



ABOUT THE COMPANY: Tenneco Clean Air India Ltd. (TCAIL), a wholly owned subsidiary of the U.S.-based Tenneco Group, manufactures and exports clean air, powertrain, and suspension systems, serving both OEM and aftermarket segments. With strong market presence across PV and CV categories, it operates two divisions and serves as a key export hub to 20+ countries leveraging Tenneco’s global R&D network.

KEY BUSINESS INSIGHTS: Tenneco India Ltd., a subsidiary of the U.S.-based Tenneco Group (US\$16,777 million revenue in CY2024), is a leading Tier I auto component maker and exporter of clean air, powertrain, and suspension systems. It holds 57% market share in Clean Air for commercial trucks, 68% in off-highway (ex-tractors), 19% in passenger vehicles, and 52% in PV shock absorbers and struts. The company serves major OEMs like Maruti Suzuki, Hyundai, Tata Motors, and Ashok Leyland, with customer ties averaging over 19 years. As of June 30, 2025, it operated 12 plants across India with 80%+ capacity utilization and 86% domestic sourcing. In FY2025, it posted ₹4,890 crore in revenue, 16.67% EBITDA margin, 11.31% PAT margin, and 56.78% ROCE. Backed by two Indian R&D centers linked to Tenneco’s 39 global facilities, it acts as a key export hub to 20+ countries, including the U.S., Germany, Japan, and the U.K., ensuring strong scalability and competitiveness.

OUR VIEW:

Tenneco India Ltd., a leading Tier-I auto component maker backed by the U.S.-based Tenneco Group, holds strong market positions—57% in commercial trucks, 68% in off-highway, and 52% in PV shock absorbers—supported by long-standing OEM partnerships and global R&D access.

Despite reliance on its parent for technology and IP (2.5% royalty and renewal risks), it maintains solid fundamentals with ₹553 crore PAT, 16.67% EBITDA margin, 12 plants, and 86% domestic sourcing. At the upper price band of ₹397, valuations are attractive with a P/E of 29x and P/B of 12.7x versus peers at 48x and 8.5x. We recommend a **SUBSCRIBE** rating for both listing gains and long-term growth.



ISSUE DETAILS	
Price Band (in ₹ per share)	378-397
Issue size (in ₹ Crore)	3600.00
Fresh Issue (in ₹ Crore)	NA
Offer for Sale (in ₹ Crore)	3600.00
Issue Open Date	12.11.2025
Issue Close Date	14.11.2025
Tentative Date of Allotment	17.11.2025
Tentative Date of Listing	19.11.2025
Total Number of Shares (in lakhs)	906.80
Face Value (in ₹)	10.00
Exchanges to be Listed on	NSE & BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	37	14,689
Retail (Max)	13	481	1,90,957
S-HNI (Min)	14	518	2,05,646
S-HNI (Max)	68	2516	9,98,852
B-HNI (Min)	69	2553	10,13,541

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

PROMOTERS: Tenneco Mauritius Holdings Limited

BRIEF FINANCIALS

PARTICULARS (Rs. Cr)*	Q1FY26	FY25	FY24	FY23
Share Capital***	403.60	403.60	214.08	313.04
Net Worth	1250.37	1255.09	1116.59	1378.82
Revenue from Operations	1285.62	4890.43	5467.61	4827.36
EBITDA	228.88	815.23	612.08	570.63
EBITDA Margin (%)	17.80%	16.67%	11.19%	11.82%
Profit/(Loss) After Tax	168.08	553.14	416.78	381.04
EPS (in Rs.)	4.16	13.68	8.90	7.58
Net Asset Value (in Rs.)	30.98	31.10	27.67	27.42
Total borrowings	-	-	-	13.97
P/E#	23.86 ^	29.02	NA	NA
P/B#	12.81	12.77	NA	NA

* Restated consolidated financials; #Calculated at upper price band 397*** Private Placement.

OBJECTS OF THE OFFER

The Company proposes to utilize the net proceeds towards funding the following objects:

- To carry out the Offer for Sale.
- Achieve the benefits of listing the Equity Shares on the Stock Exchanges.

