

September 30, 2025

CtrlS (India) Private Limited: Rating upgraded to [ICRA]AA (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	300.00	300.00	[ICRA]AA (Stable); upgraded from [ICRA]A+ (Stable)
Long-term - Unallocated limits	71.00	71.00	[ICRA]AA (Stable); upgraded from [ICRA]A+ (Stable)
Total	371.00	371.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of CtrlS Datacenters Limited (CtrlS) and its subsidiaries – CtrlS (India) Private Limited (CIPL), CtrlS Bangalore Private Limited (CBPL) and Schnabel DC Consultants India Private Limited (SDC) collectively referred to as CtrlS, given the close operational, financial and managerial linkages between the entities, along with a common treasury team. The change in analytical approach is on account of change in shareholding pattern and demonstration of support philosophy. In March 2025, CtrlS Datacenters Limited acquired 100% stake in the group companies CIPL, CBPL and SDC (these were earlier held by promoters of CtrlS).

The upgrade in the long-term rating of CtrlS factors in the sustained healthy growth in operating income (OI) and operating profits, along with strong demand prospects for the data centre (DC) sector in India, which is likely to continue in the near to medium term. CtrlS has expanded its operational capacity to around 130 MW as of August 2025 (March 2024: 87 MW), which is expected to grow by 40-45 MW annually over the next 3 years, which is completely pre-leased. The company's OI witnessed healthy growth of ~17% to Rs. 1,567 crore in FY2025, driven by increase in the operational capacity. Given the contracted agreements, the revenues are estimated to grow by 20-25% YoY in FY2026 and FY2027. With rise in revenues and better absorption of fixed costs, CtrlS' operating margins stood comfortable at ~50% in FY2025 and is projected to remain at 48-53% in FY2026 and FY2027. Considering the sizeable investment plans for the upcoming capacities, the leverage metric measured by total debt/OPBDIT (Operating profit before Depreciation, Interest and Tax) could remain adequate in the medium term at 3.5-4.0 times. However, supported by long-tenured debt, the coverage metric of CtrlS is likely to remain comfortable with debt service coverage ratio (DSCR) in the range of 1.6-1.9 times in the medium term. Further, the company enjoys strong financial flexibility, given that the current borrowings are lease rental discounted in nature against 45-50% of the rental inflows, thereby leaving adequate headroom to raise additional debt (if required).

The rating also draws comfort from the reputed clientele spread across different verticals, viz., hyperscalers, enterprises and banking financial services and insurance (BFSI), etc., with top 10 customers contributing ~62% to the overall consolidated OI in FY2025. The large investments made by customers and the downtime risks associated with switching result in high customer stickiness, evident from the healthy client retention. The company has a stable annuity stream of inflows, wherein the customers enter into medium-to-long-term service contracts with defined escalations. The rating considers the strong long-term demand prospects for DCs, backed by digital data explosion in India and favourable regulatory support.

The strengths are, however, partially offset by the company's large debt-funded capex plans over the medium term. CtrlS is expected to undertake capex of Rs. 4,500-4,600 crore during FY2026-FY2028, primarily towards setting up new DCs and mechanical, electrical, and plumbing (MEP) costs for pre-leased capacities. This capex is likely to be funded by debt of Rs. 3,000-3,500 crore and the balance through internal accruals. Given the continuous addition of capacities, while the ramp-up happens with a lag, ICRA expects the return on capital employed (RoCE) to remain moderate in the medium term. The rating also notes

the stiff competition from large DC additions with entry of many new players in the segment and expansion plans of the existing players. However, healthy track record of operations, diversified presence across cities and the long-term relationship with reputed clients provide CtrlS, a competitive advantage to some extent.

The Stable outlook on CtrlS' rating reflects ICRA's opinion that the company will maintain optimal capacity utilisation in the operational and upcoming DCs, resulting in an improvement in its earnings and maintain comfortable debt coverage metrics.

Key rating drivers and their description

Credit strengths

Sustained growth in operating income and operating profits which is expected to continue in medium term – CtrlS witnessed sustained healthy growth in operating income and operating profits along with strong demand prospects for the DC sector, which is likely to continue in the near to medium term. CtrlS has expanded its operational capacity to around 130 MW as of August 2025 (March 2024: 87 MW) which is expected to grow by 40-45 MW annually over the next 3 years, which is completely pre-leased. The company's OI witnessed healthy growth of ~17% to Rs. 1567 crore in FY2025, driven by increase in operational capacity. Given the contracted agreements, the revenues are estimated to grow by 20-25% YoY in FY2026 and FY2027. With increase in revenues and better absorption of fixed costs, CtrlS operating margin stood comfortable at ~50% in FY2025 and is expected to remain at 48-53% in FY2026 and FY2027.

Comfortable coverage metrics with stable annuity stream of cashflows – Considering the sizeable investment plans for the upcoming capacities, the leverage metric measured by total debt/OPBDIT could remain adequate in the medium term at 3.5-4.0 times. However, supported by long-tenured debts, the coverage metric of CtrlS is expected to remain comfortable with DSCR in the range of 1.6-1.9 times in the medium term. Further, the company enjoys strong financial flexibility, given that the current borrowings are lease rental discounted in nature against 45-50% of the rental inflows, thereby leaving adequate headroom to raise additional debt (if required). In addition, CtrlS has reputed clientele spread across different verticals, viz., hyperscalers, Enterprises and banking financial services and insurance (BFSI), etc, with top 10 customers contributing ~62% to the overall consolidated OI in FY2025. The large investments made by customers and the downtime risks associated with switching result in high customer stickiness, evident from the healthy client retention. The company has a stable annuity stream of inflows, wherein the customers enter medium-to-long-term service contracts with defined escalations.

