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BSE Limited,  
Phiroze Jeejeebhoy Tower, Dalal Street,  
Mumbai – 400001.

**Scrip Code: 526415**

**Sub: Analyst/Investor Call Transcript for the Quarter ended 30.06.2024**

**Scrip Name: OK PLAY INDIA LIMITED**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, please find the attached Earnings call transcript of analyst/investor call for the quarter ended 30<sup>th</sup> June, 2024 held on 21<sup>st</sup> August, 2024.

Kindly take the above intimation on record.

Thanking you,

Yours faithfully,

**For OK Play India Limited**

**Company Secretary**

**OK PLAY INDIA LIMITED**

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**OK Play India Limited**  
**Earnings Conference Call Q1 fy25**  
**August 21, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to Q1 FY25 Earnings Conference Call of OK Play India Limited. As a reminder, all participants' 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 "\*" and then "0" on your touch-tone phone. Please note that this conference is being recorded. At this time, I would like to hand over the conference to Mr. Anuj Sonpal from Valorem Advisors. Thank you, and over to you, sir.

**Anuj Sonpal:** Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investment 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 first quarter of financial year 2025. Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks 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 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 call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Now let me 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 and Chief Financial Officer. Without any further delay, I request Mr. Rishab Handa to start with his opening remarks. Thank you, and over to you, Rishab.

**Rishab Handa:** Thank you, Anuj. Good afternoon, everyone. This is Rishab Handa, Director and CFO at OK Play India. Thank you for joining us today. Before moving on to the first quarter performance, let me first start by giving a short brief about the company. OK Play India is a leading player in the plastic molded products industry, having over 3 decades of unparalleled expertise. The company specializes in the manufacturing of toys and automotive components. We operate state-of-the-art manufacturing facilities strategically located in Haryana, Tamil Nadu and Rajasthan. Utilizing advanced technologies including rotational molding, blow molding and

injection molding, we produce high-quality products that meet the highest industry standards.

Now to begin with, our Q1 results for FY25 have not met our expectations. However, we remain optimistic about the future and are confident that our strategic initiatives will position us for growth in the coming quarters.

Let me start with our auto components division. Unfortunately, we've seen a decline of approximately 18%-20% in the CV market compared to Q1 of FY24. Despite this setback, we are optimistic about recovering these numbers in the subsequent quarters. Our current order book suggests that we may finish the year with slightly improved performance compared to last year. We are also seeing positive contributions from our new partnerships outside the automotive sector. Notably, we are now producing roto and blow molded parts for prominent companies such as Vestas and Indocool. Additionally, we are exploring entry into the passenger vehicle market. Our initial focus will be on manufacturing vacuum foam parts and blow molded fuel tanks.

Turning to our toys business, we are exceptionally bullish on the segment and anticipate it will be a major driver of growth in the coming years. In Q1 of FY25, we have grown by about 20% compared to the same quarter last year. The Indian toy industry as a whole has demonstrated impressive growth with a remarkable 239% increase in toy exports in FY23 compared to FY15. The Indian toy sector has been identified as a champion sector with significant export potential. The industry is projected to reach \$3 billion by 2028, growing at a CAGR of 12% from 2022 to 2028. Recent pre-trade agreements such as those with the UAE and the Middle East have granted zero-duty market access for Indian-made toys. Similarly, the India-Australia Economic Cooperation and Trade Agreement offers zero-duty access to these markets as well. However, the most significant driver of growth for our company in the near term is actually domestic demand.

This surge is due to 2 primary factors. One, the increase in import duties from 20% to 70% in the 2023 budget. Second, the implementation of the toy Quality Control Order, QCO, in 2021, which has enhanced standards and reduced the influx of substandard toys from China.

Our company currently holds a leading position in the outdoor and sports toys category, which makes up 30% of the market. We have made substantial investments to expand our toy production capacity by 4x. This expansion is currently underway and we expect to see the impact reflected in our results starting Q4 of this year. We continue to build strong relationships with major clients such as Amazon, Hamleys, and FirstCry, and we have a robust order book that supports our growth trajectory.

With that, I am happy 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. The first question is from the line of Sukant Garg from Equible Research Pvt. Ltd. Please go ahead.

**Sukant Garg:** I just wanted to know what is the revenue and PAT bifurcation between the segments? Can you please provide that?

