September 2026

Initiating coverage | Sector: Automobiles

Tenneco Clean Air



Technology at the core, growth at scale!

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Tenneco Clean Air

BSE SENSEX	S&P CNX
74,782	23,398

TENNECO

Stock Info

Bloomberg	TENNIND IN
Equity Shares (m)	404
M.Cap.(INRb)/(USDb)	204.4 / 2.1
52-Week Range (INR)	657 / 438
1, 6, 12 Rel. Per (%)	-4/-2/-
12M Avg Val (INR M)	1306

Financials &Valuations (INR b)

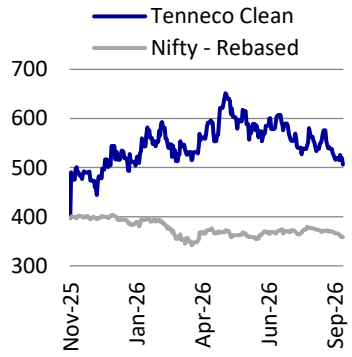
Y/E MARCH	FY27E	FY28E	FY29E
Sales	62,467	71,623	89,851
EBITDA	10,327	12,247	15,608
Adj. PAT	6,532	7,836	10,260
Adj EPS	16.2	19.4	25.4
EPS Gr. (%)	3.6	20.0	30.9
BV/Sh. (INR)	34.0	39.4	48.9
Ratios			
RoE (%)	50.8	52.9	57.6
RoCE (%)	53.6	55.4	59.6
RoIC (%)	74.1	72.1	62.9
Valuations			
P/E (x)	31.3	26.1	19.9
P/BV (x)	14.9	12.8	10.4
EV/EBITDA (x)	19.4	16.3	12.6
Div. Yield (%)	2.4	2.8	3.2

Shareholding pattern (%)

As On	Jun-26	Mar-26
Promoter	74.8	74.8
DII	11.4	12.6
FII	9.7	8.9
Others	4.1	3.7

FII Includes depository receipts

Stock performance (11 months)



CMP: INR506 TP: INR673 (+33%) Buy

Technology at the core, growth at scale!

Tenneco Clean Air (TENNIND) holds leading positions across Clean Air and suspension, with ~58% share in CV Clean Air, ~68% in off-highway Clean Air (ex-tractors), ~20% in PV Clean Air and ~55% in PV shock absorbers/struts. Deep OEM integration and access to Tenneco's global technology and IP create strong entry barriers. Growth should be driven by premiumization, BS-VII, CAFE III and TREM-V, alongside localization of advanced products, new customer programs and India's emergence as an export hub. With a capital-efficient model, strong balance sheet and multiple avenues for market- and wallet-share gains, we see scope for sustained earnings growth. **We initiate coverage with a BUY rating and TP of INR673, based on 30x Sept-2028E earnings.**

Strong competitive advantage from global parentage

- TENNIND's key competitive advantage stems from its integration with the global Tenneco network, giving it access to advanced technologies, global OEM relationships, R&D capabilities, and manufacturing expertise. The company is deeply embedded in customers' product development cycles through customized, performance-critical solutions, creating high switching costs and long-term partnerships.
- The company's strong localization and innovation capabilities, combined with access to the parent's future mobility technologies and intellectual property, position it well to benefit from stricter emission norms, vehicle premiumization, and evolving powertrain trends.

India emerging as a strategic exports hub

- TENNIND is emerging as a strategic export and manufacturing hub within the global Tenneco network, leveraging India's cost competitiveness, engineering capabilities, and global quality manufacturing standards.
- With Indian products now nearing global technology parity, the company is expanding exports of clean-air and advanced ride-control systems to developed markets. Growth is expected to be driven by higher export penetration, direct OEM wins, localization-led cost advantages, and expansion into adjacent product categories.

Suspensions – DaVinci & CVSAe capture India's premiumization wave

- TENNIND has **~55% market share in India's PV suspension market,** built through deep OEM integration, technology leadership, and backward integration, with an industry-leading share-of-business at key customers including MSIL, M&M, and TMPV. This leadership is now being extended through **DaVinci DCx and CVSAe.** DaVinci, commercialized with M&M in Feb'26, offers ~85–90% of the comfort of a semi-active system at a significantly lower cost, and we believe it can be adopted in the **INR1.0–3.5m segment (~70% of PVs).** We expect the suspension business to post ~20% CAGR over FY26-FY29, aided by DaVinci's expansion toward the mass-premium segment, rising semi-active penetration, exports, and higher share-of-business.

Clean Air – Riding the next wave of tighter emission norms

- TENNIND is India's leading clean air player, with ~58% share in CVs, ~68% in off-highway applications excluding tractors, and ~20% in PVs, positioning it well for the next regulatory cycle. CVs should benefit from BS-VII/CSFC-led content growth, with LCVs providing additional share-gain potential given Tenneco's relatively low current presence. Tractors offer the largest whitespace opportunity, with the 30–50HP segment accounting for ~90% of volumes and TREM-V potentially adding INR5,000–7,000 of CPV as after-treatment penetration expands, supported by Tenneco's relationships with Mahindra and John Deere. In PVs, BS-VII and CAFE III could drive ~1.3x CPV, led by GDI-driven GPF adoption, partly offsetting declining ICE volumes; the Japanese OEM GPF nomination from 2028 further strengthens its hot-end positioning. We estimate Clean Air & Powertrain revenue to grow ~17% CAGR over FY26–29, with margins broadly stable, aided by an INR124b order book as of Mar'26, providing >100% coverage of FY28 revenue targets.

Robust financials support growth

- TENNIND maintains a strong balance sheet with a net cash position, enabling growth investments without leverage. The business benefits from a negative working capital cycle and strong return ratios (90%+ core RoCE), driven by efficient capital deployment. Cash flow conversion remains healthy (net CFO/EBITDA 70%+, FCF/PAT 80%+). Overall, the company's financial profile provides resilience across cycles while supporting expansion into new segments.

Valuation & view

We estimate a 19% earnings CAGR for the consolidated business (FY26-FY29)

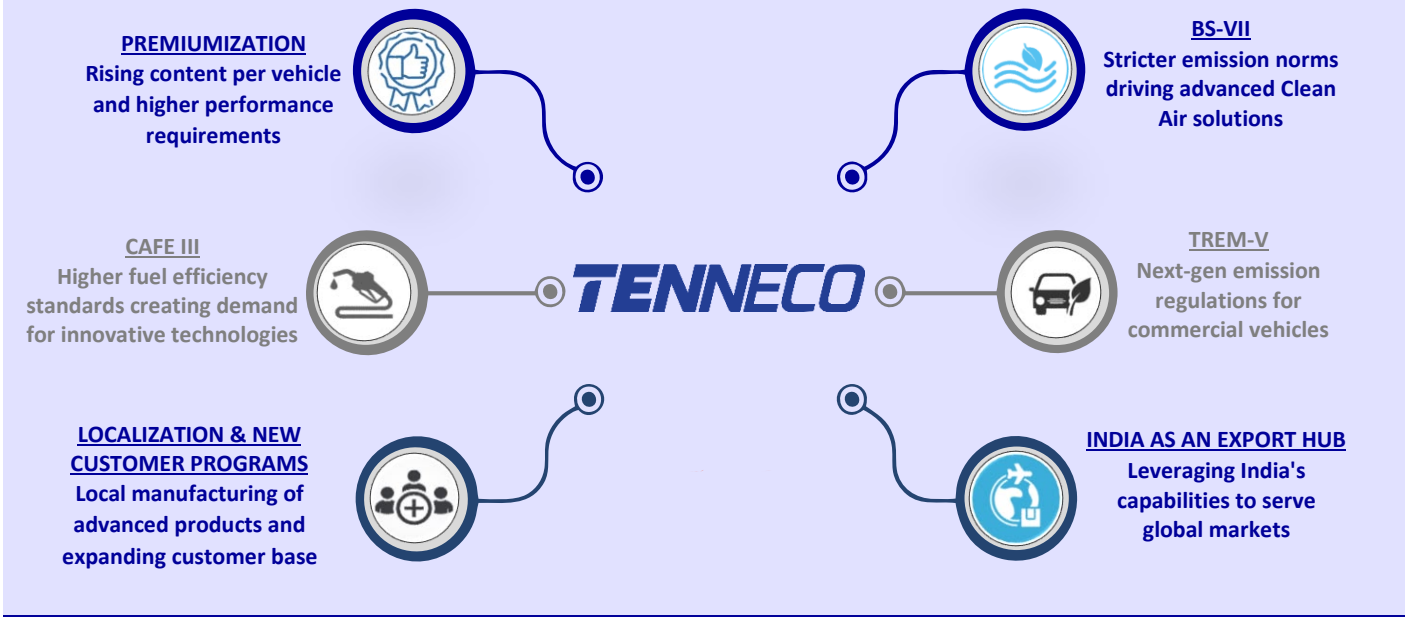
- TENNIND enters its next phase of growth from a position of strength, commanding ~58% share in CV Clean Air, ~68% in off-highway Clean Air (ex-tractors), ~20% in PV Clean Air, and ~55% in PV shock absorbers and struts. These leadership positions, backed by deep OEM relationships and Tenneco's global technology and R&D, create strong entry barriers. We see multiple growth levers ahead as premiumization raises suspension content, while BS-VII, CAFE III, and TREM-V drive higher Clean Air content across PVs, CVs, and off-highway applications. Localization of advanced technologies, new customer programs, and India's emergence as an export hub should further support market- and wallet-share gains. We estimate a 19% earnings CAGR for the consolidated business (FY26-FY29E).
- With a capital-efficient model and strong balance sheet, TENNIND is well placed to pursue growth while sustaining healthy returns. Its net cash position, negative working capital cycle, 90%+ core RoCE, and strong cash conversion (70%+ CFO/EBITDA; 80%+ FCF/PAT) provide resilience and support expansion into new segments. At the CMP of INR506, the stock trades at 26.1x/19.9x FY28E/29E EPS. We initiate coverage on the stock with a BUY rating and a TP of INR673 based on 30x Sep'28E earnings.
- **Key risks:** 1) Faster EV adoption, 2) termination of the technology license or PE exit overhang, 3) intensifying competition, 4) commodity fluctuations, and 5) loss of key customers.

Exhibit 1: Peer comparison

TTM	TENNIND	Gabriel	ZF CV	Sona BLW	Bosch	Schaeffler	Uno Minda
Market Cap (INR b)	204	194	288	492	1,427	617	694
CMP	506	1347	2529	789	48389	3948	1202
No of Shares (m)	404	144	114	624	29	156	577
Revenue (INR b)	49	52	41	44	200	97	197
EBITDA (INR b)	9	5	7	11	27	18	23
EBITDA Margin (%)	19%	10%	16%	24%	13%	18%	11%
Depreciation (INR b)	1.1	1	1	3	4	3	7
EBIT (INR b)	8	4	5	8	23	14	15
Interest (INR b)	0.3	0.3	0.1	0.2	0.3	0.1	1.9
Interest/EBIT (%)	4%	7%	1%	3%	1%	0%	12%
Net Debt/EBITDA	-0.4	-0.5	-2.4	0.1	-0.1	-1	1.1
PBT (INR b)	8.4	3.8	6.9	8.4	36.4	15.6	16.2
PAT (INR b)	6.3	4.5	5.2	6.4	27.7	11.5	12.0
P/E (x)	**32.4**	43.5	55.7	76.9	51.5	53.6	58
Net Block (INR b)	6.4	8.7	7.9	40.7	20.1	25.3	64.0
Net Working Capital Days (on sales)	**-7**	24	67	98	25	73	40
Net Debt (INR b)	-5.2	-2.5	-15.7	0.9	-2.8	-17.9	23.8
EV (INR b)	203	191	272	493	1,424	599	718
Capital Employed (INR b)	13	11	30	58	61	60	74
ROCE (%)- pre tax	61%	33%	17%	14%	37%	24%	21%
Estimated Earnings Growth (FY26-FY29E)	19%	28%	18%	18%	22%	16%	21%
PEG	**1.7**	**1.6**	**3.1**	**4.3**	**2.3**	**3.4**	**2.8**

Source: Company, MOFSL, Bloomberg

GROWTH DRIVERS



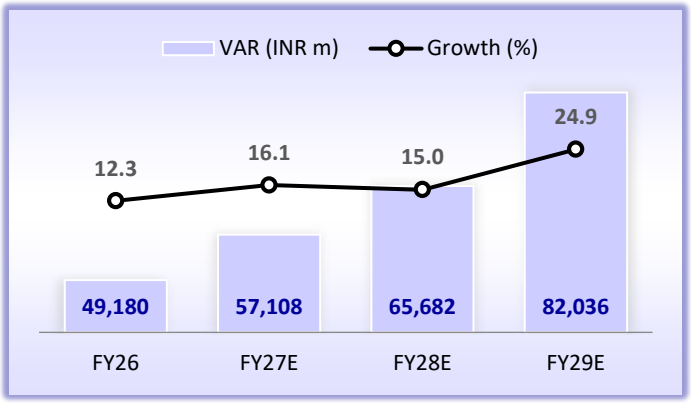
MARKET LEADERSHIP ACROSS KEY SEGMENTS

Tenneco Clean Air holds leading positions in both Clean Air and suspension with significant market share across key segments

