February 05, 2026

Sify Infinit Spaces Limited: Long-term rating upgraded; short-term rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund based term loans	3,884.06	4,799.86	[ICRA]AA(Stable); upgraded from [ICRA]AA- (Stable); assigned for enhanced limits
Long Term - Fund based limits	150.00	150.00	[ICRA]AA(Stable); upgraded from [ICRA]AA- (Stable)
Long Term - Non-Fund based limits	175.00	175.00	[ICRA]AA(Stable); upgraded from [ICRA]AA- (Stable)
Long Term/Short Term - Non-Fund based limits	15.00	15.00	[ICRA]AA(Stable)/ [ICRA]A1+; Long-term rating upgraded and Short-term rating reaffirmed
Long term - NCD	250.00	250.00	[ICRA]AA(Stable); upgraded from [ICRA]AA- (Stable)
Total	**4,474.06**	**5,389.86**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the long-term rating factors in the expected improvement in Sify Infinit Spaces Limited's (SISL) credit profile. This is driven by the sizeable scale-up of operations backed by the ramp-up in its capacities, thereby leading to improved revenues, earnings, cash flows and debt metrics. SISL, one of the major players in the domestic data centre (DC) industry, had an installed capacity of around 132 MW as on June 2025 and is expected to add incremental capacity of 100–110 MW over the next 12-15 months. These incremental capacities are expected to be operationalised in a phased manner in the next fiscal with offtake commitments in place from customers for a significant part of the orders. The phased scale up will materially enhance the company's revenue base and earnings trajectory over FY2027 and FY2028, with consequent improvement in debt metrics. The ratings remain supported by the entity's strong operational profile with more than 25 years of experience in the DC segment, providing co-location services in India. SISL benefits from an early-mover advantage in the domestic DC industry and enjoys established relationships with a reputed customer base.

The rating continues to derive comfort from the favourable demand prospects for DCs in India, supported by the Government's push towards digitisation, initiatives under Digital India, the grant of infrastructure status to DCs, and fiscal incentives for setting up DC and cloud infrastructure. Long-term customer contracts, combined with high switching costs and downtime-related risks associated with migration, contribute to strong customer stickiness and healthy revenue visibility for SISL. Regular capacity additions, along with strong industry demand prospects, have supported the company's performance as reflected in a robust three-year revenue CAGR of 23.5% as of March 2025. The ratings also factor in the strong operational track record of its parent, Sify Technologies Limited (STL), in the Information, Communication and Technology (ICT) domain, the promoter's extensive experience, a robust management profile, and established relationships with marquee clients.

SISL's financial profile is characterised by an improving scale of operations, stable operating profitability, and moderate debt protection metrics. The company reported revenue growth of around 21% YoY in 9M FY2026, driven by capacity additions and robust demand, resulting in better utilisation levels. Operating margins remained steady at around 44.6% in 9M FY2026, supported by continued operating leverage benefits. Margins are likely to remain strong, going forward. Further, the company has plans for IPO, which includes a fresh issue of Rs. 2,500 crore along with an offer for sale of Rs. 1200 crore. The proposed equity infusion is likely to support SISL's capital structure, strengthen liquidity, and aid long-term deleveraging.

However, the ratings remain constrained by the capital-intensive nature of the DC business, modest return on capital employed (RoCE), and susceptibility of earnings to competitive pressures in the industry. With a favourable demand outlook, SISL has scaled up its investments and has a sizeable capex plan of Rs. 4,500–5,000 crore over the next few years. ICRA notes that the company has tied up funding through a mix of term loans and internal accruals. Although leverage is expected to remain elevated in the near term due to the debt funded capex programme, the DSCR is expected to be in the range of 1.5–1.9 times over the next 12 months.

The Stable outlook on the [ICRA]AA rating reflects ICRA's expectation that healthy growth in revenues and earnings, supported by robust demand and ongoing capacity additions, will enable SISL to maintain adequate coverage metrics despite elevated debt levels.

Key rating drivers and their description

Credit strengths

Strong commitment of promoter and vast experience of management team – Mr. Raju Vegesna, the Chairman and Managing Director of the parent, Sify Technologies Limited (STL), has vast experience in the technology space and has exhibited strong commitment to the business. The promoter has also infused a sizeable quantum over the several years. Sify has a strong board profile and its senior management team consists of professionals with extensive experience in the technology domain.

Strong operational profile – SISL has over 25 years of experience in colocation services, with most of SISL's investments supported by long-term contracts with marquee clients, resulting in high switching costs and provide stable, visible revenues. Its ability to expand within existing DC locations, supported by adequate land availability and capital, remains a key competitive advantage. The company also has a proven track record of customising offerings to meet client requirements, aiding its pricing strength. With a diversified customer base across BFSI, global hyperscalers, and Government institutions, revenue concentration risks remain limited. Further comfort is drawn from the fact that a major portion of the ongoing capacity expansion is backed by firm commitments, ensuring healthy revenue visibility.

