



TENNECO CLEAN AIR INDIA LIMITED
(formerly known as Tenneco Clean Air India Private Limited)
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Date: 20th February, 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 Monday, February 16, 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 11th February, 2026, we hereby submit the transcript of the Earnings Conference Call for Analysts and Investors held on Monday, 16th February, 2026 at 04:00 PM (IST) post declaration of results for Q3 FY2025-26.

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
Company Secretary and Compliance Officer
Membership No: A15006

Place: Gurugram

Encl: As above



“Tenneco Clean Air India Limited
Q3FY26 Earnings Conference Call”

February 16, 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
MS. ROOPALI SINGH – COMPANY SECRETARY AND
COMPLIANCE OFFICER – TENNECO CLEAN AIR INDIA
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Tenneco Clean Air India Limited Q3 FY '26 Earnings Conference Call. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Ms. Roopali Singh, Company Secretary and Compliance Officer from Tenneco Clean Air India Limited. Thank you and over to you, ma'am.

Roopali Singh: Yes, thank you, Steve. Good evening, ladies and gentlemen. We welcome you to the earnings call of Tenneco Clean Air India Limited. Today we have with us Mr. Arvind Chandrasekharan, Whole Time Director and CEO of the company, and also Mahender Chhabra, the 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 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 about 20 odd minutes. After that, we would open the floor for Q&A session of about 40 minutes.

Before we proceed, I would like to draw your attention to the cautionary statement that appears in the presentation. And with that, I would hand it over to Arvind.

Arvind Chandrasekharan: Thank you, Roopali. Good evening and thank you all for joining us for Tenneco Clean Air India's Q3FY26 earnings call. For us, this quarter was defined by robust execution. Execution that translated technology into customer adoption, strengthened our order book, and reinforced the leadership and relevance of our portfolio in a rapidly evolving Indian automotive market.

In Q3, we delivered strong value added revenue growth of 15% year-over-year, alongside EBITDA growth of 25%, reflecting operating leverage and disciplined cost management. Our margins remained at healthy levels with EBITDA at 18.6%, underscoring the quality of earnings and the scalability of our operating model.

For profit after tax, we had a one-time impact of recently notified labour code, which required us to go back in time to calculate the full impact of statutory benefits as per the new definition. Due to this one-time impact, our PAT came out at 9.9%. However, without this, we would have been much better quarter-over-quarter, showing strong underlying business performance improvement. Our current ROCE levels are at 80% plus levels.

At Tenneco, our focus goes beyond manufacturing components. We engineer experiences that OEMs can bring to life, where technology, comfort, and performance come together to create meaningful differentiation for end consumers. A defining highlight this quarter was the strong validation of our technology leadership through the adoption of DaVinci DCx, a first-in-the-world advanced suspension system adopted by a leading Indian OEM for a next generation flagship SUV platform.

With an estimated annual revenue potential of around INR2,200 million for this one program alone, this win demonstrates our ability to translate mechanical innovation into scalable customer relevant solutions. 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 passenger vehicle segments including SUVs. It is also 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 differentiator.

Alongside this win, we also secured a strategic Clean Air program win with a leading global commercial vehicle OEM based on a modular in-line BS6 aftertreatment system with an estimated annual revenue potential of around INR1,150 million. This program allowed the customer to retain its captive engine architecture while reducing overall system cost and it highlights our ability to combine engineering flexibility with the speed of execution.

Importantly, this win was driven by close customer engagement, resident engineering support, and strong focus on first time-right validation. Capabilities that are increasingly critical as program timelines tighten. These achievements are not isolated. They reflect how our engineering and manufacturing capabilities are being translated into tangible customer outcomes across both Advanced Ride Technologies and Clean Air and Powertrain solutions, while our plants expand capacity to support future growth in the Clean Air business.

Now, supporting the Clean Air growth trajectory, our Board has approved to develop a greenfield plant in North India, namely in Kharkhoda, Haryana, to strengthen proximity to the northern customer base and to support awarded programs across light vehicles, off-highway, and tractor segments. This project envisages INR710 million capex with an estimated start of production in Q3 FY27, further enhancing Tenneco's operational footprint and customer responsiveness.

We continue to hold strong leadership positions in our core segments, leading the market in India in Clean Air and Powertrain applications for commercial truck and off-highway OEMs and holding the number one position in shock absorbers for passenger vehicles. These positions have been built over decades of manufacturing excellence and continue to deepen as content per vehicle increases and program complexity rises.

From a broader industry perspective, trends remain supportive, with tighter emissions norms, rising expectations around comfort and safety, and a continued shift towards SUVs and premium platforms. At the same time, India's role as an export base is expanding. Against this backdrop, our portfolio across emissions, powertrain, and advanced suspension is well aligned with where OEM investment and differentiation are headed.

