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Hormuz Crisis as Catalyst? India's decadal opportunity

The Strait of Hormuz disruption has exposed India's energy dependency – but for astute investors, it has also unlocked a multi-decade structural shift across renewables, domestic refining, defense, agri-tech, logistics, and manufacturing. Here is where the money is moving.

SETTING THE STAGE: WHY THIS MOMENT IS DIFFERENT

History's greatest investment themes have almost always been born from disruption. The 1973 oil embargo seeded the first wave of energy technology innovation. The 2008 financial crisis forged a generation of fintech giants. And the 2026 closure of the Strait of Hormuz – through which 20% of the world's oil and significant LNG volumes once flowed freely – is now setting off a structural reset in how India produces, stores, distributes, and consumes energy.

India imports nearly 85% of its crude oil and was sourcing roughly 45% of that through the Strait of Hormuz before the crisis. The disruption has not just created a short-term supply shock – it has permanently altered the political calculus around energy security.

Crude Oil Imports by Country – FY 2024-25

The Hormuz-dependent share of crude oil (Iraq + Saudi Arabia + UAE + Kuwait) stands at approximately 46%.

Country	Share	Est. Volume (Per Day)	Notes
Russia	35.8%	~1.04 mn bpd	Discounted Urals; India's largest supplier since 2022
Iraq	17.5%	~0.85 mn bpd	Long-term contracts; Basra heavy crude
Saudi Arabia	14.5%	~0.68 mn bpd	Arab Light; Aramco long-term supply deals
UAE	9.5%	~0.45 mn bpd	Murban grade; storage & logistics hub
USA	6.5%	~0.31 mn bpd	WTI/Eagle Ford; rising fast since 2024
Nigeria / W. Africa	5.5%	~0.26 mn bpd	Bonny Light; diversification source
Kuwait	4.5%	~0.21 mn bpd	Kuwait Export Crude; KPC agreements
Others	6.2%	~0.29 mn bpd	Brazil, Angola, Mexico, Libya etc.

LNG Imports by Country – 2024

Key insight: Qatar alone supplies 40.7% of India's LNG – and combined with UAE and Oman, over 57% of LNG imports transit the Strait of Hormuz.

Country	Share (2024)	Value / Volume	Notes
Qatar	40.7%	\$6.4 bn / 11.3 bn kg	Dominant via long-term SPAs; fully Hormuz-dependent
USA	19.5%	\$2.5 bn / 5.4 bn kg	Sabine Pass, Freeport; rapidly growing; Hormuz-free
UAE	11.4%	\$1.7 bn / 3.2 bn kg	ADNOC LNG; Hormuz-dependent
Angola	7.1%	\$1.1 bn / 2.0 bn kg	Atlantic basin; spot cargoes; Hormuz-free
Oman	5.2%	\$0.8 bn / 1.5 bn kg	Qalhat LNG; exits via Hormuz
Others	16.1%	~\$1.3 bn (est.)	Incl. Australia (Gorgon/Ichthys), Russia (Sakhalin-2/Yamal), Malaysia, Nigeria & spot cargoes

For investors – domestic and foreign alike – the question is not whether the crisis creates opportunity. It plainly does. The question is where to look, how to size it, and how to think about timing. These brief maps the most compelling themes.

OPPORTUNITY 1: RENEWABLE ENERGY – THE DECADE-DEFINING TRADE

If there is a single investment thesis that the Hormuz crisis has made irrefutable, it is India's renewable energy buildout. India's government had already committed to 500 GW of non-fossil energy capacity by 2030 under its National Energy Mission. The crisis has not changed that target – it has made it a matter of national security, not merely climate policy. The political will is now undeniable, and that changes the risk-reward calculus for investors significantly.

Solar and wind are the most immediate beneficiaries. India's solar irradiance is among the highest in the world, and the cost of utility-scale solar has fallen over **85% in the past decade**, making new capacity genuinely cost-competitive with imported fossil fuel generation – a dynamic that the current oil price spike has made even more compelling. Listed players in solar manufacturing (modules, cells, wafers), EPC contractors, and renewable IPPs – companies with long-term power purchase agreements and strong balance sheets – are positioned to compound earnings for years.

INVESTMENT THEME Solar Manufacturing & Renewable IPPs

Companies listed in the power sector, especially the solar and wind segment are scaling rapidly. The PLI scheme for solar PV manufacturing offers 5-year tax incentives for domestic module production. India added over 18 GW of solar in FY2025 alone – the pace is set to accelerate. Investors should evaluate project pipelines, PPA tenure, and debt-to-equity structures carefully.

Green hydrogen is the longer-dated but potentially more transformative play. India's National Green Hydrogen Mission targets 5 million metric tonnes of production annually by 2030, with over ₹19744 crore in government incentives already allocated. As a country that currently imports large volumes of LNG for industrial heat and fertilizer production, the substitution opportunity for domestically produced green hydrogen is enormous – and the Hormuz crisis has made the import-substitution logic undeniable.

OPPORTUNITY 2: STRATEGIC PETROLEUM INFRASTRUCTURE

India's strategic crude oil reserve currently covers approximately 30 days of consumption – thin by any international standard. The US Strategic Petroleum Reserve covers roughly 90 days; Japan holds over 100 days. The crisis has made expanding India's reserve capacity a top policy priority, and the government has signalled plans to double strategic storage over the next five years.

This translates into significant capital deployment in underground cavern storage facilities, port infrastructure for crude reception, and pipeline connectivity between strategic reserves and refinery hubs. India's existing SPR sites at Visakhapatnam, Mangaluru, and Padur have a combined capacity of **5.33 million metric tonnes** – the expansion programme is expected to add at least an equivalent volume. Engineering / construction firms with offshore and underground infrastructure capability, as well as companies involved in port deepening and tanker berth expansion at key receiving terminals, stand to benefit directly from this capital programme.

