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Dated: 17<sup>th</sup> February, 2023

To,  
The General Manager,  
Department of Corporate Services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400001.

**Scrip Code: 526415**

**Sub: Analyst/Investor Call Transcript for the Quarter ended 31/12/2022**

**Scrip Name: OK PLAY INDIA LIMITED**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find the attached Earnings call transcript of analyst/investor call for the quarter ended December 31st, 2022 conducted after the meeting of Board of Directors held on February 14th, 2023, for your information and records.

Kindly take the above intimation on record.

Thanking You,

Yours truly,

For OK Play India Limited

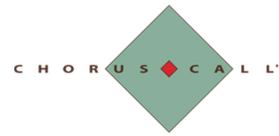
Meenu Goswami  
Company Secretary

**OK PLAY INDIA LIMITED**

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“OK Play India Limited  
Q3 FY 2023 Results Conference Call”  
February 14, 2023



**MANAGEMENT:** **MR. RAJAN HANDA – MANAGING DIRECTOR – OK  
PLAY INDIA LIMITED**  
**MR. RISHAB HANDA – EXECUTIVE DIRECTOR AND  
CHIEF FINANCIAL OFFICER – OK PLAY INDIA  
LIMITED**

**MODERATOR:** **MR. SUMEET MARU – KIRIN ADVISORS**



**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Results Conference Call of OK Play India Limited, hosted by Kirin Advisors Private Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumeet Maru from Kirin Advisors. Thank you and over to you, sir.

**Sumeet Maru:** Thank you. Good afternoon, everyone. I would like to welcome Mr. Rajan Handa, Managing Director of OK Play India Limited; Mr. Rishab Handa, Executive Director and CFO. As this is the first call from the company, we will have a brief introduction about the business model of the company then Q3 results highlights and followed by Q&A.

Now I hand over the call to Mr. Rishab Handa for brief introduction about the company. Mr. Rishab Handa, over to you, sir.

**Rishab Handa:** Good afternoon, everyone. This is Rishab Handa, Executive Director and CFO of OK Play India. So I would just like to summarize and give an overview of the company. We are a public limited company started in 1989, by the name of Aquapure Containers Private Limited. The intent of the company at that point was to do overhead water storage tanks. Very soon, our MD realized that he wanted to venture into more of higher-quality molded products and we started with toys in 1992.

We had acquired a company called OK Play, which was based out of UK, London and at that point, it had about 5 to 6 SKUs with them, that the company was bought and renamed as OK Play India Limited. In 1994, we had successfully done our IPO. The company started with the toy segment. And today, primarily has three business segments, first, being toys, school furniture and outdoor play equipments.

The second being automotive components, wherein, we largely do plastic fuel tanks for the heavy commercial vehicle segment. And third, in 2015, we had ventured into electric vehicles, primarily on the three-wheeler platform. So meaning the electric rickshaw, electric autos where we are the OEM and we sell directly to the B2B, as well as the B2C market.

Talking about the toys briefly, we had -- OK Play today is anonymous and one of the oldest players in the toys space. We have started with manufacturing a lot of high-quality products. With the recent developments that have taken place in the toys space, there has been a lot of interest coming up now.

So on 1, April 2020, the government has introduced the BIS norms in the toys, which is basically a soft target by the Indian government to stop Chinese imports from coming into India, owing to the low-quality products that were earlier coming in. And this market previously was dominated by the Chinese. So it was very difficult for a company like us to compete with the Chinese in terms of the pricing as well as the volume, etcetera, that they do.



But owing to the BIS norms, this has opened up for us now and other company. And earlier the 95% plus market, which was dominated by the Chinese toys has opened up. So it's a huge opportunity, both domestically as well as internationally.

If I talk about some major developments in the toys space. We have signed out with one of the largest toy manufacturers in the world recently to do contract manufacturing for this part of the world, wherein, we'll be supplying to the Middle East market, the Chinese market, the Australian market as well as serving the Indian market. Second, we have also tied up with one of the largest players in India to sell our branded toys, which is OK Play, as well as doing pure contract manufacturing for them as well.

Talking in 2003 to 2004, we ventured into the automotive space. So we today have a portfolio of multiple products largely being auto molded with 85% plus share coming from plastic fuel tanks. Today, we are single-source suppliers to one of the largest customers, which is Ashok Leyland in this space. We also have a majority share with Volvo, Eicher and we're in talks, with one of the largest automotive companies now to supply plastic fuel tanks to them as well.