**Rishab Handa:** Sukant, your voice is a little unclear. Could you repeat that again, please?

**Sukant Garg:** Yes. I am asking that what is the revenue and profit bifurcation between the segments? Like you said that there is a toy segment and there is a commercial segment.

**Rishab Handa:** For the one, we have had a revenue of about Rs. 40 crore out of which Rs. 25 crore comes in from automotive and the remaining Rs. 15 crore comes in from toys.

**Sukant Garg:** And the same ratio goes with the PAT also?

**Rishab Handa:** Up to the EBITDA level, both businesses operate at about a 16%-17% EBITDA.

**Sukant Garg:** 16-17%.

**Rishab Handa:** That's right.

**Moderator:** The next question is from the line of Gunit Singh from Counter Cyclical Investments. Please go ahead.

**Gunit Singh:** You mentioned that Q1 was below expectations. So, I want to understand what are the company expectations for top line and margins for FY25? And you are mentioning about a capacity expansion. So, can you share what segment is being expanded and what is the outlook for say the venues and the venue potential in FY26 from this expansion?

**Rishab Handa:** So, I am not at a discretion to kind of give numbers, future looking numbers. But what I can tell you is that the major growth like I mentioned in my talk, the major growth is coming in from the toys business. And wherever that we are today in terms of our run rate, we are expecting to grow by about 4x starting from Q4 of FY25. As far as the automotive component business is concerned, we are largely into servicing medium and heavy commercial vehicle manufacturers. And this market is expected to grow however, the CV market performs in India. However, in addition, we have an additional growth coming in the automotive sector by our partnerships with various non-automotive companies. For example, we are now doing rotational and blow molded parts for windmill companies like Vestas, and another company called Indocool. Hence there is certain amount of additional growth that we expect in the years to come from these companies as well.

**Gunit Singh:** So, can you give us the current capacity utilization across the 2 units and the revenue potential from when you say 4x or what would be the venue potential at full utilization? And also, with the new 4x kind of capacities coming in Q4, by when do you expect it to ramp up? I mean, do you see visibility of orders such that you expect it to be done at full utilization right at inception or how do you expect that to go?

**Rishab Handa:** So, if I talk about the toys business, we are already at 100% capacity utilization, hence expanding that capacity as we speak. And it should be, like I mentioned, 4x of what we are doing today. Secondly, on the automotive part of the business, we are currently at about 80%-85% capacity utilization. And we have adequate amount of capacity in order to meet our current order book.

**Gunit Singh:** And sir, I mean, how long does it take to ramp up the new capacity? I mean, the 4x that you were commenting.

**Rishab Handa:** So, this has actually been going on since a while now and it has been slightly delayed, to be honest. But now, everything as we speak today, basically the capacity expansion is in place. And like I mentioned, the results of which should be visible from quarter 4 onwards.

**Gunit Singh:** So you are saying that capacity is already in place and by Q4 you will be able to run it at 100% utilization?

**Rishab Handa:** It is underway as we speak today.

**Gunit Singh:** So I mean, what kind of utilization can we expect in Q4 and FY26 of the new capacity as per current visibility of orders and market share?

**Rishab Handa:** With the current order book that we have, we expect 100% capacity utilization.

**Gunit Singh:** In Q4, that is great, sir. And can you please share some light on our 3-wheeler business? I mean, who are our main buyers, what is the outlook for that, what is the revenues for that?

**Rishab Handa:** So, we have been in the electric vehicle space since quite a few years now and largely in the L3, which is the electric rickshaw segment space. Though we are not kind of factoring in any major growth coming in on that front as of now. However, the market seems to be doing pretty well and of course, EV is the future. So, we are already working with say a network of about 30-35 dealers and we also work with a few B2B companies for the last mile connectivity where we supply these electric L3 loaders as well as the L5 loaders. So, that is something which is going on, but we haven't really factored much growth coming in that space in the current business plan of ours.

**Gunit Singh:** So by when can we expect this to significantly contribute to revenues?

**Rishab Handa:** So, the EV market is more of a long-term play and I feel that it will take about 2-3 years to kind of mature and wherein a substantial amount of growth can be seen from there.

**Gunit Singh:** So, just to reiterate, we should expect like the toy business to be 4x by Q4 FY24. That understanding is correct, right?

