

Operator

Ladies and gentlemen, good day and welcome to the V-Guard Industries Limited Q3 FY14 earnings conference call hosted by Ambit Capital 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Bhargav Buddhadev of Ambit Capital. Thank you and over to you, sir.

Bhargav Buddhadev, Analyst

Thank you, Inba. Good afternoon, everybody. Welcome to the Q3 FY14 earnings call of V-Guard. We have with us Mr. Mithun Chittilappilly, MD of V-Guard; and Mr. Jacob Kuruvilla, CFO of V-Guard. I would request [ph] Mr. Mithun to please take us through the key highlights of the quarter, post which we will throw the call open for the Q&A session. Over to you, sir.

Mithun Chittilappilly, Managing Director

Yeah. Thank you, Bhargav. A very warm welcome to everyone present and thank you very much for joining us today to discuss the operating and financial performance of our company for the third quarter ending the -- the first-nine months ended 31st December 2013. In the backdrop of a tough operating environment, we have delivered a stable quarter with a profit growth of 14% Y-o-Y. Weakness in the South markets were offset by a strong growth of 30% Y-o-Y in the non-South markets where we continue to expand rapidly. Non-South markets now account for 30% of total of company's revenues as compared This is largely on account of operational efficiencies and lower ad expenditure as compared to last year. Ad expenditures for the quarter stood at 3.6% of sales vis-a-vis 4.6% of sales in Q3 FY13. Ad spends will be maintained between 3.5% to 4% of sales in the longer term.

The electric water heater segment witnessed a robust growth of 26% this quarter driven by the success of a new premium variant, Pebble, which we recently launched. Durable sales were impacted in the festive season owing to weak consumer sentiment leading to softness in the stabilizer segment, which grew at only 6.4% Y-o-Y in Q3.

Further, the sand mining ban in many parts of the country has led to a slowdown in the construction activity and impacted sales of the wire segment which grew at 12.7% Y-o-Y.

Another product category that has not done well has been the pump division which witnessed a de-growth of 16% Y-o-Y mainly on account of heavier rainfall and floods in Q3. After seeing a strong growth last year, the digital UPS and inverter segment contracted 42% in Q3 given the improved power situation in South India. However, we believe that this is a temporary phenomenon and the onset of summer will see a revival in sales in this segment. We have generated strong cash from operations in the first nine months of the year to the tune of 90 crores as compared to 14.5 crores for the full financial year FY13.

On a trailing 12-month basis we have driven a nine-day improvement in our working capital cycle to 76 days. This is led by a 15 days reduction in debtors; we will carry on with our vendor financing and bill discounting initiatives and also increase the proportion of channel financing going forward.

After delivering sales growth of 12% Y-o-Y in the first nine months of this year, we revised our outlook for FY14 in terms of topline growth to 11% to 12% for the full financial year and EBITDA margins of at least 8.5% for the full financial year. We continue to build on our competitive strength expanding our network of channel partners and retailers across the country and enhancing our brand recall in the non-served market through aggressive ad spends and sales promotions. With any improvement in the macroeconomic environment, we are optimistic of reverting to our normalized growth trajectory.

At this point, I would like to thank everyone once again for your participation and request the moderator to open this call for questions. Thank you.

Questions And Answers

Operator

Thank you very much sir. Ladies and gentlemen, we'll now begin the question-and-answer session. . Our first question is from Sanjeev Panda of Sharekhan. Please go ahead.

Sanjeev Panda, Analyst

Yeah. Sir, just wanted to understand, the UPS sale has been falling, should we relate it with the improving power supply situation that is in the foresight regarding the Southern grid getting connected with the international [ph] grid, or is there any other primary shift or any fundamental changes going on in that market?

Mithun Chittilappilly, Managing Director

The digital UPS or the inverter market is definitely dependent a lot on the power cut situation in the country. What has happened with this particular product is that, in the last financial year we grew by almost 170%; of course, and in this So I don't think -- I think what has happened is, two things have happened; one is that we have had better rainfall this financial year which is meant [ph] and many states are capable to produce hydropower this financial year in a good manner because of having good rainfall and achieved good water levels at their respective dams.

