

BSES Yamuna Power Limited (Revised)

February 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,475.68	CARE BBB+ (RWN)	Placed on Rating Watch with Negative Implications
Short-term bank facilities	352.00	CARE A2 (RWN)	Placed on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed rated bank facilities of BSES Yamuna Power Limited (BYPL) on rating watch with negative implications (RWN). The rating action considers provisional attachment of shareholding of Reliance Infrastructure Limited (RIL, 51% shareholder) in BYPL by the Directorate of Enforcement (ED) with respect to the ongoing cases pertaining to Anil Dhirubhai Ambani (ADA) group. The management has articulated that the current development is not expected to impact the company's day-to-day operations. However, as per CareEdge Ratings, the current development may have material adverse impact on the company's financial flexibility in case the shareholding attachment is finalised. CareEdge Ratings will closely monitor developments regarding the ED investigation and the probable impact on the functioning or operational performance of the Discom. Also, CareEdge Ratings takes note of the ongoing investigations by other entities including Central Bureau of Investigation (CBI), and Serious fraud investigation office (SFIO) on various entities of the Reliance ADA group. The rating watch will be resolved once more clarity is obtained on this matter.

Nevertheless, the ratings continue to factor in the satisfactory business risk profile of BYPL, healthy operational metrics with aggregate technical and commercial (AT&C) losses of 6.02% in FY25 (PY: 6.88%), lower than Delhi Electricity Regulatory Commission (DERC) notified norms and negative cash adjusted average cost of supply-average realisable revenue (ACS-ARR) gap of negative ₹0.94/unit in FY25 (PY: negative ₹0.27/unit). Ratings continue to factor in continuation of regulatory asset (RA) surcharge, pension trust surcharge (PS) and power purchase adjustment charges (PPAC) mechanism, which supported the recovery of higher power procurement cost despite limited tariff hikes and delay in issuance of tariff orders. Liquidity remains adequate, supported by cash and liquid investments of ₹1,263 crore as on December 31, 2025 (including funded debt service reserve account (DSRA) amounting to ₹119 crore and letter of credit or bank guarantee (LC/ BG) margin of ₹144 crore).

Ratings also factor in favourable judgement dated August 06, 2025, and October 28, 2025, by Honorable Supreme Court (SC) on the liquidation of RAs on a time bound manner. While upholding the principle of full cost recovery, the SC order laid down directives that existing regulatory assets should be liquidated within seven years, new RAs must be liquidated within three years of creation and RAs shall be capped at 3% of annual revenue requirement. The SC order has also directed Appellate Tribunal for Electricity (APTEL) to oversee compliance regarding liquidation of RAs. The SC has also recognised the approved RAs of ₹8,419 crore as on March 31, 2021, by DERC in its order of BYPL and has directed DERC to come up with a plan for liquidation of RAs. In the review period, DERC vide its order dated October 25, 2025, had approved RA of ₹8,919 crore as on March 31, 2022 (per true up order upto FY22). Further, vide true up order dated December 31, 2025 DERC has approved the RA to the extent of Rs. 9,569 crore as on March 31, 2023. While the favourable judgement from SC and higher approved RA by DERC are positive for the company, the timely issuance of tariff order by DERC with liquidation plan continues to be a key rating monitorable. Further, DERC has filed a liquidation plan of approved RA through an affidavit in APTEL on January 05, 2026 and liquidation of RA from April 01, 2026. Ratings also factor in decline in PPAC rate from average of 31.4% in FY25 to 6.72% as on date (average of 10.1% for year-to-date [YTD] FY26), which will lead to lower billing on y-o-y basis considering no tariff hike in the interim period. It may be noted that PPAC is linked to increase in cost of long-term power purchase.

