Power Generation & Distribution Industry

Working Capital Management & Financing Guide

Power Sector – Market Overview

520.51 GW	50%	242.49 GW	4.05 Cr+	₹2,701 Cr
CAPACITY (2026)	NON-FOSSIL MIX	PEAK DEMAND	SMART METERS	DISCOM PROFIT

Structural Turnaround: After decades of losses, the Revamped Distribution Sector Scheme (RDSS) has brought DISCOMs into a profitable state by FY25.

The "Smart" Grid: Transitioning to a digital, participatory grid with Prepaid Smart Meters to eliminate billing leakages.

Energy Storage: 2026 marks the mass integration of Battery Energy Storage Systems (BESS) to manage high renewable penetration.

Supply Reliability: Rural power supply has surged to 22.6 hours/day, nearly matching urban averages.

Operational Process Flow

Fuel Sourcing	Generation	Transmission	Distribution
Coal/Gas procurement or Solar/Wind resource capture.	24/7 Monitoring via SCADA. Fuel to electricity conversion.	High-voltage transport via PowerGrid network corridors.	Voltage stepping down. Smart metering & digital collection.

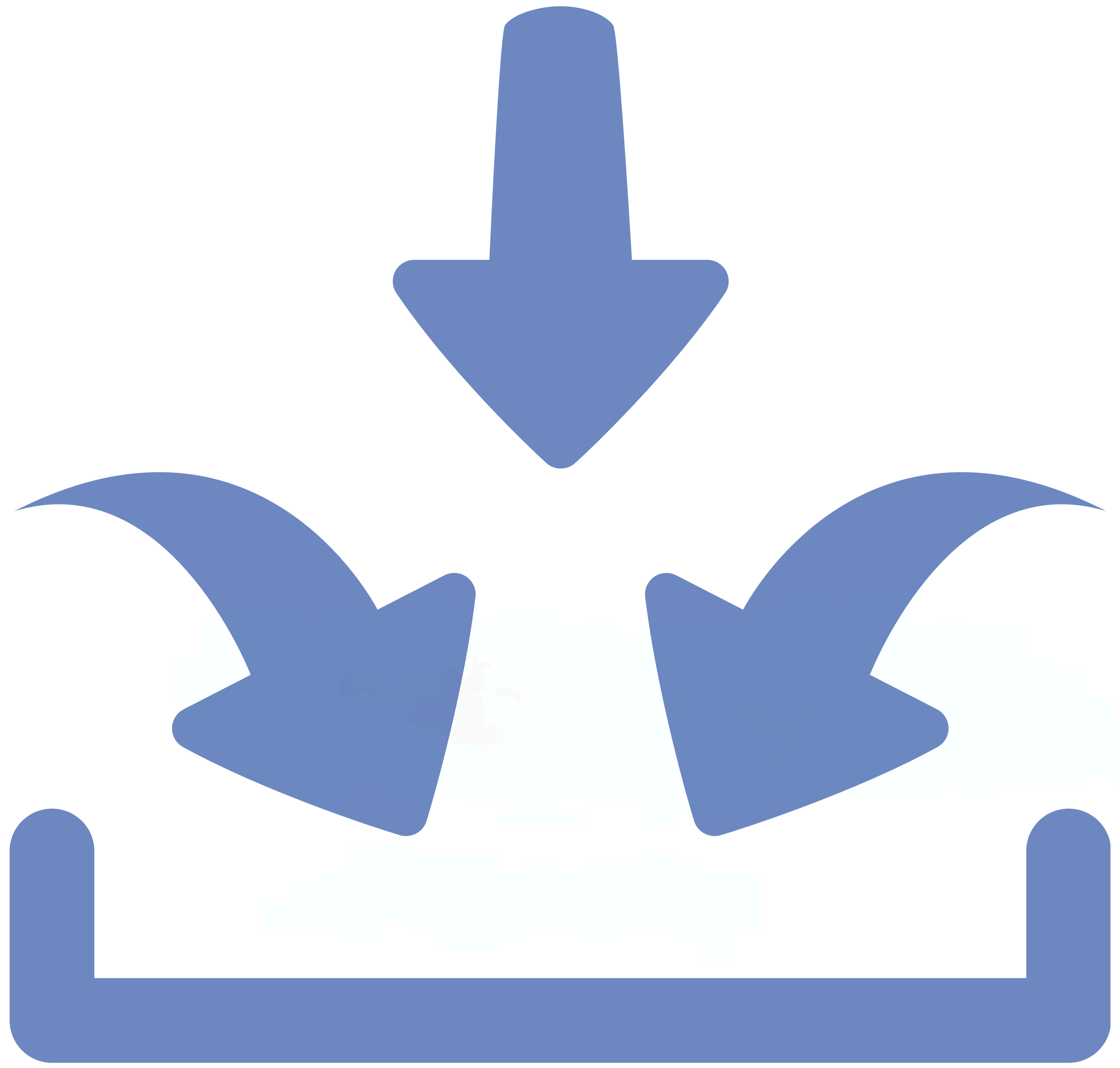
Key Resources & Critical Inputs

Fuel Assets: Domestic coal (Record 1Bn+ tonnes), gas imports, and nuclear fuel rods.

