May 06, 2026

CtrlS (India) Private Limited: Rating reaffirmed and assigned for enhanced amount

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	720.00	[ICRA]AA (Stable); reaffirmed and assigned for enhance amount
Long-term – Unallocated limits	71.0	0.00	-
Total	**371.00**	**720.00**	

**Instrument details are provided in Annexure II*

Note: ICRA takes 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.

Rationale

The rating action for CtrlS factors in the expected significant growth in scale of operations, operating income (OI) and profitability driven by recently tied-up large capacities while maintaining comfortable debt coverage metrics over the medium term. The company's operational data centre (DC) capacity is expected to increase to 950-1,000 MW by FY2029 from 150 MW in FY2026. The entire incremental large capacities are pre-leased with a hyperscaler which provides long-term cash flow visibility. The company is expected to incur capex of Rs. 13,000-13,500 crore in FY2027 and FY2028 for existing/contracted leased capacities and the capex will be funded through a mix of debt and internal accruals/one-time charges (OTC) from the hyperscaler in the ratio of 65:35/60:40. The company has raised equity of Rs. 256 crore in FY2026 and has plans to raise equity in the near term, which will be used towards growth capex.

The consolidated OI is estimated to witness healthy growth of 20-22% to Rs. 1900 crore in FY2026, driven by increase in operational capacity with sustained operating margins of 50-52%. Given the contracted agreements, the revenues are estimated to grow significantly by 20-25% YoY in 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 beyond 4 times in the next 12-18 months to fund the ongoing capex. However, considering a mix of project term loans and long-tenured debts, the debt coverage metric of CtrlS is expected to remain comfortable with debt service coverage ratio (DSCR) in the range of 1.9-2.3 times in the medium term. Further, the company enjoys strong financial flexibility, given that the current borrowings are lease rental discounted in nature against 60-65% of the rental inflows, thereby leaving adequate headroom to raise additional debt (if required).

The ratings also draw comfort from the reputed clientele spread across different verticals, viz., hyperscalers, enterprises and banking financial services and insurance (BFSI), etc. 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. The ratings consider 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 exposure to high execution risks given the nascent stages of execution for recently tied-up leases and expected multi-fold increase in capacity in next two years. However, the track record of execution and timely handover provides comfort. Further, the project term loans have bullet repayment at the end of the three years exposing it to refinancing risks. Hence, the delivery of incremental capacities as per the timelines committed to the tenant will remain important and a key monitorable. Given the continuous addition of capacities, ICRA expects the return on capital employed (RoCE) to remain moderate in the medium term. The ratings also note the stiff competition from large DC additions with entry of many new players in the segment and significant expansion plans of the existing players. However, healthy track record of operations, diversified presence across cities and the long-term relationships with reputed clients provide CtrlS, a competitive advantage to some extent.

The Stable outlook on CtrlS rating reflects ICRA's expectation that the company will continue to maintain optimal utilisation levels across its operational and upcoming DCs, supporting improvement in earnings and maintain comfortable debt coverage metrics.

Key rating drivers and their description

Credit strengths

Expected significant increase in operating capacity over medium term which has been pre-leased – CtrlS expects significant growth in scale of operations, OI and profitability driven by recently tied-up large capacities while maintaining comfortable debt coverage metrics over the medium term. The company's operational DC capacity is expected to increase to 950-1000 MW by FY2029 from 150 MW in FY2026. The entire incremental large capacities are pre-leased with a hyperscaler which provides long-term cash flow visibility. The company is expected to incur capex of Rs. 13,000-13,500 crore in FY2027 and FY2028 for existing/contracted leased capacities and the capex will be funded through a mix of debt and internal accruals/OTC from hyperscaler in the ratio of 65:35 or 60:40. The company has raised equity of Rs. 256 crore in FY2026 and has plans to raise equity in the near term which will be used towards growth capex.

Comfortable coverage metrics with stable annuity stream of cashflows – With sizeable investment plans for the upcoming capacities, the leverage metric measured by total debt/OPBDIT could remain beyond 4 times in the next 12-18 months to fund the ongoing capex. However, considering a mix of project term loans and long-tenured debts, the debt coverage metric of CtrlS is expected to remain comfortable with DSCR in the range of 1.9-2.3 times in the medium term. Further, the company enjoys strong financial flexibility, given that the current borrowings are lease rental discounted in nature against 60-65% of the rental inflows, thereby leaving adequate headroom to raise additional debt (if required).

Digitisation and favourable regulations support long-term prospects of DCs – 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 DCs, special incentives / tax concessions announced in last budget from the Central and state governments are expected to boost DC investments in the country and demand for the sector.

