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Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001

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Sub: Earnings Call Transcript for the Quarter ended 31.03.2025

Scrip Name: OK Play India Limited

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached the Earnings Call Transcript held on 23rd April, 2025 for the quarter ended on 31st March, 2025.

Request you to take the same on records.

Thanking you,
Yours faithfully,

For OK Play India Limited

Meenu Goswami
Company Secretary

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OK Play India Limited
Q4 & Financial Year 2025 Earnings Conference Call
April 23, 2025

Moderator: Good day and welcome to the OK Play India Limited Q4 & FY '25 Earnings Conference Call, hosted by Valorem Advisors.

As a reminder, all participant line will be in listen-only mode. And there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "**", then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand over the conference to Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you, Ma'am.

Nupur Jainkunia: Thank you. Good afternoon, everyone. And a very warm welcome to you all. My name is Nupur Jainkunia 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 fourth quarter and financial year 2025.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings conference call 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 belief as well as assumptions made by the 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 and good afternoon, everyone. I am Rishab Handa, Director and CFO for OK Play India Limited. On behalf of the entire management team, I would like to extend a warm welcome and thank you all for joining us today for our fourth quarter earnings for FY '25.

Before we delve into the performance highlights of the quarter, allow me to briefly introduce our company for those who may be new to the OK Play story. OK Play India Limited is a pioneer in the plastic molding products industry with over three decades of experience. We specialize in manufacturing high quality toys and automotive components. And our operations are supported by advanced manufacturing facilities strategically located in Haryana, Tamil Nadu and Rajasthan. Our technological capabilities and rotational molding, blow molding and injection molding, ensure we consistently meet the highest industry standards. In Q4 of FY '25, we reported revenue of approximately Rs. 58 crore, representing a modest decline of about 3% compared to the same quarter last year.

Let me now walk you through the performance of our key business segments. Starting with the automotive components division, which primarily serves the commercial vehicle segment, witnessed a sequential decline of around 25% in quarter four. This underperformance is aligned with the broader market trends within the CV sector. Despite these short-term challenges, we remain optimistic about the medium-to-long term outlook.

As shared in our previous call, we have started diversifying our revenue streams beyond automotive space. Notably, we are now manufacturing roto and blow molded components for prominent clients such as Vestas and Indocool. We are also actively exploring the passenger vehicle segment with an initial focus on vacuum foam parts and blow molded fuel tanks. In addition, we have recently secured a strategic order from Escorts for blow molded components supporting their construction and agricultural verticals. We expect these new partnerships to begin contributing meaningfully to revenues from FY '26 onwards.

Our toy segment continues to be a key growth engine. In Q4 of FY '25, the toys business grew by approximately 40% on quarter-to-quarter basis, underscoring strong momentum and increasing market share. India's toy sector is on an impressive growth trajectory. Exports surged by 229% in FY '23 compared to FY '15. And the industry is expected to reach Rs. 3 billion by 2028, growing at a CAGR of around 12%. Recognizing its potential, the Government of India has identified toys as a champion sector. Quoting the Honorable Finance Minister from the recent Union Budget, building on the National Action Plan for toys, we will implement the scheme to make India a global toy hub focusing on clusters, skill development and a robust manufacturing ecosystem.

Geopolitical developments are also opening new doors. The US has recently imposed a steep 145% tariff on toys being imported from China, compared to India's base rate of 10%, presenting a golden opportunity for Indian manufacturers to expand their footprint in the global toy market. India's toys exports have grown steadily from \$40 million in FY '15 to an estimated \$152 million in the FY '24. Meanwhile, toy imports from China have declined significantly from \$235 million in FY '20 to risk \$41 million in FY '24, supported by import regulations that have pushed for domestic sourcing.

It is worth noting that India enjoys a clear cost advantage relative to regional competitors with tariffs wars with Vietnam, Bangladesh, Indonesia and Thailand ranging between 32% and 46%. Furthermore, with the ongoing bilateral trade discussions, there is potential for India's tariff rate to further decline to 5% to 6%, boosting our competitiveness.

We have built strong relationships with major partners, including Amazon, Hamleys, Blinkit and Lifelong, and we are confident of reaching peak capacity utilization soon. Under the Phase 2 expansion of toys, looking ahead, we are preparing to launch Phase 2 with phase fully focused on injection molded toys, including battery operated ride ons and role play products. We are working closely with Invest India to finalize the location for our new plant, which we expect to break ground in the second half of FY '26. The total planned investment for Phase 2 is about Rs. 100 crore. We also intend to benefit from the upcoming production linked incentive scheme and the toy sector policies announced in the Union Budget, which are expected to provide capital subsidies and rebates.