The CV market has since '18-'19, which was when it had reached its peak, it has seen a downturn. So this was one year prior to COVID and then, of course, during COVID, it had gone down significantly in terms of volumes. But now we see the market picking up in a very good way. In fact, this year, we would be contributing, we would be doing a higher share than what we had achieved in FY '19 in the CV space.

Talking a little bit about the EV segment. We have started, we ventured into the electric vehicle space back in 2015. This was when a lot of electric rickshaw had been introduced in the market, wherein there were no quality norms, etcetera, or being people who are importing it in a CKT form from China and selling it here. So being in the automotive space, having a good presence and a good experience working with OEMs as well as Tier 1 vendors and the automotive components space.

We thought that we should try and organize this market and launch our own electric vehicle, which would, of course, plastic being the highlight. So even though the three business segments which have nothing in particular in common, but what is common is the process of molding of plastic, which is where our specialties lie, which is largely rotational molding as well as some bit of blow and injection molding.

In the electric vehicle space, as we speak today, we have a pretty well-established network of dealers and we are also targeting the B2B space, wherein we work directly with logistics company as well as a lot of e-commerce companies, to cater to the last-mile deliveries. This is the brief overview about the three business segments. If there are any questions, in particular, I'll be happy to answer that.

**Moderator:**

The first question is from the line of Sandeep Dixit from Arjav Partners.

**Sandeep Dixit:**

I'm not very familiar to the company. So I just needed a little bit of a background. If I look at the numbers from, let's say, March 2011 till about March 2016, 2017, the revenues were reasonably range-bound between INR 60 crores and INR 100 crores. Something happened



between March '17 and March '19, it went from INR 79 crores to INR 150 a crores. And then unfortunately, we had the two COVID years.

And now as I see the numbers, you are back to the high growth part of about trailing 12 months is about INR 170 crores. It's possible for you to give me some color on what's happening on the revenue front? Is there something materially strategically, which has changed in the company?

**Rishab Handa:**

Yes. So like I said, the company initially was largely in two business segments, one being the automotive component space and the second in the toy space. And this year, we are seeing a quantum jump in both the sectors. So if I, you've been following the CV market space, you would know that it was pretty down one year prior to COVID. So this was start of 2020 till last year, which is now picking up.

So as you can -- it's our sale in the automotive space is pretty much proportional to how the CV market performs and largely customers like Ashok Leyland, Tatas, Volvo, Eicher because we do 85% of our automotive spaces is in fuel tanks. So the CV market has picked up significantly this year, and hence, our numbers have picked up on that side. Secondly, on the toy side, like I said that we were initially an institutional payer.

We did a lot of institution-oriented products, meaning largely catering to schools, preschools, daycare, crèches. But now with the Chinese ban coming in and the market opening up for us domestically as well as internationally.

We have launched a lot of new retail-oriented products as well. So in the toy space, now we have ventured into the general trade market into the modern trade market selling to the likes of Hamleys, Firstcry, ToysRus and other companies. As well as now expanding our export market as well, which is a huge, huge potential for us. So the numbers have doubled up on the toy space as well. And hence, you see the revenue growth coming in in FY '23

**Sandeep Dixit:**

That's extremely helpful. How much of the total revenue is coming from toys division right now?

**Rishab Handa:**

So this year, about INR 45 crores to INR 50 crores is contributed by toys and the remaining is contributed by the automotive space.

**Sandeep Dixit:**

And are you sharing any guidance on either revenues or margins going forward so to get internal targets?

**Rishab Handa:**

Yes. So the company has one subsidiary, which is OK Play Auto. And there is the other main company, which houses both the businesses, which is the toy sector as well as the automotive components sector. We do track both businesses separately, but we do not post numbers separately on the public domain.

**Sandeep Dixit:**

Any sense, which is bigger, I'm just trying to understand, what is the dynamics, what will going to move that we do?



