

September 29, 2026

Driving growth through regulation and premiumisation...

About the stock: Tenneco Clean Air India (Tenneco) is an automotive component supplier, manufacturing critical, highly engineered & technology intensive clean air, powertrain & suspension solutions for Indian OEMs & export markets.

- FY26 Sales Mix: PV: 65%, CV: 21%, Industrial: 7% & Aftermarket: 4%
- FY26 Product Mix: Clean Air: 49% & Advanced ride technologies: 51%.

Investment Rationale:

- Clean Air business segment: tightening emission norms should drive content per vehicle:** In clean air space, Tenneco provides fully integrated exhaust & aftertreatment systems, which are designed to reduce pollution & optimize engine performance and acoustic tuning. It holds leading position in this domain, with ~58% market share in CV space, ~68% in off-highway (ex-tractors) space & ~20% in PVs. The biggest structural opportunity for Tenneco in this domain comes from increasing technological content required in vehicles as emission and fuel-efficiency regulations become more stringent. The transition from BS-VI to the next generation of emission regulations is expected to increase the complexity of exhaust after-treatment systems, particularly for CV's and off-highway applications. Content per vehicle (CPV) is expected to increase by ~30-50% as OEMs adopt more stringent emission-control systems. This allows Tenneco to potentially grow faster than underlying OEM volume growth. This segment however is susceptible to EV risk as EV's don't require clean air solutions. We bake in 12% sales CAGR in this domain over FY26-29E, supported by CPV improvement, new program wins & market-share gains.
- Advance Ride Technologies (ART): most exciting proposition, premiumisation to the core:** Tenneco's ART/Suspension business provides an important counterbalance to Clean Air business and gives the company exposure to the structural premiumisation of Indian PV space. Indian PV vehicle market has undergone a significant shift toward SUVs, larger vehicles and higher-value variants. Premium vehicles require more sophisticated ride handling technologies, including advanced shock absorber, electronically controlled suspension & higher-performance damping systems. Tenneco is already a major supplier of shock absorbers and struts to Indian PV OEMs with a leading ~55% market share. A key recent innovation led development was the selection of Tenneco's DaVinci DCx technology by M&M for XUV 7XO. The solution is mechanical in nature and does not depend on software, electronics, sensors, etc., thereby broadening its applicability while increasing value of suspension content. Premiumisation therefore creates an opportunity for Tenneco to grow not only through increasing vehicle volumes but also through higher content per vehicle. We bake in 20% sales CAGR in this domain over FY26-29E.

Rating and Target Price

- We have a positive view on Tenneco supported by strong growth visibility amid premiumization & regulation led content expansion, a healthy order book, and robust financials (healthy 50%+ return ratios & debt free b/s). We assign **BUY Rating** & value it at **₹650 i.e. 30x P/E on FY28-29E avg. EPS**

Key Financial Summary

Financial Summary (₹ crore)	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Net Sales	5,468	4,890	5,404	3.8%	6,214	7,159	8,427	16.0%
EBITDA	612	815	925	17.5%	1,007	1,178	1,433	15.7%
EBITDA Margins (%)	11.2	16.7	17.1		16.2	16.5	17.0	
Net Profit	417	552	604	16.6%	664	782	964	16.9%
EPS (₹)	10.3	13.7	15.0		16.4	19.4	23.9	
RoNW (%)	42.5	34.3	50.4		48.2	49.1	51.5	
RoCE (%)	50.8	43.5	68.1		64.4	65.2	67.9	
P/E (x)	48.4	36.6	33.4		30.4	25.8	20.9	

Source: Company, ICICI Direct Research

TENNECO

Particulars

Particular	₹ crore
Market capitalisation	20,180
Total Debt (FY26)	-
Cash & Inv. (FY26)	571
EV (₹ crore)	19,609
52-week H/L (₹)	657 / 438
Equity capital (FY26)	403.6
Face value (₹)	10.0

Shareholding pattern

	Dec-25	Mar-26	Jun-26
Promoter	74.8	74.8	74.8
FII	8.4	8.9	9.7
DII	12.0	12.6	11.5
Other	4.8	3.7	4.1

Price Chart



Key highlights and risks

- We have built in sales, PAT growth at 16%, 17% CAGR respectively over FY26-29E. ART segment is seen leading the growth charge which albeit also limits the margin gains
- Key Risk:** i) faster than expected EV penetration & delay in enforcement of stricter emission norms could structurally reduce the addressable market for Clean Air products (ii) supply of paper in terms of promoters selling stake through OFS route to limit share price gains

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Company Background

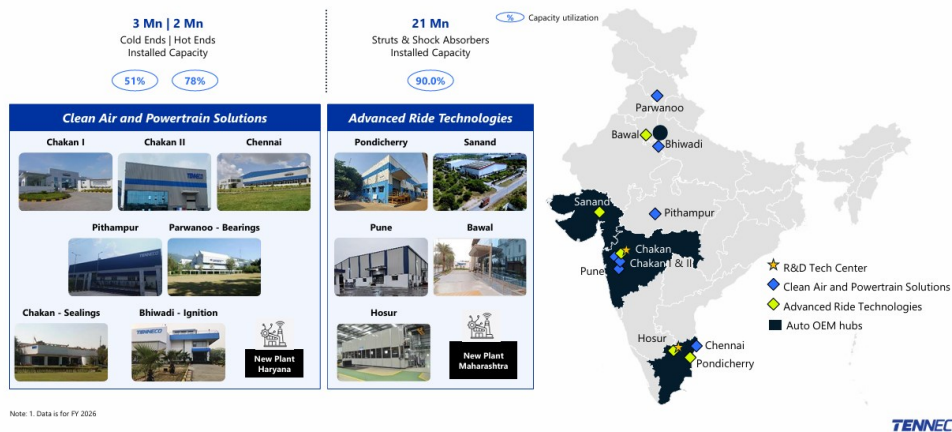
Tenneco Clean Air India Limited (Tenneco) is part of the U.S.-headquartered Tenneco Group, a global Tier-1 automotive component supplier. The company manufactures and supplies highly engineered, technology-intensive clean-air (aftertreatment and exhaust), powertrain (ignition, bearings, sealings) and suspension (shock absorbers & struts) solutions to Indian OEMs and export markets, and also serves the aftermarket (primarily via Motocare). Tenneco is well positioned across its core product lines — it is the largest supplier of clean-air solutions to Indian commercial truck OEMs with ~58% market share & off-highway OEMs (~68% share ex-tractors) in FY26, and is among the top four supplier to PV OEMs (~20% share), and the largest supplier of shock absorbers & struts to PV OEMs (~55% share).

