

## India Ratings Affirms U.P. Power Corporation's NCDs (Series 1) at 'IND AA(CE)'/Stable and NCDs (Series 2 and Series 3) at 'IND A+(CE)'/Stable; Upgrades Unsupported Rating to 'IND A-'/Stable

Jun 19, 2026 | U.P. Power Corporation Limited | Power Distribution

India Ratings and Research (Ind-Ra) has affirmed U.P. Power Corporation Limited's (UPPCL) non-convertible debentures' (NCDs) ratings as follows:

### Details of Instruments

| Instrument Type                                     | Date of Issuance | Coupon Rate | Maturity Date | Size of Issue (million)            | Rating Assigned with Outlook/Watch | Rating Action |
|-----------------------------------------------------|------------------|-------------|---------------|------------------------------------|------------------------------------|---------------|
| Non-convertible debentures (Series 2 Tranche 1) *,^ | -                | -           | -             | INR10,584 (reduced from INR15,876) | IND A+(CE)/Stable                  | Affirmed      |
| Non-convertible debentures (Series 3 Tranche 2)*,^  | -                | -           | -             | INR26,160 (reduced from INR30,520) | IND A+(CE)/Stable                  | Affirmed      |
| Non-convertible debentures (Series 3 Tranche 1) *,^ | -                | -           | -             | INR29,634 (reduced from INR34,573) | IND A+(CE)/Stable                  | Affirmed      |
| Non-convertible debentures (Series 2 Tranche 2) *,^ | -                | -           | -             | INR12,920 (reduced from INR19,380) | IND A+(CE)/Stable                  | Affirmed      |
| Non-convertible debentures (Series 1) *,^           | -                | -           | -             | INR14,285 (reduced from INR28,570) | IND AA(CE)/Stable                  | Affirmed      |

^Credit ratings with (CE) suffix indicate that the instruments are supported by an external explicit credit enhancement. Please refer to the section, DISCLOSURES FOR CE RATING, for additional details as per Ind-Ra's policy on CE ratings.

\*Details in annexure

### Analytical Approach

Ind-Ra continues to take a fully consolidated view of UPPCL and its six wholly owned subsidiaries, Kanpur Electricity Supply Company, Dakshinanchal Vidyut Vitran Nigam Limited, Madhyanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited, Poorvanchal Vidyut Vitran Nigam Limited and UP Renewable & EV Infrastructure Limited. Apart from the government of Uttar Pradesh (GoUP) guarantee, the NCDs' payment mechanism offers a strengthened liquidity cushion through a debt service reserve account (DSRA) and consolidated funds from GoUP support/subsidy/budget allocation-trapping mechanism, which is activated if the DSRA is drawn upon. This liquidity support helps mitigate the risk of any payment delays from the state government, thereby reducing the overall risk associated with the instrument.

### Detailed Rationale of the Rating Action

The rating continues to reflect the strength of an unconditional, irrevocable, and pre-default guarantee provided by the GoUP, which is the principal debtor responsible for timely debt servicing throughout the bond tenor. Additionally, the NCDs benefit from a trustee-administered escrow and payment mechanism, along with adequate liquidity in the form of a DSRA covering debt obligations. UPPCL also adheres to a defined T-structure, wherein electricity receivables are escrowed into a bond-servicing account on a daily basis to ensure the account is adequately funded by T-15 days (where T is the due date) to meet the quarterly debt obligation.

**Series 1 bonds:** Ind-Ra has factored in support from the state's consolidated fund for the timely servicing of debt and the replenishment of the DSRA (if used), which provides a level of comfort comparable to that available to the investors of the state government securities. This exceptional cushion available to Series-1 investors is reflected in the two-notch rating differential compared to the Series-2 and Series-3 bonds.

**Series 2 bonds:** Ind-Ra has taken into account the structured payment mechanism, the adequate liquidity buffer, and the escrow arrangement designed to trap UPPCL's subsidy receipts from the GoUP for replenishing the DSRA. Furthermore, to ensure the sufficiency of the power subsidy to meet DSRA impairment, the structure ensures that, in case the flow into the subsidy account is

less than INR6 billion per quarter for any two consecutive quarters, the revenue flow from urban domestic divisions will be hypothecated in favour of the debenture trustee until the flow into the subsidy account is restored to INR8 billion per quarter.

