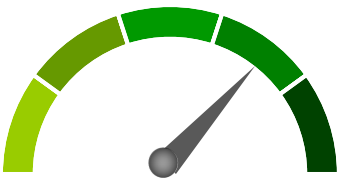
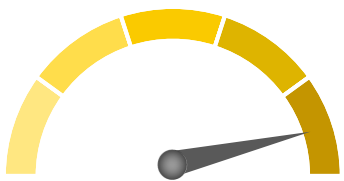
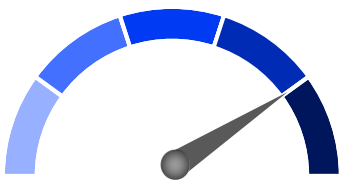


May 26, 2025

[ICRA ESG] Impact Rating 78, Good, assigned to Sify Infnit Spaces Limited

Sify Infnit Spaces Limited	Previous Score	Current Score	Rating Symbol	Rating Movement
ESG Impact Rating	-	78	Good	-

Environment	Social	Governance
		
E Score: 72	S Score: 87	G Score: 80
Good	Outstanding	Outstanding
Weightage: 45%	Weightage: 25%	Weightage: 30%

Rationale

The ESG impact score of **78 (Good)** assigned to Sify Infnit Spaces Limited (SISL) reflects its commitment to sustainable and responsible business conduct. SISL, being in the data centre business, has high energy, GHG emission, and water intensities. However, it has a high renewable energy (RE) integration, 100% water and waste recycling, and a procurement strategy focused on sustainable practices, which add to its overall strength. Socially, SISL maintains positive employee and customer relationships with comprehensive benefits and high level of service delivery. SISL's governance practices reflect transparent conduct through comprehensive disclosures and a focus on ESG governance. The company's diverse board and transparent disclosure of its performance, including sustainability related indicators support its governance score. The same also draws comfort from the oversight at a group level given the criticality of the data centre business. Overall, while SISL has made progress in aligning its operations with ESG principles, there are opportunities for further enhancement, especially in setting specific targets for reducing operational impacts, improving gender diversity and strengthening community impacts.

Environment

The assigned environmental impact score of **72 (Good)** highlights SISL's commitment to reducing overall environmental impacts and resource usage, thereby promoting sustainability. The company focuses on creating energy-efficient data centres with low Power Usage Effectiveness (PUE) and Water Usage Effectiveness (WUE). As part of this strategy, the company has contracted over 230 MW of renewable energy and signed new power purchase agreements (PPAs) for 31 MW of solar and 44 MW of wind energy, in line with SISL's expansion plans. The company has been able to reduce its PUE by 27% and energy leakage by 20% in FY2024 compared to FY2023 due to these efforts. However, its energy intensity remains high at 1.8 million MJ per crore revenue, with around 39% RE use in its overall energy consumption. While SISL's energy efficiency initiatives and RE integration contribute to overall emission reduction, its Scope 1 and Scope 2 emission intensity stands at approximately 220 tCO₂e per crore revenue, with aims to reduce its Greenhouse Gas (GHG) emissions adhering to ASHRAE¹

¹ The American Society of Heating, Refrigerating and Air-Conditioning Engineers. It's an international organisation focused on advancing the design and construction of heating, ventilation, air conditioning, and refrigeration (HVAC&R) systems.

guidelines. The company also holds ISO 50001 and ISO 14001 certifications for its major data centres, indicating a commitment to overall energy efficiency improvements. The data centre dependency on backup power supply is very limited with sparse operation of the Diesel Generator (DG) sets. Also, the DG sets are designed in a way to not emit direct air emissions, resulting in excellent air emission management by the entity.

SISL's water consumption was high at around 6.1 million KL in FY2024, owing to the operation of water-cooled data centres. ICRA ESG notes that the company achieved a WUE of 1.83 in FY2024, with plans for further reduction, but the high intensity remains a major factor in its overall water impact. Implementation of a Zero Liquid Discharge (ZLD) mechanism in all its offices, ensuring 100% recycling of water and rainwater harvesting act as mitigants to some extent. The company has introduced systems like ATCS² using soft cleaning balls, which help in improving heat transfer efficiency and cooling reliability. The company generated 345.66 tonnes of waste in FY2024, with 100% of the waste produced being recovered. SISL's sustainability action plan includes efficient waste management practices, responsible electronic waste disposal, and green data centres designed to reduce overall resource consumption. SISL follows strong practices in value chain sustainability, sourcing most of its goods sustainably. The company enforces a supplier code of conduct and conducts regular supplier audits to ensure commitment to sustainable procurement. However, it currently does not conduct Scope 3 emission accounting or set a net zero aspiration, which limits its score. Additionally, while SISL has no direct impact on biodiversity, its Corporate Social Responsibility (CSR) policy mentions a commitment to biodiversity conservation. These commitments have led to gradual improvements as evident in the ~3% green cover in the Rabale data centre area, however, needs further expansion.

