TENNECO CLEAN AIR INDIA LIMITED
(formerly known as Tenneco Clean Air India Private Limited)
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Date: November 10, 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

Subject: Transcript of the Earnings Conference Call for Analysts and Investors held on Thursday, November 5, 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 October 29, 2026, we hereby submit the transcript of the Earnings Conference Call for Analysts and Investors held on Thursday, November 5, 2026, at 3:00 PM (IST) post declaration of results for Q2 FY 2026-27.

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**

ROOPALI SINGH
Digitally signed by ROOPALI SINGH
Date: 2026.11.10 18:37:05 +05'30'

Roopali Singh
Company Secretary and Compliance Officer
Membership No: A15006

Place: Gurugram

Encl: as above

"Tenneco Clean Air India Limited

Q2 & H1 FY27 Earnings Conference Call"

November 05, 2026

MANAGEMENT: **MR. ARVIND CHANDRA – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – TENNECO CLEAN AIR INDIA LIMITED**
MR. MAHENDER CHHABRA – CHIEF FINANCIAL OFFICER – TENNECO CLEAN AIR INDIA LIMITED
MS. ROOPALI SINGH – GENERAL COUNSEL AND COMPANY SECRETARY – TENNECO CLEAN AIR INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 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 business update concludes. Should you need assistance during the call, please signal an operator by pressing star followed by zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Roopali Singh, General Counsel and Company Secretary of Tenneco Clean Air India Limited. Thank you, and over to you, Ms. Roopali.

Roopali Singh Thank you, Iqra. Good evening, ladies and gentlemen, and a warm welcome. Today from management side, we have with us Mr. Arvind Chandra, Whole-Time Director and CEO, Mr. Mahender Chhabra, the Chief Financial Officer. A detailed presentation on the financial performance is available on the company's website and on the website of the stock exchanges as well.

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

With that, I hand over the call to Arvind.

Arvind Chandra: Thank you, Roopali. Good afternoon, everyone. Thank you for joining us for Tenneco Clean Air India's Q2 and H1 FY 2027 earnings call. Before I begin, with Diwali around the corner, I would like to take this opportunity to wish all of you and your families a very happy and prosperous Diwali. May the festive season bring happiness, good health, and prosperity to everyone.

I am pleased to report another strong quarter, Q2 and H1 FY 2027 for the company, building on the encouraging start we made to the year. The first half of FY 2027 has been marked by healthy growth across our businesses, continued market share gains, and several important customer and technology wins. This performance reflects the strength of our portfolio, our strong customer relationships, and consistent execution across both Advanced Ride Technologies and Clean Air and Powertrain.

During the second quarter, our value-added revenue grew 32.2% year-on-year, supported by volume growth of 25.4%. For the first half, value-added revenue grew 25.3% compared to volume growth of 20.7%. This growth has been supported by our continued demand across our served markets, new program launches, and increasing content per vehicle.

Beyond the financial performance, I am particularly pleased with the progress we continue to make in strengthening our competitive position. According to the Crisil Research Report, our market share in clean air solutions for the commercial truck segment increased further to 59% in H1 FY 2027 compared to 58% in FY 2026 and 57% in FY 2025. In passenger vehicle shock absorbers and struts, also known as the ART business, we continue to maintain a strong

leadership position with market share of approximately 55%. You would recall that just a year and a half ago, that share was only 48%.

Let me now talk about some of the developments across our businesses during the quarter.

In Advanced Ride Technologies, we continue to see strong momentum across both existing and new customers. We secured content on three new vehicle platforms with a leading Indo-Chinese joint venture. We also made an important entry into the fast-growing three-wheeler segment, where we won suspension business with a leading Indo-Korean joint venture.

This opens up another addressable market for our suspension portfolio and further broadens our customer base. We continue to build on the momentum behind our unique DaVinci technology as well. During the quarter, we started production for three-Door Thar suspension program. We also secured two next-generation models with an existing leading Japanese passenger vehicle OEM and are further expanding our engagement with a Vietnamese OEM with the introduction of three new platforms.

Another important highlight is the commercialization of advanced suspension technology in India. We supplied India's first locally produced semi-active CVSAe, marking a very important step in our localization journey and demonstrating the strength of our local engineering and technology capabilities.

Turning to our clean air and powertrain business, we made progress across commercial vehicle, alternative fuel, and ignition applications. During the quarter, we introduced a new hot end commercial vehicle exhaust program with a leading Indian commercial vehicle OEM for bus applications. We also made a strategic entry into the CNG market through a cold end assembly program for a European passenger vehicle application.

In powertrain, we further expanded our share of the business with an existing customer through a new spark plug award from a European passenger vehicle manufacturer. Taken together, these wins demonstrate that our growth opportunity is not dependent on any single product, customer, or end market.

We are expanding across platforms, applications, and geographies while continuing to build on our existing customer relationships. Let me now spend some time on our order book, which provides us with very good visibility into our future growth. At the end of the first half, our lifetime order book stood at approximately INR165,000 million. This represents more than 100% coverage of our FY 2030 revenue target, giving us good visibility towards our longer-term growth ambitions.

Exports accounted for INR8,750 million of the total order book. Exports continue to form an important part of this opportunity. Our export order book now provides 50% coverage of our target FY 2030 export revenue. The strength of this order pipeline is also driving our investment priorities. We continue to invest in capacity expansion, localization, and technology to support future customer requirements.

This includes another new clean air manufacturing facility in West India, with an investment of approximately INR450 million. Innovation and localization remain equally important to our long-term strategy. We continue to invest in local engineering capabilities to develop in-house solutions for our OEM customers.

