TENNECO CLEAN AIR INDIA LIMITED
(formerly known as Tenneco Clean Air India Private Limited)
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Date: June 9, 2026

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051
Scrip Symbol: TENNIND

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400001
Scrip Code: 544612

Sub: Transcript of the Earnings Conference Call for Analysts and Investors held on Wednesday, June 3, 2026

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our intimation letter dated May 31, 2026, we hereby submit the transcript of the Earnings Conference Call for Analysts and Investors held on Wednesday, June 3, 2026 at 04:00 PM (IST) post declaration of results for the quarter and financial year ended March 31, 2026.

Further, the transcript is also being made available on the Company's website at: https://tennecoindia.com/investor-relations/.

You are requested to kindly take the same on record.

Sincerely,
For **Tenneco Clean Air India Limited**
(Formerly known as Tenneco Clean Air India Private Limited)

ROOPALI SINGH
Digitally signed by ROOPALI SINGH
Date: 2026.06.09 21:10:51 +05'30'

Roopali Singh
Company Secretary and Compliance Officer
Membership No: A15006

Place: Gurugram

Encl: As above

"Tenneco Clean Air India Limited

Q4 & FY26 Earnings Conference Call"

June 03, 2026

MANAGEMENT: **MR. ARVIND CHANDRASEKHARAN – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – TENNECO CLEAN AIR INDIA LIMITED**
MR. MAHENDER CHHABRA – CHIEF FINANCIAL OFFICER – TENNECO CLEAN AIR INDIA LIMITED
MR. HIMANSHU SHARMA – HEAD, INVESTOR RELATIONS – TENNECO CLEAN AIR INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY26 Earnings Conference Call of Tenneco Clean Air India Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Himanshu Sharma, Head Investor Relations of Tenneco Clean Air India Limited. Thank you, and over to you, sir.

Himanshu Sharma: Thank you, Aldrich. Good evening, ladies and gentlemen, and a warm welcome. Today we have with us Mr. Arvind Chandrasekharan, Whole-Time Director and CEO, and Mr. Mahender Chhabra, Chief Financial Officer. A detailed presentation on the business and financial performance is available on company's website and on the website of the stock exchanges.

We will begin with Mr. Chandra providing a business update, followed by Mr. Chhabra covering the financial results. We expect the update to take around 15 minutes, after which we will open the floor for Q&A session of about 45 minutes. Before we proceed, I would like to draw your attention to the cautionary statements included in the presentation. With that, I now hand over to Arvind.

Arvind Chandrasekharan: Thank you, Himanshu. Good evening, everyone, and thank you for joining us for the Tenneco Clean Air India's Q4 and FY 2026 Earnings Call. I am very delighted to share that we have had the best ever year on a full year basis for our company.

I'm very happy to report that in this year, we doubled our value added revenue growth rate versus the prior three years, registered the highest ever EBITDA margin for our company, best ever ROCE, strong order booking, ending the year with a very strong balance sheet and zero debt.

As we reflect on the past year, our record stock market listing this past November, we have once again revalidated the strength of the operating model we've been building over the last several years. A model that is resilient, diversified, and execution-led. The performance in the quarter and the full year under review demonstrates that this approach continues to deliver consistent growth and strong profitability even in a volatile operating environment.

For the full year, we delivered value added revenue growth of 12.3% year-over-year to INR49,180 million, supported by sustained traction across both business segments. EBITDA grew by 13.5% year-over-year to INR9,255 million.

Importantly, we achieved our highest ever EBITDA margin of 18.8%, expanding by 21 points over the last year. This margin progression from 14.3% in FY24 to 18.8% in FY26 reflects the cumulative benefits of our P3 operating model, driven operational discipline, improved costs absorption and timely commercial actions.

Turning to Q4, this quarter was particularly strong across all key metrics despite elevated geopolitical cost pressures. Value added revenues grew 17.5% year-over-year to INR14,058 million, while EBITDA increased 17.6% to INR2,573 million with EBITDA margin at 18.3%.

Profit after tax came in at INR1,668 million, up 18.8% year-over-year, with PAT margin at 11.9% reflecting continued operating leverage.

Now, beyond financial performance, I would like to highlight a few strategic and commercial developments that are central to our long-term growth story. Our focus on customer-centric execution and quality excellence continues to be recognized. In our Advanced Ride Technologies business, we were honoured to receive in this quarter the zero defect supplier award from Toyota, reinforcing our position as a trusted high-quality partner to global OEMs.

A defining highlight this year was the strong validation of our technology leadership through the adoption of DCx DaVinci, a first in the world advanced mechanical suspension system using shim stacks. This was taken up by a leading Indian OEM for a next generation flagship SUV platform, and I am delighted to share that the scope of this is being further expanded with multiple new DCx applications across other OEMs also.

Our patented DCx reflects our commitment to India, bringing global suspension expertise tuned for local road conditions through a purely mechanical architecture that avoids the cost and complexity of software or electronics-heavy systems. This combination of performance, affordability, and speed to market positions DaVinci DCx as a market-ready solution for all mid-to-premium passenger vehicle segments, including SUVs.

It is a total game changer and disruptive to the conventional mechanical dampers which still dominate over 90% of passenger vehicles in India as OEMs are increasingly pushing ride quality as their top market differentiator. Similarly, when it comes to the high-end premium PV segment, we continue to play a key leadership role with electronics-enabled semi-active suspension technologies.