**Series 3 bonds:** Ind-Ra has considered the structured payment mechanism, the GoUP's commitment to provide budgetary support for bond repayments, and the escrow arrangement that captures UPPCL's revenue receipts from the state's irrigation and agriculture departments (linked to power sales) for replenishing the DSRA, if it falls below the required threshold. Furthermore, Series 3 NCDs are secured by way of a charge on the residual current assets, including receivables of the company after considering prior charges in favour of the existing secured lenders, which provides additional support to the bond holders. The charge with a minimum cover of 1.0x must be maintained during the tenure of the bonds. The receipts for supplying power from the irrigation and agriculture departments and the assigned revenue inflows from urban domestic divisions (if required to be allocated) carry the first charge and are also hypothecated (to the extent of INR6 billion) in favour of the trustee. The charge pertaining to hypothecated assets is filed with the offices of Registrar of Companies and other appropriate agencies.

The rating also reflects the large and diverse economy of Uttar Pradesh, along with healthy own-tax buoyancy, as evidenced by a consistent track record of revenue surpluses. However, the state has been underperforming with respect to social-economic indicators such as quality education, and human development index. Additionally, the underperformance of state electricity distribution companies (discoms) has increased their reliance on government support through guarantees and subsidies.

Ind-Ra has also taken note of reports regarding the proposed privatisation of two discoms. While the process is underway, it has not been finalised yet. According to UPPCL's management, the proposed privatisation will not affect the key terms of the rated bonds, including the GoUP guarantee, the escrow and payment mechanism, the maintenance of the DSRA, or the budgetary allocations from GoUP for servicing all three types of bonds series.

## List of Key Rating Drivers

### Strengths

- Presence of an unconditional, irrevocable, and pre-default guarantee provided by the GoUP
- Adherence to servicing mechanism
- Rolling DSRA coverage for all three series
- Strong DSRA replenishment mechanism for all three-bond series
- State's stable fiscal performance
- State's economic performance better than India

### Weaknesses

- Weak operational performance

## Detailed Description of Key Rating Drivers

**Presence of Unconditional, Irrevocable, and Pre-default Guarantee Provided by GoUP:** Ind-Ra has factored in the support from the state's consolidated fund for the timely servicing of debt and the replenishment of the DSRA, which provides a level of comfort comparable to that available to the investors of the state government securities. This exceptional cushion is available only to the investors of series 1. The series 2 bonds have a structured payment mechanism, an adequate liquidity buffer (two quarter DSRA) and an escrow arrangement designed to trap UPPCL's subsidy receipts from the GoUP for replenishing the DSRA. If the flows in subsidy account falls below INR6 billion per quarter for any two consecutive quarters, the revenue flow from urban domestic divisions will be hypothecated in favour of the debenture trustee until the flow into the subsidy account is restored to INR8 billion per quarter. Similarly, the series 3 bonds have a structured payment mechanism, the GoUP's commitment to provide budgetary support for bond repayments, and the escrow arrangement that captures UPPCL's revenue receipts from the state's irrigation and agriculture departments (linked to power sales) for replenishing the DSRA, if it falls below the required threshold.

Furthermore, the series 3 NCDs are secured by way of a charge on the residual current assets, including receivables of the company after considering prior charges in favour of the existing secured lenders, and this provides additional support to the bond holders. The charge with a minimum cover of 1.0x has to be maintained during the tenure of the bonds. The receipts for supplying power from the irrigation and agriculture departments and the assigned revenue inflows from the urban domestic divisions (if required to be allocated) carry the first charge and are also hypothecated (to the extent of INR6 billion) in favour of the trustee. The charge pertaining to hypothecated assets is filed with the offices of Registrar of Companies and other appropriate agencies.

**Adherence to Servicing Mechanism:** Barring one instance of human error on 15 November 2023, UPPCL has adhered to the structured payment mechanism since the issuance of series 1 bonds in February 2017 and the agency believes it would continue to do so. The ratings continue to be supported by the presence of a well-orchestrated debt servicing mechanism to ensure the timely servicing of bonds. The mechanism, which has been ensuring a daily pre-defined transfer of funds from UPPCL's daily collections to the respective debt servicing accounts of different bonds, is being duly adhered to for all the bond series.

**Rolling DSRA Coverage for All Three Bond Series:** Ind-Ra believes the rolling DSRA provision in all the three-bond series will continue to protect investors' interests. The affirmation reflects the adequate liquidity buffer available for bond servicing in the form of a rolling DSRA. The account must always be maintained at an amount equivalent to the total debt servicing obligation (principal and interest) for the next one quarter for Series 1, and for the next two quarters for Series 2 and Series 3 NCDs. UPPCL has been maintaining comfortable coverage levels, based on the structured payment mechanism, for both the DSRA and the bond servicing accounts.