Tenneco's Indian operations have evolved over several decades. The first bearings facility was established in Parwanoo in 1979, followed by the first ART facility in Hosur in 1983. The company subsequently added sealing, ignition and Clean Air facilities across Pune, Bhiwadi, Chennai, Pithampur, Puducherry, Chakan and other locations. This manufacturing footprint gives the company access to major automotive clusters across northern, western and southern India. The company currently has 12 manufacturing facilities and two R&D/technical centres. As of March 31, 2026, the annual installed production capacity for Clean Air Solutions was 3 million units for “cold end” products (mufflers and exhaust pipes), with a utilization rate of 51%; and ~2 million units for “hot end” products (catalytic converters), with a utilization rate of 78%. For Advanced Ride Technologies, the annual installed production capacity was ~21 million units, with a utilization rate of 90%

Exhibit 1: Tenneco Group – Plants Across India & Capacity Utilization

Optimizing Capacity Through Focused Capex

12 Manufacturing Facilities and 2 R&D Centers Of Global Standards



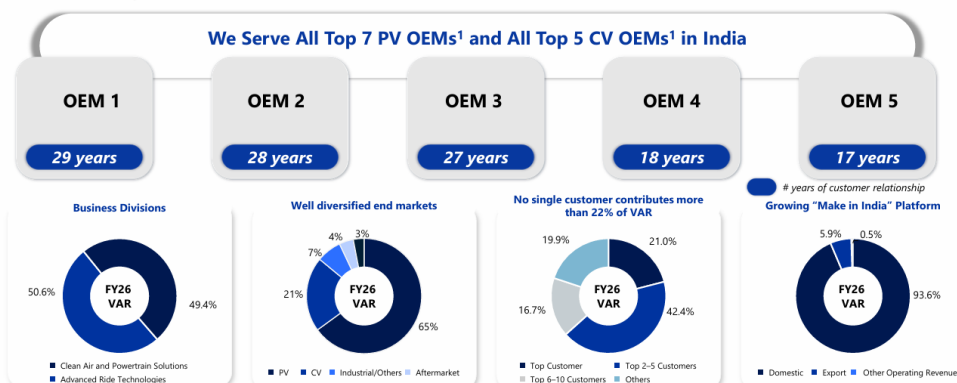
Source: Company, ICICI Direct Research

Exhibit 2: Tenneco India- Overview

Long Standing Relationships and Revenue Profile

Customized & technology nature of products and time-consuming approval processes ensures sticky customers

It counts almost all OEMs as its clients across vehicle categories with prominent one being Tata Motors, Ashok Leyland, Bajaj Auto, Maruti Suzuki India, Hyundai Motors India, M&M among others



Source: Company, ICICI Direct Research

Product Portfolio

Tenneco Clean Air India has a diversified portfolio spanning Clean Air Solutions, Advanced Ride Technologies (ART) and Powertrain Solutions, supplying highly engineered components to passenger vehicles, commercial vehicles, off-highway equipment and industrial applications. This gives Tenneco exposure to multiple technology transitions in the automotive industry, with the common theme being higher content per vehicle as OEMs move toward tighter emission standards, better fuel efficiency, improved ride quality and increasing vehicle premiumisation.

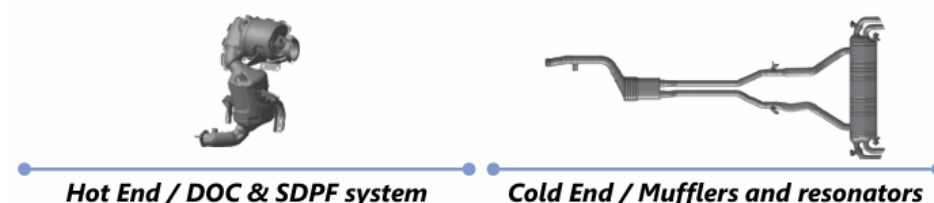
Clean Air Solutions

The Clean Air business comprises exhaust and after-treatment systems designed to reduce harmful emissions while managing exhaust flow, thermal performance and acoustic characteristics. The portfolio spans both the hot end and cold end of the exhaust system. Hot-end products sit closer to the engine and perform the primary emission-treatment function, while cold-end products manage the treated exhaust gases and control noise before they exit the vehicle. Tenneco's portfolio includes catalytic converters, diesel oxidation catalysts (DOC), diesel particulate filters (DPF), selective catalytic reduction (SCR) systems, ammonia slip catalysts (ASC), gasoline particulate filters (GPF), three-way catalysts (TWC), exhaust pipes, mufflers and complete exhaust assemblies. Here, **VAR (Value Added Revenue)** is used as the primary metric as it excludes pass-through substrate costs from the revenue from operations and better reflects the underlying operating performance.

The economics of the Clean Air business are increasingly driven by content per vehicle (CPV) rather than simply vehicle volumes. India's transition from BS-IV to BS-VI resulted in a substantial increase in emission-control content, and the next regulatory cycle involving BS-VII, CAFE III and TREM-V should again increase the value and complexity of after-treatment systems.

According to the CRISIL, the overall domestic Clean Air market stood at ₹5,423 crore in FY25 and is expected to grow at 8-10% CAGR over FY25-30 to ₹7,900-₹8,700 crore. Tenneco is particularly well positioned in this segment, with ~58% market share in Indian commercial-vehicle space, ~68% in off-highway Clean Air excluding tractors and ~20% in passenger-vehicle Clean Air.

Exhibit 3: Tenneco India- Clean Air solutions



Source: Company, ICICI Direct Research

Advanced ride Technologies (ART)

The Advanced Ride Technologies (ART) business manufactures shock absorbers, struts and increasingly sophisticated damping systems for passenger and commercial vehicles. A conventional shock absorber controls the oscillation of the suspension after the vehicle encounters bumps or uneven road surfaces, thereby maintaining tyre contact, vehicle stability and ride comfort. A strut assembly integrates the shock absorber with structural suspension elements and, depending on the architecture, the coil spring and mounting components. Tenneco's portfolio also includes shock absorbers with advanced add-on valve technologies, hydraulic rebound and compression control, frequency-selective damping and electronically controlled semi-active systems.