Social

SISL has a social score of **87 (Outstanding)**, reflecting its employee well-being practices, alignment with human rights principles and social initiatives. A sound health and safety profile with a comprehensive risk management plan along with good employee benefit programmes like group medical coverage, term life insurance, personal accident policies, maternity leave, and paternity leave favourably impact employee relationships at the workplace. The company also places special focus on skill development with tailored programmes like 'first-time managers program' and 'leadership program', reinforcing the overall focus of the company towards development of human capital. However, the employee attrition rate stood at 19.05% in FY2024 with a wage gap of 0.69, indicating scope for improvement. SISL has a grievance redressal mechanism with clear escalation matrices, ensuring proper and timely resolution of internal and external issues, and regular training including human rights, Prevention of Sexual Harassment (POSH) and service quality. Given the nature of the data centre business, SISL ensures quality of service delivery and provides real-time monitoring facilities, even at the project inception stage. Major data centres are TIA-942-B:2017³: Rated 4, with more than 99.997% uptime and availability. The company also maintains a redundancy and maintainability equivalent to the highest standards resulting in a high customer retention rate. SISL also emphasises data privacy and physical security, ensuring no unauthorised access, which further ensures responsible conduct of business.

In terms of community impact, the company conducts its CSR through The Raju Vegesna Foundation and supports vulnerable populations through initiatives like providing resources to orphanages and creating potable water sources in areas with limited access to clean drinking water. A modest CSR budget constrains the diversity of causes. There is a board level oversight on the foundation's activities ensuring positive impact on the communities they serve. Most of these initiatives are focused on aspirational districts in Andhra Pradesh, creating deeper impacts; however, dedicated third-party impact assessments to understand the full extent of benefits created through these initiatives are absent.

² Automatic Tube Cleaning System

³ TIA-942-B:2017 is a standard developed by the Telecommunications Industry Association (TIA) that specifies requirements and best practices for the design and implementation of data centres. It covers key aspects such as site location, architectural layout, electrical and mechanical systems, fire safety, physical security, and telecommunications infrastructure.

Governance

SISL's governance score of **80 (Outstanding)** reflects its good governance practices and the strengths it draws from its group level practices. This score highlights the company's commitment to transparency in its disclosures, including those related to sustainability. The board of directors demonstrates diversity and independence, with two female director and three independent directors with expertise in operational leadership, legal matters, technology, finance, telecom, defence, and digital transformation, equipping them to guide the company effectively. The level of board engagement remains high and SISL's operations also enjoys group level oversight, given the criticality of the data centre business. The company maintains distinct roles for the Whole-Time Director (WTD) and the Chief Executive Officer (CEO), ensuring independent oversight and governance. There have been no adverse comments from auditors, nor any concerning observations or instances related to the company's conduct.

SISL's disclosure levels are high, given that its sustainability performance is reflected well in the parent company's sustainability reports and Business Responsibility and Sustainability Reporting (BRSR) although not mandated for a foreign listed entity in India. While progress on reducing impacts will be gradual, SISL has established robust sustainability related governance by defining various targets and commitments, which align with top management performance goals. The company has set targets for RE integration and reduction in emissions, PUE and WUE; however, progress needs to be demonstrated considering the rapid expansion of the business. Additionally, setting clear emission reduction goals aligned with the Paris Agreement 1.5°C pathway could further strengthen its commitment, considering the energy and emission-intensive nature of the business.