Now, coming to Clean Air and Powertrain business, we won in Q4 a significant Clean Air program and achieved a strategic entry into the bearings systems business with a leading Japanese passenger vehicle OEM, marking entry into a previously untapped segment.

This year's big announcement earlier in Q2 was a big breakthrough win for our Clean Air business with a leading Japanese passenger vehicle OEM in India, marking entry into a previously untapped Clean Air segment at this customer.

This has opened our growth significantly in future years due to the significant market share that this particular OEM commands in India. Now, another strategic program was booked with a leading European commercial vehicle OEM in Q3 for a Clean Air aftertreatment solution tailored to customer specific cost and performance requirements.

Finally, just recently in Q4, the company completed a strategic proof-of-concept with a leading European truck OEM for a Euro 7 compliant Clean Air solution, thereby strengthening capabilities in advanced emissions technologies and readiness for future legislations and to further India as an export hub for the world. All of these developments underscore our ability to deepen customer relationships and unlock growth opportunities through technology differentiation.

Now, turning to order book, the momentum remains strong. As of March 31, 2026, our lifetime order book stands at INR124,000 million after accounting for net additions and programs that commenced production this year. This provides 100% visibility of our FY 2028 internal revenue target and underpins a double-digit growth trajectory over the medium term.

Export order book has also been strengthened and will continue to grow as we add more techno-commercial talent in the regions this year. Now, to support the order book and growth forecast, we are making disciplined capacity investments.

Alongside our previously announced Clean Air facility in North India in Q3 FY26, we are now setting up a new greenfield Advanced Ride Technologies plant in West India. Together, these projects represent an announced capex of approximately INR1,400 million, ensuring we are well-positioned to meet future demand while maintaining operational efficiency.

Before I conclude, I would like to briefly reflect on our IPO journey. Our issue was oversubscribed 61.8x, with qualified institutional buyers subscribing 174.8x their allocation. Since the listing, our stock has delivered returns that outperform both the BSE Sensex and the BSE Auto index.

Our IPO marks a significant milestone in the evolution of Tenneco Clean Air India Limited. It reflects years of focused execution, disciplined growth, and teamwork across the organization and the confidence our parent company and investors continue to play in Tenneco India's manufacturing capability, engineering depth, and long-term growth opportunity.

This achievement belongs to many people. To our tenacious teams across our plants, engineering centers and offices in the 12 locations who live the Tenneco Way culture every day; to our fantastic global leadership at Tenneco for backing this journey with conviction; and to you all, our dear investors, who chose to place your trust in us.

As a listed company, we continue to strengthen governance disciplines that support long-term performance and stakeholder trust. Our Board and committees have provided oversight across strategy, risk, compliance, internal controls, and operational performance. As we look ahead to FY27, we remain focused on building on this foundation.

With a strong order book, expanding capacity, and a disciplined operating framework, we are well-positioned to sustain profitable growth while continuing to create long-term value. With that said, I will now hand over to our Chief Financial Officer, Mahender Chhabra, to take you through the detailed financial performance. Thank you.

Mahender Chhabra: Thank you, Arvind, and good evening everyone. Let me briefly take you through our financial performance for Q4 and also for the full year FY26. As you know, we track our performance using value added revenue, or VAR, as it excludes pass-through substrate costs and provides the most accurate view of our underlying operating performance and margins.

Let me start with Q4 FY26 first. We delivered a strong and well-rounded performance with growth across the business divisions. Revenue from operations grew 17.1% year-on-year to

INR15,524 million, while VAR increased 17.5% to INR14,058 million, supported by higher volumes and ramp-up of new programs.

At a business unit level, Clean Air and Powertrain Solutions grew 9.9% to INR6,905 million, while Advanced Ride Technologies continued its strong momentum, growing 26% to INR7,153 million. From a profitability standpoint, EBITDA increased 17.6% year-on-year to INR2,573 million with margins remaining stable at 18.3% of VAR, and this was despite the cost pressures arising from the geopolitical developments.

These pressures were effectively mitigated through timely commercial actions and ongoing operational efficiencies reflecting the discipline embedded in our operating model. Profit after tax grew 18.8% to INR1,668 million with margins improving to 11.9%, supported by operating leverage and higher other income.

Coming to the full year 2026, it reflects consistent growth alongside record profitability. Revenue from operations grew 10.5% to INR54,040 million whereas VAR increased 12.3% to INR49,180 million. This was driven by volumes and the new program wins. At the segment level, Clean Air and Powertrain Solutions delivered INR24,296 million, growing 5.5%, while Advanced Ride Technologies delivered INR24,885 million, growing a strong 19.7% year-on-year continuing to outpace the broader market.

Importantly, EBITDA grew 13.5% to INR9,255 million with margins expanding to 18.8% of VAR, marking our highest ever full year EBITDA margin. This improvement has been driven by P3 led operational efficiencies, better fixed cost absorption and disciplined commercial recoveries. Over the past several years, we have focused on building a more resilient, efficient and scalable organization by embedding Tenneco's global P3 operating framework, People, Performance and Pride.

This standardized operating system defines how we run our plants and distribution centres globally, driving consistent execution, operational discipline, and adoption of industry best practices. By actively leveraging the P3 framework, the business is driving continuous improvement across safety, quality, delivery and cost while maintaining facilities that meet the highest global benchmarks. This disciplined approach underpins our ability to deliver best-in-class operating and financial performance and positions us well for sustainable long-term value creation.

Profit after tax for the year stood at INR6,044 million, up 9.3% year-on-year with margins at 12.3%. This includes the impact of a one-time labour code charge, which was partially offset by stronger operating performance and higher other income.

