

IPO Note: Tenneco Clean Air India Ltd.

Industry: Auto Ancillaries

Date: November 11, 2025

Issue Snapshot	
Company Name	Tenneco Clean Air India Ltd.
Issue Opens	November 12, 2025 to November 14, 2025
Price Band	Rs. 378 – Rs. 397
Bid Lot	37 Equity Shares and in multiples thereof.
The Offer	Public issue of 9,06,80,101 Equity shares of face value Rs. 10 each, (Comprising of Offer for Sale by Selling Shareholder).
Issue Size	Rs. 3,600 Crores
IPO Process	100% Book Building
Face Value	Rs. 10.00
Exchanges	NSE & BSE
BRLM	JM Financial Ltd., Citigroup Global Markets India Pvt. Ltd., Axis Capital Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd.
Registrar	MUFG Intime India Pvt. Ltd.

Issue Break up		
QIB ex Anchor	20%	1,81,36,020
Anchor Investor	30%	2,72,04,030
HNI<Rs. 10 Lakhs	5%	45,34,005
HNI>Rs. 10 Lakhs	10%	90,68,010
RII	35%	3,17,38,035
Total Public	100%	9,06,80,101
Equity Share Pre Issue (Nos. Cr.)		40.4
OFS Share (Nos. Cr.)		9.1
Equity Share Post Issue (Nos. Cr.)		40.4
Market Cap (Rs. Cr.)		16,023.1
Stake Sale by OFS		22.5%

Objects of the Offer

Offer for Sale

The Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders. (By Tenneco Mauritius Holdings Ltd.)

Company Highlights

- Tenneco Clean Air India Ltd. (TCAIL) is a part of the Tenneco Group, a U.S. headquartered key global Tier I automotive component supplier. Its first manufacturing plant in India was established in 1979 at Parwanoo. The company manufactures and supplies critical, highly engineered and technology intensive clean air, powertrain and suspension solutions tailored for Indian OEMs and export markets. Its customer base spans across OEMs who use TCAIL's products in: (i) passenger vehicles (PVs), (ii) commercial vehicles (CVs), which comprises commercial trucks (CTs) and off-highway vehicles (OHs), and (iii) industrial and other applications, which comprises generator sets, small commercial vehicles with gross vehicle weight of less than 3.5 tons, two wheelers and three wheelers (Industrial/Others).
- It also sells to the aftermarket primarily through Motocare India Private Limited (Motocare), a subsidiary of Tenneco LLC and the Group Company. It is well-positioned in each of its product offerings. TCAIL is the largest supplier of Clean Air Solutions to Indian CT OEMs, with a market share of 57%; it is the largest supplier of Clean Air Solutions to Indian OH OEMs (excluding tractors), with a market share of 68%; it is also among the top four suppliers of Clean Air Solutions to Indian PV OEMs, with a market share of 19%; and the company is the largest supplier of shock absorbers and struts to Indian PV OEMs, with a market share of 52% (each in terms of value (revenue) in FY25).
- The company benefits from: (i) its long-standing partnerships with the top Indian OEMs as identified in the CRISIL Report across end markets, (ii) ability to leverage Tenneco Group's global R&D for proprietary, modular and bespoke solutions, (iii) ability to engineer end-to-end solutions in India, (iv) ability to leverage an efficient, flexible and quality focused manufacturing model in India, and (v) manufacturing capacity with shared and reusable assets across facilities and regions.