Now, beyond financial performance, we remain committed to sustainable and responsible growth. We were honored to receive the Best Manufacturing Brand Award from ET Edge and the National Green Future Leadership Award from the National CSR Leadership Congress. These recognitions reflect the dedication of our teams and our unwavering focus on operational excellence, innovation, and sustainability. As we look to the second half of the year, we remain encouraged by the underlying momentum across our businesses.

The combination of a robust order book, continued customer wins, and technology-led growth, increasing export opportunities, and investments behind our future capacity gives us confidence in our longer-term growth trajectory. At the same time, the external environment continues to present challenges, particularly from inflationary pressures, including commodity-related cost increases.

We remain focused on addressing these through productivity, commercial discipline, and rigorous execution across our operations as part of our P3 people, performance, pride, culture, and operations framework. Overall, I believe the first half demonstrates the resilience of our business model and the progress we continue to make in strengthening our competitive position.

With that said, I will hand it over to our Chief Financial Officer, Mahender Chhabra, to take you through our financial performance in greater detail.

Mahender Chhabra: Thanks, Arvind. Good afternoon, everyone. As we enter the festive season, I would like to extend my best wishes to everyone for a happy Diwali. May the occasion bring joy and happiness to you and your families.

Now, let me take you through the financial performance for the second quarter and first half of FY 2027. As always, we use value-added revenue or VAR as our primary operating performance metric, as it excludes pass-through substrate costs and provides a more meaningful view of the underlying operating performance and profitability of our business.

This is consistent with how we have reported our financial performance in the past. We delivered another strong quarter, building on the momentum from the start of the year. Revenue from operations increased 34.2% year-on-year to INR17,183 million, while value-added revenue grew 32.2% to INR15,229 million.

For the first half of 2027, revenue from operations stood at INR32,631 million, growing 27.2% year-on-year, while value-added revenue reached INR29,044 million, an increase of 25.3% year-on-year. Looking at the performance across our businesses, our growth remained quite broad-based. Clean Air and Powertrain Solutions delivered value-added revenue of INR7,218 million in Q2 FY 2027, growing 26.6% year-on-year.

For H1 2027, value-added revenue stood at INR13,843 million, representing growth of 17.8% year-on-year. This growth was supported by healthy underlying volumes and the continued ramp-up of the programs across our Clean Air and Powertrain portfolio. On the other side, Advanced Ride Technologies continued to deliver strong growth, with value-added revenue of INR8,010 million in Q2 FY 2027, an increase of 37.8% year-on-year. For H1 2027, value-added revenue reached INR15,201 million, growing 32.9% year-on-year.

The performance was supported by strong production volumes, ramp-up of new programs, and the increasing content across customer platforms. This performance reflects the continued scale-up of our business and execution against our existing export programs. From a profitability perspective, EBITDA for Q2 increased 28.7% year-on-year to INR2,616 million, translating into EBITDA margin of 17.2% on value-added revenue.

For H1 2027, EBITDA increased 14.1% year-on-year to INR5,085 million, with an EBITDA margin of 17.5% on value-added revenue. Moving further, profit after tax for the second quarter stood at INR1,734 million, representing growth of 15% year-on-year. For H1 FY 2027, profit after tax stood at INR3,386 million, growing 6.2% year-on-year.

PAT compared with EBITDA during the first half should be reviewed in the context of a one-time interest income benefit of approximately INR254 million net of tax, related to the sale of Motocare entity, which was recognized in H1 of previous year, and therefore created a higher base for comparison. Excluding this one-off item, the PAT would have been in line with the EBITDA growth.

Our profitability during the period was impacted by inflationary headwinds, including commodity costs arising from geopolitical environment, increase in the minimum wages in couple of states, weakening currency, and the premium freight, plus the cost associated with operating as a publicly listed company. Despite these pressures, the impact was partially offset through commercial recoveries, productivity improvements, and disciplined cost management, enabling us to maintain healthy profit.

Our operating performance continues to benefit from the maturity of Tenneco's P3 operating model, which is people, pride, and performance. This framework remains deeply embedded across our operations and continues to drive improvements across safety, quality, delivery, inventory management, and cost competitiveness. Our balance sheet remains strong, supported by a capital-efficient operating model. We remain debt-free and continue to maintain a net cash position.

Our cash conversion cycle stood at negative 22 days, reflecting disciplined working capital management and strong cash generation efficiency. This enables us to fund our capital expenditure and growth requirements through internal accruals while maintaining financial flexibility for future investments. Our big book business already covering more than 100% of FY 2030 revenue plan. We have strong visibility on the medium-term growth trajectory, supported by domestic as well as export programs.

We continue to invest ahead of these commitments through plant capacity expansion across the country, including a new plant for Clean Air in West India. This new Clean Air plant will generate additional capacity of 12%-14% for hot ends. To summarize, Q2 FY 2027 saw strong growth and continued momentum across both our business segments, resilient profitability despite inflationary headwinds, and a strong balance sheet.

We remain focused on disciplined execution, commercial rigor, operational excellence, and proactive management of external risks as we continue to pursue sustainable and profitable growth.

With this, we will now open the floor for questions.

Roopali Singh: Thank you. Thank you, Mahender. We will now be moving to the Q&A session. We would request the participants to kindly limit the questions to two at a time. If you have any additional questions, please rejoin the queue. I would now hand over the meeting to the moderator to commence the Q&A session.

Moderator: Thank you very much. Thank you, ma'am. We will now begin the question and answer session. The first question is from the line of Radha from Motilal Oswal. Please go ahead.

Radha: Yes, hi, team. Thank you for the opportunity, and congratulations on good performance. My question was regarding the margin compression in this quarter that has happened in the subsidiary, which majorly contains the suspension and the businesses, from 14% levels to 11.6% in this quarter. Wanted to understand how much of this is due to commodity pass-through lag, and by when do you think it can be recovered back to previous levels?

