

Tenneco Clean Air India Ltd.

‘SUBSCRIBE’

12-11-2025 TO 14-11-2025

Industry: Auto ancillaries / OEMs

Price Band: ₹378 to ₹397

Recommendation: Subscribe for long term

Post Implied Market Cap: ₹15,256 Cr – ₹16,023 Cr

Key Data

Issue Size (₹ Cr)	₹3,600.00
Fresh (₹ Cr)	-
OFS (₹ Cr)	₹3,600.00
No of shares offered (total issue)	9,06,80,101
Face Value (₹ /share)	10
Bid Lot	37 Shares

Indicative Timetable

IPO Open Date	Wed, Nov 12, 2025
IPO Close Date	Fri, Nov 14, 2025
Tentative Allotment	Mon, Nov 17, 2025
Initiation of Refunds	Tue, Nov 18, 2025
Credit of Shares to Demat	Tue, Nov 18, 2025
Tentative Listing Date	Wed, Nov 19, 2025
Cut-off time for UPI mandate confirmation	5 PM on Fri, Nov 14, 2025

Shareholding (No. of shares)

Pre-Issue	40,36,04,309
Post-Issue	40,36,04,309

Issue Breakup

QIB	50%
NII	15%
Retail	35%

Shareholding Pattern

	Promoter	Public
Pre-Issue	97.25%	2.75%
Post-Issue	74.79%	25.21%

Other Details

BRLMs: JM Financial Limited, Citigroup Global Markets India Private Limited, Axis Capital Limited, HSBC Securities and Capital Markets (India) Private Limited

Registrar: MUFG Intime India Private Limited (formerly Link Intime India Private Limited)

Listing: BSE & NSE

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About the company

Tenneco Clean Air India Ltd. is the key Indian subsidiary of the US-based Tenneco Group, operating as a leading Tier I supplier of specialized automotive components, with a core focus on advanced Clean Air and Powertrain solutions, including exhaust aftertreatment systems and catalytic converters vital for meeting stringent emissions standards like Bharat Stage VI (BS-VI). Additionally, the company supplies Advanced Ride Technologies such as shock absorbers and struts. Serving major Indian and global Original Equipment Manufacturers (OEMs) across passenger vehicles, commercial trucks, and off-highway sectors.

Investment Rationales

Emissions Mandate Tailwinds: Structural and non-cyclical demand growth driven by India's mandatory adoption of stringent BS-VI and future emission norms, requiring their advanced Clean Air systems.

Market Leadership: Dominant Tier I supplier position with over 50% market share in critical segments like commercial vehicle Clean Air systems and passenger vehicle shock absorbers.

OEM Deep Integration: High revenue visibility and stable contracts due to long-term partnerships and early integration into the product development cycles of all major Indian OEMs.

Global Tech Advantage: Access to and localization of Tenneco Group's superior global R&D and proprietary technologies, providing a competitive edge over local suppliers.

Dual Growth Drivers: Simultaneous growth from the premiumization trend (higher-margin suspension systems) and stable, recurring revenue from the large automotive aftermarket.

Risk

61.26% of revenues were generated from OEMs of Passenger vehicles which is exposed to economic fluctuations and consumer demand.

Heavily influenced by government policies and regulations such as transitioning to Bharat Stage 6 (BS6) in 2020.

Our views

Tenneco Clean Air India Limited is a subsidiary of the global Tenneco Group, the company is a Tier I market leader in critical automotive components, benefiting structurally from regulatory tailwinds.

The company has demonstrated exceptional operational leverage and profitability, with FY25 Profit After Tax (PAT) surging by 32.72% to ₹553.14 Cr (despite a revenue dip), resulting in a PAT margin of 11.31%.

The Initial Public Offering (IPO) is structured as a pure Offer for Sale (OFS), with no fresh capital infusion to the company itself.

Despite risks like the automotive industry's cyclical nature and the long-term threat from EV adoption to ICE components, Tenneco Clean Air India's deep integration with top OEMs We recommend a 'SUBSCRIBE' rating for investors seeking exposure to a premium, profitable leader in India's technology-driven auto component sector.

