

October 05, 2026

CtrlS Datacenters Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding	Financial sector regulator [#]
Long-term – Fund based – Term loan	8484.90	12,084.90	[ICRA]AA(Stable); reaffirmed	RBI
Long-term – Non-fund based – BG	170.00	170.00	[ICRA]AA(Stable); reaffirmed	RBI
Long-term/short-term – Unallocated limits	4045.10	445.10	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed	RBI
Total	12,700.00	12,700.00		

*Instrument details are provided in Annexure I.

[#]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.

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 projected 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. It is estimated to incur capex of Rs. 13,000-13,500 crore in FY2027 and FY2028 for the 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 recently raised equity from external investors, which will be primarily used towards growth capex.

The consolidated OI witnessed healthy growth of 24% year-on-year (YoY) to Rs. 1,943 crore in FY2026, driven by increase in operational capacity, along with operating profit before depreciation, interest and tax (OPBDIT) margin of ~48%. 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 measured by total debt/OPBDIT could remain beyond 4 times over 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 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 the recently tied-up leases and expected multi-fold increase in capacity over the next two years. Nevertheless, 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 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, long track record of operations, diversified presence across cities and the long-term relationships with reputed clients provide a competitive advantage to the company to some extent.

The Stable outlook on CtrlS rating reflects ICRA's expectation that the company will 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 the 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 950-1,000 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. It is estimated to incur a capex of Rs. 13,000-13,500 crore in FY2027 and FY2028 for the existing/contracted leased capacities. 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. It has recently raised equity from external investors, which will be primarily used towards growth capex.

Comfortable coverage metrics with stable annuity stream of cash flows – 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 the 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 the high execution risk, given the nascent stages of execution for the recently tied-up leases and expected multi-fold increase in capacity in the 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. With 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 utilisation at 59% for the 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 its estimated operational cash flows. The capital expenditure for FY2027 and FY2028 is projected to be within Rs. 13,000-13,500 crore, which is 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	Corporate Credit Rating Methodology Realty - Leasing
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. In addition, CtrlS has provided corporate guarantees to loan availed by CtrlS (India) Private Limited and CtrlS Bangalore Pvt Ltd.

About the company

CtrlS, established in 2008, commenced operations with its first DC in Hyderabad in 2009. The company provides co-location and managed infrastructure DC services to both global and domestic clients. At present, CtrlS operates 17 operational DCs across eight locations: Mumbai (seven), Hyderabad (three), Chennai (two), Noida, Lucknow, Kolkata, Patna, and Bengaluru. Additionally, it has seven under-construction DCs across five locations: Mumbai (two), Hyderabad (two), Ahmedabad (one), Patna and Guwahati.

Key financial indicators

Consolidated	FY2025	FY2026
	Audited	Provisional
Operating income	1,561.8	1,943.2
PAT	248.1	263.1
OPBDITA/OI	49.6%	48%
PAT/OI	15.9%	14%
Total outside liabilities/Tangible net worth (times)	2.3	2.5
Total debt/OPBDITA (times)	3.8	4.4
Interest coverage (times)	3.9	3.4

