Silky Overseas Limited

IPO Note

Silky Overseas Limited

Recommendation: **AVOID**

Business - Silky Overseas Limited are manufacturers and suppliers of bedding products, including blankets, bed sheets, comforters and related items.

Objects of the Issue –

Particulars	Amount
Setting up of Additional Storage Facility	Rs. 4.30 Cr.
Repayment of certain borrowings	Rs. 3.00 Cr.
Working Capital Requirement	Rs. 12.00 Cr.
General Corporate Purposes	

Promoters Name – Mr. Sawar Mal Goyal, Mr. Ananya Goyal and M/s. S.M. Goyal & Sons (HUF)

Promoter Share Holding Pattern	
Pre Issue	**Post Issue**
86.38%	**60.53%**

Rationale for recommendation –

Silky Overseas Limited, incorporated on May-01, 2016, has a moderate operating history with revenue primarily from the B2B segment (95%+ over FY22–Jan 25). The company derives most of its revenue from blanket sales, with significant geographic concentration in Haryana. It has moderate customer concentration (top 10 customers contributing ~61%–73%) and high supplier concentration (top 10 suppliers accounting for over 85% of purchases). The company's directors, promoters and KMP have 5 tax proceedings and 1 civil litigation involving Rs. 52.25 Lakhs. Revenue grew 36.29% in FY23 and 2.05% in FY24, supported by product expansion. EBITDA and PAT margins improved to 14.36% and 8.73% respectively by Jan-25, driven by lower material COGS. RoCE and RoE also improved to 36.77% and 36.56% respectively in FY24. However, it reported negative operating cash flow in FY24 due to repayment of short-term advances. Post-issue P/E stands at 9.30, which is **fairly priced**. Given its volatile revenue and fragmented industry exposure, we recommend to **AVOID** the IPO for now but suggest monitoring future performance for stability.

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IPO Details

Opening Date	Jun 30, 2025
Closing Date	Jul 02, 2025
Allotment Date	Jul 03, 2025
Listing Date	Jul 07, 2025
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price Per Share	₹161
Issue Size	30.68 Cr.
Fresh Issue	30.68 Cr.
Offer for Sale	-
Application Amt	₹1,28,800 (800 shares)

KPIs **(In Lakhs)**

KPI's	FY 22	FY 23	FY 24	Jan-25*
Revenue	5,012.10	6,830.76	6,970.49	10,501.15
EBITDA	296.61	535.10	1,101.47	1,508.33
Net Profit	-41.75	98.24	553.50	917.06
RoCE	9.50%	29.52%	36.77%	37.86%
ROE	-11.63%	21.33%	36.56%	29.81%
P/E	-149.07	63.14	11.72	9.30

*Annualized

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	13.74	17.32
BVPS	33.93	58.11
P/E	11.72	9.30
P/BV	4.74	2.77
Mkt Cap (In Cr)	71.84	102.52

*Annualized

Lead Managers –

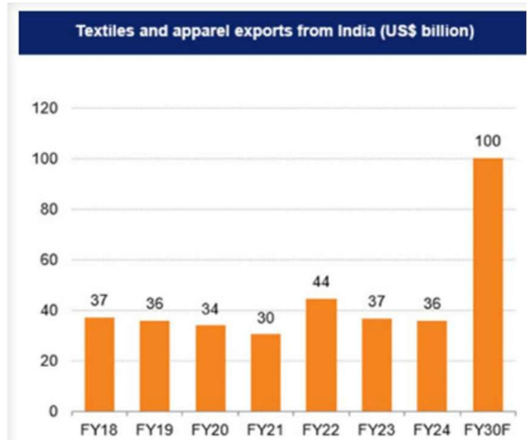
Gretex Corporate Services Limited

Registrar –

Skyline Financial Services Private Limited

Industry Overview –

India's textiles sector is one of the oldest industries in the Indian economy. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive sophisticated mills sector at the other end. The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool, to synthetic/man-made fibres like polyester, viscose, nylon and acrylic. The Indian manufacturing industry generated 16-17% of India's GDP prepandemic and is projected to be one of the fastest growing sectors. The machine tool industry was literally the nuts and bolts of the manufacturing industry in India.



