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Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400001.

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Sub: Earnings Call Transcript for the Quarter ended 31.12.2024

Scrip Name: OK Play India Limited

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, please find attached the Earnings call Transcript held on 03rd February, 2025 for the quarter ended on 31st December, 2024.

Kindly take the same on your record.

Thanking You,

Yours faithfully,

FOR OK PLAY INDIA LIMITED

Meenu Goswami
Company Secretary

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OK Play India Limited
Q3 and 9 months FY'25 Earnings Conference Call
February 3, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 and 9-month FY '25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Ms. Nupur Jainkunia. Thank you and over to you Ma'am.

Nupur Jainkunia: Thank you. Good afternoon, everyone, and a warm welcome to you all. My name is Nupur Jain Kunia from Valorem Advisors. We represent the Investor Relations of OK Play India Limited. On behalf of the Company, I would like to thank you all for participating in the Company's Earnings Call for the 3rd Quarter and 9 months of the Financial Year 2025.

Before we begin, a quick cautionary statement. So, me of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the Company's fundamental business and Financial Quarter under review. Now, I would like to introduce you to the management participating with us in today's Earnings Call and hand it over to them for "Opening Remarks".

We have with us Mr. Rishab Handa - Executive Director & CFO of the company. Without any further delay, I request Mr. Rishab Handa to give his "Opening Remarks". Thank you and over to you, Sir.

Rishab Handa: Thank you, ma'am. Good afternoon, everyone. Thank you for joining us today. I'm Rishab Handa, Director and CFO of OK Play India Ltd. and I appreciate your time and participation in today's call.

Before we discuss our performance for the 3rd quarter of FY'25, I would like to take a moment to briefly introduce OK Play India for any new participants. With over 30 years of experience, OK Play India is a recognized leader in the plastic molded products industry. We specialize in the manufacturing of high-quality toys and automotive components. Our state-of-the-art facilities are strategically located across Haryana, Tamil Nadu, and Rajasthan, and we leverage advanced technologies such as rotational, blow, and injection molding to consistently meet the highest industry standards.

Now, for the 3rd Quarter of FY'25, we have recorded a sales revenue of about Rs. 33 crores, reflecting a decline of around 17% compared to the same period last year.

Turning to our automotive component division:

We continue to serve the commercial vehicle market, which has shown some signs of underperformance relative to last year. In Quarter 3, the automotive segment experienced a decline of approximately 29% on a quarter-on-quarter basis. While this decline is noteworthy, we remain optimistic about the outlook for the coming quarters, and we are confident in our ability to meet the results of FY'24 by year-end. As previously discussed, we are also seeing positive momentum from our new business ventures outside the automotive sector. Our partnerships with leading companies such as Vestas and Indocool for roto and blow-molded components are progressing well. Additionally, we are exploring an entry into the passenger vehicle market with an initial focus on vacuum foam parts and blow-molded fuel tanks. However, we anticipate that the significant contributions from these new initiatives will begin to reflect in our results starting FY'26.

Coming to our toys business:

Our toys business continues to demonstrate strong growth potential, and we remain highly optimistic about the long-term outlook for this segment. In Q3 of FY'25, the toys business grew by approximately 9% quarter-on-quarter. The Indian toy industry as a whole has been experiencing significant growth, with toy exports increasing by 239% in FY'23 compared to FY'15. The sector has also been identified as a champion sector with strong export potential and it is projected to reach 3 billion by 2028, growing at a CAGR of around 12%. In the recent budget, our Honorable Finance Minister has stated, and I quote, "Building on the National Action Plan for Toys, we will implement a scheme to make India a global hub for toys." The scheme will focus on developing clusters and enhancing skills and creating a robust manufacturing ecosystem. This will help in producing high-quality, innovative and sustainable toys under the Made in India brand. The Government has introduced a new scheme for the toy industry, Building on National Action Plan on Toys, details of which will be announced in due course. It is expected to be a fiscal incentive scheme, more intrusive and in form of subsidies on new investments and new employment generation. The initiative aims to

strengthen domestic manufacturing, promote innovation and enhance India's competitiveness in the global toy market.

As we highlighted in our previous Earnings Call, our expansion plans in the toy segment are progressing on track. We have completed significant capacity expansion, investing approximately Rs. 46 crores in machinery and tooling, which has allowed us to ramp up our production capacity to up to 30 tons per day. We expect this expansion to help us achieve a 4-fold increase in our monthly production by the final quarter of this financial year. Furthermore, we continue to strengthen our partnerships with key clients such as Amazon, Hamleys and Firstcry.