The overall suspension products market is expected to grow between 8-10% CAGR over the next five years through FY25 reaching ₹ 16,550-18,150 crores by FY30. In the domestic OE market, 2W accounts for a significant portion, with an estimated ₹ 5,355 crores market in FY25, while PV market is estimated at ₹2,740 crores.

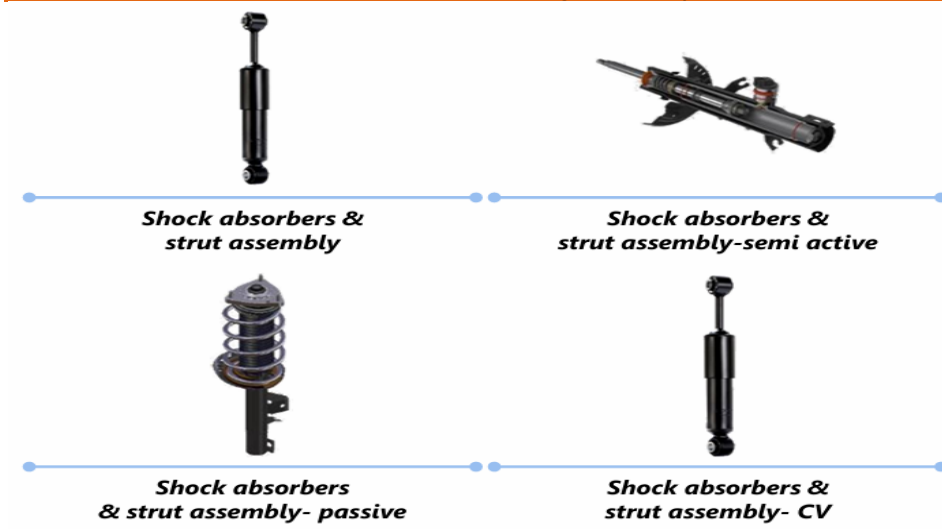
Passive dampers form the base of the portfolio and include monotube and twin-tube shock absorbers with tuned main-valve architectures. Passive Plus/FSD

technologies add hydraulic rebound stops; hydraulic compression stops and frequency-dependent damping to improve comfort while retaining a mechanically controlled architecture. The next step is **DaVinci DCx**, Tenneco's mechanically controlled nonlinear damping technology. DaVinci is particularly important because it seeks to deliver approximately 85–90% of the comfort of a semi-active system at substantially lower cost and complexity, without requiring the sensors, ECUs, wiring and electronic architecture associated with CVSAe.

At the premium end, Tenneco offers CVSAe **semi-active dampers**, which integrate electronically controlled valves with vehicle sensors and ECUs to adjust damping in real time according to road conditions, vehicle dynamics and driving requirements. **Interestingly, premium EV offerings from M&M i.e. BE 6e & XEV 9e, use intelligent semi-active dampers wherein Tenneco's content is substantially higher.**

The broader global technology ladder includes CVSA2 dual-valve systems, CVSA2 Performance and Kinetic adaptive suspension, allowing Tenneco to progressively introduce higher-end technologies as Indian OEMs move up the value chain.

Exhibit 4: Tenneco India- Advanced ride technologies (ART) products

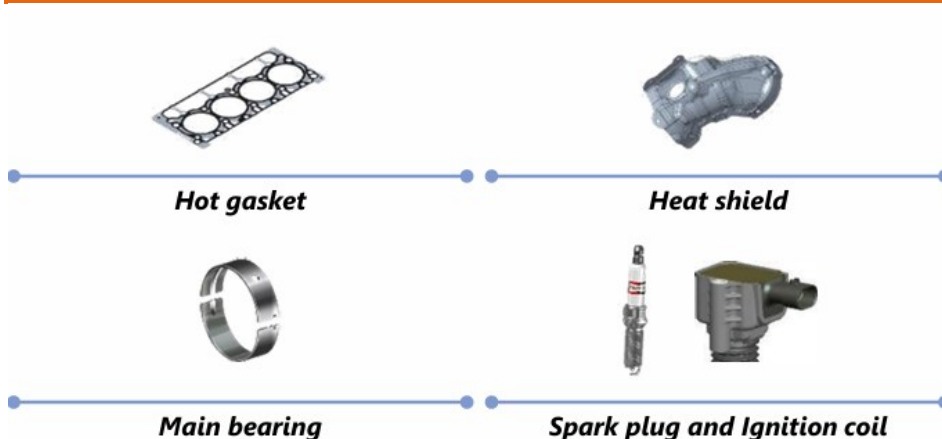


Source: Company, ICICI Direct Research

Powertrain Solutions – content across ignition, bearings and sealings

The Powertrain Solutions portfolio comprises ignition, bearings and sealing products, primarily serving ICE, CNG and hybrid applications. While this business is more exposed to the long-term transition away from internal-combustion engines, several of its products remain relevant across hybrid and CNG powertrains, while the large installed vehicle parc provides recurring aftermarket demand. Tenneco's portfolio includes spark plugs and ignition coils under the ignition business; main bearings, connecting-rod bearings, connecting-rod bushes and thrust washers/flanges under bearings; and hot/cold gaskets, multi-layer-steel gaskets and heat shields under sealings.

Exhibit 5: Tenneco India- Powertrain Products



Source: Company, ICICI Direct Research

Investment Rationale

Clean Air: Regulatory tightening to drive content-per-vehicle upcycle

Tenneco Clean Air India is entering the next phase of growth with a strong position in the Indian Clean Air market, particularly across commercial vehicles and off-highway applications. The company has an estimated ~58% market share in commercial-vehicle Clean Air space, ~68% in off-highway Clean Air excluding tractors and ~20% in passenger-vehicle Clean Air. The key investment argument is that the next leg of growth does not need to be driven purely by vehicle volumes; rather, rising emission complexity should increase content per vehicle (CPV) across the vehicles that continue to use ICE, CNG and hybrid powertrains.