From a capital efficiency standpoint, FY26 has been a standout year. Return on capital employed improved significantly to 94%, up from 57% in FY25 reflecting both higher profitability and efficient capital utilization. Fixed assets turnover improved to 9.6 times from 8.4 times in FY25, while our cash conversion cycle remained strong at negative 23 days, highlighting continued discipline in working capital management.

Our balance sheet remains very strong. We are a debt-free company with a net debt-to-equity of negative 0.4, providing ample financial flexibility. At the same time, we generated cash flow equivalent to 58% of EBITDA, and this is after investment of capex equivalent to INR1,150 million during the year.

Just to summarize, FY26 has been a milestone year for Tenneco Clean Air India. We have delivered double-digit growth, record margins, sharp improvement in capital efficiency and strong cash generation, all while continuing to invest for our future. Combined with a robust order book and disciplined capacity expansion, we enter FY27 with strong visibility and a resilient financial foundation. Thank you. With these now I hand it over back to Himanshu.

Himanshu Sharma: Thank you, Mahender. We request participants to kindly limit questions to two at a time. If you have additional questions, please re-join the queue. I now request Aldrich to commence the Q&A sessions.

Moderator: Thank you. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Nishit Jalan with Axis Capital. Please go ahead.

Nishit Jalan: Yeah, hi. Good evening, everyone. And congratulations on great set of numbers and thank you for taking the, taking my question. Two questions. Firstly, you had talked about exports being part of the order book in the previous quarter. So just wanted to understand on exports side, how should we look at in terms of new order wins and ramp-up, right? We had talked about scaling up exports quite substantially.

Can you give us some visibility as to how it will pan out over the next two to three years? And secondly, you have talked about new plants and some new orders that you have received on bearings side on commercial vehicle side. So just wanted to understand on timeline of execution of those orders and commissioning of the new plants. Yeah, these will be two questions from my side.

Arvind Chandrasekharan: First of all Nishit, thanks so much. Hope you're doing well. The first question on exports. Yes, so you know our current exports as a percentage of sales is very low. You know that, because we never had exports growth as a strategy in the past, right? So we're only at about 5% to 6% currently. But our order book, and you rightly pointed out that the order book for us is somewhere between 14% to 20%, right?

And that exports order book growth is both with moving business or exporting to third party OEMs and it's also exporting back to Tenneco entities, right? So Tenneco Europe, Tenneco US and so on. And there's a couple reasons for that.

One is technology equalization. So India is now equal in technology, whether you look at Clean Air exhaust systems or with shock absorbers, you know we have BS6.2 with RDE, you know Europe has the same thing, Euro 6 with RDE, so the same essential products can be exported. On the shock absorber side, with the semi-active suspension, we can also export the same technology. So technology equalization is new and we are taking advantage of that.

The second reason is many of the OEMs from a China plus one diversification or let's call it supply chain diversification standpoint are looking to India as a source for products, and we are also benefiting from that. And the third one is just the improving labour cost arbitrage, right? India's always been a source for lower cost, let us call it, best cost labour and also now is the currency that is depreciating is also makes our overall products more export-worthy or more competitive so to speak.

So yes, to answer your question, our exports are coming in way stronger than our current level of exports. And they're coming in very strong on both sides, by the way. They're coming in on very strong on the Clean Air Powertrain side and also on the shock absorber side. In fact, Clean Air, we're booking a lot of new business there for exports across the regions, and again, it's also covering multiple geographies, North, South America, Europe, and also Asia.

So clearly, exports is going to be a very key vector of growth for us beyond content per vehicle. To answer your second question on the new plant, yes, we've got two new plants that we announced, one in the last quarter and one in this quarter. Last quarter we announced was the Clean Air plant expansion in North of India to support, of course, our Japanese customers in the North as well as for commercial truck and off-highway customers.

The new plant we announced just recently is for West of India for shock absorbers and that's because the overall market itself is growing. Again, I can take names of Mahindra, Tata, they're all growing volumes, but at the same time, new technologies like DaVinci DCx as well as semi-active suspension, they're all growing as well.

So we're growing in volume because of the India Inc growth or the GDP growth, but we're also taking over market share, we're growing faster than the market, and that's the reason we're setting up a new plant. On the bearings side, we haven't still mentioned the actual value because this is just a significant entry, let's call it a strategic entry into this customer, but at some point, we will publish the exact numbers when they become available.

Will we set up a new plant for that? That still remains to be seen. We're still working out the capacity situation in our existing plants to see if we can accommodate in the existing location. But the point I want to make is that bearings, it was difficult to get into this particular customer bearings for a very long time, and the fact that we have been able to enter the supplier panel is very strategic for us, which means we can now grow with this Japanese customer in a bigger way.

This is the same story like we had in the earlier quarter where we got into the leading passenger vehicle OEM in India with a Clean Air product on the hot end, with the Gasoline Particulate Filter, which again opens the door for much faster growth for Clean Air starting late '27, '28 and onwards. I hope I answered your question, Nishit, yeah?

Nishit Jalan: Yeah, thanks for the detailed answer. Actually, what I also wanted to understand primarily was, yes, you are starting this plant and you've won these orders on both export and domestic. Just wanted to start to understand the timeline when these orders start or when do these plants commission?

And will export revenue ramp-up be more, will it happen in a smooth way over the next two to three years or some of the orders are back-ended so the commissioning will be late, right? So will this six go to eight, ten, twelve? Or will you see exports being slightly back-ended increase in terms of mix of our revenues?