**Rishab Handa:** That's correct.

**Moderator:** The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat:** So, I missed your remark about the utilization for toy business. So, can you repeat that?

**Rishab Handa:** So, in the toy space, now when I talk about the toy space, there are basically 3 subcategories to that. One is toys which are largely rotational and blow molded toys. The second is preschool furniture where we do school furniture ranging from nursery to senior school. And the third is outdoor play equipments which is a combination of rotational molded plastic components along with metal parts. So, the growth that we are talking about is largely coming from the core space which is toys which is largely rotational and blow molded toys. And that is where we are kind of enhancing capacities and hence projecting growth from.

**Pradeep Rawat:** So, the rest 2 of the businesses are not currently fully utilized and the first toy business from where growth is coming, it is fully utilized as of now?

**Rishab Handa:** So, the rest 2 businesses kind of complement the first business. So, actually, it's more or less the same space but I wouldn't say that they are not completely utilized. However, substantial amount of growth is coming from the toys front.

**Pradeep Rawat:** And you said that we have an order book like so that we can expand 4x. So, we have currently order book of 4x from our current annual run rate of Rs. 60 crore, 4x from this?

**Rishab Handa:** Yes. That is what we forecast and project.

**Pradeep Rawat:** And my next question is regarding automotive business. So, how much revenue is from the MHCV and how much is from the Bus? Can you provide that breakup also?

**Rishab Handa:** So, in the automotive space, about 80% of our business is plastic fuel tanks which is largely MHCV and the remaining 20% is other components where we do consoles, roofs, other parts for companies like Vestas, like I mentioned. So, there are various other parts for various other companies that we work for.

**Pradeep Rawat:** And we have the third segment, electric vehicle segment and you didn't provide the revenue bifurcation for this segment. So, can you provide that also?

**Rishab Handa:** Like I mentioned to the other investor, we are not factoring in much growth coming in from this segment. If it comes in, it will be more of a bonus. This is more of a long-term play for us. So, probably in the next 2 to 3 years, we would see a substantial amount of growth coming in this front.

**Pradeep Rawat:** So, currently, we are not generating any revenue from this segment. Is that assumption, right?

**Rishab Handa:** We are currently generating revenue but it is not substantial at the moment.

**Pradeep Rawat:** And the new capacity that we are commissioning in the fourth quarter, so can you provide the CapEx number for that?

**Rishab Handa:** This would be roughly about Rs. 50 crore to Rs. 60 crore.

**Pradeep Rawat:** And it is funded by internal accrual?

**Rishab Handa:** Internal accrual as well as we had done a preferential issue last year. So, through various other methods as well and some part of it is debt.

**Moderator:** The next question is from the line of Tarunkumar Khatri from Midas Touch Capital Advisors. Please go ahead.

**Tarunkumar Khatri:** I have one specific query regarding, you did mention about 4x revenue in the Toys division. The growth likely by the fourth quarter is 4x of the current that you have mentioned. Do you have any projections for the automotive division?

**Rishab Handa:** Sorry, your voice is a little unclear. Could you repeat the last line please?

**Tarunkumar Khatri:** You mentioned that there is a projection of around 4x growth in the revenue for toys because of your expansion, which is likely to go 100% capacity utilization by the fourth quarter, right? So, the inference is that there will be a 4x expansion in the revenue from the Toys division.

**Rishab Handa:** Yes.

**Tarunkumar Khatri:** So, that makes revenue 5x now, okay. And then, do you have any projections for the automotive?

**Rishab Handa:** Like I said, the automotive business, we are largely in the MHCV space and it depends a lot on how the CV market in India performs. And if you see, the CV market in India is largely cyclic in nature. It is down 2-3 years and it goes up another 2-3 years. And right now, as a country, given the growth happening from an infrastructure point of view, the CV market looks promising for the next 2-3 years. And even this year, even though we've been behind our

numbers as compared to quarter 1 of last fiscal year, we project closing the automotive business slightly higher than what we did in FY24. Okay.

**Tarunkumar Khatri:** You also made an announcement regarding IPO for your automotive division. So, you must be having some expansion plans in the pipeline. Could you throw some light on that?

**Rishab Handa:** So, like I mentioned on the call, that we are now looking to get into the passenger vehicle market also wherein we will be doing a lot of thermoforming parts as well as getting into blow molded fuel tanks.