However, Ratings are constrained by continued delay in issuance of tariff and true-up orders by DERC, as last true up order was issued in December 2025 for FY23 and last tariff order was issued in September 2021 for FY22. Implementation of the PPAC mechanism has mitigated risk to some extent by allowing recovery of higher power procurement cost. The weighted average PPAC remained high in FY24 and FY25 at ~30.9% and ~31.4% respectively against ~21.0% in FY23, which declined to 6.72% as on date in view of lower variation in power purchase cost vis-à-vis approved ARR. Ratings are also constrained by high power purchase creditors of ₹ 7,797 crore as on March 31, 2025 (PY: ₹ 7,873 crore), owing to lack of tariff hikes in the past and increase in power procurement cost. The company has also reported disputed power purchase creditor of ₹4,901 crore as on March 31, 2025 (PY: ₹4,176 crore) as contingent liability owing primarily to dispute over rate of LPSC. The company has been funding capital expenditure via internal accruals and consumer deposits and delay in issuance of tariff order may lead to reliance on existing cash balances for meeting the shortfall.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Favourable regulatory proceedings leading to substantial liquidation in regulatory deferral account balance.
- Liquidation criteria (including tariff hike) of regulatory assets by DERC and recovery of regulatory assets.
- Significant reduction in power purchase creditor and debt outstanding on annual basis.

Negative factors

- Material adverse regulatory action impacting the operational performance and financial flexibility of the company
- More-than-envisaged increase in revenue gap from the existing level.
- Higher-than-envisaged increase in overall gearing (adjusted for power purchase creditor).
- Material upstreaming of cash flows to the parent company, weakening BYPL's liquidity.

Analytical approach: Standalone

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Regulated business model with monopoly in area operated

Power distribution in Delhi is divided between five distribution companies (Discoms), and BYPL is solely responsible for supplying power in its licensed area, east, and central Delhi. This mitigates potential risk of losing customers in case of tariff hikes. The customer mix (per sales) remains favourable and with a large presence of domestic (~43%), commercial (~41%) and industrial (~8%) for FY25. The license is valid for 25 years (till March 2029). The regulated business model with a cost-plus-tariff regime ensures recovery of cost incurred and post-tax return on equity (RoE) of 16%. (Per the Business Plan Regulations (BPR) 2023, the ROE changed to 14%, which has been disputed by the company). This ensures ultimate recovery of costs incurred, per applicable tariff regulations (subject to approval), RoE, and additional income through incentives. The Discom generates additional income in the form of AT&C incentives and part of the cost saving benefits on operations and maintenance (O&M) and financing costs.

Favourable order from Hon'ble Supreme court towards recovery of accumulated RAs

The Hon'ble Supreme Court, vide its orders dated 06 August 2025 and 28 October 2025, issued comprehensive guidelines on liquidation of RAs and cost-reflective tariff determination. The judgment, inter alia, restricts creation of RAs to exceptional circumstances and caps it to 3% of annual ARR, mandates liquidation of new RA within three years, and existing RAs to be liquidated within a maximum of seven years. Electricity Regulatory Commissions (ERCs) have been directed to provide a clear trajectory for RA liquidation, including carrying costs for period of liquidation, while APTEL will oversee strict implementation through suo motu monitoring.

Rulings are credit positive as they provide regulatory certainty, ensure predictable recovery of long-pending dues, and are expected to materially improve the Discoms' cash flows and liquidity position in the medium term. Issuance of tariff orders by DERC outlining the trajectory for liquidation of RAs remains a key rating monitorable.

Additional approval of regulatory assets in the true up order of FY23

In the recent true-up order for FY23 dated December 31, 2025, DERC recognised total regulatory assets of ₹ 9,569 crore as on March 31, 2023, an increase from the previously approved ₹8,919 crore at FY22-end. With approval of RAs in the true-up, gap between the RAs per DERC and RAs per BYPL has reduced and is significantly lower than the gap of ₹5,546 crore in FY20 owing to limited tariff hikes, high power procurement cost, and disallowance of capital cost. CareEdge Ratings has taken comfort from the regulator's approval of RAs for the revenue gap. However, liquidation of these regulatory assets will remain a key monitorable for the rating.