Before I hand over to our CFO, Mahender Chhabra, I want to touch briefly on our growth visibility. Our order book remains very strong and well diversified with exports now contributing

to over 20% of the total order book. Importantly, this order book provides full 100% revenue coverage through FY 2028 and supports a clear double-digit CAGR visibility over the next three years, therefore vastly outperforming the market. You will recall from our red herring prospectus from last year that we had grown our value added revenues by 5.9% CAGR from FY23 to FY25.

This new growth curve between FY25 and FY28 proves our tailwinds in content per vehicle, exports, and white space. Our order book is also well balanced across Clean Air, Powertrain, and Advanced Ride Technologies, giving us confidence in the sustainability and quality of our growth as we move forward. New tariff and duty reduction announcements by the US and EU will strongly improve the tailwinds to allow us to grow our exports further. We're talking about 50% tariffs down to 18% for the US and 3% to 8% range to zero for the EU.

With that, thank you once again for your time. I will now hand over to our Chief Financial Officer, Mahender Chhabra, who will walk you through the financial performance for Q3 and the 9MFY26.

Mahender Chhabra:

Thank you, Arvind. Good evening, everyone, and thank you once again for joining us in today's call. I'll be taking you through the financial highlights for the Q3FY26 and the 9MFY26 using value added revenue (VAR) as the primary performance metric as it excludes pass-through substrate cost and more accurately reflects our underlying operating performance.

I'll start with Q3FY26. Revenue from operations stood at INR12,853 million, representing a 14.2% growth year-on-year. Value added revenue for the quarter was INR11,941 million, up by 14.7% year-on-year. It clearly demonstrates continued momentum driven by higher volumes and a favorable product mix.

Clean Air and Powertrain solutions recorded revenue of INR5,644 million, growing at the rate of 5.4%, while Advanced Ride Technologies delivered INR6,297 million, growing at the rate of 24.5%, supported by strong suspension demand and the program ramp-ups. EBITDA for the Q3FY26 was INR2,225 million, a healthy 24.8% year-on-year increase with EBITDA margins at 18.6% of value added revenue.

Margin performance during the quarter benefited from the operating leverage, our operating model P3, commercial actions, and effective cost management enabling us to deliver strong margins. Profit after tax for the quarter was INR1,188 million and I would like to mention here that this figure is after accounting for one-off spend related to new labour code, which came into effect from 21st November '25 to the extent of INR203 million.

Excluding this one-off impact, adjusted profit after tax margins remain aligned with underlying operating and EBITDA performance of the business at INR1,391 million with 11.7% of value added revenue.

Coming to 9MFY26, we continue to deliver consistent growth with sustainable margins. Revenue from operations for the 9MFY26 grew 8.1% year-on-year to INR38,515 million, while value added revenue increased 10.3% year-on-year to INR35,122 million, driven by higher volumes, increasing export contribution and a favorable product mix. EBITDA for the 9MFY26 stood at INR6,682 million, up by 12% year-on-year, while EBITDA margins at 19% of value

added revenue supported by operating leverage, commercial actions and disciplined cost management.

Profit after tax for the 9MFY26 stood at INR4,376 million, reflecting a 6% year-on-year increase. Similar to Q3FY26, profit after tax includes the impact of the one-time labour cost charge and the adjusted profitability remains healthy and consistent with operating performance.

From a capital efficiency perspective, returns remain strong with return on capital employed exceeding 80% for the 9MFY26, reflecting disciplined execution, efficient capital deployment and robust operating cash generation. Our balance sheet metrics continue to remain healthy, supported by negative cash conversion cycle and effective working capital management.

On the revenue mix, exports continue to gain traction and now form a higher share of our order book compared to the domestic business, which structurally supports margins quality. Importantly, as highlighted earlier, our order book provides 100% revenue coverage through FY 2028, offering clear medium term visibility and supporting a double-digit CAGR outlook for over the next three years.

As Arvind mentioned earlier, we are very excited about the new greenfield plant at Kharkhoda, Haryana, to support major passenger vehicle OEMs and OH and tractor OEMs. We believe that the capex investment of INR710 million will give us healthy fixed asset turnover ratio and in line with the consistent with our industry leading past performance.

To summarize, Q3 and 9MFY26 delivered strong revenue growth, margins, and strong capital efficiency. The combination of technology-led program wins, favorable mix, export momentum, and disciplined execution positions us well as we move into the final quarter of the financial year.

Thank you. With this, I now hand over the call back to Roopali.

Roopali Singh: Thank you, Arvind and Mahender. For the Q&A session, we would request the participants to kindly limit the questions to two at a time. If you have additional questions, please rejoin the queue. I would now request the moderator to please commence the Q&A session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Jinesh Gandhi with Oaklane Capital. Please go ahead.

Jinesh Gandhi: My question was on DaVinci suspensions. So, would it be fair to say it is closer to semi-active suspensions which are available in more premium vehicles?

