
		
Powertrain Solutions		
Bearings		
Main Bearing	Bush Bearing	Flange Bearing
		
Ignition		
Ignition – Spark Plug and Ignition Coil		
Spark Plug	Ignition Coil	
Non-precious		
Single precious metal tip		
Double precious metal tip		
		
		
		
		
Sealings		
Cold Gasket	Hot Gasket	Heat Shield
		

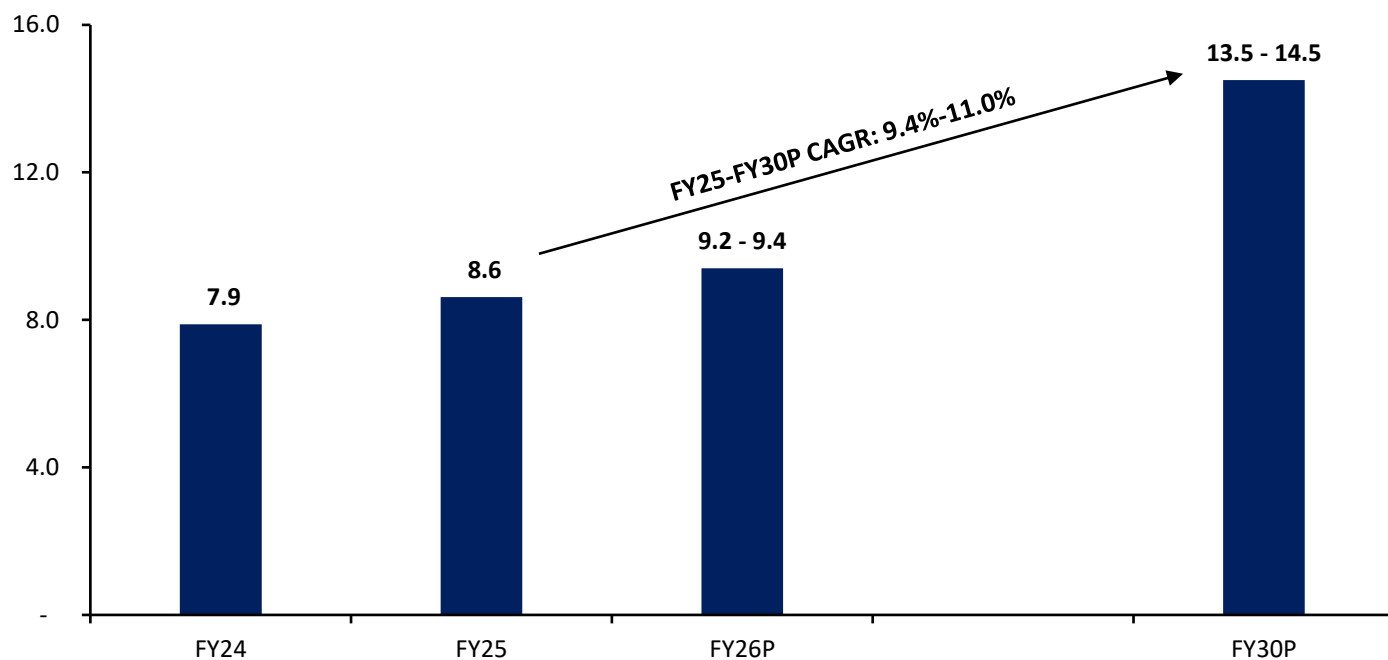
Source: RHP, SSL Research



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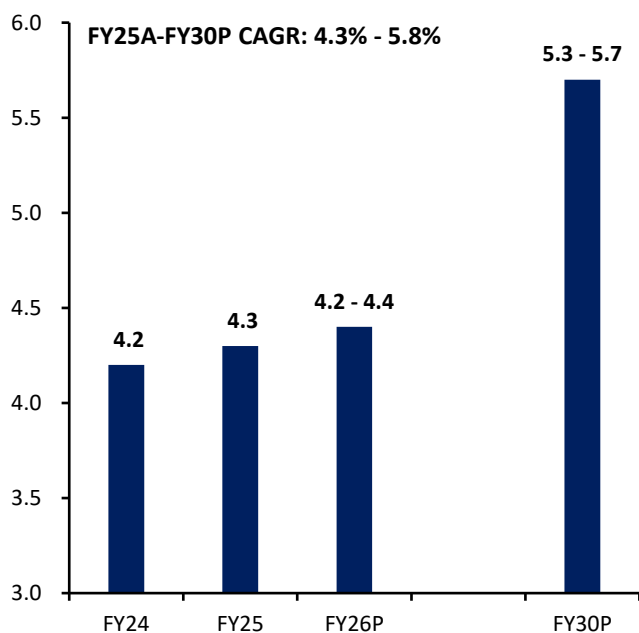
Industry Overview

Indian Auto Component Production Market (Rs tn)

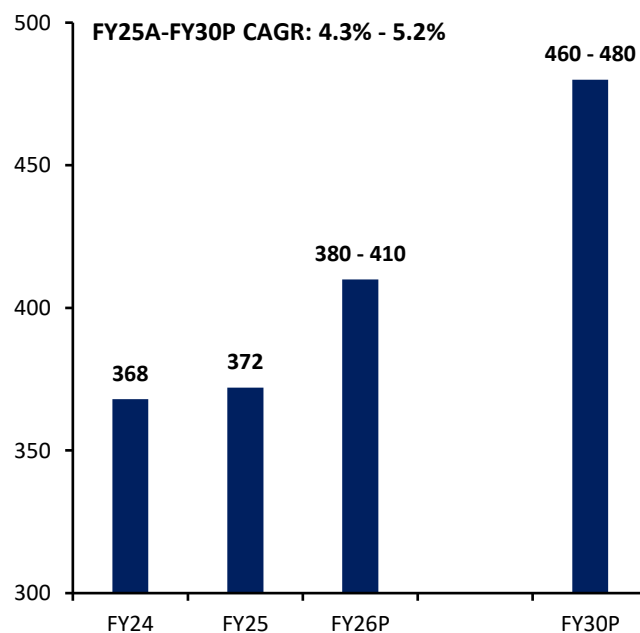


Source: RHP, SSL Research

Indian Passenger Vehicle Sales (million units)