Grid Infrastructure: 5 Lakh ckm of transmission lines (2026) and 1,407 GVA transformation capacity.

Technology: AI-based load forecasting, smart meters, and Distribution Management Systems (DMS).

Compliance: CERC/SERC tariff regulations and environmental emission norms.



Revenue Streams & Deliverables

PPA-based Sales

Long-term contracts with DISCOMs. The primary revenue source for GenCos.

Merchant Power

Selling electricity on power exchanges (IEX/PXIL) at real-time market prices.

Ancillary Services

Grid balancing, frequency regulation, and reactive power support.

Transmission

Regulated returns (Cost-plus model) for wheeling power across states.

Retail Distro

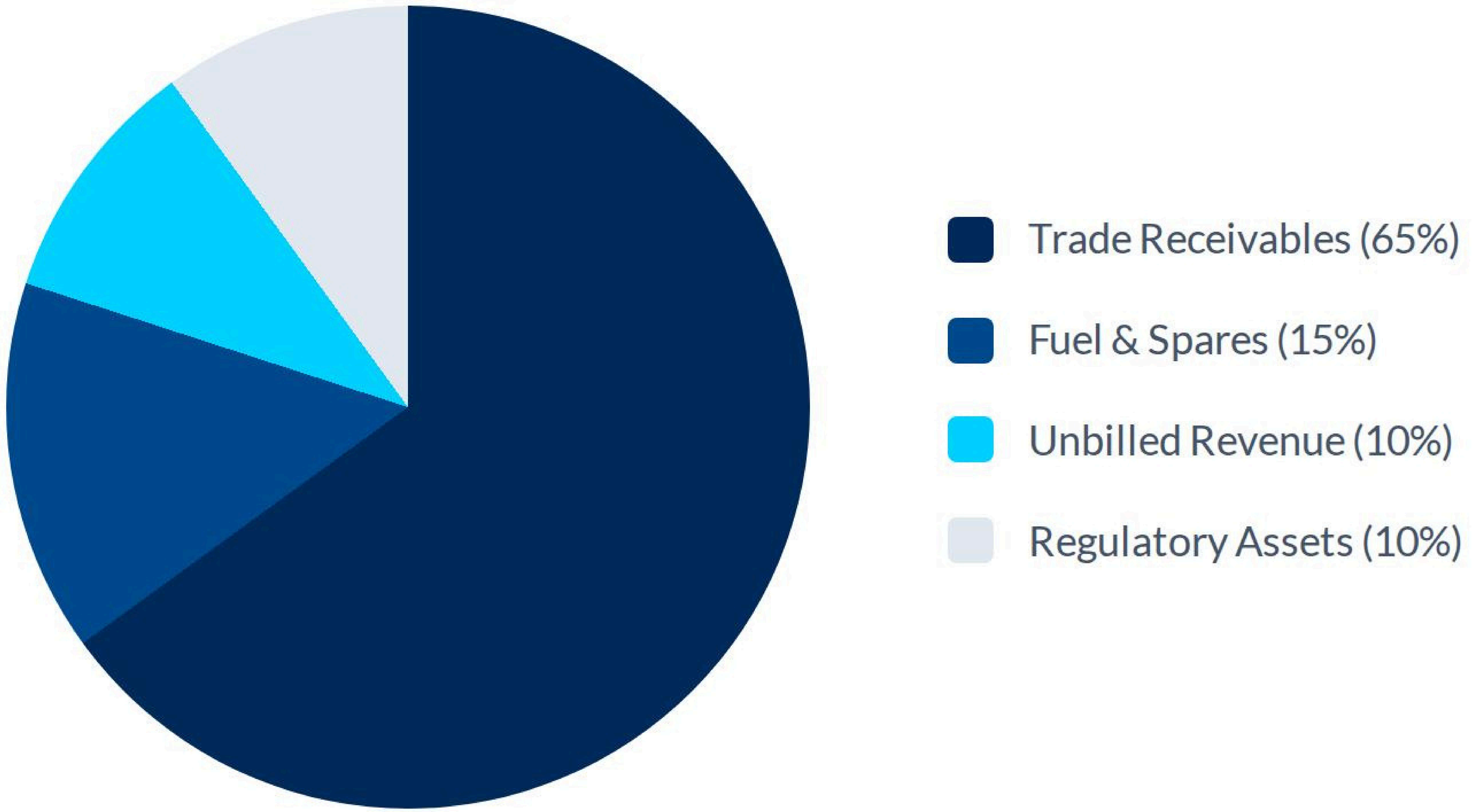
Revenue from domestic, commercial, and industrial (C&I) consumers.

