

June 23, 2025

## NTT Global Data Centers Del2 Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan^	978.00	978.00	[ICRA]A+ (Stable); Reaffirmed
<b>Total</b>	<b>978.00</b>	<b>978.00</b>	

\*Instrument details are provided in Annexure I

^ Including sub limit of bank guarantee of Rs. 30 crore

### Rationale

The rating reaffirmation for NTT Global Data Centers Del2 Private Limited (NTT GDC Del2) factors in the strong parentage, low funding risk of the ongoing data centre (DC) and strong long-term demand prospects for DCs, backed by digital data explosion in India and favourable regulatory support. NTT GDC Del2 is a wholly-owned subsidiary of NTT Global Data Centers Holding Asia Pte limited, which is a step-down subsidiary of Nippon Telegraph and Telephone Corporation (NTT), rated by Moody's at A2 (Stable). NTT is a leading integrated Japanese telecom operator with the Government of Japan holding about 32.5% (as on March 31, 2025) stake in the company. NTT Limited (UK), a wholly-owned step-down subsidiary of NTT, has extended corporate guarantee for NTT GDC Del2's borrowings. ICRA expects NTT Limited (UK) to provide timely funding support to NTT GDC Del2, given the close business linkages and NTT's reputation sensitivity to default. Further, there is an established track record of funding support from NTT to NTT GDC Del2. As a part of funding, as on March 31, 2025, 71% of the total planned equity has been infused.

NTT GDC Del 2's DC campus in Greater Noida is spread across 6 acres with an expected capacity of 52.8 MW across two phases – DC 1 with a capacity of 22.4 MW and DC 2 with a capacity of 30.4 MW. The total project cost of DC1 for NTT GDC Del2 stands at Rs. 1,470 crore, which is funded through debt-to-equity ratio of 70:30. As on March 31, 2025, ~61.7% of the total project cost has been incurred, which was funded by Rs. 546 crore of debt and the remaining by equity. The balance cost of Phase 1 capex, which is primarily towards mechanical, engineering and plumbing (MEP) works, will be incurred based on tie-up of incremental leases.

The rating, however, is constrained by significant market risk for DC1 with slow ramp-up in leasing. At present, only 4 MW of the total 22.4 MW has been leased as of March 2025. 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 healthy leasing pipeline, NTT Group's operational track record in India and commitment to infuse additional contribution in a timely manner to support any funding requirements. ICRA derives strong comfort from the company's parentage, which provides high financial flexibility and refinancing ability. Further, Phase 2 of the DC park is planned to add capacity of 30.4 MW (DC 2) post completion of leasing for DC 1. NTT GDC Del 2 also faces stiff competition from large DC additions from established players. The competition is likely to further intensify with the entry of new players in the segment.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company would be able to ramp-up its occupancy, backed by healthy leasing pipeline and strong demand prospects for the sector. Further, the sponsor is likely to provide timely operational and financial support if needed.

## Key rating drivers and their description

### Credit strengths

**Strong parentage with demonstrated track record of funding support** – NTT GDC Del2 is a wholly-owned subsidiary of NTT Global Data Centers Holding Asia Pte limited, which is a step-down subsidiary of Nippon Telegraph and Telephone Corporation (NTT), rated by Moody's at A2 (Stable). NTT is a leading integrated Japanese telecom operator with the Government of Japan holding about 32.5% (as on March 31, 2025) stake in the company. NTT Limited (UK), a wholly-owned step-down subsidiary of NTT, has extended a corporate guarantee for NTT GDC Del2's borrowings. ICRA expects NTT Limited (UK) to provide timely funding support to NTT GDC Del2, given the close business linkages and NTT's reputation sensitivity to default. Further, there is an established track record of funding support from NTT to NTT GDC Del2. As a part of funding, as on March 31, 2025, 71% of the total planned equity has been infused.

**Low funding risk for first phase of campus** – NTT GDC Del 2's DC campus in Greater Noida is spread across 6 acres with an expected capacity of 52.8 MW across two phases – DC 1 with a capacity of 22.4 MW and DC 2 with a capacity of 30.4 MW. The total project cost of DC1 for NTT GDC Del2 stands at Rs. 1,470 crore, which is funded through debt-to-equity ratio of 70:30. As on March 31, 2025, ~61.7% of total project cost has been incurred, which was funded by Rs. 546 crore of debt and the remaining by equity. As a part of funding, as on March 31, 2025, 71% of the total planned equity has been infused. The balance cost of phase 1 capex which is primarily towards MEP works will be incurred based on tie-up of incremental leases.

**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 market risk** – NTT GDC Del2 is exposed to significant market risks for DC1 with slow ramp-up in leasing. At present, only 4 MW of total 22.4 MW has been leased as of March 2025. 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 healthy leasing pipeline, NTT Group's operational track record in India 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 and refinancing ability.

**Large medium-term capex plans** – NTT GDC Del2 plans to add capacity of 30.4 MW (DC 2) post completion of leasing for DC 1.