Arvind Chandrasekharan: Alright. So the timing, like we've started the work on setting up both the plants in North India and West India. We just got the board approval for the one in West India. And so those plants will take, you know, somewhere between six months to a year to commission and the volumes will start.

So I think the actual peak will happen somewhere in mid-28 to '29, you know, typically we have a one is to three ratio of capex going to let's call it steady state revenue. So again, I can't eyeball it, but I would say it's somewhere between '28 to '29 when it starts peaking.

To answer sorry, your second question was about exports. Yeah, so exports, it's not front-ended or back-ended. I would say it's more middle-ended. So a lot of that exports start hitting the ground around 2028 timeframe, right?

So that's when we see a lot of the critical mass of exports hitting us. But it will start, I mean, it will already start ramping up around '27, '28 and then '29 onwards it will continue so, but like I said, our exports order book is coming in at a much higher rate than our current export sales exports through sales, overall sales.

Nishit Jalan: Okay. Thank you so much, Arvind.

Arvind Chandrasekharan: Thank you.

Moderator: Thank you. The next question comes from the line of Ravi with InCred Capital. Please go ahead.

Ravi: Yeah, thanks for the opportunity and congratulations on the set great set of numbers, team. So my question is regarding the car exhaust system. So can you talk about the car exhaust system content per vehicle versus commercial vehicle content per vehicle? And yeah, I understood that you are supplying to Japanese OEM. Are you in talk with any other OEM to supply this in future? And secondly, on this car exhaust system, is this similar for diesel, petrol, CNG or maybe for the hybrids? Or there is a differentiation among all these type of systems? Any colour on that? Thanks.

Arvind Chandrasekharan: Yeah. So on the content. I won't get into the actual numbers because it really varies because depending on the vehicle, depending on the gross vehicle weight and the engine displacement, they can vary a lot, even between one passenger vehicle to the other, right?

So I think I would just say that if the car exhaust, like a typical passenger vehicle exhaust system and again, by the way it also changes between diesel and petrol as you know, right? And also even within that there's a difference between hot end and the cold end. The hot end has all the aftertreatment and the cold end has the muffler etcetera, right?

So it's very hard to pinpoint, but roughly if I could just do it in terms of X to 2X to 3X, I would say if the car typical passenger vehicle exhaust system is at X, a commercial system exhaust could be somewhere between 3X to 4X. In the case of something like a vehicle like a tractor, currently there is no exhaust aftertreatment, right? At some point when you add all of the particulate filter, SCR systems, and oxy-cats and so on, it can even go from X to 10X, right?

So it's hard to pinpoint a specific CPV, content per vehicle. but needless to say it could be a factor of 3X to 4X and all the way up to 10X. Some of the real low volume applications like construction equipment can be even like 10 to 15X because they really need very, very strong aftertreatment etcetera. So some of our aftertreatment systems are very small and I'll come to the second question in a second and some of the others for commercial vehicles and construction equipment are very, very intense in terms of also the kind of substrates and platinum, palladium, rhodium loading that they carry, they can be very, very significant.

To answer your second question, I think it's a very good question. Obviously, between diesel and petrol, you know that diesel requires a higher aftertreatment because of higher NOx and particulate matter, so you need a diesel particulate filter, you need an SCR system, sometimes you need EGR systems and so on.

So the hot end of diesel versus the hot end of petrol is a bit different, which means diesel has a higher content of hot end versus petrol. But now increasingly with gas direct injections on petrol engines, what's happening is they are forced to implement a particulate filter because the amount of particulates that come out of a gas direct injection, although it lowers your CO2 for CAFÉ purposes, it also increases the particulate matter and therefore petrol engines also are starting to have higher content starting 2027.

I think mid of 2027 is when the CAFE norms come out, right? So that shows you the difference between diesel and petrol. Talking about CNG and hybrid, for all of these, CNG, hybrid, they will need exhaust system. In fact, we don't think in terms of content there'll be any reduction or loss of content. In fact, for hybrid vehicles, because what happens is one is the aftertreatment, but you are essentially trying to improve the emissions performance and also manage sound in a very, very small space.

So hybrid vehicles actually can have the effect of taking our content from X to 1.5 to even 2X because now you might have to add an adaptive valve or some sort of an acoustic valve to manage the sound transition as the vehicle goes from an electric to a ICE mode, right?

So all of these now unless if it's full EV, anything less than full EV and that's a great question also because remember that the markets in the US and Europe are sliding back from an EV to more of a compromise, right? They're going more to more of a what I would call a hybrid or a range extender solution.

And even in markets like China, you're seeing some signs that hybrid and let's call it compromise solutions between ICE and an EV are starting to take shape. For all of these compromise solutions, anything from a traditional ICE petrol, diesel engine all the way up to just short of a

full EV, our Tenneco Clean Air business has a lot of potential in terms of content per vehicle. That's the summary.

Ravi: Got it, right. And secondly, on the new suspension plant, is it for the new, are you adding new OEM for it or maybe it is for the existing clients? And what kind of suspension are you going to make? Is these for the conventional one or are you going to manufacture semi-active or maybe the higher ones? How is it to think about it?

Arvind Chandrasekharan: Yeah. So first of all, you know I'll just give you, just a overall summary, right? So for about 60, 70 years, India's only had one tuning, right? Which means one tuning fits all. So whether you're in a highway or in an uneven road or in a speed bump or a pothole, you only get one tuning. And that's been the case for 90% plus of the vehicles, even today, even today if you go out, most vehicles have the traditional shock absorber that for whatever reason never got premiumized.

