January 12, 2026

Sapphire Foods India Limited: Ratings placed on watch with developing implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Term Loan	11.00	11.00	[ICRA]A; placed on watch with developing implications
Long-term – non-fund-based Limits	19.00	19.00	[ICRA]A; placed on watch with developing implications
Long-term/Short-term - Fund based/non-fund based – Working Capital Facilities	42.00	42.00	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; placed on watch with developing implications
Short-term – Fund based – Interchangeable Limits	(35.00)	(35.00)	[ICRA]A2+; placed on watch with developing implications
Long-term – non-fund based – Interchangeable Limits	(42.00)	(42.00)	[ICRA]A; placed on watch with developing implications
Long-term/Short-term – Unallocated Limits	128.00	128.00	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; placed on watch with developing implications
Total	**200.00**	**200.00**	

**Instrument details are provided in Annexure I*

Rationale

Material Event

On January 1, 2026, Sapphire Foods India Limited (SFIL) has informed the stock exchanges that it has entered into a scheme of arrangement for the merger of SFIL with and into Devyani International Limited (DIL), another major franchisee of Yum! Brands in India. As per the arrangement, 18.5% of the paid-up equity share capital of SFIL will be acquired by Arctic International Private Limited, a group entity of DIL, from SFIL's promoters, with an option to assign its rights to a mutually agreed financial investor. SFIL's shares will be swapped against DIL's shares, wherein 177 fully paid-up equity shares of Re 1/- each of DIL will be issued for every 100 fully paid-up equity shares of Rs. 2/- each of SFIL. The effectiveness of the merger is subject to requisite regulatory and statutory approvals and other customary conditions precedent, with the appointed date proposed as April 1, 2026. Yum! Brands has granted its approval to the aforesaid merger.

Impact of the Material Event

ICRA has taken note of the above event and placed SFIL's ratings of [ICRA]A/[ICRA]A2+ on Watch with Developing Implications. SFIL group (and its subsidiaries) is one of the two largest franchisees of the PH and KFC brands (owned by Yum!) in India and is also a leading player in Sri Lanka. Over the years, the company has witnessed an uptick in sales, with operating income rising to Rs. 2,881.9 crore in FY2025 from Rs. 1,340.4 crore in FY2020, representing a CAGR of 17%, driven by healthy store expansions over the years. The company's capital structure and debt coverage metrics remain healthy, supported by past equity infusions and internal accruals.

Post-merger, the combined entity is expected to become one of the largest quick-service restaurant operators in India and is likely to benefit from economies of scale and united strategy for growth and expansion upon successful integration. ICRA will continue to monitor developments regarding the aforesaid transaction and will take appropriate rating action as required.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities: Click here

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of SFIL. The subsidiaries of SFIL as of March 31, 2025, are enlisted in Annexure-2.

About the company

Incorporated in November 2009 as Samarjit Advisors Private Limited, the entity was renamed as Sapphire Foods India Private Limited in 2015. SFIL is a franchise partner of Yum! for Pizza Hut and KFC brands. It was promoted by QSR Management Trust (QMT), which is owned by Samara Capital. In FY2016, QMT's stake was diluted to 7.24%, pursuant to fresh investment by Sapphire Foods Mauritius Limited, Goldman Sachs and CX Partners. The Edelweiss Group subscribed to CCPS and joined the company as an investor in FY2019. The company's IPO was consummated in November 2021, whereby promoters and certain set of investors had a partial exit through an offer for sale. The company is promoted by Sapphire Foods Mauritius and QSR Management Trust. The current investor profile includes Samara Capital, Creador and other high-marquee foreign and domestic institutional investors.

Key financial indicators (audited)

SFIL - Consolidated	FY2024	FY2025
Operating income	2,594.3	2,881.9
PAT	52.0	16.7
OPBDIT/OI	17.8%	16.5%
PAT/OI	2.0%	0.6%
Total outside liabilities/Tangible net worth (times)	1.0	1.1
Total debt/OPBDIT (times)	2.5	2.7
Interest coverage (times)	4.6	4.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: 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

Instrument	Current rating (FY2026)			FY2026		Chronology of rating history for the past 3 years					
						FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Jan 12, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Term Loan	Long Term	11.00	[ICRA]A; rating watch with developing implications	Apr 11, 2025	[ICRA]A (Stable)	Oct 07, 2024	[ICRA]A (Stable)	Aug 11, 2023	[ICRA]A (Stable)	Aug 05, 2022	[ICRA]A (Stable)
				Oct 01, 2025	[ICRA]A (Stable)						
Non Fund Based-Bank Guarantee	Long Term	19.00	[ICRA]A; rating watch with developing implications	Apr 11, 2025	[ICRA]A (Stable)	Oct 07, 2024	[ICRA]A (Stable)	Aug 11, 2023	[ICRA]A (Stable)	Aug 05, 2022	[ICRA]A (Stable)
				Oct 01, 2025	[ICRA]A (Stable)						
Unallocated	Long Tem/ Short Term	128.00	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; rating watch with developing implications	Apr 11, 2025	[ICRA]A (Stable)/ [ICRA]A2+	Oct 07, 2024	[ICRA]A (Stable)/ [ICRA]A2+	Aug 11, 2023	[ICRA]A (Stable)/ [ICRA]A2+	Aug 05, 2022	[ICRA]A (Stable)/ [ICRA]A2+
				Oct 01, 2025	[ICRA]A (Stable)/ [ICRA]A2+						
Fund Based/Non Fund Based-Working Capital facilities	Long Tem/ Short Term	42.00	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; rating watch with developing implications	Apr 11, 2025	[ICRA]A (Stable)/ [ICRA]A2+	-	-	-	-	-	-
				Oct 01, 2025	[ICRA]A (Stable)/ [ICRA]A2+						
Fund-based-Interchangeable-Others	Short Term	(35.00)	[ICRA]A2+; rating watch with developing implications	Apr 11, 2025	[ICRA]A2+	-	-	-	-	-	-
				Oct 01, 2025	[ICRA]A2+						
Non-fund-based Interchangeable-Others	Long Term	(42.00)	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; rating watch with developing implications	Apr 11, 2025	[ICRA]A (Stable)	-	-	-	-	-	-
				Oct 01, 2025	[ICRA]A (Stable)						