Credit challenges

Exposed to high execution risks due to large capex in the medium term – CtrlS remains exposed to high execution risk given the nascent stages of execution for recently tied-up leases and expected multi-fold increase in capacity in next two years. However, the track record of execution and timely handover provides comfort. Further, the project term loans have bullet repayment at the end of the three years exposing it to refinancing risks. Hence, the delivery of incremental capacities as per the timelines committed to the tenant will remain important and a key monitorable. Given the continuous addition of capacities, ICRA expects the RoCE to remain moderate in the medium term.

Stiff competition from other players – The ratings note the stiff competition from large DC addition with the entry of many new players in the segment and expansion plans of the existing players. Nevertheless, the long track record of operations, diversified presence across cities and long-term relationships with reputed clients provide CtrlS competitive advantage to some extent.

Liquidity position: Adequate

The company's liquidity position is adequate. CtrlS has sanctioned working capital limits of Rs. 110 crore, with average fund-based utilization at 59% for last 12 months until February 2026. The scheduled existing principal repayments totalling Rs. 228 crore are due in FY2027 and are expected to be comfortably met by estimated operational cash flows. The capital expenditure for FY2027 and FY2028 is projected at Rs. 13,000– 13,500 crore, anticipated to be funded by 60-65% debt and the remaining through internal accruals/OTC from hyperscaler. As of March 2026, CtrlS has Rs. 4,665 crore in sanctioned/undrawn debt facilities with the remaining debt to be tied up in the near term.

Rating sensitivities

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

Negative factors – Negative pressure on the ratings may arise if there is any material cost/time overrun for preleased capacities or significant decline in utilisation of the existing DCs or large speculative debt funded capex resulting in weakening of debt protection metrics. Specific credit metrics that could lead to a downgrade of ratings 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 9 Bold	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not applicable
Consolidation/Standalone	Parent company: CtrlS Datacenters Limited For arriving at the ratings, ICRA has consolidated the operational and financial profile of CtrlS Datacenters Limited, and its subsidiaries mentioned in Annexure III, given the close business, financial and managerial linkages, along with a common treasury team. In addition, CtrlS has provided corporate guarantees to loan 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. As of March 2025, CIPL has built four 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. It is construction 4 additional DCs (DC 6-9) at same locations. The MEP-related capex for all the DCs of CIPL will be done by CtrlS. In March 2025, CtrlS acquired 100% stake in CIPL thereby resulting in CIPL becoming wholly owned subsidiary of CtrlS.

CtrlS Datacenters Limited (CtrlS), established in 2008, commenced operations with its first data center in Hyderabad in 2009. The company provides co-location and managed infrastructure DC services to both global and domestic clients. Currently, CtrlS operates 17 operational data centres across eight locations: Mumbai (7), Hyderabad (3), Chennai (2), Noida, Lucknow, Kolkata, Patna, and Bengaluru. Additionally, it has 7 data centres under construction across five locations: Mumbai (2), Hyderabad (2), Ahmedabad (1), Patna and Guwahati. The company serves major customer segments including hyperscalers, BFSI, e-commerce, telecom companies, government entities, IT firms, etc.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	1,339	1,562
PAT	248	248
OPBDITA/OI	46.7%	49.6%
PAT/OI	18.5%	15.9%
Total outside liabilities/Tangible net worth (times)	2.1	2.3
Total debt/OPBDITA (times)	3.4	3.8
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; OPBDITA: 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 (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	May 06, 2026	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	720.00	[ICRA]AA (Stable)	Sep 30, 2025	[ICRA]AA (Stable)	Mar 21, 2025	[ICRA]A+ (Stable)	Dec 22, 2023	[ICRA]A- (Stable)
Non-fund based facilities	Long-term	-	-	Sep 30, 2025	-	Mar 21, 2025	-	Dec 22, 2023	[ICRA]A- (Stable)
Unallocated limits	Long-term	0.00	-	Sep 30, 2025	[ICRA]AA (Stable)	Mar 21, 2025	[ICRA]A+ (Stable)	Dec 22, 2023	[ICRA]A- (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loans	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loans**	FY2025	NA	FY2037	720.00	[ICRA]AA (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis

Company name	CtrlS ownership	Consolidation approach
CtrlS Datacenters Limited (CtrlS)	Parent entity	Full Consolidation
CtrlS (India) Private Limited	Rated Entity (100%)	Full Consolidation
CtrlS Bangalore Pvt Ltd	100%	Full Consolidation
Schnabel DC Consultants India Private Limited	100%	Full Consolidation

Source: Company data

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