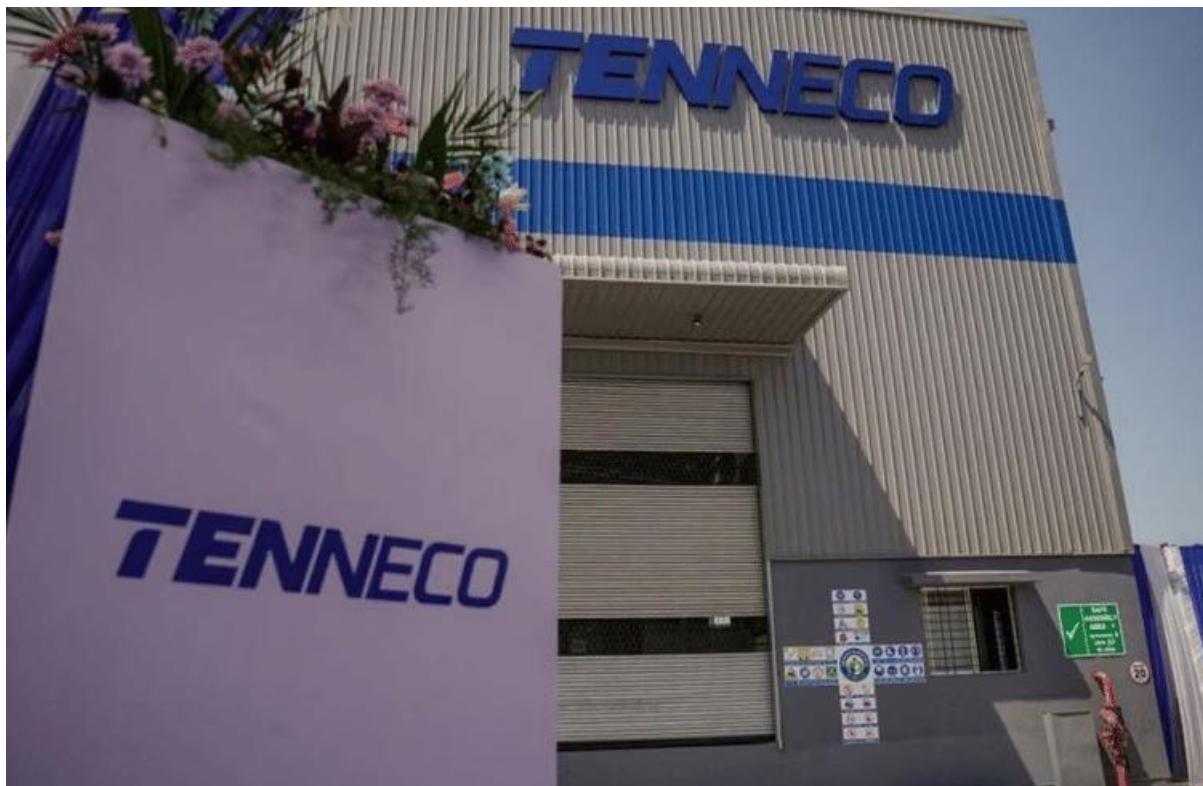


Tenneco Clean Air India Ltd

IPO Note



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Accelerating Clean Air Solutions and EV Growth in the Automotive Sector

Tenneco Clean Air India Limited, a subsidiary of the U.S.-based Tenneco Group, is a leading automotive component manufacturer in India. It specializes in high-tech clean air, powertrain, and suspension solutions. The company operates two major divisions: Clean Air & Powertrain Solutions, which provides products for internal combustion engine (ICE) and hybrid vehicles, and Advanced Ride Technologies (ART), which supplies shock absorbers and suspension systems. Tenneco India holds leadership positions in several automotive sub-segments, including Clean Air Solutions and Shock Absorbers.