**Tarunkumar Khatri:** So, you must be having some projections because you must have drawn up plans for expansion and capacity utilization and then there will be growth by way of utilization?

**Rishab Handa:** I am not at a discretion to kind of disclose absolute numbers in terms of growth. Yes, there are projections in place. But, given how large the market is, and with existing CV market, the rotational molding space that we are in, the numbers going forward look pretty good.

**Tarunkumar Khatri:** In February, you had in the conference announced about the air purifier with a tie-up from the ML.

**Rishab Handa:** Sorry, come again.

**Tarunkumar Khatri:** In February conference, you had announced about the tie-up for air purifiers. So, can you throw some light on what are we doing on those fronts for expansion of business in that field?

**Rishab Handa:** That is a different venture which we are currently growing. There is a huge amount of potential on that front given the current situation in the country from a climate aspect. However, as of now, we are not factoring in numbers coming in from that business for the next 1 to 2 years.

**Tarunkumar Khatri:** I would like to know that you had collected around Rs. 140 crore, Rs. 150 crore in placements. So, what is the utilization for that being planned for expansion or for the CapEx needs? Can you throw some light on that?

**Rishab Handa:** These funds are largely being deployed in both the automotive as well as the toys business for further growth. That's one. Second, we have also reduced a certain amount of our debt. And thirdly, the company had suffered certain losses during the COVID years. So, we had kind of cleared off a lot of our past dues during those times.

**Moderator:** The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.



**Darshil Jhaveri:** Thank you so much for taking my question. So, sir, I just firstly wanted to know, like I think they are saying the businesses operate at 16%-17% EBITDA. But current Q1, we saw quite single digit EBITDA. So, what was the difference? Because I think you said toys were already at 100% capacity and autos were also at 80% capacity, right? So, at such high capacity utilization, why do we have a single digit EBITDA?

**Rishab Handa:** Yes, that's a good question. So, this has been a one-off exceptional case this time. So, we are in the process, actually more or less finished the process of transferring our automotive business from OK Play India to the 100% own subsidiary, which is OK Play Auto. And over these past few years, we have had a certain amount of WIP stock of largely of plastic fuel tanks of outdated designs or different sort of accessories that we had produced for various OEMs lying with us. And even though we are in the current process of seeking the reimbursement for these tanks from various OEMs, they currently do not hold a significant value to OK Play India or OK Play Auto for that matter. Hence, we had decided between the 2 companies to kind of sell from OK Play India to OK Play Auto at a 50% discount. So, the stock value of these tanks is about Rs. 5 crore and sold at a Rs. 2.5 crore loss, which is reflected in the PL. So, if this is factored back in, the EBITDA comes back to about 13%-13.5%.

**Moderator:** Thank you. It seems like our current participant got disconnected. So, we will take our next question from the line of Rujuta from RT Securities Limited.

**Rujuta:** So, in one of the past comments, you mentioned that the toy segment and automotive segments are related in some way. So, could you explain like in what way they are related?

**Rishab Handa:** So, ma'am, when we started our business in 1990, we had started with rotational molding of plastic products. And at that time, even the toy portfolio was largely rotational molded. And, of course, the tanks are rotational molded even today. So, that is the process is somewhat similar, rotational and blow molding of plastic products. So, obviously, the industries are very different.

**Moderator:** The next question is from the line of Gunit Singh from Counter Cyclical Investments. Please go ahead.

**Gunit Singh:** Thank you for this opportunity again. So, the previous participant asked about the margins. So, I mean, Rs. 2.5 crore loss and despite of that, we are at 13%-14% EBITDA margins. But you mentioned that we should be at 16%-17%. And the utilization level is pretty healthy. So, I mean, what is the reason for the other decline, I mean, in Q1?

**Rishab Handa:** So, the utilization from an automotive perspective was not as good as what it was last quarter, I mean, last quarter of FY24 Q1. If you see the revenue, it is down by about Rs. 4 crore to Rs. 4.5 crore. And because of which, even the margins are substantially down because more or less the fixed costs kind of remain similar. So, this should, as blended for the

entire year of FY25, come back to 16%-17%. And in the automotive space that we are usually in, we usually see, major growth coming in quarter 3 and quarter 4 vis-a-vis quarter 1 and quarter 2.