Favourable demand prospects for data centres – The industry is witnessing a steep increase in demand against relatively lower supply on the back of the Government's thrust on Digital India, 5G rollout, adoption of new technologies, growing user-base for social media, gaming, e-commerce, increased use of cloud adoption and OTT platforms, which resulted in accelerated the digital adoption across Government and private enterprises. Favourable demand dynamics have also been driven by regulatory policies, viz the Digital Data Protection Bill 2022, infrastructure status to data centres, fiscal incentives from Central and State Governments, tax holidays till 2047 to multinational enterprises providing global cloud services from India and the associated benefits for DCs, which are expected to boost DC investments in the country. SISL has installed capacities of 132 MW as of June 2025 and is expected to add significant capacities over the next 12-15 months including two new towers in Rabale. ICRA draws comfort from the offtake commitments in place from reputed customers for a significant part of the upcoming capacity. SISL enjoys an early-mover advantage in the segment and has an established relationship with a renowned customer base.

Credit challenges

Highly capital intensive nature of business – SISL's business continues to require periodic investments due to the rising thrust on digitisation and strong demand for DC services. The entity's capex is estimated at Rs. 4,500-5,000 crore over the next few years. Besides bank tie-ups for term loans, SISL has received Rs. 400 crore from Kotak Special Situations Fund and Rs. 600 crore from Kotak Data Center Fund in the form of Compulsorily convertible debentures (CCDs) for capacity expansion over the past few years. Additionally, STL has infused Rs. 223 crore in CCDs over the last four years and a further Rs. 25 crore in 9M FY2026. While margins have improved over the past few fiscals and are expected to strengthen further as new capacities stabilise, RoCE is likely to remain moderate. The Group, however, benefits from strong financial flexibility and promoter support, which mitigates project completion and ramp-up risks. DSCR remained below 1.5 times in FY2025 but is expected to improve over the next 12–24 months with expected strong uptick in earnings. Although SISL derives a sizeable share of revenues from hyperscalers and PSU clients, where payment cycles are relatively longer, receivables have improved in recent periods supported by better collections. SISL's ability to further improve its working capital cycle remains a key monitorable.

Competition and contract renewal related risks – SISL is vulnerable to risks arising from competition. Given the favourable demand outlook, the DC business is witnessing sizeable capacity addition from existing peers and entry of new incumbents, which is likely to affect the industry pricing in the medium-to-long term. The company's long track record of operations, higher customer retention, along with the extensive strategic relationships with customers provide competitive advantage in the existing business. However, elevated competition could exert pressure on the operating margins of the incremental business. ICRA expects established DC players and new entrants over the past 3–4 years to have a development pipeline of 3.0–3.5 GW over the next 7–10 years, entailing investments of Rs. 2.0–2.3 lakh crore.

Liquidity position: Adequate

SISL's liquidity position is adequate with expected retained cash flows of around Rs. 700-750 crore in next 12 months along with free cash and liquid balances of Rs. 46.7 crore as of December 31, 2025, and a buffer in the working capital limits of Rs. 110 crore as on December 31, 2025. It has a repayment obligation of around Rs. 250-300 crore (including lease obligations) per annum in the next 12 months and this will increase as the company ties up / draws down funds for funding its proposed capex plans. Its large capex plan over the next three years is expected to be adequately funded through mix of internal accruals, term loans, and cash balances. The proposed IPO is also expected to provide comfort to liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade SISL's ratings with significant scale up in DC capacities, leading to a sharp and sustained improvement in earnings, cash flow position and debt protection metrics.

Negative factors – Pressure on SISL's ratings could arise from slow ramp-up of DC operations (from its ongoing capex), resulting in a sharp deterioration in earnings, credit metrics, and/or the liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – (Lease Rental Discounting)
Parent/Group support	ICRA has factored in the implicit parent support of Sify Technologies Limited on the back of strategic importance of the DC business to the parent and operational linkages between the companies also provide comfort. However, SISL's credit profile is on par with its parent.
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

About the company

SISL is a wholly owned subsidiary of Sify Technologies Limited and was earlier a part of STL. SISL operates 14 concurrently maintainable DCs with an installed capacity of 132 MW capacity as of June 2025, of which seven are in Mumbai, two each in Noida and Chennai and one each at Bengaluru, Kolkata and Hyderabad.