I mean, cars moved to SUVs, but the premiumization of SUVs never happened, right? But that's changing dramatically. And this is where Tenneco comes in, right? So we are now able to go to more frequency dependent damping, where depending on the road forces, we're able to use valves very creatively and hydraulics to control the flow of hydraulics in a way that will have non-linear damping, which means not one size fits all but different tuning depending on how the road conditions are, right?

So that's what DaVinci does. DaVinci has these shim stacks like wafers and aluminium discs on either side of a piston that will selectively allow hydraulics to flow in and out. And so depending on whether you're in a rough road or a pothole or a speed bump, which I guess in India, it's these are quite common, the vehicle responds very differently.

And that's, you know, well documented on the Mahindra 7XO, it's again don't take my word for it, you can check it on YouTube, on Instagram, I mean there's hundreds of influencers that have said wonderful things about this product. So for me, I look at this DaVinci DCx let us call it the ultimate mechanical suspension that is also affordable that will cover all the mid up to the premium range, maybe up to INR35 lakh MSRP.

But anything above that, INR35 lakh onwards, will be a candidate for the CVSA, which is the semi-active control valve suspension, which has electronics and software which is, which takes you the remaining 10% of the way. So in terms of comfort, the DaVinci takes you about 90%, 85%, 90% of the way with a small delta cost and the CVSA with electronics and software takes you all the way, maybe up to 98% in terms of comfort, right? So that's how we sort of segmented these products. So each product represents a different level of disruption at a different price segment. Does that answer your question?

Ravi: Okay, sir. Thank you. Yeah, that's all from my side. Thanks.

Moderator: The next question comes from the line of Radha Agarwal with Motilal Oswal Financial Services. Please go ahead.

Radha Agarwal: Yeah, hello sir, thank you for the opportunity. Sir, firstly on the exports front, as per the agreement with the Tenneco parent company, can we export only to Tenneco Group entities or can we also export direct customers overseas as well?

Arvind Chandrasekharan: Yeah. So we have a very good arrangement with our Tenneco Group entities. So we are not there to compete with each other. In fact, we look at us, Tenneco India, as supporting Tenneco Europe and supporting Tenneco US for them to become more competitive. So we are quite happy to supply them child parts or sub-assemblies or even finished goods depending on what their needs are.

So we work in partnership with our Tenneco sister divisions. For example, there might be also customers and segments that the Tenneco group is not targeting and that happens, right? Sometimes they're focused on a specific segment and they're not interested in a certain other segment because of cost or profit reasons.

But we, Tenneco India, for us it works a lot better because our labour cost advantage over let's say a Tenneco Europe is much better, much stronger, so we are able to directly then with their permission, talk to the OEM directly and say, hey, here we are, we are competitive, this is the selling price and we can we can actually win business with their permission.

So we work very closely. We have very good regular cadence of export opportunities both from a third party OEM perspective as well as inter-company sales where we'll be selling child parts, sub-assemblies and even finished goods depending on what the needs are. So we're very flexible. I think flexibility is key and we come at this as partnership rather than direct competition.

Radha Agarwal: Understood. Secondly, you know on the suspensions business, you are not present in the two-wheeler. So I wanted to understand are there any plans to enter into this segment or do you think that this is a comparatively a low margin business hence you want to remain on the PV?

Arvind Chandrasekharan: Yeah, Radha, good question. So I think if I understood your question is like are you going to expand suspension beyond four wheelers, right?

Radha Agarwal: Yes, sir. And the margin for two-wheeler suspension versus four-wheeler.

Arvind Chandrasekharan: Yeah. So obviously, we are you know, we are a high margin company. You see from our EBITDA numbers, 18.8, these are pretty nice numbers for automotive sector. So we want growth, right? We do want growth, but growth has to be profitable growth. We so we're not going to directly jump at any opportunity that comes our way just because we are not at a certain in a certain segment or in a certain at a certain customer. So sometimes we have deliberately avoided in the past for example Clean Air, we've deliberately avoided two-wheelers or three-wheeler, you know, auto rickshaws and so on purely because it doesn't give us the right margin potential for us, right?

But having said that, we want to enter segments and markets and new customers using technology as our differentiation. And that's been the key, right? So we want to be able to, if we do enter let's say the two-wheeler market for Clean Air or for suspension, it will be something

that brings something unique to that segment. So we don't have to play a commodity price game because we're not that kind of a player, we are an MNC, right?

So we want to play in a in a segment where the customer is looking for some level of disruption, like you're seeing in the passenger vehicle for shock absorbers, right? So we're going to be very careful and meticulous about where we enter. We don't want to be, you know, once trying to cover all of the segments like two-wheelers, three-wheelers just because it's there.

We will be very careful in where we invest. Again, we are not just looking at organic but also looking at inorganic, we said during our pre-IPO and during our IPO and post that as well that we will be looking at M&A as well as other strategies to get into areas which also give us a good shot at good margins, yeah? I hope that answers your question, Radha.

Radha Agarwal: Yes sir, sure. Sir, last question if I may. The DRHP mentions that via localization, you want to increase your presence in CVs as this is a relatively underpenetrated category. So are you talking about the Clean Air divisions here and can you please elaborate a further on this point?

Arvind Chandrasekharan: So sorry, Radha, I missed Can you just repeat the question again? I heard something about localization. Can you finish the sentence again, please?