- As of June 30, 2025, it had 12 manufacturing facilities, comprising seven Clean Air & Powertrain Solutions facilities and five Advanced Ride Technology facilities, across seven states and one union territory in India. In Q1FY26 and FY25, TCAIL served 101 and 119 customers, respectively, including all top seven PV OEMs in India and all top five CT OEMs in India (ranking of OEMs determined based on sales volume in FY25). It operates two R&D technical centers in India equipped to address both global and local customer needs.
- Its customers include global and well-known names such as Ashok Leyland Limited, Bajaj Auto Limited, Cummins India Limited, Daimler India Commercial Vehicle, Honda Motorcycle and Scooter India Private Limited, Hyundai Motor India Limited, John Deere India Private Limited, Kirloskar Oil Engines Limited, Mahindra & Mahindra Limited, Maruti Suzuki India Limited, Renault Nissan Automotive India Private Limited, Royal Enfield, Skoda Auto Volkswagen India Private Limited, Tata Motors Limited, Toyota Kirloskar Motor Private Limited, Vinfast Trading and Production Joint Stock Company, and VE Commercial Vehicles Limited. The company enjoys customer stickiness with long-standing relationships, as demonstrated by its top 10 customers having been with it for an average of 19.2 years, as of June 30, 2025. Top 10 customers contribute around 80% in its total revenues.
- In addition to OEM sales, the company derives revenue from the aftermarket and exports, both of which are counter-cyclical revenue streams that mitigate automotive industry downturns. It exports to 18 countries including the U.S., Germany, Japan, and South Korea, with exports contributing 6.5% of VAR in FY25.

View

- Tenneco India is a market leader in clean-air and ride-performance systems, poised to benefit from tightening emission regulations, rising vehicle premiumization, and localization tailwinds in India's automotive sector.
- Its Clean Air Solutions division is strategically positioned to capture growth from upcoming BS-VII, TREM-V, and CPCB-IV+ norms, which increase content-per-vehicle and drive higher demand for after-treatment systems. The company's leadership across PV, CV, and off-highway segments, coupled with long-standing OEM partnerships, ensures strong visibility and recurring business.
- The Advanced Ride Technologies business is aligned with the structural shift toward SUVs, EVs, and hybrids. Products such as semi-active suspension and hydraulic rebound systems are driving premiumization-led margin expansion, supported by strong customer adoption.
- Localization remains a key lever of profitability. With 91% domestic sourcing, and ongoing indigenization of IROX bearings and ceramic spark-plug components, margins are expected to improve by 100–150 bps while enhancing wallet share with OEMs.
- The company's aftermarket business contributes to revenue stability, serving both passenger and commercial vehicles through a broad product range and distribution network. This segment, along with exports, acts as a counter-cyclical buffer against OEM fluctuations, enhancing overall earnings resilience and margin stability across market cycles.
- Tenneco India is also emerging as a global export hub within the group. Exports, forming 6.5% of FY2025 VAR, are expected to rise as additional manufacturing lines for clean-air and bearing systems shift to India, leveraging its cost-competitive base and quality standards.
- The company's R&D focus on hydrogen-compatible exhausts, thermal-management technologies, and lightweight materials positions it well for the transition to low-emission and hybrid-ready mobility. With a net-debt-free balance sheet, ROCE of 57%, and strong free cash flow, Tenneco India is well-placed to sustain profitable growth driven by regulatory tailwinds, operational excellence, and India's emergence as a global manufacturing hub.
- In terms of the valuations, on the higher price band, Tenneco India demands P/E multiple of 23.8x based on annualized Q1FY26 EPS.

Revenue from Operations

	FY23		FY24		FY25		Q1FY25		Q1FY26	
	Revenue (Rs. Cr.)	% of Revenue	Revenue (Rs. Cr.)	% of Revenue	Revenue (Rs. Cr.)	% of Revenue	Revenue (Rs. Cr.)	% of Revenue	Revenue (Rs. Cr.)	% of Revenue

Business Division-wise

Clean Air & Powertrain Solutions	3,040.4	63.0%	3,603.1	65.9%	2,812.3	57.5%	770.1	60.6%	723.5	56.3%
Advanced Ride Technologies	1,787.0	37.0%	1,864.5	34.1%	2,078.2	42.5%	500.7	39.4%	562.1	43.7%
Total Revenue from operations	4,827.4	100.0%	5,467.6	100.0%	4,890.4	100.0%	1,270.8	100.0%	1,285.6	100.0%