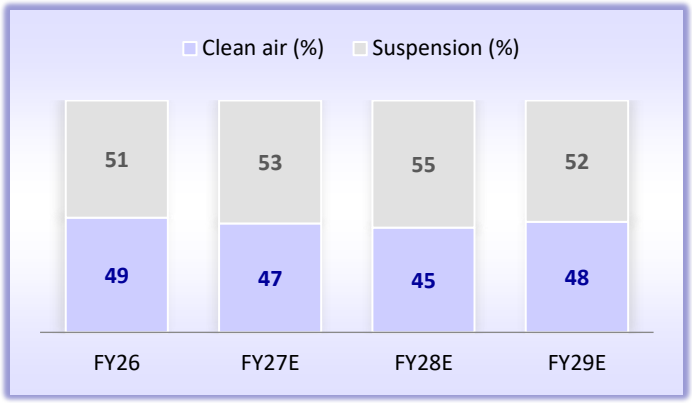


STORY IN CHARTS

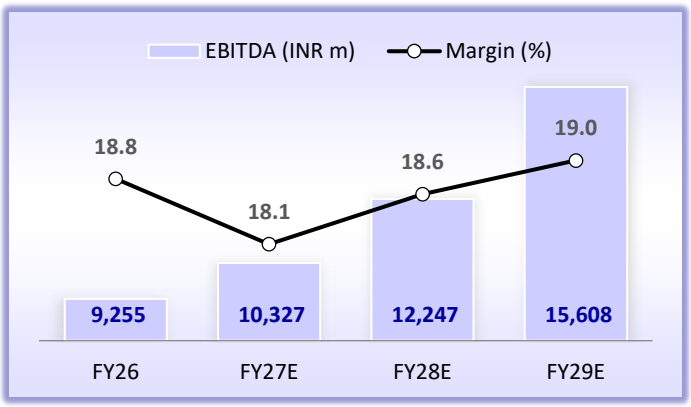
Double-digit VAR growth trajectory



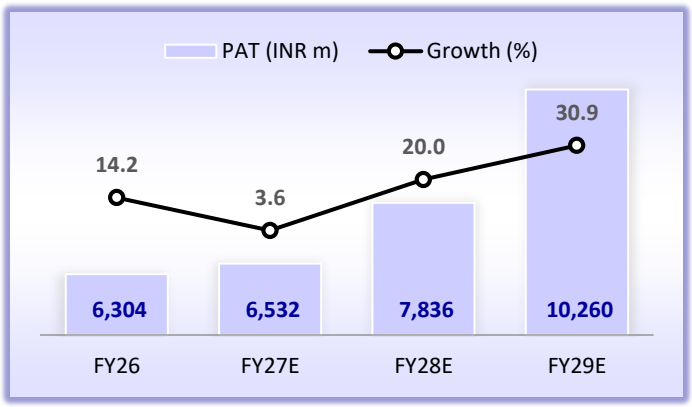
Product mix to remain broadly stable



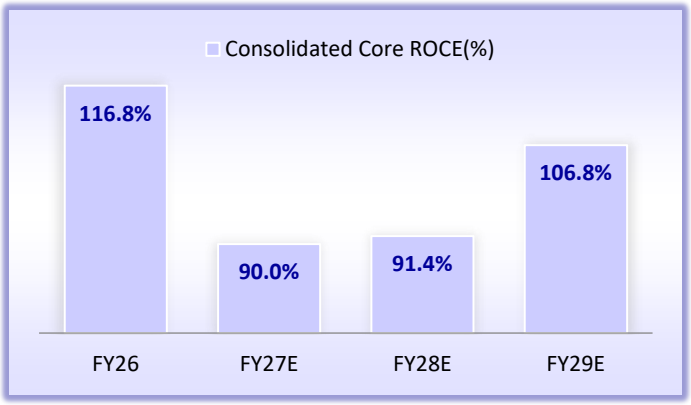
Margin expansion driven by better product mix and operating leverage



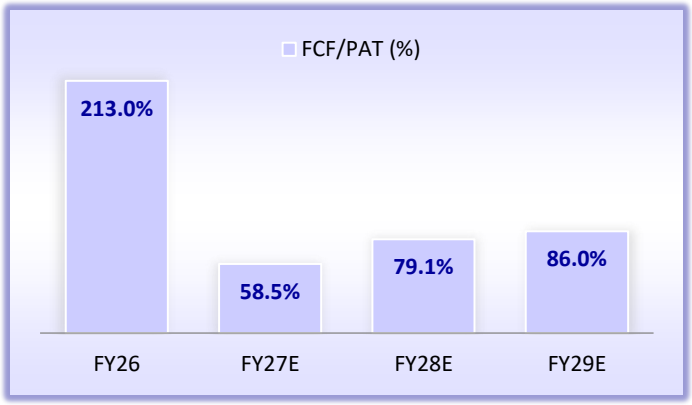
PAT of INR10b likely to be reached by FY29E



Strong core RoCE



FCF generation to remain strong



Strong competitive edge from global parentage

TENNIND's key competitive advantage stems from its integration with the global Tenneco network, giving it access to advanced technologies, global OEM relationships, R&D capabilities, and manufacturing expertise. The company is deeply embedded in customers' product development cycles through customized, performance-critical solutions, creating high switching costs and long-term partnerships. Its strong localization, innovation capabilities, and access to the parent's future mobility technologies and intellectual property position it well to benefit from stricter emission norms, vehicle premiumization, and evolving powertrain trends.

This parent-backed ecosystem creates high entry barriers through technology access, global validation capabilities, OEM relationships, cross-selling opportunities, and continuous innovation support, positioning the company favorably across trends such as stricter emissions, premiumization, hybridization, and alternative fuels

TENNIND derives a strong competitive moat from its integration with the global Tenneco ecosystem (backed by Tenneco Group's presence across 28 countries, 39 engineering centers, and 5,000+ patents), providing access to

- Advanced technologies and large-scale R&D capabilities,
- Global OEM relationships,
- Manufacturing know-how, and
- Group's global purchasing leverage

These are difficult for standalone Indian suppliers to replicate.

The company works closely with OEMs from the product design stage, developing customized, technology-intensive components that are critical to vehicle performance, making it deeply embedded in customers' product development cycles. The automotive supplier industry naturally favors existing approved suppliers, because products require lengthy validation, approvals, customization, and reliability testing, creating high barriers for new entrants. This supports stable, predictable revenue and long-term partnerships, where quality and reliability matter more than price.

A key strategic focus is localization — adapting global technologies to Indian conditions at lower development costs while also leveraging India as a launch platform for select innovations (in the future, there is also a potential for select new global products such as braking, etc. that can also be localized in India).

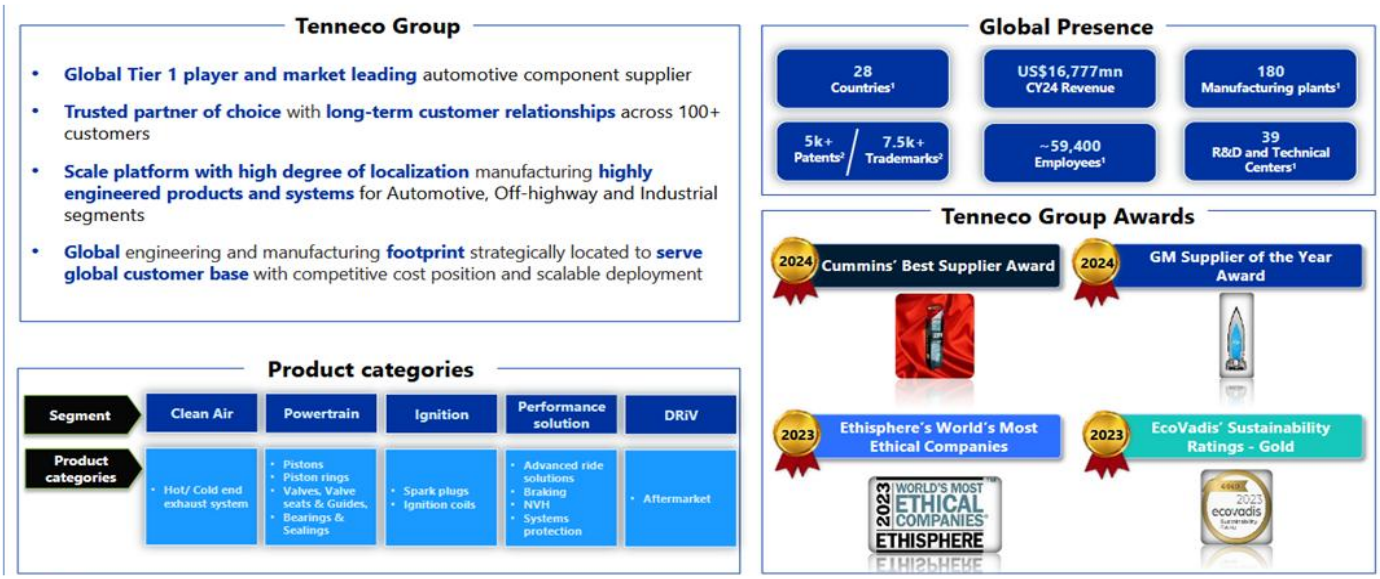
Its India R&D operations are closely integrated with Tenneco's global engineering network through specialized centers at Chakan (Clean Air Solutions) and Hosur (Advanced Ride Technologies), focused on simulations, testing, prototyping, and validation. **A key strategic focus is localization — adapting global technologies to Indian conditions at lower development costs while also leveraging India as a launch platform for select innovations (In future, there is also a potential for select new global products like braking, etc. that can also be localized in India).** The company has demonstrated strong execution and innovation capabilities through multiple successful product launches, including a lightweight "C-Shape" exhaust aftertreatment system with over 20% weight reduction, rollout of 45 BS6-compliant products across 26 platforms within 13 months, **India's first semi-active suspension dampers for Mahindra's BE6 and XEV 9e EVs**, and commercialization of advanced hydraulic rebound systems for the Mahindra Thar Roxx ahead of global markets. Globally, Tenneco holds over 5,000 patents, while the Indian entity itself owns registered designs and patents in India.

TENNIND is also expected to be a beneficiary of the parent entity's investments in future mobility technologies, including hydrogen-compatible exhaust systems, hybrid and renewable fuel solutions, NOx reduction technologies, lightweight

materials, friction reduction technologies, and premium suspension systems. Its participation in hydrogen alliances in Europe and the US further strengthens its long-term technology positioning.

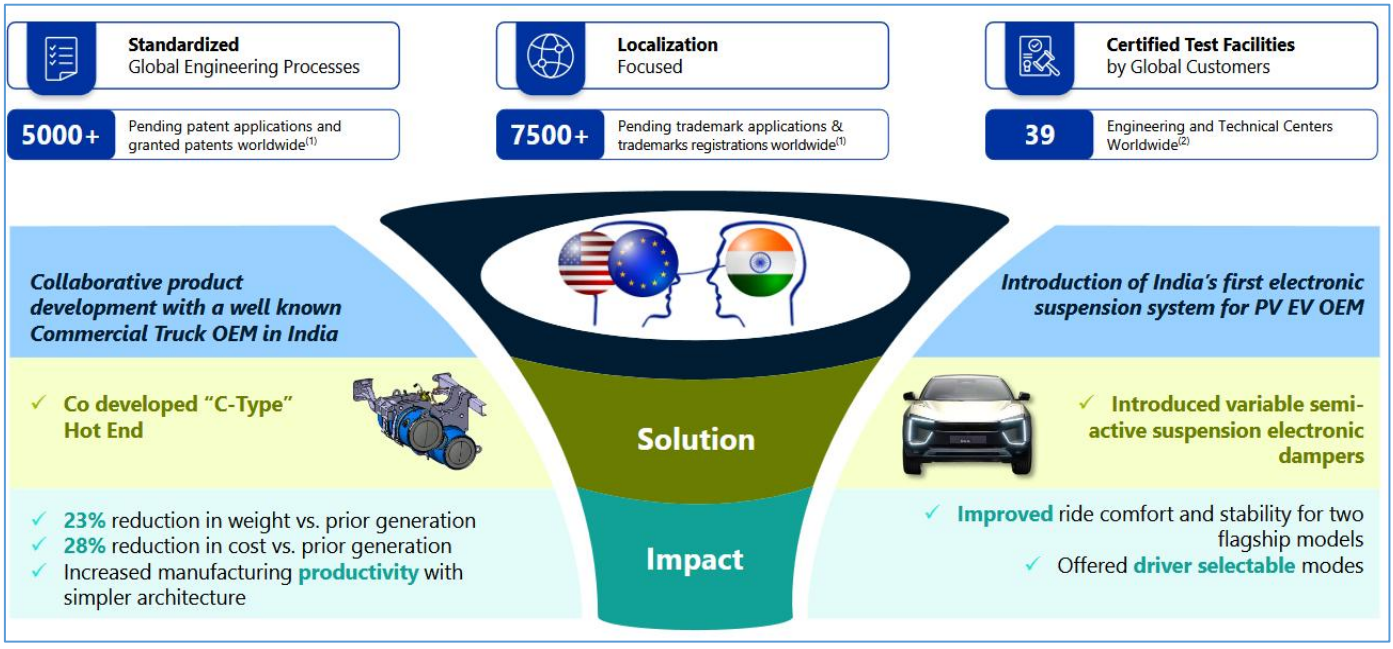
Further, access to Tenneco's proprietary operating systems, engineering processes, trademarks, and IP under long-term licensing agreements enhances operational efficiency, execution capability, and customer stickiness. This parent-backed ecosystem creates high entry barriers through technology access, global validation capabilities, OEM relationships, cross-selling opportunities, and continuous innovation support, positioning the company favorably across trends such as stricter emissions, premiumization, hybridization, and alternative fuels.