Radha Agarwal: Yes, sir. So there is a statement in the DRHP that mentions that via localization, the company wants to increase the presence in CVs because this is a relatively underpenetrated category. So is it fair to understand that you are talking about the Clean Air divisions here and or you know, just wanted to you to elaborate a further on this point?

Arvind Chandrasekharan: Okay, so I still wasn't clear, but I think I understand your question. So look, localization is a very key element of our strategy, right? One is the new technology, of course, we have the luxury of several thousand patents that we have globally between the US, Europe and so on, so we're able to bring those patents to India and apply it in the Indian context, whether it's engine or vehicle architecture, and we're able to sell those to the our Indian India-based OEMs.

But localization is very important because that's where our profit margins come from. So we have on both the Clean Air, the shock absorber side, which is the ART, as well as Powertrain side, we do want to make sure that we are localized as much as possible, even with some of the critical components like for example pistons for shock absorbers, right? Those would be key localization strategies that we would pursue.

Currently, our localization is about 89%, 90% level, and we want to keep that. Now, obviously with new technology initially, we might be importing some of the sub-components and child parts from our sister divisions or some other suppliers, but we will make sure that we are consistent with our, you know, 90% localization strategy in the long term.

It may not happen the very next year, it will take some time, but new technologies once they start, you know, post germination, once they become established, the idea is to make sure that we slowly creep up to that 90% level of localization. So yes, the answer is yes, we want to localize as a key strategy for maintaining and sustaining our profits.

Radha Agarwal: Sir, actually it is mentioned that localization because CVs are relatively underpenetrated. So here for CVs, are we talking about the Clean Air CVs or the suspension CVs?

Arvind Chandrasekharan: Yeah, so here when we say CVs, that that would be for Clean Air, yes. It wouldn't be for suspension because typically suspensions are for passenger vehicles only, although there is, you could argue that there is a demand for you know, DaVinci type suspension for cab dampers and you know, axle dampers and so on. But I think what you're referring to here and what that DRHP refers to is commercial vehicle for Clean Air Clean Air product.

Radha Agarwal: Understood sir. Thank you sir, all the best.

Moderator: Thank you. The next question comes from the line of Vipul Agrawal with HSBC Bank. Please go ahead.

Vipul Agrawal: Yeah, hi sir. Thanks for taking my question. So first question is on the margins part of the business. On the standalone margins, like it has improved by almost 200 bps, that's mostly from your Clean Air business despite the Clean Air business has, I would say, has a kind of lagged from the overall industry growth, like industry CV industry has grown by around 18%, but CV business had grown by around 10%, 11%. So maybe can you help us understand what are the key drivers for the margin expansion over here? Is it like seasonal or is it sustainable on quarter-on-quarter basis? How should we look at it?

Arvind Chandrasekharan: So, Vipul, first of all, good to see you, hear from you, Vipul. So you're talking about Clean Air growth or Clean Air margins?

Vipul Agrawal: Clean Air margins and growth both basically.

Arvind Chandrasekharan: So I'll kind of summarize and Mahender, you can add a little bit, yeah? So I think look, our Clean Air story, if you remember from I guess the IPO and subsequent quarters, right? Clean Air business for us is a high margin business, but we are not present in the number one PV OEM in India today, right?

So that automatically eliminates us from you know, two and a half million vehicles here, you could say. But that changes, right? In 2028, we have already secured entry into the supplier panel for this largest PV OEM in India, due to CAFE norms with a Gasoline Particulate Filter. So we're hoping that once we enter the panel, our growth will increase quite a bit, and we'll be able to do so with equal or better margins simply because it is a high-tech product, right? It's a new technology product, right?

Now, in terms of Clean Air growth year-over-year, you might argue that it's a bit tepid, but that's mainly because we've had some, you know, within OEM mix and between OEM mix issues. So we have not really lost any share of business versus the competition. What has happened is that within certain OEMs where we had strong market share, they have sold more of their lower-end SUVs versus the higher-end SUVs.

And in between OEMs, for example, there's a European OEM where they sold more electric vehicles rather than more ICE vehicles. So it's just a combination of factors where the mix has

changed at the vehicle level. So nothing has changed for us, right? We have not lost any competitive share versus some of our key adversaries or competitors, but overall the growth has been along the market, along with market volumes, minus the fact that we are not present in a certain passenger vehicle OEM.

And again, things like the GST benefit, which favoured this particular OEM, we were not part of, right? But that changes in the future, so '27, '28 onwards, '29 onwards, we do participate in this OEM. The other good news, right? The good news for Clean Air is that the addressable market, if you look at CAFÉ 3 and BS7, the addressable market is as much as 1,300 to 1,400 crores of additional content per vehicle.

So that's something that we're going to target and obviously, it's all, even our competitors will target that. But that tells you that there's a lot of runway still left in terms of content per vehicle for CAFÉ 3 and BS7. The other one is our export order book for Clean Air is coming to be very strong, it's also very profitable.

So the combination of higher export order book and the fact that the margins are better is helping us. So that's the growth story. In terms of margins, maybe Mahender can add more flavour to this, yeah. Thanks.

Mahender Chhabra: Thanks. So hi Vipul. So Vipul, like I mentioned in my opening comments, so if we look at we have built we have built more resilient, efficient and scalable organization with the help of the unique operating model that we have, P3, which is People, Pride and Performance.

And this P3 operating model runs across the BUs, be it Clean Air Powertrain or Advanced Ride Technology. And it really helps us how do we run our plants, how do we drive the efficiencies, how do we do the execution on the ground.