Mahender Chhabra: Yes, thanks for the question. As we know, this quarter was impacted by the inflationary headwinds, which is mainly on account of the Middle East situation, where the prices of commodities had gone up, which included steel and non-steel items like lube oil, plastic, rubber, and all. For some of these commodities, like steel, we do have an arrangement with our OEMs where we recover this money from the OEMs.

There could be a time lag of a quarter or so. But for the other items, like lube oil, plastic, and rubber, these are the non-index items, and we kind of keep on discussing and negotiating with the OEMs to recover as much as we can. We have been successful in recovering a part of that, and the discussions with the customers are ongoing. As and when we are able to recover that amount, it will be part of the P&L.

Radha: Okay. By when can we expect it to reach back to previous levels? Considering the product mix is also improving for the company in the suspension, that should help cushion the margins.

Mahender Chhabra: Yes. Like I said, these are non-index items, and this is all subject to our discussions and outcome of those discussions. The discussions are in progress. Difficult to commit a timeline for that, but yes, I mean, we will keep on having these discussions with our customer.

Radha: Okay, sir. Second question, sir, what will be the dividend payout policy? Is there a plan to start paying out dividends from this year?

Mahender Chhabra: Well, we do have a dividend policy, and it is there on the website. We would be taking a decision at the right time. We do have good amount of cash, and we are generating good amount of cash. I mean, even for this half, we generated a good amount of cash. Now, yes, we need to invest that cash. We have been exploring the various opportunities, where do we invest this cash.

This could be in terms of the investment. One is the investment within the business. Like, we already announced two plants earlier, and we have announced one more plant. So one is to invest behind the growth. That is one of the top priorities. Then we are also looking for any other growth opportunities, the way we can invest this money. And of course, dividend will also be one of the considerations as we move on.

So difficult to say at this point of time how much dividend and when we would be declaring it, but yes, there is a dividend policy, and we do have a capital allocation policy, and dividend is one of the considerations in that.

Radha: Okay, sir. Thank you, and all the best to the team.

Mahender Chhabra: Thank you.

Moderator: Thank you. Before we take the next question, a reminder to all the participants, if you wish to ask a question, please press star and one. We will take the next question from Pradip Pandey from Axis Capital. Please go ahead.

Pradip Pandey: Yes. Hello, sir. Thank you for taking my question. My question was on exports. If I recall correctly, sir, at the end of FY 2026, the order book stood at about INR12,400 crores, and you had indicated that the export order book would have stood at about 14%-20% of the total order book. But in this quarter, the number seems to be in the ballpark range of 5%-6% because it is about INR800 crores on a base of INR15,000 crore. Just would like to understand what has changed in six months, and is it something that I am reading wrong? Then another question on coin review, a little bit later maybe.

Arvind Chandra: Yes. Hi, Pradip. Thanks for your question. Yes. So, you are right, FY 2026 with INR12,400 crores order book, exports came in somewhere between 14%, 20%. This quarter has been a bit less for a variety of reasons. I think one is, again, when we export, we export to third-party OEMs as well as internal Tenneco to Tenneco, right? Tenneco India to Tenneco US and Europe. So the end market OEMs, the market has been a bit soft in Western markets.

They have slowed down specific to Western Europe and Americas. They have GDP contraction, and some of the vehicle deliveries themselves have stopped. That is also made worse because of the China OEM successes that they have had with Chinese vehicle exports into those regions, slowing down the Western OEM production, right? It is especially acutely felt in Germany, France, U.K., and even in the U.S.

The second one is the U.S. tariffs. There is a lot of uncertainty around the U.S. tariffs having a negative or spooking effect on many OEMs, including as recently as mid-September when Trump threatened to have 100% tariff on India for buying Russian oil. All that spooked the

market. I think some of it just slowed down because of uncertain tariffs and also things like the oil prices going up, freight costs going up.

So the business cases that we had before, everything got a little bit uncertain because of that. The EV adoption rates have also increased in some of the Western markets. Specifically to our order book, right, some SOP launches or startup production launches got delayed or even canceled due to the war, the uncertainty, tariffs, et cetera, as well as freight cost increases, so making some of the business cases worse.

The other reason from a ratio standpoint is our domestic order book has been very, very strong, right? So our order book has been way in excess of what we could have ever anticipated, right. That is the other reason, right? Having said that, I would not worry about exports so much simply because, look, it is a cycle.

Now with this yesterday's news about the midterm elections in the U.S. completely swaying away from the Trump administration, we are hoping that some of the things around like Iran war, just stopping the war, bringing oil prices back to what they were, bringing the freight costs back, also getting rid of all the tariffs, at least what the Democrats had promised, should kind of ease up on some of these export concerns that they have. Look, overall, yes, it is low.

Optically, it looks low, but I think if you look at the grand scheme of things over time, knowing that Tenneco India has such a strong labor cost advantage and also because of technology equalization, right? Whatever we are selling to, for example, Mahindra, Tata, and Clean Air Powertrain, and even, let's say, suspension systems like DaVinci and semi-active suspension, the same product also sells in Europe and the U.S. and so on.

When you have technology equalization, when you have India that has a strong labor arbitrage, we believe that the long-term conditions for export will remain strong. Many OEMs themselves are pushing more and more, as many OEMs are struggling with their own profit margins in Western countries, they are demanding that a lot of that business be moved to India over time. It's a little bit of a long-term journey here. I'm not super concerned about this particular quarter export as a percent of total order book, Yes? Thanks, Pradip.