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term Fund based facilities – Term Loan	Simple
Long Term Non-Fund based facilities	Simple
Long-Term/Short-term – fund/non fund based – working capital facilities	Simple
Short Term - fund based - interchangeable Limits	Simple
Long Term - non fund based - interchangeable Limits	Simple
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
NA	**Term Loan II**	February 24, 2021	7.08%	October 2026	6.05	[ICRA]A; rating watch with developing implications
NA	**Term Loan IV**	June 11, 2021	9.00%	June 2027	4.95	[ICRA]A; rating watch with developing implications
NA	**Bank Guarantee**	-	-	-	19.00	[ICRA]A; rating watch with developing implications
NA	**-Fund based/Non-fund based – Working Capital Facilities**	-	-	-	42.00	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; rating watch with developing implications
NA	**Short Term - fund based - interchangeable Limits**	-	-	-	(35.00)	[ICRA]A2+; rating watch with developing implications
NA	**Long Term - non fund based - interchangeable Limits**	-	-	-	(42.00)	[ICRA]A; rating watch with developing implications
NA	**Unallocated Limits**	-	-	-	128.00	[ICRA]A; placed on watch with developing implications / [ICRA]A2+; rating watch with developing implications

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Gamma Pizzakraft (Lanka) Private Limited	100%	Full Consolidation
French Restaurants Private Limited	100%	Full Consolidation
Gamma Island Food Private Limited	74.74%	Full Consolidation

Source: Company

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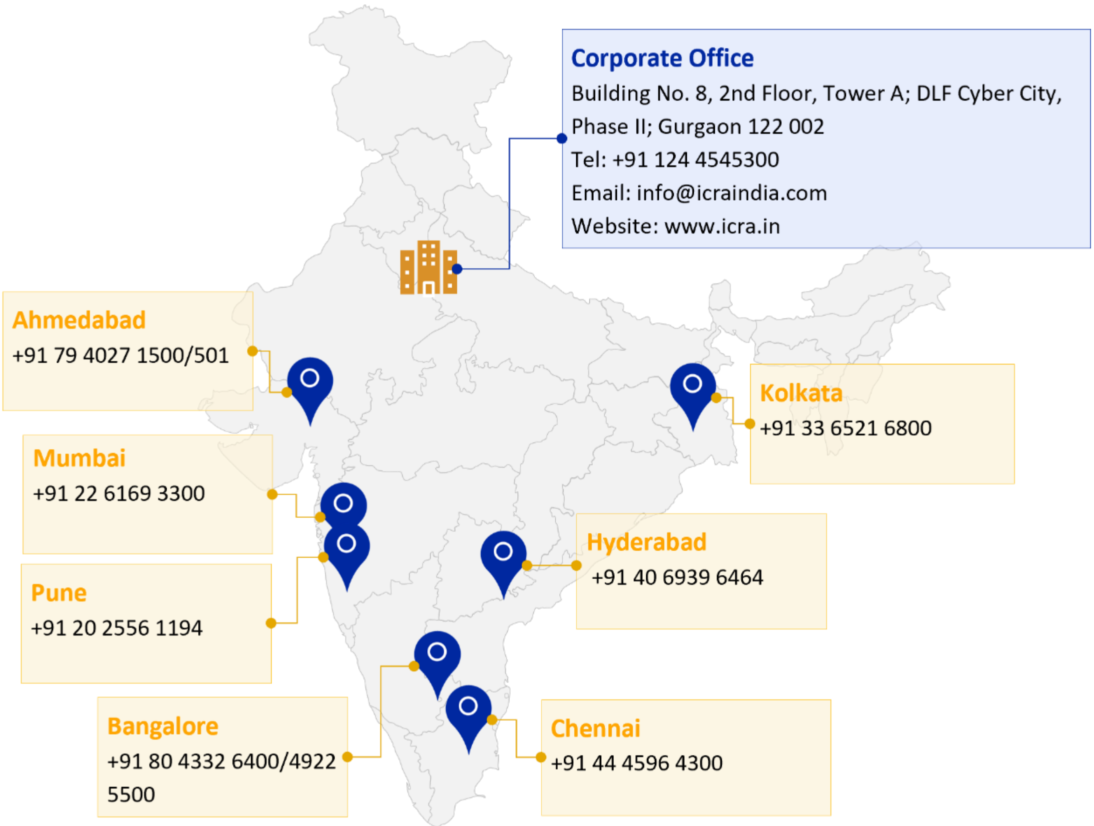

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