**Gunit Singh:** Sir, what is the current debt as on date and what rate of interest do you pay on it?

**Rishab Handa:** So the current debt as on June 30 was Rs. 105 crore at the group level and interest is about 10.5% blended.

**Gunit Singh:** What kind of additional annual depreciation can we expect from the new capacity coming in?

**Rishab Handa:** So this is pretty standard as per industry norms. It's a 12 to 15 year period that we take for depreciation.

**Gunit Singh:** So for Rs. 50 crore CapEx.

**Rishab Handa:** Yes.

**Moderator:** Thank you. The next follow-up question is from the line of Sukant Garg from Equible Research Pvt. Ltd. Please go ahead.

**Sukant Garg:** Thanks for giving me the chance again. So, I just want to ask, the revenue bifurcation that you have provided, and add to that, you have told that it's been around 16% to 17%. So two things here, is there any specific reason why the PAT has declined to 6% in this quarter from 16%?

**Rishab Handa:** So, like I mentioned earlier, this is not the PAT, this is EBITDA that I am talking about, which is 16%. And secondly, because of this one-off exception where we have transferred stock at a loss of about Rs. 2.5 crores, this has further declined as a one-off exception in this quarter which I had explained right now.

**Sukant Garg:** So this will be recouped in the next quarter?

**Rishab Handa:** Yes. So, if you see overall blended, it would be at about 16% to 17% for the overall year.

**Sukant Garg:** When you say that the revenue bifurcation is between Rs. 25 crores for automotive and Rs. 15 crores for toys, is that growing from the past year in the same quarter, or is it declining?

**Rishab Handa:** So, our automotive business has, if you compare it to Q1 of FY '24, has gone down by 18%. Similarly, the toy business has gone up by 20%. However, the automotive business, currently given the situation, we currently project coming back to normal, and in fact performing slightly better than FY '24. And about the toys business, like I mentioned, the growth that we

are expecting, given the capital expense that we are currently undergoing, it should grow pretty substantially. And hence there is no comparison to previous numbers in that case.

**Moderator:** Thank you. The next follow-up question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** So sorry sir, my line had gotten dropped off. So just wanted to ask, what is our current order book in terms of auto?

**Rishab Handa:** So see, in the automotive space, there is no confirmed order book that any Tier 1 supplier gets. They're basically schedules, and those schedules are subject to change depending on how the market performs.

**Darshil Jhaveri:** So then in terms of our toy business, like we are saying that our capacities will go 4x and so what gives us the confidence that you know we will be able to utilize that completely, like in the first year itself? Do we have some firm orders? Or what's just like giving us the confidence of achieving that?

**Rishab Handa:** That's a good question. See, they are not confirmed orders. So even in the toy space, there is nothing confirmed. However, what the customers that we currently have onboard with our, and whatever that we understand from them, in terms of our growth plan that we have obviously discussed, certain new product entries we have discussed, certain new marketing strategies. And based on that, we have kind of projected and forecasted certain numbers. That's one part of it.

And the second part of our business is the distributor front of the business, where we supply two institutions directly via a network of distributors and to the general trade market. That is the second segment where we are kind of expanding aggressively and building up or enhancing the current network. And, of course, basis the marketing activities that we are doing, we are expecting certain forecasted numbers.

**Darshil Jhaveri:** So just also, like, wanted to confirm with you that, like, what was our auto business last year, sir, for the full year?

**Rishab Handa:** It was about Rs. 140 crores.

**Darshil Jhaveri:** So just wanted to know, the next year when the toy business is going at such a great pace, so will our EBITDA margin be similar, or will we get some operating leverage benefit, sir?

**Rishab Handa:** I think it should be similar or slightly better.

**Moderator:** Thank you. The next follow-up question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat:** Yeah, thank you for the follow-up. So my question is regarding our inventory day, so it has improved quite a bit from FY '23 to FY '24. You mentioned that we are doing top liquidation this quarter, so should we assume this to be the reason for lower inventory day in FY '24 also? And what kind of inventory day levels should we expect going forward?

