

July 31, 2025

## Tata Power Delhi Distribution Limited: Ratings reaffirmed for bank facilities; reaffirmed and withdrawn for commercial paper

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	2,240.00	1,915.57	[ICRA]AA+ (Stable); reaffirmed
Long term fund based –Working capital limit	1,355.00	1,354.43	[ICRA]AA+ (Stable); reaffirmed
Short term non-fund based	1,100.00	1,100.00	[ICRA]A1+; reaffirmed
Short term – Term loan	300.00	200.00	[ICRA]A1+; reaffirmed
Commercial paper	300.00	0.00	[ICRA]A1+; reaffirmed and withdrawn
<b>Total</b>	<b>5,295.00</b>	<b>4,570.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the rating on the commercial paper programme at the request of the company as there is no amount outstanding against the rated instrument. This is in line with ICRA's policy on the withdrawal of ratings.

The reaffirmation of the ratings of Tata Power Delhi Distribution Limited (TPDDL) factors in the strong credit profile of its parent, The Tata Power Company Limited (TPCL: [ICRA]AA+ (Stable)), marked by its healthy operating and financial performance across its generation and distribution businesses. This performance was supported by a scale-up in the renewable capacity, stable performance of the thermal assets, improved operating efficiencies in the distribution business, large execution in the solar EPC business and commissioning of the solar PV cell and module manufacturing capacity. TPDDL benefits from the operational and management support from TPCL and ICRA expects TPCL to extend financial support to TPDDL, if the need arises, given its strategic importance and reputation.

TPDDL's ratings derive comfort from its favourable operating position due to the cost-plus return on equity (ROE) nature of its power distribution business (notwithstanding the past mismatches), its ability to meet stringent operating parameters (including the aggregate technical and commercial (AT&C) loss reduction measures laid down by the Delhi Electricity Regulatory Commission, or DERC), as well as the advantageous demographic characteristics of the licence area with stable demand growth and a large share of commercial and industrial (C&I) consumers. Further, comfort for the ratings is driven from the fact that majority of the regulatory asset (RA) has been approved by the DERC in its last true-up tariff order released in July 2024.

Further, the ratings positively consider factors such as continuation of deficit recovery surcharge (DRRS), implementation of the power purchase adjustment charges (PPAC) mechanism, recovery of operations and maintenance (O&M) expenses based on operational parameters and sharing of refinancing & aggregate technical and commercial (AT&C) loss reduction benefits. These factors have enabled the company to liquidate a portion of the regulatory asset (RA) in FY2024 and FY2025. TPDDL enjoys strong financial flexibility with access to funds from various institutions by virtue of its parentage and cost-plus ROE business model.

TPDDL's ratings, however, are constrained owing to the regulatory risks arising from delay in issuance of tariff and true-up orders as well as lack of timely tariff revision. This has led to uncertainty over the timing for liquidation of the approved RA, as the tariff orders for FY2023 to FY2026 are pending as on date and the tariff hike remained modest in the years prior to that. The matter with respect to formulating a clear roadmap for liquidation of the RA is reserved for judgement with the Supreme Court. An effective implementation of the PPAC mechanism has allowed the recovery of increased power purchase costs (PPCs) even though the tariff order has not been issued for the current and previous financial years. Despite the large RA position, a steady cash flow from operations has helped reduce the company's external borrowings, in turn enabling the company to maintain strong debt coverage metrics and low leverage level. Further, it is to be noted that TPDDL's license for the distribution business is scheduled to expire in 2029. Therefore, clarity on the process of renewing this license will remain a key rating monitorable.

Additionally, ICRA's ratings draw comfort from the fact that the deficits and the carrying costs of such deficits are likely to be ultimately recovered through tariff hikes. Under the current regulatory regime, TPDDL's tariffs are determined on a cost-plus basis (controllable and uncontrollable) and the power purchase cost (PPC) is one of the major contributors to the uncontrollable expenses and is thus eligible for a true-up.

The Stable outlook on the long term rating reflects ICRA's opinion that TPDDL will continue to benefit from its linkages with TPCL and the cost-plus tariff regime, which will enable recovery of costs along with a fixed RoE, leading to stable cash flows.

## Key rating drivers and their description

### Credit strengths

**Strong parentage** - TPDDL benefits from the operational and managerial support from its parent, TPCL. The parent company has a strong operational and financial credit profile with a healthy scale of operations and presence across the generation, distribution and transmission businesses. Being a part of the Tata Group, the company enjoys strong financial flexibility and accessibility to funds from various institutions. Given the strategically important distribution business of TPDDL, it is expected that it will be financially supported by TPCL, should the need arise.

**Cost-plus tariff regime with assured return** - This ensures ultimate recovery of the costs incurred, as per the applicable tariff regulations, return on equity and opportunity to generate additional income through incentives. In the medium to long run, the cost-plus nature of the tariff-setting process will allow the eventual recovery of all costs, notwithstanding the current mismatches.

