

May 14, 2025

## Digital Edge DC (India) Private Limited: Rating upgraded to [ICRA]A+ (Stable)

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Term loan	858.25	858.25	[ICRA]A+ (Stable); upgraded from [ICRA]A- (Stable)
Long-term – Non-fund based limits – Bank guarantee	10.00	10.00	[ICRA]A+ (Stable); upgraded from [ICRA]A- (Stable)
Long-term – Unallocated limits	1.75	1.75	[ICRA]A+ (Stable); upgraded from [ICRA]A- (Stable)
<b>Total</b>	<b>870.00</b>	<b>870.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade of Digital Edge DC India Private Limited (DEI) factors in the full pre-leasing of BOM1 (18.32 MW) and BOM2 (~48 MW) data centres (DC) as the entire capacity is tied up (agreement signed for BOM1 and letter of intent (LOI) for BOM2) with one of the leading hyperscalers, which provides revenue visibility in the medium to long term. This is further supported by lease tenor of 17 years with initial period of seven years and subsequently two renewal periods of five years. The rating is supported by high customer stickiness in the DC business as huge investments in servers, equipment and infrastructure are incurred by the tenants along with presence of termination clauses in contracts.

The rating continues to factor in the strong sponsor profile with a track record of developing and managing large infrastructure and DC projects. DEI is sponsored by DEI SG SPVII Pte. Ltd (50%, a Digital Edge group entity which is backed by Stonepeak), National Investment and Infrastructure Fund (NIIF, 45%) and IDCCO Pte. Ltd. (5%, backed by AGP Sustainable Real Assets). Stonepeak is an alternate investment firm specialising in infrastructure and real-estate assets with \$72 billion of assets under management (AUM) and has investments in DCs in the US and Asia markets with an operational capacity of over 300 MW and significant under-construction/future expansion plans. NIIF is an investment platform anchored by the Government of India, which manages funds with investments in different asset classes and diversified sectors. NIIF manages over \$4.9 billion of equity capital commitments across its various funds. The key management personnel of Digital Edge Asia DC platform and DEI have around two decades of experience in construction and managing operations of DCs. The rating considers the strong long-term demand prospects for DCs, backed by digital data explosion in India and favourable regulatory support.

These strengths are, however, partially offset by the exposure to execution risks. BOM1 is at moderate stages of completion with 38% of total project cost<sup>1</sup> (~Rs. 1,396 crore) incurred and BOM2 is at a nascent stage of execution with only 6% of total project cost (~Rs. 3,492 crore) incurred as of March 31, 2025. Timely construction and delivery of data centres as per the agreed phasing with the tenant will remain important. However, comfort can be drawn from execution and operations of data centres by Stonepeak and Digital Edge globally and the sponsors' commitment to infuse additional contribution as per sanctioned debt terms towards operational shortfall and debt servicing till operations are stabilised after the COD. While DEI's data centre park could reach an ultimate capacity of more than 300 MW to be developed over the next seven to ten years in multiple phases, the company is constructing BOM1 (18.32 MW) and BOM2 (~48 MW) currently, which is fully pre-leased and debt is sanctioned. The subsequent phase of BOM campus is expected to commence in the next 12 months. The capex of BOM1 and BOM2 is expected to be funded through debt:equity ratio of 62:38 and 70:30, respectively. The company has

<sup>1</sup> Total project cost includes hard cost, land & sitewide cost, interest during construction, GST, DSRA and contingency cost

sizeable capex plans in the next five to seven years, and hence the leverage metrics are unlikely to materially improve in the medium term. The company's ability to ramp-up utilisation of DCs, along with healthy profitability and RoCE, remains to be seen. DEI also faces stiff competition from large DC additions from established players, which limits pricing flexibility. ICRA notes that the competition is likely to further intensify with the entry of new players in the segment.

The Stable outlook on rating reflects ICRA's expectations that the company will benefit from healthy leasing for BOM1 and BOM2, adequate debt protection metrics and strong sponsor profile who are expected to provide operational and financial support, basis their commitment.

## Key rating drivers and their description

### Credit strengths

**100% pre-leasing achieved for BOM1 and BOM2 which provides revenue visibility in the medium to long term; adequate debt protection metrics** – DEI has fully pre-leased the BOM1 (18.32 MW) and BOM2 (~48 MW) DCs (agreement signed for BOM1 and LOI for BOM2) with one of the leading hyperscalers, which provides revenue visibility for the medium to long term. This is further supported by lease tenor of 17 years with initial period of seven years and subsequently two renewal periods of five years. There is high customer stickiness in the DC business as huge investments in servers, equipment and infrastructure are made by the tenants along with termination clauses in contracts.