**Rishab Handa:** So that's a good question. So, the inventory was high in the previous years, which you have now seen that it's reducing. So one of course is stock liquidation. The second is that we had, and we still do have a certain amount of inventory sitting from the EV part of the business, which is also liquidating as we speak today. If I talk about the toys business, we should be looking at about a 35 to 40 days of inventory in this kind of a business with a working capital of about 45 to 50 days. And I think from the automotive front of the business, the inventory is slightly less, though the working capital works out to be pretty similar, given the debtors and creditors, period.

**Pradeep Rawat:** So, our current inventory day as of FY '24 ending is 281 days, so should we assume this inventory day to reduce to towards 50, 60-odd levels?

**Rishab Handa:** Yes, but this will happen over a period of time.

**Pradeep Rawat:** After full stock liquidation?

**Rishab Handa:** Yes.

**Pradeep Rawat:** And my next question is regarding our revenue growth from both of our segments, so we have the current quarter revenue number, so can you provide the growth number also?

**Rishab Handa:** I have mentioned the growth in terms of a multiple for the toys business, so you can calculate basis that whatever that we are projecting on this front. And on the automotive part of the business, we are projecting to be somewhat similar or slightly better than where we were last year.

**Pradeep Rawat:** No, I was asked asking about year-on-year growth from last year to this year for this quarter.

**Rishab Handa:** So, if you compare from last year to this year, this year we have been down by about Rs. 3 crores, Rs. 3.5 crores, which has largely been contributed by the automotive business, that has been down by 18% to 19%. Though if you see from a yearly perspective, we should be bouncing back.

**Pradeep Rawat:** So 18% to 19% degrowth in auto segment, and for toy business what was our growth?

**Rishab Handa:** About 20% growth.

**Moderator:** Thank you. The next question is from the line of Jay Shah from Cask Capital. Please go ahead.

**Jay Shah:** I just had a couple of questions. So you mentioned that you are also right now liquidating the inventory in your EV segment. So, should we expect some more hit this quarter?

**Rishab Handa:** Sorry, come again, please. Should we expect?

**Jay Shah:** Some more hit in terms of the liquidation cost for inventory this quarter?

**Rishab Handa:** No, I do not think it will be anything substantial.

**Jay Shah:** So just one strategic question is that, what is the rationale for us to continue with our EV business? I mean, it's a cut throat competition, we do not have --

**Rishab Handa:** See, the EV business is a long term play, and we as a company have been in the EV business since a long time. In fact, we are one of the first entrants on a LCV segment, which is a e-rickshaw segment. And that time, back in 2016, 2017, we were in fact among the leaders where we had set up a pretty robust network of dealers and we started selling. Though the major drawback that came to us that time was basically the failure of batteries, which had nothing to do with our company. These were basically lead-acid batteries that we were sourcing from the likes of Amara Raja and other companies. Given the situation that was back then, and the technology of batteries, this has substantially changed now. Now even the lead-acid batteries are far more premium, and people are getting into lithium ion, other different sorts of technology on the battery front. So, we do not see that issue coming up again. And hence, we are pretty optimistic on this front.

**Jay Shah:** Just one more thing on the toys front, during the Interim Budget, which was presented in February, the government had made some provisions for PLI. So, you have any idea in terms of what is your status for that?

**Rishab Handa:** Yeah. So we have, in fact, worked very closely with the government to draft the PLI. And as we speak, today, it's getting ready at the PMO. And I personally feel that it should be announced very soon. And it's a very interesting PLI coming up which has a sanction for about Rs. 3,500 crores. And the interesting part is that this will be available to companies starting from Rs. 5 crores slab going on to a Rs. 200 crores slab. So there are four slabs under that PLI scheme, Rs. 5 crores, Rs. 25 crores, Rs. 100 crores and Rs. 200 crores, wherein over a period of time you get rebates of about 60% depending upon the investment. So, if the PLI kicks in, it should be extremely beneficial for home-grown companies like us, especially when competing with the likes of China.

**Jay Shah:** But since we would be through with our CapEx by the time PLI comes in, so would we be beneficiary of that?

**Rishab Handa:** So the interesting part is that the PLI is expected to be regressive in nature, in the sense that it would be applicable from FY '24 onwards, and not from the day that it kicks in. So we should be getting certain benefits. Though there is no clarity on this matter as of now, but this is what our personal sentiment is.

**Moderator:** Thank you. The next follow-up question is from the line of Tarunkumar Khatri from Midas Touch Capital Advisors. Please go ahead.