Arvind Chandrasekharan: Thanks for your question. No, it's different in the sense that, it's a purely mechanical suspension. It really has the best combination of affordability and performance in terms of ride quality. It has the shim stack discs that are arranged in a way that they allow selective hydraulic flow. So we don't really have any software or electronics like we have in the semi-active suspension, right?

So it's think of it as the most affordable but the best ride quality across highways, uneven road surfaces, bumpy roads and even pot holes. It's got the best combination at an affordable price without having the complications of electronics, software, sensors, motors and so forth.

Jinesh Gandhi: And any sense of affordability vis-à-vis semi-active, so if semi-active is hundred, this would be what, about sixty, seventy index to semi-active?

Arvind Chandrasekharan: In fact, let me answer it in a different way. It's more like a you know 90% of passenger vehicles on Indian roads have conventional shock absorbers. So you could say that since India's independence we've mostly operated with pretty average or you know conventional shock absorbers. So if you were to go up from that level, right?

So from, if you had to convert every single passenger vehicle, cars, SUVs, even light commercial vehicles and some commercial trucks to go from conventional to this DaVinci suspension, the additional cost delta is really not much from at least the price that we charge OEMs, right?

That delta cost is literally the cost of a dinner for two at a five star hotel. I mean that that's what we're talking about here. So it is very affordable I think from an OEM standpoint, but in return for just that cost, you have now a much, much better performing suspension system that's on a vehicle for life and life means what fifteen, twenty years.

Jinesh Gandhi: Right, got it. And in that context, are you seeing very encouraged and higher level of inquiries from more OEMs beyond Mahindra? Because this obviously seems to be a game changer from suspension technology is concerned.

Arvind Chandrasekharan: Yes. The demand is fast and furious. Everybody recognizes that this is a game changer. So it's just not it's Mahindra, it's obviously many other, Indian and also Japanese, Korean OEMs, every everybody is interested in this technology because it's at the right cost range, but at the same time from a performance standpoint, from a ride quality, comfort standpoint, it's a completely different level.

And I urge you; I urge as many of you to come to our Hosur plant and actually try out the difference between a conventional suspension and the DaVinci suspension, right? So I think that's the game changer we're talking about. Because you know in India look, we are a very value conscious society. Yes, semi-active suspension is the way to go in the future. However, you know it does come at a certain price point because you've got complicated softwares, electronics and the integration of all that.

However, this suspension, you know pretty much gets you as close as possible to an electronic suspension. So, I think this is the nice kind of a mid to premium offering that covers a very, very large part of the Indian market.

Jinesh Gandhi: Got it. And my second question is on your exports. So it's great to see 20% of order book from exports. Any color on how would be the end geographic mix of this 20% order book of from exports? The reason I'm asking this is considering the changes which are happening on the tariff side. EU obviously from 3% to 8% tariffs is now down to zero, hopefully in next 12 to 15 months.

Could that be a very large market if it is already not sizeable portion of the export order book today?

Arvind Chandrasekharan: Yes. So good question. This has been the big game changer. So if I just back up a second, right? If you remember in our red herring prospectus, we had said that our exports as a percentage of sales was only 5%, right? So, we were not very comfortable with that. And the good news is our order book, like I said earlier is already coming in at 20% of the total order book, which is great news.

And another great news on top of that is it's nicely spread between Clean Air, Powertrain as well as ride technologies. So both the engine side and the chassis side of the business are seeing nice gains in exports.

In terms of regions, look now going forward things are going to change, right? Because now the US we have become very competitive because even from 50 dropped not to 25 but to 18, which is excellent from a competitiveness standpoint for us. Same thing with EU, some like bearings which used to have 8% duties are now to zero. So, both from a US and EU perspective, that's going to help our competitiveness as it comes to exports.

I think exports will see a much higher CAGR. Already exports the CAGR is very, very, very strong double digit growth. Right now, what we've booked so far you could say it's a good mix with Asia being the leading destination followed by US and Europe. But I think looking just at what we have order booked just in the last let's say few weeks, it's going to probably balance out much better.

And of course for the future because of the new tariff reduction announcements by the US and EU, it's going to get even better. So I think we're very excited. Again, these exports are not just to third party OEMs, they're also exports because we have better labour cost arbitrage, better competitiveness as we supply back to our Tenneco entities worldwide. Could be Tenneco Europe, could be Tenneco US as well.

Moderator: Thank you. The next question comes from the line of Jeemit Shah with Motilal Oswal Financial Services. Please go ahead.

Jeemit Shah: Thanks for taking my question. So for the past few days we've been hearing some news on the CAFE norms. So maybe there's a concession for the smaller cars coming in the CAFE 3 norms and even in TREM 5 there's a push on timeline according to couple of media articles. So just wanted to get some sense on what you are hearing from the OEMs and how does it negatively impact our visibility for growth in the Clean Air systems segment?