Additionally, we are excited to announce a new partnership with Blinkit, where we will soon be the first manufacturer to offer our type of toys under the OK Play brand via these Quick Commerce platforms. Under Phase-2 of our expansion plan, looking ahead, we are eager to proceed with Phase-2 of our toys business expansion. This phase will involve the production of injection moulded toys, including battery operated cars and role play toys. We are currently collaborating with Invest India to identify an optimal location for this new manufacturing plant. We plan to commence this project in the second half of FY'26. We anticipate an investment of about Rs. 100 crores for this phase, and we intend to leverage the benefits of the Production Link Incentive Scheme in addition to the newly introduced toy policy, which will provide capital subsidies and rebates.

Coming on to our Air Filtration business, turning now to our subsidiary MRH Technologies Pvt. Ltd.:

We are pleased to announce that it has entered into a 10-year exclusive licensing agreement with Mann + Hummel for the manufacturing and distribution of air purifiers across India. This partnership aligns with our shared vision of promoting a sustainable and healthier India by leveraging innovative technologies. Mann + Hummel recently unveiled advanced air purifiers at their February 2024 symposium, emphasizing their commitment to tackling pollution. These purifiers include mobile units designed to address viruses, harmful gases and allergens, as well as the Pure Air Outdoor Fine Dust Filter using nano fiber technology targeted for public spaces such as metro stations.

Additionally, the filter cube offers real-time air quality monitoring and energy-efficient self-regulating features. Our air filtration solutions have been validated through testing conducted by IIT Delhi, and we are proud to report that significant reductions of over 80% in particulate matter levels were observed in both indoor and outdoor environments. These tests were conducted in high pollution scenarios, including during stubble-burning and major festivals. Additionally, we have also successfully completed a pilot project at GD Goenka Public School, where our systems demonstrated a remarkable reduction in AQI levels.

In summary:

While we have faced some short-term challenges in our automotive business, we remain optimistic about our prospects. The toys business is experiencing solid growth, and our strategic expansion initiatives are progressing as planned. We are also making promising strides in the air filtration space, and we anticipate positive results from these efforts in the near future. We remain focused on delivering long-term value for our shareholders and are excited about the opportunities that lie ahead.

With that, I would like to open the floor to any questions from our investors. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask questions may press "*" then "1" and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" then "2". Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask questions, please press "*" then "1". The first question is from R Sen from MAS Capital. Please go ahead.

R Sen: I was referring to a recent report by S&P Global Mobility, which mentioned that 39 out of the top 100 polluted cities are in India and in the backdrop of our 10-year contract with Mann+Hummel, what is the aspiration in terms of the market share and what kind of revenue projections have we baked in from this opportunity?

Rishab Handa: Since our MD is looking directly into this business, I would like to hand over the call to him to address this question.

Rajan Handa: Good afternoon, everybody. This is Rajan Handa here. We do see a huge opportunity in the air purification business. Since the technology of the MNC, Mann+Hummel, allows us to look at cleaning the pollutants in the air, which are the ones which create health issues like 2.5-micron-level particles and 10-macro-level particles. This technology has been validated by IIT Delhi, with tests conducted over a 60-day period, which was of high pollution, encompassing festivals like the Dusshera, Diwali as well as stubble burning. Now, we are trying to set up equipment in the outside basketball court of GD Goenka, which is a very leading chain of schools in Delhi and as a first endeavor that has been what we wanted to do. Down the line, we are looking into adding on facilities to manufacture these products here, because this is all going to be a made-in-India initiative. We have all the technology coming from our partners. We have the filter elements coming from our partners, and that would give us a big flip over making it cost-effective, as well as giving the right solution to the public.

R Sen: Sir any projections in terms of what size is this opportunity?

Rajan Handa: Well, if you look at the market size, it is humongous. There is no way that one can look into giving you a number at the moment. If I could just give you a small 70, we have about 5,619 schools alone in Delhi. Every school is a potential 60-70 lakh business potential for the purifiers, which actually is not a lot of money if you look at it, because if the schools really look at getting these financed over a 2-year amortization plan, this would imply that there would be an incremental fee of just about 300 rupees per month per student. So, if I look at it from that equation, it becomes a very viable proposition. But if I really look at it from the numbers, like I said, we have about 5600 schools in Delhi alone. I'm talking about not NCR, but just Delhi. We have metro stations, we have dispensaries, we have offices, and we have bank branches, so on and so forth. The list is long. So, in terms of actually putting a number from the market potential point of view, it is from the point of view of availability of product, which would mean that we have to add on facilities, which we are in the process of doing, and how to go about installing, servicing, and monitoring the results. While I might not have answered your numbers question, I think the intent is to explain to you that the demand is rather large.

