



India RE Lender Due Diligence 2026: Bankability Checklist for Faster Debt Closure

By Sudarshan Karweer · 04 September 2026 · growthifye.com

A 2026 lender due diligence checklist for Indian renewable projects covering contracts, modelling, permits, grid risk and debt readiness.

India's renewable-energy financing market in 2026 is no longer constrained only by lender appetite. Domestic banks, NBFCs and sector-focused institutions such as IREDA, PFC and REC continue to back utility-scale solar, wind, hybrids, storage and increasingly C&I portfolios. The bigger issue in many transactions is execution quality: projects that appear financeable in principle often lose time, leverage or pricing because they are not lender-ready.

For developers, IPPs, C&I platforms and infrastructure investors, the difference between a smooth sanction process and a delayed one often comes down to lender due diligence. Credit teams are asking sharper questions on contract allocation, curtailment exposure, ALMM-linked procurement strategy, change-in-law treatment, cash-flow resilience, battery augmentation assumptions, counterparty concentration and the practical enforceability of security packages. Sponsors that anticipate these questions close debt faster and on better terms.

This article sets out a practitioner's 2026 bankability checklist for Indian renewable-energy projects. It is aimed at sponsors preparing first-time debt raises, repeat borrowers trying to reduce process friction, and C&I developers seeking to scale portfolios across states.

Why lender due diligence matters more in 2026

The market context has changed materially over the last 24 months.

- Module prices remain far more rational than the 2022-23 volatility period, but procurement quality and warranty backstopping remain core lender issues.
- Battery storage is moving from pilot to mainstream, but lenders are still conservative on augmentation curves, replacement reserves and merchant revenue assumptions.
- Inter-state transmission and central procurement continue to support large utility projects, yet state-level payment cycles and curtailment experience still influence debt terms.
- C&I open-access growth remains strong in states such as Karnataka, Tamil Nadu, Maharashtra, Gujarat, Rajasthan and Haryana, but banking rules, CSS/AS changes and wheeling-loss assumptions can materially change DSCRs.
- Base rates and credit spreads have stabilised relative to earlier tightening cycles, but sanction committees remain disciplined on downside cases.

In practical terms, this means lenders are willing to finance good projects, but less willing to underwrite ambiguity. A sponsor that arrives with unresolved technical, legal or commercial gaps will typically face one or more of the following:

- lower debt sizing

n- higher DSRA or reserve requirements

- tighter covenants



- longer CP lists before first disbursement
- stricter waterfall controls
- more conservative repayment sculpting

For many renewable projects, that can move returns more than a 25-50 bps pricing change.

The 2026 bankability checklist starts before term-sheet discussions

Many sponsors approach lenders too early with only a headline tariff, capex estimate and target COD. That may be enough for indicative conversations, but not enough for credible debt sizing. By the time a lender issues a detailed term sheet, it wants confidence that the project can survive diligence without major restructuring.

A bankable preparation process usually includes the following before active syndication begins:

- complete project structure map: holdco, SPV, shareholding, promoter support, related-party contracts
- updated capex and development-cost build-up with taxes, contingencies and IDC
- contract matrix covering land, EPC, O&M, offtake, equipment supply, evacuation and insurance
- permits tracker with application status, expected dates and critical dependencies
- base-case and downside financial model aligned to actual documents
- monthly generation profile based on resource data and loss assumptions
- construction schedule linked to procurement and transmission readiness
- sensitivity analysis on delay, generation shortfall, tariff reduction, curtailment and cost overrun

This is where Growthifye's [Lender-grade financial modelling]/(coreservices/greenfinancing/lendergrade financial modelling) capability becomes directly relevant. In 2026, credit teams are increasingly rejecting models that are presentation-oriented rather than decision-oriented. They want auditable assumptions, transparent formula logic, properly structured debt sculpting, tax consistency and covenant testing that can be replicated during appraisal.

What lenders examine first: offtake quality and revenue visibility

The first filter is still revenue certainty.

For utility-scale projects, lenders typically assess:

- tariff level and discovered bid context
- PPA tenor, payment security and termination provisions
- offtaker credit profile, including historical receivable cycles
- curtailment compensation language
- commissioning milestones and liquidated damages exposure
- change-in-law mechanics

In 2026, central-agency backed PPAs and stronger utility counterparts can still support tighter debt terms than weaker state utility exposures. But lenders no longer look only at the name of the offtaker. They assess actual payment pattern, LC operation, rebate/dispute history and practical recourse if invoices are delayed.