Exhibit 2: Strong global parentage with long-term customer relationships



Source: Company

Exhibit 3: Innovation-focused strategy adapting global technology for Indian needs and price points



Source: Company

India emerging as a strategic exports hub

TENNIND is emerging as a strategic export and manufacturing hub within the global Tenneco network, leveraging India's cost competitiveness, engineering capabilities, and global-quality manufacturing standards. With Indian products now nearing global technology parity, the company is expanding exports of clean-air and advanced ride-control systems to developed markets. Growth is anticipated to be driven by higher export penetration, direct OEM wins, localization-led cost advantages, and expansion into adjacent product categories.

TENNIND is increasingly being positioned as a strategic manufacturing and export hub within the global Tenneco ecosystem, supplying products across North America, Europe, APAC, and Africa. The company exports to 18–22 countries annually and benefits from access to international OEM programs, export diversification, global sourcing opportunities, and cross-selling within Tenneco's worldwide customer network. Historically, India lagged global markets in emission and suspension technologies, limiting export opportunities for locally developed products. However, with the adoption of BS6/BS6.2 norms and increasing penetration of advanced ride technologies, Indian products now achieve near-global technology parity, enabling TENNIND to export locally developed clean air and semi-active suspension systems to developed markets such as Europe.

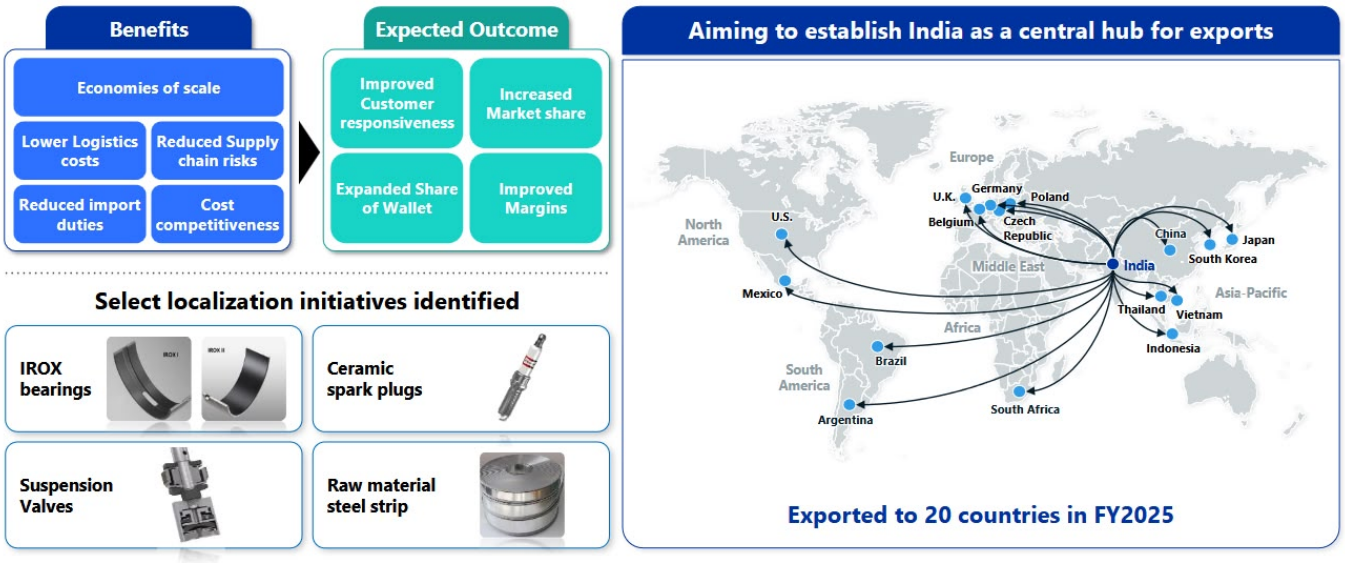
Key strategies include:

We expect its exports to be scaled up to 15% of VAR by FY29 from 7% currently (exports contribute to 14% of the total order book)

- Strengthen India's position as a key export hub for Tenneco Group entities and third-party OEMs by leveraging cost-efficient manufacturing, engineering capabilities, localization initiatives, and global-quality standards. Additionally, increased vertical integration by potentially transferring manufacturing lines from other regions to India remains a key driver. *(In FY26, Tenneco Global has transferred machine from Driv Automotive's closed Kettering, USA plant to India (in Tenneco Automotive India Pvt Ltd) at nil consideration for domestic operations- value of which was pegged at 248mn)*.
- Leverage its Indian engineering capabilities to reduce costs for its customers and target white spaces that the Tenneco Group does not currently serve by directly **acquiring new business from India. *For example, it has recently won a heat shield (PT segment) order from Tenneco America.***
- Explore the production of additional components in adjacent product segments to drive further growth.

We expect the exports to be scaled up to 15% of VAR by FY29E vs 7% currently (Exports contribute to 14% of the total order book). Importantly, export orders generally enjoy higher margins when compared to domestic margins.

Exhibit 4: Aims to establish India as a central hub for exports



Source: Company

Suspensions: DaVinci & CVSAe riding India's premiumization wave

- TENNIND has **~55% market share in India's PV suspension market,** built through deep OEM integration, technology leadership, and backward integration, with estimated industry leading share of business at key customers including MSIL, M&M, and TMPV. This leadership is now being extended through **DaVinci DCx and CVSAe**: DaVinci, commercialized with M&M in Feb'26, offers ~85–90% of semi-active comfort at a significantly lower cost and we believe it can be adopted in **INR1.0–3.5m segment (70% of PVs)**, while CVSAe remains the only commercially deployed semi-active technology from a domestic supplier and is already on M&M's BE 6e, and XEV 9e. We expect the suspension business to clock a **~20% CAGR (FY26-FY29E)**, supported by DaVinci's expansion toward the mass-premium segment, rising semi-active penetration, exports, and higher M&M share-of-business. **Mix upgrade toward higher-value technologies, localization of imported content and exports should provide an additional margin expansion lever.**

- TENNIND is the largest suspension player in the PV market in India, with an estimated market share of ~55% in FY26. Its market share improved by 300bp over the last three years, reaching an estimated leading share of business with top PV customers such as MSIL, M&M, and TMPV.

Exhibit 2: Largest player in the domestic suspension business

Estimated Domestic OEM Market Size	PV	CV	Remarks
Production (m units)	5,400,000	1,100,000	❖ CVs rely heavily on leaf springs for load-bearing. Many rear axles do not use shock absorbers; hence, they are used only in the front axle.
Unit requirement per vehicle	4	3	
Content per Vehicle (INR)	7,000	4,000	❖ CV shocks are more rugged and less sophisticated.
OEM TAM (INR m)	38,000	4,400	
Estimated Market Share (%)			❖ TENNIND is the largest player in PV suspension products in India. ❖ Belrise has formed a technical partnership with Italian player EDI and is a new entrant in 2W & PV suspension in India. ❖ Endurance has formed a technical partnership with a Korean player for entry into 4W suspension products and is currently in the sample discussion stage with OEMs.
Tenneco	**55%**	**5%**	
HL Mando	15%	0	
Endurance	0	0	
Munjal Showa	3%	0	
KYB	0	0	
GABR	23%	88%	
ZF	0	4%	
Sabo Hema	0	3%	
Hitachi Astemo	0	0	
Others	4%	**0%**	
Total	**100%**	**100%**	
Threat of new entrant	Endurance	NA	

Source: Company, MOFSL

Exhibit 3: TENNIND is present in all key models in India

Key PV Players in India	Estimated SOB	Particulars	Key Models
MSIL	60%	❖ MSIL contributes to ~40% of Suspension business revenue for TENNIND. The company is also supplying to Suzuki Indonesia and Japan.	✓ Wagon R, Fronx, Baleno
M&M	90%	❖ M&M continues to adopt newer technologies (add-on over passive as well as the semi-active shock absorbers); hence, we believe that there is limited scope for further expansion in SOB with M&M	✓ BE 6 and XEV 9e, XUV 700, 3XO, Scorpio, Thar Roxx
Hyundai	12%	❖ TENNIND is a second-source supplier for Hyundai/Kia.	
TMPV	90%	❖ TENNIND is a key supplier to the highest-selling models of TMPV. Limited scope for further expansion of SOB	✓ Nexon ICE, Punch
Toyota	50%	❖ **TENNIND recently won new business for Fortuner**	✓ Innova, Hycross, Etios, Corolla
Kia	10%	❖ TENNIND is a second-source supplier for Hyundai/Kia	
Honda	0%	❖ Supplied by Munjal Showa	
Others	50-70%	❖ TENNIND has 100% SOB with Renault Nissan. ❖ Besides, parts are supplied for exports by Renault and Nissan to Brazil, Egypt, China and Europe. ❖ TENNIND is a global supplier to Stellantis and supplies parts for Jeep Compass and Meridian. TENNIND also supplies shocks to Jeep Wrangler (imported from TENNIND Mexico and sold locally to FCA India). ❖ TENNIND has increased its reach to the Southeast Asian market and added Vinfast (Vietnam) to its portfolio. Further, TENNIND is engaging with Vinfast India for new business.	

Source: Company, MOFSL

We expect the suspensions business to clock a 20% CAGR (FY26-FY29E), driven by premiumization, exports, and a rising share of business with OEMs.

DaVinci – low adoption barriers unlock a large mid-premium opportunity: DaVinci DCx, commercialized with Mahindra since February 2026, is positioned to become the default suspension architecture across India's INR1.0–3.5m price band — a segment that alone represents ~70% of PVs and is the fastest-premiumizing part of the market. The technology's edge is structural, achieving nonlinear damping through purely mechanical means. DaVinci delivers ~85–90% of semi-active comfort at a fraction of the cost (2x of passive, but 1/3rd of CVSAe cost) and complexity of CVSAe, which requires sensors, ECUs, wiring, and extensive validation. This translates directly into adoption economics — the incremental cost an OEM must absorb over passive suspension is low enough to support rapid scale-up rather than a slow, premium-tier rollout. **The recently launched DCx 32 piston variant (a scaled-down version of the original 35mm platform, down to a 32mm piston/~25mm rod) extends applicability from B/C SUVs into the A-segment, giving TENNIND a credible line of sight to as much as ~95% of India's ~5m+ PV market (however, we believe that the adoption of Davinchi in the medium term will be in cars above INR 1.0mn)**. Booking momentum already appears to validate this point (as the company has already completed fitment and benchmarking tests with a leading Indian OEM), and the company expects localization to follow as volumes cross critical mass — a trigger that should pull forward both cost and margin benefits versus our current assumptions. **DCx is currently deployed on Mahindra's XUV700.**

DaVinci delivers ~85–90% of semi-active comfort at a fraction of the cost (2x of passive, but 1/3rd of CVSAe cost) and complexity of CVSAe, which requires sensors, ECUs, wiring, and extensive validation

Premiumization and EV-led suspension upgrade cycle: Premiumization and EV adoption are structurally raising suspension content per vehicle, and TENNIND remains the only domestic supplier with commercialized semi-active technology in India — a first-mover position evidenced by adoption across Mahindra's BE 6e, and XEV 9e platforms, in a category still only less than 1% penetrated. Heavier EV platforms and premium SUVs are increasingly demanding better ride, handling, and

stability, and CVSAe's architectural advantages — tighter integration with braking, steering, and powertrain through a shared ECU — make it the natural fit at the premium/EV end of the market. We view this as a structural upgrade cycle — with TENNIND's first-mover position in semi-active giving it disproportionate exposure as content-per-vehicle rises industry-wide.

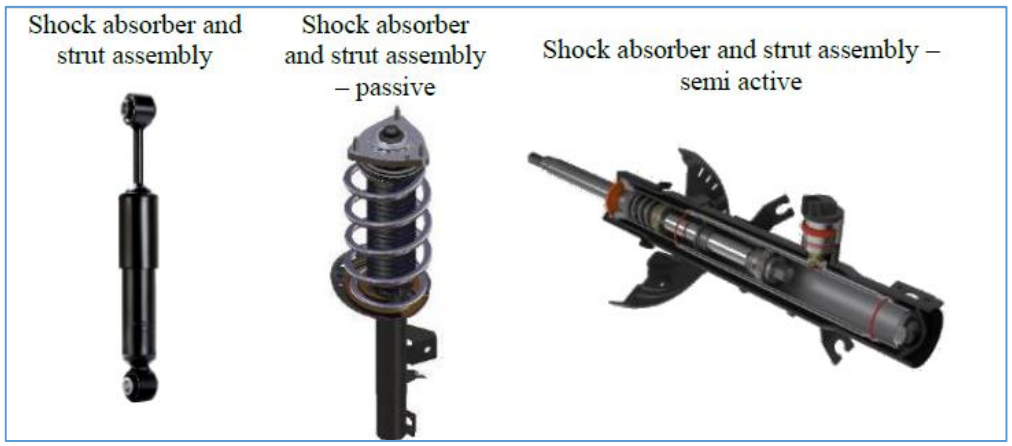
Exports are currently ~14% of TENNIND's order book, and the company is expected to grow sharply on this front (covered further in Thesis 2). TENNIND has industry-leading margins in suspension systems, primarily due to superior technology and greater backward integration compared with peers.

