

**TENNECO**

# IPO NOTE

TENNECO CLEAN AIR INDIA LIMITED

NEUTRAL



**Rating:**

**NEUTRAL**



Tenneco Clean Air India Limited is a subsidiary of Tenneco Inc., a global company known for designing and manufacturing clean air and powertrain solutions for the automotive industry.

## OBJECTS OF THE ISSUE

- To conduct the Offer for Sale with a face value of ₹10 each by the selling shareholders and
- To realise the advantages of having the equity shares listed on the stock exchange.

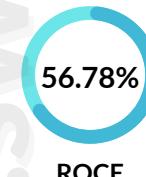
## FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2025	FY 2024	FY 2023
<b>Equity Share Capital</b>	403.6	214.08	313.4
<b>Net Worth</b>	1,255.09	1,116.59	1,378.82
<b>Revenue</b>	4890.4	5467.6	4827.3
EBITDA Margin%	16.67%	11.19%	11.82%
<b>Net Profit/Loss of the year</b>	553.14	416.79	381.04

## FINANCIAL RATIOS OF FY25

### ISSUE BREAK-UP (%)

QIB Portion		50%
NII Portion		35%
Retail Portion		15%



## OUTLOOK & VALUATION

- A fundamentally strong company at a reasonable valuation.
- Based on its recent financial data, the issue appears moderately priced.
- Despite a marginal decline in revenue during FY25, the company has significantly improved its EBITDA margin from 11.19% in FY24 to 16.67% in FY25.
- The absence of fresh issue proceeds and recent revenue decline limit near-term upside.
- Hence, we assign a 'Neutral' rating to the IPO.



## COMPANY PROFILE

- Tenneco Clean Air India Limited is a part of the Tenneco Group, a US-headquartered global Tier I automotive component supplier. The Tenneco Group reported revenue of US\$16,777 million for the year ended December 31, 2024.
- The company operates within the Clean Air division, focusing on emission control technologies for both light and commercial vehicles.

- Its customer base includes OEMs operating in passenger vehicles (PVs), commercial vehicles (CVs)—comprising commercial trucks (CTs) and off-highway vehicles (OHs)—as well as industrial and other applications, including generator sets, small commercial vehicles with gross vehicle weight below 3.5 tons, two-wheelers, and three-wheelers.



## COMPETITIVE STRATEGIES

- Capturing market opportunities driven by tightening emission standards.
- Capitalizing on trends toward premiumization, SUVs, EVs and hybrids.
- Enhancing competitiveness through strategic localization – “Make in India”.
- Positioning operations in India as an export hub with global manufacturing standards.
- Further leverage efficiencies and cross-selling across two divisions to drive overall growth profile.



## KEY CONCERNs

- Heavy dependence on a few customers for revenue generation, with the top 10 contributing to 80% of total sales
- Business is closely tied to emission standards and regulatory policy
- High Reliance on Indian PV and CV OEMs (over 80% of revenue) exposes the company to demand shifts and sectoral changes
- Shift towards EVs could reduce long-term demand
- Disruption in the raw material supply chain



## KEY STRENGTHS

- Growth driven by R&D, emission compliance and long-standing client relationships
- Strong position in the CV, OH and PV segments
- Leading supplier of critical, highly engineered and technology-intensive clean air solutions
- Manufacturing facilities are located strategically across India, ensuring supply chain efficiencies
- Backed by global clean air tech leader Tenneco Group, Diversified OEM Portfolio
- Consistent positive operating cash flows and profit growth over recent years

## COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (₹ Basic)	P/E	NAV	Revenue (cr.)	RoNW%
Tenneco Clean Air India Limited	13.68	28.97	31.10	4,890.4	46.65
<b>Peer Group</b>					
Bosch	683.25	57.39	4,682.16	18,087.4	15.58
Timken India	59.48	49.22	378.21	3,147.8	17.00
SKF India	114.50	19.21	525.50	4,919.9	21.43
ZF Commercial Vehicle Control System India	242.90	53.67	1,694.75	3,830.9	15.35
Sharda Motor Industries	109.71	9.67	184.97	2836.5	30.46
Gabriel India	17.05	75.92	82.38	4063.3	22.42
Uno Minda	16.42	75.11	95.99	16774.6	18.36
Sona BLW Precision Forgings	9.92	14.76	88.38	3546.0	14.76



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