**Strong DSRA Replenishment Mechanism for All Three-Bond Series:** All three series have strong DSRA replenishment features to provide safety to the bond holders. Series 1 NCDs are backed by the consolidated fund of the state for DSRA replenishment (in case the DSRA is utilised). The DSRA replenishment in Series 2 NCDs is from the GoUP's subsidy receipts. The DSRA replenishment in Series 3 NCDs is from the power revenue received by UPPCL from the agriculture and irrigation departments of the state government. Furthermore, Series 3 NCDs are secured by way of a charge on the residual current assets, including receivables of the company after considering prior charges in favour of the existing secured lenders, and provides additional support to the bond holders. The charge with a minimum cover of 1.0x must be maintained during the tenure of the bonds. The receipts for supplying power from the irrigation and agriculture departments and the assigned revenue inflows from urban domestic divisions (if required to be allocated) carry the first charge and are also hypothecated (to the extent of INR6 billion) in favour of the trustee. Till date, there has not been any instance of DSRA utilisation in any of the bond series.

**State's Stable Fiscal Performance:** Ind-Ra expects the GoUP to continue to report a stable fiscal performance in FY27, in line with the benchmarks set by the 16th Finance Commission (2026-2031) and the government of India (GoI), i.e. an annual fiscal deficit ceiling of 3.0% of gross state domestic product (GSDP) and zero revenue deficit. The state has been generating a revenue surplus from FY07, except in FY21. Its fiscal deficit remained less than 3.2% of GSDP during FY18-FY26. Both these trends are likely to continue in FY27. The state has budgeted a revenue surplus of 1.6% of GSDP and a fiscal deficit of 3.0% of GSDP in its FY27 budget. With a stable fiscal deficit ratio, the state's debt/GSDP ratio is budgeted to decline to 23.1% in FY27 (FY26: 27.6% (RE)). Ind-Ra expects a marginal slippage in the GoUP's fiscal ratios (particularly fiscal deficit and outstanding liabilities) from its FY27 budget, while remaining within prudential limits.

**State's Economic Performance Better Than India:** Ind-Ra opines that UP's economic performance has been better than all-India performance during FY20-FY25. Over this period, its gross state value added (GSVA, at 2011-12 prices) grew by 6.4%, higher than the all-India GVA growth of 5.4%, driven by broad-based higher growth across sectors. In the same period, UP's agriculture and allied activities recorded a CAGR of 7.7% (national growth of 4.4%), followed by industry growth of 7.3% (all-India growth of 6.1%) and services growth of 5.6% (national growth of 5.2%). Higher agriculture growth accompanied with its higher share in the state economy led to improved state economic performance compared to the country. In FY25, agriculture accounted for 21.8% of UP's economy compared to the national average share of 14.4%, while industry and services accounted for 29.1% and 49.2%, respectively, (national average: 30.7% and 54.9%). Its per capita income at 53.5% of the FY25 national average was the second-lowest among major states in India.

**Weak Operational Performance:** Ind-Ra notes that UP continues to lag in power sector reforms, as its discoms have failed to meet the operational and financial targets set under the Ujwal Discom Assurance Yojana. The state's aggregate technical and commercial (AT&C) losses rose to 19.77% in FY26 (FY25: 19.29%). The gap between the average cost of supply (ACS) and average revenue requirement (ARR) has continued to widen owing to the absence of any tariff revision since 2020. The gap widened to INR0.56/kWh in FY26 (FY25: INR0.28/kWh) despite the receipt of higher subsidy of INR304,131.6 million during the year (FY25: INR257,072.2 million). Furthermore, in FY27, the GoUP has budgeted INR382,576.19 million for revenue subsidies.

The collection efficiency declined to 91.82% in FY26 (FY25: 93.43%) and billing efficiency also dropped marginally to 85.43% (86.29%), primarily due to a higher proportion of rural consumers, wherein challenges such as lower payment discipline, billing constraints, and collection inefficiencies tend to be more prominent. While the power sector remains a critical focus area and continues to receive increasing subsidy support from the state government, any shift in the government's policy stance towards the sector will be a key rating monitorable.

## Liquidity

**Adequate:** A significant portion of UPPCL's debt is being serviced through its internal accruals. However, in accordance with the bond structuring requirements, the GoUP is obligated to support the servicing of bonds. Additionally, the GoUP has been contributing equity for infrastructure development and capital expenditure. In FY26, UPPCL received an equity infusion of INR110,962.9 million

(FY25: INR169,664.50 million). Ind-Ra believes the liquidity available for bond servicing is adequate, given the available credit enhancers in the form of DSRA, the escrow of revenue for debt servicing on bonds, government guarantee, and DSRA replenishment from the consolidated fund of the GoUP (series 1), revenue subsidy (series 2) and receivable from irrigation and agriculture department pertaining to power sales (series 3).