- Rishab Handa:** See, I can give you a broader perspective going down the line. Like you rightly said that this year, we should be closing at about 170 plus and going forward, both the automotive space, which is the CV market as well as the toy space is expected to grow. In the CV space, the industry is cyclic in nature. And since it was down the last three years, the forward three to four years are looking pretty good on that side as well. In the toy space, we are expecting quantum growth coming in like I said that we have doubled in terms of revenue from FY '22 to FY '23, and this is expected to grow at this current rate going forward in the next four to five years as well.
- Sandeep Dixit:** Great. Just one last thing on this particular part. From what I understand, you are now at a large part of this growth will come from subcontracting or other outsourcing business. Would you be able to sustain a 20% plus margin on this incremental...
- Rishab Handa:** In the toy space, we are adopting both strategies. One is selling under our own brand name. Today being one of the oldest we have a very strong brand recall value in the market. So one part that we are anyway going on since beginning is selling under our own brand.
- Second, of course, would be contract manufacturing for the likes of Hamleys or other companies where in good volumes are expected, but yes, the margins would be slightly lower than what it would be on the branded space. However, on a sustainable, toys is the pretty attractive-looking margin business. And even if we consolidate both parts of the businesses, we should be working at pretty healthy EBITDA margins.
- Sandeep Dixit:** And just one last question from me, any plans for capex? Because if you are trajecting 100% growth rate in toys for the next three to four years, where do you stand in terms of capacity utilization?
- Rishab Handa:** Yes. So we would be looking at expanding our capacities in the toy space as well as the automotive space. So in the automotive space, like I have mentioned that we're in talks on the largest customers, so we're looking at setting up a plant close to their facility. So there will be some capital requirement coming in that front.
- And secondly, on the toy space, the government has recently also introduced the PLI scheme, wherein we would be participating in one of the slabs, which requires a substantial amount of investment, of which a substantial amount you also get back within the next three to four years.
- Sandeep Dixit:** Is there a number in terms of capex? Would it be in the range of INR 150 crores, INR 200 crores, any numbers?
- Rishab Handa:** About INR 100 crores to INR 125 crores.
- Sandeep Dixit:** INR 100 crores to INR 125 crores spread out over the next two years? Or will it be front ended?
- Rishab Handa:** So this will be over the next three to four years.



- Moderator:** The next question is from the line of Vivek Sahani, an Individual Investor.
- Vivek Sahani:** I think you have very well explained about the auto components and the growth, possible guidance on the growth on the toys part. But I would like to understand what's happening in the EV segment because, as you have also mentioned, there is no bifurcation of revenue, which the company has generated from EV and auto and the all toy's part. So any number there? And what is the growth projection in the EV segment? How is it doing? I want to understand that.
- Rishab Handa:** So on the electric vehicle segment, I'd like to give you a little background. So we had started in 2015. And like I mentioned at that time, the market was flooded by the Chinese rickshaws coming in. So every person, whether a manufacturer or a so-called manufacturer, if I may save like an assembler was venturing into this segment. That is when we had also ventured and started selling. At that point, we had made a decent network of about 85 to 100 dealers and sold about 4,000 to 5,000 of these vehicles. But what had been a drawback for us at that point was the batteries. So this is something that we were not doing.
- We were simply buying from other companies and putting it in our product and selling it. And eventually, the batteries degraded and did not perform up to the level expected. Hence, we had taken a back step then and rework the business model. And about three to four months back, we have now again started expanding with both the electric rickshaw as one offering and second is the electric auto, which is the L5 platform. So as we speak today, we have a decent network of dealers, it would take some time to expand back to those the previous numbers.
- But we are very confident on this front of the business now because we have worked out all the limitations that we had faced before. Especially on the battery front, we've been working with the likes of very reputed companies on the battery front and having warranties, etcetera, completely back by them.
- So -- and now if you see the overall market in terms of the EV space, I see three-wheelers personally being the low-hanging fruit. It already has majority share. So about 65% to 66% of the entire three wheeler market today is electric. And if we factored in the numbers of the L3, which is electric rickshaw market also, the market is huge. So we are looking at having about 10% to 12% market share in the electric three-wheeler space in the next three to four years?
- Vivek Sahani:** Sure. At present, what is the percentage of revenue which is coming from EV segment?
- Rishab Handa:** So at present, it is negligible because like I said, we have just started with our marketing and setting up the sales network in the past two to three months only. So as of now, it is negligible.
- Vivek Sahani:** And another thing, you're planning for raising capital. So is it for the same purpose, which was answered by you in the last question or...
- Rishab Handa:** Yes. So see, in the electric vehicle space, we have invested quite a lot in terms of even the capex. And there is not -- and the business model that we have outlaid now does not require any substantial amount of capex in the electric vehicle space. Maybe a little bit in the research and development side, but that also we have done quite a bit.