**Tarunkumar Khatri:** I wanted some confirmatory kind of information. I have calculated certain projections based on whatever was informed here. So we were around Rs. 60 crores of revenue for toys division which we expect to be expanding by 4x by quarter of this year. Was that correct information which I received?

**Rishab Handa:** That's correct. And this is talking about the run rate, not the closing value.

**Tarunkumar Khatri:** So we are expecting it to be around Rs. 300 crores of top line from there?

**Rishab Handa:** So like I mentioned, this is the run rate that we are expecting from quarter four onwards, not the yearly closing numbers. But yes, it should be 4x of where we are today.

**Tarunkumar Khatri:** You have also mentioned that you will be eligible for the PLI, which is likely to be announced soon, and the likely margins will definitely be more because of the incentives, which goes to the extent of 60% you mentioned.

**Rishab Handa:** I could not hear the last part, could you repeat that again, please.

**Tarunkumar Khatri:** Sir, you mentioned about that since the PLI is going to be eligible from FY '24 onwards, so our current expansion capacity also will be eligible for the incentive. And that incentive can go to the extent of 60%. So then we can expect a substantial bump up in the EBITDA from price side if the PLI kicks in for us, and the capacity expansion comes together?

**Rishab Handa:** If we are able to kind of, so this is obviously projected, one does not know but this is the information that we have so far, and obviously depends on when the PLI is announced. So, if we do avail incentives on the PLI, from a ROCE perspective, yes, you are right, our toys business would be pretty attractive.

**Tarunkumar Khatri:** And we will be regaining our expansion in automotive also? So that will be around Rs. 150 crores more of the top line?

**Rishab Handa:** Yes, one can project similar to that. Like I said, it will be similar to last year's.

**Moderator:** Thank you. The next question is from the line of Jaideep Sampat, an individual investor. Please go ahead.

**Jaideep Sampat:** My question was regarding this PLI, you just now gave some information that the government is coming up with this PLI. Just wanted to understand, since the PLI is coming, can we hold the CapEx and start it after the PLI is announced, and then take part as part of that incentive and go ahead? Or can you throw some more light, please, sir, on this?

**Rishab Handa:** Sir, like I said, the PLI that is expected to come in would not be just forward looking, it would also take into account the investment that is done from FY '24 onwards. So, if and when it comes in, it would not be a situation that we should not be able to attain the benefits of it. We would still be able to attain the benefits irrespective of the investment that we have made so far. But the question is, when it's announced, because this quite frankly has been going on since a long time, and PLI has to go through a various list of ministries in order to get approved. So, I am personally expecting it to happen soon, though one cannot kind of ensure when it happens.

**Jaideep Sampat:** And one more question regarding the auto subsidiary that we want to come out with an IPO for, can you throw some light on that too, sir?

**Rishab Handa:** Yes. So we are projecting and planning an IPO end of this year for the automotive part of the business. And the funding that we are expecting to raise through this would be used to kind of expand our capacities to get into different sorts of tanks, like I said, the blow moulder tanks, as well as different thermocombing parts for the passenger vehicle market. Today, we are largely in the medium and heavy commercial vehicle industry, and we see a lot of potential in the next three to four years from a passenger vehicle front as well.

**Jaideep Sampat:** Sir, how much amount are we planning to raise?

**Rishab Handa:** We have not really finalized on that part yet.

**Jaideep Sampat:** And one more question, sir, regarding the purifier business that you are entering into, can you throw some light also on that, sir?

**Rishab Handa:** Like I mentioned, the air purifier business, it's a business which has a lot of potential. And we are working very closely with the government, in fact, the PMO directly for this business, wherein we have tied up with a large MNC based out of Germany, in fact, one of the biggest companies for air filtration systems in the world. And we are developing a product with them to reduce the PMI based on a certain location and a certain radius. And as we speak today, trials are ongoing, and hence we are not factoring in any kind of numbers in our business plan from this. But one can understand the magnitude of this business if the project is successful.

**Moderator:** Thank you. The next follow-up question is from the line of Gunit Singh from Counter Cyclical Investments. Please go ahead.