Apart from bonds repayment, UPPCL has debt obligations (both interest and principal) of INR81,960.00 million in FY27 and INR75,400.00 million in FY28, which Ind-Ra expects it to pay from its operating cash flows and equity support from the GoUP.

## Rating Sensitivities

**Positive:** An improvement in UP's credit profile will lead to a positive rating action.

**Negative:** Any one or all of the following will result in a negative rating action:

- any deviation from the terms of the bonds or the structured payment mechanism
- a weakening of the credit profile of the state

## Disclosures for CE Rating

### 1) UNSUPPORTED RATING

Ind-Ra has upgraded the unsupported rating to 'IND A-' from 'IND BBB+' with a Stable Outlook.

## Analytical Approach

Ind-Ra views UPPCL as a dependent entity, in accordance with its criteria for rating public sector entities. This assessment is based on the corporation's strong financial and operational linkages with GoUP, its strategic importance to the state, and the significant control exercised by the state over the corporation.

Ind-Ra continues to fully consolidate UPPCL and its six wholly owned subsidiaries - Madhyanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited, Kanpur Electricity Supply Company Limited and UP Renewable & EV Infrastructure Limited - to arrive at the ratings. UPPCL carries out power distribution operations through these subsidiaries.

UPPCL's unsupported rating continues to be anchored by the credit profile of the GoUP, the ongoing financial support it receives from the GoUP, and the strong institutional linkages between the corporation and the state government.

## Detailed Rationale of the Rating Action

The upgrade of the unsupported rating of UPPCL reflects the continued improvement in its credit profile during FY26, with stable margins, decline in its leverage and improvement in its coverage, and the continued strong support extended by GoUP toward UPPCL's debt servicing. UPPCL has consistently benefited from grants and equity infusions from the GoUP. In FY26, it received an equity infusion of INR110,962.9 million (FY25: INR169,664.5 million) and subsidies amounting to INR304,131.6 million (INR257,072.2 million). For FY27, the GoUP has budgeted revenue subsidies of INR382,576.19 million.

The financial metrics witnessed an improvement in FY26, with the interest coverage ratio rising to 1.79x (FY25: 1.55x) and net debt/leverage declining to 4.22x (5.25x). This improvement was led by a modest increase in EBITDA to INR114,877.7 million in FY26 (FY25: INR107,985.8 million) and a reduction in outstanding debt to INR551,826.2 million (FY25: INR620,153.8 million).

UPPCL, being wholly owned by the GoUP, operates as a monopoly in the state's power distribution sector. Tariffs are regulated by the state authority, which helps limit volatility in financial performance. However, delays in timely and adequate tariff revisions have negatively affected its financial health. The last tariff hike of 11.69% was approved in FY20. The growing share of renewable energy has helped in limiting the growth of average cost of supply, however, the absence of tariff increases has resulted in widening of ACS-ARR gap.

## List of Key Rating Drivers

### Strengths

- Improvement in EBITDA
- State's stable fiscal performance
- State's economic performance better than India

## Weaknesses

- Weak operational performance

## Detailed Description of Key Rating Drivers

**Improvement in EBITDA:** UPPCL's EBITDA improved to INR114,877.70 million in FY26 (FY25: INR107,985.80 million), supported by the receipt of higher subsidies from the GoUP (FY26: INR304,131.6 million; FY25: INR257,072.2 million). The leverage (debt/EBITDA) improved to 4.22x in FY26 (FY25: 5.25x). UPPCL's debtor days improved marginally to 204 days in FY26 (FY25: 224 days), mainly due to the reduction in trade receivables to INR606,943.40 million (INR632,064.50 million).

**State's Stable Fiscal Performance:** Ind-Ra expects the GoUP to continue to report a stable fiscal performance in FY27, in line with the benchmarks set by the 16th Finance Commission (2026-2031) and the government of India (GoI), ie. an annual fiscal deficit ceiling of 3.0% of gross state domestic product (GSDP) and zero revenue deficit. The state has been generating a revenue surplus from FY07, except in FY21. Its fiscal deficit remained less than 3.2% of GSDP during FY18-FY26. Both these trends are likely to continue in FY27. The state has budgeted a revenue surplus of 1.6% of GSDP and a fiscal deficit of 3.0% of GSDP in its FY27 budget. With a stable fiscal deficit ratio, the state's debt/GSDP ratio is budgeted to decline to 23.1% in FY27 (FY26: 27.6% (RE)). Ind-Ra expects a marginal slippage in the GoUP's fiscal ratios (particularly fiscal deficit and outstanding liabilities) from its FY27 budget, while remaining within prudential limits.

