



India RE Working Capital Finance 2026: O&M, Receivables and Liquidity Strategy

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A practical 2026 guide to working capital finance for India solar, wind and storage: receivables, O&M liquidity, lender structures and risk controls.

India's renewable-energy financing conversation often focuses on construction debt, long-tenor project loans, refinancing and equity. But in 2026, a large share of value leakage in solar, wind and storage portfolios comes from a less discussed area: working capital.

For Indian developers, IPPs, C&I platform owners and utilities, the challenge is no longer only whether a project can reach COD and secure term debt. The operating question is whether the asset can sustain receivable delays, seasonal generation swings, inverter replacement cycles, GST input timing mismatches, O&M cost spikes and payment lags without eroding DSCR or forcing expensive sponsor support.

That makes working capital finance a critical layer in green financing strategy. It is especially relevant for projects selling to state DISCOMs, group-captive and third-party open-access projects with billing frictions, and hybrid or storage-backed assets where revenue streams are more sophisticated than plain vanilla fixed-tariff solar.

This article sets out a practical 2026 framework for renewable-energy working capital finance in India, including receivables funding, DSRA sizing, escrow design, lender expectations, covenant calibration and portfolio-level liquidity planning.

Why working capital matters more in 2026

By 2026, India's renewable sector has deeper debt markets, more operating portfolios and better lender familiarity. Yet several structural issues still make working capital a board-level issue.

- DISCOM payment cycles remain uneven across states despite improvements in payment discipline and central oversight.
- Open-access projects face timing gaps in energy accounting, wheeling-settlement true-ups and reimbursement of banking-related adjustments where applicable.
- O&M expenses have risen due to module cleaning, inverter electronics, cybersecurity requirements, spares inflation and transmission interface maintenance.
- Battery energy storage and hybrid projects carry more complex operating payments, including augmentation reserves, availability-linked obligations and software-service costs.
- Generation variability affects monthly cash generation even when annual P90 assumptions remain acceptable.

In practical terms, a 100 MW AC solar project with a tariff of Rs 2.75 per kWh and an annual CUF of 23% can bill roughly Rs 55-56 crore a year. If receivables stretch from 45 days to 120 days, trapped cash can rise by more than Rs 11 crore. For a platform with 500 MW of mixed assets, working capital lock-up can quickly become material enough to disrupt distributions, maintenance schedules and refinancing readiness.

This is why lenders and sponsors are now looking beyond project finance closure and asking a more operational question: how will liquidity be managed through the life of the asset?



The main working capital pressure points in renewable assets

Working capital needs differ by asset class and offtake structure. In 2026, four pressure points dominate.

1. Receivables delay

Receivable build-up is still the largest liquidity drag, especially for utility-scale projects selling to state entities. Even where payment security mechanisms exist, cash timing can deviate sharply from invoice dates.

For example:

- Central-agency backed projects may see more stable collections but still experience procedural lags.
- State DISCOM PPAs can vary widely by state, with some payment cycles closer to 60-90 days and stressed cases extending further.
- C&I open-access assets often collect faster, but disputes around change-in-law pass-through, wheeling charges or cross-subsidy surcharge adjustments can create month-end mismatches.

2. O&M and major maintenance reserves

Routine O&M is predictable, but not flat. Wind projects often face higher major-component risk. Solar assets may need inverter replacements, SCADA upgrades, HT-yard interventions and spare-parts stocking. Storage assets introduce thermal management, EMS software and augmentation planning.

A portfolio that underestimates these outflows can remain technically compliant with term debt covenants while still requiring sponsor cash injections.

3. Tax and statutory timing gaps

GST input-credit timing, TDS reconciliation, safeguard-related legacy matters, and local statutory payments can create temporary liquidity gaps. These are not always large versus project cost, but they matter when receivables are already elongated.

4. Seasonality and merchant exposure

Wind generation is seasonal. Hybrid projects smooth some volatility but do not eliminate it. Any merchant or exchange-linked exposure can create billing variability, especially when evening price assumptions fail to materialise. That requires more careful monthly liquidity planning than a conventional fixed-tariff solar asset.