Market Size - The market for Indian textiles and apparel is projected to grow at a 10% CAGR to reach US$ 350 billion by 2030. India is the world's 3rd largest exporter of Textiles and Apparel. Global apparel market is expected to grow at a CAGR of around 8% to reach US$ 2.37 trillion by 2030 and the Global Textile & Apparel trade is expected to grow at a CAGR of 4% to reach US$ 1.2 trillion by 2030. The Indian Technical Textile market has a huge potential of a 10% growth rate, increased penetration level of 9-10% and is the 5th largest technical textiles market in the world. India's sportech industry is estimated around US$ 1.17 million in 2022-23. The manufacturing sector of India has the potential to reach ₹ 87,57,000 crore (US$ 1 trillion) by FY26.

Government Initiatives - The Indian government has introduced multiple initiatives to boost the textile sector, including 100% FDI under the automatic route and Rs. 4,389 Cr. budget allocation in FY24. Key programs include PM MITRA parks, SAMARTH skill training and the National Technical Textiles Mission supporting 74 R&D projects. Targets include US$ 250 billion in production and US$ 100 billion in exports by 2030.

Outlook - The Indian textiles industry is poised for strong growth driven by rising domestic consumption, export demand and government support, especially in technical textiles. The market is expected to exceed US$ 209 billion by 2029, with segments like automotive and industrial textiles growing at 8%+ CAGR.

(source : RHP)

Business Overview -

Silky Overseas Limited are manufacturers and suppliers of bedding products, including blankets, bed sheets, comforters and related items. The company's manufacturing process is integrated and includes knitting, dyeing, processing, printing and packaging, all conducted within a single facility. The company's product range includes blankets, baby blankets, comforters, bedsheets and curtains, all designed by a team of professionals and produced using appropriate machinery and techniques. The company was originally incorporated as 'Silky Overseas Private Limited' on May 01, 2016.

Operations-wise Revenue Bifurcation - (Amt. in Lakhs)

Particulars	FY2022		FY2023		FY2024		Jan-25	
	Amt	%	Amt	%	Amt	%	Amt	%
Manufacturing Activity	4,394.71	87.68%	6,583.80	96.38%	6,356.08	91.19%	7,834.23	74.60%
Trading Activity	574.05	11.45%	180.07	2.64%	573.69	8.23%	2,616.98	24.92%
Sale of scrap, Rebate and Discount	43.34	0.86%	66.89	0.98%	40.72	0.58%	49.95	0.48%
Total	**5,012.10**	**100%**	**6,830.76**	**100%**	**6,970.49**	**100%**	**10,501.16**	**100%**

- The company's sales is highly from B2B segment, contributing 97.72%, 95.60%, 97.17% and 95.43% of revenue in FY22, FY23, FY24 and as of Jan-25 respectively.
- The company's majority of revenue is from blankets and revenue is highly concentrated in Haryana.

Business Strategies -

- Identify target market
- Increase product portfolio by introducing new products
- Improve functional efficiency
- Building key customer relationship

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)

Particulars	FY22	FY23	FY24	Jan-25*
P&L Statement				
Total Income	5,016.78	6,835.45	7,026.25	10,534.95
Total Expenses	5,057.02	6,688.05	6,275.53	9,297.16
EBITDA	296.61	535.10	1,101.47	1,508.33
EBIT	101.40	292.81	892.16	1,360.98
PBT	-41.55	138.90	750.72	1,232.87
Tax Expenses	0.20	40.66	197.22	315.81
Net Profit	-41.75	98.24	553.50	917.06
Balance Sheet				
Total Equity	**359.07**	**460.54**	**1,514.01**	**2,431.08**
Liabilities				
Non-Current Liabilities	708.36	531.27	912.29	717.10
Current Liabilities	2,639.78	3,078.05	2,642.42	3,722.09
Total Liabilities	**3,348.14**	**3,609.32**	**3,554.71**	**4,439.19**
Assets				
Non-Current Assets	1,788.77	1,565.20	1,370.10	1,266.93
Current Assets	1,918.44	2,504.66	3,698.61	5,603.35
Total Assets	**3,707.21**	**4,069.86**	**5,068.71**	**6,870.28**
Cashflow Statement				
Operating Cashflow	80.80	362.41	-10.42	685.33
Investing Cashflow	-569.93	-14.46	-9.75	-31.83
Financing Cashflow	488.32	-368.21	4.52	-653.60