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, 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 India and demand for the sector.

Credit challenges

Large capex plans over medium term; moderate return indicators – The data centre business is highly capital intensive in nature. CtrlS is expected to undertake large capex of Rs. 4500-4,600 crore during FY2026-FY2028, primarily towards setting up of new DCs and MEP costs for pre-leased capacities. This capex is likely to be funded by annual debt inflows of Rs. 3000-3500 crore and balance through internal accruals. Given the continuous addition of capacities, while the ramp-up happens with a lag, ICRA expects the RoCE to remain moderate in the medium term.

Stiff competition from other players – The company faces stiff competition from large DC additions with entry of many new players in the segment and expansion plans of the existing players. However, long track record of operations, diversified presence across cities and the long-term relationship with reputed clients provide CtrlS, a competitive advantage to some extent.

Liquidity position: Adequate

The company's liquidity position is adequate, with an unencumbered cash balance of Rs. 204 crore as on March 31, 2025. The scheduled debt repayment of Rs. 200 crore for FY2026 can be comfortably met through its estimated cash flow from operations. The capex for FY2026 is estimated to be ~Rs. 1,500-1,600 crore, which is expected to be funded by a debt of Rs. 1,100-1,200 crore and the balance through internal accruals.

Rating sensitivities

Positive factors – ICRA may upgrade the rating if there is sustained healthy capacity utilisation of existing and upcoming DCs resulting in significant improvement in revenues, earnings and debt protection metrics.

Negative factors – Negative pressure on the rating may arise if there is material decline in utilisation of the existing DCs or lower utilisation of new DCs or high-than-anticipated debt funded capex resulting in weakening of debt protection metrics. Specific credit metrics that could lead to a downgrade of rating include DSCR of less than 1.5 times and Total Debt/EBITDA of more than 4 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the operational and financial profile of CtrlS Datacenters Limited, and its subsidiaries mentioned in annexure II, given the close business, financial and managerial linkages, along with a common treasury team. CtrlS Datacenters Limited has provided corporate guarantees to loans availed by CtrlS (India) Private Limited and CtrlS Bangalore Pvt Ltd.

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 parent company, CtrlS DC. As of March 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 DCs. The company is in the advanced stages of construction for DC Building VI and VII, which will be handed over to CtrlS DC by Q2 FY2026. The MEP-related capex for all the DCs of CIPL will be done by CtrlS DC. Till March 2024, CIPL

was 100% owned by promoters of CtrlS Datacenters Limited. In March 2025, CtrlS acquired 100% stake in CIPL thereby resulting in CIPL becoming wholly owned subsidiary of CtrlS.

CtrlS Datacenters Limited (CtrlS DC), established in 2008, commenced operations with its first data centre in Hyderabad in 2009. The company provides co-location and managed infrastructure DC services to both global and domestic clients. Currently, CtrlS operates 17 data centres across eight locations: Mumbai (7), Hyderabad (3), Chennai (2), Noida, Lucknow, Kolkata, Patna, and Bengaluru. The portfolio includes two new data centres (Mumbai DC6 & DC7) with a combined capacity of 85 MW are under development in Mumbai and are expected to become operational within the next 12–18 months. As of August 2025, CtrlS' total operational capacity is ~130 MW. The company serves major customer segments including hyperscalers, enterprises, BFSI, e-commerce, telecom companies, government entities, IT firms, and other cloud service providers.

Key financial indicators

CtrlS Datacenters Limited (Consolidated)	FY2024	FY2025
	Audited	Provisional
Operating income	1,339	1,567
PAT	256	251
OPBDIT/OI	46.7%	49.6%
PAT/OI	19.1%	16.0%
Total outside liabilities/Tangible net worth (times)	1.9	2.3
Total debt/OPBDIT (times)	3.4	3.7
Interest coverage (times)	5.3	3.9

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

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Sep 30, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	300.00	[ICRA]AA (Stable)	Mar 21, 2025	[ICRA]A+ (Stable)	Dec 22, 2023	[ICRA]A- (Stable)	Sep 28, 2022	[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)
Unallocated limits	Long-term	71.00	[ICRA]AA (Stable)	Mar 21, 2025	[ICRA]A+ (Stable)	Dec 22, 2023	[ICRA]A- (Stable)	Sep 28, 2022	-

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]AA (Stable)
NA	Unallocated limits	NA	NA	NA	71.00	[ICRA]AA (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

Company Name	CtrlS DC Ownership	Consolidation Approach
CtrlS Datacenters Limited (CtrlS DC)	-	Full Consolidation
CtrlS (India) Private Limited	100% (Rated Entity)	Full Consolidation
CtrlS Bangalore Pvt Ltd	100%	Full Consolidation
Schnabel DC Consultants India Private Limited	100%	Full Consolidation

Source: Company, ICRA Research

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Branches



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