What working capital structures are available in India RE

Working capital finance in renewable energy is not one-size-fits-all. In 2026, the most relevant structures are the following.

Receivables financing against billed cash flows

This is the most direct structure for operating projects. Lenders assess invoice quality, historical collection performance, PPA counterparty strength, escrow mechanics and charge creation over receivables.

Typical use cases include:

- Operating solar or wind projects with visible billing history
- Multi-asset portfolios with diversified counterparties
- C&I platforms with strong customer credit and low default incidence

Key structuring variables include:

- Advance rate, often calibrated against eligible receivables rather than total billed amount



- Haircuts for overdue invoices beyond agreed ageing buckets
- Concentration limits by counterparty or state
- Defined cash sweep triggers if ageing deteriorates

A disciplined lender may finance only current or near-current receivables and exclude invoices under dispute. Where collection history is mixed, advance rates may be significantly reduced.

Revolving working capital lines at holdco or platform level

For sponsors managing multiple SPVs, platform-level revolvers can be more efficient than arranging separate limits for each project. This works especially well where cash pooling, sponsor support and standardised reporting are already in place.

Benefits include:

- Faster redeployment of liquidity across assets
- Better utilisation versus stand-alone buffers in each SPV
- Lower friction in funding short-tenor O&M or statutory payments

However, lenders will scrutinise structural subordination, upstreaming controls and cross-default provisions. The modelling must show that holdco debt does not create hidden stress at the project level. This is where Lender-grade financial modelling becomes valuable, especially for sponsors balancing term debt, distributions and revolving liquidity lines across multiple assets.

DSRA-backed liquidity optimisation

Many operating projects carry a debt service reserve account sized at 3-6 months of debt service, depending on lender requirements and project profile. In some cases, developers can redesign liquidity architecture so that the DSRA is coordinated with a working capital line rather than duplicating conservative cash buffers.

This does not mean weakening lender security. It means allocating reserves more intelligently.

For example:

- A project with stable collections may support a smaller idle cash balance if a committed receivables line is available.
- A diversified platform may ring-fence a central liquidity reserve for non-debt operating stress while preserving project-level DSRA for scheduled repayments.
- Refinanced assets can sometimes reset reserve mechanics if performance history is strong.

Vendor and O&M-linked payment arrangements

Some developers negotiate payment terms with O&M contractors, spare suppliers or service partners to reduce immediate cash outflow. This is not substitute debt, but it can materially reduce peak working capital need.

Lenders generally accept such arrangements if they are transparent, arms-length and do not create hidden senior claims. Sponsors should avoid informal deferrals that later crystallise as disputes during refinancing or diligence.

How lenders assess renewable working capital proposals

Working capital facilities in renewable energy are underwritten differently from construction loans and differently again from long-tenor amortising project debt. In 2026, Indian lenders, NBFCs and institutional



capital providers usually focus on six questions.

1. Is the cash flow source predictable enough?

The lender will look at:

- PPA or ESA structure
- Counterparty credit quality
- Historical invoicing and realisation patterns
- Curtailment history
- State-level payment behaviour

A utility-scale project selling to a stressed DISCOM may still get a facility, but with lower leverage against receivables and tighter monitoring.

2. Is the borrowing base clean?

If receivables funding is proposed, the borrowing base must be auditable. Ageing schedules, invoice reconciliations, debit-note history and collection tagging matter. Weak MIS can reduce available limits even when the underlying asset is sound.

3. Are cash controls enforceable?

Escrow design remains central. Lenders prefer a controlled waterfall with clear priority for taxes, O&M, debt service, reserve top-up and permitted distributions. If sponsors want flexibility, they must show disciplined reporting and covenant compliance.

4. Is the project already stretched on term debt?

Working capital should support cash timing, not compensate for an overleveraged project. If base-case DSCR is already thin, lenders may see a revolving line as disguised structural leverage.

As a rule of thumb, projects with healthy operating history and meaningful headroom above downside debt service are more likely to secure efficient working capital terms.

5. Is there portfolio diversification?

A lender will price a five-state diversified operating pool differently from a single-state concentrated portfolio. Diversification across offtakers, technologies and payment cycles improves financeability.