For C&I and open-access portfolios, diligence is often more granular than sponsors expect. Lenders typically review:



- customer diversification by sector and rating profile
- average contracted tariff versus DISCOM tariff benchmarks
- contract tenor and lock-in period
- early termination compensation
- pass-through mechanics for open-access charges
- state-specific regulatory exposure
- monthly billing and collection history where operating assets exist

A C&I solar portfolio selling power at Rs 4.10-5.25/kWh may look attractive, but debt appetite can weaken quickly if 35-40% of revenue comes from a single unrated industrial customer or if state-level charge assumptions are optimistic. In several 2026 credit reviews, lenders are preferring portfolios where no single customer contributes more than 15-20% of revenue and where weighted average residual tenor exceeds the debt tenor by a visible margin.

For hybrid and storage-linked projects, lenders also separate capacity revenue from energy revenue. If a battery project assumes merchant arbitrage upside beyond contracted availability payments, that upside is often excluded from base-case debt sizing and only partly considered in upside cases.

Contracts, permits and land: where many projects lose time

A large share of debt delays in India RE still comes from non-financial diligence items.

Land remains the first practical test. Lenders want certainty not only on acreage but on legal usability. Typical red flags include fragmented title chains, conversion gaps, right-of-way disputes, unregistered access arrangements and mismatch between surveyed land and EPC layout. For wind projects, micro-siting rights and approach-road access can be as important as the lease itself.

On permits, the lender focus in 2026 is less about whether an application has been filed and more about sequencing risk. A project may have nominal progress on:

- land conversion
- CEIG-related approvals
- grid connectivity approval
- bay allocation and evacuation works
- environmental and local body permissions
- factory or electrical inspector clearances for storage systems

But if the critical path is not clearly mapped, lenders may either delay sanction or impose disbursement-linked conditions. Developers often underestimate the impact this has on IDC and contingency usage.

EPC and supply contracts also receive close scrutiny. Credit teams usually want clarity on:

- fixed-price versus variable-price exposure
- scope gaps between EPC and owner-supplied items
- delay liquidated damages caps
- performance guarantee structure
- spare parts and consumables coverage



- warranty enforceability against OEMs
- interface responsibility in hybrid or storage projects

For BESS, lenders increasingly ask whether augmentation is contractually supported or simply modelled as an assumption. If the project economics depend on maintaining output through augmentation in year 6 or year 8, debt providers want to know whether reserve accounts, OEM commitments or sponsor support exist.

Technical diligence: generation, degradation and operating assumptions

Technical due diligence has become more data-driven in 2026. Independent engineers are testing whether generation estimates and operating assumptions are reasonable under real site conditions and contractual design.

For solar projects, lenders typically focus on:

- irradiation data source and period
- P50/P75/P90 methodology
- DC/AC ratio and clipping assumptions
- module technology and degradation profile
- soiling, temperature and availability losses
- inverter loading and evacuation constraints

For wind, scrutiny often centres on mast or LiDAR data sufficiency, wake losses, turbine suitability, long-term correction and OEM O&M strength.

For hybrids, correlation analysis matters. A hybrid project cannot simply add standalone solar and wind generation assumptions and call the combined profile bankable. Lenders want to see hourly or sub-hourly logic on profile smoothing, evacuation utilisation and storage dispatch assumptions where batteries are integrated.

O&M cost assumptions also matter more than many sponsors assume. Utility-scale solar O&M can still underwrite in broad ranges around Rs 6-9 lakh/MW/year depending on scope and escalation, but lenders test whether spares, inverter replacements, module cleaning strategy and security costs are fully reflected. For wind and storage, the range of possible lifecycle costs is wider, making diligence even more important.

Financial-model diligence: the difference between a usable model and a weak one

Many project delays arise because the financial model cannot stand up to lender interrogation.

A lender-acceptable model in 2026 should clearly show:

- drawdown schedule linked to actual construction phasing
- IDC calculation based on realistic utilisation timing
- GST, depreciation and tax treatment consistent with structure
- repayment sculpting linked to cash flows and covenant thresholds
- DSCR, LLCR and project IRR calculation logic
- reserve-account funding and release mechanics
- working-capital or receivables assumptions where relevant
- sensitivity cases for generation, delay, tariff, opex and refinancing assumptions



As a broad market observation, lenders often expect minimum average DSCRs in the 1.20x-1.30x zone for contracted utility-scale projects, with downside thresholds tested more conservatively depending on technology and offtake strength. C&I and merchant-exposed structures may require stronger cushions. These are not one-size-fits-all numbers, but they remain useful reference points when shaping debt strategy.