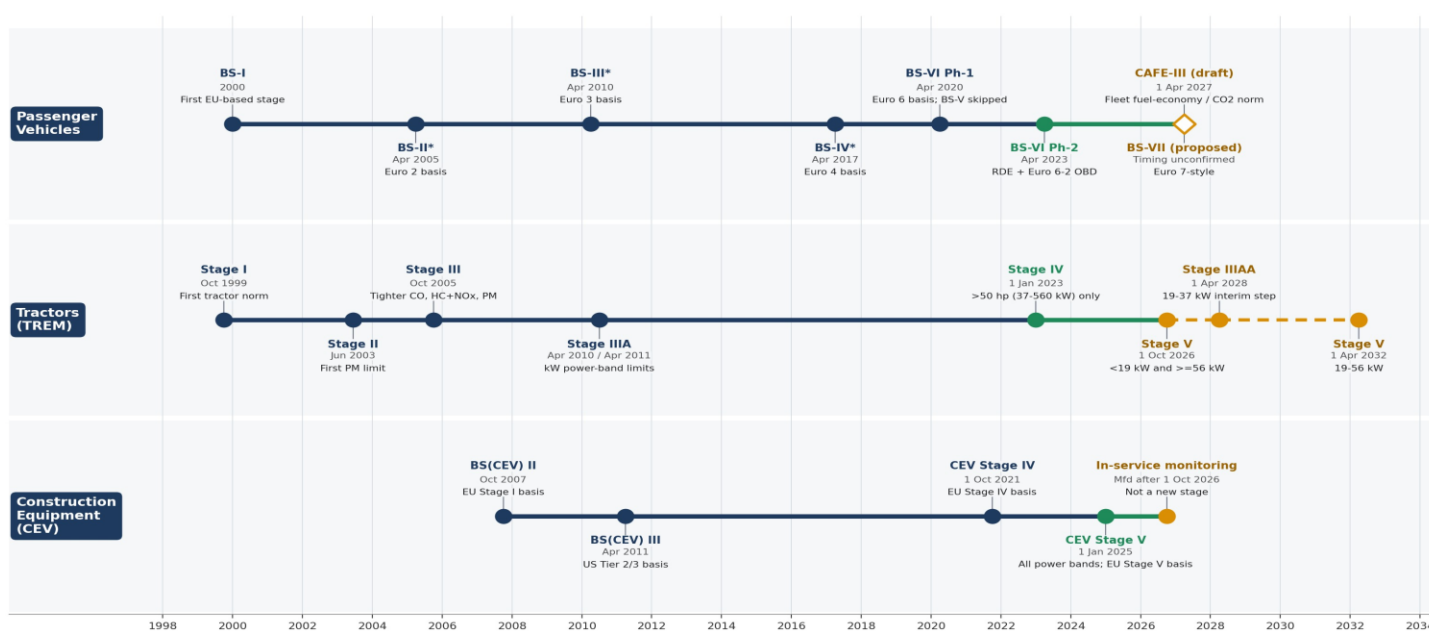
The transition from BS-IV to BS-VI/RDE had already materially increased Clean Air CPV. The next cycle is expected to be less dramatic than BS-VI, but still meaningful. Management believes that BS-VII and CAFE III together could increase PV Clean Air CPV by ~1.3-1.5x, driven by larger particulate filters, improved catalyst systems and additional after-treatment functionality.

Exhibit 6: Emission Norms Timelines

India's emission-norm roadmap: passenger vehicles, tractors and construction equipment

Timeline of applicable dates, 1999 to 2032. Emission limits and explanations are in Exhibit 2; source numbers refer to the source list in Exhibit 2.

● Superseded ● Latest norm in force today ● Notified, not yet effective ◇ Draft / proposed (timing may change)



* Nationwide dates shown. BS-II, III and IV came earlier in Delhi/selected regions (Delhi: BS-II 2001, BS-III 2005, BS-IV 2010). BS-V was skipped; India moved from BS-IV to BS-VI in 2020. [3][7][8]
 Tractors: Stage IV applies to 37-560 kW (>50 hp) only. Stage V applies from 1 Oct 2026 to <19 kW and >=56 kW engines. 19-37 kW moves to Stage IIIIA on 1 Apr 2028; 19-56 kW reaches Stage V on 1 Apr 2032. [1][12]
 Construction equipment: CEV Stage V has applied to all power bands since 1 Jan 2025 (deferred from 1 Apr 2024). The 1 Oct 2026 date for CEVs is the start of in-service emission monitoring for vehicles manufactured after that date, not a new stage. [1][2][8]
 CAFE-III is a Ministry of Power draft (Jul 2026) [9]. BS-VII is reported as proposed for 2026-27 / 2027; no final notification was found in the sources reviewed [7][11].
 Sources: [1] GSR 542(E) (Gazette, 30 Jun 2026); [2][3] DieselNet; [6][12] ICRA; [7] Onishi I&E; [8] Down to Earth; [9] PTUThePrint; [11] CivilsDaily / ET Prime. Full list in Exhibit 2. Prepared 28 Sep 2026.

Source: MORTH, ICICI Direct Research

CAFE III should also support Clean Air content. Greater adoption of gasoline direct injection (GDI) improves fuel efficiency/CO₂ performance but increases particulate emissions, creating a need for gasoline particulate filters (GPFs) and more sophisticated catalytic systems. Tenneco has already secured a Japanese OEM GPF nomination scheduled from 2028, providing entry into a previously relatively untapped portion of that customer's hot-end portfolio.

The more significant near-term whitespace, in our view, lies outside PVs. Tenneco already has a dominant position in CV and OH Clean Air. BS-VII/CSFC should require increasingly sophisticated emission-control architectures, with additional opportunities in DPF/SCR/EGR and related hot-end systems. The company's existing ~58% CV Clean Air share gives it a strong installed customer base from which to capture the next generation of content. Further, TREM-V is expected to extend significantly higher after-treatment content into the tractor market. Management estimates healthy CPV increase under TREM-V, driven by additions such as particulate filters, common-rail systems and OXICAT.

Importantly, Tenneco is not relying only on market growth from existing programs. The company has been adding new customer/platform wins, including:

- New Clean Air engine platform with a major Indian CV OEM
- European commercial-vehicle program with Euro-VII proof-of-concept
- CNG cold-end assembly program for two models of a global OEM

The company's planned ~₹71 crores Kharkhoda greenfield plant, with SOP targeted for Q3FY27, further reflects management's confidence in the medium-term Clean Air opportunity.

