

September 03, 2025

Sify Infinit Spaces Limited: Ratings 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	2,235.53	3,884.06	[ICRA]AA- (Stable) reaffirmed and assigned for enhanced limits
Long Term - Fund based limits	150.00	150.00	[ICRA]AA- (Stable); reaffirmed
Long Term - Non-Fund based limits	175.00	175.00	[ICRA]AA- (Stable); reaffirmed
Long Term/Short Term - Non-Fund based limits	15.00	15.00	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed
Long term - NCD	250.00	250.00	[ICRA]AA- (Stable); reaffirmed
Total	2,825.53	4,474.06	

*Instrument details are provided in Annexure I

Rationale

The ratings consider Sify Infinit Spaces Limited's (SISL) strong operational profile with more than two decades of experience in the data center (DC) segment, providing colocation services in India and managed services. SISL has an early-mover advantage in the segment and has an established relationship with its renowned customer base. SISL operates 14 concurrently maintainable tier-III DCs with a build capacity of around 132 MW as of June 30, 2025, of which seven are in Mumbai, two each in Noida and Chennai, one each in Bengaluru, Kolkata, and Hyderabad. The ratings remain supported by the strong operational track record of its parent, Sify Technologies Limited (STL) in the information, communication and technology (ICT) business, vast experience of the promoter, strong management profile, and long-term relationship with its reputed clients.

The ratings draw comfort from favourable demand prospects for DCs, the Government's thrust on digitisation, Digital India schemes, infrastructure status for DC business, and fiscal incentives for establishing DCs, etc. Moreover, long-term agreements with reputed clients and high customer stickiness owing to large investments made by customers and downtime-related risks upon shifting, result in high revenue visibility.

SISL's financial profile is characterised by improving scale of operations, stable margins, and moderate debt protection metrics. In FY2025, SISL's revenues grew by ~28% YoY, supported by capacity addition and favourable demand, leading to enhanced capacity utilisation. Its OPBDITA margins improved by 260 bps to 44.4% in FY2025 on the back of benefits of reduced power costs, given the use of renewable power sources and economies of scale. Its margins remained healthy at 44.6% in Q1 FY2026. Continued capacity additions and commitments for the incremental capacity are expected to support growth in revenues and earnings, going forward.

The ratings are, however, constrained by the capital intensive nature of business, lower return on capital employed (RoCE), and vulnerability of earnings to competition in the industry. With a favourable demand outlook, SISL has scaled up its investments and has a sizeable capex plan of Rs. 3,500-4,000.0 crore, to be spent in the next few years. ICRA notes that the company has tied up its funds through a mix of term loans and internal accruals. While the leverage metrics would moderate on the back of debt-funded capex, DSCR is expected to be comfortable in the range of 1.5-1.9 times in the medium term.

The Stable outlook on the [ICRA]AA- rating reflects ICRA's opinion that a healthy growth in revenues and earnings, on the back of favourable demand and capacity additions, will support SISL in improving its coverage metrics, despite the elevated debt level.

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 had infused an aggregate amount of Rs. 970 crore in STL over the past several years. Sify's senior management team also consists of professionals having extensive experience in the technology domain.

Strong operational profile – SISL has more than two decades of experience in providing colocation services in India, which allow customers to bring their own rack-mountable servers and house them in shared racks at the hosting facility as per their application requirements, apart from capabilities in managed services as well. SISL has an early-mover advantage in the segment and has an established relationship with its renowned customer base. SISL currently operates 14 concurrently maintainable tier-III DCs with built capacity of around 132 MW capacity (utility), of which seven are in Mumbai, two each in Noida and Chennai, and one each in Bengaluru, Kolkata, and Hyderabad.

Most of these investments are backed by long-term contracts with marquee clients, which in turn have large investments in these DCs. This makes switching costs high for the customers and lend long-term visibility and stability to SISL's revenues. SISL's ability to scale up within the vicinity of existing DCs, availability of adequate land bank and capital for expansion of capacities are key competitive advantages. Moreover, it has a demonstrated ability to customise its offerings to suit client requirements, which helps in its pricing advantage. The customer base is spread across BFSI, major global hyperscalers and Government institutions and hence, remains largely protected from downturn in any specific segment or industry. Comfort is also drawn from the fact that the company has commitments for a major part of the capacity expansion being undertaken, which offers healthy revenue visibility.

