

Investor Update

Impact of GST 2.0 Reforms on Auto & Agriculture Sectors

(Dated: 19th September 2025)

1. Auto Components & Passenger Vehicles

- **GST Rate Reduction:**
The tax rate on auto components has been lowered from **28% to 18%**, reducing input costs across the supply chain.
 - **Two-Wheelers (<350 cc):**
Price cuts of **₹6,000–₹13,000 per unit** expected, making entry-level models more affordable.
 - **Small Cars & Entry-Level Vehicles:**
 - This segment forms **~55% of passenger vehicle volumes** (small cars & compact SUVs).
 - Anticipated price reduction: **8–9%**.
 - Four-wheelers up to 1200 cc to see price drops of **₹1.25–1.5 lakh per unit**.
 - **Festive Season Outlook:**
Retail auto sales were already **up 2.84% YoY in August 2025**. With festive demand ahead, momentum is expected to accelerate further.
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2. Agricultural Equipment & Inputs

- **Tractors & Farm Machinery:**
 - GST reduced from **12% to 5%** for tractors (<1800 cc) & farm equipment.
 - Price drop of **₹40,000–₹60,000 per tractor** (41–50 HP range).
 - Tractor volumes likely to rise by **150–200 bps (1.5–2%)**.
 - Rotavators now priced around **₹1 lakh**, while potato planters are expected in the **₹1.5–2.5 lakh** range, driving mechanization among small farmers.
- **Monsoon Tailwinds:**
A favorable monsoon has improved soil conditions, farmer sentiment, and disposable income — boosting demand for tractors and implements.
- **Growing Tractor Population:**
 - India's tractor base has crossed **9 million units in operation**.
 - Rising demand for replacement implements, spares, and attachments ensures recurring revenue streams.
 - Mechanization penetration is expected to move closer to developed markets in the next **3–5 years**.
- **Punjab Flood Relief:**
 - Recent floods have created urgent demand for farm equipment to aid rehabilitation.
 - Societies and cooperatives are expected to donate tractors, creating **short-term incremental demand** for implements and accessories.

3. Supply Chain Implications

While GST reforms reduce costs and boost modernization, **supply chain resilience** will be critical. Tier-1 and Tier-2 vendors may face near-term capacity pressures as order books expand.

4. Company-Specific Impact: *New Swan Multitech Limited*

- **Unit I – Agricultural Implements (Raian, Ludhiana):**
Revenue growth expected at **12–15%**, driven by reduced GST rates and improved farmer incomes.
- **Unit II – Auto Parts (Vithlapur, Ahmedabad):**
Revenue growth expected at **13–15%**, supported by higher auto sales due to lower vehicle prices.

Overall Outlook:

Both agriculture and automobile divisions of *New Swan Multitech Limited* stand to benefit significantly from GST 2.0 reforms. Reduced tax rates, stronger rural demand, and festive momentum create a multi-quarter growth opportunity.