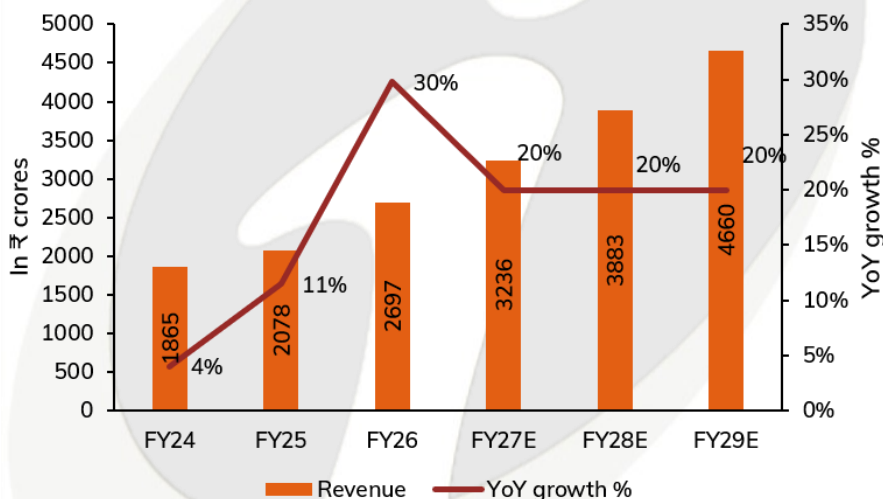
Suspension: Premiumisation creating structural Content/vehicle upgrade

Advanced Ride Technologies segment places Tenneco as a strong bet on premiumisation led content per vehicle (CPV) play in the PV space. We see Advanced Ride Technologies (ART) as the major growth engine for Tenneco India, with the opportunity being driven less by regulatory requirements and more by premiumisation, SUV penetration, electrification and the increasing importance of ride comfort and handling. Tenneco is estimated to hold ~55% of India's PV shock absorber/strut market, with share improving by around 300 bps over the last three years. The company has particularly strong share-of-business with major customers such as Maruti Suzuki, Mahindra & Mahindra and Tata Motors Passenger Vehicles. The key opportunity for Tenneco is that the suspension market is gradually moving from: Passive → Passive Plus (DaVinci) → Semi-active; with each technology step carrying significantly higher CPV.

The starting point for this opportunity is particularly attractive because the Indian passenger-vehicle suspension market remains predominantly conventional. Management stated that 95%+ of its Indian ART business was still conventional shock absorbers and described the migration towards frequency-dependent damping, active and semi-active suspension as a significant industry disruption. As the technology moves up this ladder, the suspension system requires additional components and functionality, resulting in a material increase in content per vehicle.

Our calculation suggests that Tenneco's current passenger-vehicle suspension CPV is approximately ₹8,000–10,000 per vehicle. The larger opportunity, however, comes from increasing this CPV over time.

Exhibit 7: Tenneco India- Suspension segment Growth over the years



Source: Company, ICICI Direct Research

Tenneco's DaVinci technology is strategically important because it addresses the biggest limitation of semi-active suspension: cost and complexity. Unlike CVSAe, DaVinci is a purely mechanical system, with no software, electronics, sensors or ECU required for its core functionality. DaVinci can deliver approximately 85–90% of the comfort of a semi-active system, while costing roughly 2x conventional passive suspension but only around one-third of CVSAe's cost.

The technology is already deployed on the Mahindra XUV7X0 with an estimated order value of ~₹200 crores, while Tenneco has also developed a smaller DCx 32 piston variant aimed at extending the technology towards larger addressable market ranging from ~₹10 Lakhs to ₹35 lakhs (vehicle price range).

While DaVinci addresses the mass-premium market, CVSAe addresses the premium/EV end. Tenneco's CVSAe technology is already deployed on Mahindra's BE 6 and XEV 9e, making Tenneco one of the early domestic suppliers of semi-active suspension technology in India.

We estimate the suspension business to grow at a CAGR of 20% over FY26-30E to ₹4,660 crores by FY30E.



Global Parentage – Technology moat and export optionality

Tenneco India's relationship with the global Tenneco group is an important competitive advantage because the company operates in product categories where technology, validation and OEM integration are increasingly important. Tenneco India benefits from global suspension, Clean Air and Powertrain technologies while maintaining local engineering and manufacturing capabilities. The company operates 12 manufacturing facilities and R&D centres in Pune and Hosur, combining global technology and local application engineering.

The DaVinci programme illustrates the value of this parentage. Management highlighted that DCx is based on patented technology and was developed by leveraging Tenneco's global suspension expertise while being specifically tuned for Indian road conditions.

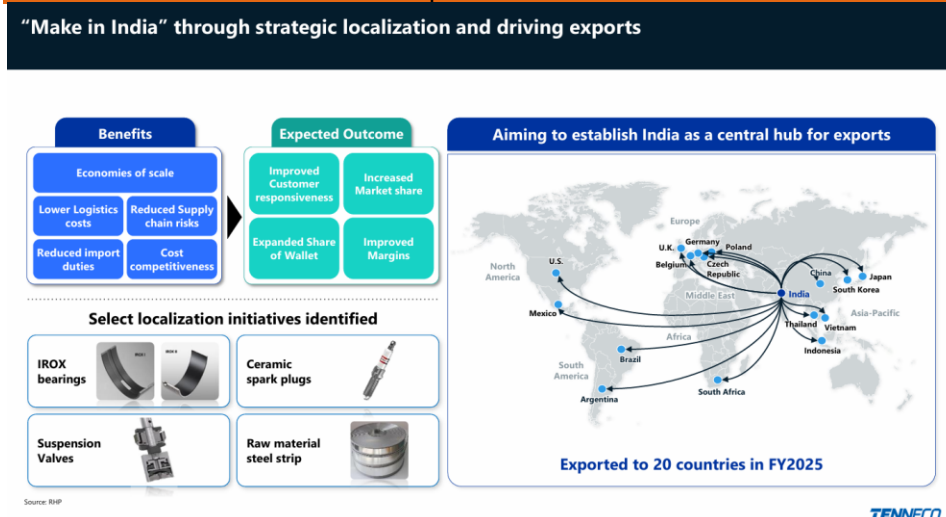
Exhibit 8: Tenneco Global parentage



India's role within Tenneco's global manufacturing network provides another avenue for growth beyond domestic automotive volumes. Tenneco India already exports to international markets, while management has highlighted the increasing importance of India as an export base.