R Sen: So, my second question, while you did touch upon the aspect that in the budget there was a special mention about the toys opportunity, I think we have been all waiting for the PLI, I think around 3500 crore PLI. Any clarification or any update that you would like to share with shareholders?

Rajan Handa: Well, there was a mention of the PLI scheme, but it was also allocated in the interim budget. But having said so, now that the FM has very categorically put their intent of making this as the global toy hub, the toys as the global toy hub of the world, and they are, we understand, though it is not in the public domain yet, but we understand that there is a very, very friendly toy policy coming up, which would give not only flip to the toy industry, but also for expansion. A lot of things have also come up in terms like the BIS implementation and so forth, which will imply or directly make the toys compliant to world standards, thus make it more competitive for international markets.

R Sen: Sure. So, in the latest presentation, we also see a mention about waterless toilets, specifically targeting Africa. Now my question is, are we diversifying into too many things when toy in itself is a huge opportunity? We are now into air purification, and we also have auto. Is there a specific need for us to kind of get into another line of business? I am just trying to understand the mindset of the management.

Rajan Handa: No, it is not that. While you might think it's a product, it's actually; we are looking at our auto molding capabilities and expertise. This is a company called Kohler, which you might have heard about. This is an American company, an MNC, which is into sanitary and all. It is their product. It is not our product. We are not selling them. We are manufacturing them. But having said so, they use our capabilities in auto molding and rotational molding, and they were not able to get what they wanted elsewhere. So, we are partners in molding the

process, the product. From the point of view of design, they own the design. From the point of view of marketing or selling, they do that. So, we are not selling ourselves into the 3 product lines at all. It is only utilizing the capacities already created with us.

R Sen: Sure. Appreciate that. My last question, Sir. In our inaugural investor call, we were around 70 SKUs and if you see the presentation that has been uploaded for this Quarter, we are at around 75 SKUs. There was a thought of kind of adding SKUs around 3 to 4, if I recall the numbers correctly, every quarter. I mean, is there roadblock in terms of why we have not kind of expanded our SKU?

Rajan Handa: As this is for the toys business, I will hand this phone back to Mr. Rishab, because he will answer the question for you.

Rishab Handa: So, in the toys business, the whole idea is to keep adding on new SKUs and with the recent expansion that we have done, wherein we have invested about 46 crores, like I mentioned, the capital has gone into 2 places largely. One is adding on the machinery, and second is the new tooling, which is the new product. So, we have actually discontinued a lot of our previous products and added a lot of new products. Hence, the number of SKUs probably remains somewhat similar, but these are all the new offerings that we have today, as far as our kind of toys is concerned.

Moderator: Thank you. Next question is from Dhiraj Kaswan from RRR Investment. Please go ahead.

Dhiraj Kaswan: Congratulations on the deal signed with ML. Can we start with the revenue diversification of your businesses? We have not gotten the numbers, in financials, in the annual report and the quarterly report, so can you give me the numbers for the different businesses' revenues?

Rishab Handa: So, this quarter we did about 33, out of which about 24 was contributed by auto components, and the remaining was toys.

Dhiraj Kaswan: Okay and I wanted to ask that what is the total capacity of your manufacturing capabilities, and can you divide it by your injection molding, roto molding, and the blow molding?

Rishab Handa: This you are asking in particular to the toys business, I am assuming?

Dhiraj Kaswan: Yeah, first toys business, and then the total manufacturing capacity.

Rishab Handa: So, our toys business, with the capacity expansion that we have done, we can do about 30 tons of molded plastic a day, which equates to somewhere around 60 to 70 lakhs worth of plastic molded toys per day. I mean, see, it is very difficult to give a bifurcation between roto, blow, and injection, because a lot of parts are common in these toys, though largely the capacity expansion has happened in blue molded toys and our automotive business is as how it was previously, in terms of capacity.

Dhiraj Kaswan: Okay, so 30 tons per day is the capacity of all the manufacturing plants, including this 46CR investment?

Rishab Handa: No, this is just for the toys business, with a major contribution from the blow molded area.

Dhiraj Kaswan: Okay, so 30 tons in the toys business, it generates 60 to 70 lakh toys a day.

Rishab Handa: That is the capacity that we set up, correct.

Dhiraj Kaswan: Okay, and at what utilization are you working right now?