Indian Commercial Truck Sales (thousand units)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from Operations	4,827	5,468	4,890	1,286
YoY growth	-	13.3%	-10.6%	-
Cost Of Revenues (incl. Stock Adj.)	3,438	3,892	3,221	825
Gross Profit	1,389	1,575	1,669	460
Gross margin	28.8%	28.8%	34.1%	35.8%
Employee Cost	249	253	298	83
Other Operating Expenses	570	710	556	148
EBITDA	571	612	815	229
EBITDA margin	11.8%	11.2%	16.7%	17.8%
Other Income	60	70	41	31
Interest Exp.	22	25	20	7
Depreciation	101	104	103	25
PBT	508	553	733	227
Tax	127	136	180	59
PAT (excl. minority interest)	381	417	552	168
PAT margin (excl. minority interest)	7.9%	7.6%	11.3%	13.1%
EPS (excl. minority interest)	9.4	10.3	13.7	4.2

BALANCE SHEET				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Assets				
Net Block	585	565	535	517
Capital WIP	18	37	31	32
Intangible Assets	2	2	1	1
Right of use assets	44	41	46	49
Other Non-current Assets	319	309	891	71
Current Assets				
Inventories	395	329	278	302
Trade receivables	563	560	687	590
Cash and Bank Balances	413	184	286	371
Short-term loans and advances	1	1	-	-
Other Current Assets	90	110	75	986
Total Current Assets	1,462	1,184	1,327	2,249
Current Liabilities & Provisions				
Trade payables	894	873	842	926
Other current liabilities	222	193	269	274
Short-term provisions	36	33	34	31
Total Current Liabilities	1,153	1,099	1,145	1,231
Net Current Assets	309	85	182	1,018
Assets Classified as held for sale	-	-	1	-
Total Assets	1,277	1,037	1,687	1,688
Liabilities				
Share Capital	313	214	404	404
Reserves and Surplus	895	766	1,206	1,202
Total Shareholders' Funds	1,208	980	1,610	1,605
Minority Interest	1	1	2	3
Total Debt	14	-	-	-
Long Term Provisions	19	22	30	34
Lease Liabilities	17	15	20	23
Other Long-Term Liabilities	17	18	24	22
Net Deferred Tax Liability	-	1	-	-
Total Liabilities	1,277	1,037	1,687	1,688

CASH FLOW STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Cash flow from Operating Activities	538	488	562	266
Cash flow from Investing Activities	(13)	(30)	(27)	(0)
Cash flow from Financing Activities	(394)	(686)	(433)	(181)
Free Cash Flow	474	390	498	261

RATIOS			
Particulars	FY23	FY24	FY25
Profitability			
Return on Capital Employed	43.3%	59.0%	46.8%
Return on Equity	31.5%	42.5%	34.3%
Margin Analysis			
Gross Margin	28.8%	28.8%	34.1%
EBITDA Margin	11.8%	11.2%	16.7%
Net Profit Margin	7.9%	7.6%	11.3%
Short-Term Liquidity			
Current Ratio (x)	1.3	1.1	1.2
Quick Ratio (x)	0.9	0.8	0.9
Avg. Days Sales Outstanding	43	37	51
Avg. Days Inventory Outstanding	42	31	31
Avg. Days Payables	77	66	75
Fixed asset turnover (x)	8.3	9.7	9.1
Debt-service coverage (x)	14.9	23.0	37.2
Long-Term Solvency			
Interest Coverage Ratio (x)	24.6	23.0	37.2
Valuation Ratios*			
EV/EBITDA (x)	27.4	25.9	19.3
P/E (x)	42.0	38.5	29.0
P/B (x)	13.3	16.3	10.0
EV/Sales (x)	3.2	2.9	3.2
Mkt Cap/Sales (x)	3.3	2.9	3.3

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison – FY25

Particulars (Rs cr)	Tenneco Clean Air India Ltd	Gabriel India Ltd	Sharda Motor Industries Ltd	Talbros Automotive Components Ltd
CMP (Rs)	397	1,238	1,115	289
Sales	4,890	4,063	2,837	828
EBITDA	815	390	396	130
Adj. Net Profit	552	245	315	94
Mkt Cap.	16,023	17,799	6,388	1,782
Enterprise Value	15,737	17,783	6,187	1,802
EBITDA Margin (%)	16.7	9.6	14.0	15.7
Net Profit Margin (%)	11.3	6.0	11.1	11.4
RoE (%)	34.3	20.7	29.7	14.9
RoCE (%)	46.8	27.7	39.7	16.1
P/E (x)	29.0	72.7	20.3	18.9
EV/EBITDA (x)	19.3	45.6	15.6	13.9
EV/Sales (x)	3.2	4.4	2.2	2.2

Source: RHP, Exchange Filings, SBI Securities Research

For Tenneco Clean Air India Limited, the Market Cap, P/E(x), EV/EBITDA (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

RoE (%) and RoCE (%) are calculated on pre-issue capital

CMP for peer companies is closing price as on 7th November, 2025

SBICAP Securities Limited

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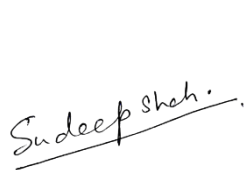
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