Healthy operational efficiency

Since privatisation of Delhi's power sector in FY03 (refers to April 01 to March 31), BYPL's AT&C loss has consistently reduced and remained well below the DERC notified norms. In FY25, BYPL's T&D and AT&C loss continued to be at satisfactory level of 6.57% (FY24: 7.07%, FY23: 7.27%) and 6.02% (FY24: 6.88%, FY23: 6.47%) respectively. Low AT&C losses are driven by high

billing efficiency of 93.43% (FY24: 92.93%, FY23: 92.73%) and collection efficiency of 100.59% (FY24: 100.20%, FY23: 100.86%). The collection efficiency is supported by healthy collection through digital channels, which stood at 94% in FY25 (FY24: 93%, FY23: 92%).

Negative ACS-ARR Gap demonstrating recovery of costs incurred

The company's ACS-ARR gap remained negative in FY24 and FY25 at Rs. -0.27 and Rs. -0.94 per unit, respectively. Revenue increased steadily despite limited tariff hikes owing to surcharge and PPAC, which outpaced the cost of supply. Provision of PPAC, RA surcharge and pension trust surcharge partly mitigates the stagnant tariff structure to some extent. DERC has continued the 8% surcharge for the recovery of RAs. Weighted average PPAC was higher at ~30.9% in FY24 and ~31.4% in FY25 against ~21.0% in FY23, which improved the company's overall cash flows. In FY26, PPAC charge declined to 6.72% (from November 2025), which may impact the ACS-ARR gap of FY26. However, the company has sufficient liquidity to mitigate shortfall in accruals.

Improved liquidity position

BYPL's liquidity position has strengthened, supported by higher PPAC in FY24 and FY25, which enables BYPL to meet its ongoing capital expenditure requirements without dependence on external borrowings. As on December 31, 2025, BYPL had available liquidity of ₹1,263 crore, which is adequate to fully fund its planned capex from internal sources. The company has indicated that its future capital expenditure will continue to be met through internal accruals and consumer contributions, reducing the need for additional external funding.

Key weaknesses

Delay in issuance of tariff and true-up orders leading to non-cost-reflective tariffs and continued accumulation of regulatory assets

The company's financial profile continues to be constrained by significant delays in the issuance of tariff and true-up orders by the DERC. While the true-up orders up to FY21, FY22 and FY23 were issued in July 2024, October 2025 and December 2025 respectively, the tariff order for FY22 has been received dated September 30, 2021. Tariff / True up orders for FY24, FY25, and FY26 remain pending. This persistent regulatory lag has resulted in tariffs not being fully cost reflective. Consequently, the company faced increased working capital pressure in the past, often resorting to delaying payments to power suppliers.

DERC vide its true up order dated December 31, 2025 has approved RA of ₹9,569 crore as on March 31, 2023 (₹8,919 crore as on March 31, 2022, ₹8,419 crore as on March 31, 2021, and ₹3,111 crore as on March 31, 2020). RAs approval pertains only up to FY23, and the balance regulatory assets for subsequent years (FY24 to FY26) are expected to increase further once the pending true-up and tariff orders are issued.

RAs in company's books continued to increase, from ~₹10,553 crore as of March 2024 to ~₹11,738 crore as of March 2025, primarily due to higher carrying costs relative to the allowed recovery rate (8%) and delay of PPAC claims. The continued absence of timely tariff orders remains structural challenges. Going forward, timely issuance of tariff and true-up orders and meaningful liquidation of regulatory assets through cost-reflective tariffs will remain a credit monitorable.

High outstanding liability against creditors for power purchase impacting financial profile.

Persistent delays in issuance of tariff orders have resulted in non-cost reflective tariffs leading to a significant build-up of RAs for the company. The company resorted to delaying payments to generation and transmission utilities in absence of tariff hikes. The Hon'ble Supreme Court, vide its order dated May 12, 2016, directed the company to pay 70% of current dues of Delhi state utilities until further orders. Consequently, the company has been making timely payments towards principal dues, but the accumulation of Late Payment Surcharge (LPSC) on past dues has led to high power purchase creditors of ₹7,797 crore in FY25 (₹7,873 crore in FY24). Further, the company has been regular in making payment to all central generating utilities and there are no overdues with respect to central generating/transmission utilities.

The company also disputed the LPSC rate of 15-18% per PPAs and recognised it at 12%. The difference has been reported as contingent liability of ₹4,901 crore in FY25 (₹4,176 crore in FY24), with the majority ₹4,370 crore (PY: ₹3,700 crore) owed to Delhi state utilities.