Rishab Handa: See, I'm not allowed to disclose numbers as such, but like I said, there is sufficient demand. So, we are, in fact, Quarter 4 is where we are targeting the major growth to come in from. So, we should be doing or closing this Quarter at about 4x of what our capacity used to be and we are on track to achieve those numbers.

Dhiraj Kaswan: Okay, that is great and like you are going to do more CAPEX in second half of FY'26, you will be doing 100 cr CAPEX. So, what will be the capacity added then? Do you have anything in mind?

Rishab Handa: You see, that project is still in its nascent phases. Like I mentioned, we are still kind of finalizing the parameters, the actual investment, waiting on certain schemes, the toy policy, etc., to come out. So, that is going to be in H2 of FY'26, and we are still outlaying the old project for that.

Dhiraj Kaswan: Okay, so like when the FM will announce the clusters that will be allocated for toys, so you will be looking at where will you get most benefit to set up the manufacturing plants?

Rishab Handa: Yes, we'll definitely have much more clarity once the policy is out.

Dhiraj Kaswan: Okay, great and my question was that after this latest round of funding you are doing preferential and warrants, is there any more plans to raise more capital like I think out of 40 cr authorized, 39 cr has already been adopted. So, what is the plan now?

Rishab Handa: See, all of this is very dynamic. It all depends on what opportunities come in. So, yes, we may be raising more funds, but as and when required.

Dhiraj Kaswan: Okay, great and can you give some diversification on the order book that you have said that there is an opportunity in white labeling of 300 crores from Hamley, Amazon, First Cry, and all these companies? So, is there more domination from a single company like probably First Cry or Hamley's or it is distributed?

Rishab Handa: No, it is not that. So, the growth that we are getting from the white labeling part of the business is contributed by all bigger companies, and largely, I mean, there are about 5 to 6 in India and we are working with all of them. So, Amazon, Hamley, First Cry. We have also started with Lifelong Online. We are also now getting into, we just recently signed up with Blinkit for Quick Commerce. So, there are all these bigger platforms and that is where we are kind of doing white labeling. On the Quick Commerce platform, it is not a white label product. We are going to be selling the OK Play branded toys on that.

Dhiraj Kaswan: Okay, and is there any plan to expand more sales channels for original products of OK Play other than just Blinkit?

Rishab Handa: You see, going forward down the line, I anticipate this split to be about 60-65 to 35 in terms of OK Play branded being the majority share and the remaining being white labeling.

Dhiraj Kaswan: Okay, great. And what is that share right now?

Rishab Handa: As of now, I think OK Play branded is higher. It must be about 75-25, but that is because a lot of our partnerships are yet to commercialize in terms of sales from the white labeling front.

Moderator: Thank you. Next question is from C.A. Garvit Goyal from Nvest Analytics Advisory. Please go ahead.

Garvit Goyal: Sir, can you tell me, like, in the first 9 months, in FY'25, what were our revenue numbers from the toys segment?

Rishab Handa: So, , the first nine months, we've done about 112 in total, out of which about 35 have been from toys and the remaining has been from automotives.

Garvit Goyal: 35 CR is from toys?

Rishab Handa: Yes, approximately.

Garvit Goyal: Got it. If we analyze this number, it comes out to around 47 cr, kind of, right to analyze number. Go it. So, sir, almost 2 years back, when we met in Q4 FY'23 con-call, you mentioned that at that time, your toys numbers used to be 45 CR, is what has written here in the transcript that I am looking at and you said 80-100% kind of growth will be there in next 3-4 years. But if you look at last 2 years' numbers, as you mentioned, toys segment has not grown. So, what was the reason for the same? Because the tailwinds were there, then why we didn't grow?

Rishab Handa: So, if you heard my recent con-calls, I have always stated that we were under a capacity expansion program because we did not have the capacities in place for our sales to come up. Though we had the demand and we were also in the process of establishing some significant

partnerships with various companies. Q4, in fact, our phase 1 is how we like to see it, has completed on 31st December itself in terms of the capacity expansion. Hence, these numbers are expected to come up in Q4 of FY'25, which is this financial year and it is not that one can see it from an analyzed perspective, like how I have mentioned in my call as well, because we're experiencing and anticipating significant growth coming up in the toys business, especially keeping in mind the significant capacity expansion that we have done, which has been 4X of what we used to operate on and we are extremely confident, and I would again like to mention, on track in terms of attaining these numbers in this quarter.

Garvit Goyal: So , you mentioned like 4X growth in your capacity. So, with that kind of capacity, what is your peak revenue potential that we are looking at?