Arvind Chandrasekharan: So I think look, there are always rumors on push back etc across CAFE, TREM 5, even BS 7 as you know. But from our standpoint we're not seeing that. We're seeing that OEMs really want to get ahead of the curve. And there's one main reason for that. And the reason for that is exports, right? OEMs are also very, very interested in exporting to South Africa, to back to Asia, to Japan, to Europe and so on.

And you see examples of our Indian OEMs that are finding a lot of recent success with exports in various regions. So I think from that standpoint, if they have to export vehicles from a CAFE, from a CO2 standpoint, they have to be on par with the rest of the OEMs that that operate in those regions.

And same thing for TREM 5. TREM 5 is a good example where tractors for example, if you want to export tractors to other regions. And by the way, OEMs make much better profits overseas I assume, simply because I think that the market can adopt and accept a much higher price. So for from that standpoint as well, we're seeing that there is no push back.

In fact, there is more pull from us to say okay what else can you do? Can you make it more affordable? Can you package it better? Can you do it faster? So I think it's more the contrary I would say. It's just that OEMs really want to make sure that they are not the ones that are slowing anything down from an export standpoint. So they want to make sure that they are on par with the legislation, looking into their business as a global business.

Jeemit Shah: Also, just on the greenfield plant that we're looking to set up. What would be the asset turnover there? Sorry if you've already answered that, I just missed it.

Arvind Chandrasekharan: So typically, we say, again see this is theoretical because this is how we've operated in the last let's say 10 years or so, right? So for every rupee of capex invested, we typically this again gross block, right? So every rupee of capex invested gives us a steady state revenue of INR3.5 to INR4 rupees. Okay 1:4, right? On a net block basis we are more like 1:7 or 1:8, I would say. So we the number that that we've put in the press release is INR710 million, yes? So you can just take 3, 3.5 to 4 times that to say okay what at steady state, again because there is a little bit of a delay, right?

So the capex comes first and it takes about 18 to 24 months to full ramp up and so on. So it'll be 3, 3.5 to 4 times that number from standpoint of steady state revenue, but and over time as your capex assets depreciate, it would tend closer to the 1:7, 1:8 kind of range. Mahender, you want to add something?

Mahender Chhabra: Yes. No, that's right. I think so we're investing about INR710 million in this new greenfield and in terms of FAR ratio, it would be consistent with the current FAR that we have. It will take some time like Arvind mentioned. So let's say over the next 18 to 24 months once the ramp up happens, we should be close to the existing levels.

Jeemit Shah: Sure, got that. Also lastly, what would be the current value of the total order book that we have?

Arvind Chandrasekharan: Yes. So order book we decided we'll publish it every six months. So we did one the previous Q2. The next one if I can just ask you to ask me this question in about two and a half three months, that would be great. We will publish the order book for the second half of the year post the end of the financial year. So we'll do one every six months simply because it's not because we don't want to do it, it's just because they come in in these valleys and peaks.

But I can assure you the last couple of months have been very, very good. So we're very chuffed, very happy about it. So and also by the way, the order book has been so good that we can like I said in my opening commentary, 100% of FY 2028 revenues have already been order booked.

Have been booked meaning that gives us a very good visibility of a double-digit CAGR. So which means we're going to be growing in the next three years way faster, much, much faster than we grew in the last three years from FY23 to FY25.

Arvind Chandrasekharan: And this is domestic and export..

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

Ravi Gupta: Yes, so thanks for the opportunity and congratulations for the solid YoY growth. So my question for the precious metal, inflated precious metal prices. Given the elevated price of the precious metal, what technologies or design approach are OEMs exploring to reduce overall aftertreatment system cost and how you are supporting customers through material optimizations, alternative formulations or system redesigning to address this challenge?

Arvind Chandrasekharan: Yes. Good question. But this is an ongoing thing, right? I mean we always are partners with OEMs to try and optimize the use of precious metals. Because obviously precious metals, there's a holding cost and obviously there's no consumer benefit, right? Consumers don't see the benefit other than the fact that it helps catalyze the conversion of harmful gases into inert gases, right? So that the function of the catalyst is that, right?

So obviously, our help to our customers is in multiple ways. Like you rightly said, it could be material grade choices, it could also be I think fundamentally the choice of how we design the mixer, right? So if the exhaust gases are able to mix better in a most optimized way to have maximum exposure to catalyst, then we can actually reduce the amount of platinum, palladium, rhodium loading, so as to still get the benefit from a NOx and a particulate matter standpoint, right?

So it's really and again I commend our very strong parentage, our global engineering folks based in the US, Europe as well as the strength of our applications engineering team here, who form an excellent team work with all the OEMs around the world. And also by the way, we also learn from other OEMs as to how they're doing it and we also are able to kind of make suggestions and advise OEMs on different ways to change the architecture in terms of packaging, in terms of routing of the gases, in terms of precious metal loading, also in terms of material grades, right?

