

Quote by Shravan Shetty, Managing Director, Primus Partners

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Tenneco Clean Air India falls 3% after listing at 27% premium to IPO price: Here's what analysts say



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Analysts advised investors to book some profits at the listing premium, while holding the rest for the long-term.

The shares of Tenneco Clean Air India erased all intraday gains to close in the red by the end of its debut day on November 19. Analysts have advised which strategy investors should take for the newly-listed stock.

The shares of the company listed at Rs 505 apiece on NSE on Wednesday, marking a premium of more than 27 percent from the IPO price of Rs 397 apiece. After hitting a low of Rs 480.10 apiece, the stock recovered more than 7 percent to hit a day's high at Rs 517 apiece.

The stock then gave up all gains, falling nearly 3 percent from listing price to close at Rs 490 apiece. The newly-listed stock is still 23.43 percent higher than its IPO price. Its market capitalisation currently stands at Rs 19,777 crore.

Here's what analysts say:

The strong opening was supported by investor confidence in the company's global backing, advanced clean-air and emission-control technology, and long-standing relationships with major automobile OEMs, said Shivani Nyati, Head of Wealth at Swastika Investmart, adding that the company's diversified product range and alignment with tightening emission norms further strengthened sentiment.

'Allottees may consider booking partial gains and holding the rest'

Nyati however advised caution despite the upbeat debut due to the auto sector's cyclicality, dependence on OEM volumes, and raw-material-linked margin pressures. "The IPO attracted solid institutional interest, driven by expectations of steady demand for emission-control systems and operational gains as scale improves. Allottees may consider booking partial gains and holding the rest with a stop-loss near Rs 480 apiece," she said.

Siddharth Maurya, Founder & Managing Director at Vibhavangal Anukulakara said that the strong market

debut in a choppy market is not luck – it is a signal that the market is hungry for profitable, tech-intensive manufacturing stories.

'Challenge now is proving that it can grow without overstretching balance sheet'

"Tenneco has a strong ROCE profile and deep OEM relationships, giving it a head start. If the company maintains order book visibility and executes cleanly on emission-related product demand, then there is room for long-term value creation. The challenge now is proving that this business can grow without overstretching the balance sheet," Maurya said.

"The company's strong leadership in clean air and advanced automotive components, rising demand for SUVs and premium vehicles, a strategically diversified product portfolio, long-standing partnerships with OEMs, and access to global R&D put it in a good position to capitalize on both domestic growth and export opportunities," said Ravi Singh, Chief Research Officer from Master Capital Services.

'Non-allotted investors should wait for dip':

Singh advised investors who have received allotments to book partial profit at listing premium, and keep the rest for long-term. On the other hand, those who did not get shares in IPO may wait for dip, according to the analyst.

"Tenneco is working in the electrification and clean air space for auto components, which is expected to see strong demand as adoption of both technologies increases.

Given its strong parent backing and scope to increase export market, in addition to its dominant position in Indian markets, it should be able to deliver better returns and hence command a higher P/e multiple," said Shravan Shetty, Managing Director, Primus Partners.