Consequently, total creditors (disputed and undisputed) increased from ₹12,279 crore in FY24 to ₹12,785 crore in FY25 while the company has approved RA of ₹9,569 crore as on March 31, 2023. BYPL's adjusted leverage, adjusted total debt (including power purchase creditor) to earnings before interest, taxation, depreciation, and amortisation (EBITDA) is at stretched level of 6.88x in FY25 though improved from FY24 of 14.73x. Liquidation of RAs and settlement of creditors shall be a key rating monitorable.

Exposure to regulatory risk

The regulatory environment remains a key credit sensitivity for BYPL, with DERC progressively tightening certain normative parameters under the BPR 2023. In particular, stricter norms around T&D loss targets and collection efficiency, and a reduction in RoE for wheeling and retail supply businesses from 16% to 14% (post-tax), are expected to exert downward pressure on profitability. BYPL has challenged these regulatory changes, and the matter is currently sub judice.

Ongoing issues in the promoter group

The parent company's (Reliance Infrastructure Limited) credit profile is weak as evident from delays in debt servicing (including guaranteed debt) in the past. There are ongoing investigations by the ED and CBI into legacy Reliance ADA Group entities. Adverse impact of investigations on the company's operations shall be a key rating monitorable.

Liquidity: Adequate

As of December 31, 2025, cash and equivalent balance stood at ₹1,263 crore (including funded DSRA amounting to ₹119 crore and LC/BG margin of ₹144 crore).

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

[Power Distribution Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power distribution

BYPL was incorporated in July 2001 and is part of the Reliance ADA group. The group through RInfra holds 51% stake in BYPL and 49% is held by Government of Delhi through DPCL. BYPL was formed due to privatisation of Delhi's power sector and unbundling of Delhi Vidyut Board (DVB) in July 2002. BYPL is engaged in distribution, including wheeling and retail supply of electricity to an area spread over 160 sq. Kms with 2.01 million customers across Central and East Delhi. The company's consumer mix largely includes domestic, commercial, and industrial customers and supplying to DMRC. Its power distribution business is governed by tariff regulations set by DERC, which ensures cost recovery and a post-tax return on equity of 14%.

Particular	FY24 (A)	FY25 (A)	H1FY26 (UA)
Total operating income	7,162	7,612	3,738
PBILDT	610	1,249	463
PAT	382	2,174	700
Overall gearing (times)	0.25	0.11	NA
Interest coverage (times)	3.31	8.06	6.55

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results analytically adjusted under CareEdge Ratings' methodology, LPSC is reclassified under operating cost for analysis purpose.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	200.00	CARE BBB+ (RWN)
Fund-based - LT-Term Loan		-	-	31-03-2028	1275.68	CARE BBB+ (RWN)
Non-fund-based - ST-BG/LC		-	-	-	352.00	CARE A2 (RWN)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	1275.68	CARE BBB+ (RWN)	1)CARE BBB+; Positive (05-Dec-25)	1)CARE BBB+; Positive (31-Mar-25)	1)CARE BBB-; Stable (27-Feb-24)	1)CARE BBB-; Stable (29-Nov-22)
2	Fund-based - LT-Cash Credit	LT	200.00	CARE BBB+ (RWN)	1)CARE BBB+; Positive (05-Dec-25)	1)CARE BBB+; Positive (31-Mar-25)	1)CARE BBB-; Stable (27-Feb-24)	1)CARE BBB-; Stable (29-Nov-22)
3	Non-fund-based - ST-BG/LC	ST	352.00	CARE A2 (RWN)	1)CARE A2 (05-Dec-25)	1)CARE A2 (31-Mar-25)	1)CARE A3 (27-Feb-24)	1)CARE A3 (29-Nov-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Jatin Arya Director CARE Ratings Limited Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in</p> <p>Shailendra Singh Baghel Associate Director CARE Ratings Limited Phone: 91-120-445-2020 E-mail: Shailendra.baghel@careedge.in</p> <p>Pranav Bothra Lead Analyst CARE Ratings Limited E-mail: pranav.bothra@careedge.in</p>
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