So all of the above is something that we've been doing for a long time and of course this is our endeavour is to always ensure that we help the OEMs reduce the amount of loading and still be able to meet the legislation throughout the life of the vehicle.

Ravi Gupta: Got that. Second question is regard to the export one. So the EU India FTA progressing how do you see this impacting your business? Specifically, do you expect benefit through low cost

imported component or it could increase the competitive intensity as global peers gain similar access to India market? What is your view?

Arvind Chandrasekharan: Yes. So like I said yes all of the above. There are certain components like bearings which attract a much higher tariff like 8% and that imagine 8% going down to zero, now we're able to be way more competitive on price, right? And the same thing for, sealings, ignition like spark plugs, so all those become much more competitive from a let's say a single plant out of India can be more competitive. And by the way these products like bearings, sealings, spark plugs are very small, right? And they travel really well.

So the logistics cost is almost nothing. You put many of these inside a little box and you're able to ship them for no additional cost. So wherever you have exports to Europe or the US, in this case your question was about Europe, in wherever there is an export to Europe involved with small parts that travel well, you can be 100% sure that we will be more competitive than anything that is equivalent in size in terms of but with the labour cost that comes from a western European country for example.

Moderator: Thank you. The next question comes from the line of Bhavika Jain with Niveshaay. Please go ahead.

Bhavika Jain: Thank you for taking my question. So my first question is on the capacity expansion side, as you mentioned that you have a strong order book visibility. Just wanted to know are we planning to do a major capex on the, like on the business side and especially what the current status of the capacity utilization?

Second question I have is related to the margin side. So basically, we have a two segments. So what's the margin of Clean Air segment and the Advanced Ride Performance segment?

Mahender Chhabra: Yes. Sure. So maybe I can cover the second question first. So as far as BU-wise margins are concerned, as an organization we decided that we would be kind of sharing the margins at a console level, even though there is a margin differential between the two, but we would be sharing the margins at a console level.

On the second part regarding capex, yes, as we were operating at about 80% of the capacity and today with the volumes that we have, we are at about more than 90% of the capacity utilization. We would be kind of investing the capacity utilization because we are looking at a strong double-digit CAGR for the next three years, so we would be investing in the capex.

And one of that is already that we have already kind of announced, we would be putting up a new plant in Kharkhoda, Haryana, which will mainly take care of the Clean Air and Powertrain business.

Bhavika Jain: Okay. And as you say that you're like there is the investment is going to be a life. So when we can expect it be optimally like when the capacity is going to be live and how we can see the ramp up situation?

Mahender Chhabra: Yes. So as far as this new plant is concerned, like we would kind of start the investment within this quarter, and we should see the ramp up in Q3 FY27.

Moderator: Thank you. The next question comes from the line of Viraj with SIMPL. Please go ahead.

Viraj: Yes hi. Thanks for the opportunity. Just couple of questions. First is on the new suspension innovation we talked about. Can you just from a technicality point of view, can you just give some color why is it difficult for someone to offer similar solution in Indian context?

Arvind Chandrasekharan: Look we in India, Tenneco India, we have the advantage of having a very strong R&D backbone. The parentage is very strong. So we are already by the way, we're leading in suspension globally not just in India. In India we now have 52% of the market share, which means one out of two passenger vehicles has a Tenneco shock absorber in it already as of today. And we and we've gained in the last six, eight months also.

But the global story is not that far away, I mean we're also leading in in suspension technology globally, right? So the strength of our core R&D and you know coupled with the strength of our applications engineering team here in India, there are no companies in the world that have had have this combination, right?

We have the smartest engineers and again me coming from with a 30 year career across all regions I can assure you that this is one of the finest engineers I've ever met. Specifically, you know this DCx is patented, right? It's very unique because it uses think of like a Pringles, chips, potato chips stacked up, right? Something like that.

You have different discs, different materials all stacked up and so each of them selectively allows for hydraulic flow in different conditions. So whether it's a straight road and you're making a sudden turn or you're going through a uneven surface or slightly bumpy surface or a sudden jerk after hitting a speed breaker or hitting a pothole, the advantage of this is that these discs are designed and each one operates slightly different way.

So and this is pure mechanical ingenuity, right? And it does it in a way that offers you optimal comfort across all vehicle conditions. And again we developed it in conjunction with the leading Indian OEM, which I guess you can Google and find out who that is, but this is very difficult to copy. One is, it's patented plus I think it's a lot of you know three, four years have gone to bring this into fruition.

It's not something that can be copied overnight. And so I think that's the way I would answer it, you know, combination of the smartest engineers, three, four years of development globally and also in India with excellent parentage and very, very close applications engineering work with a leading Indian OEM has resulted in this technology.