What weakens a model during diligence?

- tariff escalation assumed where contracts do not permit it
- curtailment ignored in states or grids with practical exposure
- receivable days materially below historical payment trends
- battery replacement costs omitted or pushed unrealistically late
- O&M escalation understated relative to vendor proposals
- insurance, evacuation charges or land lease escalations simplified away
- change-in-law benefits included without timing or collection realism

This is also where sponsors should think beyond debt closure to post-close compliance. If a transaction uses [Sustainability-linked loans]/(coreservices/greenfinancing/sustainabilitylinkedloans), KPI baseline integrity, reporting architecture and calculation methodology must be diligence-ready from the start. Sponsors that can connect financing structure to credible operational data create more confidence with lenders.

Security package, sponsor support and disbursement readiness

Even a good project can get delayed if the security and CP package has not been organised properly.

Lenders usually expect a clearly executable security structure covering:

- pledge of SPV shares
- charge over project assets
- assignment of project documents
- escrow and waterfall arrangements
- charge over material accounts
- sponsor support undertakings where applicable

The practical challenge is timing. Sponsors often secure credit approval, but disbursement slips because account control documents, title perfection, insurance endorsements, land document opinions or consent letters are incomplete.

A disciplined pre-disbursement workplan should identify which items are:

- required for sanction
- required before first drawdown
- required before major equipment disbursement
- required before COD

This sounds administrative, but in live transactions it affects real economics. A 60-90 day slippage in first drawdown can raise IDC, compress construction float and weaken equity IRR. For developers bidding aggressively in the Rs 2.45-3.20/kWh utility-scale range or pricing C&I projects against retail offsets, these execution leakages matter.



A practical lender-readiness framework for sponsors

Sponsors preparing to raise debt in 2026 should run an internal lender-readiness review before approaching institutions formally. A practical framework is:

- Revenue: Is contracted revenue clearly documented, diversified where needed and stress-tested?
- Legal: Are land, permits and corporate authorities complete enough for appraisal?
- Technical: Do resource, design and performance assumptions survive independent review?
- Financial: Does the model reconcile to contracts, taxes, capex and downside cases?
- Security: Is the charge and escrow structure executable without hidden consent issues?
- Reporting: Can the SPV deliver periodic compliance, KPI and lender information packs on time?

For sponsors using concessional structures or layered capital, the same discipline applies. Whether the solution involves [Blended & concessional finance](/coreservices/greenfinancing/blendedandconcessionalfinance) or a conventional term-loan structure from IREDA, PFC, REC or banks, lenders reward clarity, consistency and evidence.

The key takeaway is simple: debt markets in Indian renewables are open, but they are selective on preparation quality. Faster closure is rarely just about chasing more lenders. It is about presenting one lender-ready package that answers technical, legal and credit questions before they become objections.

If you are preparing a debt raise, lender approach note, diligence data room or sanction-stage model for a solar, wind, hybrid, storage or C&I portfolio, contact Growthifye's advisory desk. We help sponsors sharpen bankability, structure financing strategy and present lender-ready materials that improve closure speed and debt outcomes.

Explore Growthifye's related capabilities

This analysis connects directly to our advisory practice: [Green financing frameworks](/coreservices/greenfinancing/greenfinancingframeworks) · [Sustainability-linked loans](/coreservices/greenfinancing/sustainabilitylinkedloans) · [Blended & concessional finance](/coreservices/greenfinancing/blendedandconcessionalfinance) · [Impact quantification & MRV](/coreservices/greenfinancing/impactquantificationandmrv).

ABOUT THE AUTHOR

Sudarshan Karweer — Chief Executive Officer, Growthifye

Over 23 years in management consulting — concept to scale — building and scaling new-age digital and energy businesses. An EY alumnus, Sudarshan leads Growthifye's renewable energy & storage advisory, EPC, transmission engineering and green-financing practices for developers, utilities and C&I consumers across India.
Contact: info@growthifye.com · +91 84510 99371 · growthifye.com

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