Exhibit 4: Evolution of suspension technologies for PV

Monroe Riding Solutions	Suspension Technology	Features	Indian Models	Global Models	Estimated CPV (INR)
Passive	Damper Architecture	❖ This includes monotube and double-tube shocks and struts designs in conjunction with advanced main valves and a range of innovative add-on valves.	Maruti Brezza, Hyundai Creta, Kia Seltos, Honda City, Tata Nexon	Toyota Camry, VW Tiguan, Ford Explorer, GM Silverado	7,000
Passive	Valving	❖ Main Piston Valves provide precise and tailored damping control, enhancing stability and optimizing comfort. Improving steering responsiveness and NVH management. With a high bandwidth of tuning		Mercedes C-Class, BMW 3 Series, Volvo XC40	
Passive Plus -FSD	Ride Refine	❖ This offers hydraulic rebound stops, hydraulic compression stops, and add-on valves enabling you to shape your driving experience with a harmonious blend of performance, comfort, and adaptability on diverse terrains. With frequency-dependent damping and frequency-selective damping technologies.	Tata Sierra, XUV 700	Land Rover Defender, Jeep Wrangler	12,000
Semi-Active	CVSAe	❖ First Semi-Active technology by TENNIND- single valve	Launched in FY25 in India: BE 6 and XEV 9e,	Audi Q2, BMW 2&4 series, Mercedes SLC, Toyota Supra, etc.	30,000
Semi-Active	CVSA2	❖ CVSA2 dual-valve, semi-active dampers	Not in India, CVSA2 was newly launched for Chinese OEMs in April 2025	McLaren 540C, 570S, 600LT, GT	1.5x of CVSAe
Semi-Active	CVSA2 Performance	❖ CVSA2 with lightweight 2-valve semi-active technology	Not in India	Aston Martin Valkyrie, AMG SL, Mercedes G Wagon	2x of CVSAe
Semi-Active	Kinetic	❖ Most advanced adaptive system detects, processes and reacts to road conditions in real time.	Not in India	Rivian R1T, R1S, AMG SL 63	2x of CVSA2

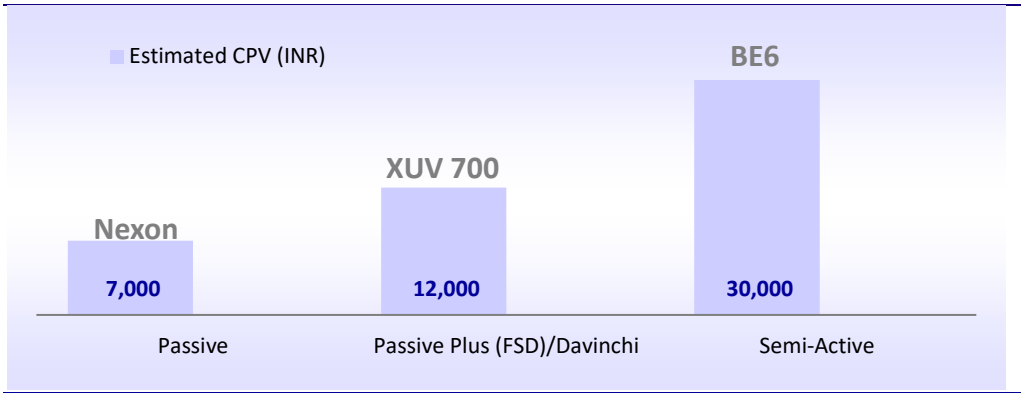
Source: Tenneco Global, MOFSL

Exhibit 5: Advanced ride technology evolution in India – conventional to semi-active



Source: Company, MOFSL

Exhibit 6: Estimated CPV in the PV business



Source: Company, MOFSL

Exhibit 7: TENNIND has industry-leading margins in India

Revenue (INRm)	FY15	FY19	FY25	FY26	10-year CAGR (%) FY15-FY25	7-year CAGR (%) FY19-FY26
Tenneco	8,000	10,777	20,782	24,884	10%	13%
Gabriel India	14,441	20,701	36,433	42,330	10%	11%
Endurance	NA	19,390	29,481	36,052	NA	9%
HL Mando	20,922	28,492	54,250	NA	10%	NA
Munjal Showa	15,020	16,690	12,500	NA	-2%	NA
KYB Motorcycles	NA	1,000	4,597	NA	NA	NA
EBITDA	**FY15**	**FY19**	**FY25**	**FY26**	**10 Year CAGR (%)**	**7 Year CAGR (%)**
Tenneco	NA	1,514	2,598	3,500	NA	13%
Gabriel India	1,168	1,715	3,250	3,688	11%	12%
Endurance	NA	NA	NA	NA	NA	NA
HL Mando	1,412	2,918	6,963	NA	17%	NA
Munjal Showa	1,130	880	170	NA	-17%	NA
KYB Motorcycles	NA	NA	441	NA	NA	NA
EBITDA Margin (%)	**FY15**	**FY19**	**FY25**	**FY26**		
Tenneco	**NA**	**14%**	**13%**	**14%**		**Margins are estimated**
Gabriel India	8%	8%	9%	9%		
Endurance	NA	NA	NA	NA		
HL Mando	7%	10%	13%	NA		
Munjal Showa	8%	5%	1%	NA		
KYB Motorcycles	NA	NA	10%	NA		

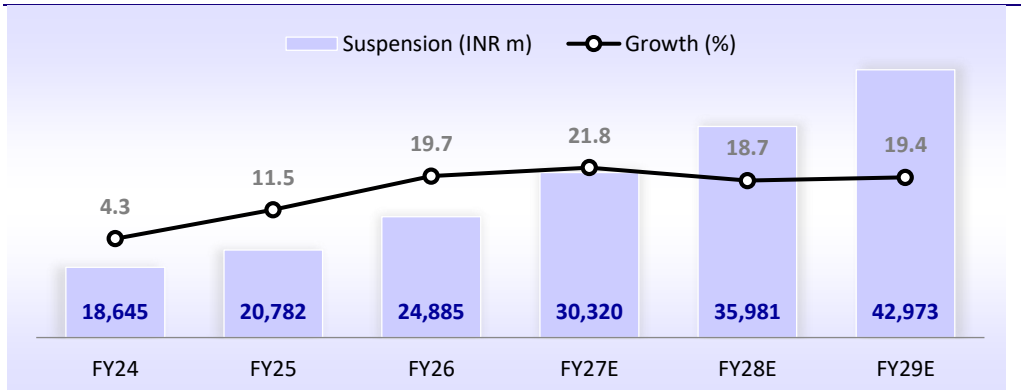
Source: Company, MOFSL

We expect the suspensions business to clock a 20% CAGR over FY26-FY29, driven by premiumization, exports, and a rising share of the business with OEMs.

Margin expansion: We see margin expansion as a distinct thesis built on 2 key triggers:

- **Shift in product mix:** As OEMs transition from passive suspension to DaVinci and semi-active technologies, blended margins improve through a richer product mix. This shift is already underway, with leading Indian OEMs adopting advanced technologies from the group's portfolio, including the Advanced Hydraulic Rebound System, to meet rising demand for superior ride comfort.
- **Localization:** Several of these technologies still rely on imported components, particularly valving technologies, leaving a clear onshore-manufacturing opportunity. Localizing valving would reduce logistics costs, import duties, and supply chain risk; this will lower costs for customers while lifting CPV, market share, and margins in the process. **DaVinci specifically is a strong candidate for this, and localizing it should further lower cost and accelerate product acceptance beyond what cost alone already supports.**

Exhibit 8: Suspension growth



Source: Company, MOFSL

Clean Air: Riding the next wave of tighter emission norms

- TENNIND is India's leading clean air player, with ~58% share in CVs, ~68% in off-highway excluding tractors, and ~20% in PVs, positioning it well for the next regulatory cycle. CVs should benefit from BS-VII/CSFC-led content growth, with LCVs providing additional share-gain potential given Tenneco's relatively low current presence. Tractors offer the largest whitespace opportunity, with the 30–50HP segment accounting for ~90% of volumes and TREM-V potentially adding INR5,000–7,000 of CPV as after-treatment penetration expands, supported by Tenneco's Mahindra and John Deere relationships. In PVs, BS-VII and CAFE III could drive ~1.3x CPV, fueled by GDI-driven GPF adoption, partly offsetting declining ICE volumes; the Japanese OEM GPF nomination from 2028 further strengthens its hot-end positioning. Meanwhile, rising hybrid and CNG adoption should sustain clean air content beyond conventional ICE, with hybrids potentially carrying 1.5–2.0x content and CNG requiring specialized TWCs. We estimate Clean Air & Powertrain revenue to post ~17% CAGR over FY26–29E (with higher growth in FY29E) with broadly stable margins. The revenue growth is anticipated to be supported by an INR124b order book as of Mar'26, providing >100% coverage of FY28E revenue targets.

- TENNIND is the largest supplier of clean air solutions to Indian CV OEMs with a market share of 58%. It is also the largest supplier of clean air solutions to Indian OH OEMs (excluding tractors) with a market share of 68%, and among the top four suppliers of clean air solutions to PV OEMs with a market share of ~20%.

Key growth drivers for clean air division:

Change in emission norms:

- **CV:** We see BS-VII, alongside adjacent frameworks like CSFC, as the catalyst for a higher content-per-vehicle **(~1.3x)** in TENNIND's clean-air business. Stricter PM norms should drive stronger adoption of advanced aftertreatment — particulate filters and more sophisticated catalytic systems — with heavy-duty trucks and buses leading SCR/DPF demand, and content escalation likely more pronounced in CVs given the higher diesel fuel mix; we expect this to support double-digit segment growth as BS-VII rolls out, with CGD network expansion adding a complementary tailwind via rising demand for methane-optimized TWCs. **On competitive positioning, despite TENNIND already commanding a strong ~58% share in commercial trucks, we see further market-share gains ahead, with greater headroom in LCVs where its current presence remains relatively lower.** TENNIND has recently won a 2.0L engine emission after-treatment system program for the SCV range of a leading domestic commercial vehicle OEM. The main risk we'd flag is the gradual, infrastructure-dependent migration toward CNG/LNG/H2 (where clean-air content runs ~15–20% lower, concentrated on the hot end), though we view the BS-VII content upcycle as the more dominant near-to-medium-term driver.

On competitive positioning, despite TENNIND already commanding a strong ~58% share in commercial trucks, we see further market-share gains ahead, with greater headroom in LCVs where its current presence remains relatively lower.

- **Tractors:** The 30–50HP segment accounts for 90%+ of India's tractor market, yet remains largely under-penetrated from an after-treatment perspective, as it currently operates under TREM-III norms and predominantly uses basic mufflers to reduce noise, with limited or no emission-control systems (and only >50HP are under TREM IV). TREM-V therefore represents a significant whitespace

opportunity, as emission-control requirements are extended to the mass-market tractor segment.

- The company is well-positioned to capture this opportunity, given its established relationships with key tractor/OH OEMs, including Mahindra and John Deere, and its strong capabilities in OXICAT and particulate filters.

Content per vehicle under TREM-V is estimated at INR5,000–7,000 (due to the addition of a particulate filter, CR systems, and OXICAT) depending on engine size and OEM strategy, i.e., 7-10x from the current levels

- Content per vehicle under TREM-V is estimated at INR5,000–7,000 (due to the addition of a particulate filter, CR systems, and OXICAT) depending on engine size and OEM strategy, i.e., 7-10x from the current levels.
- We expect TREM-V to materially benefit clean air revenue once implemented, while highlighting TENNIND's ability to gain market share during regulatory transitions through its cost-effective, lightweight, and compact solutions, coupled with faster time-to-market.

- Off-Highway (excluding tractors):
  - **Construction equipment:** The implementation of CEV Stage-V emission norms from Jan'25 marked a significant regulatory milestone for India's construction equipment industry, bringing the country closer to European Stage-V standards and making India one of the few markets globally to adopt stringent emission norms for non-road machinery. While non-wheeled equipment, primarily used in off-road applications such as mining and irrigation, currently remains outside the scope of CEV-V norms, this segment represents a sizeable ~35% of industry volumes, including equipment below 37kW and above 560kW. Any future extension of CEV-V coverage could therefore create a meaningful incremental opportunity for after-treatment suppliers.
  - **Gensets:** The increasing stringency of emission regulations is driving greater adoption of after-treatment systems in industrial applications, including gensets, creating another avenue for Clean Air content growth.
- **PV:** While electrification and declining diesel penetration will structurally constrain the ICE addressable market, regulatory tightening should continue to drive higher clean air content on the vehicles that remain ICE-powered. **The BS-IV to BS-VI transitions, followed by RDE, roughly doubled Clean Air CPV in PVs, but the next regulatory cycle is likely to be more moderate, with expected BS-VII and CAFE III together to increase CPV by ~1.3x.** While final BS-VII norms are yet to be notified, TENNIND is technology-ready for Euro-VII, and tighter NOx and particulate requirements could drive incremental content through larger particulate filters, dual-SCR dosing, and other system optimization. **CAFE III should provide an additional opportunity through GDI adoption:** while GDI engines offer significant CO_2 benefits, they generate higher particulate emissions, necessitating GPFs and thereby increasing clean air content in petrol vehicles. Thus, although the next regulatory cycle is unlikely to replicate the step change of BS-VI, higher CPV, particularly from GPFs and advanced after-treatment, should partly offset the impact of lower ICE volumes.