Pradip Pandey: Yes. As the base case, INR800 crore-INR900 crores would be the lifetime export order, sir, as of now?

Arvind Chandra: Yes, I think it's INR8,750 million, I believe. I didn't look at the number, but Yes, that's sort of the lifetime revenue.

Pradip Pandey: Okay.

Arvind Chandra: Yes, correct.

Pradip Pandey: Okay. Just another question on the three-wheeler suspension. Congratulations on entering the segment. What would the suspension be? Would it be passive in nature, and what shall be the content per vehicle in three-wheelers? Because the passive in EVs are generally at the ballpark

range of INR5,000-INR6,000 per vehicle. How materially different or similar would it be in three-wheelers? When do you expect that to go into production?

Arvind Chandra: Right. Great question. First of all, we are very happy to see that after the success of the four-wheeler suspension, especially DaVinci and the semi-active, there has been a FOMO, like a fear of missing out with other OEMs beyond Mahindra. Everybody is coming to us asking for this. There is this big disruption expected to happen. DaVinci and CVSAe are helping us get there.

You can see just by the sheer number of programs we are winning. Remember, a year and a half ago, our market share was only 48%. Now we are at 55%, which for the automotive industry is very, very strong disruption, if you will, of that market itself. Now, hearing the news of four-wheelers, even the three-wheeler OEMs and the two-wheeler OEMs are coming to us asking us, "Hey, can you do something? Can you DaVinci this?

Can you do that?" Right now, we are winning a combination. I will not specify what exactly is the technology. We have not announced it yet. But with both Indo-Chinese OEMs, JVs, and also Indo-Korean, Indo-Japanese- All of these other combinations of OEMs that also want to set up shop in India, they realize that Tenneco has a much better technical product and performance product.

The three-wheeler is a good example of getting into that business. At the right time, we will announce obviously the customer name. We have to get the permission of the customers for that. But it will be a combination of conventional, slowly moving into DaVinci, and then that slowly moving into semi-active solution. Now, because it is a three-wheeler kind of EV, it probably means that it will start off as conventional, but move into DaVinci over time.

Because DaVinci, remember, I said even the last time, the delta cost is not so much, but the advantage in terms of comfort is, it takes you 80% of the way there. Just bear with us. Quarter-over-quarter, you will notice that our foray into three-wheelers, two-wheelers, also with all these JVs coming in, especially with Chinese OEM. I would like to win more and more with Chinese OEMs. I think that would be a huge advantage for us.

Pradip Pandey: Got it. Okay. Thank you so much, sir, and congratulations on a good start in this quarter.

Arvind Chandra: Thank you so much, Pradip.

Moderator: Thank you. Next question is from the line of Viraj Sanghvi from Ambit Capital. Please go ahead.

Viraj Sanghvi: Hi. Thank you for taking my question, sir. My question is on the clean air and powertrain business, where growth has kind of recovered this quarter almost after three quarters of underperformance. It has been tracking the segmental auto production growth this quarter. I just wanted to understand what is the outlook over here in terms of growth? Do you think you'll kind of going forward grow in line with the auto production volumes at least? The capacity expansion over here also, is that for the large PV OEM with whom we were not present earlier? That's my first question.

Arvind Chandra: Great question. Thanks so much. So, look, like we always believe that, see, clean air and powertrain business, you have to look at the whole world as our market, right? Because of a very strong order book, a lot of those order books are being converted to production, right? So clean air, see, right now, what is our clean air issue, right? So we are serving all the markets, right? Passenger vehicles, commercial truck, off-highway, and we have very high market shares. The only thing is we are not present in Maruti right now, but in the future, we will be there in 2029, as we said in the earlier quarter press releases. Because of the advent of EV, right?

But despite that, for example, now if you were to take out EV, we'll take out Maruti, we are actually doing much better in terms of volume-to-volume comparison. The industry production volume without EV, without Maruti, grew by, let's say, about 13.3%, and our Tenneco sales volume for clean air grew by 18-plus percent. So we are growing market share through Tata, through Volvo Eicher, through Ashok Leyland, et cetera, right? But having said that, now let's talk about exports. So exports also now, we recently had a very successful Euro 7 POC, proof of concept, at the leading Western truck OEM in Europe. That means that we are BS VII, sorry, we are Euro 7 ready even before BS VII was announced. BS VII recently got announced, right?

You know that the passenger vehicles will be 2029, the light commercial vehicles will be 2030, and then heavy commercial vehicles will be 2031. So we are ready, and we believe that we have a superior product. So we think that the growth rate for clean air and powertrain will continue to grow, not just in domestic markets, but also in export markets. Because here's the other thing, right?

As the market's moving to electrification, many of the OEMs that are still selling ICE vehicles, and by the way, ICE is going to continue for a very long time, both petrol and diesel, and in all forms, right? CNG, biodiesel, all kinds of combinations, ethanol. What's happening is many of the OEMs want to source exhaust systems of the future from India. This is where we are ready, because we are technology-ready.

OEMs have the desire to source more out of India, and I think that's where we would come in. Overall, I think that growth will be maintained. Of course, I cannot forecast what that's going to be, but it will be a good growth when you take the full global market into consideration.

Viraj Sanghvi: Got it, sir. Secondly, sir, both the order inflow and the revenue growth in your suspension business has been very good, almost upwards of 30% in first half as well. But, sir, the EBITDA growth in ex of clean air solution business is almost only 10% year-over-year in the first half. I understand there would be some bit of commodity pressure and conversion cost pressure over here, but the scale benefit the operating leverage doesn't seem to be coming in over there in the suspension business. How should we look at the margins going forward over there?

