

March 21, 2025

## CtrlS (India) Private Limited: Rating upgraded to [ICRA]A+ (Stable) from [ICRA]A- (Stable)

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Term loan	170.00	300.00	[ICRA]A+ (Stable); upgraded from [ICRA]A- (Stable)
Unallocated limits	200.00	71.00	
Non-fund based facilities	1.00	0.00	-
<b>Total</b>	<b>371.00</b>	<b>371.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade for CtrlS (India) Pvt. Ltd. (CIPL) factors in the expected increase in rentals in FY2026, with improvement in debt coverage metrics on the back of refinancing of loan with an elongated tenure and lower interest rate, along with ICRA's expectation that CIPL's credit profile will benefit from continuing operational and financial support from CtrlS Datacenters Limited (CtrlS). As on date, the company has three operational data centres (DC III, DC III NX, DC IV, and DC V), which has been given on a lease basis to a group company and strong counterparty, CtrlS (rated [ICRA]AA- (Stable)/[ICRA]A1+). It has two under-construction assets (DC VI and DC VII), which will be handed over by Q2 FY2026. Further, in FY2025, CIPL has refinanced its existing lease rental discounting (LRD) loan (Rs. 110 crore) with a top-up loan (total debt of Rs. 300 crore) with an elongated tenure and lower interest rate. This has resulted in improved debt coverage metrics with 5-year average DSCR projected to be around 2.2-2.4 times in FY2025-2029 (PY: 1.3 times) and leverage, as measured by total debt/net operating income (NOI), is expected to be comfortable at 2.2 – 2.6 times as of March 2025 and March 2026 (compared to 2.1 times as of March 2024), despite the top-up debt availed. Moreover, the group company, CtrlS has provided a corporate guarantee to the new loan of Rs. 300 crore, which was not there as a part of the earlier sanction terms. ICRA expects the group company, CtrlS, to provide timely financial support to CIPL for funding any shortfall, given their close operational and financial linkages, CIPL's strategic importance to CtrlS and the Group's reputation sensitivity to default. Consequently, the rating approach is factoring in the implicit support from the group company. The rating derives comfort from the long operational track record of the CtrlS Group in the DC business.

At present, CIPL is undertaking capex towards construction of DC VI and DC VII at a total cost of ~Rs. 240 crore, which is funded through debt of Rs. 190 crore (top-up loan) and the balance through internal accruals/security deposits. Both the buildings are likely to be handed over to CtrlS by Q2 FY2026 and timely delivery of the ongoing capex remains monitorable. The rating is constrained by the exposure to geographical and tenant concentration risks, given the entire rentals are expected from a single location and a single tenant. However, strong counterparty profile and track record of timely receipt of rentals provide comfort. Further, the debt coverage ratios are vulnerable to decline in rental rates or change in interest rates. The debt coverage metrics are vulnerable to material decline in rental rates or change in interest rates.

The Stable outlook on the rating reflects ICRA's belief that the company would benefit from its strong counterparty, stable stream of cash flows and comfortable debt protection metrics.

## Key rating drivers and their description

### Credit strengths

**Strong counterparty with entire space to be leased out to group company, CtrlS** – CIPL has handed over all the three operational DCs to a strong counterparty and group company, CtrlS. The company will hand over the operation of DC VI and DC VII to CtrlS once the construction is completed by Q2 FY2026, with CtrlS funding the mechanical, electrical, and plumbing (MEP) related capex for all the DCs. CIPL will benefit from the long operational track record of the CtrlS Group in the DC business. At present, the Group operates 15 DCs at eight locations in India under the Group's flagship company, CtrlS.

**Comfortable debt protection metrics** – In FY2025, CIPL has refinanced its existing LRD loan (Rs. 110 crore) with a top-up loan (total debt of Rs. 300 crore) with an elongated tenure and lower interest rate. This has resulted in improvement in debt coverage metrics with 5-year average DSCR projected to be around 2.2-2.4 times in FY2025-2029 (PY: 1.3 times) and leverage, as measured by total debt/NOI, is expected to be comfortable at 2.2 – 2.6 times as of March 2025 and March 2026 (compared to 2.1 times as of March 2024), despite the top-up debt availed. Moreover, the group company, CtrlS, has provided a corporate guarantee to the Rs. 300-crore new loan, which was not there as a part of earlier sanction terms.