End Market-wise

PV	3,092.6	64.1%	3,463.2	63.3%	3,123.4	63.9%	809.5	63.7%	807.5	62.8%
CV	1,167.4	24.2%	1,301.1	23.8%	1,113.2	22.8%	294.8	23.2%	312.8	24.3%
Industrial/Others	214.2	4.4%	356.8	6.5%	298.8	6.1%	82.4	6.5%	74.0	5.8%
Aftermarket	267.6	5.5%	258.1	4.7%	238.5	4.9%	58.8	4.6%	64.1	5.0%
Other Operating Income	85.5	1.8%	88.5	1.6%	116.6	2.4%	25.3	2.0%	27.2	2.1%
Total Revenue from operations	4,827.4	100.0%	5,467.6	100.0%	4,890.4	100.0%	1,270.8	100.0%	1,285.6	100.0%

From Top Customers

Revenue from top five customers	2,953.3	61.2%	3,677.1	67.3%	3,045.3	62.3%	825.0	64.9%	798.4	62.1%
Revenue from top ten customers	3,755.4	77.8%	4,588.4	83.9%	3,987.5	81.5%	1,046.1	82.3%	1,035.8	80.6%

Key Performance Indicator

	FY23	FY24	FY25	Q1FY25	Q1FY26
Value added Revenue (in Cr)	3902.0	4268.6	4380.1	1084.9	1166.5
Value added Revenue (%)	-	9.4%	2.6%	-	7.5%
EBITDA (in Cr)	570.6	612.1	815.2	212.9	228.9
EBITDA Growth (%)	-	7.3%	33.2%	-	7.5%
EBITDA Margin (%) (Basis Revenue from Operations)	11.8%	11.2%	16.7%	16.8%	17.8%
EBITDA Margin (%) (Basis VAR)	14.6%	14.3%	18.6%	19.6%	19.6%
PAT (in Cr)	381.0	416.8	553.1	150.3	168.1
PAT Growth (%)	-	9.4%	32.7%	-	11.8%
PAT Margin (%) (Basis Revenue from Operations)	7.9%	7.6%	11.3%	11.8%	13.1%
PAT Margin (%) (Basis VAR)	9.8%	9.8%	12.6%	13.9%	14.4%
Adjusted PAT	336.3	364.2	522.2	138.9	145.3
Adjusted PAT Margin (%) (Basis Revenue from Operations)	7.0%	6.7%	10.7%	10.9%	11.3%
Adjusted PAT Margin (%) (Basis VAR)	8.6%	8.5%	11.9%	12.8%	12.5%
ROCE	33.5%	45.4%	56.8%	16.6%	16.3%
FCF / EBITDA	83.1%	63.8%	61.0%	54.8%	114.2%
Cash Conversion Cycle	-10	-18	-24	-21	-23
ROE	32.9%	38.1%	45.7%	15.1%	10.4%
Adjusted ROE	29.0%	33.3%	49.7%	14.0%	10.7%
Net Debt (Rs. Cr.)	-380.2	-168.0	-266.2	-168.4	-347.6
Net Debt to Equity Ratio	-0.31	-0.17	-0.17	-0.17	-0.22
Net Debt to EBITDA Ratio	-0.67	-0.27	-0.33	-0.79	-1.52
Fixed Assets Turnover Ratio	7.76	9.07	8.37	2.12	2.31
Net Working Capital	291.5	80.6	177.8	92.3	155.1
Net Working Capital Days	22	5	13	7	11

R&D and Royalty Expenses

(Rs. Cr.)	FY23	FY24	FY25	Q1FY25	Q1FY26
R&D expenses	9.3	11.3	6.7	2.3	2.3
Royalty expenses	111.9	257.5	110.3	28.5	28.0
Total R&D expenses and royalty expenses	121.3	268.8	117.0	30.8	30.4
R&D and Royalty expenses as a % of revenue from operations	2.5%	4.9%	2.4%	2.4%	2.4%