Rishab Handa: Like I mentioned, we have put up a capacity of molding about 30 tons a day, which equates to about 60 to 70 lakh worth of toys per day.

Garvit Goyal: No, I am asking in terms of revenue, value terms. In terms of value, like you are doing 45 cr in toy segment with existing capacity. So , is it a fuller utilization and that is one thing.

Rishab Handa: Like I just mentioned to you, we are not doing 45 with the existing capacity. We have just finished our phase 1 of capacity expansion. Today, as we speak, we can do 60 to 70 lakh worth of blow molded and rotational molded toys per day. That is the capacity that we have set up today.

Garvit Goyal: Got it and what is our target going ahead? Specifically, in the toy segment, I think the budget is also there, right? The government is supporting the segment. So , , what kind of outlook do you see from here in the next 2 to 3 years?

Rishab Handa: it is very difficult to put numbers to it because 2 to 3 years is a long-term vision and I mean, we are very clear with where we want to be, say, quarter four of this financial year and we are pretty much on track for that. But it all depends on how the policy comes up and then, accordingly, we will plan out our Phase-2 and take it up from there.

Moderator: Thank you. Before we take the next question, a reminder to participants that you may press "*" then "1" to join the question queue. The next question is from Jaydeep Shampat, who is an individual investor. Please go ahead.

Jaydeep Shampat: My first question is about the planning of our vision of auto business. So, at what stage are we on the same?

Rishab Handa: So , the automotive business of ours, which is largely contributed by the CV market, is a little down compared to what it was last year and that is mainly being contributed from the CV

market itself being down. Though the last quarter is looking pretty promising, but we are about 22% to 24% behind in terms of numbers if you take up a 9-month runaway.

Jaydeep Shampat: My question was from, you are planning to demerge the auto business and have it as a different separately listed company in itself?

Rishab Handa: No, we are not planning of demerging the auto business. What we were planning was to do an IPO on this separately, but we are still under discussion on that front.

Jaydeep Shampat: Okay, and regarding the PLI policies, I think most of the questions have been answered that I had, but the CAPEX, around 40-50 crores that we have done already, will that be qualified for any of the PLIs that are going to be announced?

Rishab Handa: So, , see, I am not yet sure, but what I am hearing is that this may qualify because the scheme may be retrospective in nature, but I do not know as of now. This we will only get to know once the policy comes out.

Jaydeep Shampat: Okay. Sir, one last question what is our idea, what is our aspiration and ambition in toys business? Currently, with the current expansion, I believe we can reach around 200 crores approximately. So, , what is our idea of being a toy company, because as such, a toy company from India, there is no, as such, any very big company. What is your ambition over a period of, say, 4, 5, 10 years, to what sort of outlook you have for the... And considering, I heard you saying that there is a capital subsidy program also, apart from PLI coming into the picture, which is very interesting.

Rishab Handa: Yes, absolutely. So, , you know, like I said, it is very difficult to put in numbers, but we as, from a managing perspective, are extremely bullish on this sector. Secondly, how we see it is that, how, whatever that China underwent, say, 15 to 20 years back, making it a global toy hub today with over \$20 billion worth of sales, is something that we are seeing happening now in India. So, , from a long-term perspective it is an extremely hot sector to be in from a manufacturing perspective, and this was reinstated further by our FM this time in the budget. So, the capacity expansion that we have done today, which you are right, which will give us about 200 odd crores of revenue, is largely from the domestic market and then there is a lot of potential that one can see from the export market, and that is going to be our focus, in Phase-2 of our expansion plan in this sector.

Jaydeep Shampat: Okay. One last question. What sort of CAPEX are you looking in the next 2-3 years, sir?

Rishab Handa: From the toys perspective with the PLI, when it was announced, there were 4 slabs which were clearly mentioned, and we qualify for the 100 cr slab. So, , somewhere around that is what is the capital investment that we are looking at. However, these things are extremely

dynamic. So, , I cannot comment on exact numbers as of now. It all depends on how the opportunity comes up and what are the funds required to support that opportunity.

Jaydeep Shampat: Okay. Thanks a lot, sir. Maybe I'll try to connect with you offline, sir. Thank you, sir.

Rishab Handa: Absolutely. Thank you.

Moderator: Thank you. Participants who wish to ask questions may press “*” then “1”. Next question is from Dhiraj Kaswan from RRR Investment. Please go ahead.

