

Indian data centre industry to reach ~1,700 MW capacity by 2025 at ~40% CAGR, attracting USD 5 billion: Avendus Capital

Mumbai, May 19, 2023

Avendus Capital, India's largest investment banking franchise, unveiled a report highlighting the key drivers leading to the success of Data Centres in India, taking a deep dive into the return dynamics, investor interest, and market landscape. According to the report titled, **Data Centres: Powering Digital India**, the sector is expected to lead the next wave of Real Assets investments by growing at a CAGR of ~40% to reach a capacity of ~1,700 MW by 2025, on the back of investments worth USD 5 billion.

The Indian data centre market has grown by 48% over the last three years from 540 MW in 2019 to over 800 MW of installed capacity in 2022. Currently, developers are addressing a pipeline of over 3,000 MW i.e. 300 MW per annum over the next 10 years, with a capex requirement of USD 23 billion. The next leg of growth will be driven by the exponential increase in data consumption & storage, governmental thrust on data localisation and the need for high bandwidth, following the launch of 5G.

Launching the report, **Prateek Jhavar, Managing Director and Head, Infrastructure & Real Assets Investment Banking, Avendus Capital** said, "We're very bullish about the opportunity that lies in the data centres market. We expect a ~40% CAGR – the highest in the Real Assets space – reaching a ~1,700 MW capacity by 2025. Global investors are most likely to partner with domestic players, owing to their access to land banks, ability to procure regulatory approvals, as well as their civil, mechanical and electrical fit-out capabilities. We expect real estate developers and investors to evaluate the option of converting their underlying portfolio into REITs, creating perpetual yield income, much like their global counterparts."

According to **Vaibhav Garg, Vice President, Infrastructure & Real Assets Investment Banking, Avendus Capital** and chief author of the report, "The Data Centre market is highly underpenetrated with a vast majority of hyper-scalers and enterprise customers being under-served. The returns profile of the industry is expected to gradually shift towards commercial, industrial and other real assets space. As hyperscale developers are already generating 30%+ IRR, it offers room for compression. The sector is expected to attract the attention of multiple categories of investors across the value chain, including growth capital, buyout, private equity, real estate and infrastructure investors."

About Avendus

Avendus Group is a leading financial services firm with a presence in the areas of Investment Banking, Institutional Equities, Wealth Management, Credit Solutions and Asset Management. Established in 1999 in Mumbai, India, Avendus is today present in 11 cities across India, the US, UK and Singapore. Avendus partners with the Indian entrepreneur ecosystem to provide differentiated solutions that enable clients to meet their strategic aspirations.

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 – from growth stage funding to large-sized transactions, and M&A advisory.

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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