The BS-IV to BS-VI transitions, followed by RDE, roughly doubled Clean Air CPV in PVs, but the next regulatory cycle is likely to be more moderate, with expected BS-VII and CAFE III to increase CPV by ~1.3x together

Exhibit 9: Upcoming emission norms

Upcoming norm	Announced/ expected implementation	Segment affected	Potential requirements/ changes needed	Likely component impact	OEM / supplier implication
CAFE III	**April 2027 (Announced)**	Passenger vehicle OEMs	❖ Fleet-average **CO_2 target ~91.7 g/km** (tightening from earlier levels); compliance becomes difficult using pure ICE	❖ Push toward hybrids, EVs, lightweighting, efficient transmissions	❖ **Likely to accelerate EV/HEV penetration benefits emission system suppliers**
BS VII	**2028-2029 (Expected)**	2W, 3W, PV, CV	❖ On-board monitoring (OBM), stricter **NOx, NH_3, PM**, real-world emissions (RDE), possible regulation of **non-exhaust emissions** (brakes, tyres)	❖ More sensors, advanced catalysts, GPF/DPF upgrades, ammonia slip catalysts, brake/tyre particulate solutions	❖ **Higher electronics & after-treatment content per vehicle**; benefits emission-system suppliers
TREM V *(Tractor Emission Norms)*	**Delayed**	Tractors >25 hp	❖ Tighter off-road emission limits; likely need for **DPF** and possibly **SCR** systems	❖ DOC, DPF, SCR, NOx sensors, and DEF tanks	❖ **Significant increase in emission content for tractor OEMs**; benefits clean-air suppliers
CSFC (Phase II/tighter norms)	**Unknown (proposed)**	Commercial vehicle OEMs	❖ Estimated **~30% improvement in fuel efficiency required**	❖ Engine efficiency tech, aerodynamics, LNG systems, electrification, lightweighting	❖ **Higher compliance cost likely to accelerate LNG, EV and hydrogen adoption in CVs**

Source: Company, MOFSL

Exhibit 10: CPV-PV expected to grow

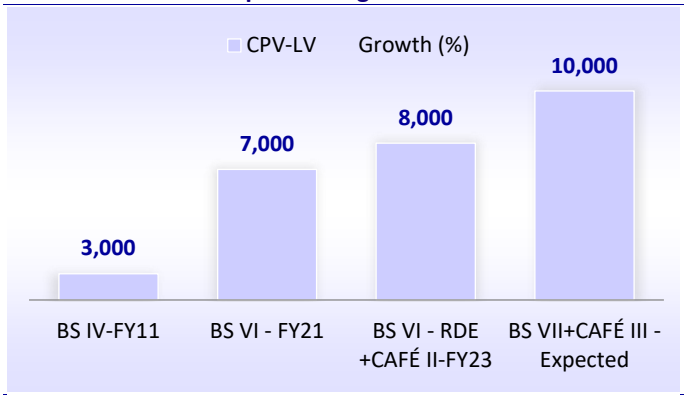
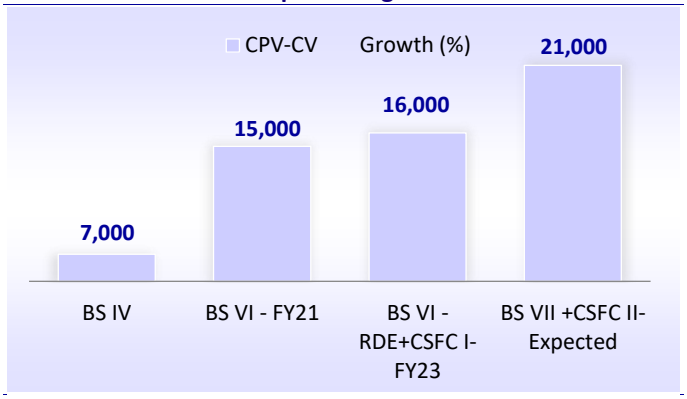


Exhibit 11: CPV-CV anticipated to grow



Other Emerging trends in clean air solutions

- The implementation of stringent emission regulation norms is driving manufacturers to adopt innovative **thermal management technologies** to improve fuel efficiency and reduce emissions.
- The exhaust mufflers are shifting towards efficient, **lightweight, and durable designs**, with a growing trend towards the adoption of advanced materials such as stainless steel and aluminum in muffler production.
- The stringent emissions norms are also inclined towards **active noise reduction** and cleaner exhaust systems.

Powertrain diversification to sustain clean air content growth: As the powertrain mix evolves, we believe Clean Air content can continue to grow across ICE, CNG, and hybrid vehicles, with full EVs being the key structural exception. Diesel vehicles carry the highest content given their greater NOx and particulate emissions, requiring

sophisticated after-treatment systems such as DPF, SCR and, in some applications, EGR, resulting in significantly higher hot-end content than petrol.

However, the declining diesel mix in PVs and LCVs remains a structural headwind. This is increasingly being offset by rising content in petrol vehicles, as CAFE III is expected to accelerate gasoline direct injection (GDI) adoption from 2027. While GDI improves CO_2 efficiency, it also increases particulate emissions, driving the adoption of GPFs and more sophisticated catalytic systems. Management expects this to narrow the historical content gap between petrol and diesel. CNG vehicles require specialized three-way catalysts (TWCs) optimized for methane reduction, while hybrids could carry even higher Clean Air content as OEMs manage ICE emissions and noise within tighter packaging constraints, potentially increasing content from ~1x to 1.5–2x in certain applications. This positions Tenneco's Clean Air business to benefit across the evolving powertrain spectrum, with full EVs remaining the primary exception given their lack of exhaust after-treatment.

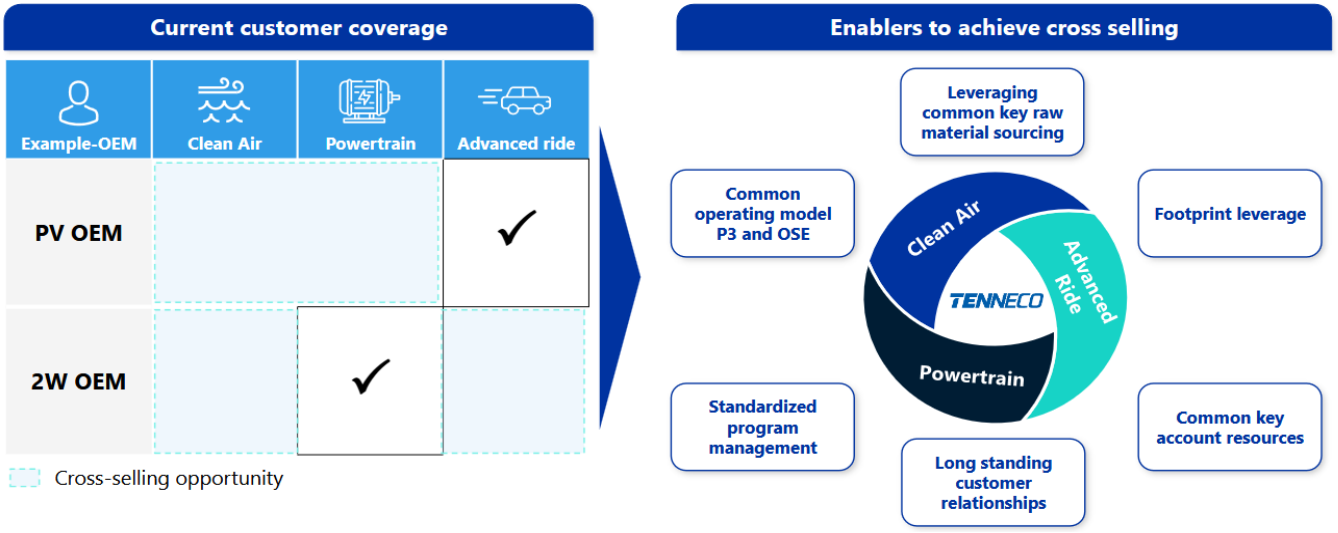
Gaining new customers:

- **TENNIND is leveraging technology-led wins to expand its clean air customer base, with the Japanese OEM GPF nomination due to CAFÉ III norms marking a key strategic breakthrough.** The program provides TENNIND entry into Japanese OEM's hot-end emission systems portfolio from 2028, an area where it previously had limited access, while adding higher-value GPF content per vehicle. We expect the high-technology nature of the product to support meaningful growth.
- Additionally, TENNIND has secured
  - a new clean air engine platform with a major Indian CV OEM,
  - a program with a leading European commercial vehicle OEM (with Euro-VII proof-of-concept strengthening its positioning ahead of the next regulatory cycle).
  - CNG platform cold-end assembly program for two models from a global OEM

TENNIND is leveraging technology-led wins to expand its clean air customer base, with the Japanese OEM GPF nomination due to CAFÉ III norms marking a key strategic breakthrough.

The company can leverage long-standing relationships in the suspension division to target white spaces and unserved programs in the clean air division. Together, these initiatives should broaden Tenneco's OEM footprint, increase wallet share, and create a stronger pipeline of technology-led clean air opportunities.

Exhibit 12: Leveraging relationships to enable cross-selling to customers



Source: Company

Powertrain solutions:

TENNIND's powertrain solutions business should remain relevant through the medium term as ICE, CNG, and hybrid powertrains continue to coexist with EVs in India. The portfolio spans spark plugs, engine bearings, bushes, gaskets, and sealing solutions, with tighter emission and fuel-efficiency requirements, including CAFE norms. This supports demand for higher-performance and more sophisticated components. While EV penetration remains a structural headwind—particularly for spark plugs, which have no application in pure EVs—several products continue to benefit from the hybridization of powertrains, while recurring replacement demand across the vehicle parc provides an important aftermarket cushion. Established OEM relationships, the Champion brand in spark plugs, and meaningful positions in bearings and sealing products further support the business's ability to generate steady cash flows during the transition.

TENNIND is working to localize its patented IROX polymer-coated bearings, which reduce engine friction and are well suited to India's frequent start-stop driving conditions; local production should improve cost competitiveness versus imports and support greater wallet share with OEMs. Similarly, the company is developing locally manufactured ceramic components and specialized powders for spark plugs, with technical support from TENNIND's global engineering team, which should deepen localization and improve cost economics. The company also aims to position India as an export hub for its powertrain products, while its recent entry into bearing systems with a leading Japanese PV OEM provides an opportunity to expand into adjacent platforms and customer programs. Overall, technology localization, export scaling, and deeper customer penetration could support revenue and margin growth, although competition from established players such as Bosch, Denso, and NGK in spark plugs, alongside limited EV exposure, remains a key long-term risk as electrification accelerates.

Exhibit 13: TENNIND's market share in powertrain solutions

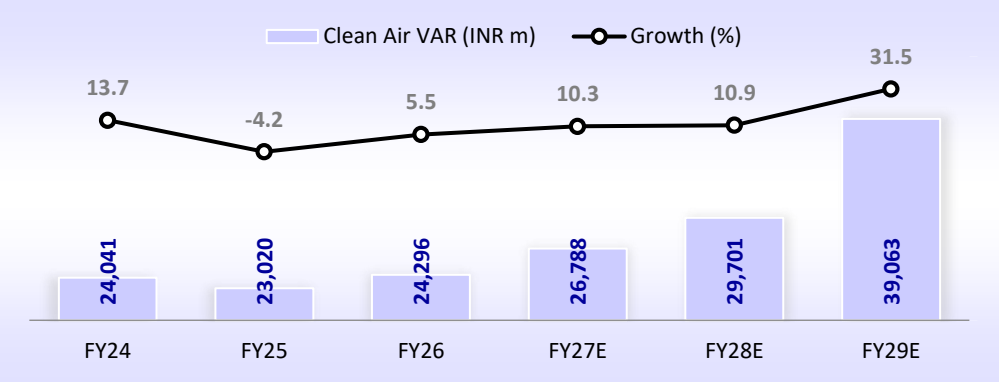
TAM (INR m)	Ignition	Sealings	Bearings
OEM Market Size	4,700	10,000	5,300
PV	3,000	5,000	3,000
2W,3W SCV	1,700	5,000	2,300
AM Market Size	8,800	4,000	1,700
Total Market Size	**13,500**	**14,000**	**7,000**
Industry OEM Growth	4-6%	7-9%	6-8%
Industry AM Growth	6-8%	4-6%	4-6%
TENNIND's Market Share (%)			
PV	18%	14%	44%
CV	NA	NA	34%

Source: Company, MOFSL

We estimate the clean air and powertrain division revenue to clock ~17% CAGR over FY26–29E, with margins remaining broadly stable. Importantly, the current order book of INR124b (as of 31st Mar'26), provides >100% coverage of the company's FY28E revenue target, fortifying a healthy double-digit growth trajectory.

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Exhibit 14: Clean air and powertrain growth



Source: Company, MOFSL

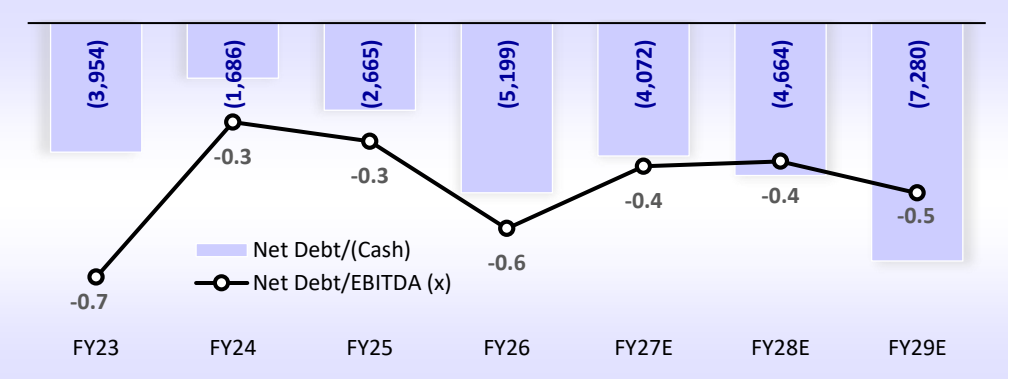
Robust financials supporting growth

TENNIND maintains a strong balance sheet with a net cash position, enabling growth investments without leverage. The business benefits from a negative working capital cycle and strong return ratios (90%+ core RoCE), driven by efficient capital deployment. Cash flow conversion remains healthy (net CFO/EBITDA at 70%+, FCF/PAT at 80%+). Overall, the company's financial profile provides resilience across cycles while supporting expansion into new segments.

TENNIND maintains a strong balance sheet with a net cash position, enabling growth investments without leverage

Net cash positive: TENNIND's net cash balance sheet provides flexibility to fund new growth initiatives without increasing leverage. This also supports disciplined capital allocation and enhances resilience across auto cycles.