CONSOLIDATED FINANCIALS – BASIC FINANCIAL DETAILS

Financial Performance Indicators	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
Value added Revenue (VAR)	₹ in Cr.	3902.00	3902.00	4380.12
VAR Growth	%	NA	9.40%	2.61%
Revenue from Operations	₹ in Cr.	4827.37	5467.61	4890.43
Revenue Growth	%	NA	13.26%	-10.56%
EBITDA	₹ in Cr.	570.63	612.09	815.24
EBITDA Growth	%	NA	7.26%	33.19%
EBITDA Margin (Basis VAR)	%	14.62%	14.34%	18.61%
EBITDA Margin (Basis Revenue from Operations)	%	11.82%	11.19%	16.67%
Profit After Tax (PAT)	₹ in Cr.	381.04	416.79	553.14
PAT Growth	%	NA	9.38%	32.72%
PAT Margin (Basis VAR)	%	9.77%	9.76%	12.63%
PAT Margin (Basis Revenue from Operations)1	%	7.89%	7.62%	11.31%
Net Debt	₹ in Cr.	-380.23	-167.98	-266.21
Net Debt to Equity Ratio	Number of times	-0.31	-0.17	-0.17
Net Debt to EBITDA Ratio	Number of times	-0.67	-0.27	-0.33
Return on Equity (ROE)	%	32.88%	38.05%	42.65%
Return on Capital Employed (ROCE)	%	33.51%	45.40%	56.78%
Fixed Assets Turnover Ratio	Number of times	7.76	9.07	8.37
Net Working Capital	₹ in Cr.	2915.34	806.30	1778.29
Net Working Capital Days	Days	22	5	13
Cash Conversion Cycle	Days	-10	-18	-24
Business Divisions-wise Revenue from Operation				
Clean Air and Powertrain Solutions Division	₹ in Cr.	3040.35	3603.11	2812.27
Advanced Ride Technologies Division	₹ in Cr.	1787.02	1864.51	2078.16

Source: Company RHP

Tenneco Clean Air India Ltd. IPO Peer Comparison

(As on March 31, 2025)

Company Name	EPS (Basic)	EPS (Diluted)	NAV (per share) (Rs)	P/E (x)	RoNW (%)	P/BV Ratio	Financial statements
Tenneco Clean Air India Limited	13.68	13.68	31.10	29.02	46.65		
Bosch	683.25	683.25	4682.16	57.39	15.58	6.74	Consolidated
Timken India	59.48	59.48	378.21	49.22	17	8.59	Consolidated
SKF India	114.5	114.5	525.5	19.21	21.43	8.77	Consolidated
ZF Commercial Vehicle Control System India	242.9	242.9	1694.75	53.67	15.35	7.7	Consolidated
Sharda Motor Industries	109.71	109.71	184.97	9.67	30.46	10.09	Consolidated
Gabriel India	17.05	17.05	82.38	75.92	22.42	7.22	Consolidated
Uno Minda	16.42	16.37	95.99	75.11	18.36	11.12	Consolidated
Sona BLW Precision Forgings	9.92	9.92	88.38	14.76	14.76	5.42	Consolidated

Notes:

Financial information of the Company has been derived from the Restated Consolidated Financial Information as of/ for the financial year ended March 31, 2025. Closing Price of peers represents the closing market price of equity shares of the listed peer on NSE as on June 23, 2025.

P/E Ratio for the listed industry peer has been computed based on the closing market price of equity shares on NSE as of June 23, 2025, divided by the diluted EPS for the latest respective Fiscal year (i.e., Fiscal 2025).

The peers have not reported detailed notes to the financials, net worth has been determined based on Total Equity excluding NCI reported by the peers.

Return on Net Worth (RoNW) % for peers is calculated as Profit for the year attributable to the owners divided by average net worth 144 of the peer. Average Networth is computed as average of opening and closing Net Worth.

Net asset value per share is calculated by dividing net worth as at the end of the Fiscal year by the closing number of equity shares as on March 31, 2025.

Market Capitalisation for peers is computed as the product of outstanding equity shares as on March 31, 2025 and the closing market price of equity shares of the peer on NSE as on June 23, 2025.

P/E Ratio of Tenneco Clean Air India Ltd is implied and not actual.

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