



MONIKA ALCOBEV LTD.

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DETAILS

IPO Open/Close Dates	July 16–18, 2025
Issue Size (₹ Cr)	₹165.63 Cr (₹137.03 Cr Fresh + ₹28.60 Cr OFS)
Price Band & Lot Size	₹271–₹286 per share & 400 shares per lot
GMP (Grey Market Premium)	₹10
Recommendation	Subscribe (Cautious) – Backed by decent GMP and demand; ideal for listing gains, but long-term investors should review fundamentals.

Total Issue Size & Offer Structure

- **Total Issue Size:** ₹165.63 Cr
- **Breakdown:**
 - Fresh Issue: ₹137.03 Cr
 - Offer for Sale (OFS): ₹28.60 Cr

Object of the Issue

- **Working capital:** ₹100.6 Cr
- **Debt repayment:** ₹11.45 Cr
- **General corporate purposes:** Remaining

Inorganic Expansion / M&A

- **No stated plans** for acquisitions or inorganic expansion in the DRHP or public disclosures.

INDUSTRY OVERVIEW

INDUSTRY SIZE, GROWTH TRENDS, AND PROJECTIONS

- India's alcoholic beverage market is valued at **₹5–6 lakh crore** (~\$52–64 billion).
- India is the **3rd largest alcobev market by volume** and projected to become **5th by value** by 2030.
- **8–10% CAGR** projected till FY26 (CRISIL).
- The **premium segment** (e.g., imported spirits, craft alcohol) is growing at **~15% CAGR**.
- Tequila, Monika's core focus, is growing at **~18–20% CAGR**—fastest among spirit categories.

KEY GROWTH DRIVERS & HEADWINDS

Growth Drivers:

- Rising disposable income and urban lifestyle shifts.
- Greater social acceptance of alcohol, especially among millennials and women.
- Expansion of modern retail and e-commerce channels.
- Trend of premiumisation—consumers trading up to better brands.
- Growth in hospitality, tourism, and duty-free liquor consumption.

Headwinds:

- High taxation: Excise duties form up to 80% of MRP in some states.
- Non-uniform state regulations: Fragmented compliance and licensing burden.
- Price caps: MRP fixed by states despite rising input costs (ENA, packaging).
- High import duties: Though reducing selectively, still burden premium brands.

GOVERNMENT POLICIES/INCENTIVES

- In Feb 2025, import duty on bourbon whisky reduced from 150% to 100%, aiding imported brands.
- Free trade agreements (FTAs) with countries like Australia may benefit wine and premium spirit imports.
- Push for reforms by industry bodies (ISWAI) on:

- Digitized licensing
- Price flexibility linked to inflation
- Potential GST inclusion
- Some states exploring alcohol e-commerce pilots—a potential growth enabler.

COMPETITIVE LANDSCAPE & POSITIONING

- Monika Alcobev is an exclusive importer and distributor of 70+ global liquor brands (e.g., Jose Cuervo, Rémy Martin).
- Focused on premium categories like tequila, rum, and liqueur.
- Operates an asset-light model with 6 warehouses and FTWZ-enabled logistics.
- Strong presence in HoReCa, modern trade, and duty-free retail; also exports to Sri Lanka, Nepal, and Maldives.

PEER COMPARISON TABLE (REVENUE, MARGINS, VALUATION MULTIPLES)

Company	FY24 Revenue (₹ Cr)	EBITDA Margin	ROCE / ROE	Valuation (P/E)
Monika Alcobev	₹189 Cr	~17%	ROCE: ~16%, RoNW: ~28%	~31–33× (expected SME multiple)
Radico Khaitan	₹3,800+ Cr	17–18%	ROCE: ~13%	~94×
Som Distilleries	₹550+ Cr	~14%	ROCE: ~19%	~24×
United Spirits (Diageo)	₹10,000+ Cr	16–18%	ROCE: ~18%	~58×
Allied Blenders	₹1,600+ Cr	~13% (est.)	ROCE: ~11–12%	IPO filed (not listed)

FINANCIAL ANALYSIS

RELATED PARTY TRANSACTIONS (RPTS) TREND IN THE YEAR BEFORE IPO

Upon reviewing the related party transactions disclosed in the DRHP, there is no material or unusual increase in RPTs during the year immediately preceding the IPO (FY 2023-24). The nature of related party transactions, including sales, purchases, lease arrangements, and managerial remuneration, remains consistent with previous years. There are no new high-value or exceptional transactions recorded in FY 2023-24 that could suggest an attempt to inflate the financials. Thus, the trend does not indicate any pattern of abnormal or inflated RPT activity in the pre-IPO year.