Our subsidiary, MRH Technologies Private Limited, has signed an exclusive 10 year licensing agreement with MANN+HUMMEL, a global leader in the filtration technology for manufacturing and distribution of air purifiers in India. This agreement includes exclusive manufacturing rights directly or through our subcontractors to manufacture these products for the entire country. This agreement includes master distribution rights and the ability to appoint sub-distributors for sales, installation and service across the country. In line with our sustainability vision, this partnership enables us to bring innovative air purification solutions to the Indian market, too.

At the 2024 symposium, MANN+HUMMEL introduced several cutting-edge products, including PureAir, outdoor filters, filter cubes and mobile air purifiers. The effectiveness of these solutions have been validated through trials conducted by IIT Delhi at PM Shri Kendriya Vidyalaya School during the pollution intensive period from September to November 2024. Results showed over 80% reduction in PM levels in both indoor and outdoor settings. Additionally, we successfully completed a pilot deployment at GD Goenka Public School, achieving significant AQI reduction, which demonstrates the commercial viability and impact of our filtration solutions. Trials are undergoing in other institutions as well, and we are now looking at commercially launching these products in the current year.

To summarize, while the automotive component segment faced short term headwinds, we have taken decisive steps to diversify and de-risk this business. The toys division continues to gain strong traction, supported by policy deals and international trade dynamics and robust demand. Our air filtration business, in partnership with MANN+HUMMEL is poised to address the critical need in urban development and institutions. We are excited about the road ahead and remain fully committed to delivering sustainable growth and value creation for our shareholders. With that, I would like to open the floor to any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Dhiraj Kaswan from RRR Investments. Please go ahead.

Dhiraj Kaswan: So just a quick question up front, what were the revenue bifurcation in Q4 for toys and auto segment?

Rishab Handa: So, in Q4 we have done about Rs. 28 crore in toys and about Rs. 30 crore in the automotive segment.

Dhiraj Kaswan: Okay. And what were these figures in the previous quarter, meaning Q4 of 2024?

Rishab Handa: So see, if I talk about the automotive component business, in Q4 of FY '24 we did Rs. 40 crore, and in FY '25 we did Rs. 30 crore, that's a decline of about 25%. And in the toy segment, in FY '24 we did Rs. 20 crore and in FY '25 we have done Rs. 28 crore, with an increase of about 40%.

Dhiraj Kaswan: Yes. So, like Rs. 28 crore we did like this quarter and our maximum like optimum capacity we can do around Rs. 48 crore in toys, right?

Rishab Handa: We have a capacity of doing about Rs. 14 crore to Rs. 15 crore a month in toys.

Dhiraj Kaswan: Okay. And like, what is your projection, like at what quarter will we reach our optimum capacity utilization?

Rishab Handa: See, even quarter four it's not been bad as far as the numbers are concerned from the toys perspective, we have grown pretty substantially. We have grown by about 40% compared to that. But yes, I mean, see, as of now the situation is that there is ample demand, and we are still ramping up. And even though we have set up capacity, there have been certain teething issues, and hence the numbers could not go up further. But we expect these numbers to go up in the coming quarter.

Dhiraj Kaswan: Yes. Okay, that's perfect. Okay, I will join the queue later on. Thanks for the answers.

Moderator: Thank you. The next question is from the line of Kanak Manoj, who is an individual investor. Please go ahead.

Kanak Manoj: So my first question is that we have excess land in Chennai, around 10 acres, so particular plans for that?

Rishab Handa: So as of now, we are running our automotive business from there, which serves the customers in the southern part of the country. And yes, we have a lot of land available there. So, I mean, we are still contemplating as of now. But at Phase-2 of our toys plan, we may set

up the plant there or we may set up in another area, depends on a lot of factors. We have not really decided as of yet.

Kanak Manoj: Okay. And which segment you are targeting that the maximum revenue will come in, let's say in two years?

Rishab Handa: You see, like I mentioned in my previous earnings calls also, we are very bullish on the entire toy story, not just for our company but from the perspective of the government promoting it and toy manufacturing as a whole in India. And we remain optimistic about this segment. Now this segment where a lot of growth is also expected is the air filtration business, which is coming up now, and we expect to commercialize that also very shortly.

Kanak Manoj: Air purifier, are you seeing it as pan India business?