Arvind Chandra: Okay, I'll start, and then maybe, Mahender, you can add more detail. Look, suspension is a technology game, right? Over time, as we are disrupting the market, as DaVinci and semi-active suspension start creating their own niche, the profit margins will increase because that's the way new technology works, right? And we are clearly the market leader. As these technologies proliferate and penetrate the market in bigger numbers, the mix of higher-margin DaVincis and semi-active suspension should increase as a percentage of the total, right?

Right now, you know 90% of the Indian market is still running on conventional suspension, but that is drastically changing. Look at Mahindra, for example. Mahindra has decided that they don't want to have conventional suspension anymore. That's it. Once the consumer has tasted DaVinci, anything else sounds very, very tepid.

That too, DaVinci can even now go on an A-segment vehicle. You know that last time we announced, last quarter, that we have now come up with a smaller diameter damper to also meet the needs of an A-segment vehicle. We can go down as much as INR5 lakh, INR6 lakh, even if we had to, in terms of the vehicle cost, the MSRP of the vehicle. So, with DaVinci's having that kind of a market impact, as it starts disrupting, the margins will improve. I cannot tell you what that exchange of margin will be over time, but definitely, it's moving to a higher margin plateau as the conventionals are getting replaced. And the battle is only internally, just for us to be able to keep adding capacities. We've already announced a new suspension plant in west of India. And guess what?

That plant's also going to run out of capacity very soon. We will keep on adding plants just to meet the sheer crazy growth of the suspension business. That too, the growth is all happening in technology, right? I think that's how it'll be. Maybe, Mahender, you can address the commodity impact for now, at least for the Q2.

Mahender Chhabra: Yes. I mean, if we look at the current quarter, and likewise the previous quarter, we know there was an impact of the commodity prices increase. Like I mentioned, mainly oil. Like oil, we have about 330 ml that goes into one this thing. So over 1.2 liter oil goes into all the four suspension systems in a vehicle. There has been a huge increase in prices of the oil. Now, since it is, as of now, a non-indexed commodity, we are discussing with the OEMs to recover that.

As and when we are able to recover that, because as of now, since it's a non-indexed item and not a contractual commitment, we can't take that into the P&L till the time we have a confirmation from the OEMs. As and when our discussions kind of move in the positive direction, and we have some positive kind of response from the OEMs, we'll see the benefit of that coming to the P&L.

Viraj Sanghvi: Sure, sir. Mahender sir, lastly, if you could just help us with the export revenue in first half and the capex target for the full year, that would be my questions. Thank you so much.

Mahender Chhabra: Yes. As far as capex is concerned, we had given a guidance of about INR350 CR-INR450 CR for this fiscal year, FY 2027. As at September end, I think we have invested close to INR120 CR, and we should be on track to meet the numbers that we had indicated earlier. In terms of export, it is about 7% of our revenue for the current quarter.

Viraj Sanghvi: Sure. Thank you so much, sir. Thank you.

Moderator: Thank you. Next question is from the line of Himanshu Singh from Baroda BNP Paribas. Please go ahead.

Himanshu Singh: Yes. Hi, sir. Thank you for the opportunity. My question is on the order book. We have seen the export order book actually falling by almost 50% on a year-over-year basis. Can you just highlight what is the reason? Have we lost any customer, or what has happened?

Arvind Chandra: Thanks, Himanshu Singh, for the question. I think I already answered it a little bit earlier. Just to kind of reiterate, right? I do not worry about it so much simply because this is just a one quarterly number. What has actually happened is the end markets have slowed down in western markets, GDP contraction, declining vehicle production, and also made worse because of the Chinese influx. Chinese OEMs have been entering those markets. Of course, U.S. is trying to put bans and tariffs, and so is Europe, on Chinese OEMs. That has had a damper on order book. I think the main effect is more to do with threatening of U.S. tariffs. The Trump administration threatening 100% tariffs on India for buying Russian oil, freight costs going up due to the Middle East crisis, oil prices going up.

All the business case, everybody sort of put a few things on hold just to wait and see, wait for the midterm elections to see if there will be any change. I strongly suspect that after the news of the last two days, things will loosen up. One is the war hopefully will come to an end. The tariffs will come down to something that is reasonable.

Those GDP contractions will stop. You are already seeing some sort of rally across the world. For us, some of the SOPs got delayed and also canceled. Again, all related to the war uncertainty, and also because of tariffs and so on. I think this is a temporary thing. I think over time, we will catch up. We do have very strong labor cost arbitrage.

We have excellent technology, which means we are on par with technology that is being sold in the U.S. and Europe, for example. So it is not like we are lagging behind when it comes to technology or equalization. So we are able to do that. Plus, with our labor cost arbitrage, we are able to export across the world.

I strongly suspect in areas like Clean Air and Powertrain, that will actually accelerate, mainly because many of the OEMs over there, Western OEMs themselves, who are not making very good profit, are really pushing for India to be an export hub for them. So that thing, over time, you will notice that it will come back. The other thing is, from a ratio perspective, our domestic order book was very, very strong, right? Way stronger than what we thought it would be.

Exports as a percentage of the total order book looks, on a percentage basis, small, mainly because your denominators has increased on the domestic side. Hope that answers the question.

Himanshu Singh: Yes, sure. Were the cancellations from our own group entities or direct to order customers?

Arvind Chandra: Repeat the question.

Mahender Chhabra: Whether cancellations are from intercompany or third party?

Arvind Chandra: No, actually, in the end, intercompany also, finally they sell to a third party, right? We are a Tier 1 supplier. So Yes, in the end, it is third-party OEMs. Many off-highway customers, for example,

said that, "Wait, we are going to delay the production of this particular model or we are going to cancel it and wait for it to come up next year." So, that is the other reason.