Exhibit 15: Cash conversion days

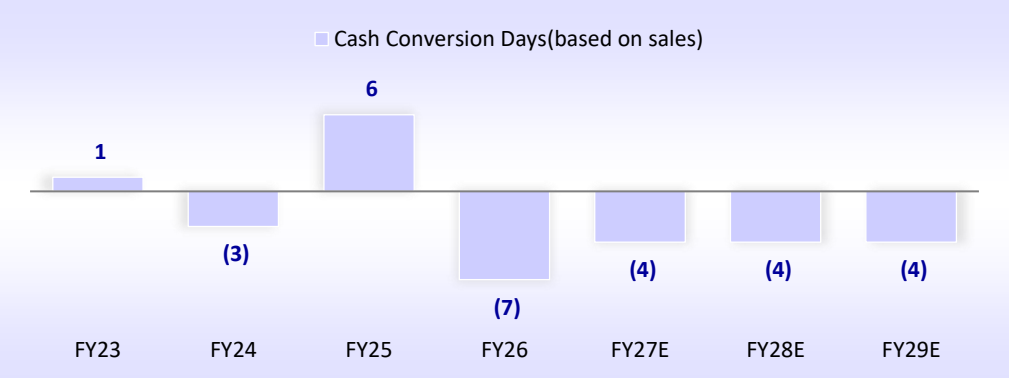


Source: Company, MOFSL

The business benefits from a negative working capital cycle

Negative working capital cycle: Debtor days have remained in the 50–60-day range, while inventory days have been maintained at 30 days, reflecting disciplined working capital management.

Exhibit 16: Cash conversion days



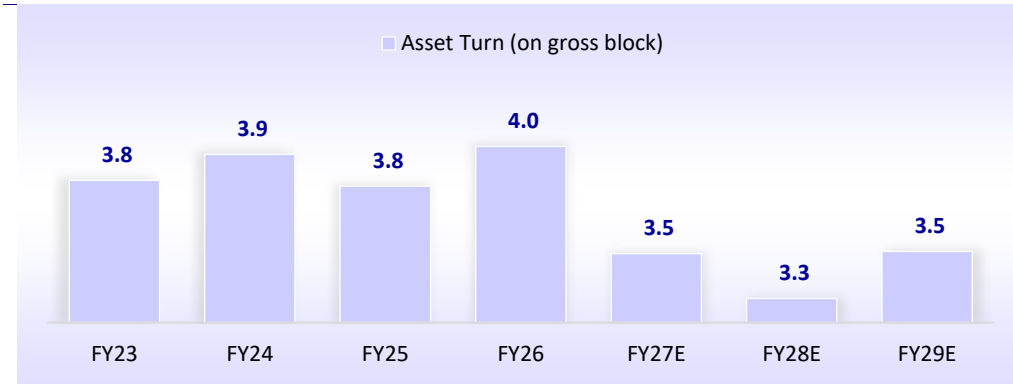
Source: Company, MOFSL

High asset turns drive future revenue visibility: TENNIND's highly standardized and modular manufacturing model provides a structural advantage in asset utilization, margins, and returns. **Management indicates that every INR 1 of gross capex can generate ~INR3.5–4.0 of annual revenue at maturity, providing strong revenue visibility from incremental investments and supporting operating leverage as new programs ramp up.** Importantly, the company's manufacturing lines are highly fungible, allowing the same line to produce exhaust systems for PV, CV, or

stationary genset applications, while the same product can also be manufactured across multiple plants. This flexibility enables TENNIND to maximize capacity utilization across products and customers, rather than relying on dedicated assets for individual programs. We believe this model supports superior capital efficiency, better margins, and higher RoCE.

Management indicates that every INR1 of gross capex can generate ~INR3.5-4.0 of annual revenue at maturity, providing strong revenue visibility from incremental investments and supporting operating leverage as new programs ramp up.

Exhibit 17: Asset turn at 3.5-4.0x (based on VAR)

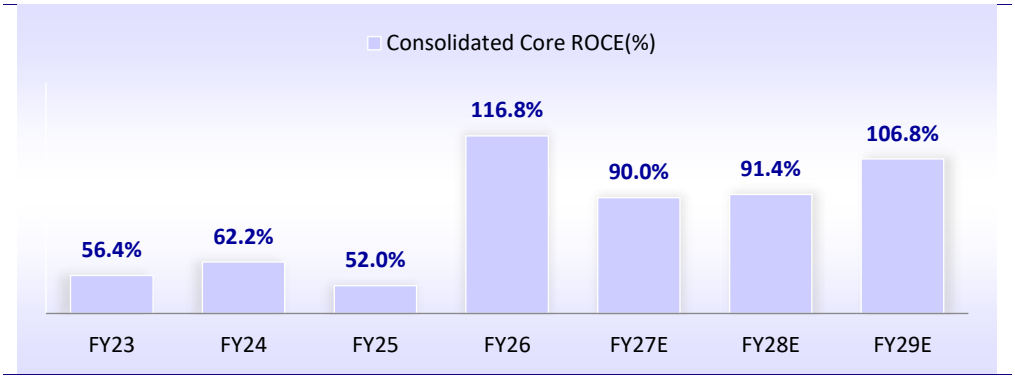


Source: Company, MOFSL

High return ratios: Strong RoCE/RoE indicate efficient capital deployment in the core suspension business, driven by asset turns and operating discipline. This provides a solid base as new segments scale up.

The business benefits from a negative working capital cycle and strong return ratios (90%+ core RoCE), driven by efficient capital deployment

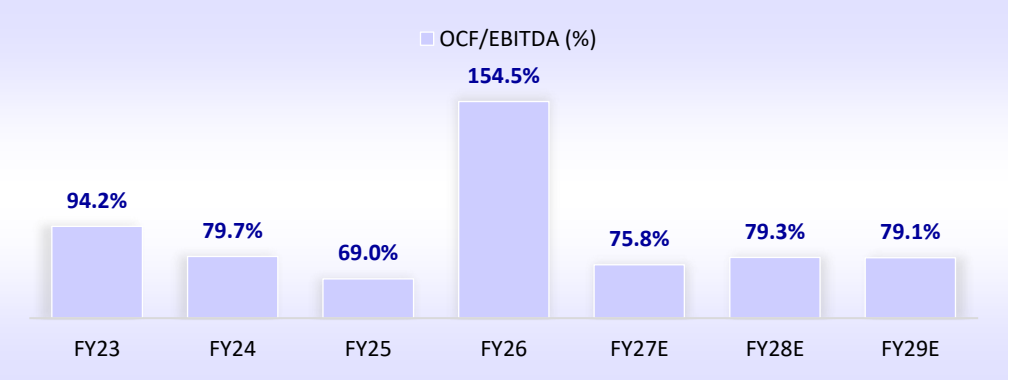
Exhibit 18: Consolidated RoCE (%) to remain over 90%



Source: Company, MOFSL

Strong cash flow conversion: Healthy operating cash flows and conversion ratios reflect low working capital intensity and strong profitability.

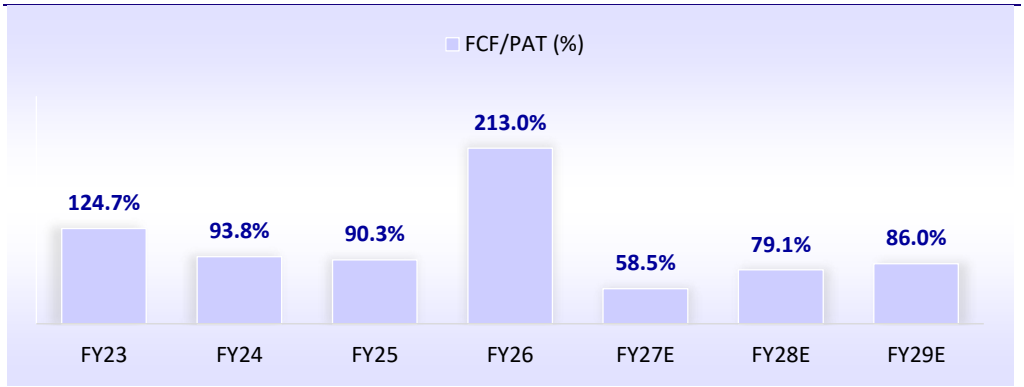
Exhibit 19: OCF/EBITDA to remain steady



Source: Company, MOFSL

Cash flow conversion remains healthy (net CFO/EBITDA at 70%+, FCF/PAT at 80%+).

Exhibit 20: FCF/PAT (%)



Source: Company, MOFSL

Potential M&A opportunity: The company aims to leverage technology as a key differentiator to enter new segments, markets, and customer accounts.

We initiate coverage on the stock with a BUY rating and a TP of INR673 based on 30x Sept 2028E earnings.

Valuation and view

TENNIND enters its next phase of growth from a position of strength, commanding ~58% share in CV Clean Air, ~68% in off-highway Clean Air (ex-tractors), ~20% in PV Clean Air and ~55% in PV shock absorbers and struts. These leadership positions, backed by deep OEM relationships and Tenneco's global technology and R&D, create strong entry barriers. We see multiple growth levers ahead as premiumization raises suspension content, while BS-VII, CAFE III and TREM-V drive higher Clean Air content across PVs, CVs and off-highway applications. Localization of advanced technologies, new customer programs and India's emergence as an export hub should further support market- and wallet-share gains. We estimate a 19% earnings CAGR for the consolidated business (FY26-FY29E). With a capital-efficient model and strong balance sheet, TENNIND is well placed to pursue growth while sustaining healthy returns. Its net cash position, negative working capital cycle, 90%+ core RoCE and strong cash conversion (70%+ CFO/EBITDA; 80%+ FCF/PAT) provide resilience and support expansion into new segments. **At CMP of INR 506, the stock trades at 26.1x/19.9x FY28E/29E EPS. We initiate coverage on the stock with a BUY rating and a TP of INR673 based on 30x Sept 2028E earnings.**

Exhibit 21: P/E band for TENNIND

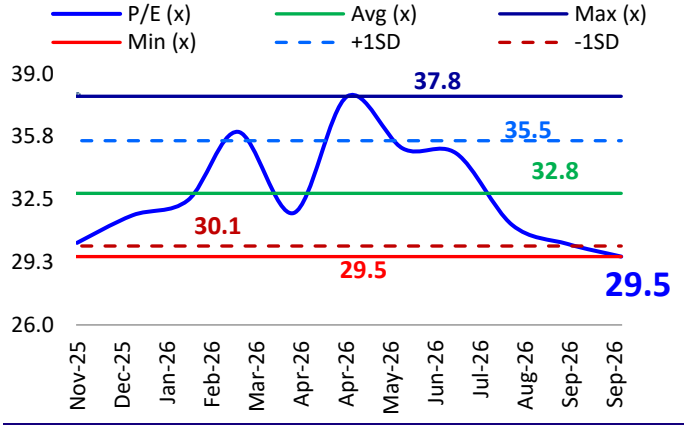


Exhibit 22: EV/EBITDA band for TENNIND

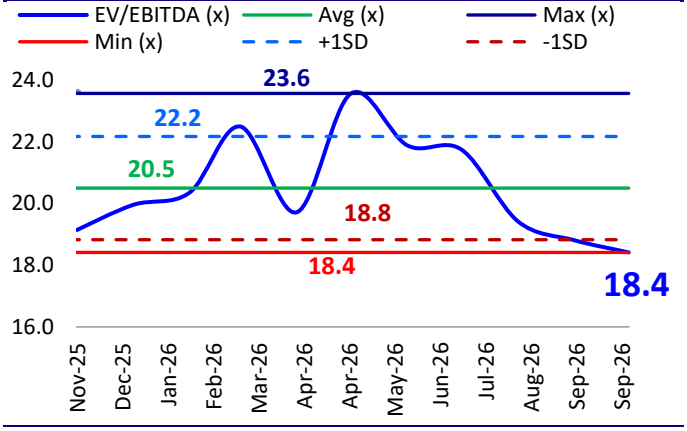


Exhibit 23: P/E band for the Automobile sector

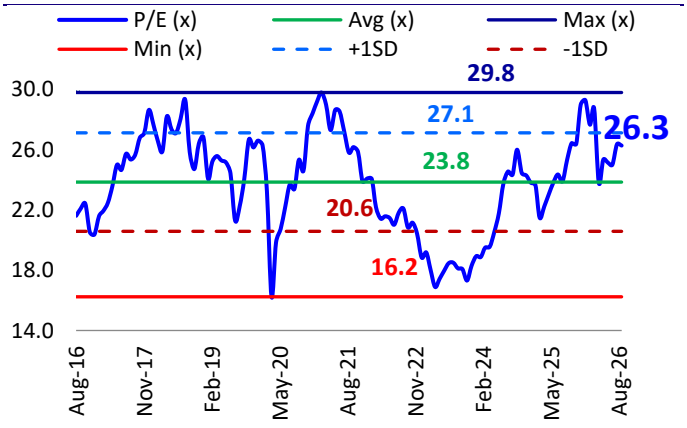
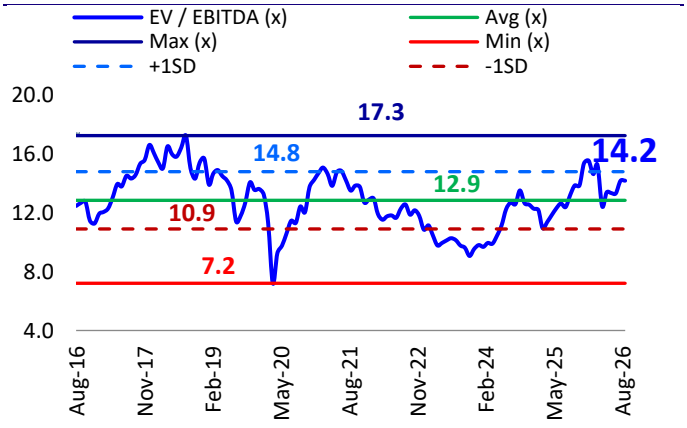


Exhibit 24: Auto sector P/E relative to Nifty/Avg



Key risks

- **EV risk:** The principal risk is electrification, as most products in the portfolio of clean air and powertrain solutions are directly linked to internal combustion engines and have limited or no application in battery electric vehicles. Clean air and spark plugs become obsolete in EVs, while engine bearings, bushes, gaskets, and sealing products face structural demand erosion as EV penetration increases, particularly in passenger vehicles, scooters, and three-wheelers. Moreover, any shift from diesel engines in PVs and CVs to gasoline or compressed natural gas could reduce content per vehicle ("CPV") and demand for the Clean Air Solutions products.
- **Exit of a PE investor or termination of license**: As Tenneco is owned by private equity, the sponsor may eventually seek an exit through a strategic sale, IPO, or stake dilution, creating potential overhang. The License Agreement with Tenneco Global is effective since 1st Apr'24, and will continue to be effective until terminated in accordance with the terms included therein, provided that the Licensor may not terminate the license agreement before 1st Jan'31. Termination of a license or increase in royalty fees can be a key risk.
- **Rise in competitive intensity:** Increasing competition from domestic and global suppliers can pressure pricing, margins, and market share in OEM and aftermarket segments.
- **Large fluctuations in commodity prices:** Volatility in input costs (steel, etc.) or energy costs can impact margins, especially where pass-through mechanisms are delayed or limited.
- **Loss of key customers:** High dependence on customers like M&M, Tata, Maruti, and a few other OEMs implies that any slowdown or loss of business from a major client could materially impact revenues and capacity utilization.

