

IPO NOTE – TENNECO CLEAN AIR INDIA LIMITED

11th November 2025

Growth to be led by rising premiumization and stricter emission norms!!

Tenneco Clean Air India Ltd (Tenneco), a part of US- based global Tier 1 auto component supplier Tenneco Group, manufactures and supplies critical, highly engineered and technology intensive clean air, powertrain and suspension solutions. It offers a diversified range of customized and proprietary products and solutions for each industry sub segment across its 2 distinct business verticals 1) Clean Air & Powertrain Solutions and 2) Advanced Ride Technologies. Their customer base spans OEMs across segments and serves ~120 customers of which many of them have been associated with Tenneco for years. As on FY25, it had 12 mfg. plants across 7 states and 1 UT of which 7 pertains to Clean Air & Powertrain and 5 towards Advanced Ride Technology. The total installed capacity for Clean Air Solutions was ~2.58 mn units for “cold end” products, with a utilization rate of ~55%; and 1.87 mn units for “hot end” products, with a utilization rate of ~81%. For Advanced Ride Technologies, the annual installed capacity was ~20.68 mn units, with a utilization rate of ~83%.

Technology-driven product portfolio via its strong global parentage:-

Tenneco capitalizes on the Tenneco Group's extensive intellectual property portfolio, comprising over 5,000 active patents and 7,500 active trademarks worldwide as of June'25, to design and deliver innovation-driven products tailored for Indian OEMs. It operates 2 R&D technical centers in India, equipped to cater to specific local requirements. Tenneco's technical teams work closely with customers to co-create innovative, cost-efficient, and customized solutions, fostering strong customer loyalty and long-term partnerships, supported by the high switching costs typically associated with OEM relationships. It offers a diversified range of customized and proprietary products and solutions for each industry sub segment including exhaust aftertreatment systems such as catalytic converters, mufflers and exhaust pipes, engine bearings, sealing systems, spark plugs, shock absorbers and struts and advanced suspension systems. This has garnered Tenneco to enjoy a leadership position across its core product categories, backed by deep OEM integration and long-standing R&D relationships. It commands ~57% share in clean-air systems for CVs, ~68% in off-highway equipment and ~52% in shock absorbers and struts for PVs.

Strong relationships with OEMs and increasing premiumization to support growth:-

Tenneco's customer base spans OEMs of PVs, CVs, industrial equipment, 2W and 3W, serving ~120 customers, many of whom have been associated with Tenneco for years. Their top 10 customers have been with them for an average of 19+ yrs. They are an integral part of their customers' product development cycles, working closely with them from the design stage to create customized, technology-intensive products critical for vehicle's performance and emission controls. Their clientele includes Ashok Leyland, Bajaj Auto, Hyundai, Maruti Suzuki, M&M, etc. Tenneco can leverage this strong relationship with OEMs to tap in the industry shift towards premium and comfort-oriented vehicles. This offers Tenneco's Advanced Ride Technologies' division to design products that enhance ride comfort and overall vehicle performance, in line with the growing trends of premiumization and electric mobility. It remains committed to focus on innovating cutting-edge suspension technologies focused towards improving ride comfort, stability and handling such as semi-active & adaptive suspension systems with sensors and electronically controlled dampers. This offers Tenneco a strong growth opportunity as these technologies are introduced in newer premium models.

Key Risks:- 1) Cyclical Industry, 2) Client Concentration, 3) Regulatory dependence, 4) Rapid adoption of EVs will affect Clean Air business, 4) Dependence on parent company for R&D.

Financials & valuation:-

Tenneco benefits significantly from the ever-changing stringent emission norms and the rapid trend of premiumization, leveraging the capabilities and expertise of its parent and strong relationships with OEMs. Additionally, its strong net-debt free Balance Sheet, robust cash flows, improving EBITDA margins, focus towards a premium products portfolio and localization efforts, should assist Tenneco in maintaining a strong growth trajectory for the next few years. At the upper price band, Tenneco is available at a reasonable valuation of ~29x and ~19x its FY25 P/E and EV/EBITDA multiple. We have a **SUBSCRIBE** for long term recommendation to this issue.

Rating		SUBSCRIBE
Issue Details		
Issue Opens		12-Nov-25
Issue Closes		14-Nov-25
Face Value (₹)		10
Price Band (₹)		378-397
Bid Lot		37 shares
Issue Size (₹ Cr)		3,600
Market cap at upper price band (₹ Cr)		16,023
Listing		NSE/BSE
BRLMs	JM Financial, Citigroup Global, Axis Capital, HSBC Securities	
Registrar	MUFG Intime Pvt Ltd.	
Shareholding Pattern (%)		
	Pre-Issue	Post Issue
Promoters	97.00	75.00
Public	3.00	25.00
Total	100	100
Issue Structure (In Cr no. of shares)		
Issue size		3,600
OFS		3,600
Break-up of net issue to public (%):		
QIB portion		50.0
Non-Institutional portion		15.0
Retail Portion		35.0

Analyst Details

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Key Financials (₹ Cr)	Mar-23	Mar-24	Mar-25
Total Income	4,827	5,468	4,890
Adj. EBITDA	571	612	815
Adj. EBITDA Margin (%)	11.8	11.2	16.7
PAT	381	417	552
PAT Margin (%)	7.9	7.6	11.3
Net Worth	1,379	1,116	1,255

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