Rishab Handa: Yes, this will be a pan-India business. Like how I just mentioned in the introductory call, we are just doing pilots as of now. And the requirement for this is across the country, it may be outside India as well, but we are going to first start with servicing the customers in India.

Moderator: The next question is from the line of Sukant Garg from Equable Research Private Limited. Please go ahead.

Sukant Garg: Right. So I have particularly two questions. One is related to the average cash collection period. So, what kind of an average cash collection period after sales that we have?

Rishab Handa: So this is with respect to which business?

Sukant Garg: With respect to the overall business, average cash on the toy side also and on the auto side also.

Rishab Handa: For our automotive business, it's usually 90 days and for the toys business it's about 60 days.

Sukant Garg: Ok, thank you. And one more thing, do we have any plans for FY '26 or FY '27 to increase the capacity? Because last time we have discussed in the call that you have plans to optimize the capacity by Q4, but do we have any plans too as of now?

Rishab Handa: See, I will tell you. We have already done Phase-1 of our expansion in the toys business where we have invested about Rs. 50 crore and we have set up the capacity of going around Rs. 15 crore a month. Of which we have already attained about Rs. 9 crore to Rs. 10 crore in quarter four. So we are pretty much on track and we expect reaching optimum capacity in the coming quarters. Now, Phase 2 of our toys business will be getting into a different sort of product range altogether from what we do currently. And we won't be increasing capacity, but there will be another business or another range of product that we would be adding on to this existing business segment.

Sukant Garg: So if you will be adding on to the business of the existing category, so you will be increasing the capacity also or you will be utilizing the current capacity to reach to the optimum?

Rishab Handa: So that is a different process, so that is we are going to be getting into battery operated toys, injecting molded toys. Currently we are largely into rotational and blow molded toys. So that is the trend forward from what we are doing currently.

Sukant Garg: So we would be looking into buying more facilities in future?

Rishab Handa: Yes, we will be looking into setting up another plant.

Sukant Garg: Ok. Thank you. Thank you very much. That's all. That's all.

Moderator: Thank you. The next question is from the line of Varun Gupta from Essen Trust. Please go ahead.

Varun Gupta: Good evening, Sir. I hope I am audible. My question is regards to the current tariffs that the US has implemented. Does this benefit our story with the toys? Because I believe for Phase 2 you are looking to expand with relations to exports, if I am not mistaken.

Rishab Handa: Yes, that is absolutely correct. And to answer your question, it benefits us a lot. In fact, like I mentioned, it's a golden opportunity for the toy manufacturers as of now, at least for the next 90 days to show till the time Trump decides. But even then, as of today it is 145% on China vis-à-vis 10% on India. And with the ongoing bilateral trade agreements and talks, we expect this 10% to further reduce to about 6% to 7%. So it will put us in a very advantageous spot compared to China, which today has a majority share in the global toy market.

Varun Gupta: So we expect to actually be able to take market share from China moving forward, even without Phase-1 being done or only specific to Phase 2? Because I understand Phase-1 is related to domestic catering, correct?

Rishab Handa: So, Phase-1, the rotational and blow molded toys that we do also have potential for export, some range of products which we would be looking into exporting. But largely, Phase 2 is where we are going to get into the different sort of products would be for the export market.

Varun Gupta: Could you give us an expected completion date for Phase 2's Capex, if it's okay?

Rishab Handa: We plan to invest about Rs. 100 crore and we plan to do this by the second-half of FY '26. And I think it should be taking about anywhere from 6 to 10 months to put the plant in place.

Varun Gupta: For Phase-1, we are expected to do a Rs. 15 crore run rate, for Phase 2 what would the run rate expected to come to, do you have any idea? Or once it's complete only then we will get an understanding?

Rishab Handa: This is very fluid, I wouldn't want to answer it because I do not have exact numbers as of now, and it depends a lot on how we perform, to be honest. I mean, given the current tailwinds, with the whole tariff situation going on we obviously expect numbers to come up. But it's very difficult for me to comment on this at the moment.

Varun Gupta: Understood, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Madan Mohan from Mohan Industries. Please go ahead.

Madan Mohan: Thank you. Mr. Rishab, I have few questions. One is, MRH Technologies for air purifiers, what is the share of OK Play in that company, OK Play's holding in MRH Technologies?

Rishab Handa: 51% of MRH is owned by OK Play.