**State's Economic Performance Better Than India:** Ind-Ra opines that UP's economic performance has been better than the all-India performance during FY20-FY25. In this period, its gross state value added (GSVA, at 2011-12 prices) grew 6.4%, higher than all India GVA growth of 5.4%. This has been due to broad-based higher growth across sectors. In the same period, UP's agriculture and allied activities recorded a CAGR of 7.7% (national growth of 4.4%), followed by industry growth of 7.3% (all-India growth of 6.1%) and services growth of 5.6% (national growth of 5.2%). Higher agriculture growth accompanied with its higher share in the state economy led to improved state economic performance compared to the country. In FY25, agriculture accounted for 21.8% of UP's economy compared to the national average share of 14.4%, while industry and services accounted for 29.1% and 49.2%, respectively, (national average: 30.7% and 54.9%). Its per capita income at 53.5% of the FY25 national average was the second-lowest among major states in India.

**Weak Operational Performance:** Ind-Ra notes that the UP continues to lag in power sector reforms, as its discoms have failed to meet the operational and financial targets set under the Ujwal Discom Assurance Yojana. The state's aggregate technical and commercial (AT&C) losses rose to 19.77% in FY26 (FY25: 19.29%). The gap between the ACS and ARR has continued to widen owing to the absence of any tariff revision since 2020. The gap widened to INR0.56/kWh in FY26 (FY25: INR0.28/kWh) despite the receipt of higher subsidy of INR304,131.6 million during the year (FY25: INR257,072.2 million). Furthermore, in FY27, the GoUP has budgeted revenue subsidies of INR382,576.19 million.

The collection efficiency declined to 91.82% in FY26 (FY25: 93.43%) and billing efficiency also dropped marginally to 85.43% (86.29%), primarily due to a higher proportion of rural consumers, wherein challenges such as lower payment discipline, billing constraints, and collection inefficiencies tend to be more prominent. While the power sector remains a critical focus area and continues to receive increasing subsidy support from the state government, any shift in the government's policy stance towards the sector will be a key rating monitorable.

## Liquidity

**Adequate:** A significant portion of UPPCL's debt is being serviced through its internal accruals. However, in accordance with the bond structuring requirements, the GoUP is obligated to support the servicing of bonds. Additionally, the GoUP has been contributing equity for infrastructure development and capital expenditure. In FY26, UPPCL received an equity infusion of INR110,962.9 million (FY25: INR169,664.50 million). Ind-Ra believes the liquidity available for bond servicing is adequate, given the available credit enhancers in the form of DSRA, the escrow of revenue for debt servicing on bonds, government guarantee, and DSRA replenishment from the consolidated fund of the GoUP (series 1), revenue subsidy (series 2) and receivable from irrigation and agriculture department pertaining to power sales (series 3).

Apart from bonds repayment, UPPCL has debt obligations (both interest and principal) of INR81,960.00

million in FY27 and INR75,400.00 million in FY28, which Ind-Ra expects it to pay from its operating cash flows and equity support from the GoUP. The average utilisation of the company's sanctioned working capital limits of INR24,550 million was 27.34% for the 12 months ended May 2026.

## **RATING SENSITIVITIES**

**Positive:** An improvement in the GoUP's credit profile could lead to a positive rating action.

**Negative:** Events that could, individually or collectively, lead to a negative rating action include:

- a deterioration in the GoUP's credit profile
- any weakening of UPPCL's linkages with the GoUP
- a delay in the receipt of subsidy from the GoUP (subsidy receivables exceeding 90 days for two consecutive years)

## **2) Instrument Covenants**

### **Series 1 NCDs**

- Default in payment: In case of any event of default in the payment of interest and/or principal redemption on the due dates, additional interest of at least 2% p.a. over the coupon rate will be payable by the company for the defaulting period.
- Delay in listing: In case of any delay in the listing of the debt securities beyond 30 days from the deemed date of allotment, the company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 20 days from the deemed date of allotment until the listing of such debt securities to the investor.
- Security creation (where applicable): In case of a delay in the execution of trust deed and a change in documents, the company will refund the subscription with agreed rate of interest or will pay penal interest of at least 2% p.a. over the coupon rate until these conditions are complied with at the option of the investor.
- The interest rates mentioned in the above cases are the minimum interest rates payable by the company and are independent of each other.