And where we are today, in terms of our products being certified, the electric auto, both on the passenger front as well as the loader front is certified. We have a portfolio about twelve variants on the L3 front. So I don't think a substantial amount of capex would be required on that side. The capex that I mentioned would largely go into the toy space and automotive components space in the next three years to four years.

**Vivek Sahani:** Will promoters be also participating in the fundraising round?

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

**Vivek Sahani:** Okay, on my last question, though it was discussed in the previous question also. Any guidance in terms of -- you said that the growth is double in the toy segment, which is very impressive. And you said that the margins would be very -- it may not be 24% as shown in this quarter, but it would be very healthy margins. So by healthy, can you -- will it be more than 20% on a consistent basis.

**Rishab Handa:** Yes, you can consider it to be more than 20%.

**Moderator:** The next question is from the line of Yashwanti Kelkar an Individual Investor.

**Yashwanti Kelkar:** Sir, I just want to understand more on the industry, we are present in a two segment one is the toy and the plastic furniture mainly made for the kids. And again, you talk about the automotive segment mainly the EV rickshaw segment. So can you please help us understand what is the toy segment in India, we can see and how it is growing? -- If you can give an industry perspective about the segment?

**Rishab Handa:** So ma'am, on the toys side, I can tell you conservatively the market is about INR 15,000 crores to INR 18,000 crores in India. But what is surprising is that the organized market here is very low compared to the entire market size. So I would say exact numbers are not there because it's highly, highly unorganized and the government now especially, the good part is that the Indian government is intervening in this and has very aggressive plans to organize this complete market. Hence, they're coming out with a lot of toy clusters in different states of the country and they're promoting exports, they have increased duties recently from 60% to 70%. They have introduced the BIS norms.

So all those developments that have happened recently has given a boost to the Indian toy industry in fact, we have now become net exporters. We had always been net importers. And as of this year, we would be net exporters wherein we have exported about \$350 million plus of goods.

Even though the Indian toy market today contributes, I would say about 0.4%, 0.5% of the overall toy market. I see it as a good growth opportunity largely because the share is so low at the moment and because the country in general, has such a high young population. So I think we're in the right segment with that respect. And we are expanding both domestically and internationally in this space.





- Yashwanti Kelkar:** Okay, so is it possible for us to quantify the capacity in terms of number. So how we do it in terms of numbers in terms of the tons, how do you calculate their capacity and when you talk about the capacity, and when you talk about your capacity -- how it is to be understood?
- Rishab Handa:** In the toys space, there is not one specific process or one specific type of machine that we use, were into toys where we do smaller toys, which are injection molded, blow molded and we do the larger toys which are rotational molded. Then we do play school furniture, which is plastic, wooden, metal, so that's a different infrastructure altogether.
- So with the investment that I had just mentioned previously, we would be having sufficient capacities to meet our projected top line as well as the growth plans in the next two year to three years.
- Yashwanti Kelkar:** So this investment will be getting more-more for something like that.
- Rishab Handa:** So the investment would largely be into the infrastructure, which is the machines and the tools, which is the molds and some part of it going into marketing.
- Yashwanti Kelkar:** And do we need to import those machineries or this is easily available?
- Rishab Handa:** All of this is available in India today.
- Yashwanti Kelkar:** And you just mentioned that we will be having the government making up lots of toys, I mean making cluster concepts. So are we part of that cluster or this is just some positive development...
- Rishab Handa:** Yes, we are. In fact, our company is working very closely with the Indian government to outlay the PLI scheme also. So it is in the final stages now, it will be announced anywhere in the next two month to three months. And you would see that there are certain slabs in that PLI scheme, and we would be participating in a slab where there's a considerable amount of investment that we would be doing, which would largely be setting up a plant in one of these toy clusters.
- Yashwanti Kelkar:** And I just wanted to understand from a competition perspective, apart from these Hamleys and also, finally we are doing the contract, is it part anybody in the organized market, which will be our very close competitor?
- Rishab Handa:** In India also, there are a few companies now, which I would call organize, which are now attaining some good scale also. But competition is always healthy. So that's actually a good thing for us that people are venturing into this and taking it up in an organized way. However, these companies are pure contract manufacturers.
- So there are very few companies, I think, probably Funkskool being another company, which is in the branded player. But very few companies who are both in the branded player as well in the other contract manufacturing player.
- Yashwanti Kelkar:** And to compare with them, our competitive strength will be our quality?