Madan Mohan: Thank you. And second is, now toys industry is a booming industry in India as per the Finance Ministry's budgetary allocations. So, any seasonality for this toys business? For example, now it is a school opening so can we expect this quarter will be the highest peak for the toy business? Or it is not like that, the whole year it will be the same?

Rishab Handa: That's a good question. See, earlier, our business was seasonal because we were doing more of institutional oriented products which were more catered to schools and daycares and creche and all. Now the growth that we are getting is not from the institutional oriented product, it is more from the retail oriented products. So yes, we do expect a slight decline seasonally, but it's not going to be substantial like how it was before. And we expect that we make this business, I mean, in the coming years we run at optimum capacity and we do the numbers that I have mentioned on an average. So, one quarter may spike up, one quarter may reduce a little bit, but it will not be anything substantial.

Madan Mohan: But can we expect this quarter maybe to be very good because the schools and other organizations --

Rishab Handa: This quarter is expected to be good because our contracts, like I had mentioned in the earnings call previously as well, are now commercialized and we have started supplying. And we expect the numbers to come up, like we have seen numbers spike up in quarter four, we expect this to further grow in quarter one of FY '25.

Madan Mohan: Ok. Thanks for that. Sir my last question is, because the toy industry is booming, expected to boom in the future as well, do you have any plans of getting tie-ups or something like that with any international brands which will give more valuation in respect to OK Play? I hope you got my question, Sir.

Rishab Handa: Yes, I got your question, yes. So we are in talks, I cannot disclose as of now. That is where a substantial growth for our business is expected, because a lot of companies in the US are now looking to move base from China, not just the US, actually even the Europe, the toy companies even in Europe, but largely yes in the US. And we are in talks with several large toy companies from the US to either do a joint venture or to do white labeling or OEM manufacturing to cater to their range of products.

Madan Mohan: Yes, I think that's a very good news for the all the shareholders of OK Play, Sir. Thank you very much and all the best Mr. Rishab and OK Play.

Rishab Handa: Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Dhiraj Kaswan from RRR Investments. Please go ahead.

Dhiraj Kaswan: Hi, Rishab. So, my one of the main concern was that, as you have seen in the last four quarters, continuously quarter-on-quarter and year-on-year the auto revenue has been falling and the CV industry is not doing so good. So, like what are --

Rishab Handa: So, like I mentioned in my call, this is not just to do with our company, the CV market itself has been down and hence the numbers have been down. But we have adopted a strategy where we are now derisking this business as well. Say if this CV market underperforms in the coming years also, we should be getting some growth coming in from the non-automotive part of the business. So we do not expect many major declines coming in numbers. In fact, the coming year FY '26 the projection that we have got, even from a CV business perspective, looks good and much better than what we did in FY '25. But even if that does not happen, we should be getting some kind of business coming in from the non-automotive customers as well.

Dhiraj Kaswan: Ok, great. And my next question was that, we saw that in Q4 there has been a large charge of tax, and it's not a tax that we have actually paid, it's I think because of some schemes. Are you like changing your tax schemes, you do not have to pay tax in this quarter four, and from next year all the tax filings will be like accurate or 25%?

Rishab Handa: This is deferred tax, right, so I mean it shows on the books that it reflects as a number, it's not based, there is no outflow. And yes, I mean, if the company makes a substantial amount of profit in the next year, some amount of it would be adjusted because we do have some accumulated losses even today. But yes, then, we would be paying the tax out.

Dhiraj Kaswan: Ok. And my last question would be that, can you give some update on the preferential allotment that we were doing, like what stage are we at?

Rishab Handa: Yes, yes, that is under way as of now and we would be closing this shortly.

Dhiraj Kaswan: Okay. So along with that, the money that will be coming in from preference, like, are we going to raise more equity or debt for the Capex that we will be doing for the Rs. 100 crore plant?

Rishab Handa: See, that depends on a lot of factors as of now, and we are still kind of making a blueprint and making a plan of this. So something that I do not know exactly as of now, but we will do what makes sense financially and which will not affect the balance sheet much.

Dhiraj Kaswan: Ok. And I have one further question about the BIS certification for toys. So, I think you said that you have that certification, right?

Rishab Handa: Yes, we have the BIS certification.

Dhiraj Kaswan: And like, is that certification mandatory for each factory that you set up or it's on a whole company-wide basis?

Rishab Handa: It's for the whole company.

Dhiraj Kaswan: Ok. So like when we will be setting up the new factory so we won't have to get the new --

Rishab Handa: So BIS is now mandatory. It's a legal prerequisite to sell toys in India. And it does not depend on where the company is, even if there are companies outside India they need to have the BIS certification in India.

Dhiraj Kaswan: Yes, that's correct. But my question was that when we will be setting a new factory, so do we need to get a BIS certificate for each factory that we set up?

Rishab Handa: No, no, it's not company specific or plant specific, it's product specific. So, we do not need to get another BIS license. We already have a BIS license. What we do is we add on the product to that license.

Dhiraj Kaswan: Ok. Perfect. Thank you so much.

Moderator: Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Yes. Hi. So, firstly sir, you have reached your phase 1 in expansion, right, so that means you are currently sitting at, last time you mentioned you will be closing Q4 at 4x of what the toys capacity used to be, so you are currently sitting at that capacity, right?

Rishab Handa: That is right.

Rahil Shah: But you are not running at optimum utilization as of now?

Rishab Handa: This would be, like I mentioned, the capacity that we have set up is about Rs. 15 crore a month and I think we have done fairly well in quarter four where we have attained about, we have done Rs. 28 crore, that's about more than Rs. 9 crore a month, right? So it's not that it's not been a good performance, but I would like to tell you that there have been ramping up, 4x is not an easy thing, going from Rs. 4 crore a month to Rs. 15 crore a month, that's not an easy thing. There have been teething issues which we have been dealing with and we expect these things to normalize in the coming quarters. And we have good demand and that is I think the most crucial point of business, and we have set up very strong contracts with the leading players in the country as well as now in talks with the leading players outside the country. So, we are optimistic about the growth coming in.

Rahil Shah: So, the demand that you see right now, is that enough for you to reach your target of Rs. 200 crore from the toys business in FY '26, which you had mentioned in the last call?

Rishab Handa: We should be doing that. I do not comment on specific numbers, but we should be doing that.

Rahil Shah: Ok. And the blended EBITDA you said you can expect around 22% to 24%, does that still hold true? Is that sustainable?

Rishab Handa: Yes, the blended would be about 20% to 22%, yes.

Rahil Shah: 20% to 22%, ok.

Rishab Handa: Even in quarter four we have shown about 20%, we got about 20% EBITDA.

Rahil Shah: Right. Ok. And this Phase 2 which you mentioned, that is the one you keep referring to when you say you will be setting up a new plant, correct?

Rishab Handa: Yes.

Rahil Shah: So that will not add to your capacity is that what you are saying? It will just be another unit for what then?

Rishab Handa: No, no, that will add to the whole business. These numbers that I am talking about are only from Phase-1, which we have already setup. We are further going to grow in that with Phase 2 coming up.

Rahil Shah: Ok. So when Phase 2 comes on board, the Rs. 14 crore to Rs. 15 crore per month potential will inch up higher, correct?

Rishab Handa: Of course. This Rs. 14 crore, Rs. 15 crore is only from the Phase-1.

Rahil Shah: Only from the Phase- 1, ok, yeah. And you do not have the numbers yet how much Phase 2 will add to that.

Rishab Handa: So I cannot comment on the numbers yet because we are still formulating the whole plan. But see, think of it this way, the US toy market is a \$40 billion market, 77% being catered by China. Now with this whole tariff situation opening up, I mean, the market is huge. We are a drop in the ocean probably in terms of how big the market is. So it all depends on us and how well we perform.

Rahil Shah: Ok. And when you say the demand is looking good right now, is it more local, domestic or exports?

Rishab Handa: Like I mentioned, domestic is something that we have done under Phase-1, and from the new range of products that we enter, we would be catering a little bit to the domestic market, but that will largely be for the export market.

Rahil Shah: What I am saying is the demand right now is more from the domestic side or from the exports market?

Rishab Handa: The demand right now, 95% of our current supply is to the domestic market.

Rahil Shah: Domestic. Alright, sir. Thank you. And all the best.

Rishab Handa: Thank you.

Moderator: Thank you. The next question is from the line of Rajat Sethia from Ithought PMS. Please go ahead.

Rajat Sethia: Thanks for the opportunity. Sir my question is about your strategy related to the toys segment. We sell in our own name in our own brands as well as we are looking to do contract manufacturing, we are already doing that. So going forward, where is the focus going to be? Is it both ends or just the contract manufacturing?

Rishab Handa: No, it will be both ends. We are also growing our own brand. But with this BIS introduction, the China imports stopping, with now the tariff situation, there is growth and there is a lot of demand coming on for OEM manufacturing as well. And if we do not cater to that, someone else will. So we do not want to miss out on that opportunity. So, it will be both ways.