### **Series 2 NCDs**

- The non-payment of any bond servicing obligation on the due dates
- Any failure on UPPCL's behalf to perform or comply with one or more of its material obligations in relation to the bonds issued in pursuance of terms and conditions stated in the disclosure document and debenture trustee agreement, which, in opinion of the trustee, is incapable of remedy

### **Series 3 NCDs**

- Non-payment of any bond servicing obligation on the due date
- Any failure on behalf of UPPCL to perform or comply with one or more of its material obligations in relation to the bonds issued in pursuance of terms and conditions stated in the disclosure document and debenture trustee agreement, which, in the opinion of the trustee, is incapable of remedy
- Failure by the GoUP to provide timely funding support through necessary provisions in the state budget, every year throughout the tenure of the bonds
- Failure to honour invocation of the GoUP's guarantee for DSRA replenishment within stipulated timelines
- Application for the initiation of any insolvency proceedings against the issuer under any applicable bankruptcy/insolvency/winding up or other similar law (including the IBC) filed any time during the pendency of the bonds and not stayed or dismissed within seven days from the date of such filing
- Other events of default that are typical for transactions of this nature

## **3) ADEQUACY OF CE STRUCTURE**

The GoUP has extended an unconditional and irrevocable guarantee for the rated bonds. The respective structures define the event for invocation of the guarantee by the trustee and other credit enhancers. Ind-Ra, in its analysis, has stressed the GoUP's credit profile by considering a sizeable portion of the guarantee to devolve. As per Ind-Ra's analysis, the guarantor, even in the stress scenario, was found to be meeting all the guaranteed debt obligations.

## **Any Other Information**

Not applicable

## **ESG Issues**

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on UPPCL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra’s ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

UPPCL is the power distribution company of the GoUP. UPPCL was incorporated on 30 November 1999 after the unbundling of UP State Electricity Board and became functional on 15 January 2000.

Key Financial Indicators

GoUP

| Parameters as % of GSDP                                     | FY27 (BE) | FY26 (RE) |
|-------------------------------------------------------------|-----------|-----------|
| Revenue balance                                             | 1.6       | 2.4       |
| Fiscal balance                                              | -3.0      | -3.0      |
| Total debt                                                  | 23.1      | 27.6      |
| Note: Positive (negative) balance implies surplus (deficit) |           |           |
| Source: GoUP Budget, Ind-Ra                                 |           |           |

UPPCL

| Parameters (INR million)            | FY26         | FY25         |
|-------------------------------------|--------------|--------------|
| Total income                        | 1,082,195.00 | 1,029,719.20 |
| EBITDA                              | 114,877.70   | 107,985.80   |
| EBITDA margin (%)                   | 10.62        | 10.49        |
| Net Debt/EBITDA (x)                 | 4.22         | 5.25         |
| Interest service coverage ratio (x) | 1.79         | 1.55         |
| Source: UPPCL, Ind-Ra               |              |              |

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

| Instrument Type                                 | Rating Type | Rated Limits (million) | Current Rating/Outlook | Historical Rating/Outlook |                    |                    |       |                    |
|-------------------------------------------------|-------------|------------------------|------------------------|---------------------------|--------------------|--------------------|-------|--------------------|
|                                                 |             |                        |                        | 20 June 2025              | 21 June 2024       | 20 November 2023   |       | 11 October 2023    |
| Non-convertible debentures (Series-I)           | Long-term   | INR14,285.00           | IND AA(CE)/Stable      | IND AA(CE)/Stable         | IND AA(CE)/Stable  | IND A+ (CE)/Stable | IND D | IND AA(CE)/Stable  |
| Non-convertible debentures (Series 2 Tranche1)  | Long-term   | INR 10,584.00          | IND A+ (CE)/Stable     | IND A+ (CE)/Stable        | IND A+ (CE)/Stable | IND A+ (CE)/Stable |       | IND A+ (CE)/Stable |
| Non-convertible debentures (Series 2 Tranche2)  | Long-term   | INR12,920.00           | IND A+ (CE)/Stable     | IND A+ (CE)/Stable        | IND A+ (CE)/Stable | IND A+ (CE)/Stable |       | IND A+ (CE)/Stable |
| Non-convertible debentures (Series 3 Tranche 1) | Long-term   | INR29,634.00           | IND A+ (CE)/Stable     | IND A+ (CE)/Stable        | IND A+ (CE)/Stable | IND A+ (CE)/Stable |       | IND A+ (CE)/Stable |