Dhiraj Kaswan: Just a couple more questions. I just wanted to ask that in the budget, it was said that, I mean, I read the budget afterwards, that 20 percent duty is going to be put on electronic parts that will be used in manufacturing of electronic toys. So, , are you going to be, like, self-sufficient in your manufacturing, or you are going to be importing some products for it?

Rishab Handa: So, as of now, the product portfolio that we have is non-battery operated. But, yes, you are right. This has come up for the battery operated, not the entire product, but just the components and earlier, the duty was higher. Now, it has come down. If you are importing with the intent to add these components, say, in a particular toy. So, , hence, this is, to us, personally, this will come up under our Phase-2 of the expansion plan, where we will get involved in battery operated toys. But I think it is a big win for the Indian industry in general, because the electronic part of the business is not very advanced in India today, compared to, say, our counterpart, which is the Chinese market or the other Western markets. So, , this will just, I think, facilitate and help further grow the battery-operated toy business as well in India.

Dhiraj Kaswan: Okay and can I get some estimate at what are going to be the operating margins from this toy business?

Rishab Handa: We, at optimum capacity, expect to work at about 22 to 24 percent of data.

Dhiraj Kaswan: Great and just last clarification. You said that the capacity right now is 60 to 70 lakhs worth of toys, right? That is correct. Number of toys and that is the new capacity and old capacity combined? This is not number.

Rishab Handa: This is value. 60 to 70 lakhs rupees per day of molded plastic toys.

Moderator: Thank you. Next question is from Jayesh Shroff from Cask Capital. Please go ahead.

Jayesh Shroff: So, , my question is from whatever discussion that we have had so far, it seems that in toys, selling of toys is not so much of an issue and as of now, we are more constrained by capacity. Is that right?

Rishab Handa: See, I wouldn't put it that way. I mean, selling is probably the hardest job in any business. But we've been fortunate enough to kind of establish some strong tie-ups in the past 8 to 10 months and in addition to this, we have also got headway from the new government policies, etcetera, wherein, things like the introduction of the BIS norms and those imports. Stopping in from China has given a lot of boost to homegrown manufacturers like us and lastly, the toy market in India is humongous, going to the largest, youngest population in the world. So, there is obviously a lot of opportunities and with platforms like the online e-commerce platforms and the quick commerce platforms coming up, especially for our kind of toys, which are kind of voluminous in nature, hence freight is an extremely important portion. We are also reaching Tier 2, Tier 3 cities, which earlier was not possible. So, I think all these factors together are contributing, not just one factor, towards the growth of our business.

Jayesh Shroff: Okay. Just one more clarification. I think from whatever that I have read of the budget, the provision for PLI for toys is only 100 crores. So, when you are talking about setting up a new plant of 100 crores and also recovering maybe some money for your existing capacity that we have set up, there is not sufficient provision in the budget itself for PLI.

Rishab Handa: So, firstly, these things are still under formulation as of now. So, when it was initially announced, the allocated amount was 3500 crores under the PLI. What our FM has announced under the budget has nothing to do with the PLI. This is a toy policy that they are currently framing out, which is going to make India a global toy hub. So, we are not very sure what comes under this policy, but it is going to be announced soon and then we will have clarity on what the particulars are.

Jayesh Shroff: Okay. Just one last thing, this business is quite R&D intensive in terms that a lot of trends keep on changing and new things keep on coming in toys. So, what is our right to win there? I mean, what kind of money do we spend in R&D and whether we have the right manpower or capabilities to develop more?

Rishab Handa: That is actually a very good question. So, see, one is that we have been one of the oldest players in this segment in India. We have been one of the oldest brands, very well-known in the institutional space, not much well-known in the retail space. There is a kind of coming up now and largely the growth is coming from that sector as well. So, and second, of course, we do have a considerable amount of budget allocated for R&D, wherein I think we are one of the very few companies in India who has their own design team and our own tool making. So, a lot of companies, what they are doing today, especially given there is a ban on Chinese imported toys, are importing used tooling from countries like China, Vietnam, Thailand, and molding those products here. We are a differentiator when it comes to that. So, we do not buy used molds. We make our own tools, though we obviously take in references from various places and then do our improvisations, etc., on that particular product and we make our own tool and we have our own design team. So, that is another factor which differentiates us from the competition.

Jayesh Shroff: Alright. Just one last thing, I think last call you had mentioned, this was regarding our EV business, that we have certain inventory and we plan to actually sell off the components rather than the EV because that business is very, very competitive now. So, , any update on that?