Viraj: Okay. Second question is on suspension again. See if you see the trend broadly is we're seeing a premiumization in the Indian auto industry and just like other auto components, one would logically think that OEs over a period of time transition to something like semi-active or active. But here you are, a global leader offering this solution which is a relatively a cheaper cost effective I would say solution to a semi-active.

So is that push more driven from the OE or that the transition is not playing out as you think it should have in in terms of towards a semi-active, active? I mean any thoughts you can give the thinking behind this solution and what has driven it?

Arvind Chandrasekharan: Very very good question. Thanks for the question. See the OEMs, look at typical Indian OEMs, right? They cater to the A, B segments, then they cater to C segments and they're inching more and more towards more and more expensive vehicles, right? It's not far away where you'll have an Indian OEM launching a INR50 lakh vehicle. I think it it's just a matter of time, right?

So our job, right? As a supplier to OEMs, as a technology company, is to supply the entire range of segments for the OEM, right? And what this DCx does is sits nicely in the middle, in the middle meaning the big middle, right? Because over 90% of the shock absorbers across all passenger vehicles is conventional, the old boring stuff, let's just call it that. This thing sits nicely in the middle, and it covers a nice range of sub-segments, right?

So like ultra-premium category you would obviously go for the semi-active solution because you will you will need to have sensors, actuators and electronics that also talk to braking and steering and so on, in case you want to have let's call it a multi-layered experience like you see in you know premium vehicles, ultra-premium vehicles.

But this DCx technology is sort of like the middle ground where it straddles the entire let's call it the low cost affordable segment all the way up to the mid to let's say entry level premium segment. And this is what is the magic here because it's affordable, at the same time in terms of a performance improvement, I would strongly suggest that you experience both a typical conventional shock absorber and this DCx technology and you will see a huge difference.

So for that huge difference the delta price to be paid is very minimal. Like I said cost of a family dinner at a five star hotel. But I think the point I'm making is that our job is to cater to every single segment. So when our Indian OEMs and also let's say Japanese, Korean OEMs come up with more and more premium vehicles, obviously we'll push them more towards the semi-active or even fully active suspension at some point, but this one is excellent because it doesn't add any incremental cost, at least the cost that we charge, the price that we charge the OEMs.

But overall in terms of the improvement in performance, you can just Google, DCx DaVinci and you'll see there's tons of media reports on how good it is, right? And again, don't take my word for it, look at independent journalists, it's all over YouTube. In fact they are doing free marketing for us for Tenneco here and you know you can just go and check and see what they have to say about this DCx technology.

Viraj: Okay. So this basically would cover the XUV 700, 7XO both the platforms.

Arvind Chandrasekharan: In fact this thing is so good that we say it covers all the way from the A segments like the real small car, of course there is a certain bore size, so we don't want to go to like the real low end ones, maybe you could say B segment, C segment, D segment, so it covers all passenger cars, all SUVs and even commercial vehicles in terms of cabin dampers, axle dampers and so on.

So we can actually make a case that this will go beyond the typical let's say 5 million a year passenger vehicle market and it will also go into light commercial vehicles and also some medium to heavy duty trucks.

Viraj:

Okay. I have one question on the Clean Air division. And this is more from export point of view. See I understand that tariff, incrementally you know post the FTA deals it's no longer a barrier it used to be. But if I have to keep that aside and just understand from a unit cost competitiveness point of view say of Tenneco India versus other emerging locations of Tenneco or with other Indian competitors, how would our cost position be?

Arvind Chandrasekharan: We believe at Tenneco at least for Clean Air your question was specific to Clean Air. We believe that our cost structure is highly optimized. And look at how the kind of margin improvement we've made, right? In the last three years. So, to FY23, FY24, FY25. 400 basis points of EBITDA improvement, which also again because Clean Air is nearly 50% of our business, the margin improvement again that's come through very, very strong cost cutting, right? Across all elements of the P&L.

Over 2 lakh ideas have gone through over the last three years and created a model that allows us to be very, very cost competitive. And secondly because we have this kind of a culture of constant continuous improvement, that thing doesn't stop by the way. Even now as I'm talking to you, there are people in the plants that are constantly they have challenger roles, their job is to is to keep taking cost out of the system, right?

Obviously and then labour costs advantage from an export perspective, India is very, very competitive. Also India is the best combination of a country that has low cost labour and also educated labour. Remember that India scales really well. We have the best access to, high quality engineers, operations people, quality engineers etcetera, etcetera. So that, that combination of low labour cost plus talent is what makes India special. And of course we're using that to our advantage.

Now, versus other competitors in India or elsewhere I don't want to comment on what they're doing, but all I'm saying is that we are in the best position to compete in India very well and also to compete globally because look at what has happened in the recent past.