|                                                 |           |              |                    |                    |                    |                    |                    |
|-------------------------------------------------|-----------|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Non-convertible debentures (Series 3 Tranche 2) | Long-term | INR26,160.00 | IND A+ (CE)/Stable | IND A+ (CE)/Stable | IND A+ (CE)/Stable | IND A+ (CE)/Stable | IND A+ (CE)/Stable |
| Non-convertible debentures (Series 3)           | Long-term | INR5,608     | -                  | -                  | -                  | -                  | WD                 |
| Unsupported rating                              | Long-term | -            | IND A-/Stable      | IND BBB+/Stable    | IND BBB+/Stable    | IND BBB+/Stable    | IND BBB+/Stable    |

Complexity Level of the Instruments

| Instrument Type                                  | Complexity Indicator |
|--------------------------------------------------|----------------------|
| Non-convertible debentures (Series 2 Tranche 1)* | Moderate             |
| Non-convertible debentures (Series 2 Tranche 2)* | Moderate             |
| Non-convertible debentures(Series 1)*            | Moderate             |
| Non-convertible debentures(Series 3 Tranche 1*   | Moderate             |
| Non-convertible debentures(Series 3 Tranche 2)*  | Moderate             |

\*The complexity indicator for the above instruments is categorised as moderate as these instruments carry a CE rating. For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

ISIN Summary :

| Sr.no. | Instrument                                      | ISIN Number   | Date of Issuance | Coupon Rate (%) | Maturity Date    | Size of Issue (million) | Rating/Outlook     |
|--------|-------------------------------------------------|---------------|------------------|-----------------|------------------|-------------------------|--------------------|
| 1      | Non-convertible debentures (Series 1)           | INE540P07095^ | 17 February 2017 | 8.97            | 13 February 2026 | INR9,300.00             | WD                 |
| 2      | Non-convertible debentures (Series 1)           | INE540P07103  | 17 February 2017 | 8.97            | 15 February 2027 | INR9,300.00             | IND AA(CE)/Stable  |
| 3      | Non-convertible debentures (Series 1)           | INE540P07160^ | 27 March 2017    | 8.48            | 13 March 2026    | INR4,985.00             | WD                 |
| 4      | Non-convertible debentures (Series 1)           | INE540P07178  | 27 March 2017    | 8.48            | 15 March 2027    | INR4,985.00             | IND AA(CE)/Stable  |
| 5      | Non-convertible debentures (Series 2 Tranche 1) | INE540P07244^ | 05 December 2017 | 9.75            | 20 October 2025  | INR5,292.00             | WD                 |
| 6      | Non-convertible debentures (Series 2 Tranche 1) | INE540P07251  | 05 December 2017 | 9.75            | 20 October 2026  | INR5,292.00             | IND A+ (CE)/Stable |
| 7      | Non-convertible debentures (Series 2 Tranche 1) | INE540P07269  | 05 December 2017 | 9.75            | 20 October 2027  | INR5,292.00             | IND A+ (CE)/Stable |
| 8      | Non-convertible debentures (Series 2 Tranche 2) | INE540P07335^ | 27 March 2018    | 10.15           | 20 January 2026  | INR6,460.00             | WD                 |