So I think that is also there, plus is, being an election year, the government has been extra careful in making sure the residential power demand is being met even though while cutting power to the industrial sector.

But I think once -- but they cannot prolong this strategy, because, I think, once we hit the summer season and when all the consumers start switching on their respective air-conditioners across the country we will still face a huge spike in residential electricity demand and even this power may not be enough to support, which is when we will have power outages.

And also, I don't know how long that the state government can go on starving industries without electricity, because finally they, most of them will shut down and that will eventually start hurting them. So this may be an election year issue, I think post-election we will return back to the normal issues of power cuts and etcetera, but I think we have to expect power cuts only in the peak season of Q4 and Q1, with Q2 and Q3 being the soft season for inverters, whereas in the last financial year we did well in all the four quarters. So that's probably something to expect, but I don't -- I think this is more of a temporary phenomenon.

Sanjeev Panda, Analyst

Okay. And, sir, another aspect is the tax rate in this quarter was low, is it any specific reason or is it any benefit that we're accruing or is it a aberration?

Jacob Kuruvilla, VP & Chief Financial Officer

There are two things that have helped us reduce the tax rate. One was that the share of a proportion of Kashipur profit that is our ATIC [ph] benefit, units of Kashipur and Kala-Amb going up. The other thing was we have gone for a -- we have got a DSIR approval wherein the capital expenditure, we were getting a 200% weighted reduction of tax. So these two things have helped us to bring down the tax rate during this Q3.

Sanjeev Panda, Analyst

Sir, I'm sorry, I could not follow the second reason.

Jacob Kuruvilla, VP & Chief Financial Officer

Yeah, we have got DSIR, that is Department of -- Directorate of Scientific and Industrial Research approval for our R&D center in head office.

Sanjeev Panda, Analyst

Okay, okay.

Jacob Kuruvilla, VP & Chief Financial Officer Sanjeev Panda, Analyst

Okay. So, sir, will it continue like the rates --.

Jacob Kuruvilla, VP & Chief Financial Officer

Yeah, actually, last year we had done 1 crore of investment, as on date also we have done around 92 lakhs for capital expenditure for the -- on the capital front, which is eligible for R&D. So this, we have got a benefit of around 2 crores from -- in this tax.

Sanjeev Panda, Analyst

So this is likely to continue in the coming years --.

Jacob Kuruvilla, VP & Chief Financial Officer

It will continue, yeah. Only last year we got the approval. This is going to continue. Hereafter, (inaudible) accruing cost.

Sanjeev Panda, Analyst

Okay. Sir, the last question is regarding our S&D expenditures on the advertising expenses, that has kept in control this quarter, that is what is apparent from the numbers. So we still maintain our old -- previous annual target percentage of sales or we need to relook at it considering the topline guidance has been declined?

Mithun Chittilappilly, Managing Director

See, if you look at the advertisement expenditure, it has come down from 16 crores last financial year to 12.8 crores. So I think we have cut almost maybe 0.5% of sales for the quarter. So -- but we have also had a reduction in other S&D expenditure also like discounts and so on and so forth. So both of these have contributed to improvement in margins.

For the full financial year we will still maintain that 3.5% to 4% of sales number because we are not -- we will be spending lower money than what we spent last year but it's not going to be significantly lower.

Sanjeev Panda, Analyst

Okay. Thank you sir. That's it from my side. Thanks a lot.

Operator

Thank you. Our next question is from Mr. Bhargav Buddhadev. You may go ahead, sir.

Bhargav Buddhadev, Analyst Mithun Chittilappilly, Managing Director

See, there have been some disruptions in power in some parts of the country, like, I think Tamil Nadu had some issues, but what we could understand is there, it has been resolved. So I think we need, I think if this sustains, if this kind of disruption sustains definitely some sales will start.

For example, in Karnataka, this financial year, there has been no mark there. There was no huge power cut last year also and this financial year also they're having some power outages. So we are still selling our inverters in those markets but the issue happens in Karnataka and -- I mean, sorry, Tamil Nadu and Andhra where there was huge power cuts last financial year and it's significantly come down this financial year.

So, as of now, we are not seeing a significant improvement and what we have to also understand is last six to eight months every brand in the inverter space has been filling the channel with material. So first this material has to be sold to end consumer which probably will happen now and then only the company sales will start. So there could be a lag effect also, but as of now, we are not seeing any uptick.