Working Capital Cycle (Days)

The Cash Gap: 30 to 60 Days

Power firms face a significant liquidity gap driven by the lag between fuel expenditure and receiving payments from state-owned DISCOMs.

Current Asset Composition



Common Mistakes to Avoid

TERKAR CAPITAL

Poor Load Forecasting

Inaccurate demand sensing leads to expensive "Short-term Market" purchases during peak hours.

AT&C Loss Neglect

Allowing Aggregate Technical & Commercial losses to exceed 15% erodes DISCOM margins.

Reliance on Subsidies

Depending on state budget support instead of pushing for tariff rationalization.

Ignoring Constraints

Generating power in zones where evacuation lines are congested (curtailment).

Standard Operating Metrics

Metric	Industry Standard (2026)
PLF (Plant Load Factor - Coal)	68% - 74%
AT&C Losses (Distribution)	< 15% (Targeted under RDSS)
ACS-ARR Gap	< ₹0.06 per unit (Near Zero Target)
Debt to Equity	1.2x - 1.5x (Sector Average)
Billing Efficiency	> 98% (With Smart Meters)

Revenue Realization Periods

Merchant Sales

T+2 Days

Power exchange transactions provide the fastest cash flow.

B2B / Industrial

15–30 Days

Direct supply to large commercial enterprises.

DISCOMs

45–75 Days

Late Payment Surcharge kicks in after 75 days.

Residential

Real-time

Smart Meters convert credit into immediate 0-day cash.

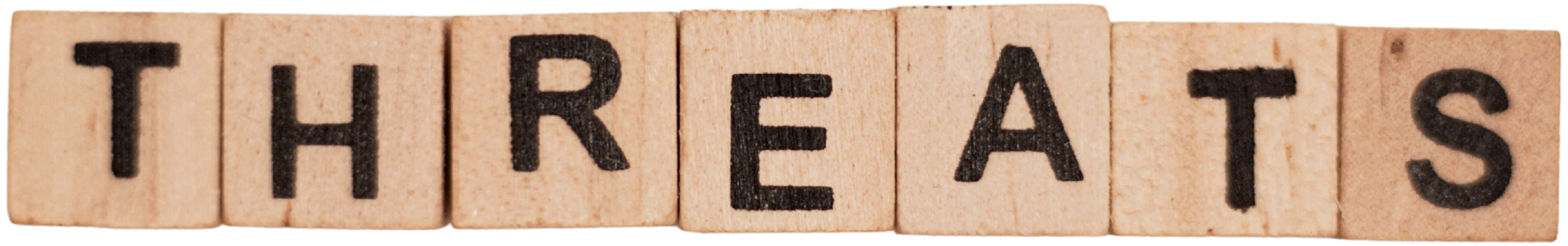
Industry Threats

DISCOM Fragility: High debt levels and political resistance to tariff hikes.

Grid Intermittency: Managing 200 GW+ of variable solar/wind without destabilizing the national grid.

Cyber Threats: Vulnerability of national load dispatch centers to state-sponsored hacking.

Decarbonization: Pressure to retire older, inefficient thermal units (18.2 GW by 2026).



How Terkar Capital Can Help

WC Limits

Up to ₹100 Cr+ for GenCos and DISCOMs to bridge the fuel-payment gap.

Smart Metering

Specialized funding for the large-scale rollout of digital infrastructure.

Capex Loans

Long-term debt for building private transmission corridors (GEC).

Invoice Discounting

Immediate liquidity against PPA invoices billed to central/state utilities.

Refinancing Debt

Moving from high-cost construction debt to lower-cost operational debt.

TERKAR CAPITAL

Partner with Terkar Capital

Powering the Nation with Strategic Capital Solutions.

Head Office, Pune and PCMC

101, 102, 103, Castle Eleganza, Dr. Ketkar Road, Erandavane, Pune. Maharashtra 411004.

Corporate Office, Mumbai

The Capital, Level 3, B-Wing, Plot C – 70, G Block, BKC, Bandra (E), Mumbai-400051, India.