**Rishab Handa:** So, see largely the market is today also doing very low quality products. So, since the time that we've been in this space which is more than 25 years, 28 years now, what we've been able to do is achieve a very loyal niche but a very loyal customer base for our high quality products.

And I think now with the market growing and the Indian consumer also being smart about getting into or buying high-quality products for their children, as there's a good potential there and people are realizing the importance of this. And hence, the demand for these premium quality products has gone up?

**Yashwanti Kelkar:** Sir, over to the toy market, we can say that we have some product SKUs?

**Rishab Handa:** So, in the toys space, you would be having about 75 to 80 different SKUs today. And every month, we are launching about two to three new SKUs now.

**Yashwanti Kelkar:** And that is completely indigenously product?

**Rishab Handa:** Yes.

**Yashwanti Kelkar:** And one more question on the EV side. You say that the EV rickshaw, EV auto, the market is gaining momentum. So, is it possible for us to like -- how was the market and where it is headed for in terms of either in terms of number or in terms of the value? If you can just help understand.

**Rishab Handa:** You see today, if I talk about the three-wheeler space, India currently is registering about 30,000 vehicles to 35,000 vehicles a month. So, it's anyways about INR 400 crores to INR 500 crores market per month today, in the electric three-wheeler space.

And this is only the one which is there, which is there on the VAHAN portal, that's where we take the data from. But there are a lot of other unregistered vehicles also being sold today, which I would assume is probably same or more than the organized, the registered vehicle market. So, the market is definitely there, and it is growing a lot.

And especially on the three-wheeler space, considering the fact that already the majority of the three-wheelers are electric today, speaks volumes of the acceptability of this product. So hence, I would personally say that by 2025 or so, 100% of this market should be electric.

**Yashwanti Kelkar:** And sir, you mentioned about the batteries that was the headwind about the batteries in past two years and that has been resolved. So, we have this concept like we have this tie-up or we have a collaborative agreement with the battery manufacturers and how we work about the same?

**Rishab Handa:** So, we have tie ups with multiple, not just with one. And on the battery space also, there are different models coming up. There are fixed batteries being offered, different sizes in terms of kilowatt hour then there are swappable batteries being offered. People are venturing into lithium-ion batteries.

So, there are different sorts, different types, and we have tie-ups for all types. So, when we are today doing a product offering, we offer all options to the customer. For example, he can buy a



lead acid battery, which is a fixed battery for a vehicle, which may be cheaper, but then it gives you a lesser range, etcetera.

Secondly, we can offer a lithium-ion battery on the swappable front, wherein the cost of the upfront vehicle comes down because there's no initial investment in the battery. It's more a pay for what you use model. So, it's a capex to opex model on that battery front. But here, the question is not about the business model because that's already accepted today in the market. Issue that we had faced initially was the battery is not being able to perform, which I think now the companies in India have done a tremendous job on that front.

And we are seeing that, whatever that they are seeing in terms of warranties or performance is actually happening. So, we are very confident on this market growing up again for us now.

**Yashwanti Kelkar:** Any plan to enter in the battery business very soon?

**Rishab Handa:** So, come again, please?

**Yashwanti Kelkar:** Any plan to enter into the battery business also -- EV segment?

**Rishab Handa:** That's a different business altogether. And we have no plans to do that.

**Yashwanti Kelkar:** And the last question, as we are in the plastic finisher and everything is the depends on an oil prices as our key raw material. Do you -- and we are earning a margin of around 20%, 25%. So, is there any side effect or any impact on the oil prices fluctuation or volatility, which is currently there?

**Rishab Handa:** No. See, on the automotive space, we work on a pure cost-on basis with all our OEMs. So even if there is an increase in the price of the raw material, we are compensated for it? And in the toy space, any ways we're working on pretty healthy margins. But even if there is a change being our own brand, etcetera, we are always free to change our pricing.

**Yashwanti Kelkar:** And there is a lot of [inaudible 0:29:29] about using the recycle plastic. So, is there any way that in the future we are shifting to the recycled plastic, which is coming of the...

**Rishab Handa:** The plastic that we use is nontoxic, it's a food grade plastic It's UV resistant. So, it's completely safe.

**Moderator:** The next question is from the line of Himani Obhan from Suraj Research.

**Himani Obhan:** Sir, please throw some light on competition with China in toy industry?

**Rishab Handa:** So, mam, like I mentioned, this was the case before, but it's no longer the case because with the BIS norms being implemented. Today, there are no Chinese toys, which are accredited with the ISI mark. So hence, it's illegal to import toys without the BIS certification. So today, as we speak, the Chinese toys imports are not happening in the country.