Currently Exports amount to ~6% of the revenue. However, the export opportunity is particularly attractive when combined with localisation. Tenneco is progressively localising components and manufacturing processes, which can improve cost competitiveness, reduce dependence on imported components and make the Indian operation more competitive within the global Tenneco supply chain. The company's order book of approximately ₹12,400 crores at FY26-end provides evidence of this emerging opportunity, with exports accounting for more than 20% of order-book.

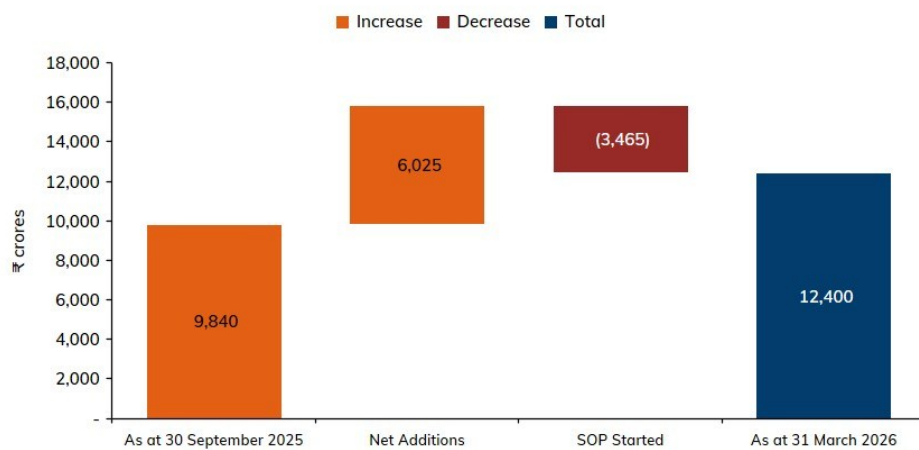
Exhibit 9: Tenneco – Localization & Exports



Healthy Orderbook - Strong Visibility for Medium-term Growth

Tenneco India's order book provides strong visibility for its next phase of growth, with the lifetime order book increasing ~26% from ₹9,840 crore in September 2025 to ₹12,400 crore in March 2026, despite ₹3,465 crore of programmes transitioning to SOP. The company secured ₹6,025 crore of net order additions during the period, with recent wins spanning multiple product categories. These include the DaVinci DCx suspension programme with a leading Indian PV OEM (~₹220 crore annual revenue potential), a Clean Air programme with a leading Japanese PV OEM, a Clean Air after-treatment programme with a leading European CV OEM, and a bearings systems entry with a leading Japanese PV OEM. In Q1FY27, the company further added programmes across spark plugs, PV exhaust, CNG cold-end assemblies and SCV after-treatment, while ART secured multiple new DCx wins, including four new customers. We believe the breadth of these wins, alongside the order book providing 100% coverage of the company's FY28 internal revenue target, provides strong medium-term revenue visibility and supports the capacity investments being undertaken for future programme ramp-ups.

Exhibit 10: Tenneco – orderbook

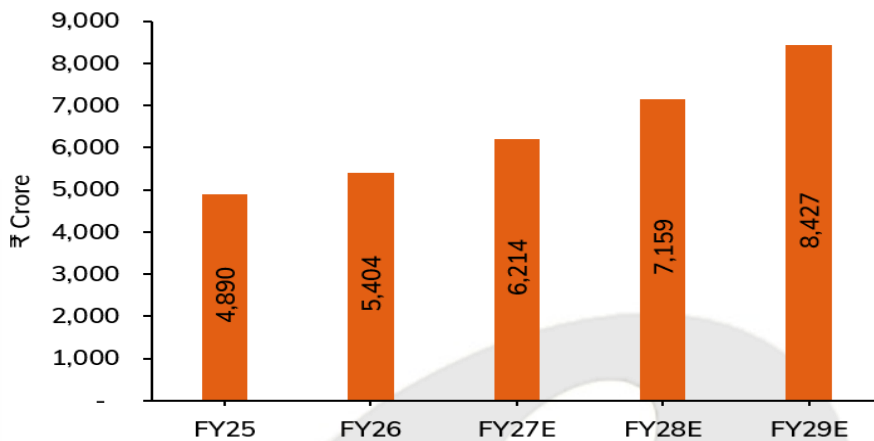


Source: Company, ICICI Direct Research

Key Financial Summary

Tenneco has reported steady revenue growth of ~11% YoY in FY26, supported by sturdy growth in ART segment. Going forward, with premiumization, increase in SUV penetration, electrification and the increasing importance of ride comfort and handling along with increasing technological content required in vehicles as emission and fuel-efficiency regulations come into effect, we expect Tenneco's revenue to grow at a ~16% CAGR over FY26-29E, reaching ~₹8,427 crore by FY29E.

