March 02, 2026

Sara Investments; Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	10.00	10.00	[ICRA]A- (Stable); reaffirmed
Total	**10.00**	**10.00**	

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of the rating of Sara Investments (Sara) factors in its status as the ultimate holding entity of Munjal Auto Industries Limited (MAIL; rated [ICRA]AA-(Stable)/[ICRA]A1+) and the steady annual rental inflow from its well-located office space on Golf Course Extension Road, Gurgaon (Haryana), leased to MAIL, the sole tenant, under a long-term agreement. Given the strong credit profile of the tenant and the common promoters of Sara and MAIL, the vacancy risk and the counterparty default risk associated with the lease are low. In addition to the lease income, Sara has been receiving dividend income from MAIL. Further, it enjoys an adequate liquidity position, and its subsidiary, Thakur Devi Investments Private Limited (TDIPL), also has sizeable liquidity, which provides rating comfort.

The rating is, however, constrained by Sara's low scale of operations, high asset concentration risk associated with a single, leased property, and the absence of an escrow account. Moreover, being a partnership firm, Sara faces the risk of capital withdrawal by the partners.

TheStableoutlookonthelong-termratingreflectsICRA'sexpectationthatSara'screditprofilewillbesupportedby adequate operating cash flows and liquid investments, along with the comfortable credit profile of MAIL.

Key rating drivers and their description

Credit strengths

Status as ultimate holding entity of MAIL – Through its subsidiary, Thakur Devi Investments Private Limited (TDIPL), Sara is the ultimate holding entity of MAIL. While Sara directly holds a 44.12% stake in TDIPL, Mr. Sudhir Munjal and family hold the remaining 55.88%. TDIPL in turn holds a 74.81% stake in MAIL. Given the comfortable credit risk profile of MAIL and a track record of consistent dividend payments, except the Covid-19 pandemic-affected years, TDIPL has maintained its strong credit profile following dividend distribution among its shareholders. MAIL declared and paid a dividend of Rs. 1 per equity share in September 2025, which led TDIPL to pass on dividend income of Rs. 2.5 crore to Sara, adding to its FY2026 revenues.

Favourable location of property and long-term lease agreement with MAIL – The favourable location of Sara's property on Golf Course Extension Road in Gurgaon, with good accessibility and proximity to commercial and residential neighbourhoods, provides comfort and offers scope for the lessor to escalate the rental. Moreover, the property is leased out for a 10-year period to a step-down subsidiary, MAIL, with both the lessor and the lessee under the control of the Munjal family. Thus, the vacancy and counterparty default risks are minimal. Thus, Sara continues to receive consistent and timely lease rentals from its lessee, which more than adequately cover the monthly equated monthly instalment (EMI) payments.

Comfortable liquidity profile with sufficient investments in mutual funds – Sara had investments of about Rs. 10.3 crore (market value) in mutual funds as on February 17, 2026. Sara has a stake in MAIL valued at about Rs. 270-280 crore, which provides additional comfort. Sara's subsidiary, TDIPL, also has investments in mutual funds to the tune of Rs. 105 crore and zero debt on its books as on February 17, 2026. This provides a sufficient buffer for Sara to meet its repayment obligations in case there is a delay in receiving rental income.

Credit challenges

No escrow mechanism for the lease rental discounting (LRD) facility – Sara does not have an escrow account or an associated debt servicing reserve account (DSRA) for the sanctioned loan facility. While an escrow mechanism would have provided additional comfort through ring-fenced cash flows, a track record of timely EMI payments as well as sufficient liquid investments mitigates concerns to an extent. Moreover, the possible timing mismatch between the rental receipt and the EMI date is a concern; however, the same is mitigated by an extended track record of timely receipt of rentals and payments, along with back-up liquidity.

Small scale and high asset concentration risk – The firm receives rental income from only a single property and is, therefore, exposed to asset concentration risk. Any event leading to a lowering of the income potential from the leased asset would have a significant impact on the firm's revenue prospects. However, ICRA notes that the key investee company, MAIL, has a track record of declaring dividends, except for FY2020 and FY2021 due to the significant impact of the pandemic on MAIL's operations.

Risk of high withdrawal by partners – As a partnership firm, Sara faces the risk of withdrawal by the partners, which can adverselyimpactitscapitalstructureifthewithdrawalissubstantial.Moreover,thepartnershavebeenwithdrawing money from the business only after addressing the debt obligations, as there are no other funding requirements in Sara.

Liquidity position: Adequate

Sara's liquidity is adequate, supported by around Rs. 10.3 crore (market value) investments in equity mutual funds as of February 17, 2026, and Rs. 270-280 crore (market value) of MAIL's equity shares as on February 17, 2026. Being a holding entity, Sara does not have any major operational expenses. Its moderate repayment obligations are expected to be adequately met by the rental income from its leased property.

Rating sensitivities

Positive factors – A significant and consistent increase in the revenues of the firm through material diversification into multiple investee companies or investment in multiple rent-paying commercial real estate properties could result in a rating upgrade.

Negative factors – Higher withdrawal by partners, or any significant debt-funded capex or investment plans, could lead to a negative rating action. In terms of specific metrics, DSCR lower than 1.8 times on a sustained basis without adequate liquid investments could lead to a rating downgrade. Maintenance of shareholding in MAIL through TDIPL would also remain a key monitorable.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Investment Companies Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

About the company

Sara is a partnership firm and the ultimate holding company of MAIL through its 44.12% stake in TDIPL, which, in turn, has a 74.81% stake in MAIL. The remaining stake in TDIPL is directly owned by Mr. Sudhir Munjal. MAIL is a listed entity engaged in the production of mufflers, rims, fuel tanks, scooter wheels and press metal components for the automotive industry. TDIPL, the holding company of MAIL, does not have any other major equity investments, and its revenues comprise dividends from MAIL and interest/ profits from mutual fund investments.

The revenue streams for Sara have traditionally included dividend income from TDIPL and interest/ profits from mutual funds. In FY2019, Sara purchased a floor in one of the towers of Unitech Business Zone, Gurgaon, and rented out the same to MAIL on a 10-year lease. This added another revenue stream for Sara in the form of fixed rental income, which is more than the EMI payable for the LRD taken to purchase the above property.

Key financial indicators (audited)

Sara Investments (Standalone)	FY2024	FY2025
Operating income	7.3	8.6

PAT	3.6	5.4
OPBDIT/OI	99.1%	99.0%
PAT/OI	49.1%	63.2%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	0.7	0.5
Interest coverage (times)	14.5	19.5

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: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	March 02, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based - Term loan	Long-term	10.00	[ICRA]A-(Stable); Reaffirmed	January 29, 2025	[ICRA]A- (Stable)	December 06, 2023	[ICRA]A- (Stable)	November 11, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	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'scredit 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**	June 2018	~8.75	April 2029	10.00	[ICRA]A- (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not applicable

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