FINANCIAL STATEMENTS

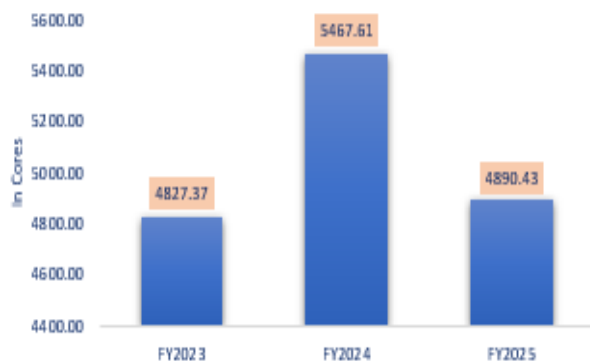
Profit & Loss Statement			
Particulars (In Crores)	FY2023	FY2024	FY2025
INCOME			
Revenue from operations	4827.37	5467.61	4890.43
Other Income	59.59	69.78	41.02
Total Income	4886.96	5537.39	4931.45
YoY Growth (%)	-	13.31%	-10.94%
EXPENSES			
Employee benefits expenses	248.58	252.65	297.92
Employee benefits expenses as a % of Revenue	5.15%	4.62%	6.09%
Cost of materials consumed	3396.89	3835.50	3181.34
Changes in inventories of finished goods	-9.97	16.33	5.22
Purchase of stock in trade	51.46	40.67	34.61
Other Expenses	569.77	710.38	556.10
EBIDTA (Calculated)	570.63	612.09	815.24
EBIDTA Margin (%)	11.82%	11.19%	16.67%
Depreciation and amortisation expense	100.92	103.59	103.17
EBIT	469.72	508.49	712.07
EBIT Margin (%)	9.73%	9.30%	14.56%
Finance cost	21.56	25.16	20.27
Total Expenses	4379.21	4984.28	4198.63
Profit Before Tax For the Year	507.75	553.11	732.82
Tax expenses			
Current tax	128.02	135.43	187.82
Tax pertaining to earlier period/years	0.68	3.46	0.99
Deferred Tax	-2.00	-2.57	-9.13
Total tax expenses	126.70	136.32	179.67
Profit for the year	381.04	416.79	553.14
PAT Margin (%)	7.89%	7.62%	11.31%
Earnings per share			
Basic earnings per share (₹)	7.58	8.90	13.68

Cash Flows			
Particulars (In Crores)	FY2023	FY2024	FY2025
Net cash flow from/(used in) operating activities	537.50	487.67	562.39
Net cash flow from/(used in) investing activities	-13.10	-30.14	-26.78
Net cash flow from/(used in) financing activities	-394.39	-685.94	-432.78
Net increase/(decrease) in cash and cash equivalents	130.02	-228.40	102.83
Cash and cash equivalents at the beginning of the year	281.46	411.48	183.07
Cash and cash equivalents at the end of the year	411.48	183.07	285.90

Balance Sheet			
Particulars (In Crores)	FY2023	FY2024	FY2025
Particulars			
ASSETS			
Non-Current Assets			
Property Plant & Equipment	584.96	565.35	534.84
Capital Work in Process (Tangible)	18.48	36.62	31.07
Right of use Assets	44.09	40.54	45.75
Intangible Assets	1.80	1.64	1.28
Financial Assets	0.00	0.00	0.00
i) Non-Current Investments	0.75	0.89	0.33
(ii) Loans	0.31	0.32	0.26
(iii) Other financial assets	262.37	263.11	842.17
Deferred tax assets (net)	8.23	12.30	21.83
Current tax assets (net)	33.16	22.19	18.32
Other non-current assets	13.86	9.74	7.74
Total Non-Current Assets	968.02	952.70	1503.59
Current Assets			
Inventories	394.88	329.34	277.73
Financial Assets	0.00	0.00	0.00
(i) Trade Receivables	563.18	559.76	687.23
(ii) Cash & Cash Equivalents	411.48	183.07	285.90
(iii) Other Bank Balances	1.25	0.58	0.34
(iv) Loans	1.11	1.04	0.48
(v) Other Financial Assets	44.90	18.38	36.72
Other Current Assets	44.84	91.39	38.74
Current assets excluding assets classified as held for sale	1461.63	1183.56	1327.12
Assets classified as held for sale	0.00	0.00	0.87
Total Current Assets	1461.63	1183.56	1327.99
Total Assets	2429.65	2136.26	2831.58
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	313.41	214.09	403.60
Other Equity	894.63	765.93	1206.37
Equity attributable to owners of Parent	1208.04	980.02	1609.97
Non-Controlling Interest	1.42	1.33	2.40
Total equity	1209.45	981.35	1612.37
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	14.07	11.04	14.61
Provisions	18.93	22.27	30.20
Deferred tax liabilities (net)	0.39	1.01	0.11
Other non-current liabilities	16.71	17.66	24.14
Total Non-Current Liabilities	50.10	51.98	69.05
Current Liabilities			
Financial Liabilities - Current Borrowings	13.97	0.00	0.00
Financial Liabilities - Lease Liabilities	3.21	4.05	5.09
Vendor Bill Financing	51.83	48.13	50.34
Financial Liabilities - Trade Payable (Others)	141.93	121.89	120.13
total outstanding dues of creditors other than micro enterpr	752.33	751.28	722.29
Financial Liabilities - Other Current Financial Liabilities	14.05	9.17	8.79
Other Current Liabilities	141.08	106.87	108.84
Current Provisions	36.45	32.74	34.15
Current Tax Liabilities (Net)	15.26	28.81	99.66
Total Current Liabilities	1170.10	1102.93	1149.30
Liabilities relating to assets classified as held for sale			0.87
Total Liabilities	1220.20	1154.92	1219.22
Total Equity and Liabilities	2429.65	2136.26	2831.58

PERFORMANCE THROUGH CHARTS

REVENUE HAS GROWN BY 0.65% CAGR 2 YR



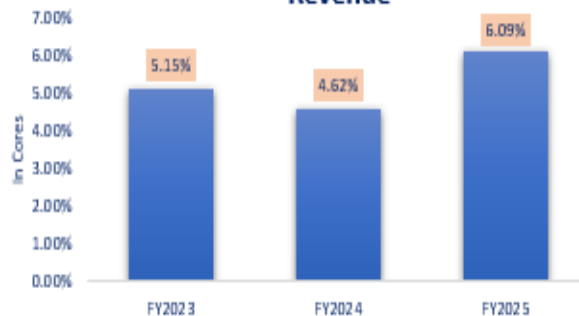
EBITDA HAS GROWN BY 19.53% CAGR 2 YR



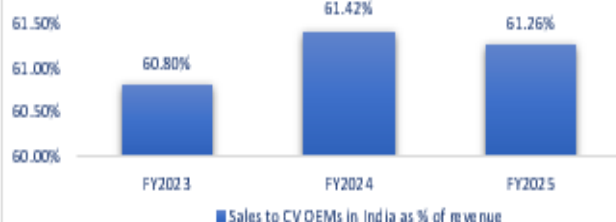
PAT HAS GROWN AT A CAGR ON 20.48%



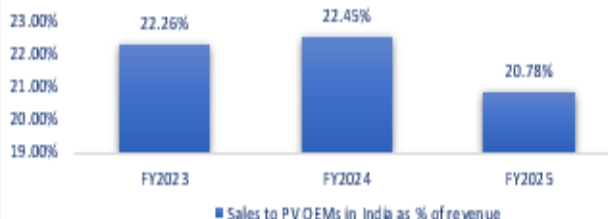
Employee benefits expenses as a % of Revenue



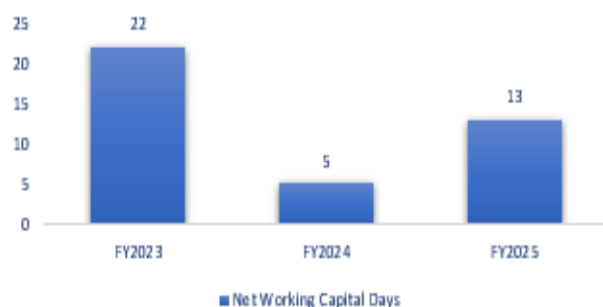
Sales to CV OEMs in India as % of revenue (in %)



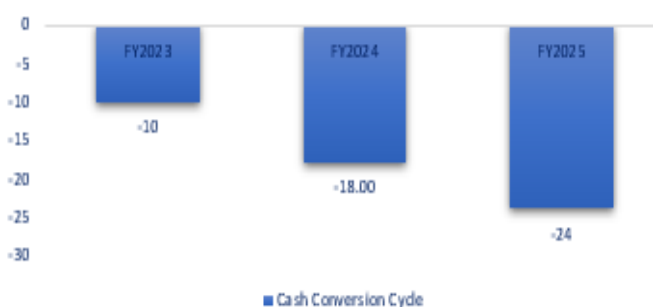
Sales to PV OEMs in India as % of revenue (in %)



Net Working Capital Days (In Days)



Cash Conversion Cycle (in days)