So I think, look, all of this is a temporary lull. There has been a lot of political uncertainty, especially around the Americas, and a little bit of that is affecting Europe as well. So I think once those things settle down, I think our exports will come back. Because our basic formula for exports has not changed, right?

We have the technology at the Western OEM level, right? We have the quality, we have the ability to deliver. We are already doing that across over 14, 15 countries today. We have a very strong labor cost advantage that nobody can beat us on, right? I think that still remains.

Himanshu Singh: Sure. Just last question on the new capex which we have announced, the hot end capex, which is operating at 99% utilization. Will we see a mix kind of deteriorating towards cold end in the meantime until the new capex comes online?

Arvind Chandra: Look, hot end is way more profitable than cold end. So I am very happy to have more and more capex and new plant additions where we are focusing on hot end because the profit delta is significantly better for hot end. Why? Because hot end obviously has the three-way catalyst, or it has the oxy-cat, particulate filter, SCR, and so on.

Because we have mixers, the fluid flow in the hot end and the technology and the science that goes in the hot end is way more than that of a cold end, which is basically a pipe and a muffling device, right? So, I think look at it from a profit mix standpoint. As our hot end business grows, from a mix standpoint, that also helps us vis-à-vis the cold end.

Himanshu Singh: Right. My question was, we are already utilizing 99% of our capacity, and the new capacity will take some time to come online, right? Will we see the mix deteriorating towards cold end?

Arvind Chandra: No.

Himanshu Singh: Or will we do a de-bottlenecking and we'll increase the capacity? How do you see it?

Arvind Chandra: No, we are not going to be bottlenecked by it. What we're doing is we're adding a new plant in the west of India for clean air with a INR45 crores investment just to deal with this additional volume. Somewhere around, let's say, 300K of hot end systems will get added on top of the existing base that we have, somewhere around 2 million, right?

We're just basically adding more capacity via a new plant to support our customers in west of India. These are obviously the Tata, Mahindras of the world. So it's good. It's all good. We're just adding a plant. Again, that plant was going to also get filled up very quickly. That's the way we're doing it in a way where we have maximum utilization.

You know that in one of the earlier calls I mentioned that we have a very unique, standardized, and modular way of working, which means we are able to run very high volumes of basic Lego parts that can come together, and that explains why we are sort of asset light now. Fixed asset

turnover is very high, our return on capital employed is very high. For clean air, that's a very huge advantage for us.

So with the depreciated assets, with a very standardized module on the same line, the canning line, we can run multiple parts. The same canning line can run a Kirloskar generator exhaust system. It can run an Ashok Leyland big, heavy-duty exhaust system. It can also run a Mahindra vehicle, like a diesel engine exhaust system, right? So it can run all of that in the same line. All that has an advantage, so that gives us the ability to have a very good ratio of revenue to the capex intensity.

Himanshu Singh: Sure, sir. Thank you so much.

Moderator: Thank you. Next question is from the line of Rajat Agarwal from Nilgiri Advisors. Please go ahead.

Rajat Agarwal: Hi. Thank you for taking my question. Just staying with the capacity, could you advise the status of the two capacity addition announcements which were made in February and May? The reason I am asking is, the announcement that was made in May, it said the capacity of hot end products is 1.97, and you were adding around 250K of hot end product systems. The current announcement says the capacity is 2 to 2.2. Has that been commercialized?

Mahender Chhabra: Yes. We have four plants for clean air, which we have mentioned earlier as well. The plant that we announced earlier, which is coming in the northern part of the country, that should be up for SOP starting March 2027. In terms of installed capacity, to some extent, it varies on the product mix as well. Whether we are doing hot end production for commercial vehicles or for PV. The capacity is close to 2 million, but it could slightly go up and down depending on the product mix.

Rajat Agarwal: Okay. The cold end product expansion and the hot end product expansion announced in February, the SOP will begin in March of 2027, right?

Mahender Chhabra: Yes, that's right.

Arvind Chandra: Roughly, Yes.

Mahender Chhabra: Yes, roughly around that.

Arvind Chandra: The North India plant will have both hot end and cold end capacity increases. Again, I am eyeballing it, but 10% increase.

Rajat Agarwal: Yes.

Arvind Chandra: This plant in the west of India, that adds another 12%-14%, something like that, capacity increase. That is more focused on the hot end. Like I said, mix-wise, we are delighted because that gives us a much better margin mix, right? As we add plants that are more hot end focused, then the margin mix is better for us.

Rajat Agarwal: Right. The capacity addition announced in May for 2.1 million, both front strut and rear shock absorbers, it said it will come up in two phases, one in FY 2027 and another in FY 2028. Does that still, as in the status stay the same or is there any change?

Arvind Chandra: Yes, so we are basically doing it half and half, right? We will probably add 1 million by July. Again, it is more about getting the full annualized value of that, right? Because we will be starting to add capacity only like mid-year. So, 1 million this year, next million, next year, another million. So, it will give you another 2 million shocks of capacity on top of the 19 million we have, which is the basic base capacity across the many plants we have.

Rajat Agarwal: Got it. Okay, the next question is on, related to the FY 2030 revenue target that you have referred to in your presentation. Is there a number to it? What the number that you are looking at? I mean, I could not find that number anywhere, so I might have missed it.

Arvind Chandra: Yes, we do not disclose obviously future revenues, but I think what we are trying to do is to just provide comfort that our order book is so healthy that it gives us very strong conviction that we will have a nice, healthy double-digit growth that takes us all the way through FY 2030. So, FY 2030 revenues are fully covered.