The company's Clean Air Solutions includes exhaust aftertreatment systems like catalytic converters and mufflers, while its Powertrain Solutions include engine bearings, sealing systems, and ignition products. ART designs and manufactures advanced suspension systems such as shock absorbers and struts, catering to ICE, electric vehicles (EVs), and hybrid vehicles. Tenneco India's market-leading position is driven by its strong product portfolio, especially in the Clean Air and Shock Absorber segments, where it holds a 57% market share in clean air solutions for commercial vehicles.

For Q1 FY26, Tenneco India reported a revenue of INR 128.56cr reflecting steady growth. EBITDA reached INR 22.89cr with a margin of 17.8%. Profit After Tax (PAT) was INR 16.81cr showing an improvement from the previous year. The company continues to be net debt-free, with a solid capital efficiency, boasting a Return on Capital Employed (ROCE) of 56.78% in FY25. These results highlight robust profitability and healthy financials.

Tenneco Clean Air India Ltd is focusing on capturing opportunities driven by stricter emissions norms, premium vehicle demand, and the shift towards electric vehicles. The company plans to leverage its strong market position, global R&D, and local manufacturing capabilities to enhance margins and expand its export footprint. However, risks related to customer concentration and the growing adoption of EV's may impact future growth.

Key Consolidated Financial Data (INR Cr, unless specified)

	Net Revenue	EBITDA	Adj. Net Profit	EBITDA (%)	Adj. Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/EBITDA (X)
FY23	4,827.4	569.5	381.1	11.8	7.9	42.0	133.3	31.5	54.4	9.4	5.7
FY24	5,467.6	612.1	416.7	11.2	7.6	45.9	108.2	42.5	60.2	8.6	5.7
FY25	4,890.4	813.3	552.1	16.6	11.3	60.9	177.8	34.3	51.7	6.5	4.1

Source: Ventura Research & Company update

Issue Structure and Offer Details

Tenneco Clean Air IPO is a book build issue of INR 3,600.00 Cr. The issue is entirely an offer for sale of 9.07 Cr. shares of INR 3,600.00 Cr.

Issue Structure

Investor Category	Allocation
QIB	Not more than 50.00% of the Offer
NII (HNI)	Not less than 15.00% of the Offer
Retail	Not less than 35.00% of the Offer

Number of shares based on a higher price band of INR 397

Source: Company Reports

Objects of the Issue:

- 1. To carry out the Offer for Sale (OFS) of Equity Shares.**
- 2. To achieve the benefits of listing the Equity Shares on the Stock Exchange.**