Bhargav Buddhadev, Analyst

And, sir, in terms of your performance in the non-South market has been strong, I mean, this quarter you've reported a 30% growth in non-South and despite that your cash generation and EBITDA margin performance has been fairly decent. So, I mean, we are wondering if you can share some information in terms of cash conversion and EBITDA margin in the non-South market, I mean that would be great, because a lot many investors have concerns that possibly your margins and cash conversion in non-South is slightly lower as compared to in South?

Mithun Chittilappilly, Managing Director

Yeah. So I don't have the zone-wise this thing with me, cash conversion cycle with me as of now, we'll share it with you maybe later. But what I can tell is that in the last one year we have had a significant stress on collecting payments from customers and walking away from business that is unhealthy and ensuring that our channel remains healthy. And we have had significant improvement in our debtor days. And I can tell you most of this improvement has come from non-South, because in South already we were following fairly strict practices, so -- but maybe we can share those exact numbers with you, but if you look at the debtor days itself, has come down from 60 days in the last year Q3 to 44 days, so almost 15 days improvement and majority of this positive cash generation has happened because of that and we will continue to work aggressively to keep our debtor days at a very healthy kind of number so that the company remains -company does not run out of working capital.

So definitely we are walking away from business that is potentially dangerous, we are not dealing with certain customers who may be large but not paying, so we are doing that. And we have decided that even if that means we lose sales, let's lose sale. So, yeah, we have been doing this for last, almost one year now.

Bhargav Buddhadev, Analyst

And, sir, the last bit, if you can highlight what's your vendor financing book like as of December and also the channel financing of balance sheet book?

Yeah, one minute. Yeah, we have our bill discounting as on Q3, it was around 85 crores. And the channel financing to our distributors was at around 26 crores.

Bhargav Buddhadev, Analyst

And, sir, in terms of how this has moved as compared to same quarter last year?

Jacob Kuruvilla, VP & Chief Financial Officer

Yeah, it is -- most of this (inaudible) is happening in South. We have got only one or two distributors whom we have financed in non-South area.

Mithun Chittilappilly, Managing Director

And what was the number last year, Q3?

Jacob Kuruvilla, VP & Chief Financial Officer

It was almost 24 crores. There is an increase of around 2 crores during those period.

Bhargav Buddhadev, Analyst

Okay. Thank you.

Operator

Thank you. Our next question is from Aksh Vora of Raj Investments. Sorry, Praj Investments. Please go ahead.

Aksh Vora, Analyst

Sir, you have been doing good in cable segment as well, just wanted to ask who would be your closest competitors in cable segment?

Mithun Chittilappilly, Managing Director

In the wire segment, the electrical, the PVC-insulated wire segment, we can say our two peers are: one is -- Havells and Finolex. These are the two brands that closely follows our pricing positioning and/or we could say that we are at similar price positioning levels. So these could be the two close competitors.

Aksh Vora, Analyst

And how would we place ourselves in front of the market leader like Finolex Cable in both the regions like South and non-South? Can you just give a brief view on that, sir?

Well, to put things in perspective, we will end the current financial year -- end up with wire revenues of roughly, one second, yeah, we will end up with wire revenues of roughly 475 -- 450 to 475 odd crores for the full financial year. I think if you look at the Finolex revenues, they're probably at somewhere, I'm talking about only the electrical wire segment, maybe at somewhere around 1000 crores. So we are still a smaller player compared to them. Havells maybe at 800 or 900 odd crores, talking only about the electrical wire segment.

So we are still smaller than them and of course they have -- both have other businesses, Havells has a large power cables business which is larger than their wire business; Finolex has lot of other types of wires, cables like communication cables and optic fiber cables and so on and so forth. So if you look at only the wire segment, maybe in the next three to five years time we should be at a similar kind of level at what they are.

In South India, I would say that we are, in many places we are having similar market shares and positions as Finolex. Of course, outside South India we are not a large player, but outside South India especially in North and East Havells is a very strong brand and we will take some more time to develop our market there.