Whatever we had planned pre-IPO, that is comfortably covered for the year FY 2030. You recall that in earlier quarters we had said, "Okay, FY 2028, we are probably 80%, 90%, and then finally 100% covered." But now we have enough confidence to say that by FY 2030 also, the FY 2030 revenue number will be 100% covered.

But if you just stack all the order book lifetime revenues year after year in terms of the start of production, the ramp-up, peak, and then ramp-down, that gives us a lot of confidence and comfort that it is going to be a good growth for us in the future.

Rajat Agarwal: Right. Just a small clarification to it. You are saying the order book covers the revenue, total revenue, cumulative revenue up to FY 2030, not just the FY 2030 revenue?

Arvind Chandra: No, no, FY 2030, right? If you take the just the bar FY 2030 revenues, right, whatever that is, let's say that's X that was planned. We are very happy to report that all of that X is covered, we are able to cover now

Rajat Agarwal: Got it.

Arvind Chandra: through the order.

Rajat Agarwal: Is that for one year and not just cumulative for four to five years?

Arvind Chandra: No, Yes, just for that one year. Which means, next year we will be able to probably say that, "Hey, we can even probably do FY 2031." So now obviously FY 2031 probably will be at a lesser percentage coverage because there is a lead time, because we have a long sales cycle, there is a lead time to it. But by next year, with the continued success of our business, we will be able to provide more comfort on the coverage of a particular year, if that makes sense.

Rajat Agarwal: Right, sir. Got it. Can I add a quick question?

Arvind Chandra: Yes, sure.

Rajat Agarwal: Do you share the total number of customers as on September 30? Is it possible? And the same number for FY 2026 end?

Arvind Chandra: We have not announced. I think we just did that during the RHP. After that, we have not said that. I think all I will give you comfort is that, once we have a customer, we never lose them. We have got 30, 40 years with some of these customers, and all we are doing is growing with them.

In fact, like you saw in today's the announcement, we are picking up customers that we never had before, which is fantastic. I am delighted to have Indo-Chinese, Indo-Korean, Indo-Japanese. All possible coverages we are okay with, especially the white space that we still do not have. That is the reason why we keep picking up market share across the board, and we are quite happy with that.

Rajat Agarwal: Right. It is very heartening to know and hear about the customer additions. That is precisely why I was asking, because you have been adding so many customers and so many, you are increasing your wallet share as well. Anyway, thanks a lot for your time. Thank you.

Arvind Chandra: Yes. Thanks, Rajat.

Moderator: Thank you. Next question is from the line of S.A. Narayan from Caprigun Research. Please go ahead.

S.A. Narayan: I understand you are putting up three new facilities. Where are these to be located?

Arvind Chandra: Yes, sure. The Clean Air facility that we announced first, that is located in the north of India, obviously to supply Maruti and Mahindra and some of the others in the north. Then we announced the suspension plant for ART, Advanced Ride Technologies. That is in west of India. That was the second announcement we made in our prior quarter. This quarter, we are saying we are adding one more Clean Air plant also in western India.

Obviously, when you say West India, there is Mahindra and Tata, that is sort of the center of gravity there. Look, this is all because of our order book, right? As you can see, our order book is stronger and stronger, and because of the health of our order book, you can be sure that we will be adding many more plants in the future.

S.A. Narayan: These are in nearness to the OEMs, right? You are taking care of logistics there.

Arvind Chandra: Sorry, if you are asking, are these for Indian OEMs? Yes, Indian OEMs, but also a portion of exports will also figure in there.

S.A. Narayan: Yes. Fair, understand. When will these facilities go live, all three of them? When will they go commercial?

Mahender Chhabra: The first plant that we said Clean in the northern part of the country, that would be the SOP should start sometime in March 2027, close to that. Then for Advanced Ride Technologies,

which would be in West India, that should kind of begin SOP sometime in July 2027. And the plant that we announced, like yesterday, today, the Clean Air plant in West India, there we are expecting the SOP to start around September 2027.

S.A. Narayan: All in calendar year 2027?

Mahender Chhabra: That's right. As of now, yes. All these should start in-

Arvind Chandra: Give it a plus or minus a couple of months here and there, right? It all depends on the customer volumes, etcetera. It will be, again, it is approximate a month. Yes.

S.A. Narayan: Great. Finally, what is the payback period for these facilities, units?

Mahender Chhabra: I mean, we can tell you the fixed assets turnover that we have. Whatever we have been investing, we generate revenue of, let us say, 3-4x on a gross block. To start with, it can be three, and as we keep on utilizing it more and more, we reach the optimum capacity, the capacity utilization can go up to four. From investment, you can figure out .

Arvind Chandra: Yes, I think this is, without giving you the answer, we can say with a smile on our faces that this is a great story for us, right? Our asset utilization and efficiency is among the best in all of India. That explains why, as of March 31st last year, last financial year, our ROCE was 94%. Think about that. Even fixed asset turnover is upwards of 8:1, right? I think, or 9:1. I think, as we deploy our capital, we have the advantage of using depreciated assets. We also buy assets at fair market value from our sister divisions in Europe and U.S. So as their volumes are declining, there is a lot of capex that is sitting around that we want to buy, right, at a much lower cost.

We bring it in, that also gives us an advantage of a lower capex base. Of course, because of our standardized modular nature of how we manufacture stuff, the efficiency is very high. So multiple plants can make the same product. The same line can make multiple segments at the same time, which is very, very efficient from that standpoint, right?

S.A. Narayan: Fair enough. Nice of you. Thanks for responding. All the very best to you, and great Diwali to you and your team.

Arvind Chandra: Thank you so much, Mr. Narayan.

Moderator: Thank you. Next question is from the line of Shubham Agarwal from FIL. Please go ahead.

