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DATA CENTRES (DC)

India's digital backbone to strengthen with Rs. 90,000-crore data centre impetus during FY2026-FY2028

September 2025

Agenda

1 Evolution of Data centres (DC)

2 Types of services

3 Operating cost structure

4 Capex plans

5 Edge DCs

6 Industry outlook

Agenda

7 Peer comparison

8 Ratings in the sector

9 Annexure

List of abbreviations

	Abbreviation
APAC	Asia Pacific
BFSI	Banking, financial services and insurance
CRAH units	Computer room air handler units
DG Sets	Diesel generator sets
EMEA	Europe, the Middle East and Africa
ESG	Environmental, Social and Governance
GST	Goods and Services tax
HT/LT Panels	High tension/ low tension panels
HVAC	Heating, Ventilation, and Air Conditioning
IDC	Interest during construction
IT/ITES	Information Technology/ Information Technology Enabled Services
KW/ MW/GW	Kilowatt/Megawatt/Gigawatt
MEP	Mechanical, Electrical and Plumbing costs
PDUs	Power distribution units
UPI	United Payments Interface
UPS	Uninterrupted power service

Highlights

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Indian third-party data centre (DC) operational capacity is expected to double to 2400 – 2500 MW by FY2028. Mumbai accounts for ~50% of the current operational capacity.

Co-location services, backed by hyperscalers, contribute to the majority (85-90%) of the DC revenues for major developers.

The global data centre capacity is estimated to be around 42 gigawatt (GW) with the US contributing to around 50%. India accounts for ~3% of the global installed capacity as of March 2025. However, this is likely to increase in the medium term, supported by data explosion and favourable regulatory policy initiatives. Low latency and high-speed requirements are driving edge DC business in the country. however, India is currently in nascent stages of its adoption.

ICRA expects India's DC operational capacity to increase to 2,400-2,500 MW by FY2028 from 1,250 MW in FY2025, involving investment of around Rs. 90,000 crore in FY2026-FY2028, supported by internet/data usage and data localisation initiatives. Further, established DC players and new players, which have entered this sector in the last 3-4 years, have a development pipeline of 3.0-3.5 GW to be delivered in the next 7-10 years, involving significant investments of Rs. 2.3-2.5 lakh crore.

Around 95% of the existing operational capacity is in six cities in India with Mumbai and Chennai leading the race due to their inherent advantage in the form of the dense wet cable ecosystem, which offers best latencies (amount of time it takes for a data to travel from one place to another). Mumbai has been the frontrunner due to its central location, reliable power and cable landing stations. Mumbai contributes to ~50% of the current operational capacity and is expected to remain the key location for the upcoming DC capacity in India.

As competition is heating up in DC space with the entry of new players, pricing flexibility is getting increasingly constrained, which will exert a drag on the profitability and return metrics for the incremental business. ICRA's analysis suggested that data centre operators in recent years have tapped long-tenured funding (12-18 years), which has helped them maintain a comfortable credit profile, offsetting some pressure on their pricing flexibility.

**includes NTT GDC India, STT GDC India, CtrlS Datacentres, Sify Infinit Spaces and Nxtra Data Limited which account for 70-75% of industry revenues and operational DC capacity in India*

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Thank You!