**Cost-reflective tariff** - Higher PPC in FY2019 and FY2020 (on account of arrear bills from gencos) and FY2021 (higher PPC and lower demand) had resulted in a build-up of RAs during the respective years. However, the company has now received true up orders, approving majority of its regulatory assets. Further, continuation of DRRS and implementation of the PPAC mechanism, have enabled liquidation of certain portion of RA in FY2024 and FY2025 and pass-through of variations in power purchase cost respectively, thereby leading to an improvement in company's financial profile.

**High operational efficiency** - The AT&C loss levels have been coming down over the years, enabling overachievement of the targets specified by the DERC. This has enabled the company to earn assured returns and incentives. The AT&C loss stood at 5.54% in FY2025 against the target of 7.02% set by the DERC for FY2025. The same has improved from 5.85% achieved in FY2024 owing to better billing and collection efficiency during the year.

**Favourable customer profile** - TPDDL's customer profile is skewed towards industrial and commercial consumers with limited agricultural consumption and stable demand growth. This, too, has aided an effective implementation of the company's loss-reduction initiatives, resulting in a sustained lowering of the AT&C loss levels.

## Credit challenges

**Sizeable regulatory assets pending for liquidation due to delay in issuance of tariff orders** – The company has received approval for truing up of regulatory assets of Rs. 5,787.7 crore as on March 31, 2021 from DERC, which covers major portion of the regulatory gap for which the petition was filed by the company in the true up order for FY2021. However, the regulator is yet to come out with a final tariff order that outlines a plan for liquidating the RA. The company has filed a petition with the Supreme Court against DERC requesting a liquidation plan and the matter is reserved for judgement by the court. Further, there have been significant delays by the regulator in releasing the tariff orders in the past as the tariff orders for FY2023 to FY2026 are still awaited. Timely release of tariff orders along with adequate tariff hikes remain critical to avoid building up of significant regulatory assets in the future and remain a key monitorable.

## Liquidity position: Strong

TPDDL's liquidity position is strong, backed by healthy cash flows expected from operations, large cash and liquid investments of Rs. 825 crore and an undrawn line of credit of Rs. 424 crore (against drawing power of Rs. 453 crore) as on March 31, 2025. As per ICRA's estimates, the cash flow from operations in FY2026 is expected to be adequate to meet the projected debt repayment obligations as well as to fund the equity portion of the planned capex requirement over the medium term. The company may fund part of the capex through debt, as allowed under the tariff regulations.

## Rating sensitivities

**Positive factors** – ICRA could upgrade TPDDL's ratings if the credit profile of the parent improves.

**Negative factors** – Pressure on TPDDL's ratings could arise if lack of adequate tariff hike significantly delays the liquidation or results in the creation of RA, taking the TD/OPBITDA above 3.0 times on a sustained basis. Deterioration in the credit profile of the parent, or weakening of linkages with TPCL, or change in the support philosophy of the parent towards TPDDL may also result in a downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Power- Distribution</a> <a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	Parent/Group Company - Tata Power Company Limited (51% shareholding in TPDDL). ICRA expects TPDDL's parent, TPCL (rated [ICRA]AA+(Stable)), to be willing to extend financial support to TPDDL, should there be a need, given the high strategic importance of TPDDL for the parent for meeting its diversification and strategic growth objectives. Both TPCL and TPDDL share a common name, which in ICRA's opinion would persuade TPCL to provide financial support to TPDDL to protect its reputation from the consequences of a Group entity's distress
Consolidation/Standalone	The ratings are based on the consolidated financial statements of the rated entity

## About the company

TPDDL, which is a 51:49 joint venture (JV) of TPCL and the Government of Delhi (GoD), is involved in the distribution of power in the northern and northwestern parts of Delhi with a customer base of 2.0 million. The company commenced its commercial operations on July 1, 2002, post the unbundling of the Delhi Vidyut Board (DVB). Until FY2002, the entire business of generation, transmission and distribution of power in Delhi was carried out by erstwhile DVB. In FY2002, the Delhi government enacted a legislation, called the Delhi Electricity Reforms Act (DERA), to unbundle DVB into separate companies for carrying out the generation, transmission and distribution-related activities. As a part of the unbundling exercise, the entire state was

divided into three regions, namely central-east, south-west and north-north west. It was proposed that the distribution of power in each of these regions would be handled by a separate discom, each of which would be a 51:49 JV of a private player and the GoD. The three distribution regions were then offered to private companies for 51% equity participation by way of bids. Based on these bids, the Tata Group won the north-west circle and TPDDL began commercial operations on July 1, 2002. NDPL Infra Limited is a wholly-owned subsidiary of TPDDL which is primarily engaged in the business of providing consultancy and other services in the infrastructure and power sectors.

### Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	9,397.6	10,003.2
PAT	454.9	843.6
OPBDIT/OI	14.01%	16.14%
PAT/OI	4.84%	8.43%
Total outside liabilities/Tangible net worth (times)	1.48	1.22
Total debt/OPBDIT (times)	1.42	0.85
Interest coverage (times)	4.57	6.77

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Type	FY2026		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	July 31, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term - Cash credit - Fund based	Long term	1,354.43	[ICRA]AA+ (Stable)	Jul 23, 2024	[ICRA]AA+ (Stable)	Aug 09, 2023	[ICRA]AA (Positive)	Feb 28, 2023	[ICRA]AA (Stable)
				-	-	Dec 12, 2023	[ICRA]AA (Positive)	-	-
Long term - Term loan - Fund based	Long term	1,915.57	[ICRA]AA+ (Stable)	Jul 23, 2024	[ICRA]AA+ (Stable)	Aug 09, 2023	[ICRA]AA (Positive)	Feb 28, 2023	[ICRA]AA (Stable)
				-	-	Dec 12, 2023	[ICRA]AA (Positive)	-	-
Short term - Others - Non-fund based	Short term	1,100.00	[ICRA]A1+	Jul 23, 2024	[ICRA]A1+	Aug 09, 2023	[ICRA]A1+	Feb 28, 2023	[ICRA]A1+
				-	-	Dec 12, 2023	[ICRA]A1+	-	-
Short term - Term loan - Fund based	Short term	200.00	[ICRA]A1+	Jul 23, 2024	[ICRA]A1+	Aug 09, 2023	[ICRA]A1+	Feb 28, 2023	[ICRA]A1+

						Dec 12, 2023	[ICRA]A1+		
<b>Commercial paper</b>	Short term	300.00	[ICRA]A1+; reaffirmed and withdrawn	Jul 23, 2024	[ICRA]A1+	Aug 09, 2023	[ICRA]A1+	Feb 28, 2023	[ICRA]A1+
				-	-	Dec 12, 2023	[ICRA]A1+	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Term loan	Simple
Fund based – Working capital limit	Simple
Non-fund based limits	Very simple
Short-term loan	Simple
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan 1	FY2017	-	FY2027	18.75	[ICRA]AA+(Stable)
NA	Term loan 2	FY2020	-	FY2026	2.08	[ICRA]AA+(Stable)
NA	Term loan 3	FY2022	-	FY2032	87.50	[ICRA]AA+(Stable)
NA	Term loan 4	FY2017	-	FY2027	21.88	[ICRA]AA+(Stable)
NA	Term loan 5	FY2024	-	FY2026	9.29	[ICRA]AA+(Stable)
NA	Term loan 6	FY2020	-	FY2030	106.25	[ICRA]AA+(Stable)
NA	Term loan 7	FY2021	-	FY2031	143.75	[ICRA]AA+(Stable)
NA	Term loan 8	FY2022	-	FY2030	118.75	[ICRA]AA+(Stable)
NA	Term loan 9	FY2023	-	FY2029	54.96	[ICRA]AA+(Stable)
NA	Term loan 10	FY2023	-	FY2030	153.47	[ICRA]AA+(Stable)
NA	Term loan 11	FY2023	-	FY2035	100.00	[ICRA]AA+(Stable)
NA	Term loan 12	FY2023	-	FY2029	62.89	[ICRA]AA+(Stable)
NA	Term loan 13	FY2023	-	FY2033	88.88	[ICRA]AA+(Stable)
NA	Term loan 14	FY2024	-	FY2029	125.00	[ICRA]AA+(Stable)
NA	Term loan 15	FY2020	-	FY2026	12.50	[ICRA]AA+(Stable)
NA	Term loan 16	FY2018	-	FY2026	16.67	[ICRA]AA+(Stable)
NA	Term loan 17	FY2020	-	FY2026	2.08	[ICRA]AA+(Stable)
NA	Term loan 18	FY2020	-	FY2026	12.50	[ICRA]AA+(Stable)
NA	Term loan 19	FY2024	-	FY2028	41.61	[ICRA]AA+(Stable)
NA	Term loan 20	FY2023	-	FY2026	14.29	[ICRA]AA+(Stable)
NA	Term loan 21	FY2023	-	FY2026	37.47	[ICRA]AA+(Stable)
NA	Term loan - Unallocated	-	-	-	685.00	[ICRA]AA+(Stable)
NA	Fund based –Working capital limit	-	-	-	1,354.43	[ICRA]AA+(Stable)
NA	Non-fund based limits	-	-	-	1,100.00	[ICRA]A1+
NA	Short-term loan	-	-	-	200.00	[ICRA]A1+
NA	Commercial Paper*	-	-	-	300.00	[ICRA]A1+; Withdrawn

Source: Company; \*Yet to be placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	TPDDL ownership	Consolidation approach
Tata Power Delhi Distribution Limited	Rated entity	Full consolidation
NDPL Infra Limited	100.00%	Full consolidation

Source: Company

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### Branches



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