Aksh Vora, Analyst

Okay. Sir, can you just give a brief idea on what would be the market share of the leader and our market share in cable segment?

Mithun Chittilappilly, Managing Director

Actually, the volume-wise leader is not even Havells and Finolex, it's a cheaper brand from Bombay called Polycab.

Aksh Vora, Analyst

Polycab. And, yeah --.

Mithun Chittilappilly, Managing Director

Polycab is actually the largest player in wire with maybe having about 1,500 odd crores of revenues just from the wire business and maybe 2,500 crores from the cable business. So they are a market leader in both wire and power cable business.

So if you look at the total wire market, it's at about 7,500 crores. So Polycab will be having roughly about 20% of that, Havells will be having half of that, so let's say, Havells will be having about 10% share; Finolex maybe having around 12% share; and we will be having roughly, we're having about 6% share; that's probably 5% to 6% (inaudible) you can probably split it up.

Aksh Vora, Analyst

Sir, this is, you're talking about the organized, right sir?

Mithun Chittilappilly, Managing Director

Yeah, yeah -- no, no 7,500 is the total market.
7,500 is total market; organized and un-organized both?

Mithun Chittilappilly, Managing Director

I think if you look at these five or six brands and probably add, there are couple of more companies maybe RR Kabel and probably that's about it. I don't think the rest of the brands -- the rest of the players are mostly un-organized.

Operator

Excuse me, Mr. Vora, may we request you to return to queue please.

Aksh Vora, Analyst

It's just a follow-up, just last. Sir, Hello? Sir, so just on last note, can you give me the un-organized and organized break up?

Mithun Chittilappilly, Managing Director

See, I think in the Indian market, total wire business is about 7,500 crore, that will include -- at least 30% will be un-organized; and the organized will be the balance 65% to 70%. And if you add the revenues of the top five or six player, it will probably add up to most of the organized market.

Aksh Vora, Analyst

Okay.

Operator

Thank you. Our next question is from Sagar Parekh of ENAM Holdings. Please go ahead.

Sagar Parekh, Analyst

Yeah. Hello, sir. Sir, can you give me the break up in terms of number of dealers, South versus non-South?

Mithun Chittilappilly, Managing Director

Yeah, I think we have totally about 15,000 retailers and about 300 distributors in total.

Sagar Parekh, Analyst

Right.

Mithun Chittilappilly, Managing Director Sagar Parekh, Analyst

Sir, because last time, in the last quarter, normally I take this number from you. So in the last quarter it was roughly about 134 dealers in South and about 167 in non-South.

Mithun Chittilappilly, Managing Director

Okay. Yeah, I think it was roughly the same right? 50/50. I think I made a mistake because I was not looking at any -- I don't have the number with me. I think you're probably right in terms of the distributor side, you can say it's probably the 300 is an equal kind of

number between South and non-South. Channel partners is a little bit different, it's more in South and slightly less in non-South. The retailer count is almost like what I told.

Sagar Parekh, Analyst

Right. Sir, and in terms of your strategy, you would probably still look at more churns in non-South in terms of average sale per dealer rather than adding new dealers in non-South, right?

Mithun Chittilappilly, Managing Director

Yeah, yeah, talking about distributors, definitely we are -- still our average sale per distributor or average sale per channel partner is very low when we compare to our south partner. But definitely, like I said, there is usually a scope for at least three to four times the current sales, even with their current, similar infrastructure. But, of course, the number of retailers will increase, dealers will increase, but not distributors or channel partners.

Sagar Parekh, Analyst

Okay. And then in your financials, if I look at your gross margins, Y-o-Y and Q-o-Q, both, they have fallen, so is that because of higher proportion of non-South sales as a percentage of total sales increasing? Can we -- is that the right way to look at it?

Mithun Chittilappilly, Managing Director

No, I think when you look at gross margins better to be comparing with Y-on-Y, because many products that we are selling are seasonal in nature, so Q-on-Q may vary due to that particular reason alone.

Sagar Parekh, Analyst

Right.

Mithun Chittilappilly, Managing Director Sagar Parekh, Analyst

Right. But sir, even Y-o-Y your margins are down by about 100 bps gross margins?

Mithun Chittilappilly, Managing Director

Okay, let me just check that. I thought we have -- let me just come back to you on that. The gross margins are almost.