Favourable demand prospects for data centers – 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 userbase for social media, gaming, e-commerce, increased use of cloud adoption and OTT platforms, which resulted in accelerating 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, and fiscal incentives from Central and state Governments, which are expected to boost DC investments in the country. The rise in revenues has been triggered by increasing cloud adoption, growing demand for bandwidth and links in the data business and improvement in demand for DCs, resulting in increased capacity utilisation and a shift from on-premises to public cloud.

Credit challenges

Highly capital intensive nature of business – With higher thrust on digitisation and the increasing demand for DC business, SISL's business profile remains characterised by the need for periodical investments. The overall capex spend is estimated at Rs. 3,500-4,000 crore over the next three years. Apart from the tie-ups with banks for term loans, the company has also infused Rs. 400 crore with Kotak Special Situations Fund (KSSF) and Rs. 600 crore with Kotak Data Center Fund (KDCF) through compulsory convertible debentures (CCDs) for capacity expansion of its data centre business. KSSF has infused Rs. 400 crore and KDCF has infused Rs. 600 crore till March 31, 2025. This apart, it has also received Rs. 225 crore in the form of CCDs infused by STL over the last four years ending in FY2025 and during YTD FY2026, STL has infused another Rs. 25 crore in the form of CCDs. While the margin profile has improved in FY2025 (improved by around 260 bps) and would continue to improve once the new capacities stabilise, the RoCE levels are expected to remain moderate. Nevertheless, the Group enjoys strong financial flexibility and commitment from promoters (thus insulating from project completion and ramp-up risks). DSCR stood at less than 1.5 times in FY2025, however, given the expected improvement in earnings, its coverage metrics are expected to improve over the next 12-24 months. The company derives its major revenues from hyperscalers and PSU clients where the payment terms are relatively longer. However, in the recent past, the receivables have improved, supported by better collections. SISL's ability to further improve the 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 pricing in the industry in the medium-to-long term. While its long track record of operations, higher customer retention, along with the long strategic relationship with customers provide competitive advantage in the existing business, elevated competition could exert pressure on the operating margins of the incremental business. ICRA expects a capex of Rs. 2.3 lakh crore in the next six years from major players, with a capacity addition of 5,100 -5,200 MW.

Liquidity position: Adequate

SISL's liquidity position is adequate with expected retained cash flows of around Rs. 570-620 crore in FY2026 along with free cash and liquid balances of Rs. 332.5 crore as of March 31, 2025, and moderate undrawn lines of Rs. 110 crore as on June 30, 2025. It has a repayment obligation of Rs. 200-250 crore (including lease obligations) per annum in the next three fiscals and 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, funding from KSSF and cash balances. Accordingly, the liquidity position is expected to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA could upgrade SISL's ratings with enhanced utilisation of 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. Specific metrics that could result in a rating downgrade include DSCR of less than 1.5 times on sustained basis.

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 the parent's willingness and track record of support extended to SISL. Strategic importance of the DC business to the parent and operational linkages between the companies also provide comfort
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 tier-III DCs with a built capacity of around 132 MW capacity (utility), of which seven are in Mumbai, two each in Noida & Chennai and one each at Bengaluru, Kolkata and Hyderabad.

About the parent

Incorporated in 1995 as Satyam Infoway Limited, Sify Technologies Limited (Sify) is one of the major ICT service providers in India. Mr. Raju Vegesna, a technocrat, is the Chairman and holds an 84% stake in the company. Sify is listed on the NASDAQ and the remaining stakes are held in the form of ADRs. Operating largely in the domestic market, the entity's revenue streams originate from the following segments—telecommunication, data centre, cloud and managed services, application integration and TIS. Sify also has seven wholly-owned subsidiaries—Sify Technologies (Singapore) Pte Limited, Sify Technologies

North America Corporation, Sify Infnit 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
Operating income	1,114.2	1,428.4
PAT	93.3	126.4
OPBDIT/OI	41.8%	44.4%
PAT/OI	8.4%	8.8%
Total outside liabilities/Tangible net worth (times)	1.6	1.6
Total debt/OPBDIT (times)	4.9	4.1
Interest coverage (times)	3.9	4.2