ESG initiatives



Environment

- TENNIND increased renewable energy usage to 23% of total energy consumption in FY26, while Scope 1 and Scope 2 emissions declined 16% YoY; targeting 50% renewable energy and 50% reduction in Scope 1/2 emissions by 2030.
- The company continues to improve resource efficiency through rooftop solar, renewable-energy sourcing, waste recycling, water monitoring, and zero-landfill initiatives at Chakan and Pithampur.
- All four manufacturing facilities are certified under ISO 14001 and ISO 45001, along with IATF 16949 and ISO 9001, supporting structured environmental, workplace safety and quality management.

Social

- Safety remains a key priority, with TENNIND reporting zero Serious Injury and Fatality (SIF) events in FY26 and PSIF closure rates consistently above 95%.
- The company focuses on employee skill development, leadership training, health & safety, and human-rights awareness, with zero human-rights-related complaints reported in FY26.
- The company spent INR69.3m on CSR in FY26, reaching ~5,000 beneficiaries through initiatives spanning skill development, healthcare, education, environment, and sports.

Governance

- TENNIND has established Board-level oversight of ESG, with ESG strategy and implementation overseen by the Wholetime Director & CEO and ESG risks incorporated into the enterprise risk-management framework.
- Governance is supported by Audit, Risk Management, CSR, Nomination & Remuneration, and Stakeholders' Relationship Committees, alongside formal policies covering conduct, whistle-blower, POSH, EHS, and supplier conduct.
- FY26 BRSR core disclosures received independent reasonable assurance, covering the same four-plant reporting boundary referenced under Environment.

Bull and Bear cases



Bull case

- ☑ In our bull case scenario, we assume ~22.7% revenue CAGR over FY26-29E vs. ~18.5% in our base case. We expect stronger revenue growth driven by a full implementation of BS VII norms by FY29, slower than expected adoption of EV and faster growth in suspensions.
- ☑ Driven by better operating leverage, we expect EBITDA margin to improve to 18.0% by FY29E (60bp higher than our base case).
- ☑ Based on a target P/E multiple of 35x Sep'28E (vs. 30x implied in our base case), we arrive at a bull case TP of INR886 (implying ~75% upside potential).



Bear case

- ☑ In our bear case scenario, we assume a ~15.0% revenue CAGR over FY26-29E vs. ~18.5% in our base case. We have moderated our growth expectations due to potential delays in implementation of the BS VII norms, delays in adoption of Davinchi and faster than expected adoption of EV
- ☑ Lower growth is leading to negative operating leverage, and we expect a lower EBITDA margin of ~17.0% by FY29 (40bp lower than our base case assumption).
- ☑ Based on a lower target P/E multiple of 25x Sep'28E (vs. 30x implied in our base case), we arrive at a bear case TP of INR521 (implying ~3% upside potential).

Exhibit 25: Bull & Bear cases

	Base				Bull				Bear			
INR m	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	54,040	62,467	71,623	89,851	54,040	63,767	73,970	99,859	54,040	62,146	71,468	82,188
Gr (%)	10.5	15.6	14.7	25.4	10.5	18.0	16.0	35.0	11	15	15	15
EBITDA	9,255	10,327	12,247	15,608	9,255	10,522	12,945	17,975	9,255	9,943	12,149	13,972
EBITDA Margin (%)	17.1	16.5	17.1	17.4	17.1	16.5	17.5	18.0	17.1	16.0	17.0	17.0
Dep+Int-OI	828	1,592	1,767	1,886	828	1,592	1,767	1,886	828	1,592	1,767	1,886
Tax rate (%)	25	25	25	25	25	25	25	25	25	25	25	25
PAT	6,304	6,532	7,836	10,260	6,304	6,688	8,372	12,050	6,304	6,255	7,776	9,052
EPS (INR)	15.6	16.2	19.4	25.4	15.6	16.6	20.7	29.9	15.6	15.5	19.3	22.4
Gr (%)	14.2	3.6	20.0	30.9	14.2	6.1	25.2	43.9	14	-0.8	24.3	16.4
Sept 2028 EPS				22				25				21
Target PE (x)				30				35				25
TP (FY29E EPS)				**673**				**886**				**521**
Upside (%)				33				75				3

Source: Company, MOFSL

SWOT analysis

S – STRENGTH

- ☑ Market leadership across segments
- ☑ Access to Tenneco Group's global technology and product platform
- ☑ Diversified portfolio across Clean Air, Powertrain, and ART
- ☑ Strong, net debt-free balance sheet with industry leading EBITDA margin

W – WEAKNESS

- ☑ Limited aftermarket presence
- ☑ High dependence on ICE-linked clean air products
- ☑ Short standalone listed track record
- ☑ Customer concentration

O – OPPORTUNITY

- ☑ Well-placed to benefit from tightening emission norms
- ☑ Rising outsourcing by global OEMs to India
- ☑ Scale-up potential in Advanced Ride Technologies (ART)
- Premiumization driving demand for advanced ride-control systems

T – THREATS

- ☑ Accelerating EV adoption reduces ICE-linked demand
- ☑ Supply-chain disruptions and supplier instability
- ☑ Raw material cost volatility
- ☑ Geopolitical and trade risks impacting exports



Company overview

TENNIND, incorporated in 1979, is one of India's leading automotive component suppliers, focused on clean air & powertrain solutions and ride control products with 12 manufacturing facilities across 7 states and 1 Union Territory in India. TENNIND is the largest supplier of clean air solutions to Indian commercial vehicle OEMs with a 58% market share and to off-highway OEMs (excluding tractors) with a 68% market share, while also ranking among the top four suppliers to passenger vehicle OEMs with a 20% market share. In Ride Control, the company held a dominant 55% market share in shock absorbers and struts supplied to Indian passenger vehicle OEMs, underscoring its strong position across multiple automotive segments.

Exhibit 26: Clean Air Solutions – Hot-end

Clean Air Systems : Hot End

Catalytic converter with 3-way catalyst	DOC & SDPF system	LNT	Exhaust aftertreatment system with DOC + DPF + SCR
			

Catalytic converter	A combination of below catalytic converters forms the Hot End of exhaust aftertreatment system
Diesel oxidation catalysts ("**DOC**")	Devices consisting of a substrate coated with precious metals enclosed in a steel casing used to reduce harmful gaseous emissions such as carbon monoxide emitted from diesel engines.
Diesel particulate filters ("**DPF**")	Devices to capture and regenerate particulate matter emitted from diesel engines.
Lean NOx traps ("**LNT**")	Devices which reduce nitrogen oxide ("**NOx**") emissions from diesel powertrains using capture and store technology.
Selective catalytic reduction ("**SCR**") converter	converters which reduce NOx emissions from diesel powertrains using urea mixers and injected reductants such as AdBlue® or Diesel Exhaust Fluid ("**DEF**").
SCR-coated diesel particulate filters ("**SDPF**")	Lightweight and compact devices combining the SCR catalyst and the particulate filter onto the same substrate for reducing NOx and particulate matter emissions.
Three-way catalysts ("**TWC**")	Systems comprising of a catalyst encased in a steel shell to reduce the carbon monoxide, hydrocarbons and NOx from gasoline and compressed natural gas ("**CNG**") engine emissions.

Source: Company

Exhibit 27: Clean Air Solutions – Cold-end

Clean Air Systems : Cold End

Exhaust Pipes	Mufflers and resonators
	

Mufflers and resonators	Devices to provide noise elimination and acoustic tuning.
Pipes	Utilized to connect various parts of both the hot and cold ends of an exhaust system.

Source: Company

Exhibit 28: Advanced Ride Solutions

Advanced Ride Technologies : Shock absorbers and strut assemblies

Shock absorbers and strut assemblies	Shock absorbers and strut assemblies with add on valve technology	Shock absorbers and strut assemblies - semi active technology	Shock absorbers for CVs
			Axle Damper Seat Damper 
Hydraulic and gas-filled modern shock absorbers and struts providing better comfort, ride and handling	Shock absorbers with add on valve technology, enhancing comfort and better high-speed handling for driving on rough roads.	Advanced suspension systems integrated with engine electronic control unit ("**ECU**") and sensors, enhancing ride and handling by allowing real-time adjustments to the damping force. They are commonly used in luxury cars & SUVs.	Shock absorbers designed for driver seats to provide comfort and axle and cabin dampers for trucks and buses to reduce vibration.

Exhibit 29: Powertrain Solutions – Ignition

Ignition : Advanced spark plugs for gasoline or natural gas engines to ignite fuel reliably, even under high combustion pressures and varying fuel compositions (E0 to E100). Their lifespan, which can exceed 100,000 miles, depends on the features and specific type of application, particularly in turbocharged engines.

Spark Plugs			Ignition coils
Non-precious metal spark plugs	Single precious metal tip spark plugs	Double precious metal tip spark plugs	Ignition coils
			
Primarily used in 2W / 3W and Naturally aspirated PV applications	Medimum durability target preferred for Naturally aspirated engines with enhanced life.	High durability and better ignability. Typically used Turbocharged & TGDI engines.	Used in conjunction with Spark plug to provide energy for develop spark

Source: Company

Exhibit 30: Powertrain Solutions – Sealings

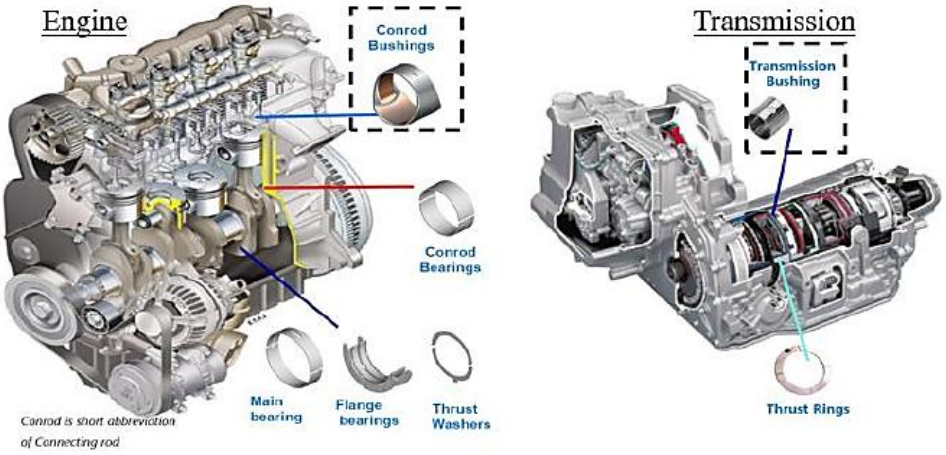
Sealings : Cylinder-head gasket and other hot and cold gaskets are used for sealing engines and engine components; dynamic and static seals protecting rotating engine and transmission components against oil and gas leakages. Such seals and gaskets are made from high-alloyed steel as well as from sophisticated rubber and polymers.
Heat shields are required for Heat insulation and protect surrounding parts from engine heat.

Cold gaskets	Hot gaskets	MLS (Multi-layer Steel) Cylinder Head gaskets	Heat shields
			
Used in engines for circulating oil pumps and water pumps.	Used for exhaust gases where engine temperatures are high, such as in the exhaust manifold.	Used for sealing between the cylinder block and cylinder head, where high temperatures, combustion pressures, and thermal loads are present.	Used to protect various parts of a vehicle from heat generated by the engine and system, and to retain heat in exhaust after-treatment system for better functioning of catalytic convertor.

Source: Company

Exhibit 31: Powertrain Solutions – Bearings

Bearings : Engine bearings provide a low-friction environment for rotating components like crankshafts and camshafts; modern bearings can deal with very low viscosity oil even in highly repetitive motions like in stop/start-conditions.