Sagar Parekh, Analyst

Yeah.

Mithun Chittilappilly, Managing Director

Same as far as I can see in my numbers.

Jacob Kuruvilla, VP & Chief Financial Officer

There is an improvement of 1% in our --.

Sagar Parekh, Analyst

I'm not including the other operating income. Sir, I'm just taking the pure gross sales and just taking the total raw material costs and I am detecting that, so gross margin is coming to about 26.3 versus 27. So anyways, my point was that is, as we, as the non-South

sales increase as a percentage of total sales, will the gross margins come down because there you would still need to penetrate into those markets?

Mithun Chittilappilly, Managing Director

Yeah, that is a valid question, and yes, our average realization in non-South maybe 3% to 4% less than what we are having in South, but it also matters what we are selling in non-South. So for example in this quarter, we would have sold more of electric water heaters, so -- in non-South also, which would mean that overall our product mix has been favorable. So there are two things that will affect this, not only South and non-South, but also what is the product mix in each quarter.

Sagar Parekh, Analyst

Sure. So water heaters obviously has a higher margin. So --.

Mithun Chittilappilly, Managing Director

Yes, higher gross margin, yes.

Yes, higher gross margin. Correct. And you also gave this bill discounting number and channel financing number for this year, you said 26 versus the last quarter same -- I mean, same quarter last year was 24 and you gave bill discounting number of 85, so could you give the comparative number last year same quarter?

Jacob Kuruvilla, VP & Chief Financial Officer

That would have been something around 75 crores, I'm not -- the exact figures are not available, it can be some 10 crores increase over the last.

Sagar Parekh, Analyst

And what is the outlook on the creditor days, because what I believe is that your creditor days were supposed to increase so that your working capital -- as you go into more channel financing and that is how we were anticipating lower working capital days going forward. But you have -- what I -- so it's come to about 61 days, so till what can it go up to in terms of -- sorry, it's 53, so it's come down.

Jacob Kuruvilla, VP & Chief Financial Officer

Yeah, actually, we don't feel that there will be much improvement here because we are utilizing the bill discounting facility to the core, but definitely we will try to improve the creditor days further.

Sagar Parekh, Analyst

Okay. So your debtor days still have some leeway in terms of going down?

Jacob Kuruvilla, VP & Chief Financial Officer

Yeah, debtor days as you would have seen, about 15 days improvement has happened in the debtor days.

Sagar Parekh, Analyst

That is because of bill discounting, right?

Jacob Kuruvilla, VP & Chief Financial Officer

No, actually, when you say debtor days, it is channel financing and the creditor we are using the bill discounting.

Operator

Mr. Parekh, sorry to interrupt. May we request you to return to the queue please. Maybe time permitting you can come back sir in the queue.

Sagar Parekh, Analyst Jacob Kuruvilla, VP & Chief Financial Officer

Yeah, it is just -- one of the thing is the debtor days is, what we going to do is we are financing our distributors through a channel financing scheme. In the case of payables, in the creditors, we are using the bill discounting so as to extend our number of days of creditors.

Sagar Parekh, Analyst

Okay, got it. Okay, thank you.

Mithun Chittilappilly, Managing Director

Thank you.

Operator

Our next question is from Naveen Trivedi of Trust Capital [ph]. Please go ahead.

Unidentified Participant

Yeah, thank you so much. Can you just share with us the volume growth number in the non-South business?

Mithun Chittilappilly, Managing Director

What numbers?

Unidentified Participant

Volume growth in the non-South market.

Mithun Chittilappilly, Managing Director

Okay. The non-South market, our sales growth has been 30% and you can calculate an average of maybe 4% to 5% of price growth, so the volume growth will be about 25%.

Unidentified Participant

Okay. And, similarly, if you can also share the number for the south business?

Mithun Chittilappilly, Managing Director

Southern business has de-grown by about 8%, 8% to 10%, and the price growth were also similar, so the volume de-growth has been maybe about 14% to 15%.
14% to 15%?

Mithun Chittilappilly, Managing Director

15%, yes.

Unidentified Participant

Okay. Can you share us, also share the UPS sales in South or if you can just give me the typical mix of UPS between South and non-South?