**Strong sponsor profile and experience of Stonepeak and Digital Edge in DC segment** – DEI is sponsored by DEI SG SPVII Pte. Ltd (50%, a Digital Edge group entity which is backed by Stonepeak), NIIF (45%) and IDCCO Pte. Ltd. (5% backed by AGP Sustainable Real Assets). Stonepeak is an alternate investment firm specialising in infrastructure and real-estate assets with \$72 billion of AUM and has investments in DCs in the US and Asia markets, with operational capacity of around 300 MW and significant under-construction/future expansion plans. NIIF is an investment platform anchored by the Government of India, which manages funds with investments in different asset classes and diversified sectors. NIIF manages over \$4.9 billion of equity capital commitments across its various funds. The key management personnel of Digital Edge Asia DC platform and DEI have around two decades of experience in construction and managing operations of DCs.

**Digitisation and favourable regulations support long-term prospects of DC** – 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 Central and state governments are expected to boost DC investments in the country and demand for the sector.

### Credit challenges

**Exposure to project execution risk** – BOM1 is at moderate stages of completion with 38% of total project cost (~Rs. 1,396 crore) incurred and BOM2 is in a nascent stage of execution with 6% of total project cost (~Rs. 3,492 crore) incurred as on March 31, 2025. Timely construction and delivery of data centres as per the agreed phasing with the tenant will remain important. However, comfort can be drawn from execution and operations of data centres by Stonepeak and Digital Edge globally and the sponsors' commitment to infuse additional contribution as per sanctioned debt terms towards operational shortfall and debt servicing, till operations are stabilised following the COD.

**Large medium-term capex plans** – While DEI's data centre park could reach an ultimate capacity of more than 300 MW to be developed over the next seven to ten years in multiple phases, the company is constructing BOM1 (18.32 MW) and BOM2 (~48 MW) whose leasing is fully tied-up. The capex of BOM1 and BOM2 is expected to be funded through debt:equity of 62:38 and 70:30, respectively. The subsequent phase of BOM campus is expected to commence in the next 12 months. The company has sizeable capex plans in the next five to seven years, and hence the leverage metrics are unlikely to materially improve in the

medium term. The company’s ability to ramp-up utilisation of upcoming DCs, along with healthy profitability and RoCE, remains to be seen.

**Stiff competition from other players** – The company is exposed to intense competition from large DC additions with entry of many new players in the segment and expansion plans of the existing players. However, the long-term relationships with reputed clients, competitive pricing by the Digital Edge group mitigate this risk to some extent.

### Liquidity position: Adequate

The company’s liquidity position is adequate. The project cost of the BOM 1 campus is estimated to be funded by debt-to-equity ratio of 62:38 and BOM2 at 70:30. The debt has been sanctioned for both BOM1 and BOM2. As on March 31, 2025, around Rs. 266.7 crore and Rs. 210.4 crore of equity has been infused for BOM1 and BOM2 respectively, and the balance equity to be infused as per capex phasing. The principal repayment obligations for BOM1 and BOM2 are expected start in FY2028 and can be serviced through estimated cash flow from operations.

### Rating sensitivities

**Positive factors** – ICRA could upgrade the rating if there is a significant ramp up in revenues and operating profits resulting in improvement in debt coverage and leverage metrics.

**Negative factors** – Negative pressure on the rating could arise if there is a large speculative capex and/or significant increase in indebtedness resulting in weakening of debt protection metrics, on a sustained basis. Moreover, sustained lower utilisation levels of the upcoming DCs resulting in weakening in its credit profile will be a negative factor.

### 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	Not applicable
Consolidation/Standalone	Standalone

### About the company

Digital Edge DC (India) Pvt Ltd (DEI) is a joint venture company established by DEI SG SPVII Pte Ltd (50%, a Digital Edge group entity which is backed by Stonepeak), NIIF (45%) and IDCCO Pte Ltd (5%). DEI’s first project in India is a greenfield 300+ MW data centre campus on a ~47-acre freehold land parcel in Navi Mumbai. The project would be completed in multiple phases. At present, the company is undertaking construction of BOM1 and BOM2 DCs with capacities of 18.32 MW and ~48 MW, respectively, which have been completely pre-leased. The total project cost for BOM1 is estimated to be ~Rs. 1,396 crore, which will be funded by debt:equity ratio of 62:38. The total project cost of BOM2 is estimated to be ~Rs. 3,492 crore, which will be funded by debt:equity ratio of 70:30. BOM1 will become operational in a phased manner from FY2026 and BOM2 from FY2027.

