



IPO Note

Monika Alcobev Limited

Recommendation: **NEUTRAL**

Company Background –

Monika Alcobev Limited is a leading player in the imported liquor sector, offering a diverse portfolio of premium and luxury alcoholic beverages.

Objects of the Issue –

Particulars	Amt. in Lakhs
Working capital requirement.	10,063.83
Repayment of borrowings availed by the company.	1,145.00
General corporate purposes.	-

Promoters Name –

Bhimji Nanji Patel, and Kunal Bhimji Patel

Promoter Share Holding Pattern	
Pre Issue	Post Issue
79.96%	62.1%

Rationale for recommendation – It has a post issue P/E of 27.78 indicating that it is overvalued. The management team has decent experience and educational qualifications and the company has shown satisfactory growth over the years. However, the lead manager has limited track record and the regulatory framework of India makes it difficult to market and sell alcohol beverages. There is also customer concentration and the company has incurred negative cash flows in all preceding financial years. The company also has numerous outstanding tax, there are lack of peers for comparison, and the company has very high working capital requirements. Because of all these reasons, investors are advised to stay **NEUTRAL** to this IPO for now.

IPO Details

Opening Date	Jul 16, 2025
Closing Date	Jul 18, 2025
Allotment Date	Jul 21, 2025
Listing Date	Jul 23, 2025
Stock Exchange	BSE SME
Lot Size	400 Shares
Issue Price Per Share	₹271 to ₹286
Issue Size	153.68 Cr.
Fresh Issue	125.08 Cr.
Offer for Sale	28.6
Application Amt	₹ 2,28,800 (800 shares)

KPI's	KPIs (In Lakhs)		
	FY 23	FY 24	FY 25
Revenue	13,977.98	18,920.00	23,614.87
EBITDA	2,467.48	3,214.42	4,751.98
Net Profit	1,302.57	1,659.63	2,311.36
RoCE	47.70%	42.18%	39.39%
ROE	76.08%	28.36%	24.07%
P/E	30.75	24.70	20.52

Particulars	Valuation Parameters	
	Pre-Issue	Post Issue
EPS	13.94	10.30
BVPS	57.63	42.77
P/E	20.52	27.78
P/BV	4.96	6.69
Mkt Cap (In Cr)	476.44	642.07

Lead Managers –

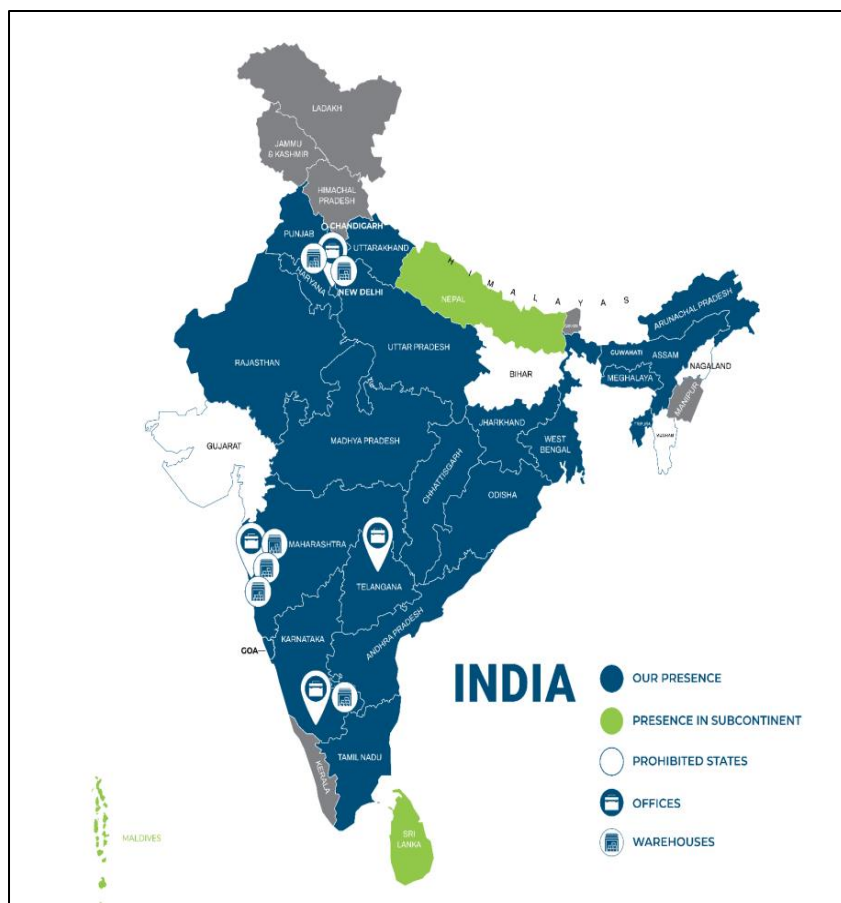
Marwadi Chandarana Intermediaries Brokers

Private Limited (Has handled 3 mandates in the past 3 years of which 1 opened at a discount.)