Rishab Handa: You see, the EV business, I mean, we are not doing much on that business as of now. We put it on hold and the focus is on the other two parts of the businesses today. We do have inventory, but it is not that it is not sellable inventory. We are liquidating as and when we get a right value for it. But in terms of, say, any further investments, etcetera, we are not looking at this sector as of today.

Jayesh Shroff: No, no, that I understand. But, see, we are a capital stowed company as of now, in the sense that we see huge opportunity in toys and maybe some other segments of the market. So, , what is the point of holding on to that inventory and so, are we unable to liquidate that?

Rishab Handa: No, no. So, these are parts such as the motor or the controller or the differential. So, for us, it is all sellable inventory. It depends, and it is not that we are holding on to it in any way. It depends a lot on whether you get the right value for it also or not. So, it is not that we are going to be scrapping the inventory. But, yes, if there is, and we have liquidated some in the past as well. So, , there is a good option of liquidating at the right price, and we are doing that as and when required.

Jayesh Shroff: So, , do you think that we will have to maybe take some write-offs there?

Rishab Handa: It's a little difficult to comment. But, even if we do, I don't think it will be anything very, very substantial because liquidating these parts is not too much of a challenge given the fact that these are parts which have value in the retail market.

Jayesh Shroff: Okay. So, , you have any idea in terms of how much inventory are we holding in terms of amount of equipment?

Rishab Handa: I will have to check the latest report. We can get back to you on that.

Moderator: Thank you. The next question is from Yash Mehta from Art Ventures. Please go ahead.

Yash Mehta: Thank you for the opportunity. Sir, I wanted to ask that when do we expect to reach optimum capacity utilization on the new CAPEX, sir?

Rishab Handa: Well, as of now, you know, we just set up and, I mean, completed our expansion under Phase 1, and, I mean, fortunately, we are kind of on optimum capacity as we speak today, but there are always teething issues also going on. For example, like a lot of new product launches have to happen wherein a lot of trials happen. So, , those things take time. They do not really show up in terms of commercial numbers, but it does not mean that their capacity is not being

used. But to answer your question, I think April onwards we should be kind of on 100% capacity, though even quarter 4 is rather expecting significant growth to come in.

Moderator: We will move to the next question. Next question is from Navdeep Singh, who is an individual investor. Please go ahead.

Navdeep Singh: So, , my first question is, like, we did around 32 crore of business this quarter. So, , how much growth comes from the toys this quarter? My question is, like, out of 32 crore of business we did this quarter, okay? Yes. So, , how much more is the toys? How much more coming from the toys?

Rishab Handa: So, , like I said, 24 was auto components. The remaining, which is about 9, was toys.

Navdeep Singh: Okay, around 9 crores, correct? So, , if, suppose, we were running on the optimum capacity, so we would be even converting around, roughly around 30-35 crores per quarter, correct?

Rishab Handa: Yes. You are correct.

Moderator: Thank you. Next question is from Prathamesh Devar from Tiger Assets. Please go ahead.

Prathamesh Devar: So, , I think, as you mentioned, like, we'll be running at full utilization from April. So, , can we expect 200 crore plus, like, 200 to 250 crore worth of top line in FY'26?

Rishab Handa: I think we should be expecting that, and that is what we are targeting.

Prathamesh Devar: Okay and, sir, another 100 crores investment that we are planning in second half. So, , how are we going to fund the company? Can you give us the break-up of 100 crores?

Rishab Handa: See, we have not really kind of finalized, you know, the funding plan for that. There are different methods to one, I mean, various methods to which you can raise funds today. So, , and also, I would like to mention that this is what is anticipated in terms of investment. It may be higher or lower depending on the market scenario at that point, and a lot to do with how the policy comes out, from the ministry as well. So, , in terms of funding, I do not think there is too much of a challenge. So, , I would also like to mention that as of today, we are kind of also stressing on reducing our debt. So, , it all depends on where we are at that point from a balance sheet perspective and take it up accordingly.

Prathamesh Devar: Okay and so, what sort of margin can we clock on the toy segment?

Rishab Handa: It is about a 22% to 24% blended between toys, preschool furniture, outdoor play equipment. This should be the EBITDA that one should operate on, on optimum capacity.

Moderator: Thank you. Participants who wish to ask questions may press “*” then “1” on your touchtone telephone. Next question is from Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: When will this air purifier business add to the P&L?

Rishab Handa: You see, like our MD mentioned, that is very difficult to kind of say right now. There is obviously a lot of potential. But we are in the phase of doing various pilots as we speak today. We just completed one in IIT Delhi and the second one in GD Goenka and it all depends. But once when it comes up, the numbers, keeping in mind how big the market is, I mean, it is very difficult to kind of put on what numbers to what extent and at what time it will come. But we do hope for it to commercialize soon.