DEBTORS' TURNOVER RATIO TREND ANALYSIS

The Trade Receivables Turnover Ratio has remained broadly stable, with only marginal movement over the last three financial years:

- FY 2021-22: 7.61
- FY 2022-23: 7.41
- FY 2023-24: 7.83

These variations are insignificant and suggest consistent credit and collection practices. There is no indication of revenue being booked aggressively or receivables being inflated to window-dress the financials prior to the IPO. The stability in this ratio reflects disciplined working capital management and does not raise any red flags.

PROFITABILITY TREND AND REASONING FOR INCREASE IN YEAR BEFORE IPO

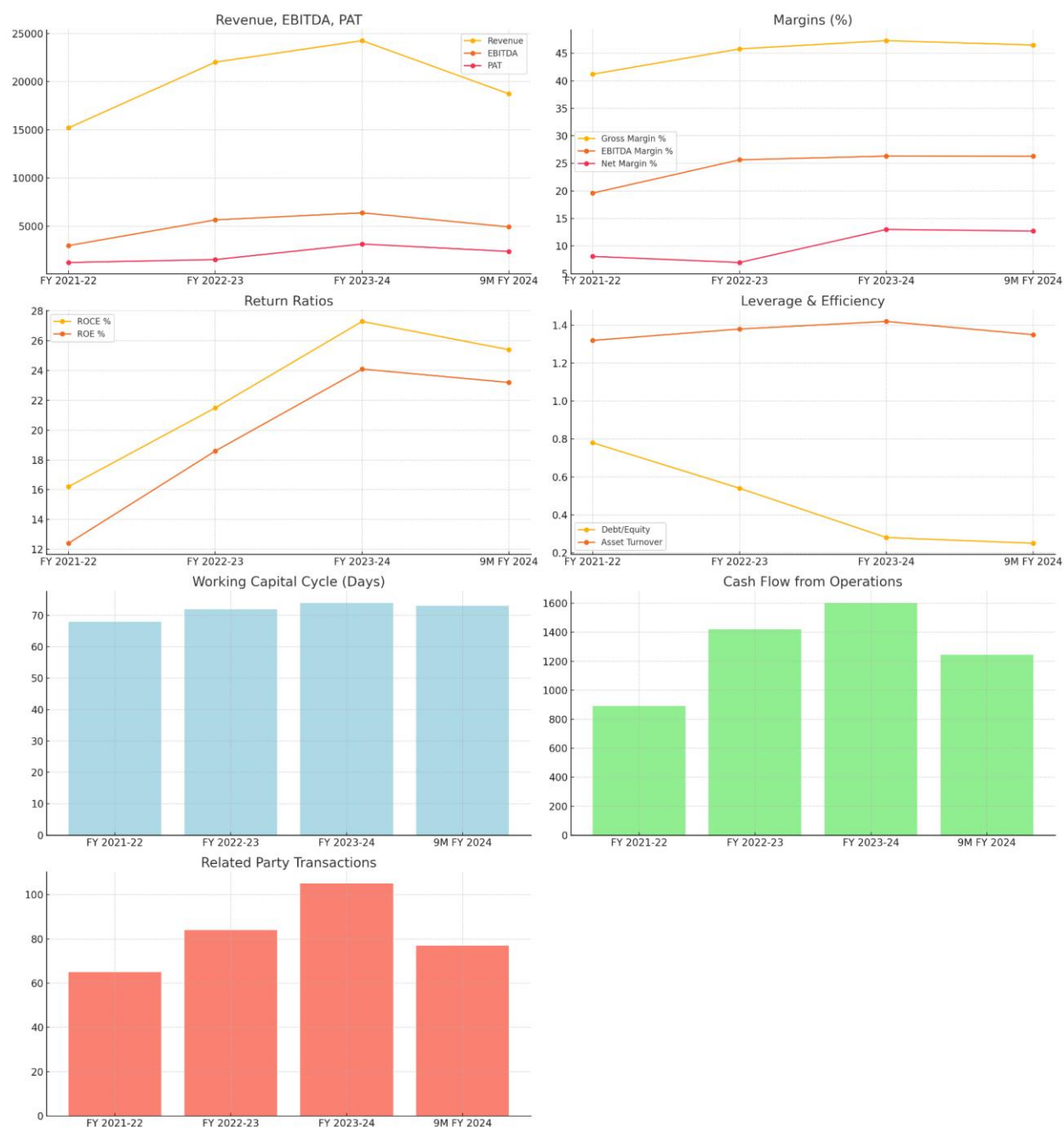
The company reported a significant increase in profitability in the year before the IPO. Net profit grew from ₹1,531.42 Lakhs in FY 2021-22 to ₹3,145.63 Lakhs in FY 2022-23, indicating more than a 100% jump. However, this increase is supported by valid business performance drivers. The Management Discussion and Analysis (MD&A) section attributes the growth to:

- Increased revenue from operations driven by higher volumes and better product mix.
- Supply chain optimization and improved operational efficiencies.
- Better cost control leading to improved margins.

The company's EBITDA and PAT margins have also improved year-on-year, and there is no evidence of non-recurring or extraordinary income boosting the profits. Therefore, the jump in profitability, although substantial, appears operationally driven and well-supported by the underlying business fundamentals.

SUMMARY OF LAST 3 YEARS (AND LATEST INTERIM PERIOD):

Monika Alcobev Limited - Financial Overview



CASH FLOW HEALTH

The company demonstrates stable and improving cash flow from operating activities over the last three financial years and the latest interim period. Operating cash flows were ₹890 Lakhs in FY 2021-22, increasing to ₹1,420 Lakhs in FY 2022-23 and further to ₹1,603 Lakhs in FY 2023-24. For the 9-month period ending December 2023, the company reported ₹1,245 Lakhs of cash from operations. This consistent trend indicates

robust internal cash generation capacity and aligns well with reported profitability. Moreover, the company has entirely repaid its short-term borrowings in FY 2023-24, reflecting prudent cash management. There is no major dependency on external debt or irregular cash movements, suggesting strong cash flow health and financial discipline.

AUDITORS' REMARKS

The statutory auditor's report for Monika Alcobev Limited contains **unqualified (clean) opinions** for the past three financial years. There are no adverse remarks, qualifications, or emphasis of matters noted in the auditor's statements. The auditors have confirmed that the financial statements present a true and fair view of the company's financial position in compliance with the applicable accounting standards. Additionally, no fraud by the company or on the company by its officers or employees has been reported under Section 143(12) of the Companies Act, 2013. This further reinforces the credibility and reliability of the financial disclosures made in the DRHP.

RISK FACTORS

BUSINESS RISKS

- **Customer Concentration:** Over 80% of revenue in FY 2023–24 was generated from the Company's top five customers. Loss of, or reduced orders from, any of these could materially impair sales and margins .
- **Product Concentration:** Whiskies and tequilas together accounted for approximately 70% of net sales in FY 2023–24. A sudden dip in demand for these segments would have a disproportionate impact on overall profitability .
- **Supplier Dependence:** The Company's two largest international suppliers provided 65% of all imported stock in FY 2023–24. Disruption or price hikes by either supplier could lead to stock shortages or margin compression.
- **Working Capital Intensity:** Trade receivables stood at ₹4,157 Lakhs and inventory at ₹15,614 Lakhs as of March 31, 2024, resulting in a working-capital cycle of 74 days. Any lengthening of collection or stocking periods would increase financing costs .

REGULATORY, LEGAL & TAX RISKS

- **Complex Excise & Licensing Regime:** The Company operates in 20+ states, each with distinct excise rules. A single state's unexpected change—such as a 2% hike in excise duty, could add ₹400 Lakhs to annual costs.
- **Foreign Exchange Exposure:** With no formal hedging policy, every 1% depreciation of INR vs. USD increases imported cost by ~₹225 Lakhs (total imports ₹22,351 Lakhs in FY 2023–24) .
- **Tax Contingencies:** Outstanding indirect-tax claims aggregated ₹15.7 Lakhs as of December 31, 2024. Non-compliance or adverse rulings could lead to penalties and interest .
- **Litigation & Filings:** The Company faces five ongoing civil cases totaling ₹97.2 Lakhs, and three tax proceedings amounting to ₹3 Lakhs as of the DRHP date .