Key Ratios

Particulars	FY22	FY23	FY24	Jan-25*
Per Share Data				
Diluted EPS	-1.08	2.55	13.74	17.32
BV per share	9.32	11.95	33.93	58.11
Operating Ratios				
EBITDA Margins	5.92%	7.83%	15.80%	14.41%
PAT Margins	-0.83%	1.44%	7.94%	8.78%
Inventory days	68.54	69.64	87.62	67.40
Debtor days	59.52	53.35	47.72	54.24
Creditor days	9.67	25.52	46.50	37.50
Return Ratios				
RoCE	9.50%	29.52%	36.77%	37.86%
RoE	-11.63%	21.33%	36.56%	29.81%
Valuation Ratios (x)				
EV/EBITDA	11.52	6.20	3.71	1.18
Market Cap/Sales	0.01	0.01	0.01	0.01
P/E	-149.07	63.14	11.72	9.30
Price to Book Value	17.28	13.47	4.74	2.77
Solvency Ratios				
Debt/Equity	8.63	6.25	1.70	0.55
Current Ratio	0.73	0.81	1.40	1.80
Quick Ratio	0.37	0.39	0.77	1.32
Asset Turnover	1.35	1.68	1.38	2.48
Interest Coverage Ratio	0.69	1.85	4.52	8.44

(*Annualized)

Financial Analysis –

- **Revenue from Operations –** The company's top line increased by 36.29% in FY23 and 2.05% in FY24 on account of increase and expansion of sale of products.
- **EBITDA** and **PAT Margins** – The company's EBITDA margin and PAT margins have improved from 5.92% to 14.36% and -0.83% to 8.73% respectively from FY22 to as of Jan-25, primarily due to decrease in material COGS as a percentage of revenue.
- **RoCE and RoE** – The company's RoCE has improved from 9.50% in FY22 to 36.77% in FY24 and RoE has risen from -11.63% to 36.56% over the same period.
- **Operating cashflow** – The company had negative operating cashflow in FY24, primarily due to repayment of short-term loans and advances.
- **Interest Coverage Ratio -** The company has progressively improved interest coverage ratio by reducing total borrowings and improving profits.
- **Net profit** – The company has demonstrated consistent improvement in net profits over the years, driven by a reduction in power and fuel expenses, lower wage costs, a decline in material cost of goods sold (COGS) and decreased depreciation expenses.

Lead Manager –

The lead manager of the issue is Gretex Corporate Services Private Limited. The lead manager has managed 21 IPOs in last 3 years, among them 15 IPOs have opened in premium, 2 IPOs have opened at par and 4 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company's directors, promoters and KMP have 5 tax proceedings and 1 civil litigation amounting to Rs. 52.25 Lakhs.
- The company moderate customer concentration, top 10 customers contributing 61.25%, 71.95%, 67.26% and 72.95% of total revenue in FY22, FY23, FY24 and Jan-25 respectively.
- The company has supplier concentration, top 10 suppliers contributing 87.35%, 85.52%, 87.00% and 93.01% of purchases in FY22, FY23, FY24 and as of Jan-25 respectively.

Key Management

- Mr. Sawar Mal Goyal is the Chairman and Managing Director of the company. He has around 15 years of experience. There is an evidence of dual chairmanship in the company.
- Mr. Ananya Goyal is the Whole-time director of the company. He has 8 years of experience.
- The company's Non-Executive and Independent Directors are qualified and have considerable experience in their respective fields.
- The company's Chief Financial Officer (CFO) has 7 years of experience in finance and Company Secretary & Compliance Officer has more than 3 years of experience.

Outlook – The overall management of the company is considered **moderate**.

Peer Analysis

Particulars	Silky Overseas Limited			Welspun Living Limited			Trident Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	-0.83%	1.44%	7.94%	6.41%	2.42%	6.93%	11.88%	6.93%	5.09%
EBITDA Margin	5.92%	7.83%	15.80%	15.19%	10.64%	15.42%	21.87%	15.28%	14.54%
RoCE	9.50%	29.52%	36.77%	17.40%	7.37%	17.54%	26.81%	12.28%	10.81%
ROE	-11.63%	21.33%	36.56%	15.14%	4.86%	15.08%	21.69%	10.51%	8.10%
EPS (INR)	-1.08	2.55	13.74	6.03	2.01	6.95	1.64	0.86	0.69
P/E	-149.07	63.14	11.72	15.77	31.67	19.80	32.74	32.50	52.97