Rahil Shah: Okay. And with respect to your auto components business, what is the order book right now and what kind of pipeline do you see it?

Rishab Handa: You see, the auto component business is pretty much proportional to how the CV market performs, with Lele and Volvo, Eicher being our major customers and quarter 4 for any auto industry is expected to be good, and especially for the CV market, given the fact that it was already down the first three quarters, it is expected to rebound. So, it should be somewhat similar or probably slightly less in terms of growth from last year. Last year, I think we did about 135 odd crores and this year, it depends on how the market performs, and then we will close accordingly.

Rahil Shah: I was particularly asking on the order book status. Is there one like the current order book?

Rishab Handa: In any automotive business, there is not an order book given for the entire upcoming month. There is always a schedule given, and the POs keep coming in, as in when the stock has to be replenished. So, it is very difficult to kind of tell you exact numbers.

Rahil Shah: Okay, so this year you kind of expect a kind of like a flattish or maybe sort of performance in the auto business. What about next year? Any outlook there? Because you have more than made clear about the toys business. You are pretty bullish there. So, what do you expect from the auto market?

Rishab Handa: Where we are expecting significant growth to come in from is the toys business. The auto business will grow depending on how the CV market performs, and it should be growing at 4%, 5%, 6% CAGR and that is how our business will grow. But the quantum growth is expected from the toys business and then, of course, if numbers add in from the air filtration business, then that will be further contributing to the top line.

Rahil Shah: And lastly, just to reconfirm, one can expect blended EBITDA overall for the company to be in the range of 22% to 24%, correct?

Rishab Handa: That is right.

Moderator: Thank you. Before we take the next question, a reminder to participants that you may “*” then “1” to join the question queue. The next question is from R. Sen from MAS Capital. Please go ahead.

R. Sen: This is a long-term aspiration. I mean, if you look at the top 3 global players, Hasbro, Mattel, and LEGO, they kind of expanded the market opportunity by innovation, right, and not just playing the same products which already existed. So, can you share thoughts about your R&D team and what kind of innovation are we thinking, like, a couple of years from now? Is there a thought around those lines? Thank you.

Rishab Handa: That's a good question. So, there is, but, you know, I would like to tell you that toys is a very, diversified business. Not any one company does all sorts of toys, even the ones you just mentioned, whether it's LEGO or Mattel or Hasbro. So, like, for example, there are plush toys, there are, you know, ride-ons, plastic-molded, blue-molded toys, injection-molded, battery-operated toys. So, having said that, the kind of sector that we are in currently, which is largely outdoor toys is how we see it, and then, of course there has been somewhat of a one-stop solution to schools and institutions. This itself is a very big market. Though under our Phase-2 plan, we are going to diversify into injection-molded toys as well, which primarily means that we will be able to manufacture any sort of plastic-molded toy, which is actually the majority in terms of all different toy categories. But even if we do not diversify into other categories and just focus on the existing range, I think there is a large opportunity from a domestic as well as a global frontier.

R. Sen: Sure. Coming back to the budget, I think there was a mention of forming of clusters and if you look at our 4 plans that we have strategically located in four different states, is there a thought to go further somewhere in any of the newer states which are kind of offering a lot of opportunities and more of subsidies to kind of set up maybe a Telangana one of these states which are offering opportunities?

Rishab Handa: Yes, exactly. So, that is why I had mentioned that we work very closely with Invest India and they have been helping us since the past few months to kind of scout land and get meetings with the ministries so that one can get the best benefits of various state subsidies as well as central-level subsidies in setting up this. What we know for sure is that we would be setting up, you know, a state which is export-friendly and close to the port. So, we are still kind of deliberating in terms of where to set up the facility, but we should know shortly.

R. Sen: Sure, sure. We will wait to hear from you. Thank you.

Moderator: Thank you. Participants who wish to ask questions, may “*” then “1”. Next question is from Dhiraj Kaswan from RRR Investment. Please go ahead.

Dhiraj Kaswan: Can I get diversification of Q2 and Q1, auto and toys?

Rishab Handa: You mean the top lines?

Dhiraj Kaswan: Yes.

Rishab Handa: We can have that sent to you after this call.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to the management team for closing comments.

Rishab Handa: Thank you, everyone, for joining this call and we look forward to meeting again at the next conference call. Thank you.

Moderator: Thank you very much. On behalf of OK Play India Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.