**Himani Obhan:** And how is the demand shaping up in next few years due to slowdown in the economy?



**Rishab Handa:** So, I think toys something agnostic to this. It's keeping in mind that the market, which was earlier dominated by other countries has opened up even if the economy slows down a little bit, the growth in this segment will always be there. So, this can be seen even from our own performance. We have doubled up in terms of our revenue from last year to this year. And with these recent developments that I had mentioned and with our recent tie-ups with the big players, both domestically as well as internationally, we're expecting a pretty robust growth in this segment.

**Himani Obhan:** What are business strategies of growth?

**Rishab Handa:** So we have, outlaid a clear plan, keeping in mind all our different business segments. If I talk about the automotive space, we are already supplies to the top three customers in the medium and heavy commercial vehicle space. And there's the fourth customer, which we are in advanced stages of starting business with them.

Secondly, on the toy space, I have mentioned our plans going forward, both on the branded side as well as on the contract manufacturing side? And things are looking pretty good there as well. We have already done some significant tie-ups and some are in the process of closing out because these are large companies of vendor onboarding etcetera takes time. But both businesses are looking good in terms of growth now.

**Himani Obhan:** Sir, in my last question is, do we have institutions sales for the toy segment. How much do your top five customers contribute?

**Rishab Handa:** So, when mam we had started initially, we had, in fact, the intent of the company was to do institution-oriented products. And today, also the majority of our share is institutional-oriented products. But now if I look at the numbers coming up in FY '24, this would change significantly wherein I think retail side as well as the contract manufacturing side would have a higher share compared to the institution-oriented products. But as on today, it's about 55% to 60%.

**Moderator:** The next question is from the line of Vaibhav Shah from Kojin Research...

**Vaibhav Shah:** And congrats on the good set of numbers. So, I just wanted to understand the two things about the company. First of all, total number of SKUs said is around 75 to 80 and you are introducing around two to three SKUs every month. So overall, how is the development process? And what will be the overall development time for the one product from the design to come in into the production?

**Rishab Handa:** So we have our own design team in our own toolmaking department. So that is actually one strength of our company. So, from inception to designing to prototyping to actually converting it into a mold is not a very lengthy process for us because everything is in-house. But on this side, also there's a different approach.

So, if you are talking from a branded play side and depending upon the size of the toy and depending upon the features, etcetera that you want, the time may vary a lot. So, I can't give



any kind of indication in terms of one specific time, time line for doing one product, it depends from product to product.

Secondly, on the contract manufacturing side, a lot of companies have approached us with their own designs, etcetera. And we simply the files, etcetera, are ready. So, then we just simply have to convert it into a tool. For example, with Reliance with Hamleys, we do contract manufacturing based on their designs. So, it depends. It depends entirely from company to company and what kind of a toy you're doing?

**Vaibhav Shah:** Sir, on your branded product, what will be the average pricing for your toys?

**Rishab Handa:** So see, our toys start from INR 400, INR 500 and go up till lakhs of rupees because the outdoor equipment that we do, you must have seen those big play equipment, which are installed at bigger schools or builders, etcetera. We do those as well, which is roto-molded plastic with metal components, etcetera. So those run into lakhs of rupees. So there is no fixed average SQ as such, average price...

**Vaibhav Shah:** For the indoor to smaller toys and all, like we could see on your website?

**Rishab Handa:** INR 2,000 to INR 3,000.

**Vaibhav Shah:** INR 2,000 to INR 3,000 will be the average price?

**Rishab Handa:** Yes. So this will be probably, we should see this in terms of the product types, the segments rather than the entire portfolio. Like for example, Ride-Ons would be INR 2,000 to INR 3,000, slides would be INR 6,000 to INR 7,000. So it all depends on what product category or range you're talking about.

**Vaibhav Shah:** So when we talk about the toys like Ride-Ons and there are a various sports toys and all, so they are ranging from INR 400 to INR 500, is that correct?

**Vivek Sahani:** Yes, you could say that.

**Vaibhav Shah:** So just to add on this, contract manufacturing part, how is it works? And because it's a totally, you just do a manufacturing or you provide any insights or totally files and all molds and everything will be given by the...?