INVESTMENT THEME Storage, Pipelines & Port Infrastructure

The Indian government has identified Chandikhol (Odisha) and Padur Phase II as priority expansion sites. Companies with EPC capabilities in underground cavern construction, marine terminal infrastructure, and pipeline engineering are well positioned. Additionally, LNG regasification terminal capacity is being fast-tracked, creating opportunities for port developers and terminal operators.

OPPORTUNITY 3: DEFENCE & MARITIME SECURITY

“Energy security is now indistinguishable from national security. Countries that cannot protect their supply lines will be subject to coercion. India has decided it will not be one of them.”

— Senior Indian Ministry of Petroleum official, March 2026

The Hormuz crisis has brought into sharp focus India's need for credible maritime security capability – the ability to escort its own tankers, protect its shipping lanes, and project power in the Indian Ocean Region. India's defence budget for FY2026 stands at ₹6.21 lakh crore, with the naval allocation seeing a step-change increase. Domestically built warships, maritime patrol aircraft, and underwater surveillance systems are being prioritized under the Aatmanirbhar Bharat defence manufacturing programme.

For investors, the defence manufacturing sector represents a rare combination of **government-contracted revenue, long asset cycles, and rising export potential**. Large PSU defence companies have all seen material order book expansion. Even Private sector entrants in the defence segment are scaling rapidly under liberalised defence FDI rules that now permit 100% foreign ownership in certain segments.

INVESTMENT THEME Naval Shipbuilding & Defence Electronics

India's defence export target has been raised to ₹50,000 crore by 2028–29. The Navy's Project 75I for additional submarines and the Coast Guard's offshore patrol vessel programme represent multi-year revenue visibility. Investors should focus on companies with confirmed order books, proven manufacturing credentials, and exposure to dual-use technology.

OPPORTUNITY 4: DOMESTIC FERTILIZER PRODUCTION & AGRI-TECH

One of the least discussed but most structurally significant consequences of the Hormuz crisis is its impact on India's fertilizer supply chain. India imports approximately 40% of its fertilizers from the Middle East, predominantly urea and DAP manufactured using Gulf natural gas. Global urea prices have doubled in the wake of the crisis. This is painfully disruptive in the short term – but it makes the case for domestic fertilizer production capacity expansion more compelling than at any point in India's post-Green Revolution history.

The government has already indicated plans to revive idled domestic urea plants and bring new capacity onstream using domestic natural gas and, increasingly, green ammonia. India's coal gasification programme – which can produce syngas for urea manufacture using domestic coal – has received fresh impetus. Companies involved in **domestic urea manufacturing, complex fertilizer blending, and green ammonia production** are at the intersection of energy security and food security – a compelling combination that is likely to attract sustained policy support for years.

Beyond fertilizers, the crisis has accelerated interest in precision agriculture and Agri-tech platforms that help farmers optimize input use. As fertilizer costs rise, technologies that improve nutrient use efficiency – soil sensors, AI-driven crop advisory, drone-based application systems – move from nice-to-have to economically essential. India’s agri-tech sector, already attracting significant venture capital, now has an additional demand catalyst.

OPPORTUNITY 5: ELECTRIC VEHICLES & LOGISTICS TRANSFORMATION

India’s road transport sector consumes a disproportionate share of the country’s imported crude, with diesel powering the vast majority of commercial freight. The Hormuz crisis has made the structural case for electrifying India’s logistics fleet not just environmentally sound but economically urgent. Every kilometer driven on domestic electricity rather than imported diesel reduces India’s exposure to Middle East geopolitics – a logic that policymakers and fleet operators alike are internalizing rapidly.

Electric two-wheelers and three-wheelers have already crossed the tipping point on total cost of ownership in India. The next frontier is electric commercial vehicles – light commercial, last-mile delivery, and eventually heavy trucks. Companies building **EV fleets, charging infrastructure, battery manufacturing, and fleet management software** are all positioned to capture value from this shift. The PLI scheme for Advanced Chemistry Cell batteries, with ₹18100 crore in incentives, is already pulling global battery manufacturers into India.

INVESTMENT THEME EV Ecosystem & Battery Manufacturing

India’s EV penetration in two-wheelers has crossed 6% and is tracking toward 30% by 2030 under FAME III. The commercial vehicle EV segment is projected to grow at over 40% CAGR through 2030. Battery manufacturing capacity under PLI is expected to reach 50 GWh by 2028. Early-stage investments in charging infrastructure and fleet electrification platforms offer the most attractive risk-adjusted entry points.

THE INVESTOR’S TAKEAWAY

Crises create clarity. The Hormuz disruption has done something that years of policy papers could not: it has made India’s energy vulnerability visible, tangible, and politically untenable. The response – already unfolding across government budgets, regulatory frameworks, and corporate capital allocation – is a multi-decade investment supercycle in energy independence, domestic manufacturing, and supply chain resilience.

The themes identified in this brief – renewable energy, strategic petroleum infrastructure, defence and maritime security, domestic fertilizer production, electric mobility, and refining diversification are not speculative bets on a recovery. They are structural responses to a structural problem. Investors who understand that the Hormuz crisis is not a temporary disruption but a permanent inflection point in India’s energy strategy will find this moment rich with opportunity.

As always, entry timing, stock selection, and risk management matter. But the direction of travel is clear. India is spending its way to energy independence – and the companies helping it get there will be the defining investment stories of this decade.

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SOURCES & REFERENCES

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