

February 04, 2025

NTT Global Data Centers BLR4 Private Limited: [ICRA]A+ (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	960.00	[ICRA]A+ (Stable); assigned
Long-term – Fund-based – Overdraft^	40.00	[ICRA]A+ (Stable); assigned
Total	1000.00	

*Instrument details are provided in Annexure I; ^Including Sub limit of WCDL of Rs. 40 crore and BG of Rs. 30 crore

Rationale

The assigned rating for NTT Global Data Centers BLR4 Private Limited (NTT GDC BLR4) factors in the strong parentage, being a wholly-owned subsidiary of NTT Global Data Centers Holding Asia BLR4 Pte limited, which is a step-down subsidiary of Nippon Telegraph and Telephone Corporation (NTT), rated by Moody's at A1 (Negative). NTT is a leading integrated Japanese telecom operator with the Government of Japan holding about 34.81% (as on September 30, 2024) stake in the company. ICRA expects NTT to provide timely funding support to NTT GDC BLR4, given the close business linkages and NTT's reputation sensitivity to default.

NTT GDC BLR4's data centre (DC) campus in Bangalore is spread across 8.6 acres with an expected capacity of 67.2 MW across three phases with an equal capacity of 22.4 MW. At present, DC 1 with a capacity of 22.4 MW is being developed. The project cost for the same stands at Rs. 1,476.4 crore, which is being funded through debt-to-equity ratio of 65:35. As of September 2024, ~55% of the equity has been infused and ~20% of the project cost has been incurred. The rating considers the strong long-term demand prospects for DCs, backed by digital data explosion in India and favourable regulatory support.

The rating, however, is constrained by the exposure of DC 1 of NTT GDC BLR4 to execution risk. The project remains exposed to market risk, given there is no leasing tie-up as on date. Any delay in tying up of leases at adequate rates would adversely impact the debt protection metrics and would remain a key monitorable. However, comfort can be drawn from the NTT GDC Group's (sponsors') operational track record and commitment to infuse additional contribution to support any funding requirements. ICRA derives strong comfort from the company's parentage, which provides high financial flexibility. Further, the company plans to develop phase 2 and phase 3 (22.4 MW each) of the DCs in the medium term, post the ramp-up of DC 1.

The rating is constrained by the stiff competition from large DC additions with the entry of many new players in the segment and expansion plans of the existing players. However, the long-term relationship with reputed clients provides the NTT GDC Group a competitive advantage to some extent.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company would be able to achieve adequate leasing progress by FY2027 benefitting from the healthy demand prospects for the sector and strong sponsor profile, who are likely to provide operational and financial support.

Key rating drivers and their description

Credit strengths

Strong parentage – NTT GDC BLR4 is a wholly-owned subsidiary of NTT Global Data Centers Holding Asia BLR4 Pte. Ltd, which is 100% held by NTT Global Data Centers Holding Asia BLR4 Pte. Ltd., with the ultimate parent being Nippon Telegraph and Telephone Corporation (NTT), rated by Moody's at A1 (Negative). NTT is a leading integrated Japanese telecom operator with the Government of Japan holding about 34.81% (as on September 30, 2024) stake in the company. ICRA expects NTT to provide timely funding support to NTT GDC BLR4, given the close business linkages and NTT's reputation sensitivity to default.

Low funding risk for first phase of project – NTT GDC BLR4's DC campus in Bangalore is spread across 8.6 acres with an expected capacity of 67.2 MW across three phases with an equal capacity of 22.4 MW. At present, DC 1 with a capacity of 22.4 MW is being developed. The project cost for the same stands at Rs. 1,476.4 crore, which is being funded through debt-to-equity ratio of 65:35. As of September 2024, ~55% of the equity has been infused and ~20% of the project cost has been incurred.

Digitisation and favourable regulations support long-term prospects of datacentres – Data localisation and data explosion are paving the way for DC revolution in India. Digitisation drivers like adoption of new technologies (Cloud, IoT, generative AI, Big Data and 5G rollout), increase in digital penetration (internet usage, mobile penetration), e-commerce, Government focus on digital infrastructure and favourable regulatory policies like Digital Data Protection Bill, infrastructure status to data centres, special incentives from the Central and state governments are expected to boost DC investments in the country and demand for the sector.

