April 16, 2021

Sapphire Foods India Private Limited: Issuer rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer Rating	0.00	0.00	[ICRA]BBB(Stable); withdrawn
Long-term - Term Loan	71.25	71.25	[ICRA]BBB(Stable); outstanding
Unallocated amount- Short-term and Long-term	128.75	128.75	[ICRA]BBB(Stable)/[ICRA]A3+; outstanding
Total	**200.00**	**200.00**	

**Instrument details are provided in Annexure-1*

Rationale

The issuer rating assigned to Sapphire Foods India Private Limited (SFIPL) has been withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company. However, ICRA does not have information to suggest that the credit risk has changed since the time the ratings were last reviewed. The Key rating drivers, Liquidity position and Rating sensitivities have not been captured as the rated instruments are being withdrawn.

The previous detailed rating rationale is available at the following link: **Click here**

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of SFIPL. The subsidiaries of SFIPL as of March 31, 2020, 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. SFIPL is a franchise partners of Yum. for Pizza Hut and KFC brands. It was promoted by QSR Management Trust, which is owned by Samara Capital. In FY2016, QMT's stake diluted to 7.24%, pursuant to fresh investment by Sapphire Foods Mauritius Limited (owned by Samara and IDE Emerging Markets), Goldman Sachs and CX Partners. The Edelweiss Group subscribed to CCPS and joined the company as an investor in FY2019.

The company operated 199 KFC stores and 155 Pizza Hut stores in India as on January 31, 2021. In addition, it operates 64 stores in Sri Lanka, two in Maldives and seven in Gurugram (India) through its subsidiaries. As on March 31, 2020, the company held 99% stake in Gamma Pizzakraft (Overseas) Private Limited, an investment company, and has subsidiaries operating in Gurugram, and in Sri Lanka and the Maldives.

In FY2020, SFIPL (consolidated) reported a net loss of Rs. 132.98 crore (consists of an exceptional loss of Rs.94.39 crore) on an OI of Rs. 1,340.41 crore compared to a net loss of Rs. 44.66 crore on an OI of Rs. 1,193.82 crore in the previous year.

Key financial indicators (Audited)

Consolidated	FY2019	FY2020*
Operating Income (Rs. crore)	1193.82	1340.41
PAT (Rs. crore)	-44.66	-132.98
OPBDIT/OI (%)	3.44%	4.89%
PAT/OI (%)	-3.74%	-9.92%
Total Outside Liabilities/Tangible Net Worth (times)	0.53	0.46
Total Debt/OPBDIT (times)	2.34	1.09
Interest Coverage (times)	2.34	5.61

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation
**Audited Results adjusted for INDAS 116*
All the figures mentioned in the above table are as per ICRA's computation
Note: All the figures mentioned in the rationale for FY2021 are unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)						Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Jan 31, 2021 (Rs. crore)	Date & Rating in			Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018
					16-Apr-2021	4-Mar-2021	30-July-2020	13-Feb-2020	-	-
1	Issuer Rating	-	-	-	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable); Put on notice of withdrawal	[ICRA]BBB (Negative)	[ICRA]BBB (Stable)	-	-
2	Term Loan I	Long-term	51.25	46.23	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Negative)	-	-	-
3	Term Loan II	Long-term	20.00	19.33	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Negative)	-	-	-
4	Unallocated Limits	Long-term and Short-term	128.75	-	[ICRA]BBB (Stable)/[ICRA] A3+	[ICRA]BBB (Stable)/[ICRA] A3+	[ICRA]BBB (Negative)/ [ICRA]A3+	-	-	-

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Issuer Rating	-	-	-	-	[ICRA]BBB(Stable); withdrawn
NA	Term Loan I	June 2018	9.80%-10.70%	August 2023	51.25	[ICRA]BBB(Stable)
NA	Term Loan II	July 1, 2020	14%	September 2023	20.00	[ICRA]BBB(Stable)
NA	Unallocated amount	-	-	-	128.75	[ICRA]BBB(Stable)/[ICRA]A3+

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Subsidiary Companies		
Gamma Pizzakraft Overseas Private Limited	100%	Full Consolidation
Gamma Pizzakraft Private Limited	100%	Full Consolidation
Gamma Pizzakraft Lanka Private Limited	100%	Full Consolidation
French Restaurants Private Limited	100%	Full Consolidation
Gamma Island Food Private Limited	51%	Full Consolidation

ANALYST CONTACTS

Shamsher Dewan
+91 12 4454 5328
shamsherd@icraindia.com

Suprio Banerjee
+91 22 6114 3443
supriob@icraindia.com

Rupa Pandey
+91 22 6114 3456
rupa.pandey@icraindia.com

Pragya Sharma
+91 22 6114 3454
pragya.sharma@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@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@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches