



DATA CENTRES

**India DC capacity set to double by
FY2027**

September 2024



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Indian third-party data centre (DC) operational capacity is expected to increase to 2,000-2100 MW by FY2027 from ~950 MW in FY2024.

Tier I cities will continue to account for majority of capex additions and around 50-55% of the overall increase in DC capacity will be led by top five existing players in India.



The global data centre capacity is estimated to be around 35 GW with the US contributing to around 50% of it. India accounts for ~3% of the global installed capacity with around 950 MW operational capacity as of March 2024. However, this is likely to sharply increase in the medium term, supported by data explosion and favourable regulatory policy initiatives. Majority of the existing supply is concentrated in tier I cities in India and the trend is expected to continue in the medium term.



Co-location services backed by hyperscalers contribute to majority of the DC revenues in the country. Co-location accounts for 80-85% of revenues and majority of the upcoming investments are geared towards meeting high demand in co-location services. This continue to be driven by hyperscalers and verticals, such as banking financial services and insurance (BFSI), IT/ITES, which require strict data confidentiality and complete management control of their operations.



To meet the strong demand for DCs, Indian corporates, foreign investors and existing DC players are investing massively in Indian DCs. By FY2027, the capacity is expected to increase to 2,000-2100 MW from 950 MW as of FY2024 and 50-55% of overall increase in DC capacity will be led by the top five existing players, which will aid them in maintaining their market share. Lower real estate costs compared to overseas markets and availability of skilled manpower are also expected to support the growth of the Indian DC market.



Revenues in FY2025 are estimated to grow by 23-25% YoY for ICRA's sample* and with better absorption of fixed costs, the operating margins may increase slightly by 150-200 bps in FY2025 to 42.5- 43.0%. The overall debt levels are projected to be higher by 16-18% in FY2025 to fund the ongoing capex. However, with anticipated increase in operating profits, the debt protection metrics in FY2025 are likely to improve, with leverage (TD/OPBIDTA) and debt coverage metric (DSCR) of 4.4-4.6x and 1.8-2.0x, respectively.

*Sample includes NTT GDC India, STT GDC India, CtrlS Datacentres, Sify Infnit Spaces and Nxtra Data Limited



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Senior Vice President & Group Head	ashish.modani@icraindia.com	020 – 6606 9912
Anupama Reddy	Vice President & Co Group Head	anupama.reddy@icraindia.com	040 – 6939 6427
Abhishek Lahoti	Assistant Vice President & Sector Head	abhishek.lahoti@icraindia.com	040 – 6939 6433
Hemanth Vasishta Attaluri	Senior Analyst	vasishta.attaluri@icraindia.com	040 – 6939 6419





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development - Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development - Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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