Mithun Chittilappilly, Managing Director

The UPS sales, because South is so aggressively de-growing, as of now, almost 40% sale is coming from non-South and only 60% from South.

Unidentified Participant

40% is from the non-South?

Mithun Chittilappilly, Managing Director

Correct.

Unidentified Participant

And what was in typically in the previous year, in FY13?

Mithun Chittilappilly, Managing Director

Previous year, that was about 15% or something like.

Unidentified Participant

15% has become 40%?

Mithun Chittilappilly, Managing Director

15% to 20%, yes.

Unidentified Participant Mithun Chittilappilly, Managing Director

Correct.

Unidentified Participant

So assuming that in last two quarters we were growing by like single digit growth.

Mithun Chittilappilly, Managing Director

Correct.

Unidentified Participant

6% and 1%. So can you just share the, your thought process. Why are you assuming like 11 odd percent in the quarter four?

Mithun Chittilappilly, Managing Director

Yeah. See, we are operating in an extremely -- most of the products we are operating in is extremely seasonal business, like we are extremely dependent on summer season for our sales. Due to that fact Q3 and Q2 are extremely challenging for us because most of the products like inverter, pump, air-conditioner stabilizers, fan, many of our products, about 50%, 60% of the sale -- the 40% of the products are not sold in Q2 and Q3.

Last year, however, because of lack of rain and continuing extended summer in June, July and August, we were able to do some really good numbers in Q2 and following with it in Q3. So that is probably what you're seeing this financial year. Again, when the summer season picks up in February, post February 15th, the sales of these products will significantly improve.

For example, we are already seeing in January that the pump sales have already started to improve. So definitely this will improve -- this will help us in growing at -- we will not be -- for example, we also performed badly in Q2, Q3 because south markets were de-growing, but I think in the Q4 we believe the south markets will start to probably again perform.

Unidentified Participant

But this -- the 12% growth is on the Y-o-Y basis, so obviously there are some -- but the same seasonal effects were also there in the last year also?

Mithun Chittilappilly, Managing Director

Correct.

Unidentified Participant Mithun Chittilappilly, Managing Director

See, I think -- yeah, so what I was saying is last year if you see Q2, Q3, we have grown by 40%, 50% in each of these quarters Y-o-Y.

Unidentified Participant

Yeah.

Mithun Chittilappilly, Managing Director

And we -- so obviously there is a higher base in those quarters and we've grown faster in Q2, Q3 than in the other quarters if you see.

Unidentified Participant

But quarter four is also good for us, for --.

Mithun Chittilappilly, Managing Director

Four, we grew by about 20%, much less than what we grew in quarter two and quarter three.

Unidentified Participant

Sir, what number I have is like 36% growth in the quarter four FY13?

Mithun Chittilappilly, Managing Director

36%, right?

Unidentified Participant

Yeah.

Mithun Chittilappilly, Managing Director

What was it for quarter two and quarter three?

Unidentified Participant

42 and 36.

Correct. So 42% growth we had in the --.

Unidentified Participant

Quarter two and 36% in quarter three.

Mithun Chittilappilly, Managing Director

Okay, fine. I think this year has been little bit different, but I think 12% growth should not be a problem for us. Like I said, we are in seasonal business and we believe that our stabilizer division and pump division which contribute about 35% of revenues will start to grow again. These two divisions have not grown in the last six months and that's just what will create this increase in sales.

Unidentified Participant

Sir, in fact this -- as far as my understanding is concerned, your 11% growth also includes the expectation that the summer will be in the mid of -- at the end of March or -- at the end of Feb or March, it will start from the March onwards?

Mithun Chittilappilly, Managing Director

No, we will continue to grow, but I'm saying that because the summer is starting from February 15th in many parts of South India, our sales numbers will significantly improve in February and March.

Unidentified Participant

Okay, okay. Yeah, thank you so much, sir.

Mithun Chittilappilly, Managing Director

Okay.

Operator

Thank you. We will take our next question from Ruchita Maheshwari of Nirmal Bang Securities.

Ruchita Maheshwari, Analyst

Hello?

Mithun Chittilappilly, Managing Director

Yes.