**Rishab Handa:** No. So it depends from customer to customer. We would be doing anything that is required and that is in our view to satisfy the customer. So for example, if a particular customer has its own designs, we can simply mold the product for them. And based on certain MOQs, we can sell to them. If the customers wanting us to give options, like I said, we have our own design team. So we do give options as well.

So we work very closely with our customers in terms of whatever the customer wants. Now with these companies coming up, like, for example, companies like FirstCry, Amazon coming up in their private labels. All these companies are wanting to venture into the toys space and do a lot of private labels for their brands and this is a new market for them because earlier they were not so keen like how they are today. So we do pitch in and do offer our suggestion as



well because we do have a good knowledge in terms of what has accepted today in the Indian market?

**Vaibhav Shah:** And for our own branded products, so we have online, offline model or how it is worked...?

**Rishab Handa:** We have both models. We sell three to four different channels, one being the dealer channel, we sell through distributors. We sell through the online channel, we sell through general trade, we sell through modern trade.

**Vaibhav Shah:** So on dealer distribution fund or how many dealers of network you could be ready?

**Rishab Handa:** Networks about 100.

**Vaibhav Shah:** And our products are available at Pan India level?

**Rishab Handa:** Yes.

**Vaibhav Shah:** So roughly, if you can give us idea in how many retail touch points, your product will be available?

**Rishab Handa:** So see, these 100 distributors, I think sell probably to about 1,500 to 2,000 retailers from very small retailers to the bigger retailers as well. And then they also sell directly to B2B institutions like schools or daycares. I would put it this way that today, if you visit any school in India, I'm sure they'll be carrying up some of our products.

**Vaibhav Shah:** So when we bifurcate online and offline, so how much will be business will be coming from the online and offline, how much...?

**Rishab Handa:** Largely today the market is offline, but we expect this also to change significantly because the new products that we are doing, which are more retail oriented and owing to its size, etcetera, they are more apt to be sold online. So we expect this to change significantly in the upcoming years.

**Vaibhav Shah:** So and now on automotive brand, so we are solely providing plastic parts, right?

**Rishab Handa:** Yes.

**Vaibhav Shah:** And this is for the passenger vehicle?

**Rishab Handa:** No. This is for the CV, the commercial vehicles market. And primarily MHCV, which is the medium and heavy commercial vehicle market

**Vaibhav Shah:** So, what will be the breakup between this toys and this second storage capacity size of petrol tank?

**Rishab Handa:** So you are asking for the breakup between the automotive components and the toys business?

**Vaibhav Shah:** Yes.



- Rishab Handa:** You know like I said this year about 65% to 70% is automotive components 30 % is toys as on this year
- Vaibhav Shah:** And one last question. Currently we are doing contract manufacturing for how many clients, any number?
- Rishab Handa:** So I'm not allowed to disclose the names. We are doing it for multiple today and we're in talks with many more for starting this process.
- Vaibhav Shah:** Okay and you also mentioned here, you're going for the exports also. So have we started doing exports or we are in planning?
- Rishab Handa:** We have already started
- Vaibhav Shah:** So, in exports, are we facing any competition from China, when compared to them, so what will be the price difference or it's...
- Rishab Handa:** So see, one thing we've realized, like how, you know, in a subtle way, the Indian government is moving away from China and, you know, reducing their reliance on them. Other countries are also doing or following a similar strategy. So big groups, for example like Walmart and others also are looking at alternative sources.
- I wouldn't say they're wanting to move all out obviously, but they're wanting to de-risk themselves. So pricing is not the only factor here. There are multiple other factors also. But yes, if I talk about pricing in particular with the PLI scheme coming in and the Indian Government supporting us in other ways, I think we will be very-very competitive with China.
- Vaibhav Shah:** And our primary raw material will be HDPE?
- Rishab Handa:** We do all sorts of raw materials. We do a lot of engineered plastics. We do LD, HD. I mean a lot of other engineered create as well
- Vaibhav Shah:** And are we using like new technology, will say 3D printing or something like that or it's totally blow molded or injection molded product?
- Rishab Handa:** So these are all three. There is roto-molded also, blow and injection molded also, but we do not do 3D printing as of now. If required, we do have the infrastructure to get that done.
- Moderator:** The next question is from the line of Sandeep Dixit from Arjav Partners.
- Sandeep Dixit:** I just want to understand the funding of those capex, you indicated INR 125 crores. There is a press issue that you have, you'll be launching, right, Can you share any details on the size and stuff like that?
- Rishab Handa:** So we would be looking at this issue, like I mentioned, the INR 100 crores to INR 125 crores over a span of three years to four years, depending on how much is required at what stage for every business of ours. And we are in talks with several funds plus our own bankers at the moment to raise these funds as when required.



