August 6, 2026

Tata Power Delhi Distribution Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term fund based – Term loan	1,915.57	1,503.00	[ICRA]AA+ (Stable); reaffirmed	RBI
Long term fund based –Working capital limit	1,354.43	900.00	[ICRA]AA+ (Stable); reaffirmed	RBI
Short term non-fund based	1,100.00	1,100.00	[ICRA]A1+; reaffirmed	RBI
Short term – Term loan	200.00	300.00	[ICRA]A1+; reaffirmed	RBI
Total	**4,570.00**	**3,803.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

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 December 2025 for FY2023.

Further, the ratings positively consider factors such as continuation of deficit revenue recovery surcharge (DRRS), pension trust surcharge, 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 and AT&C loss reduction benefits. These factors have enabled the company to liquidate a portion of the regulatory asset (RA) in FY2024 and FY2025, though there was subsequent increase in RA in FY2026 owing to the recognition of additional items as per the true-up orders issued for FY2022 and FY2023. However, it is to be noted that no new RA has been created in FY2026. Further, 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 tempered by 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 true up orders for FY2024 to FY2026 and tariff order for future control period is pending as on date and the tariff hike remained modest in the years prior to that. ICRA also notes that last year, Supreme Court (SC) order was received which ordered regulator to provide a plan to liquidate the RA by FY2031. However, clarity on liquidation of the RAs and the tariff order remains awaited. An effective implementation of the PPAC mechanism has allowed the recovery of increased power purchase cost (PPC) 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 timely renewal of the license remains a key rating monitorable.

ICRA's ratings also take comfort from the expectation that the utility's deficits and the associated carrying costs will eventually be recovered through tariff revisions. Under the current regulatory framework, TPDDL operates under a cost-plus tariff mechanism, which allows recovery of power purchase costs—one of its largest uncontrollable expenses—through the true-up process.

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 till FY2023, approving all of its past regulatory assets. Further, the continuation of the DRRS and pension trust surcharge mechanisms, along with the implementation of the PPAC framework, has facilitated the recovery of a portion of the accumulated RA, curtailed the creation of additional RA during FY2024-FY2026, and enabled timely pass-through of power purchase cost variations. Consequently, these measures have contributed to a strengthening of the 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 5.42% in FY2026 against the target of 6.93% set by the DERC for FY2026. The same has improved from 5.54% achieved in FY2025 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. 6,547 crore as on March 31, 2023 from DERC, which covers all of the regulatory gap for which the petition was filed by the company in the true up order for FY2023. However, the regulator is yet to come out with a final tariff order that outlines a plan for liquidating the approved RA. The company had filed a writ petition in Supreme Court directing DERC to recognize the Regulatory Assets of TPDDL and formulate a clear roadmap detailing liquidation of the RA in year 2021. In August 2025, the Supreme Court ordered order of liquidating all the regulatory assets by FY2031 and ordered the regulator to come up with clear liquidation plan. Further, there have been significant delays by the regulator in releasing the tariff order in the past as the tariff order for FY2024 to FY2026 is 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.

License renewal risk - The company's distribution license will expire in March 2029 (end of 25 years license). The company would be filing a petition for license renewal atleast six months to one year prior to license expiry date. Therefore, renewal of discom license remains 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. 836 crore and an undrawn line of credit of Rs. 366 crore as on March 31, 2026. As per ICRA's estimates, the cash flow from operations in FY2027 and FY2028 are 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 there is sustained improvement in the operating performance ensuring strong cash flow generation. Ratings can also be upgraded in case 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	Corporate Credit Rating Methodology Power- Distribution
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 (GNCTD), 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 GNCTD. 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	FY2025	FY2026
Operating income	10,003.2	10,456.3
PAT	843.6	1,300.2
OPBDIT/OI	16.14%	21.89%
PAT/OI	8.43%	12.43%
Total outside liabilities/Tangible net worth (times)	1.22	1.13
Total debt/OPBDIT (times)	0.85	0.44
Interest coverage (times)	6.77	11.46

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: 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

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 6, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	900.00	[ICRA]AA+ (Stable)	Jul 31, 2025	[ICRA]AA+ (Stable)	Jul 23, 2024	[ICRA]AA+ (Stable)	Aug 09, 2023	[ICRA]AA (Positive)
				-	-	-	-	Dec 12, 2023	[ICRA]AA (Positive)
Fund based - Term loan	Long term	1,503.00	[ICRA]AA+ (Stable)	Jul 31, 2025	[ICRA]AA+ (Stable)	Jul 23, 2024	[ICRA]AA+ (Stable)	Aug 09, 2023	[ICRA]AA (Positive)
				-	-	-	-	Dec 12, 2023	[ICRA]AA (Positive)

Non-fund based - Others	Short term	1,100.00	[ICRA]A1+	Jul 31, 2025	[ICRA]A1+	Jul 23, 2024	[ICRA]A1+	Aug 09, 2023	[ICRA]A1+
				-	-	-	-	Dec 12, 2023	[ICRA]A1+
Fund based - Term loan	Short term	300.00	[ICRA]A1+	Jul 31, 2025	[ICRA]A1+	Jul 23, 2024	[ICRA]A1+	Aug 09, 2023	[ICRA]A1+
								Dec 12, 2023	[ICRA]A1+
Commercial paper	Short term	-	-	Jul 31, 2025	[ICRA]A1+; withdrawn	Jul 23, 2024	[ICRA]A1+	Aug 09, 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	Simple
Short-term loan	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	Financial sector regulator#
NA	**Term loan 1**	FY2017	-	FY2027	6.25	[ICRA]AA+(Stable)	RBI
NA	**Term loan 2**	FY2022	-	FY2032	75.00	[ICRA]AA+(Stable)	RBI
NA	**Term loan 3**	FY2017	-	FY2027	9.38	[ICRA]AA+(Stable)	RBI
NA	**Term loan 4**	FY2020	-	FY2030	81.25	[ICRA]AA+(Stable)	RBI
NA	**Term loan 5**	FY2021	-	FY2031	118.75	[ICRA]AA+(Stable)	RBI
NA	**Term loan 6**	FY2022	-	FY2030	93.75	[ICRA]AA+(Stable)	RBI
NA	**Term loan 7**	FY2023	-	FY2029	38.05	[ICRA]AA+(Stable)	RBI
NA	**Term loan 8**	FY2023	-	FY2030	117.36	[ICRA]AA+(Stable)	RBI
NA	**Term loan 9**	FY2023	-	FY2035	90.00	[ICRA]AA+(Stable)	RBI
NA	**Term loan 10**	FY2023	-	FY2029	44.92	[ICRA]AA+(Stable)	RBI
NA	**Term loan 11**	FY2023	-	FY2033	77.76	[ICRA]AA+(Stable)	RBI
NA	**Term loan 12**	FY2024	-	FY2029	104.17	[ICRA]AA+(Stable)	RBI

ISIN No	Instrument name	Date of issuance /sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Term loan - Unallocated**	-	-	-	646.36	[ICRA]AA+(Stable)	RBI
NA	**Fund based –Working capital limit**	-	-	-	900.00	[ICRA]AA+(Stable)	RBI
NA	**Non-fund based limits**	-	-	-	1,100.00	[ICRA]A1+	RBI
NA	**Short-term loan**	-	-	-	300.00	[ICRA]A1+	RBI

Source: Company

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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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