Ruchita Maheshwari, Analyst

Yeah, my questions have been answered. Thank you.

Operator

Thank you. Our next question is from Nikit Shah, Motilal Oswal Securities. Please go ahead.

Nikit Shah, Analyst

Hi, just wanted to know two questions. Wanted to know the capacity utilization for the Kashipur plant and have you actually shifted some of our production capacity from other plants to Kashipur given the fact that you have tax benefits?

Mithun Chittilappilly, Managing Director

I will answer the second question. Yes, the -- lot of the capacity of the Coimbatore plant has been shifted to Kashipur plant because it's more profitable plant for us and we have benefit.

Nikit Shah, Analyst

Sure.

Mithun Chittilappilly, Managing Director

We are using Coimbatore plant to produce some other products. So most of the wires today are produced in Kashipur. Almost all of it is now produced in Kashipur with the Coimbatore plant producing smaller SKUs like multi-core cables and flat cables and submersible cables and so on and so forth.

The kind of factory utilization, right now, I think it will be at about 65% or something like that. I think our capacity is currently at 5.5 lakhs and we are now doing about 4 lakhs per month. So the capacity utilization is about 70%.

Nikit Shah, Analyst

Sure, sure. And one more question, just wanted to know that, has the discount between the south and non-south products has got reduced? I presume since last one and a half, two years we have been moving towards that strategy to reduce the pricing between non-south and south and that has been typically in the range of close to 4%.

When do you expect that to further bridge down or be at par with south markets?

Mithun Chittilappilly, Managing Director

So in the case of wire, actually we are now at a unified pricing policy system for the entire country. So we have narrowed that gap to almost zero.

Sure.

Mithun Chittilappilly, Managing Director

But the other products, this gap of 4% to 5% still remains. We are expecting that maybe in the next two to three years we can reduce this gap from four to two and then probably after another two years this gap will not be there.

So hopefully in five years we should have at least a unified pricing structure for all the major products.

Nikit Shah, Analyst

Sure. Thank you so much. That's all from my side.

Operator

Thank you. Our next question is from Kaushal Shah of Dhanki Securities. Please go ahead.

Kaushal Shah, Analyst

Sir, could you please comment on the raw material scenario? How the copper prices have moved over the last quarter and how do you see the trend?

Mithun Chittilappilly, Managing Director

See, copper prices actually have softened a bit in the last two months -- last, not two months, sorry, post the quarter has gotten over, so in January. That is primarily because the rupee has strengthened a little bit and even international prices in dollar terms have not moved up much, in fact it's a bit soft.

So as of now, the copper prices are at about in Indian rupee terms around INR450, INR460, if I'm not mistaken, which was at one point of time 500 so there is almost that difference is there, that means over the last one year this prices have come down. It's looking like maybe the international prices of copper may move up slightly post March, that usually happens, because summer, in summer maybe the Chinese consumption does go up and which pushes up the international price, but as far as we are in India the main thing to watch out for us is how the rupee moves either which ways we will have an impact of copper price on rupee terms.

Kaushal Shah, Analyst

Okay. Also, sir, a few comments on the new products which we introduced, for instance, the mixer grinder or the induction cooktops, I mean how have they performed over the last quarter?

Mithun Chittilappilly, Managing Director

So in the -- if you look at the product-wise revenues for these new product categories, the induction cooktop as a segment we have done about 10% growth to 6.5 crore for Q3 vis-a-vis 5.8 crores. The growth of 10% has to be seen in light of some of our competitors like TTK Prestige de-growing by 40%, 45%.

So we are having natural growth now. We believe that in the full financial year we should close with about 22 crores of revenue vis-a-vis about 15 crores last year, that's a concern, overall revenue growth of about 50% for the full financial year.

The switch gears business also is doing well, but we had a flattish growth primarily because we had some supply issues but for switch gear also we are expecting to close with about 15 crores to 16 crores of revenue in the current financial year, 16 crores to 18 crores compared with about 12 crores last financial year.

So mixer grinders has done well; however, we are only selling this in Kerala, so the sales are -- was very good for the Onam season and full year we are looking at about 6 crore.

So all put together, about 50 crores of revenue we are expecting from these three new products in the current financial year vis-a-vis maybe 20 crores last financial year.