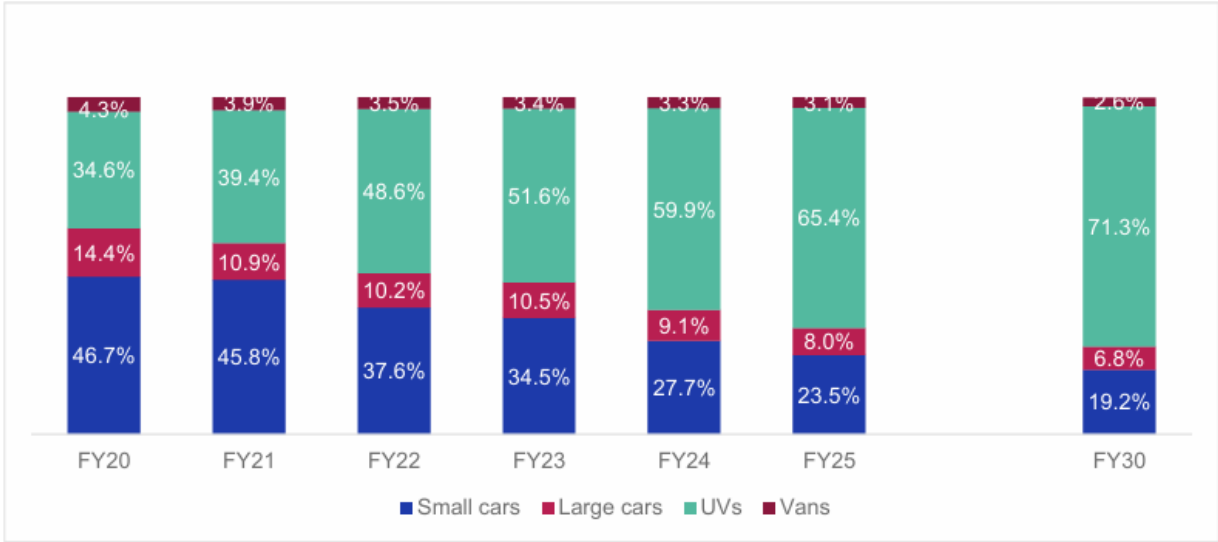


INDUSTRY REVIEW

OVERVIEW OF THE INDUSTRY IN INDIA

- In FY2025, India’s PV powertrain landscape saw a notable shift — diesel share fell to 18%, petrol remained steady at 58%, and CNG rose sharply to 19.4%. EVs and strong hybrids increased to 2.7% and 2.2%, respectively, reflecting OEMs’ strategic move away from diesel, spearheaded by Maruti Suzuki’s BSVI-driven phase-out.
- The PV market is dominated by Maruti Suzuki, Mahindra, Hyundai, and Tata Motors (~80% share). OEMs are expanding CNG and hybrid models, while EV growth remains limited by infrastructure gaps. Strong hybrids are gaining momentum with supportive policies and new launches.
- India, the world’s second-largest PV market after China, remains underpenetrated at 27.5 vehicles per 1,000 people (FY2025). Rising incomes and the surge in compact SUVs have shifted demand from small cars (46.9%→28%) to SUVs (23.1%→51%+), with ASPs growing 7–9% CAGR (FY2019–FY2024).
- EV penetration in India’s PV segment rose from 0.1% in FY2019 to 2.6% in FY2025, driven by policy support and wider model range (~14). It is projected to reach 4–5% in FY2026 with sales of 1.8–2 lakh units.
- CRISIL projects domestic PV sales to grow 4–6% CAGR to 5.3–5.7 million units by FY2030, driven by economic growth, rising incomes, premiumization, and expanding EV/CNG infrastructure.

Outlook by industry segment



Source: SIAM, CRISIL Intelligence

COMPETITIVE STRENGTHS OF THE COMPANY

12 Automated Manufacturing Plants with a Strong Localized Supply Chain

- As of June 30, 2025, the company operated 12 automated plants across seven states and one UT, all internally funded, with strong safety and quality metrics—incident rate below 0.25, defect rate under 2 ppm, and over 99% on-time delivery.
- With ~83% of material sourced domestically, material costs stood at ₹8,282 million in Q1 FY2026 and ₹31,813 million in FY2025, reflecting cost efficiency and reduced import dependency.
- The company's "first-time-right" approach, supported by TenPlus, OSE, and P3 initiatives, drives productivity, while strong supplier ties, local warehousing, and global sourcing ensure quality, cost efficiency, and supply chain resilience.