Key Rating Drivers

Strengths

- **Sizeable RE integration and total recycling of water and waste:** SISL has an extensive strategy to reduce energy and water usage, thereby making its operations sustainable. The company has contracted over 230 MW of RE sources, achieving around 39% RE in its overall energy mix in FY2024. Both PUE and energy leakage were reduced by 27% and 20%, respectively, in FY2024 compared to FY2023, indicating a strong focus on energy conservation. The company ensures 100% recycling of water and waste with the installation of ZLD systems across all its offices, demonstrating its commitment to sustainability.
- **Focus on employee well-being and high-quality product delivery:** The company offers comprehensive employee benefits and maintains an adequate health and safety record with no major work-related injuries in FY2024. Moreover, SISL's career development focused approach is demonstrated through programmes such as the 'first-time managers program' and leadership training, which foster professional growth. SISL's business relationships are particularly well managed through adherence to its service delivery requirements. A large part of its data centre capacity is also TIA-942-B:2017: Rated-4, indicating 99.997% uptime and availability, ensuring high customer satisfaction and retention. Moreover, there have been no data privacy or cyber security incidents, which are critical to this business.
- **Emphasis on ESG integration through good governance practices and compliance:** Being part of the Sify Group whose flagship entity, STL, has been listed on the NASDAQ for 26 years, SISL has also imbibed good governance practices and internal control mechanisms. The board of directors includes individuals with varied industry experience and high engagement levels, including those from the parent company. SISL's board has 33% women's representation and 50% independent directors, indicating good diversity. ESG-related aspects are overseen by a board-level committee, with sustainability KPIs integrated across business verticals including performance metrics of top management. As is core to the business too, specific targets related to RE integration and emission reduction demonstrate the focus on

sustainability governance. The same is also reflected by the publication of the BRSR, although it is not mandated for a foreign-listed entity in India.

Weaknesses

- **High resource use, including energy and water, typical of nature of operations:** Due to the nature of its business, the company has high overall energy, GHG emission, and water consumption intensities. However, it is making efforts to reduce these through targeted initiatives. The company's ability to reduce its impact amid ongoing capacity expansion and gradual ramp-up of utilisation remains crucial in defining its environmental footprint. There are constraints related to RE integration due to state-level regulations, leading to slow progress in overall emission reductions.
- **Modest CSR budget with no third-party project specific impact assessments:** The group's CSR is focused on initiatives across healthcare, social welfare, environmental sustainability. This also includes aspirational district of Andhra Pradesh. Through its programme, the company focuses on selected impactful initiatives, although due to the modest CSR budget (Rs. 2.16 crore in FY2024), the company is yet to diversify its CSR as outlined in its CSR policy. In addition, the lack of third-party, project-specific impact assessments, along with low job creation in rural areas, constrain the overall community impact profile of the company.
- **Scope for improving diversity across operations:** While the company has two women directors and several senior-level positions—including those in finance and human resources—held by women, there remains scope for improvement at the KMP level, as well as in overall gender diversity and the gender wage gap, which currently stands at 0.69.

Rating sensitivities

Positive factors

ICRA ESG could upgrade SISL's rating if there is an increase in its RE infrastructure in line with its business expansion and RE integration strategy. A decline in energy, GHG emissions and water consumption aligning with its internal targets, and focused initiatives on biodiversity would further improve the score. Additionally, a lower attrition, a favourable wage gap and an enhancement in CSR focus areas and job creation in rural areas will benefit the social profile. Enhancing women's diversity, with assurance of sustainability data would also favourably influence the ratings.

Negative factors

ICRA ESG could downgrade SISL's rating if there is slower than expected progress in expanding its RE capacity or improving other environmental impacts in relation to the scale growth. Furthermore, any deviation from the current standards of waste management and value chain could negatively impact the ratings. Breaches in IT security and quality of service delivery, weakening of board and governance structures, instances of severe fines and penalties levied by regulatory bodies or failure to provide detailed updates on progress towards sustainability goals, could also negatively affect the ESG rating.

Analytical Approach

Analytical Approach	Comments
Rating methodology	ESG Impact Rating Methodology
Rating scale	ESG Rating Scale
Last review date	NA
Data Availability	Good
Rating boundaries	For arriving at the rating, ICRA ESG has considered the standalone operations, and the sustainability aspects disclosed through Business Responsibility and Sustainability Reporting, Integrated Annual Report, and other sustainability disclosures in the public domain, along with the inputs received from the management meetings with ICRA ESG analysts. SISL represents the data centre business of the group, thus the disclosures of the parent, Sify Technologies, also represent the ESG profile of SISL, as discussed and shared by the management.

About the company

Sify Infinit Spaces Limited (SISL) was established in 2017 as a subsidiary of Sify Technologies Limited (STL) and is a leading data centre services provider headquartered in Chennai, Tamil Nadu, India. SISL offers data centre co-location services. The company hosts critical deployments for multiple hyperscalers and has AI-ready and liquid-cooled data centres certified for GPX-ready workloads. SISL has demonstrated steady revenue growth over the years, reporting revenue of Rs. 1,114.17 crore in FY2024 compared to Rs. 1,021.34 crore in FY2023. Similarly, STL's consolidated revenues also improved from Rs. 3340.37 crore to Rs. 3563.39 crore during the same period.