6. Can the sponsor report impact and compliance credibly?

For institutions with sustainability mandates, borrowers increasingly need clear use-of-proceeds logic, KPI tracking and robust reporting discipline. This is where [Green financing frameworks](/coreservices/greenfinancing/greenfinancingframeworks) and [Impact quantification & MRV](/coreservices/greenfinancing/impactquantificationandmrv) can strengthen lender comfort, especially for international or blended capital conversations.

Practical 2026 strategy for developers and C&I platforms

For sponsors planning liquidity lines this year, the best results usually come from preparing the working capital case as rigorously as a refinancing case.

Build a 24-month monthly cash model

Annual models are not enough. A proper monthly model should include:



- Generation seasonality by asset
- Billing lag assumptions by counterparty
- GST and statutory timing
- O&M payment calendar
- Insurance and land-lease cycles
- Inverter and major maintenance events
- Debt service dates and reserve movements

This is often where sponsors discover that nominally profitable portfolios still face 2-4 months of acute liquidity compression each year.

Segment counterparties by collection risk

Do not present all receivables as equivalent. Split by:

- Central counterparties
- State DISCOMs by actual ageing
- C&I customers by credit profile
- Disputed versus undisputed invoices

This improves credibility and helps secure a more realistic borrowing base.

Match facility tenor to use case

Do not fund persistent structural cash deficits with short-term working capital. If the issue is actually tariff underperformance, underestimated auxiliary costs or weak PPA economics, the answer may be refinancing, equity support or covenant reset rather than a revolver.

Negotiate covenant logic carefully

Common pitfalls include:

- Excessively tight ageing triggers that freeze utilisation too early
- Broad cross-default clauses across all SPVs
- Distribution lock-ups based on temporary invoicing noise rather than realised cash stress
- Reserve requirements that duplicate each other and trap excess liquidity

A well-negotiated facility should preserve lender protection without making ordinary operating variability unfinanceable.

Use blended capital selectively

Some portfolios, especially those with developmental outcomes, storage integration, rural C&I decarbonisation or first-loss requirements, may benefit from [Blended & concessional finance](/coreservices/greenfinancing/blendedandconcessionalfinance). In these cases, concessional tranches or credit support can improve working-capital access where pure commercial debt remains conservative.

This is particularly relevant in segments where energy transition benefits are clear but payment behaviour or market maturity still constrains conventional lenders.

What policymakers and utilities should note



Working capital cost is not merely a sponsor issue. It feeds directly into sector efficiency, tariff sustainability and the cost of private capital.

If payment cycles extend from 45 days to 120 days, someone funds that gap. Usually, it is the developer balance sheet, an NBFC line or a lender-backed receivables structure. That cost eventually affects bidding appetite, required equity returns and future tariff expectations.

For policymakers and utilities, three implications follow:

- Faster invoice validation and payment discipline reduce the hidden financing cost of renewable procurement.
- Standardised digital billing and settlement data can improve receivable bankability.
- Predictable treatment of open-access charges and true-ups can lower liquidity premiums for C&I renewable platforms.

In short, sector liquidity discipline is a competitiveness issue, not only a treasury matter.

The 2026 bottom line

India's renewable market has matured beyond a singular focus on term loans and COD milestones. For operating solar, wind and storage assets, working capital finance is now a core value lever.

Projects with the same tariff, similar CUF and identical installed capacity can produce very different equity outcomes depending on receivable ageing, reserve design, O&M timing and liquidity governance. In a market where refinancing gains are narrowing and operating efficiency is under greater scrutiny, disciplined working capital strategy can materially improve resilience and returns.

For developers, C&I platform owners and lenders, the right approach is not to maximise short-term borrowing. It is to align receivables finance, reserve architecture, cash waterfall controls and portfolio reporting with the real operating rhythm of the asset base.

That is where specialist advisory matters: translating energy cash flows into financeable liquidity structures that lenders can underwrite and sponsors can actually operate.

If your team is evaluating receivables financing, operating liquidity lines, reserve redesign or portfolio-level debt strategy for renewable assets in India, contact Growthifye's advisory desk for a practical discussion tailored to your projects.

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).

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