**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 Del2 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 funded by debt-to-equity ratio of 70:30. As on March 31, 2025, NTT GDC Del2 has undrawn amount of ~Rs. 432 crore of debt and pending equity infusion of ~Rs. 142 crore for the balance cost of Phase 1, which is expected to be infused as per the capex phasing. While the repayment of loan is expected to start from Q4 FY2027, any shortfall in debt repayment obligations is likely to be supported by NTT in a timely manner, if need arises.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the rating if there is significant ramp up in leasing at adequate rates resulting in healthy debt coverage and leverage metrics on a sustained basis. 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	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty - Lease Rental Discounting (LRD)</a>
Parent/Group support	Parent company: NTT Global Data Centers Holding Asia Del2 Pte. Ltd. Ultimate Parent Company: Nippon Telegraph and Telephone Corporation (NTT). The rating assigned to NTT Global Data Centers Del2 Private Limited (NTT GDC Del2) factors in the likelihood of its ultimate parent, NTT, extending financial support to NTT GDC Del2 through NTT Global Data Centres Holding Asia Pte. Ltd because of close business linkages and its need to protect its reputation from the consequences of a Group entity's distress
Consolidation/Standalone	Standalone

## About the company

NTT Global Data Center Del2 Private Limited (NTT GDC Del2) is a private limited company incorporated on November 23, 2022. It is a 100% subsidiary of NTT Global Data Centers Holding Asia DEL2 Pte. Ltd., which is ultimately held by Japan's Nippon Telegraph and Telephone Corporation (NTT). NTT GDC Del2 provides data centre services to domestic and global enterprises across verticals. The DC campus, located at Noida, is spread over six acres and will support 52.8 MW capacity across two phases. DC 1 will support 22.4 MW, while DC 2 will support 30.4 MW. At present, the company is constructing Phase 1 of 22.4 MW and another 30.4 MW will be taken up in Phase 2 post completion of DC1.

### Key financial indicators (audited)

Standalone	FY2025*
Operating income	9.5
PAT	-95.0
OPBDIT/OI	-220.3%
PAT/OI	-996.1%
Total outside liabilities/Tangible net worth (times)	2.3
Total debt/OPBDIT (times)	-26.0
Interest coverage (times)	-0.5

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation. KFI's are not meaningful as the company has started operations in FY2025 in a phased manner.

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

**Any other information: None**

### Rating history for past three years

Instrument	Type	Current (FY2026)			Chronology of rating history for the past 3 years					
		FY2026			FY2025		FY2024		FY2023	
		Amount Rated (Rs Crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term-Term loan-Fund based	Long Term	978.00	23-JUN-2025	[ICRA]A+ (Stable)	Apr 30, 2024	[ICRA]A+ (Stable)	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	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	Term loan	FY2024	NA	FY2036	978.00	[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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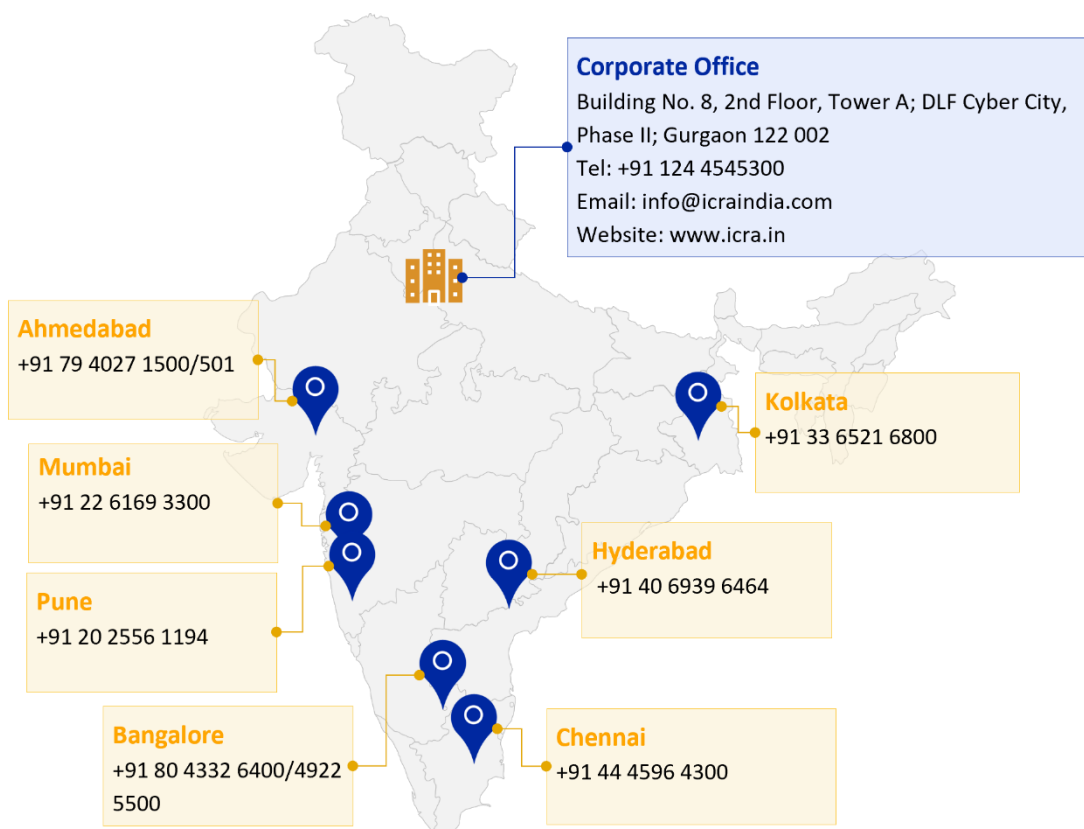
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