And by leveraging this framework, we are driving the continuous improvement across safety, quality and the cost. So yes, so our margins are kind of, are the result of the unique operating model that we have and hence we see improvement in the margins and we also expect these margins to remain stable.

Arvind Chandrasekharan: And just more, one more to add, Vipul, you know, if you remember during, you know, the road shows that we did and also all the meetings we've had about, you know, why is Tenneco a high margin company, right? And how is it that we have such a high return on capital employed, right? We have this operating model that we have over many, many years has become very standardized and modularized.

We are so flexible that any of our lines, let's take a Clean Air line, right? Any of our high speed canning lines can make multiple products. So I can make today in the same plant on the on one line, I can make a passenger vehicle exhaust system or I can make a stationary gen-set or a gen-set exhaust system or I can make something for commercial truck, right?

And the other flexibility is I can have multiple plants run the same product. So the flexibility is so unique and everything is so standardized, you know, the Lego brick model that I mentioned

in the past as well. So Lego brick means you only have a few degrees of freedom and because of that, that gives us a unique competitive advantage.

So we can run the individual Lego bricks of a system at very high capacity utilization and therefore it helps our ROCE but also helps our margin because now we're not deploying additional resources to validate individual parts, right? Everything is already pre-validated. All you're doing it like Lego, you're putting it together, forming a system and then you're giving it to the customer that's already pre-validated.

So the time to market is faster, the cost of that product is less, the margins are better, and of course, the capital efficiency is the highest. So this kind of model is what, is one of the reasons why we're able to perform at such high capital efficiency and also high margins. So I hope I answered the question in terms of the how the Clean Air business is growing and also how the margins are moving in the in the future, including the exports, yeah? Thanks.

Vipul Agrawal: That was really helpful, sir. Just second question is on the suspension demand, like in the 1.5-liter category, one of the mainstream OEM has launched a model with your suspension and it is gaining quite a traction and there's one more OEM coming next year. So are you seeing like this is competitive edge, which it gives a competitive edge to the OEMs? So do you see other OEMs are also approaching you faster than anticipated or what kind of ramp up or maybe a scaling up of the passive plus suspension you expecting in 1.5-liter category?

Arvind Chandrasekharan: Okay, so first of all, suspensions typically don't go with engine displacements, right? So they go with vehicle architecture and vehicle gross vehicle weight. So you would have a different suspension for cars versus SUVs, right?

Now, specific to your question on, you know, how things are going with DaVinci DCx, the what we call, at least we believe the world's best mechanical suspension that's also affordable and many, also again don't take our word for it, OEMs have talked about it. The traction is so good that we have three to four OEMs that are already interested in our product. And this covers other Indian OEMs, Japanese and also Korean OEMs they're all interested in our product, and also European OEMs.

So this product will find its way and we think our wish is to make this standard across the entire SUV range from a mid to let's call it the premium segment. You know that the India's market size for passenger vehicles is about five, five and a half million. So we are hopefully targeting somewhere about 50% of that to be able to disrupt. And like I said, the OEM interest has been very, very significant. And also purely because there's a lot of media buzz around it. There's, you know, social media buzz. Everybody's talking about it and the feedback is has been fantastic.

And so I think that's what we're trying to capitalize on and of course, the new plant that we're setting up in West India is to also try and manage all of this additional volume, the volume growth with new technology but also just the basic commodity legacy product that's also growing with the growing Indian market. So we've got a double growth happening at the same time and that's why we think that business is going to grow pretty exponentially in the coming three to five years.

Vipul Agrawal: Thank you, thank you for the detailed answer. Just one last question if I can squeeze in. I'll try my luck over here. So maybe what is the price increase an OEM will have to take or a structural change they may they might need to take while graduating from a passive OEM, passive suspension to a passive plus or your FDD suspension?

Like is it a major change they need to make in their chassis and overall system, or just maybe a simple facelift can also have your passive plus suspension? I'm just trying to understand for that if a OEM wants to upgrade its model to a passive plus suspension, does it really a very tough thing for them to do come up with a new platform or it can be done in the same existing platform as well with minor changes?

Arvind Chandrasekharan: Yeah. I think as long as they stay within the realm of mechanical suspension, I think the let's call it the envelope that's given to us, we are able to package the shock absorber damper etcetera, into the packaging environment that's given to us. So all the way from a conventional suspension to a frequency dependent damping all the way to let's say the DaVinci which is the upgrade, the next level of that, we are able to package it relatively and that's why I'm saying, right?

This the beauty of the DaVinci, you know, the frequency dependent damping and the DaVinci, the shim stack, is that we respect the packaging environment. The delta cost is less from an upgrade standpoint. And the comfort level is significantly more, right? You're paying a lot less for a significant amount of additional comfort, right?

The problem happens when you have to go into electronics and software because it's not about the packaging environment, it's about routing, you know, wiring harnesses and cables, you know, you need ECUs, you need to now connect that to a central ECU, so that requires additional cabling and additional validation etcetera, right?

So that's why the cost delta going from a conventional to a let's call it the frequency dependent damping to the then to the electronics and software enabled suspension, that last prong delta is much higher because the packaging environment and the routing of the cables etcetera is could be challenged.

Vipul Agrawal: Thank you, thanks a lot for the detailed answer. That was really helpful. That's all from my side.

Arvind Chandrasekharan: Thank you, Vipul.

Moderator: The last question comes from the line of Pramod Amthe with InCred Capital. Please go ahead.