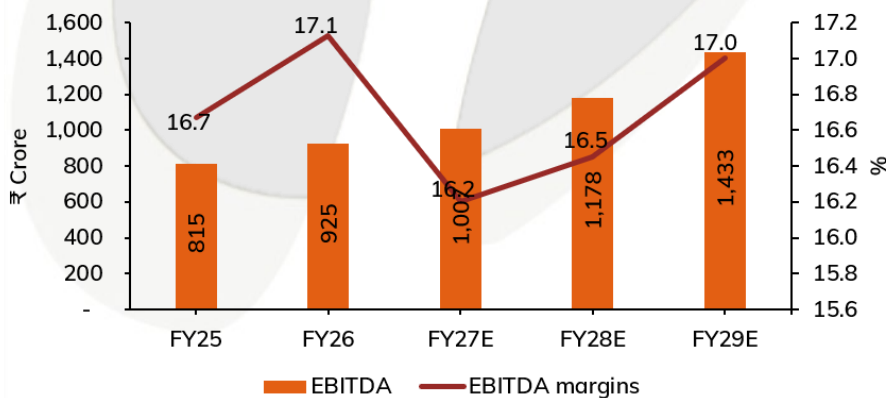
Exhibit 11: Trend in Topline



Source: Company, ICICI Direct Research

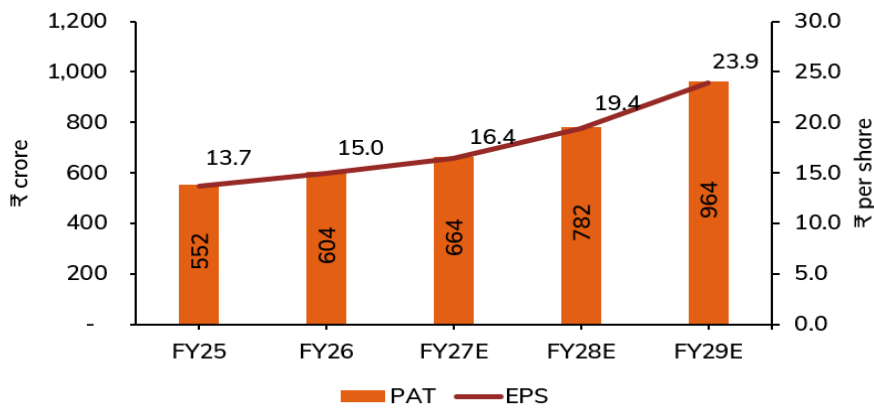
Tenneco India's EBITDA is expected to increase from ₹925 crore in FY26 to ₹1,433 crore by FY29E, with EBITDA margin expected to moderate from 17.1% in FY26 to 16.2% in FY27E before recovering to 17.0% by FY29E. We build in near-term margin pressure in FY27E considering the ongoing geopolitical uncertainties, supply-chain disruptions, input-cost volatility and potential cost pressures on imported components, which could temporarily constrain profitability. However, we expect margins to gradually recover from FY28E as these headwinds normalise, supported by higher contribution from value-added products, localisation initiatives and operating leverage gains from increasing scale. Accordingly, we expect EBITDA to grow at a ~15.7% CAGR over FY26-29E

Exhibit 12: Trend in EBITDA & EBITDA margins



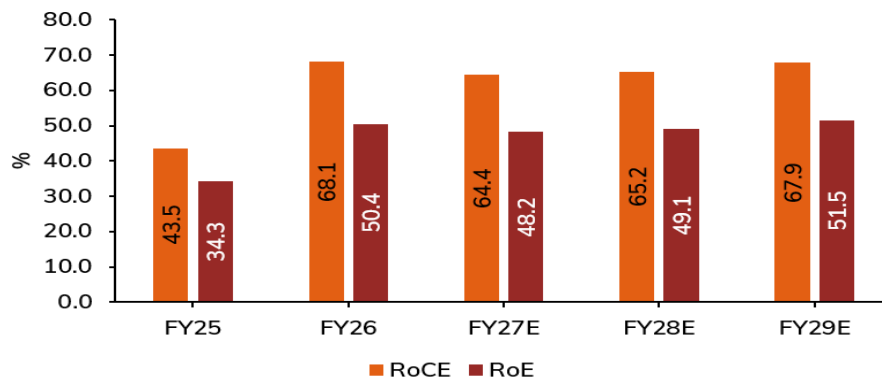
Source: Company, ICICI Direct Research

Going forward, we expect healthy operating performance and gradual margin recovery to translate into strong earnings growth, with PAT expected to increase from ₹604 crore in FY26 to ₹964 crore by FY29E, implying a ~17% CAGR over FY26-29E. With a largely healthy balance sheet and improving cash-generation profile, we expect EPS to increase from ₹15.0 in FY26 to ₹23.9 by FY29E, also translating into a ~17% CAGR, providing a strong earnings compounding trajectory over the forecast period.

Exhibit 13: Trend in Bottom line & EPS


Source: Company, ICICI Direct Research

We expect the company to undertake a meaningful but disciplined capex programme in FY27, with management indicating an indicative ₹350–450 crore spend to support double-digit top-line growth. The company has already announced the ~₹71 crore Kharkhoda, Haryana Clean Air facility, targeted for SOP in Q3 FY27, while the company has also announced a new Advanced Ride Technologies greenfield plant in West India; together, these two projects entail ~₹140 crore of announced investment. Consequently, we expect RoCE to remain strong despite the temporary increase in the asset base, while the ramp-up of new programmes should progressively improve asset utilisation.

Exhibit 14: Trend in Return Ratios


Source: Company, ICICI Direct Research

Tenneco India's CFO generation is expected to improve steadily from ₹745 crore in FY26 to ₹1,127 crore by FY29E, supported by healthy earnings growth, improved operating performance and better cash conversion. Despite the higher capex requirements associated with capacity expansion and new programme wins, strong internal cash generation should enable the company to fund a significant portion of its growth investments internally.

Exhibit 15: Trend in CFO generation

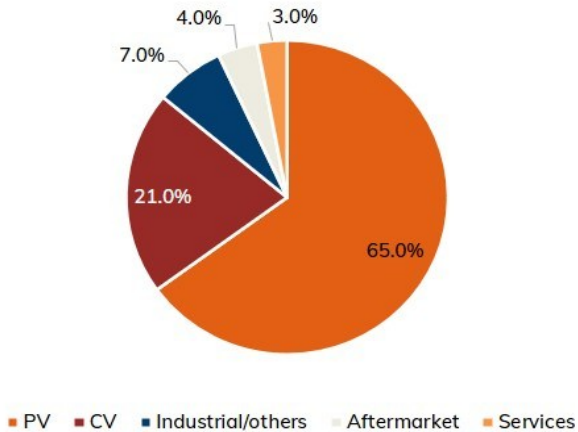

Source: Company, ICICI Direct Research

Risk and Concerns

Dependence on Automotive Cycle and OEM Production

Tenneco India's revenue remains closely linked to the underlying production of passenger vehicles, commercial vehicles and off-highway equipment, with PV and CV together accounting for 86% of the company's business. While the company's increasing CPV and regulatory-led opportunities provide some insulation from volume cyclicity, a prolonged slowdown in vehicle production, delayed model launches or weaker OEM schedules could still affect volumes, and capacity utilisation.

