GEPL

IPO Note

TENNECO CLEAN AIR INDIA LIMITED

Nov 12th, 2025

TENNECO

Tenneco Clean Air India Limited

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Details of the Issue	
Price Band	₹ 378 - ₹ 397
Issue Size	₹ 3,600 Cr
Face Value	₹ 10
Bid Lot	37
Listing on	BSE,NSE
Post Issue Mcap	₹ 16,023.09 Cr
Investment Range	₹ 13,896 - ₹ 14,689

Important Indicative Dates (2025)	
Opening	12 - Nov
Closing	14 - Nov
Basis of Allotment	17 - Nov
Refund Initiation	18 - Nov
Credit to Demat	18 - Nov
Listing Date	19 - Nov

Lead Manager
JM Financial Ltd
Citigroup Global Market India Pvt Ltd
Axis Capital Ltd
HSBC Securities and Capital Market (India) Pvt Ltd

Offer Details	
Offer Size	₹ 3,600 Cr
Fresh Issue	-
OFS	₹ 3,600 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	1,800	45.34	47.62	50
NII	540	13.60	14.29	15
Retail	1,260	31.74	33.33	35
Employ.	-	-	-	-
Total	3,600	90.68	95.24	100

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Company Profile

Tenneco Clean Air India Limited is a subsidiary of Tenneco Inc., a global leader in clean air and powertrain technologies for the automotive sector. The company operates under Tenneco's Clean Air division, specializing in emission control systems for light and commercial vehicles. In India, it provides advanced exhaust and after-treatment solutions—such as catalytic converters, diesel particulate filters (DPFs), mufflers, and exhaust pipes—enabling OEMs to meet stringent emission norms like Bharat Stage VI. With 12 manufacturing facilities across seven states and one union territory, including seven Clean Air & Powertrain Solutions units and five Advanced Ride Technology units, the company strategically supports major OEMs and Tier 1 suppliers. Its Clean Air & Powertrain Solutions division offers clean air and powertrain systems, while the Advanced Ride Technologies division designs and manufactures shock absorbers, struts, and advanced suspension systems. Backed by 145 R&D professionals, Tenneco Clean Air India focuses on sustainability, innovation, and regulatory compliance through robust engineering and product development capabilities.

GEPL's Insights & Investment Thesis:

- Tenneco Clean Air India Ltd is a market leader in providing high tech automotive components with 57% market share in clean air solutions for Commercial transport OEMs and 68% for Off-Highway OEMs.
- The company is leveraging its 5,000+ patents and 7,000+ active trademarks across the world to develop innovative products for the Indian OEMs. It presents a strong investment opportunity driven by its strategic localization, export expansion, and integration within the global Tenneco ecosystem
- Based on the FY25 earnings, relative to the company's post-IPO paid up capital, the issue is priced at a P/E ratio of 28.9x. We believe that the issue is fairly valued compared to its peers, leading market share in the clean air solutions business, healthy financial performance, and developing innovative products for Indian OEMs. Therefore, we recommend a **"Subscribe"** rating for the issue.

Business Highlights & Services

Tenneco Clean Air India Limited is a market leader in high-technology automotive components, offering clean air, powertrain, and suspension solutions to Indian OEMs and export markets. With dominant positions across key sub-segments in FY25 57% market share in Clean Air Solutions for Commercial Transport OEMs, 68% for Off-Highway OEMs (excluding tractors), 19% in Passenger Vehicles, and 52% in shock absorbers and struts the company's leadership is supported by long-standing partnerships with top Indian and global OEMs. Serving 119 customers in FY25, including all top PV and CT OEMs, Tenneco benefits from strong customer stickiness driven by technology-intensive products, stringent homologation norms, and high switching costs. As of June 30, 2025, it operated 427 active production programs across 50+ customers, backed by a diversified product portfolio spanning catalytic converters, DPFs, mufflers, engine bearings, spark plugs, and advanced suspension systems. Its balanced revenue mix from OEMs, aftermarket, and exports further enhances resilience, while global linkages within the Tenneco Group strengthen stability and long-term growth visibility. Tenneco Clean Air India Limited offers a strong investment case driven by global R&D strength, advanced manufacturing, and deep OEM integration. Leveraging Tenneco Group's 5,000+ patents and 7,500 trademarks, it localizes cutting-edge technologies through two world-class R&D centers in Pune and Hosur.

Its track record includes pioneering innovations such as the C-type exhaust system, BS6-compliant solutions, and India's first electronic suspension for Mahindra EVs. With 12 strategically located, automated facilities delivering 99%+ on-time performance and minimal defects, the company ensures superior quality and operational excellence. A localized supply chain, global sourcing synergies, and debt-free expansions funded through internal accruals reinforce financial resilience. Backed by strong customer partnerships, lean systems, and continuous innovation, Tenneco stands out as a technologically advanced, high-entry-barrier, and financially disciplined player in India's automotive ecosystem.