In Q2, we announced that we made a strategic we made strategic inroads into the hot end with the gasoline particulate filter with a leading Japanese OEM which we didn't have access to before. So that certainly opens us puts us in the supplier panel of this major customer, right? So that allows us to grow our Clean Air market share further in India and of course overseas when it comes to exporting, components like end-cones, hydro-formed parts, SCR mixers, diesel particulate filters.

Because of this new reduction of tariffs between the US and India and also Europe and India, our products become more competitive. So the combination of, a culture of continuous improvement, heavy cost cutting, this is part of our culture, right? Secondly, the access to lowest cost labour but the and the smartest engineers. And thirdly and of course, the overall cost

competitiveness improves and because of the tariff reductions it gets further heightened I would say our competitiveness.

Moderator: Thank you. Ladies and gentlemen, The next question comes from the line of Nitin from JM Financial. Please go ahead.

Nitin: Yes. Thanks for the opportunity and congratulations on great set of numbers. I have one specific question with regards to the Clean Air segment performance. In this quarter we've seen the ART grew around 24.5% YoY basis. However, the Clean Air system grew only 5.4% despite the underlying industry both passenger vehicle and the commercial vehicle showing strong momentum. Could you please elaborate some of the reasons why was there underperformance from the Clean Air system?

Arvind Chandrasekharan: Yes. Sorry I hope, I understood the question. The question was Clean Air growth versus ART growth, right Nitin?

Nitin: Yes, yes. Especially when the underlying industry for the Clean Air like commercial vehicle and the passenger vehicle saw robust momentum post GST 2.0.

Arvind Chandrasekharan: Yes. So look because our Clean Air light vehicle or let's call it passenger vehicle presence is not so much in the lower displacement engines. And the GST impact from a positive impact perspective has actually benefited more the smaller displacement engines that go on A and B segment cars where we are not present for the majority with this leading Japanese OEM.

And that's one of the reasons why we didn't get the benefit of that. But that's only for the quarter, because over time if you look at SIAM or IHS, they're all predicting that this GST euphoria will die down after some time, so over the over the full year period that euphoria won't last, it'll come back to normal level.

So we think that our growth will in Clean Air will align itself to the market growth. And also a second thing I want to mention is that because we've got inroads, we've made inroads into the hot end at this leading Japanese OEM, that changes the game completely. So over the next eighteen to twenty-four months you'll see that business also ramping up and also more and more RFQs coming in from that particular OEM and that'll help us grow.

Also with recent strategic wins like we put in the Q3 press release strategic win at a European leading OEM truck customer commercial truck customer, there also we have consolidated our position. So our market share is already pretty high, right? In commercial trucks we're leading with 57% market share in off-highway it stands at 68%. But that has not stopped us, we're constantly growing and creeping up on market share and on the passenger vehicle side our market share has crept up and growing steadily.

And plus the export, see that's the thing going back to the earlier question. Our exports is really the order book is very, very strong right now in Clean Air. So that's the other thing that's helping our growth. So both from a domestic market share capture, getting into white space, enjoying the benefits of content per vehicle because of either CAFE with like a gasoline particulate filter

or with TREM 5 or with even let's say early versions of BS 7, we are benefiting from that. So content per vehicle, exports growth and also white space from a share of wallet capture.

Moderator: Thank you. The next question comes from the line of Viraj Sanghvi with Ambit Capital. Please go ahead.

Viraj Sanghvi: Thank you for the opportunity, sir. I just have one question in X of Clean Air solution the business we've seen almost 400 basis points EBITDA margin improvement on a YoY basis. Could you highlight specific reasons for that and headroom that you have further in X of Clean Air solution for margin improvement? Thank you, sir.

Arvind Chandrasekharan: Sorry Viraj, I couldn't hear you properly. So your question was the 400 basis points improvement in EBITDA? Is that what it was? Was that your question? And the explanation?

Viraj Sanghvi: Yes, in X of your Clean Air solution the business the margin improvement of around 400 basis points on a YoY basis. Any color on that and what is the scope for further improvement over there?

Arvind Chandrasekharan: No, I think you misunderstood. I was talking about the overall business that is Clean Air, Powertrain and the Ride Technologies over the last three years with FY23 to FY25, right? So three years FY '23, '24, '25, those three years our overall EBITDA margin including Clean Air, including Powertrain, including Ride Technologies, the EBITDA went up 400 basis points to the 18 plus percent level, right?

So what I'm trying to say is that post the acquisition by Apollo, the entire company, not just India but globally has gone on an EBITDA improvement spree focusing on factory level improvements. Just in India alone there were 200,000 ideas that went and of course some got rejected, some went in. So that kind of new continuous improvement culture has become part of our DNA.

And that still continues by the way, like I said every day there are people in challenger positions on continuous improvement who are constantly trying to work along the P&L. And again this means looking at raw material costs, looking at conversion costs, looking at fixed costs, looking at commercial negotiations, looking at design changes, you know value analysis, value engineering, the whole chain.