|               |                                                 |               |                 |       |                 |                     |                    |
|---------------|-------------------------------------------------|---------------|-----------------|-------|-----------------|---------------------|--------------------|
| 9             | Non-convertible debentures (Series 2 Tranche 2) | INE540P07343  | 27 March 2018   | 10.15 | 20 January 2027 | INR6,460.00         | IND A+ (CE)/Stable |
| 10            | Non-convertible debentures (Series 2 Tranche 2) | INE540P07350  | 27 March 2018   | 10.15 | 20 January 2028 | INR6,460.00         | IND A+ (CE)/Stable |
| 11            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07376^ | 30 March 2022   | 9.7   | 31 March 2026   | INR4,939.00         | WD                 |
| 12            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07384  | 30 March 2022   | 9.7   | 31 March 2027   | INR4,939.00         | IND A+ (CE)/Stable |
| 13            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07392  | 30 March 2022   | 9.7   | 31 March 2028   | INR4,939.00         | IND A+ (CE)/Stable |
| 14            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07400  | 30 March 2022   | 9.7   | 30 March 2029   | INR4,939.00         | IND A+ (CE)/Stable |
| 15            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07418  | 30 March 2022   | 9.7   | 29 March 2030   | INR4,939.00         | IND A+ (CE)/Stable |
| 16            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07426  | 30 March 2022   | 9.7   | 31 March 2031   | INR4,939.00         | IND A+ (CE)/Stable |
| 17            | Non-convertible debentures (Series 3 Tranche 1) | INE540P07434  | 30 March 2022   | 9.7   | 22 March 2032   | INR4,939.00         | IND A+ (CE)/Stable |
| 18            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07459^ | 07 October 2022 | 9.95  | 31 March 2026   | INR4,360.00         | WD                 |
| 19            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07467  | 07 October 2022 | 9.95  | 31 March 2027   | INR4,360.00         | IND A+ (CE)/Stable |
| 20            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07475  | 07 October 2022 | 9.95  | 31 March 2028   | INR4,360.00         | IND A+ (CE)/Stable |
| 21            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07483  | 07 October 2022 | 9.95  | 30 March 2029   | INR4,360.00         | IND A+ (CE)/Stable |
| 22            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07491  | 07 October 2022 | 9.95  | 29 March 2030   | INR4,360.00         | IND A+ (CE)/Stable |
| 23            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07509  | 07 October 2022 | 9.95  | 31 March 2031   | INR4,360.00         | IND A+ (CE)/Stable |
| 24            | Non-convertible debentures (Series 3 Tranche 2) | INE540P07517  | 07 October 2022 | 9.95  | 22 March 2032   | INR4,360.00         | IND A+ (CE)/Stable |
| <b>Total#</b> |                                                 |               |                 |       |                 | <b>INR93,583.00</b> |                    |

#Total does not include ISINs where the ratings have been withdrawn  
^Paid in full

Source: UPPCL

## List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

### A. Rating Activity

| Sr. No. | Instrument / activity Name                                                                                        | Regulator of the instrument |
|---------|-------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1       | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)                                  | SEBI                        |
| 2       | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)                              | MCA                         |
| 3       | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*                                     | SEBI                        |
| 4       | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*                                 | SEBI                        |
| 5       | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*                                   | RBI                         |
| 6       | Listed Commercial Paper and NCDs with original maturity less than 1 year                                          | RBI                         |
| 7       | Unlisted Commercial Paper and NCDs with original maturity less than 1 year                                        | RBI                         |
| 8       | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^                                               | RBI                         |
| 9       | External Commercial Borrowings and other similar borrowings                                                       | RBI                         |
| 10      | Certificates of Deposit                                                                                           | RBI                         |
| 11      | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs                                                                  | RBI                         |
| 12      | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs                                            | MCA                         |
| 13      | Inter Corporate Deposits/Loans extended by Corporates                                                             | MCA                         |
| 14      | Borrowing programme ~                                                                                             | -                           |
| 15      | Issuer Ratings #                                                                                                  | -                           |
| 16      | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)                                 | SEBI                        |
| 17      | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs                                         | SEBI                        |
| 18      | Listed Security Receipts                                                                                          | SEBI                        |
| 19      | Unlisted Security Receipts                                                                                        | RBI                         |
| 20      | Independent Credit Evaluation (ICE)                                                                               | RBI                         |
| 21      | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)                        | RBI                         |
| 22      | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))    | SEBI                        |
| 23      | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA                         |

\* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), India Ratings shall separately capture the rated quantum details along with names of respective regulators.

# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

**B. Other activities:**

| Sr. No. | Activity Name                                                                                       | Regulator of the activity |
|---------|-----------------------------------------------------------------------------------------------------|---------------------------|
| 1       | Monitoring Agency                                                                                   | SEBI                      |
| 2       | Research activities, incidental to rating, such as research for Economy, Industries and Companies @ | NA                        |

@ permitted by SEBI vide SEBI Master Circular for CRAs.

Note: *For instruments or activities falling under the purview of regulators other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

**Contact**

**Primary Analyst**

Mukesh Saxena  
Senior Analyst  
India Ratings and Research Pvt Ltd  
DLF Epitome, Level 16, Building No. 5, Tower B DLF Cyber City, Gurugram Haryana - 122002  
01246687266  
For queries, please contact: [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

**Secondary Analyst**

Karishma Badhwar  
Senior Analyst  
+91 124 6687213

**Media Relation**

Ameya Bodkhe  
Marketing Manager  
+91 22 40356121

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### Evaluating Corporate Governance

### Policy for Credit Enhanced (CE) Ratings

### Local and State Government Rating Criteria

### Rating of Public Sector Entities

### The Rating Process

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