Tenneco Clean Air India Limited is well-positioned to capitalize on tightening emission regulations and the ongoing premiumization of the Indian automotive market. With India and other global markets moving toward stricter emission norms such as BS7, TREM V, CEV-V, CAFE, and CPCB IV+, the demand for advanced emission control technologies is set to rise significantly. The company's Clean Air Solutions division, backed by strong R&D and global technology access, is strategically aligned to benefit from this regulatory shift by providing modular, standardized, and future-ready emission control systems for PVs, CVs, and off-highway segments. Historically, such regulatory transitions have increased content per vehicle (CPV) due to the need for complex after-treatment systems and higher technology integration factors that directly drive Tenneco's growth.

Simultaneously, the trend toward premiumization, SUV dominance, and rising EV and hybrid adoption in India enhances demand for high-performance, technology-intensive components. Consumers' preference for advanced, safe, and comfortable vehicles, coupled with OEMs' focus on efficiency and emission reduction, creates opportunities for Tenneco's clean air, powertrain, and suspension solutions. The shift toward smaller, turbocharged engines and lightweight designs further supports the use of advanced materials and high-performance suspension systems, areas where Tenneco holds proven expertise. By leveraging its early engagement with OEMs, global technology partnerships, and India-specific customization capabilities, Tenneco is positioned to deliver superior time-to-market and deepen OEM relationships. The convergence of regulatory tailwinds, premiumization, and electrification trends places Tenneco at the forefront of India's automotive transformation, making it a structurally strong and future-ready investment opportunity.

Tenneco Clean Air India presents a strong investment opportunity driven by its strategic localization, export expansion, and integration within the global Tenneco ecosystem. The company's localization focus including valving technologies, advanced ride systems, IROX bearings, and ceramic spark plugs is expected to improve margins, reduce import dependency, and enhance cost competitiveness. These efforts not only align with India's Make in India initiative but also deepen customer relationships by improving responsiveness and matching target prices. The transition of Indian OEMs to Tenneco's advanced suspension and powertrain technologies positions the company to capture rising demand for comfort and efficiency in commercial and passenger vehicles. Additionally, India's emergence as a global export hub supports Tenneco's strategy to serve both group entities and third-party OEMs more cost-effectively, leveraging its high-quality, cost-efficient manufacturing base. With a growing export footprint across 18–22 countries, rising VAR contribution from exports, and opportunities for vertical integration and capacity transfer from global facilities, Tenneco is well-placed to achieve sustainable growth, margin expansion, and increased market share in India and abroad.

Tenneco Clean Air India Limited offers a compelling investment opportunity backed by strong R&D-led innovation, strategic diversification, and operational excellence. The company's focus on developing next-generation technologies—such as hydrogen engine exhaust systems, hybrid-ready powertrain components, and lightweight materials—positions it at the forefront of the automotive industry's low-carbon and premiumization transitions. Its proactive approach to emission compliance and fuel efficiency through products like IROX bearings, SCR systems, and thermal management solutions enhances its technological moat. By consolidating its Clean Air & Powertrain Solutions and Advanced Ride Technologies divisions, Tenneco unlocks strong cross-selling potential, leveraging long-term OEM relationships to capture new engine and suspension programs. The integration also drives cost synergies through shared suppliers, standardized processes, and a unified P3/OSE operating system that improves pricing leverage and efficiency. Continuous margin improvement, evidenced by a reduction in raw material costs from 70.37% in FY23 to 65.05% in FY25 and stable working capital metrics (Receivable Days <50, Payable Days ~100), reflects disciplined execution and financial prudence. With sustained innovation, cross-divisional synergies, and robust cost optimization, Tenneco is strategically positioned for profitable, technology-driven growth in both domestic and global automotive markets.

Revenue-mix based on division

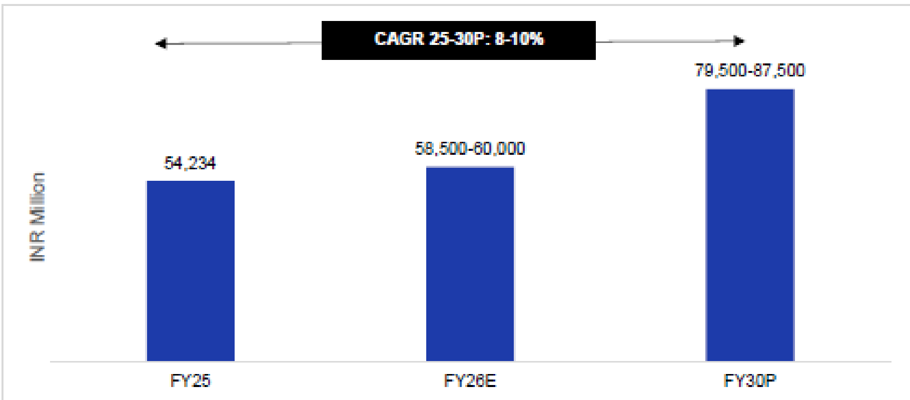
Particulars (in cr)	1Q FY26		FY25		FY24		FY23	
	Revenue	as a % of Revenue	Revenue	as a % of Revenue	Revenue	as a % of Revenue	Revenue	as a % of Revenue
Clean Air & Powertrain Solutions	724	56%	2,812	58%	3,603	66%	3,040	63%
Advanced Ride Technologies	562	44%	2,078	42%	1,865	34%	1,787	37%
Total	**1,286**	**100%**	**4,891**	**100%**	**5,468**	**100%**	**4,827**	**100%**