Royalty Expenses

(Rs. Cr.)	FY23	FY24	FY25	Q1FY25	Q1FY26
Tenneco Automotive Operating Company LLC	88.9	237.4	100.3	26.0	25.4
Tenneco GmbH, Germany	15.8	10.1	-	-	-
Federal-Mogul Powertrain LLC	7.2	10.0	10.0	2.4	2.7
Total (Rs. Cr)	111.9	257.5	110.3	28.5	28.0
Royalty expenses as a % of revenue from operations	2.3%	4.7%	2.3%	2.2%	2.2%

Manufacturing Facilities

		FY24			FY25			Q1FY26		
		Installed (Units)	Actual (Units)	Utilization (%)	Installed (Units)	Actual (Units)	Utilization (%)	Installed (Units)	Actual (Units)	Utilization (%)
Clean Air & Powertrain Solutions										
Chakan I	Cold Ends	1,536.2	1,295.2	84.3%	1,513.5	953.9	63.0%	428.8	223.4	52.1%
	Hot Ends	1,240.8	1,080.6	87.1%	1,254.4	1,154.5	92.0%	340.3	292.7	86.0%
Chakan II	Hot Ends	-	-	-	259.1	162.6	62.8%	64.8	47.0	72.6%
Chennai	Cold Ends	995.4	425.5	42.8%	1,063.5	458.5	43.1%	266.0	98.8	37.1%
	Hot Ends	109.1	76.5	70.1%	139.5	57.9	41.5%	35.3	18.6	52.7%
Pithampur	Hot Ends	186.4	130.2	69.9%	215.4	130.4	60.5%	54.0	36.0	66.7%
Total	Cold Ends	2,531.6	1,720.7	68.0%	2,577.0	1,412.5	54.8%	694.8	322.1	46.4%
	Hot Ends	1,536.2	1,287.3	83.8%	1,868.5	1,505.4	80.6%	494.3	394.3	79.8%
Bhiwadi	Spark plugs	51,000.0	46,743.8	91.7%	51,000.0	48,958.9	96.0%	12,750.0	12,482.0	97.9%
Parwanoo	Bearings	41,656.0	35,596.0	85.5%	42,892.0	34,646.0	80.8%	10,723.0	8,940.9	83.4%
	Bushings	13,168.0	8,604.0	65.3%	13,168.0	8,517.0	64.7%	3,317.0	2,013.0	60.7%
	Thrust washers	3,476.0	2,686.0	77.3%	3,476.0	3,063.0	88.1%	869.0	933.1	107.4%
	Flanges	812.0	227.0	28.0%	812.0	310.0	38.2%	203.0	64.1	31.6%
Chakan Sealings	MLS	749.0	653.0	87.2%	909.0	731.7	80.5%	234.0	214.7	91.7%
	Non-MLS	19,227.0	13,807.0	71.8%	19,712.0	12,670.0	64.3%	4,928.0	3,253.8	66.0%
	Heat shields	1,270.0	1,039.0	81.8%	11,98.00	1,113.0	92.9%	405.9	345.0	85.0%
Advanced Ride Technologies										
Hosur	Struts and shock absorbers	8,080.0	6,696.0	82.9%	8,080.0	7,140.9	88.4%	2,020.0	1,918.2	95.0%
Bawal	Struts and shock absorbers	8,277.1	6,636.2	80.2%	8,277.1	6,913.3	83.5%	2,069.3	1,679.2	81.2%
Sanand	Struts and shock absorbers	4,320.0	2,708.7	62.7%	4,320.0	3,107.1	71.9%	1,080.0	856.3	79.3%
Total	Struts and shock absorbers	20,677.1	16,040.8	77.6%	20,677.1	17,161.3	83.0%	5,169.3	4,453.7	86.2%
Chakan ART	Modular assembly of the shock absorber and struts	2,755.0	1,885.0	68.4%	2,755.0	2,343.9	85.1%	688.8	559.2	81.2%
Puducherry	Sintered parts	53,400.0	53,400.0	100.0%	58,800.0	58,609.0	99.7%	15,700.0	14,266.4	90.9%