Pramod Amthe: Yeah, hi. Thanks for the opportunity. So the first question is with regard to exports, since it's a new business which is scaling up big time. How are you looking at the currency depreciation, does it stand in your books, will it be passed on to the parent? How are the contracts constructed for you?

Arvind Chandrasekharan: Well, hi Pramod. Thanks for your question. I think look, currency depreciation is actually a boon for India. It's bad in one sense because you have to import parts that might be more expensive, but like I said if you remember in one of my earlier answers, we're already pretty highly localized at a 89%, 90% level, we said that in our, you know, our IPO deck as well.

I think a depreciation of the rupee can also be a blessing in disguise. It makes our products more competitive, so I can actually lower my selling price and be able to export and be more competitive to a European OEM or a US OEM, right? So I look at it as something that benefits us. Our products become more competitive. And so I think the India Inc story which is the India as India for the world from an export standpoint.

So the India Inc story when the auto sector and specifically for Tenneco as the export hub for the world and also an export hub back for Tenneco, becomes more competitive. So I think that's the way I look at it. Mahender if you want to add something you're welcome, but I think I only see an overall benefit. We don't know where this currency is going to finally land and taper off, but I see this as an immediate 15% to 20% improvement in our ability to compete in the global market.

Mahender Chhabra: That's right, Arvind. So if we look at the current status, the way the rupee is, I think we are in an advantageous position as we realize more INR in terms of whatever we are exporting.

Pramod Amthe: I appreciate that for the future orders, but orders which you have disclosed now in terms order book, where does the currency as you deliver sits in your books or will it go to the customer or to the parent?

Arvind Chandrasekharan: Yeah. So look for all of these things, right? Even the Middle East situation, right? We have direct material and indirect material. So the direct material like, you know, steel, stainless steel, carbon steel, we have a clear escalator agreement with the OEMs. So every quarter the prices are updated to the new commodity level, right?

So there we're fully covered. Indirect is where there is an issue, right? Because you got freight costs because of the Middle East war, you've got this currency issue, you've got, you know, cost of plastics and rubber that have gone up, then you have LPG, CNG, crude oil. So what we're doing is what other auto suppliers are also doing, right? So we are collating, putting, bundling all of these costs together and in many cases we're going back to customers and seeking recoveries.

At the same time we are also trying to, and again recoveries for all of these categories including currency, and we're also at the same time trying to cut our costs, working on SG&A, we are trying to also improve our factory efficiencies through ideation, the P3 model that that Mahender talked about. But also for example, running equipment off of peak usage times.

So there are a lot of things that we are doing to try and also mitigate some of these costs. But yes, sometimes these do make for tough discussions with customers because a lot of these are not caused by us, right? These are all external factors and we have to get recovery for that.

Pramod Amthe: And the second question is with regard to CAFE 3 which will come for passenger vehicles next year. What type of changes you are been requested to do in aftertreatment and how does it if you can technically walk us through and what's the content per vehicle it can swing in for you guys? Purely for cars or SUVs.

Arvind Chandrasekharan: Yeah. So CAFE 3 is about CO2, right? So which means, and there are a few ways to reduce CO2, right? One is to do light-weighting. So if, the lighter your vehicle, the lighter your parts, the less CO2 your vehicle generates. So OEMs often come to us and say, hey, as part of running change or for this next platform, can you reduce weight? Can you look at different kinds of materials? Can we do something together? And we do that a lot with OEMs.

We work with them to try and reduce the actual physical weight of the exhaust system because you can imagine the exhaust system all the way from exhaust manifold to the muffler can become very, very heavy. So that's one area.

The other one is, and again by the way, if you don't meet CAFE 3, the penalties are quite high for because for every gram per kilometre of CO2 you exceed, you have to multiply that with a the entire fleet. So it's a fleet level penalty, so OEMs don't want to get into that, right?

Now, diesel vehicles already have a CAFE advantage because diesel vehicles generate 30% less CO2 than an equivalent petrol vehicle, right? So the issue mostly for CAFE 3 in terms of meeting the CO2 targets is with petrol or gasoline vehicles, right?

Now, the problem is you can reduce your CO2 with gas direct injection versus multi-port injection. So when you get into gas direct injection, you can you can reduce your CO2 significantly and if you combine that with turbocharging, your CO2 goes even lower. But the side effect of that is increased particulate matter, which means you have to add Gasoline Particulate Filter in the exhaust system.

So the hot end content for petrol goes up but the CO2 goes down, right? So I think for us as a as Tenneco Clean Air, one of our advantages is that we are able to be very flexible. So depending on the kind of vehicle engine displacement, the vehicle architecture and the purpose that it's used for, whether it's a passenger vehicle, commercial truck or whatever, at least now speaking here in terms of passenger vehicles, we're able to offer different solutions in terms of aftertreatment.

So I think for us the content goes up from somewhere from X to 1.5, X to 1.3 to 1.5X. That gives us additional content, and we typically say that's another 300 crores to 400 crores addressable market for CAFE and the BS7 for us is another 1,000 or so. So about 1,300 crores to 1,400 crores addressable market we can go after in the next three to five years.

Pramod Amthe: Sure. Thanks, thanks for the detailed answer. All the best.

Moderator: Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to Mr. Himanshu Sharma, Head Investor Relations for the closing remarks.

Himanshu Sharma: Thank you, Aldrich. Ladies and gentlemen, thank you for your continued interest in our company. We appreciate your time and participation and look forward to speaking with you again next quarter. Thank you and have a good evening.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Tenneco Clean Air India Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.