Registrar –

MUFG Intime India Private Limited

Business Overview -



The company specialises in importing, sales, distribution, and marketing for luxury spirits, wines, and liqueurs throughout India and the Indian Subcontinent. The company holds exclusive selling rights to more than 70 renowned global brands. Additionally, the company handles pricing, strategic planning, brand development, and marketing to ensure that each brand effectively reaches its target audience and achieves growth in the Indian market and Indian subcontinent market.

Their product portfolio includes iconic names such as Jose Cuervo (Tequila), Bushmills (Irish Whisky), Rémy Martin (Cognac), Cointreau (Liqueur), Choya (Liqueur) and Belenkaya (Vodka). The company holds 19.0% share in tequila imports, 7.5% share in liqueurs imports, 1.9% share in gin imports, and 12.3% share in rum imports. Their distribution network spans across 20 states and union territories in India. The company's strengths are in logistics and supply chain management. The company has a total of 6 warehouses in Maharashtra, Karnataka, Haryana, and Delhi.

Customer Breakup:

(in Lakhs)

Region	FY 23	%	FY 24	%	FY 25	%
Domestic	11,919.02	85.27%	15,389.37	81.34%	21,920.9	92.84%
International	2,058.96	14.73%	3,530.64	18.66%	1,691.31	7.16%
Total Sales	653.80	100.00%	1522.95	100%	2176.76	100%

Supplier Breakup:

(in Lakhs)

Particulars	FY 23	%	FY 24	%	FY 25	%
International	4,421.48	62.92%	6,524.05	49.52%	4,946.11	30.07%
Domestic	2,605.58	37.08%	6,650.23	50.48%	11,501.95	69.93%
Total Purchases	7,027.06	100%	13,174.28	100%	16,448.06	100%

Business Strategies -

1. Entering new categories of products by entering into partnerships with established international brands.
2. Increasing width and depth of distribution by increasing retail locations and point of sales in tier 1 and tier 2 cities.
3. Increasing offerings within states
4. Retain and attract the best talent and develop a performance focused culture.

Risk Factors -

- The company is heavily reliant on its top 10 customers. They contributed 79.37%, 63.09%, and 64.16% of revenue in FY 23, 24, and 25 respectively.
- The company has had negative cash flow from operating activities in all preceding years. (₹615.03), (₹5,363.6), and (₹2,592.14) Lakhs in FY 23, 24, and 25 respectively.
- The company operates under very strict licensing and excise frameworks. Every brand must be registered with every state, brands cannot be centrally registered. Moreover, in some states, there is high registration fees and not enough demand to match the costs incurred.

-Advertisement of alcohol beverages is restricted in India.

-There are 3 outstanding tax litigations against the company worth ₹95.2 Lakhs, 3 outstanding tax litigations against the promoters worth ₹1.61 Lakhs, and 1 outstanding tax litigation against key managerial personnel worth ₹0.52 Lakhs.

-Financially, the company has performed well every year but purchase of stock-in-trade has been increasing more than increase in revenue from operations. It formed 70.15%, 86.47%, and 88.77% of revenue from operations in FY 23, 24, and 25 respectively. This suggests decreasing margins maintained by the company on costs incurred.

-The lead manager has handled 4 mandates in the past 3 years out of which 1 opened at a discount.

-The company has contingent liabilities worth ₹15.71 Lakhs as on Mar 31, 2025.

-The company has very high working capital requirements. Its working capital cycle has been 169, 311, and 334 days in FY 23, 24, and 25 respectively. Not only that but it also has very high trade receivables and debtor days. Debtor days have been 188, 185, and 157 days in FY 23, 24, and 25 respectively.

-As on the date of the RHP, the company has 1 application for registration in Karnataka. If the license is rejected, then the company would be considered non-compliant in Karnataka state and be subjected to penalties.

-The company has set aside a total of ₹100.63 Cr. for its working capital requirements. As per the RHP, while debtor days are expected to remain the same, inventory days are expected to increase. This is because there is seasonal demand so the company maintains higher inventory levels to be able to sell them during expansion activities. Failure in such expansion activities will be detrimental as the company will have excess stock levels.

Industry Overview –

-Indian Alcohol Beverage Industry:

The market is estimated to reach a valuation of INR 3,25,500 crore in FY 2024, up from INR 2,21,100 crore in FY 2019, growing at a compound annual growth rate (CAGR) of 8.0%. This growth momentum is expected to strengthen, with the market projected to touch INR 5,04,900 crore by FY 2029, reflecting an accelerated CAGR of 9.2% during FY 2024–29. From a volume perspective, the market has grown from 1,012 million cases in FY 2019 to an estimated 1,157 million cases in FY 2024, and is projected to reach 1,429 million cases by FY 2029, growing at 4.3% CAGR over the forecast period.