Revenue mix based on end market

Particular (INR in Cr)	Q1 FY26		FY25		FY24		FY23	
	Revenue	as a % of Revenue	Revenue	as a % of Revenue	Revenue	as a % of Revenue	Revenue	as a % of Revenue
Passenger Vehicles	808	63%	3123	64%	3463	63%	3093	64%
Commercial Vehicles	313	24%	1113	23%	1301	24%	1167	24%
Industrial & Other	74	6%	299	6%	357	7%	214	4%
Aftermarket (Motocare India Pvt Ltd)	64	5%	239	5%	258	5%	268	6%
Others	27	2%	117	2%	89	2%	86	2%
Total	**1286**	**100%**	**4890**	**100%**	**5468**	**100%**	**4827**	**100%**

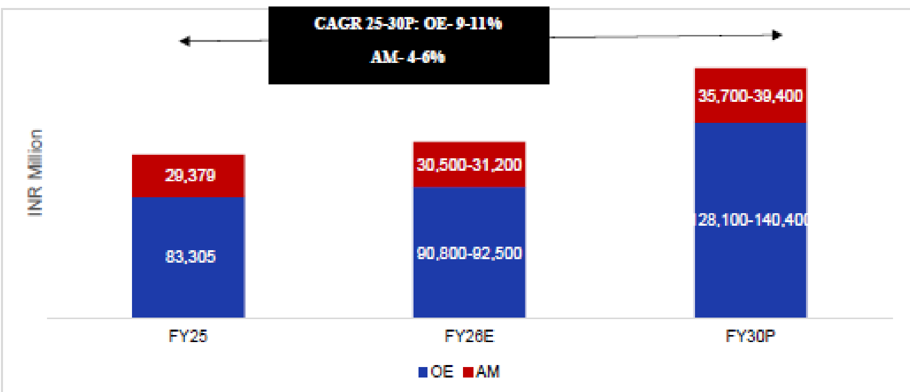
Industry Outlook

Clean air solutions market size (fiscals 2025-30P)



Note: E: Estimated, P: Projected
Source: CRISIL Intelligence
Please note: The catalytic converter considered above do not include the ceramic substrate or any catalyst elements. Tenneco only performs canning and packaging of the ceramic substrate and hence, it is not part of the current market size, or the Tenneco revenues considered for market positioning.

Domestic OE and AM suspension market (fiscals 2025-30P)



Source: Crisil Intelligence
Note: OE includes 2W, 3W, PV, and SCV; E: Estimated, P: Projected

Peers Comparisons

Name of the company	Face Value (₹)	Total Revenue (In Cr)	EPS	P/E (x)	NAV (In INR)	RoNW(%)
Tenneco Clean Air India Ltd	**10**	**4,890**	**13.68**	**NA**	**31.1**	**46.65**
Peers Group						
Bosch Ltd	10	18,087	683	57.39	4682	15.58
Timken India Ltd	10	3,148	59.48	49.22	378	17
SKF India Ltd	10	4,920	114.5	19.21	525	21.43
ZF Commerical Ltd	5	3,831	242.9	53.67	1694	15.35
Sharda Motor Industries Ltd	2	2,837	109.71	9.67	184	30.46
Gabriel India Ltd	1	4,063	17.05	75.92	82	22.42
UNO Minda Ltd	2	16,775	16.37	75.11	95	18.36
Sona BLW Precision Forgings	10	3,546	9.92	46.49	88	14.76

Company's Competitive Strength

- Market leading supplier of critical, highly engineered and technology intensive clean air, powertrain and suspension solutions to leading Indian and global OEMs.
- Strategically diversified portfolio of proprietary products and solutions well positioned to capture market and industry trends.
- Innovation-focused approach aided by the ability to leverage Tenneco Group's global R&D initiatives to cross-deploy global technologies for proprietary, modular and customized products at Indian price points.
- Flexible and automated manufacturing footprint of 12 strategically located plants well-supported by a localized supply chain.
- Strong financial performance supported by growth, profitability and efficient use of capital.
- Qualified and experienced board of directors and management team supported by skilled work force.

Key Strategies Implemented by Company

- 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 the operations in India as an export hub with global manufacturing standards.
- Continued focus on R&D and innovation.

Particular (INR in Cr)	Q1 FY26	FY25	FY24	FY23
Equity Capital	404	404	214	313
Reserves and Surplus	1,202	1,206	766	895
Net Worth	1,606	1,610	980	1,208
Revenue	1,286	4,890	5,468	4,827
Growth (%)		-11%	13%	
EBITDA	229	815	612	571
EBITDAM (%)	18%	17%	11%	12%
PAT	168	553	417	381
PATM (%)	13.1%	11.3%	7.6%	7.9%
ROE (%)	10.4%	42.7%	38.1%	32.9%
ROCE (%)	16.29%	56.78%	45.40%	33.51%

Notes

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