Main bearings	Connecting rod bearings	Bush bearings	Thrust washers and flanges
Components used to support the crankshaft on both the upper and lower sides in an ICE block.	Components used at the big end of the connecting rod, where it connects to the crankshaft of an ICE block.	Components used to support the piston pin, connecting the piston to the connecting rod.	Components used in the engine block to carry thrust loads on the crankshaft.

Source: Company

Management team



Arvind Chandrasekharan
WTD and CEO

Arvind Chandrasekharan has over 21 years of experience in the automotive industry across manufacturing, engineering, sales, and business leadership. He currently serves as the Whole-Time Director and CEO of Tenneco Clean Air India and holds engineering and management degrees from the University of Bombay, Oklahoma State University, and the University of Michigan.



Mahender Chhabra
Chief Financial Officer

Mahender Chhabra is a Chartered Accountant with over 27 years of experience in finance. He currently serves as the Chief Financial Officer of Tenneco Clean Air India and has previously held leadership roles at Motherson Sumi Wiring India, HMD Mobile India, Microsoft India, and Nokia India.



Roopali Singh
Company Secretary, Compliance Officer and General Counsel

Roopali Singh is a Company Secretary with over 23 years of experience in legal, compliance, and corporate governance. She currently serves as the Company Secretary, Compliance Officer, and General Counsel of Tenneco Clean Air India. Prior to joining the company, she held leadership roles at Whirlpool India, Carlsberg India, and Times Internet.



Rishi Verma
President

Rishi Verma has over 20 years of experience in the automotive industry and currently serves as President, India at Tenneco- responsible for leading the operations across both divisions. Having spent over 17 years with the company, he has held several leadership roles, including Managing Director of Tenneco Clean Air, and has been instrumental in driving manufacturing expansion and profitable growth.



R.C. Subramaniam
MD, Advanced Ride Technologies

R.C. Subramaniam serves as the MD - Advanced Ride Technologies (ART) at Tenneco. He has extensive experience in automotive and industrial businesses and is a Cost Accountant with an MBA.



Sankar Babu Sampangiappa
Director, Advanced Ride Technologies Engineering

Sankar Babu Sampangiappa serves as the Director - Advanced Ride Technologies (ART) Engineering at Tenneco. He has extensive experience in automotive engineering and previously held technical leadership roles at Bharat Technologies Auto Components, Minda HUF, and AISIN NTTF.



Bapu Shivaji Kumbhar
Director, Clean Air Engineering

Bapu Shivaji Kumbhar serves as the Director - Clean Air Engineering at Tenneco. He has extensive experience in automotive engineering and has previously worked with Grupo Antolin, LML, and Tractors and Farm Equipment (TAFE).

Annexure

Exhibit 32: No material related-party transactions

Key Related Party Transactions	FY25	FY26
Sale to Group companies	3,070	3,026
Purchase from Group companies	305	593
Royalty Paid	1,103	1,192
Remuneration to Key Managerial Personnel	136.3	136
Dividend Paid to Parent Companies	4,092	10,366

Source: Company, MOFSL

Exhibit 33: Contingent liability

Contingent Liability	FY25	FY26
Disputed direct and indirect tax matters	945	1,098
Others	220	221
Total	1,165	1,318
% of Net Worth	7.2%	11.0%

Source: Company, MOFSL

Exhibit 34: KMP remuneration

Name (INR m)	FY25	FY26
Mr. Arvind Chandrasekharan	-	85
% share of PBT	%	1.0%
Mr. Mahender Chhabra	-	23
% share of PBT	%	0.2%

Source: Company, MOFSL

Exhibit 35: Shareholding pattern

Shareholding	FY25	FY26
Promoter	-	74.79
Public	-	25.21

Source: Company, MOFSL

Note: Promoter shareholding stands at ~60% as on date due to block deal held in Aug 2026

Financials and valuations

Consol. Income Statement — INR m

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	**48,274**	**54,676**	**48,904**	**54,040**	**62,467**	**71,623**	**89,851**
Value added Revenue	39,020	42,686	43,801	49,180	**57,108**	**65,682**	**82,036**
Change (%)	NA	9.4	2.6	12.3	16.1	15.0	24.9
Gross profit	13,890	15,751	16,693	18,940	21,920	25,318	31,605
Materials Consumed (% of Sales)	71.2	71.2	65.9	65.0	64.9	64.7	64.8
Personnel Expenses (% of Sales)	5.1	4.6	6.1	6.2	6.4	6.1	5.9
Other Expenses (% of Sales)	11.8	13.0	11.4	11.7	12.2	12.1	11.9
Total Expenditure (% of Sales)	88.2	88.8	83.3	82.9	83.5	82.9	82.6
EBITDA	**5,706**	**6,121**	**8,152**	**9,255**	**10,327**	**12,247**	**15,608**
Margin (%)	11.8	11.2	16.7	17.1	16.5	17.1	17.4
Depreciation	1,009	1,036	1,032	1,082	1,482	1,799	2,116
EBIT	**4,697**	**5,085**	**7,121**	**8,173**	**8,845**	**10,448**	**13,493**
Int. and Finance Charges	216	252	203	336	463	463	463
Other Income	596	698	410	590	354	495	693
PBT bef. EO Exp.	**5,077**	**5,531**	**7,328**	**8,427**	**8,736**	**10,480**	**13,722**
EO Expense/(Income)	0	0	0	272	0	0	0
PBT after EO Exp.	**5,077**	**5,531**	**7,328**	**8,155**	**8,736**	**10,480**	**13,722**
Total Tax	1,267	1,363	1,797	2,112	2,193	2,630	3,444
Tax Rate (%)	25.0	24.6	24.5	25.1	25.1	25.1	25.1
Reported PAT	**3,810**	**4,168**	**5,531**	**6,043**	**6,543**	**7,850**	**10,278**
PAT Adjusted for EO items	**3,810**	**4,168**	**5,531**	**6,315**	**6,543**	**7,850**	**10,278**
Margin (%)	7.9	7.6	11.3	11.7	10.5	11.0	11.4
Less: Minority Interest	0	1	11	11	11.2	13.4	17.6
Adj PAT	**3,811**	**4,167**	**5,521**	**6,304**	**6,532**	**7,836**	**10,260**
Change (%)	NA	9.3	32.5	14.2	3.6	20.0	30.9
No of fully diluted shares	502.9	467.9	403.6	403.6	404	404	404
Adj EPS	**7.6**	**8.9**	**13.7**	**15.6**	**16.2**	**19.4**	**25.4**

Consol. Balance Sheet — INR m

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	3,134	2,141	4,036	4,036	4,036	4,036	4,036
Total Reserves	8,946	7,659	12,064	7,938	9,626	11,812	15,615
Minority Interest	14	13	24	31	42	56	73
Net Worth	**12,095**	**9,813**	**16,124**	**12,005**	**13,705**	**15,904**	**19,724**
Deferred Liabilities	-78	-113	-217	-286	-286	-286	-286
Total Loans	140	0	0	0	-	-	-
Capital Employed	**12,156**	**9,701**	**15,906**	**11,719**	**13,419**	**15,618**	**19,438**
Gross Block	10,199	10,833	11,526	12,375	16,375	19,875	23,375
Less: Accum. Deprn.	3,890	4,758	5,707	6,553	8,035	9,834	11,950
Net Fixed Assets	**6,309**	**6,075**	**5,819**	**5,821**	**8,339**	**10,040**	**11,425**
Capital WIP	185	366	311	581	581	581	581
Total Investments	**7**	**9**	**3**	**3**	**3**	**3**	**3**
Curr. Assets, Loans&Adv.	**17,713**	**14,789**	**21,956**	**18,679**	**19,555**	**21,909**	**27,884**
Inventory	3,949	3,293	2,777	3,383	3,912	4,499	5,619
Account Receivables	5,632	5,598	6,872	6,348	7,823	8,997	11,238
Cash Balance	4,115	1,831	2,859	5,712	4,585	5,177	7,793
Bank Balance	12	6	3	2	2	2	2
Other Assets	4,005	4,062	9,444	3,233	3,233	3,233	3,233
Curr. Liability & Prov.	**12,058**	**11,539**	**12,182**	**13,366**	**15,059**	**16,915**	**20,455**
Creditors	9,461	9,213	8,928	10,667	12,360	14,216	17,756
Other Liabilities	2,044	1,776	2,611	1,666	1,666	1,666	1,666
Provisions	554	550	644	1,033	1,033	1,033	1,033
Net Current Assets	**5,655**	**3,250**	**9,774**	**5,314**	**4,496**	**4,994**	**7,430**
Appl. of Funds	**12,156**	**9,701**	**15,906**	**11,719**	**13,419**	**15,618**	**19,438**

E: MOFSL Estimates

Financials and valuations

Consol. Financial Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
EPS	**7.6**	**8.9**	**13.7**	**15.6**	**16.2**	**19.4**	**25.4**
Cash EPS	9.6	11.1	16.2	18.3	19.9	23.9	30.7
BV/Share	24.0	21.0	39.9	29.7	34.0	39.4	48.9
DPS	5.0	9.0	11.2	25.7	12.0	14.0	16.0
Payout (%)	65.6	100.6	82.1	164.4	74.1	72.1	62.9
Dividend Yield (%)	1.0	1.7	2.2	5.0	2.3	2.7	3.1
FCF per share	9.4	8.4	12.4	33.3	9.5	15.4	21.9
Valuation (x)							
P/E	66.8	56.8	37.0	32.4	31.3	26.1	19.9
Cash P/E	52.8	45.5	31.2	27.6	25.5	21.2	16.5
P/BV	21.0	24.1	12.7	17.0	14.9	12.8	10.4
EV/Sales	5.2	4.3	4.1	3.7	3.2	2.8	2.2
EV/EBITDA	43.9	38.4	24.7	21.5	19.4	16.3	12.6
Return Ratios (%)							
EBITDA Margins (%)	11.8	11.2	16.7	17.1	16.5	17.1	17.4
Net Profit Margins (%)	7.9	7.6	11.3	11.7	10.5	11.0	11.4
RoE	-	38.0	42.6	44.8	50.8	52.9	57.6
RoCE (Post-tax)	-	39.5	43.8	46.7	53.6	55.4	59.6
RoIC	-	49.9	53.1	67.5	96.9	86.4	96.6
Working Capital Ratios							
Fixed Asset Turnover (x)	4.7	5.0	4.2	4.4	3.8	3.6	3.8
Asset Turnover (x)	4.0	5.6	3.1	4.6	4.7	4.6	4.6
Inventory (Days)	-	24	23	21	21	21	21
Debtor (Days)	-	37	47	45	41	43	41
Creditor (Days)	-	62	68	66	67	68	65
Working Capital (Days)	-	10	31	22	-1	-1	-1
Leverage Ratio (x)							
Net Debt/Equity	-0.3	-0.2	-0.2	-0.4	-0.3	-0.3	-0.4

Consol. Cash Flow Statement INR m

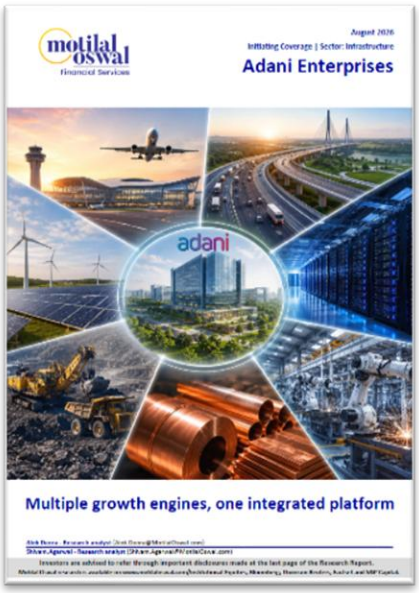
Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Operating PBT	5,077	5,531	7,328	8,155	8,736	10,480	13,722
Depreciation	1,009	1,036	1,032	1,082	1,482	1,799	2,116
Interest/Div Paid	216	252	203	336	463	463	463
Direct Taxes Paid	1,267	1,363	1,797	2,112	2,193	2,630	3,444
(Inc)/Dec in WC	743	-122	-653	8,491	-309	94	179
Other items	-2,937	-3,183	-4,082	-5,608	-4,739	-5,756	-7,582
CF from Operations	**5,375**	**4,877**	**5,624**	**14,567**	**7,826**	**9,711**	**12,343**
EO Expense	0	0	0	-272	0	0	0
CF from Operating incl EO	**5,375**	**4,877**	**5,624**	**14,295**	**7,826**	**9,711**	**12,343**
(inc)/dec in FA	-625	-969	-628	-844	-4,000	-3,500	-3,500
Free Cash Flow	**4,750**	**3,908**	**4,996**	**13,451**	**3,826**	**6,211**	**8,843**
(Pur)/Sale of Investments	0	0	-3	20	0	0	0
Others	494	667	363	136	354	495	693
CF from Investments	**-131**	**-301**	**-268**	**-688**	**-3,646**	**-3,005**	**-2,807**
Issue of Shares	0	-850	-4	0	0	0	0
Inc/(Dec) in Debt	-938	-177	-49	-145	0	0	0
Interest Paid	0	0	0	-243	-463	-463	-463
Dividend Paid	-2,804	-5,591	-4,092	-10,366	-4,843	-5,650	-6,458
Others	-202	-241	-182	0	0	0	0
CF from Fin. Activity	**-3,944**	**-6,859**	**-4,327**	**-10,754**	**-5,307**	**-6,114**	**-6,921**
Inc/Dec of Cash and Bank	**1,300**	**-2,284**	**1,029**	**2,853**	**-1,127**	**592**	**2,615**
Add: Beginning Balance	2,815	4,115	1,831	2,859	5,712	4,585	5,177
Closing Balance	**4,115**	**1,831**	**2,859**	**5,712**	**4,585**	**5,177**	**7,792**

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NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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