And this was never part of the old company culture prior to 2022. So this is actually part of the of the new culture. And this is why I'm saying that I'm very comfortable in our competitiveness because as we get to become a higher margin company, we also have more freedom to play with selling price because we can be we can compete aggressively on just with domestic business as well as export business very competitively and still make our margins because of that culture that we've developed.

And again the advantage we have is our parentage, right? Because ideas flow in from all over the world. So we benefit from not just technology ideas but also from shop floor ideas. We have 180 manufacturing plants globally of which a twelve are part of this post-IPO entity Tenneco

Clean Air and we are able to share ideas as well as we are able to give out ideas that help all the other plants.

So that's why we're kind of I'm very comfortable in the fact that this allows us to stay competitive over time. Does that answer question? So it's a general answer that covers Clean Air and also Advanced Ride Technologies, but that answer covers all the products under that umbrella.

Viraj Sanghvi: It was sir. Thanks for that. Secondly just could you point out the capex till date in FY26 and a range for FY27?

Mahender Chhabra: Yes. So as far as FY26 is concerned, like we have announced this new plant in Kharkhoda, Haryana, with an investment of INR710 million INR. For FY27 we are working on the kind of budgets and on the assumptions and we would soon be sharing that guidance about the next year capex plans.

Moderator: Thank you. We have a follow-up question. It's from the line of Jeemit Shah with Motilal Oswal Financial Services. Please go ahead.

Jeemit Shah: Hi sir. Yes, thanks for taking my question again. Just one question largely on the exports front. A few days ago we saw this Trump administration coming and revoking the climate regulations and vehicle emission standards. So because you have some parentage and from the US as well couple of companies over there, is there anything a major shift in US markets that you are seeing which could lead to potential growth in the exports business for us?

Arvind Chandrasekharan: Jeemit can you repeat the first part of your question? What emissions legislation change? What are we talking about?

Jeemit Shah: So I think a few days ago, the President had revoked the basis of US climate regulations which ended some vehicle emission standards over there and there was some announcement on the EV tax benefits tax credits which the companies used to get over there. So if there's anything that you've heard from your US companies or any clients from there which has some incremental knowledge of what's happening over there how the OEMs are thinking about EV transition over there.

Arvind Chandrasekharan: Yes. So very good question. I'm glad you brought it up. See the US has been and it's also got to do with EV stories. EVs always had subsidies and that's the reason they were selling and now if you take the subsidies away, they don't become very attractive anymore, right? Or they become less attractive.

And you're seeing this trend in both the US and Europe where people are moving back, like they buy an EV and after two, three years then they realize that the selling the resale value drops dramatically because nobody wants to buy an electric vehicle with just 40% state of charge, right? And that prompted a lot of buyers to move back to the ICE world, right?

Which means either using petrol or a diesel engine, possibly hybrid so the hybridization has actually found more support there. And I think in China also they are starting to see I talked to my colleagues in Tenneco China, they're also seeing this slight kind of move to more like a

compromise situation where it's neither full ICE nor full EV but like a hybridization like a either a plug-in or just like a mild hybrid, right?

This is great news for us because the whole point of Apollo's takeover of Tenneco three, four years ago was the contrarian strategy that EV is not going to completely rule the world and destroy everybody. It's never going to happen. Because there are so many things that are that run counter to EV success. For example China controls all the raw materials, right? And you have one country completely controlling that plus a lot of what happens if you know once you have to dispose of the lithium ion battery what happens there? What do you do with much reduced state of charge if after two years, what is the resale value?

There are so many and also charging infrastructure, right? So there are so many different complications and especially that are highlighted or heightened in in a country like India, right? So I think for us the announcement of Trump that he's going to move to coal I think recently just got an award or something just two days ago for that, this just means good news for us. It means more exports for us, more growth for us.

And again we're not going to shy away from constantly making sure that we work with the OEMs to keep making both petrol and diesel engines very efficient, right? Through strong aftertreatment systems etcetera. So we're constantly innovating working very closely with the OEMs on this. Does that answer your question Jeemit?

Jeemit Shah: Yes, so but nothing currently from your guys in the US, correct?

Arvind Chandrasekharan: Yes, because it's just two or three days old. In fact this just happened like a couple of days ago so we, but overall I think if that's the direction then I'm just saying at just based on the announcement it would mean good news for us.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Ms. Roopali Singh, Company Secretary and Compliance Officer from Tenneco Clean Air India Limited for closing comments.

Roopali Singh: Thank you Steve. Ladies and gentlemen, on management's behalf I would like to thank you for your continued interest in our company. We appreciate your time and participation and look forward to speaking with you again in the next quarter. Thank you and have a good evening.

Moderator: Thank you. On behalf of Tenneco Clean Air India Limited, we thank you for joining today's call. This concludes the conference. You may now disconnect your lines. Thank you.