

India offers an investment opportunity of ~USD 125 billion across the Green Hydrogen value chain by 2030: Avendus Capital

Mumbai, April 04, 2024

Avendus Capital, India's leading Investment Bank, unveiled a report underlining the decarbonization potential of Green Hydrogen and the role it could play in India's transition to a greener economy, estimating cumulative investments of ~USD 125 billion by 2030, across the value chain in India. This growth will be driven by rising sustainability focus, demonstrated commercial viability, ever-expanding use cases and a strong regulatory push. The report meticulously charts the course from production methodologies to wide-ranging applications, underlining significant opportunities and dispelling myths surrounding the economic viability of Green Hydrogen.

Prateek Jhawar, Managing Director & Head, Infrastructure & Real Assets Investment Banking, Avendus Capital said, "India is home to one of the cheapest renewable electricity costs globally, has abundant availability of fresh water and is emerging as a global manufacturing hub – three essential elements required for the production of Green Hydrogen at a competitive cost. We see an emergence of the first set of serious standalone and integrated participants forging partnerships to aggregate capabilities and infrastructure to tap into Green Hydrogen derivatives. While the C&I business model for domestic consumption of Green Hydrogen will drive the first set of investments in the sector, the steel industry will form the largest share of off-take contracts in the near-term with the imposition of the Carbon Border Adjustment Mechanism in the EU."

In order to bolster Green Hydrogen production and local electrolyser manufacturing, the Indian Government has brought in significant production linked incentives (PLI) and players have actively participated and won capacities in tranche 1. The emergence of Green Hydrogen has also increased the target market for Renewable IPPs and can lead to improvement in project economics. According to the report, early-stage investment risks are likely to be short-lived as the sector is already at an inflection point.

Akhil Dokania, Director, Infrastructure & Real Assets Investment Banking, Avendus Capital said, "In terms of project bankability, Green Hydrogen is already viable for a subset of target off takers and its derivatives are also gaining visibility in global markets. Hence, long-term contracts are already available. In the absence of long-term contracts, we expect the grey molecule price benchmarks to act as de-facto for debt sizing and a corporate financing model to emerge and co-exist with the project financing model."

"Ammonia is the largest end-user segment for Green Hydrogen in the near-term and it plays a pivotal role in producing Green Hydrogen at scale. We expect that a nuanced understanding of global trade dynamics and risks to existing business will drive Oil & Gas companies to invest in Green Ammonia. There is also a potential for partnerships and joint ventures between developers and fertilizer companies, owing to their lack of expertise in the sale of Ammonia.

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Contact: Lynette D'souza

Tel: +91 9920847823

Email: lynette.dsouza@avendus.com

Avendus Capital

Regd. Office: 901, Platina, 9th Floor, Plot No. C-59,
Bandra Kurla Complex, Bandra (E), Mumbai 400051,
Maharashtra

Given the push for hydrogen mobility, an offtake market for Green Hydrogen refueling is also likely to emerge, especially for long haul and large road applications,” added **Akhil**.

About Avendus

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Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus’ wide range of clients is testimony to its ability to serve its corporates throughout their life cycle – growth stage funding, large-sized transactions, M&A advisory and access to public markets.

Avendus Capital Inc, located in New York, is an Avendus Group entity offering M&A and Private Equity syndication services to clients in the US.

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