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

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Sep 03, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	150.00	[ICRA]AA-(Stable)	Oct 07, 2024	[ICRA]AA-(Stable)	Sep 12, 2023	[ICRA]AA-(Stable)	Sep 29, 2022	[ICRA]A+(Stable)
								Mar 16, 2023	[ICRA]AA-(Stable)
Non Fund Based-Others	Long Term	175.00	[ICRA]AA-(Stable)	Oct 07, 2024	[ICRA]AA-(Stable)	Sep 12, 2023	[ICRA]AA-(Stable)	Sep 29, 2022	[ICRA]A+(Stable)
								Mar 16, 2023	[ICRA]AA-(Stable)
Non Fund Based-Others	Long / Short Term	15.00	[ICRA]AA-(Stable)/[ICRA]A1+	Oct 07, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	Sep 12, 2023	[ICRA]AA-(Stable)/[ICRA]A1+	Sep 29, 2022	[ICRA]A+(Stable)/[ICRA]A1+
								Mar 16, 2023	[ICRA]AA-(Stable)/[ICRA]A1+
Fund Based-Term Loan	Long Term	3,884.06	[ICRA]AA-(Stable)	Oct 07, 2024	[ICRA]AA-(Stable)	Sep 12, 2023	[ICRA]AA-(Stable)	Sep 29, 2022	[ICRA]A+(Stable)
								Mar 16, 2023	[ICRA]AA-(Stable)

Bonds/NCD/LTD	Long Term	0.00	[ICRA]AA-(Stable)	Oct 07, 2024	[ICRA]AA-(Stable)	-	-	-	-
NCD	Long Term	250.00	[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 Loan*	NA	NA	NA	3,884.06	[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	FY2025	8.95%	FY2040	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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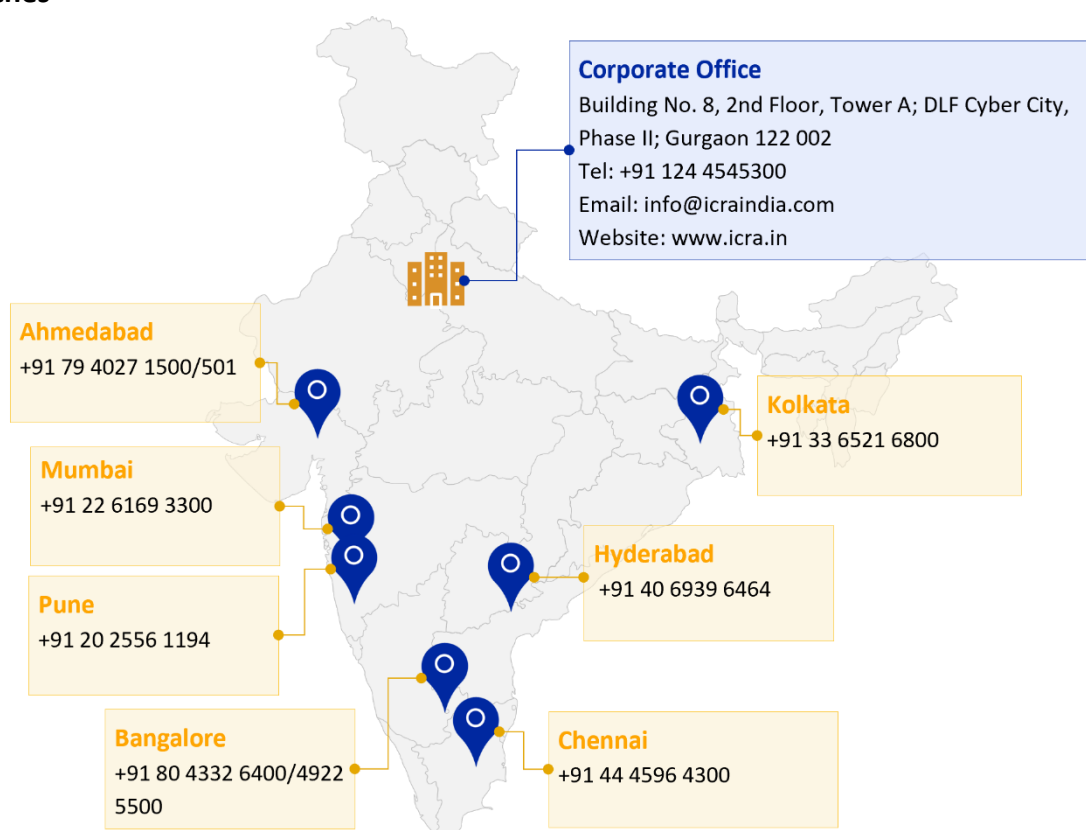
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