Financial Statement

(In Rs. Cr)	FY23	FY24	FY25	Q1FY25	Q1FY26
Share Capital	313.4	214.1	403.6	214.1	403.6
Net Worth	1209.5	981.3	1612.4	1007.4	1607.9
Long Term Borrowings	0.0	0.0	0.0	0.0	0.0
Other Long Term Liabilities	50.1	52.0	69.1	46.0	74.3
Short-term borrowings	14.0	0.0	0.0	0.0	0.0
Other Current Liabilities	1156.1	1102.9	1150.2	1042.1	1236.6
Fixed Assets	649.3	644.2	612.9	638.0	599.3
Non Current Assets	968.0	308.5	890.7	323.0	70.8
Current Assets	1461.6	1183.6	1328.0	1134.4	2248.7
Total Assets	2429.6	2136.3	2831.6	2095.4	2918.8
Revenue from Operations	4827.4	5467.6	4890.4	1270.8	1285.6
Revenue Growth (%)		13.3	(10.6)		1.2
EBITDA	570.6	612.1	815.2	212.9	228.9
EBITDA Margin (%)	11.8	11.2	16.7	16.8	17.8
Net Profit	381.0	416.8	553.1	150.3	168.1
Net Profit Margin (%)	7.9	7.6	11.3	11.8	13.1
Earnings Per Share (Rs.)	7.6	8.9	13.7	3.7	4.2
Return on Networth (%)	28.8	33.4	46.7	13.3	13.4
Net Asset Value per Share (Rs.)	27.4	27.7	31.1	28.3	31.0

Source: RHP, Ashika Research

Cash Flow Statement

(In Rs. Cr)	FY23	FY24	FY25	Q1FY25	Q1FY26
Cash flow from Operations Activities	537.5	487.7	562.4	130.4	265.7
Cash flow from Investing Activities	(13.1)	(30.1)	(26.8)	1.6	(0.3)
Cash flow from Financing Activities	(394.4)	(685.9)	(432.8)	(130.8)	(180.5)
Net increase/(decrease) in cash and cash equivalents	130.0	(228.4)	102.8	1.1	84.9
Cash and cash equivalents at the beginning of the year	281.5	411.5	183.1	183.1	285.9
Cash and cash equivalents at the end of the year	411.5	183.1	285.9	184.2	370.8

Source: RHP

Comparison with Listed Industry Peers

Co Name	Net Sales (Rs. Cr.)	OPM (%)	D/E (x)	ROCE (%)	RONW (%)	P/E (x)	P/BV (x)	EV/EBIDTA (x)	MCap/Sales (x)	Market Cap (Rs. Cr.)
Tenneco Clean Air India Ltd.	4890.4	16.7	0.0	48.5	34.3	23.8	9.9	17.1	3.1	16023.1
Bosch Ltd.	18087.4	17.3	0.0	21.3	15.6	41.2	7.4	32.6	5.9	109889.8
SRF Ltd.	14693.1	19.1	0.4	12.4	10.4	53.2	6.5	27.3	5.8	86040.3
UNO Minda Ltd.	16774.6	11.3	0.4	20.3	19.3	69.6	12.2	37.0	4.2	76093.3
Sona BLW Precision Forgings Ltd.	3554.5	31.0	0.0	19.7	14.8	49.3	5.3	26.8	8.1	30181.4
ZF Commercial Vehicle Control Systems India Ltd.	3831.0	19.0	0.0	20.5	15.3	49.8	7.0	29.2	6.2	24040.2
Timken India Ltd.	3147.8	20.4	0.0	21.1	17.0	50.0	8.2	35.0	7.1	22744.3
Gabriel India Ltd.	4063.4	10.1	0.0	29.9	22.4	73.0	14.6	42.5	4.3	18209.0
Sharda Motor Industries Ltd.	2836.6	16.9	0.0	41.0	30.5	19.0	5.5	12.8	2.2	6424.2

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