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To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Security Code : 532928	To, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051 Trading Symbol : TARIL
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Dear Sir/Madam,

Sub: Analysis on Union Budget 2025-26: Key Allocations and Growth Opportunities for the Transformer Industry

We send herewith a brief analysis of the Union Budget 2025-26, highlighting key sectoral allocations and growth opportunities for the Transformer industry. The budget focuses on investments in power transmission, renewable energy, and infrastructure, which are expected to drive demand for transformers, particularly in high-voltage and specialized applications. This analysis outlines the potential benefits for key industry players and provides insights into future growth prospects.

Thanking you,

Yours faithfully,

For Transformers and Rectifiers (India) Limited

**Chanchal S S Rajora
CFO & Advisor to the Board**

Encl.: As above

TARIL is one of the leading manufacturers of a wide range of transformers globally. Today TARIL is second largest Transformer manufacturing company based on Capacity in India. It has capability to develop world class power, distribution, furnace and specialty transformers with world class infrastructure at three plants around the city of Ahmedabad (Gujarat, India). TARIL is managed by a highly skilled and experienced team of approximately 1200 employees, who consistently ensure that each and every activity factors in an adherence to high quality benchmarks established by the organisation.

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Union Budget 2025-26: Sector-Wise Analysis of Key Allocations and Growth Opportunities for Transformer Industry

The **Union Budget 2025-26** focuses on **boosting consumption, increasing capital expenditure (Capex), and investing in power, railways, infrastructure, and renewable energy.**

The government has increased **effective capital expenditure (Capex) by 11% YoY to ₹15.5 trillion** for FY26, with **₹11.2 trillion** funded through budgetary support and **₹4.3 trillion** from internal and extra-budgetary resources (IEBR). This investment aims to accelerate **industrial growth, engineering firms, and large EPC players**, ensuring steady demand for machinery, heavy equipment and construction materials.

A key structural reform in this budget is the requirement for **each infrastructure-related ministry to present a three-year project pipeline for Public-Private Partnership (PPP) projects**, ensuring better long-term planning. Additionally, the government has allocated **₹1.5 trillion in interest-free 50-year loans** to states to support infrastructure development.

Key Infrastructure Initiatives are highlighted below:

- **Metro Rail Expansion** – ₹312 billion (+26% YoY)
- **Nuclear Power Projects** – ₹21 billion (+33% YoY)
- **River Interlinking Projects** – ₹24 billion (+20% YoY)
- **PM Awas Yojana (Affordable Housing)** – ₹548 billion (+69% YoY)
- **Aircraft & Aero Engines Procurement** – ₹486 billion
- **Asset Monetization Drive** – ₹10 trillion for new projects
- **Greenfield Airports in Bihar** – To boost regional connectivity and construction growth

Sectorial Insights:

Sector	Key Budgetary Allocation
Power Transmission & Distribution	₹9.15 lakh crore for grid expansion
Nuclear Energy	100 GW capacity by 2047
Railways	₹2.7 Trillion capex with priority on track expansion and electrification
Infrastructure	₹1.5 lakh crore interest free loans to states
Renewable Energy	₹19,100 crore (+143% YoY), ₹19,744 crore for Green Hydrogen
PLI	0.5 % Of GSDP additional borrowing to states who adhere these reforms

Power Sector: Transmission, Distribution & Nuclear Energy

The Union Budget 2025-26 places a strong emphasis on **power transmission expansion, distribution reforms, and nuclear energy development**, ensuring the stability and efficiency of India's growing electricity demand. The government has outlined plans to **increase India's peak power demand handling capacity to 458 GW by 2032**, which will require expanding the **transmission network from 4.85 lakh circuit km to 6.48 lakh circuit km**. The government has also approved **50 GW of inter-state transmission system (ISTS) capacity to evacuate 280 GW of renewable energy by 2030**, reinforcing India's commitment to clean energy.