Rajat Sethia: On the domestic side, I think right now our sales mix is more tilted towards own brands, right?

Rishab Handa: No, no, it's I would say about 30%, 35% is contract manufacturing and the remaining is our own brands.

Rajat Sethia: Own brands, yeah. Its own brands, I mean, in India what is the sales channel, what is the total number of potential outlets that we plan to reach? How big is the market?

Rishab Handa: So see, we have multiple channels. Our initial channel that we started with is through a network of distributors. So we have about 85 distributors in India who sell further directly to schools or they sell to the general trade markets, which are your basic mom-and-pop stores. Then the second is a modern trade channel where we sell directly to, say, a Hamleys or a Firstcry, and we sell in their stores. And then the third is the online channel where we sell on marketplaces like Amazon, Flipkart, all of them. And the fourth where growth is coming in quite aggressively is the OEM contract manufacturing, and then these guys, I mean, they sell largely online or they sell through their stores. Like we do contract manufacturing for Firstcry under their various private labels. Then we do it for Amazon, Amazon in fact is our large customer. So they sell online as well as through their stores.

Rajat Sethia: Right. When it comes to our own brands, through the first three ways of selling that you described, in terms of the competitive industry, how many players, branded toys companies are there? Where do we stack up, let's say, in terms of our pricing when it comes to competing with the other brands, how are we positioned?

Rishab Handa: That's a good question. See, toys is a very diversified segment. It's not like any one company can do all sorts of toys. So currently the toys that we do, we along with probably one other company have a majority share in India, and all other companies are very small companies who are focused in their regional areas. And ours is a branded play, we have had a very good brand name since the past 30 years. So it's not much to do with pricing also here. We are slightly more expensive than this other competitor, I'd like to tell you that. But even then you know our products sell because we are known for making good quality products. But it's not anything substantial, I mean, what we offer is a good product market fit.

Rajat Sethia: And Sir, in terms of growing within India, which channel do you see where you expect, I would say, better potential? Is it through distributors or is it directly selling through online portals?

Rishab Handa: See, like I said, when we are doing contract manufacturing, these guys sell through both the channels. And even the existing brands that we do sell to both the channels, offline as well as online. But the current range of toys that we have which are blow molded, they are slightly voluminous in nature. So I personally feel that in years to come the online segment would be a growth engine for our kind of toys, because for example, you and I go to mall, we will not buy a slide and move about with it because it's a big product. We rather just order it online

and it delivers at our house. So that is where I personally feel the growth will start coming in from.

Rajat Sethia: And when it comes to the contract manufacturing side, I think largely we are right now doing this within India. But going forward with the new Phase 2 Capex, we want to go to outside India. And that's what you mentioned that you are in discussions with a lot of clients in US.

Rishab Handa: Our Phase 2 will primarily be for the export market, that is where the growth potential is. See, we can attain Rs. 200 crore, Rs. 300 crore, Rs. 400 crore from the domestic. But if we want to make it Rs. 1,000 crore business, we will not be able to do it if we just focus on the domestic market. There is a large opportunity and a big vacuum now being created as far as the export market is concerned, thanks to the tariffs also coming up now, and that is what we want to bang on.

Rajat Sethia: Right. And in terms of our financing needs, given we just completed one Capex and we are planning to do another big one, so how are we looking to fund it?

Rishab Handa: See, like I said you, this is something that we are still deciding. But having said that, there is a lot of interest from equity side of point of view also as well as from debt point of view also. But we will not be kind of getting into a situation where we have a substantial amount of debt sitting on our balance sheet. This is something that the management is also stressed upon. And if you see, in the past few quarters also we have reduced our debt quite a bit. So, I think it will largely be equity, but if we need some debt we will go ahead with that also, it depends. I cannot kind of give you an exact answer as of today.

Rajat Sethia: Sure, no problem. Just one final one. Is it correct that our asset turns from the first Capex on the toys side were around 3x? I think we invested around Rs. 50 crore, Rs. 60 crore in the first phase on toys?

Rishab Handa: Yes, our asset turnover is about 3% to 3.5%.

Rajat Sethia: Ok. Alright. Thank you so much. I really appreciate answering all the questions.

Rishab Handa: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management from OK Play India Limited for closing comments.

Rishab Handa: So, thank you to all our shareholders for joining us. And I look forward to interacting with you all in the next call. Thank you.

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