### Key financial indicators (audited)

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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 14, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Term loans</b>	Long term	858.25	[ICRA] A+ (Stable)	-	-	Mar 14, 2024	[ICRA] A- (Stable)	-	-
<b>Bank guarantee</b>	Long term	10.00	[ICRA] A+ (Stable)	-	-	Mar 14, 2024	[ICRA] A- (Stable)	-	-
<b>Unallocated limits</b>	Long term	1.75	[ICRA] A+ (Stable)	-	-	Mar 14, 2024	[ICRA] A- (Stable)	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
<b>Long-term – Fund based - Term loan</b>	Simple
<b>Long-term – Non-fund based limits - Bank guarantee</b>	Very Simple
<b>Long-term – Unallocated limits</b>	Not Applicable

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 loan	FY2024	NA	FY2040	858.25	[ICRA]A+(Stable)
NA	Bank guarantee	NA	NA	NA	10.00	[ICRA]A+(Stable)
NA	Unallocated limits	NA	NA	NA	1.75	[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**

## ANALYST CONTACTS

**Ashish Modani**

+91 22 6169 3300

[Ashish.modani@icraindia.com](mailto:Ashish.modani@icraindia.com)

**Anupama Reddy**

+91 40 6939 6427

[anupama.reddy@icraindia.com](mailto:anupama.reddy@icraindia.com)

**Abhishek Lahoti**

+91 40 6939 6433

[abhishek.lahoti@icraindia.com](mailto:abhishek.lahoti@icraindia.com)

**D Mohammed Rabbani**

+91 40 6939 6422

[d.rabbani@icraindia.com](mailto:d.rabbani@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

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

[info@icraindia.com](mailto:info@icraindia.com)

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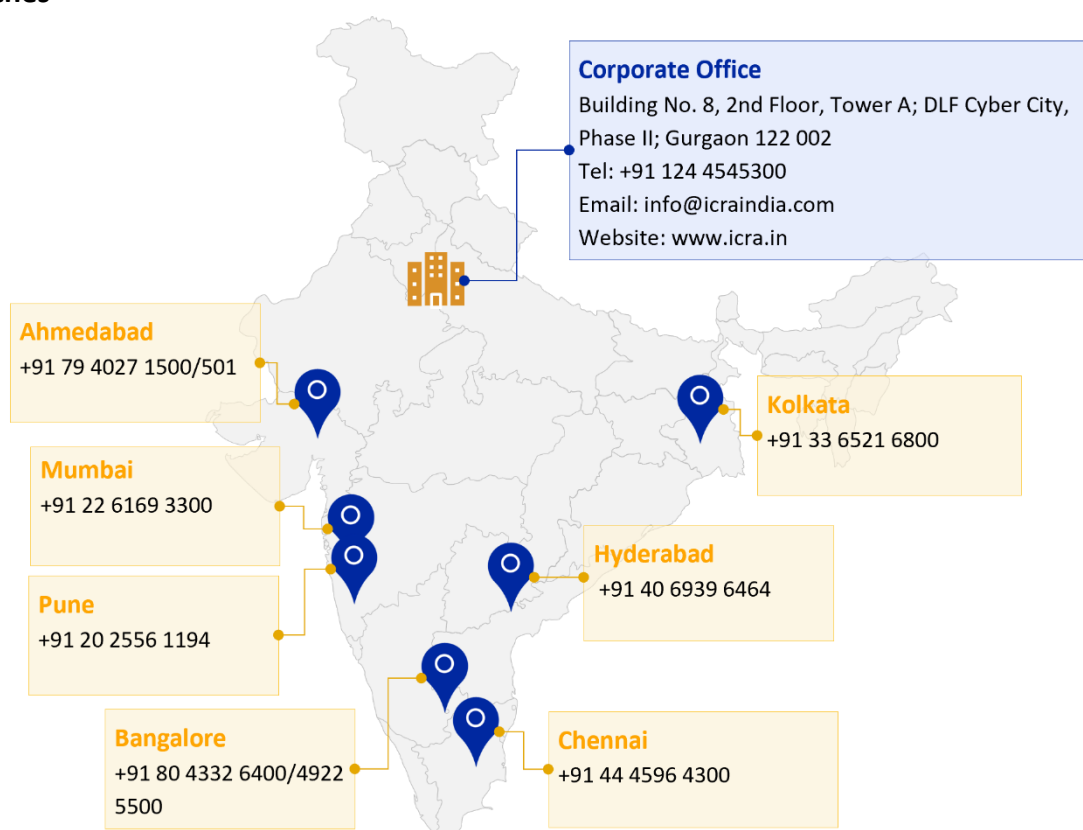
### Registered Office

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

Tel: +91 11 23357940-45



### Branches



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