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 rating (FY2027)						Chronology of rating history for the past 3 years					
FY2027						FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Oct 05, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	12,084.90	[ICRA]AA (Stable)	May 06, 2026	[ICRA]AA (Stable)	Sep 30, 2025	[ICRA]AA (Stable)	Aug 30, 2024	[ICRA]AA- (Stable)	May 11, 2023	[ICRA]AA- (Stable)
Non-fund based limits	Long-term	170.00	[ICRA]AA (Stable)	May 06, 2026	[ICRA]AA (Stable)	Sep 30, 2025	[ICRA]AA (Stable)	Aug 30, 2024	[ICRA]AA- (Stable)	May 11, 2023	[ICRA]AA- (Stable)
Unallocated limits	Long-term/Short-term	445.10	[ICRA]AA (Stable)/[ICRA]A1+	May 06, 2026	[ICRA]AA (Stable)/[ICRA]A1+	Sep 30, 2025	[ICRA]AA (Stable)/[ICRA]A1+	Aug 30, 2024	[ICRA]AA- (Stable)/[ICRA]A1+	May 11, 2023	[ICRA]AA- (Stable)/[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Non-fund based – BG	Simple
Long-term/Short-term – Unallocated limits	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	Financial sector regulator [#]
NA	Long-term – Fund-based – Term loan	FY2020	NA	FY2041	12,084.90	[ICRA]AA(Stable)	RBI
NA	Long-term – Non-fund based – BG	NA	NA	NA	170.00	[ICRA]AA(Stable)	RBI
NA	Long-term/short-term – Unallocated limits	NA	NA	NA	445.10	[ICRA]AA (Stable)/ [ICRA]A1+	RBI

Source: Company

[#]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.

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

Source: ICRA Research, Company

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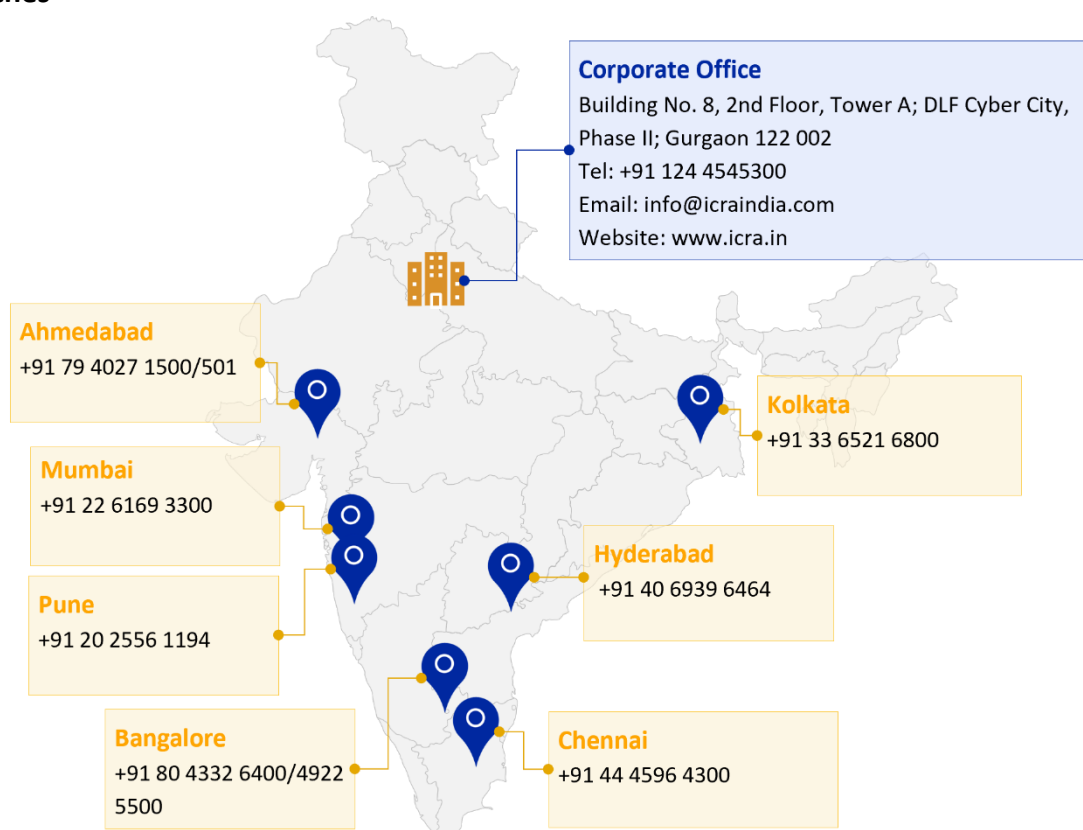
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