Financial Summary

Fig in INR Cr (unless specified)	FY23	FY24	FY25	Fig in INR Cr (unless specified)	FY23	FY24	FY25
Income Statement							
Revenue	4,827.4	5,467.6	4,890.4	Adjusted EPS (INR)	42.0	45.9	60.9
<i>YoY Growth (%)</i>		13.3	(10.6)	Adjusted Cash EPS (INR)	53.1	57.4	72.2
Raw Material Cost	3,438.4	3,892.5	3,221.2	Adjusted BVPS (INR)	133.3	108.2	177.8
<i>RM Cost to Sales (%)</i>	71.2	71.2	65.9	Adjusted CFO per share (INR)	59.3	53.8	62.0
Employee Cost	248.6	252.6	297.9	CFO Yield (%)	14.9	13.5	15.6
<i>Employee Cost to Sales (%)</i>	5.1	4.6	6.1	Adjusted FCF per share (INR)	54.2	45.2	56.8
Other Expenses	571.0	710.4	558.1	FCF Yield (%)	13.6	11.4	14.3
<i>Other Exp to Sales (%)</i>	11.8	13.0	11.4				
EBITDA	569.5	612.1	813.3	Solvency Ratio (X)			
<i>Margin (%)</i>	11.8	11.2	16.6	Total Debt to Equity	0.1	0.0	0.0
<i>YoY Growth (%)</i>		7.5	32.9	Net Debt to Equity	(0.3)	(0.1)	(0.1)
Depreciation & Amortization	100.9	103.6	103.2	Net Debt to EBITDA	(0.6)	(0.2)	(0.3)
EBIT	468.5	508.5	710.1				
<i>Margin (%)</i>	9.7	9.3	14.5	Return Ratios (%)			
<i>YoY Growth (%)</i>		8.5	39.6	Return on Equity	31.5	42.5	34.3
Other Income	60.8	69.8	43.0	Return on Capital Employed	27.6	37.3	32.3
Finance Cost	21.6	25.2	20.3	Return on Invested Capital	54.4	60.2	51.7
Fin Charges Coverage (X)	21.7	20.2	35.0				
Exceptional Item	0.0	0.0	0.0	Working Capital Ratios			
PBT	507.7	553.1	732.8	Payable Days (Nos)	68	58	63
<i>Margin (%)</i>	10.5	10.1	15.0	Inventory Days (Nos)	30	22	21
<i>YoY Growth (%)</i>		8.9	32.5	Receivable Days (Nos)	43	37	51
Tax Expense	126.7	136.3	179.7	Net Working Capital Days (Nos)	5	1	9
<i>Tax Rate (%)</i>	25.0	24.6	24.5	Net Working Capital to Sales (%)	1.3	0.3	2.5
PAT	381.0	416.8	553.1				
<i>Margin (%)</i>	7.9	7.6	11.3	Valuation (X)			
<i>YoY Growth (%)</i>		9.4	32.7	P/E	9.4	8.6	6.5
Min Int/Sh of Assoc	0.0	(0.1)	(1.1)	P/BV	3.0	3.7	2.2
Net Profit	381.1	416.7	552.1	EV/EBITDA	5.7	5.7	4.1
<i>Margin (%)</i>	7.9	7.6	11.3	EV/Sales	0.7	0.6	0.7
<i>YoY Growth (%)</i>		9.3	32.5				
Cash Flow Statement							
Balance Sheet				PBT	507.7	553.1	732.8
Share Capital	313.4	214.1	403.6	Adjustments	90.0	23.0	115.8
Total Reserves	896.0	767.3	1,208.8	Change in Working Capital	74.3	47.9	(106.6)
Shareholders Fund	1,209.5	981.3	1,612.4	Less: Tax Paid	(134.5)	(136.3)	(179.7)
Long Term Borrowings	0.0	0.0	0.0	Cash Flow from Operations	537.5	487.7	562.4
Deferred Tax Assets / Liabilities	(7.8)	(11.3)	(21.7)	Net Capital Expenditure	(62.5)	(96.9)	(62.8)
Other Long Term Liabilities	30.8	28.7	38.8	Change in Investments	49.4	66.7	36.0
Long Term Trade Payables	0.0	0.0	0.0	Cash Flow from Investing	(13.1)	(30.1)	(26.8)
Long Term Provisions	18.9	22.3	30.2	Change in Borrowings	(92.4)	(16.7)	(3.3)
Total Liabilities	1,251.3	1,021.0	1,659.6	Less: Finance Cost	(21.6)	(25.2)	(20.3)
Net Block	630.9	607.5	581.9	Proceeds from Equity	0.0	0.0	0.0
Capital Work in Progress	18.5	36.6	31.1	Buyback of Shares	0.0	(85.0)	0.0
Intangible assets under development	0.0	0.0	0.0	Dividend Paid	(280.4)	(559.1)	(409.2)
- Non Current Investments	0.7	0.9	0.3	Cash flow from Financing	(394.4)	(685.9)	(432.8)
Long Term Loans & Advances	51.5	37.1	31.5	Net Cash Flow	130.0	(228.4)	102.8
Other Non Current Assets	258.2	258.3	837.0	Forex Effect	0.0	0.0	0.0
Net Current Assets	291.5	80.6	177.8	Opening Balance of Cash	281.5	411.5	183.1
Total Assets	1,251.3	1,021.0	1,659.6	Closing Balance of Cash	411.5	183.1	285.9

Source: Company Reports

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Corporate Office: I-Think Techno Campus, 8th Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608