- Sandeep Dixit:** So the notice that was given to the exchange today about a preferential issue of shares, am I mistaken?
- Rishab Handa:** So that, we will give you more details on that once the Board meeting is announced.
- Sandeep Dixit:** The other thing is, in response to the earlier participant, did you mention the split of revenues at 35-65 between toys and auto?
- Rishab Handa:** Yes. As on today, this year, it's 35:65.
- Sandeep Dixit:** And auto and toys are going at like 100% per annum over the next three years to four years, as you strategy, am I right?
- Rishab Handa:** We could say that, yes.
- Moderator:** The next question is from the line of Ankur Gulati and Individual Investor.
- Ankur Gulati:** Really appreciate you guys scheduling a call. Quick question. I was going through a bunch of documents on your website. This is some 20-20 document perhaps, it says you were targeting \$50 million from your automotive business in 2023. So roll forward, of course, two years of COVID gone. Any views on that \$50 million revenue target?
- Rishab Handa:** So see, on the automotive side, 80% to 85% of our business is on the fuel tank side. And this is in the MHCV segment. Now in the MHCV segment today, the top four customers, namely Tatas, Mahindra's, Volvo-Eicher and Ashok Leyland dominate the market. We already work with three of them very closely, and we are in talks with the fourth customer. And if we are able to back that order, then we should be doing the number that we had mentioned on the automotive side as well.
- Ankur Gulati:** You're saying you can potentially hit 50 million, rightly, you crack it?
- Rishab Handa:** Absolutely. And now apart from the fuel tank side, we will also venturing into the non-automotive side, for example, we're working with windmill companies to do plastic parts for them. So covers, plastic covers, consoles, rear consoles, front consoles all that type of materials. So basically, expertise line converting anything which is, say, in fiber, metal to plastic owing to its characteristics, being light weight, being more durable, no- rusting, etcetera. So it makes sense for this industry to venture into it.
- Ankur Gulati:** Conceptually let's say five years forward, commercial heavy vehicles if EV picks up, then fuel tank may become a bit obsolete so any views?
- Rishab Handa:** So eventually, it is going to happen, but I don't see it happening in the next five years or so. If you look at the west today, it has not happened there. So here, we're pretty far away at the moment. And the tanks that we do are not the smaller ones or not for the passenger vehicles, it's the larger one. So if there are like 40 tons, etcetera. So we would need to set up a very extensive infrastructure, especially charging infrastructure, if you're looking at doing these heavy electric trucks. So I think we have a pretty long way to that as of now.





- Ankur Gulati:** And sometime in F '22 annual report, it was written that RERA e-vehicles, there was some sort of a slump sale or something. Can you just elaborate a bit more on that? What was the transaction?
- Rishab Handa:** So RERA is where the electric vehicle business is housed and today, we have separated that into a different subsidiary altogether. So we can track the performance and keep that business separate from the other businesses. So hence, there was a slump sale from the parent company, where the electric vehicle business was transferred to the subsidiary.
- Ankur Gulati:** And the fund raise is, will you plan to raise separately funds for EV vehicle in that subsidiary or is it still at a console hold...
- Rishab Handa:** It will probably be individually in that subsidiary. But like I said that as of now, we are not looking at raising funds for the EV side, we already have the stage that we're at, at the moment, we don't require much to expand now.
- Ankur Gulati:** Then financial year 2022 somehow your inventory days are about north of 600. So any views there? Was it mostly COVID or anything?
- Rishab Handa:** This was largely clouded because of the EV side. So a lot of parts earlier, that we were doing, not just us but any other company in particular or being imported. The major parts of the vehicle, like the motor, the differential, the control, etcetera, was being imported. And so we have a lot of stock of these parts sitting with us and hence the inventory days are high. But if we see it as three different business segments, the working capital is relatively low, also on the product side.
- Moderator:** I would now like to hand the conference over to Mr. Sumeet Maru from Kirin Advisors Private Limited. Over to you, sir.
- Sumeet Maru:** Thank you, everyone, for joining the conference call of OK Play in Limited. If you have any queries, you can write us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once more thank you, everyone, for joining the conference.
- Moderator:** Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.