### Credit challenges

**Capex plans underway** – At present, CIPL is undertaking capex towards construction of DC VI and DC VII at a total cost of ~Rs. 240 crore, which is funded through debt of Rs. 190 crore (top-up loan) and the balance through internal accruals/security deposits. Both buildings are likely to be handed over to CtrlS by Q2 FY2026 and timely delivery of the ongoing capex remains monitorable.

**Geographical and tenant concentration risks** – CIPL is exposed to geographical and tenant concentration risk, given the entire rentals are expected from a single location and a single tenant. However, strong counterparty profile and track record of timely receipt of rentals provide comfort. Further, the debt coverage ratios are vulnerable to decline in rental rates or change in interest rates.

### Liquidity position: Adequate

The company's liquidity position is adequate. CIPL has a debt repayment obligation of Rs. 22 crore in FY2025 and Rs. 41 crore in FY2026, which can be comfortably met through estimated cash flow from operations. As of February 2025, it had free cash balance of Rs. 3.34 crore and debt service reserve account (DSRA) of Rs. 7.83 crore. Further, CIPL has an undrawn limit of Rs. 70 crore, which will be used for capex purpose for DC VI and DC VII.

### Rating sensitivities

**Positive factors** – ICRA could upgrade CIPL's rating if there is a significant increase in rentals, while maintaining comfortable debt protection metrics and liquidity position on a sustained basis. This, along with an improvement in credit profile of group entity, CtrlS, could lead to positive rating action.

**Negative factors** – Negative pressure on CIPL's rating could arise if there is a significant delay in rental inflows or increase in indebtedness, thereby impacting its debt protection metrics and liquidity position. Specific credit metrics that could lead to a downgrade include five-year average DSCR below 1.4 times on a sustained basis. Any weakening of linkages or credit profile of group entity, CtrlS, could also lead to a downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty - Lease Rental Discounting (LRD)</a>
Parent/Group support	Group company: CtrlS Datacenters Limited ICRA expects the group company, CtrlS (rated [ICRA]AA- (Stable)/A1+), to provide timely financial support to CIPL for funding any shortfall given their close operational and financial linkages, CIPL strategic importance to CtrlS and the Group's reputation sensitivity to default. Moreover, CtrlS has provided corporate guarantee to the rated bank facilities of CIPL.
Consolidation/Standalone	Standalone

## About the company

CtrlS (India) Private Limited (CIPL) was incorporated in 2008 for providing infrastructure for data storage and data protection solutions. It is setting up DC facilities and giving it on lease basis to group company, CtrlS. As of February 2025, CIPL has built three DCs (Mumbai DC III, III NX, IV and V buildings) at TTC, Mahape in Thane, Maharashtra, which is adjacent to the Group's already existing DC. The company is in the advanced stages of construction for DC Building VI and VII, which will be handed over to CtrlS once completed by Q2 FY2026. The MEP-related capex for all the DCs of CIPL will be done by CtrlS.

## Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income (OI)	28	79
PAT	-12	31
OPBDIT/OI	98%	96%
PAT/OI	-42%	39%
Total outside liabilities/Tangible net worth (times)	-36	19
Total debt/OPBDIT (times)	11	4
Interest coverage (times)	0.92	2.92

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current (FY2025)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	300.00	Mar 21, 2025	[ICRA]A+ (Stable)	Dec 22, 2023	[ICRA]A- (Stable)	Sep 28, 2022	[ICRA]A- (Stable)	Jun 11, 2021	[ICRA]A- (Stable)
Non-fund based facilities	Long-term	0.00	Mar 21, 2025	-	Dec 22, 2023	[ICRA]A- (Stable)	Sep 28, 2022	[ICRA]A- (Stable)	Jun 11, 2021	[ICRA]A- (Stable)
Unallocated limits	Long-term	71.00	Mar 21, 2025	[ICRA]A+ (Stable)	Dec 22, 2023	[ICRA]A- (Stable)	Sep 28, 2022	-	Jun 11, 2021	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Term loans	Simple
Unallocated limits	NA

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	Term loans	Jul 2024	NA	Jun 2036	300.00	[ICRA]A+ (Stable)
NA	Unallocated limits	NA	NA	NA	71.00	[ICRA]A+ (Stable)

Source: Company

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

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

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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