Historically price-sensitive, India's alco-beverage market is undergoing a visible transformation with the growing influence of premiumization. The market is segmented into four price tiers — Popular (INR <400), Prestige (INR 400–1,000), Premium (INR 1,000–2,000), and Luxury (INR >2,000). As of FY 2024, the value segment comprising Popular and Prestige products contributes nearly 91% of total market value. However, the Premium and Luxury segments, though currently representing just 9%, are expected to gain share. Together, these high-end segments are projected to reach a combined market size of INR 50,000 crore by FY 2029, growing at CAGRs of 16.7% and 11.5% respectively.

By FY 2029, the Premium and Luxury segments are expected to account for 10% of the total alco-beverage market by value, up from 8.8% in FY 2024 and just 5.6% in FY 2019. This shift is driven by rising incomes, evolving consumption habits, and a growing demand for high-quality, globally acclaimed brands. In volume terms, these two segments will still be niche, increasing their share from 2.2% in FY 2024 to 3.0% by FY 2029, equivalent to around 43 million incremental cases.

Key Management

-The management consists of **Kunal Bhimji Patel (Managing Director)**, and **Bhimji Nanji Patel (Chairman and Whole-Time Director)**. Both have been with the company since its incorporation and have relevant experience and educational qualifications required for the business.

-**Prasannakumar Baliram Gawde, Jagdishchandra Rawal, and Jagruti Prashant Sheth** are **Independent Directors**.

-**Ashish Manubhai Mandaliya (CFO)** and **Kalpesh Himmatram Ramina (CS & CO)** are the key managerial personnel. Ashish Mandaliya has 18 years of experience and Kalpesh Ramina has limited experience of 5 years.

The overall management team is satisfactory in terms of their educational qualifications and years of experience.

Peer Analysis

As per the RHP, the company has no listed peers in a similar line of business and of a comparable size.

FINANCIAL SNAPSHOT

Key Performance Indicators: (in Lakhs)

Particulars	FY 23	FY 24	FY 25
P&L Statement			
Total Income	14,035.85	19,127.64	23,835.61
Total Expenses	12,135.87	16,845.35	20,877.89
EBITDA	2,467.48	3,214.42	4,751.98
EBIT	2371.31	3110.25	4628.51
PBT	1,899.98	2,282.29	3,090.20
Tax Expenses	597.41	622.66	778.84
Net Profit	1,302.57	1,659.63	2,311.36
Balance Sheet			
Total Equity	1,712.19	5,853.04	9,600.92
Assets			
Non-Current Assets	699.16	691.00	2,066.62
Current Assets	12,153.65	20,951.35	30,322.85
Total Assets	12,852.81	21,642.35	32,389.47
Liabilities			
Non-Current Liabilities	3,259.01	1,520.73	2,149.07
Current Liabilities	7,881.61	14,268.58	20,639.48
Total Liabilities	12,852.81	21,642.35	32,389.47
Cash Flow Statement			
CFO	-615.03	-5,363.60	-2,592.14
CFI	103.86	-1,348.67	-2,603.16
CFF	-254.71	6,727.60	5,201.90

Key Ratios:

Particulars	FY 23	FY 24	FY 25
Per Share Data			
Diluted EPS	9.30	11.58	13.94
BV per share	85.61	256.05	57.63
Operating Ratios			
EBITDA Margins	17.65%	16.99%	20.12%
PAT Margins	9.32%	8.77%	9.79%
Inventory days	103.48	165.27	230.95
Debtor days	188.22	184.98	157.47
Creditor days	122.28	38.61	53.66
Return Ratios			
RoCE	47.70%	42.18%	39.39%
RoE	76.08%	28.36%	24.07%
Valuation Ratios (x)			
EV/EBITDA	3.58	5.22	5.11
Market Cap / Sales	0.41	0.35	2.02
P/E	30.75	24.70	20.52
Price to Book Value	3.34	1.12	4.96
Solvency Ratios			
Debt / Equity	4.21	2.10	1.81
Current Ratio	1.54	1.47	1.47
Quick Ratio	1.04	0.87	0.75
Asset Turnover	1.09	0.87	0.73
Interest Coverage Ratio	4.48	3.00	2.63

Financial Analysis

- Revenue from operations increased by 35.36% and 24.82% in FY 24 & 25 respectively. Total income increased by 36.28% and 24.61% during the same time period. The increase has been due to increase in sale of products.
- The company has high short-term borrowings to fund its working capital requirements.
- The negative cash flows from operating activities raises red flags about the company's cash management policies.
- EBITDA and PAT margin declined in FY 24 because the rise in purchase of stock-in-trade was more than the increase in revenue.
- Trade receivables is a major part of current assets.

Overall, the company has shown an increase its profitability. However, It has high working capital requirement and poor cash management policies.

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