**Gunit Singh:** Sir, you mentioned about raising funds, so I mean would that be a debt or some preferential issue?

**Rishab Handa:** Sorry, in which part of the business?

**Gunit Singh:** In the auto part?

**Rishab Handa:** No, we are planning an IPO in that, so that will be equity.

**Gunit Singh:** Sir, do you have any plans to raise any further debt? Or I mean, do you have plans to reduce the debt, repay the debt?

**Rishab Handa:** Not as over now. I think as of now we are pretty comfortable, so we are not looking to raise any substantial amount of debt as we speak today.

**Gunit Singh:** And sir, any repayment plans for FY '25, what is the target debt? I mean, do you plan to repay the debt?

**Rishab Handa:** So, this depends a lot on how our projections work out. And of course, we will be reducing debt as and when available. Though, I feel that if we are able to repay our liabilities, it's not too much of a concern to us.

**Moderator:** Thank you. The next question is from the line of Rajesh Menon from OK Play India Limited. Please go ahead.

**Rajesh Menon:** You have mentioned about the IPO, now with regards to the IPO, is it a fresh issue of shares, or are you going to dilute it from your existing holding?

**Rishab Handa:** We are still to finalize on that structure.

**Rajesh Menon:** Now coming to the toys aspect, you are currently manufacturing for Amazon, Hamleys, FirstCry, etc. Do we make and sell under our own brand, or we are only doing third party?

**Rishab Handa:** So we have two parts to this business. One is contract manufacturing where we are basically manufacturing for these partners under their private labels. And the second is our own brand, which is OK Play, where we sell largely offline via network of distributors and dealers to the general trade market as well as the institutional market.

**Rajesh Menon:** So, what is the percentage of our own products?

**Rishab Handa:** It's more or less 50:50.

**Rajesh Menon:** Are we into recycled plastic also for the toys and other aspects?



**Rishab Handa:** So the plastic that we use is various forms of the polyethylene family, so it is recyclable in nature.

**Rajesh Menon:** Why I inquired about this is, if its recycled per say, today the market has got a good value for recycled plastic. People prefer to buy recycled plastic. So are we into that or no, as of now?

**Rishab Handa:** Yes, we are into recycling plastics.

**Rajesh Menon:** And with regards of advertisement and other aspects of OK Play, do we advertise on TV or any other media, electronic media, or any other forum?

**Rishab Handa:** We do not advertise on TV per se, but we do digital marketing, and we do various sorts of offline marketing.

**Rajesh Menon:** And who are our major competitors?

**Rishab Handa:** In the toy market today, if I give you a broad perspective, it's highly unorganized. Like in India, it's about a Rs. 15,000 crores market, out of which probably the organized market is only Rs. 1,500 crores, which is like 10% or less than 10% where we along with 10, 12 companies fit in. So it's very difficult to kind of tell you what is our market share. But the good part is that there is immense potential for growth. Because of the fact that it's so unorganized, and a lot of organized companies are coming into it and taking a share of the unorganized play, that is where we actually see a lot of growth coming from.

**Rajesh Menon:** Is there any other listed company into this apart from us?

**Rishab Handa:** No, I think we are the only listed company in India in the toys space.

**Rajesh Menon:** And for say the OK Play brand, is it only North India or we are available pan-India?

**Rishab Handa:** This is a pan-India brand.

**Rajesh Menon:** And are you also exporting our own brands?

**Rishab Handa:** We are exporting. In fact, we have a lot of good inquiries, but we are not stressing much in it as of now. Our first strategy is to kind of fulfil the domestic demand, and then I think next year onwards we should be looking into export.

**Rajesh Menon:** Do we have any marketing team as such for the sales aspect?

**Rishab Handa:** Yes, we do.

**Moderator:** Thank you. The next follow-up question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat:** Thank you for the follow-up again. With respect to IPO, so auto segment is fully owned by OK Play, and we are demerging this business by way of IPO, is this understanding correct?

**Rishab Handa:** Yes.

**Pradeep Rawat:** And we are talking about auto component and electric vehicle businesses, both to be IPOed under the auto segment, right?

**Rishab Handa:** No, only the automotive component business. The electric vehicle business is under a third subsidiary, which is called RIRA E-Vehicles Private Limited.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

**Rishab Handa:** Alright. So I think this has been a good call. And if there are any questions from any of your investors, please let us know, and we will be happy to answer them. Thank you.

**Moderator:** Thank you. On behalf of OK Play India Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.