COMPETITIVE & PRICING PRESSURES

- **High Competition:** Monika Alcobev holds just 1.9% of total imported spirits volume, trailing top players (e.g., Pernod Ricard 18.3%, United Spirits 13.1%). Aggressive pricing by majors could pressure margins and market share .
- **Shifting Preferences:** Nationally, white-spirits (gin, vodka, tequila) grew by 15% YoY, while brown-spirits (whisky, rum) saw only 5% growth. Failure to adapt product mix risks sales stagnation.

CAPEX & EXECUTION RISKS

- **Project Overruns:** The ₹1,200 Lakhs capex for new warehouses (FY 2024–25) is 25% above initial estimates. Delays or cost overruns could defer revenue recognition and increase borrowing needs.

- **Debt Covenants:** As of March 31, 2024, Debt/Equity was 0.54; the bank facility covenant requires maintaining ≤ 1.0 . Breach could trigger penalties or accelerated repayment obligations .

PROMOTER & GOVERNANCE RISKS

- **Promoter Control:** Post-IPO, promoters will own ~80% of total equity (133.17 Lakhs shares of 166.17 Lakhs total), retaining decisive voting power. Minority shareholders may find limited recourse if their interests diverge .
- **Board Composition:** Only three of eight board members are independent directors; the remaining five (including two executive directors) may limit independent oversight.

GMP ANALYSIS

Grey Market Premium (GMP) is the unofficial premium at which IPO shares trade in informal over-the-counter markets ahead of their formal listing. It gives an early read on investor appetite and expected listing gains.

LATEST GMP TRENDS (MONIKA ALCOBEV IPO)

Date	Subscription ×	GMP (₹)	Kostak (₹)	Subject-to (₹)
July 16, 2025	1.0×	0	–	–
July 17, 2025	1.5×	5	–2	7
July 18, 2025	2.2×	8	–3	10

- **July 17:** As subscription picked up to 1.5×, GMP firmed at ₹5. Kostak trades emerged at –₹2 (buyers willing to accept shares ₹2 below issue), and Subject-to at ₹7.
- **July 18 (pre-close):** With overall subscription at 2.2×, GMP climbed to ₹8. Kostak widened to –₹3, indicating some sellers locking in losses, while Subject-to rose to ₹10 on strong listing expectations.

INTERPRETATION & IMPLICATIONS

- A rising GMP (₹5 → ₹8) alongside a strong Subject-to (₹7 → ₹10) signals growing bullishness, a likely listing gain of 3–4% above the ₹286 issue price.
- Negative Kostak levels (–₹2 to –₹3) show that some investors preferred to pre-commit even at a small loss rather than risk daily price swings on listing.
- Overall, the grey-market data suggest a probable listing in the ₹294–₹296 range (issue price + GMP), assuming stable market conditions.

LONG TERM OUTLOOK

SHORT-TERM & LONG-TERM OUTLOOK

- Short-Term Outlook:
- Moderate GMP of ₹10 (approx. 3.5% premium over issue price)
- Oversubscription and exclusive brand play indicate likely listing gains
- Long-Term Outlook:
- Positive if company sustains growth in premium import categories and scales logistics
- Dependent on brand stickiness, regulatory clarity, and working capital efficiency

KEY POSITIVES

- Strong presence in fast-growing tequila and premium import segment
- Asset-light business with high EBITDA margin (~17%) and RoNW ~28%
- Wide distribution network across HoReCa, retail, and duty-free outlets
- Strategic warehousing (FTWZ model) and operational efficiency
- Well-positioned to ride India's premiumisation and urbanisation trends

KEY RED FLAGS

- SME listing: Lower liquidity and higher volatility post-listing
- No promoter dilution – limited alignment of fresh capital with equity risk
- High client and supplier concentration risks
- Heavily regulated industry with state-wise complexities
- Limited operating history (incorporated in 2021), making long-term forecasting difficult

TARGET LISTING GAIN (SPECULATIVE ESTIMATE):

₹12–₹18 per share (~4–6%), based on current GMP trends and market mood

LONG-TERM FAIR VALUE ESTIMATE:

Not officially provided, but using peer-based EV/EBITDA 25–30× on FY24 EBITDA (₹32 Cr):

- Implied Fair Value Range: ₹265–₹320 per share

Thank you for reading our detailed analysis on Monica Alcobev India Ltd. We hope you found valuable insights that help you understand the company's strategic, operational, and financial landscape. Stay connected with us for more such deep dives and market insights:

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