The budget provides incentives for states to undertake **distribution and intra-state transmission reforms** by offering an **additional borrowing limit of 0.5% of their Gross State Domestic Product (GSDP)** if they adhere to these initiatives.

On the nuclear energy front, India has set a **long-term target of achieving 100 GW of nuclear energy capacity by 2047**, with an expected **9% CAGR growth in nuclear power capacity until 2030, followed by a 12% CAGR from 2032 to 2047**. The **₹20,000 crore allocation for Small Modular Reactors (SMRs)** will support the deployment of **five indigenous nuclear reactors by 2033**, with expected amendments to the **Atomic Energy Act** to allow private sector participation. Nuclear energy projects have received **₹21 billion (+33% YoY)**

Additionally, the **PM Surya Ghar Muft Bijli Yojana** allocation has increased from **₹110 billion to ₹120 billion**, reinforcing India's **solar rooftop trajectory**.

Railway Sector

The railway sector has received a **₹2.7 trillion Capex allocation**. While **track expansion and electrification projects remain a priority**, the government has focused more on **metro development, high-speed rail corridors, and rolling stock modernization**. **₹312 billion (+26% YoY) allocated for metro rail projects**

A key area of focus remains **the expansion of the Vande Bharat train network**, with a target of **400 new trains to be operational by March 2027**.

Infrastructure & Capex Growth

The Union Budget 2025-26 emphasizes urban and industrial infrastructure, MSME support, and transportation electrification, significantly impacting the transformer industry. The **Urban Challenge Fund (₹1 lakh crore)** supports smart city projects, focusing on energy-efficient power distribution, driving demand for advanced transformers. **PPP initiatives** aim to attract private investment for grid expansion and modernization, while **EV charging incentives** will boost transformer demand for charging networks.

The **National Manufacturing Mission** promotes local production of electrical equipment, including transformers, reducing import dependence. A **₹10,000 crore MSME fund** will aid capacity expansion and energy-efficient design adoption.

Renewable Energy

The **Ministry of New & Renewable Energy (MNRE)** has received **₹19,100 crores, marking a 143% increase YoY**, reflecting India's **aggressive renewable energy push**. The focus is on **solar PV manufacturing, wind energy expansion, and battery storage solutions**. The **National Green Hydrogen Mission** has also received a **₹19,744 crore outlay**, boosting hydrogen-based energy adoption.

Capital Goods & Industrial Manufacturing

The **budget provides strong support for industrial expansion**, with key measures including:

- **Production-Linked Incentives (PLI) Schemes: ₹166 billion (+84% YoY)**
- **Semiconductor & Display Manufacturing: ₹70 billion (+83% YoY)**
- **Higher Capex in Power PSUs** to drive transformer and heavy machinery demand.

The **increase in PLI-related incentives** will benefit **capital goods and industrial automation companies**, driving **growth in domestic manufacturing and reducing import dependence**.

Key Takeaways & Sectoral Impact

The **Union Budget 2025-26** successfully balances **short-term economic stimulus with long-term infrastructure and power sector investments**. Key beneficiaries include **power transmission companies, nuclear energy developers, infrastructure firms, renewable energy players**.

The increased focus on power transmission, metro expansion, and renewable energy will significantly benefit the transformer manufacturing industry. With the planned transmission network expansion demand for **EHV and Reactor Transformers** will rise to support high-voltage applications. **Power Sector and Capital Goods Industry** is well poised to capitalize on the rising demand with its presence in niche product range. The railway sector's **expansion plan** will positively impact demand for **V-connect and STATCOM transformers** to ensure efficient electrification. The renewable energy push, will spur demand for **specialised Inverter Duty Transformers** used in solar power projects and **Rectifier Transformer** for Hydrogen Generation. These avenues collectively reinforce the growth of the transformer industry which will benefit High voltage and special duty transformer manufacturing companies like **Transformer and Rectifiers India (TARIL), BHEL, GE etc** on a positive basis.