STL holds 100% stake in SISL. STL has been listed at NASDAQ since 1999 and is promoted by Mr. Raju Vegesna. The Sify Group has its presence in data centre infrastructure, network services, cloud and digital services. SISL represents the data centre business, which is a key segment for the group. Operating 11 strategically located data centres across India, SISL is committed to sustainable operations, having contracted over 230 MW of renewable energy to power its facilities till date, in view of the high energy consumption in the industry and end-user demands. Over the years, SISL has been implementing sustainability agendas, which are being driven at the group/parent level.

Key ESG Indicators

Parameters	Unit	FY2024
Environment indicators		
Energy intensity	Million MJ/ Rs. crore	1.82
Scope 1 + Scope 2 intensity	tCO2e/Rs. crore	222.16
Water consumption intensity	m ³ / Rs. crore	5503.79
Waste generation intensity	tonnes/ Rs. crore	0.31
Social indicators		
Employee turnover	%	19.05%
POSH complaints reported	Number	0

Category-I SEBI Registered ERP

Income inequality ratio	Ratio	48:1
CSR inhouse volunteers	Yes/No	Yes
Governance indicators		
Presence of reg-tech system	Yes/No	Yes
% of women in BOD	%	33.00%
Average attendance in board meetings	%	100.00%

Source: Company, ICRA ESG's Analysis; NT – Not Tracked

Common Directors (if any): None

Source of Information

While assigning the ratings, ICRA ESG has considered the annual reports, sustainability reports of the company along with company policies, additional information and comments provided by the company during management meetings.

Status of non-cooperation with previous ERP: Not applicable

Rating history for past three years

S. No.	Parameter	Current Rating	Previous Rating		
		Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
		May 26, 2025	-	-	-
1	ESG Impact Rating	78, Good	-	-	-

Source: ICRA ESG

ANALYST CONTACTS

Sheetal Sharad

+91 124 4545 815

sheetal.sharad-esg@icraindia.com**Sunil K S**

+91 804 3326400

sunil.ks-esg@icraindia.com**Harshit Pandey**

+91 124 4545 816

harshit.pandey-esg@icraindia.com**Anshita Khandelwal**

+91 124 4545 800

anshita.khandelwal-esg@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

l.shivakumar-esg@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info-esg@icraindia.com

About ICRA ESG Ratings Limited:

ICRA ESG Ratings Ltd (ICRA ESG), is a Category-I ESG Ratings Provider (ERP) licensed by the Securities and Exchange Board of India. ICRA ESG provides comprehensive ESG assessments, offering a holistic view of an entity's state and progress towards sustainability. Our approach covers not only the conventional metrics but also incorporates a nuanced evaluation of an entity's commitment to and transition towards sustainability. ICRA ESG is a wholly owned subsidiary of ICRA Limited (ICRA), one of India's leading Credit Rating Agencies, with a track record of over three decades. The ultimate parent company of international Credit Rating Agency Moody's Investors Service is the indirect largest shareholder of ICRA.

For more information, visit www.icraesgratings.in

ICRA ESG RATINGS LIMITED**Registered Office:**

B-710, Statesman House 148, Barakhamba Road, New Delhi – 110001

Tel: +91 11 23357940/45

Branch Offices:**Gurugram:** Building No.8, Second Floor, Tower A, Cyber City, Phase II, Gurugram, Haryana – 122002

Tel: +91 124 4545 800

Mumbai: Fourth Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025

ESG ratings should not be treated as a recommendation to buy, sell, or hold the rated debt instruments of the Issuer. ESG ratings are subject to a process of surveillance, which may lead to a revision in ratings. An ESG rating is a symbolic indicator of ICRA ESG's current opinion about an Issuer or a debt instrument, regarding its ESG profile or characteristics or exposure to ESG risk, governance risk, social risk, climatic or environmental risks, or impact on society, climate, and the environment. Please visit our website www.icraesgratings.in or contact any ICRA ESG office for the latest information on ESG ratings outstanding. All information contained herein has been obtained by ICRA ESG from sources believed by it to be accurate and reliable, including from the rated Issuer. ICRA ESG however has not conducted any audit of the rated Issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA ESG in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA ESG or any of its group companies may have provided services other than ESG rating to the Issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA ESG shall not be liable for any losses incurred by users from any use of this publication or its contents.

ESG Ratings are different from credit ratings.

© Copyright, 2025 ICRA ESG Ratings Limited. All Rights Reserved.