About the parent

Incorporated in 1995 as Satyam Infoway Limited, Sify Technologies Limited (STL) is one of the major ICT service providers in India. Mr. Raju Vegesna, a technocrat, is the Chairman of the company. Sify is listed on the NASDAQ and the some of the shares are held in the form of ADRs. Operating largely in the domestic market, the entity's revenue streams originate from the following segments at a consolidated level, network services, data centre services, cloud & IT managed services, enterprise cloud infrastructure services, industry application managed services, network digital managed services, digital application managed services and security managed services. Sify also has six group companies, Sify Technologies (Singapore) Pte Limited, Sify Technologies North America Corporation, Sify Infinit Spaces Limited, Sify Digital Services Limited, SKVR Software Solutions Private Limited and Sify Data and Managed Services Limited.

Key financial indicators (audited)

Standalone -SISL	FY2024	FY2025	9M FY2026*
Operating income	1,114.2	1,428.4	1,282.8
PAT	93.3	126.4	42.2
OPBDIT/OI	41.8%	44.4%	44.6%
PAT/OI	8.4%	8.8%	3.3%
Total outside liabilities/Tangible net worth (times)	1.6	1.7	NA
Total debt/OPBDIT (times)	4.9	4.4	NA
Interest coverage (times)	3.9	4.2	3.0

*Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Unaudited; NA – Not available*

Consolidated-STL	FY2024	FY2025	9MFY2026*
Operating income	3,563.4	3,988.6	3,285.2
PAT	16.9	-78.5	-99.4
OPBDIT/OI	19.1%	19.0%	21.1%
PAT/OI	0.5%	-2.0%	-3.0%
Total outside liabilities/Tangible net worth (times)	2.9	3.1	3.3
Total debt/OPBDIT (times)	4.9	5.2	4.3
Interest coverage (times)	3.2	2.8	2.6

*Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Unaudited*

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)**	**Feb 05, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund Based-Cash Credit	Long Term	150.00	[ICRA]AA (Stable)	Sep 03, 2025	[ICRA]AA- (Stable)	Oct 07, 2024	[ICRA]AA- (Stable)	Sep 12, 2023	[ICRA]AA- (Stable)	Sep 29, 2022 Mar 16, 2023	[ICRA]A+ (Stable) [ICRA]AA- (Stable)
Non Fund Based-Others	Long Term	175.00	[ICRA]AA (Stable)	Sep 03, 2025	[ICRA]AA- (Stable)	Oct 07, 2024	[ICRA]AA- (Stable)	Sep 12, 2023	[ICRA]AA- (Stable)	Sep 29, 2022 Mar 16, 2023	[ICRA]A+ (Stable) [ICRA]AA- (Stable)
Non Fund Based-Others	Long / Short Term	15.00	[ICRA]AA (Stable)/ [ICRA]A1+	Sep 03, 2025	[ICRA]AA- (Stable)/ [ICRA]A1+	Oct 07, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Sep 12, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+	Sep 29, 2022 Mar 16, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+ [ICRA]AA- (Stable)/ [ICRA]A1+
Fund Based-Term Loan	Long Term	4,799.86	[ICRA]AA (Stable)	Sep 03, 2025	[ICRA]AA- (Stable)	Oct 07, 2024	[ICRA]AA- (Stable)	Sep 12, 2023	[ICRA]AA- (Stable)	Sep 29, 2022 Mar 16, 2023	[ICRA]A+ (Stable) [ICRA]AA- (Stable)
Bonds/NCD/ LTD	Long Term	0.00	-	Sep 03, 2025	[ICRA]AA- (Stable)	Oct 07, 2024	[ICRA]AA- (Stable)	-	-	-	-
NCD	Long Term	250.00	[ICRA]AA (Stable)	Sep 03, 2025	[ICRA]AA- (Stable)	-	-	-	-	-	-
Unallocated	Long / Short Term	-	-	-		-	-	-	-	Sep 29, 2022	[ICRA]A+ (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund based term loans	Simple
Long Term - Fund based limits	Simple
Long Term - Non-Fund based limits	Simple
Long Term/Short Term - Non-Fund based limits	Simple
Long term – NCD	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 loans***	NA	NA	NA	4,799.86	[ICRA]AA (Stable)
NA	**Fund based facilities**	NA	NA	NA	150.00	[ICRA]AA (Stable)
NA	**Non-Fund based facilities**	NA	NA	NA	175.00	[ICRA]AA (Stable)
NA	**Non-Fund based facilities**	NA	NA	NA	15.00	[ICRA]AA (Stable)/ [ICRA]A1+
INE0KIS07011	**NCD**	09/30/2024	8.95%	09/30/2039	250.00	[ICRA]AA (Stable)

*Source: Company; * Date of issuance and maturity not available as it depends on drawdown.*

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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