Credit challenges

Exposure to project execution and market risks – The first phase of NTT GDC BLR4 is exposed to execution risk. The project faces market risks, given there is no leasing tie-up as on date. Any delay in tying up of leases at adequate rates would adversely impact the debt protection metrics and would remain a key monitorable. However, comfort can be drawn from the NTT GDC Group's (sponsors') operational track record and commitment to infuse additional contribution to support any funding requirements. ICRA derives strong comfort from the company's parentage, which provides high financial flexibility.

Large medium-term capex plans – The data centre park is planned to add an additional capacity of 44-45 MW (DC 2 and DC3) post completion of leasing for DC 1. The company's ability to ramp up the leasing of the new data centres remains to be seen.

Stiff competition from other players – The rating is constrained by the intense competition from large DC additions with entry of many new players in the segment and expansion plans from the existing players. However, the long-term relationship with reputed clients, competitive pricing and strong technology support from NTT provide NTT GDC BLR4 a competitive advantage to some extent.

Liquidity position: Adequate

The company's liquidity position is adequate. The project cost of the first phase of the DC 1 is estimated to be funded by debt-to-equity ratio of 65:35. The debt has been sanctioned, and the company has drawn ~Rs. 100 crore in its first tranche. Around Rs. 285 crore of equity has been infused till September 30, 2024 and the balance is expected to be infused as per the capex phasing. The repayment of loan is likely to start from H2 FY2028.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is significant ramp-up of leasing at adequate rates resulting in improvement in debt coverage and leverage metrics. In addition, leasing occupancy of more than 85% for phase 1 and visibility on leasing pipeline for phase 2 will be a credit positive.

Negative factors – Negative pressure on the rating could arise if there are considerable delay in leasing leading to subdued revenues resulting in weakening of debt protection metrics, on a sustained basis. Any material cost or time overruns in project completion would be a negative factor. Also, a material deterioration in the credit profile or weakening of linkages with NTT will result in rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Parent Company: NTT Global Data Centers Holding Asia Pte. Ltd, Ultimate Parent Company: Nippon Telegraph and Telephone Corporation (NTT) The rating assigned to NTT Global Data Centers BLR4 Private Limited (NTT GDC BLR4) factors in the likelihood of its ultimate parent, NTT, extending financial support to NTT GDC BLR4 through NTT Global Data Centers Holding Asia Pte. Ltd because of close business linkages between the entities. ICRA expects NTT to extend financial support to NTT GDC BLR4 out of its need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

About the company

NTT Global Data Centers BLR4 Private Limited was incorporated in India on March 2023. It is a 100% subsidiary of NTT Global Data Centers Holding Asia BLR4 Pte. Ltd., which is 100% held by NTT Global Data Centers Holding Asia Pte. Ltd. NTT Global Data Centers Holding Asia Pte. Ltd. is ultimately held by Japan's Nippon Telegraph and Telephone Corporation (NTT rated by Moody's at A1 (Negative)). NTT GDC BLR4 provides data centre services to domestic and global enterprises to customers from different verticals. The data centre campus is spread over 8.6 acres in Bangalore and will support 67.2 MW capacity in three phases. At present, the company is constructing DC1, which will have a capacity of 22.4 MW.

Key financial indicators

Not applicable being a project-stage company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Feb 04, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	960.00	[ICRA]A+(Stable)	-	-	-	-	-	-
Fund-based – Overdraft	Long term	40.00	[ICRA]A+(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Overdraft	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based – Term loan	FY2024	NA	FY2039	960.00	[ICRA]A+ (Stable)
NA	Long-term – Fund-based – Overdraft*	NA	NA	NA	40.00	[ICRA]A+ (Stable)

Source: Company; * Including Sub limit of WCDL of Rs. 40 crore and BG of Rs. 30 crore

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Abhishek Lahoti

+91 40 6939 6433

abhishek.lahoti@icraindia.com

Rabbani Mohammed D

+91 40 6939 6422

d.rabbani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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