Exhibit 16: Revenue mix as of FY26

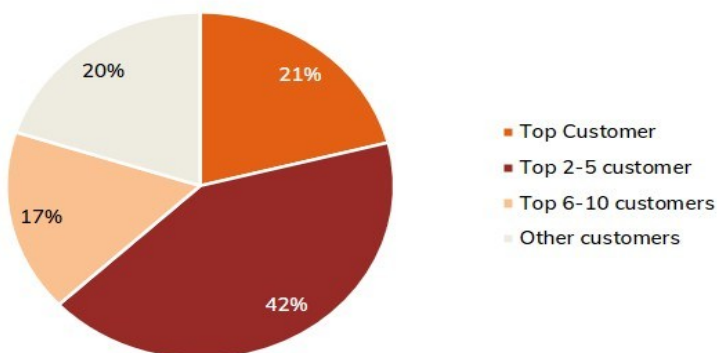


Source: Company, ICICI Direct Research

High Customer Concentration and Programme Dependency

Although Tenneco has long-standing relationships with virtually all major Indian PV and CV OEMs and no single customer currently contributes more than 22% of value-added revenue, the business remains dependent on a relatively concentrated set of large OEM customers. The company's top customers include Maruti Suzuki, Tata Motors, Mahindra, Hyundai and leading CV manufacturers, with several relationships extending over 15–25 years. The key risk is therefore less about an immediate loss of a customer and more about programme-level concentration—loss of share on a major vehicle platform, lower-than-expected volumes, pricing renegotiations or failure to secure replacement programmes could materially affect growth.

Exhibit 17: Customer mix as of FY26



Source: Company, ICICI Direct Research

Electrification and Technology Transition Risk

Tenneco's Clean Air and several Powertrain products (~49% of the revenue) remain structurally exposed to the shift towards electrification, as BEVs do not require conventional exhaust after-treatment systems and have limited applicability for products such as spark plugs. The company's near- to medium-term opportunity from BS-VII, CAFE, hybrids, CNG and commercial vehicles can offset part of this risk, while the suspension business provides an important technology-led growth avenue.

Financial summary

Exhibit 18: Profit and loss statement

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total operating Income	5,404	6,214	7,159	8,427
Growth (%)	11	15	15	18
Raw Material Expenses	3,510	4,070	4,671	5,478
Employee Expenses	337	379	437	506
Other Expenses	632	758	873	1,011
Total Operating Exp.	4,479	5,207	5,981	6,995
EBITDA	925	1,007	1,178	1,433
Growth (%)	14	9	17	22
Depreciation	108	118	136	160
Interest	34	35	33	32
Other Income	59	39	44	56
PBT	843	892	1,052	1,297
Total Tax	211	228	268	331
Reported PAT	604	664	782	964
Growth (%)	9	10	18	23
Reported EPS (₹)	15.0	16.4	19.4	23.9

Source: Company, ICICI Direct Research

Exhibit 19: Cash flow statement

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit after Tax	604	664	782	964
Add: Depreciation & interest	108	118	136	160
(Inc)/dec in Current Assets	(114)	(146)	(222)	(320)
Inc/(dec) in CL and Provisions	114	107	213	286
Others	(25)	(4)	(10)	(24)
CF from operating activities	686	738	899	1,066
(Inc)/dec in Investments	-	(1)	(1)	(1)
(Inc)/dec in Fixed Assets	(135)	(400)	(250)	(250)
Others	785	55	50	57
CF from investing activities	649	(346)	(201)	(194)
Proceeds from Issuance of Equity	-	-	-	-
Borrowings, leases & interest	(34)	(35)	(33)	(32)
Dividend paid & others	(1,016)	(484)	(565)	(686)
CF from financing activities	(1,050)	(520)	(599)	(718)
Net Cash flow	285	(127)	100	155
Opening Cash	286	571	444	544
Closing Cash	571	444	544	699

Source: Company, ICICI Direct Research

Exhibit 20: Balance sheet

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Liabilities				
Equity Capital	404	404	404	404
Reserve and Surplus	794	973	1,190	1,469
Total Shareholders funds	1,197	1,377	1,594	1,872
Total Debt	-	-	-	-
Deferred Tax Liability	-	-	-	-
Minority Interest / Others	45	46	47	48
Total Liabilities	1,243	1,423	1,641	1,921
Assets				
Gross Block	1,286	1,586	1,886	2,186
Less: Acc Depreciation	704	822	958	1,118
Net Block	582	764	928	1,068
Capital WIP	58	158	108	58
Total Fixed Assets	640	922	1,036	1,126
Investments	0	1	2	2
Inventory	338	375	432	508
Debtors	635	732	883	1,108
Other Current Assets	183	196	211	228
Cash	571	444	544	699
Total Current Assets	1,728	1,747	2,069	2,544
Creditors	1,038	1,107	1,275	1,501
Provisions	103	119	137	161
Other current liabilities	153	176	202	238
Total Current Liabilities	1,294	1,401	1,614	1,900
Net Current Assets	434	346	455	644
Others	169	154	149	149
Application of Funds	1,243	1,423	1,641	1,921

Source: Company, ICICI Direct Research

Exhibit 21: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
EPS	15.0	16.4	19.4	23.9
Cash EPS	17.6	19.4	22.8	27.9
BV	29.7	34.1	39.5	46.4
Cash Per Share	14.2	11.0	13.5	17.3
Operating Ratios (%)				
EBITDA Margin	17.1	16.2	16.5	17.0
PBT / Net sales	15.6	14.4	14.7	15.4
PAT Margin	11.5	10.7	10.9	11.4
Inventory days	22.9	22.0	22.0	22.0
Debtor days	42.9	43.0	45.0	48.0
Creditor days	70.1	65.0	65.0	65.0
Return Ratios (%)				
RoE	50.4	48.2	49.1	51.5
RoCE	68.1	64.4	65.2	67.9
RoIC	143.1	114.3	110.3	113.8
Valuation Ratios (x)				
P/E	32.4	30.4	25.8	20.9
EV / EBITDA	21.2	19.6	16.7	13.6
EV / Net Sales	3.6	3.2	2.7	2.3
Market Cap / Sales	3.7	3.2	2.8	2.4
Price to Book Value	16.9	14.7	12.7	10.8
Solvency Ratios				
Debt/EBITDA	-	-	-	-
Debt / Equity	-	-	-	-
Current Ratio	0.9	0.9	1.0	1.0
Quick Ratio	0.6	0.6	0.7	0.7

Source: Company, ICICI Direct Research

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