Shubham Agarwal: Hi, Arvind. Thanks for the opportunity. First question is on, you have mentioned that there have been two next-generation model wins in Japanese OEMs for the ART business. Can you give some more color on this? Is this for DaVinci or the passive suspensions or FDD?

Arvind Chandra: It is a combination of both, because for the existing customer base, most of them want the DaVinci, right? They want to upgrade. For new customers, where we have not had business historically, they want a mix of both, right? They are like, "Okay, on the maybe A, B segment, we want this, the basic conventional suspension, and on the new ones, we want DaVinci." There is a pecking order and a sequence to these things.

They also want to feel comfort that, okay, here is a new supplier, even though we are quite well-known. 55% of market share means more than one out of two cars and SUVs in India have a Tenneco shock absorber. Having said that, there is still that remaining white space that we are trying to go after. These business wins are a combination of conventional and DaVinci.

DaVinci also, there is like, we have to set up the capacity, right? We also have to kind of bring the piston line in-house, localize it, automate it, and things like that. There is going to be some gestation period to that. The demand is huge. The demand is way more on DaVinci than we can supply today. That is the reason why we are scrambling to create space in Hosur in our plant to allow for that DaVinci growth to happen.

A lot of that legacy commodity, let us say, shock absorber lines from Hosur and Bangalore, some of that we will move to West India in this new plant. That is it. We are just kind of playing little, we are juggling chairs around to allow for this new technology capex to be created in Hosur. Hosur is our pillar plant because Hosur is where also our engineering center is located for the ART business.

Shubham Agarwal: Okay. To summarize, what I understand is that these two next-generation model wins for the Japanese PV, they are a mix of both passive as well as DaVinci, in short, right?

Arvind Chandra: Right. As the comfort grows, there will be more and more DaVinci replacements. Because the delta cost is so small, they will see that there is value, right? A few thousand rupees, where a delta cost for an INR11 lakh rupee car, right? It is a no-brainer.

Shubham Agarwal: Right. Yes, that is the story across. That is the story for the whole DaVinci to go forward anyway. Just specifically for the Japanese PV OEM wins, this is a mix at this point of time. So you have some DaVinci wins also. Japanese OEs will be introducing DaVinci, is my understanding.

Arvind Chandra: Yes, at some point. Do not forget that, at Maruti Toyota, we have very high. At Maruti Toyota, we have very high share of business. I cannot say what is going to be launched when, because it is still a discussion we are having, but it will happen at some point.

Shubham Agarwal: Okay. My second one is on the margin pressure in the subsidiary. The margin pressure out here in the subsidiary is quite high compared to the standalone business. While we have mentioned commodity being the key headwind, and we also see that in gross margin console, can you give more color on what is leading to this sharp drop in subsidiary profitability?

Mahender Chhabra: Yes, it is largely on account of the Yes, no, it is largely on account of the commodity prices. There are no other reasons for that. As I said, commodity prices could be bifurcated into index and non-index. Index, we have been able to recover from the customers. Non-index is something which is subject to a discussion.

So there is no other reason. When I say the impact of this commodity price, it also includes the forex impact, which again, we have been kind of discussing with the customers to kind of compensate us for that. So it is largely on account of the geopolitical impact on the prices.

Shubham Agarwal: So, fair to say that the proportion of non-indexed costs is significantly higher in the subsidiaries?

Mahender Chhabra: I mean, in some subsidiary, it could be, yes.

Shubham Agarwal: Can you give some more in-depth color on what are those commodities? Is it plastics or is it more forex-oriented?

Mahender Chhabra: Yes, it's mainly oil.

Shubham Agarwal: Order of impact?

Mahender Chhabra: Yes, it could be oil, plastic, rubber, and yes, the forex impact that I mentioned about.

Shubham Agarwal: Okay. Sorry, but just to pull this thread forward, in the standalone business, we are not seeing any kind of margin pressure at this point of time. We are seeing that in the standalone, we have already passed on all the commodity increases that have come. Is that fair?

Mahender Chhabra: Yes, that business has. Most of the kind of components are indexed in that particular business.

Shubham Agarwal: All right.

Mahender Chhabra: It is mainly the steel here, which is an indexed commodity.

Shubham Agarwal: Okay. But in the-

Moderator: I am so sorry to interrupt, Shubham Agarwal. You may please rejoin the queue for follow-up questions. Thank you.

Shubham Agarwal: Thank you.

Moderator: Next question is from the line of Aadesh Gosalia from Spark Capital. Please go ahead.

Aadesh Gosalia: Hello? Hello? Am I audible?

Moderator: You are audible. Yes, you are audible.

Aadesh Gosalia: Yes. Firstly, congratulations on a good set of numbers. Actually, I missed some part in between, and sorry if I am repeating the question, but it was mainly on the subsidiaries side that the margins in the ART segments seem to be lower. Just wanted a verification that whether they are related only because of the commodity pass-through or is there something else?

Mahender Chhabra: No, it is mainly on account of the commodity price, like I mentioned about the oil, lube oil. There has been a steep increase. That is one of the main commodity which is impacting the profitability of the Advanced Ride Technologies.

Aadesh Gosalia: Oh, okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Ms. Roopali Singh, General Counsel and Company Secretary, for closing comments.

Roopali Singh: Thank you, Iqra. Ladies and gentlemen, thank you so much for your continued interest in our company. We appreciate the time you have taken to participate in the meeting and look forward to meeting you in the next quarter as well. On behalf of the entire Tenneco India team, I wish you and your families a very happy Diwali. Thank you and a good evening.

Moderator: Thank you very much. On behalf of Tenneco Clean Air India Limited, that concludes this conference. We thank you for joining today's call. You may now disconnect your lines.