Diversified Product Portfolio Aligned with Evolving Market Trends

- The company offers a diverse portfolio across Clean Air, Powertrain, Ignition, Sealing, and Advanced Ride Technologies, including emission systems, bearings, spark plugs, gaskets, and shock absorber assemblies.
- In FY2025, revenue stood at ₹48,984.30 million with VAR of ₹43,381.21 million. Clean Air & Powertrain contributed 52.8%, while Advanced Ride accounted for 47.8%. PVs dominated with 63.1% of revenue, followed by CVs (19.7%) and OH/Industrial (16.8%).
- Domestic sales comprised ₹45,773.07 million (93.6%) and exports ₹2,291.93 million (6%), with the top 10 customers contributing 80%. Revenue grew steadily from ₹48,733.35 million in FY2023 to ₹52,169.07 million in FY2024, reflecting consistent business momentum.

Leading Manufacturer of Advanced Automotive Components

- The company is a leading provider of clean air, powertrain, and suspension solutions, holding strong FY2025 market shares—57% in CT, 68% in OH, 19% in PV Clean Air, 52% in PV shock absorbers, 44%/34% in PV/CT engine bearings, 14% in sealings, and 18% in ignition systems.
- Its leadership is supported by long-standing OEM relationships, serving 119 customers in FY2025 and 101 in Q1 FY2026, including all top 7 PV and top 5 CT OEMs. Custom-engineered, tech-driven products and rigorous validation processes ensure strong customer retention.
- The company collaborates with OEMs on design and testing, offering ARAI-certified products. As of June 30, 2025, it managed 427 active programs—358 in Clean Air & Powertrain and 69 in Advanced Ride—serving 50+ global customers.

RISK FACTORS

Dependence on Raw Material Availability and Price Volatility

- Their operations rely heavily on raw materials such as steel and components, which accounted for 64–70% of revenue between Q1 FY2026 and FY2023. Within this, substrates represented 14–31% and steel 61–71% of total material costs.
- Volatile steel and commodity prices, coupled with reliance on short-term purchase orders, may pressure margins if cost increases aren't timely passed to customers.
- In FY2025, import curbs on certain steel grades underscored regulatory risks. Future raw material volatility or dependence on Motocare India for aftermarket sales could impact operations and margins.

High Revenue Concentration from Top Ten Customers

- They remain highly reliant on their top ten customers, who contributed between 77.79% and 83.92% of total revenue from FY2023 to Q1 FY2026, while the top five customers accounted for 61.18%–67.25% during the same period.
- Without exclusivity agreements, the company faces lengthy 6–18-month supplier selection cycles involving RFQs, validation, and audits.
- As of June 30, 2025, the top ten customers had maintained relationships for an average of 19.2 years. However, the loss of any key customer could materially impact revenue, profitability, and cash flows.

Dependence on Tenneco Group and Risk of Adverse Impact from Change or Termination of Agreements

- The company relies on Tenneco Group for sales, R&D, and other key functions, with no long-term contracts—posing conflict and operational risk.
- Under a license agreement with Tenneco Holdings LLC (effective April 2024), the company pays a 2.5% royalty on gross revenue (₹110.27 crore in FY2025). Termination or non-renewal could impact brand access and profitability.
- From April 1, 2025, the company also agreed to pay up to 0.5% of net sales for using Tenneco's P3 Operating System. Any change in terms, fee increase, or termination could negatively impact its financial performance.

PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Tenneco Clean Air India	4890.43	10	13.7	31.1	46.7%	29.02	12.77
Bosch Ltd	18,087.40	10	683.3	4682.2	15.6%	57.39	4385.43
Timken India Ltd	3,147.81	10	59.5	378.2	17.0%	49.22	349.88
SKF India Ltd	4,919.90	10	114.5	525.5	21.4%	19.21	534.30
ZF Commercial Vehicle Control System India Ltd	3.830.96	5	242.9	1694.8	15.4%	53.67	1582.41
Sharda Motor Industries Ltd	2,836.57	2	109.7	185.0	30.5%	9.67	360.18
Gabriel India Ltd	4,063.38	1	17.1	82.4	22.4%	75.92	76.05
Uno Minda Ltd	16,774.61	2	16.4	96.0	18.4%	75.11	89.43
Sona BLW Precision Forgings Ltd	3,546	10	9.9	88.4	14.8%	46.49	67.21



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Research Desk

Canara Bank Securities Ltd

SEBI: RESEARCH ANALYST REGISTRATION: INH000001253

BSE: INB 011280238, BSE F&O: INF 011280238

NSE: INB 23180232, F&O: INF 231280232, CDS: 231280232

Maker Chambers III, 7th floor,

Nariman Point, Mumbai 400021

Contact No. : 022 - 43603861/62/63

Email id: researchdesk@canmoney.in

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