Kaushal Shah, Analyst

Okay, sir. Thank you.

Operator

Our next question is from Gaurav Malik of Locus Investments. Please go ahead.

Gaurav Malik, Analyst

Hi. I just want to understand the invertors and the UPS market a little better. So from your perspective, I mean, largely the segment performance has -- is largely attributed to just better power availability or have you also seen any new entrants and kind of any competitive pressures as --.

Mithun Chittilappilly, Managing Director

Actually, we are a new entrant in this business, so we are only five years old. So we should be seen as a new baby in this business by others. But what I can tell you is that, this situation is faced by most people. For example, Exide has been selling batteries through invertors for last many years, so they're one of the entrant players and even they are reporting very significant slowdown in their industrial battery system which supplies for invertors.

So I -- it feels like this issue is across. We are more affected also because we were more in South-based, so I think the kind of power cut reduction in South has been much severe than what has happened in the other parts of the country, let's say, North and all, so we are still selling in North. So even though we are overall de-growing at 40%, we are still growing at 20%, 30% in non-South -- 30%, 40% in non-South for invertors.

Gaurav Malik, Analyst

Okay. So non-South is still growing currently [ph] --.

Mithun Chittilappilly, Managing Director Gaurav Malik, Analyst

Right. And, I mean, could you throw some -- could you give us some idea on the market size as well of the two segments that you report, the standalone UPS and the digi UPS, and also how do you define?

Mithun Chittilappilly, Managing Director

Okay. I'll first talk about digital UPS, which is the inverter segment. Digital UPS market size is about 7,500 crore, out of which 5,000 crore is probably the battery -- 4,000 crore is the battery market price for invertors and about 2,500 to 3,000 crore in the inverter market size.

If you look at the standalone UPS segment, the market size is about 3,500 to 4,000 crore, out of which we are present only in the smaller UPS, which is for desktop, PCs and all that; and the others is for industrial and IT datacenter UPS systems or ATMs and all those things, which are very more of a B2B segment. We are present only in the smaller UPS segment which is at about 500 crores to 800 crores of revenue.

Primarily the small -- standalone UPS is also de-growing, because this particular product we have been selling to end consumers for their home PCs, the concept of, and the habit of buying a personal computer for the house is declining fast and much faster in the last two years because of introduction of tablets and prices of tablets being much cheaper than PC. The home use PC market is shrinking rapidly and so is the UPS use for it and we are only present in that.

So that segment, we should expect it to die a natural death, because people will move to tablets and laptops for home use. So -- but that is a very small part of our business. Standalone UPS is only 2% to 3% of our revenues. Of course, the digital UPS or the inverter business is large and it's about 12% -- I mean 10% to 12% of revenues.

Gaurav Malik, Analyst

Right. So digi UPS is 10% to 12%. And digi UPS, you define as just larger UPS sizes in terms of -- is there a specific --.

Mithun Chittilappilly, Managing Director

See, digital UPS is primarily an inverter and basically we have -- everyone calls it digital UPS primarily because if it was sold -- sell as inverter it is charged a 12% VAT and if you sell it as UPS it is only 4% VAT. And with the technology improving even the inverter is able to back-up particular personal computer or an invertors or you can run an inverter also to protect your computer from power cuts and it will give you stable power without damaging the equipment.

So tax authorities are not able to distinguish the difference between a inverter or UPS anymore because both of them are equally sophisticated.

Gaurav Malik, Analyst

Right. Right.

So basically we are re -- every company in India is now selling it as digital UPS, but it is actually an inverter, but, of course,

government authorities cannot tax by on what type of use the consumer put [ph] the product.

Gaurav Malik, Analyst

Right, right. Okay. That's perfect. So actually that's it from my side.

Operator

Thank you. Our next question is a follow-up question from Sanjeev Panda of Sharekhan. Please go ahead.

Sanjeev Panda, Analyst

Sir, my question has been answered.

Operator

Thank you. As there are no further questions, I now like to hand the conference back to Mr. Bhargav Buddhadev for closing comments.

Bhargav Buddhadev, Analyst

Yes. I would like to extend our thanks to Mr. Mithun and Mr. Jacob for giving us an opportunity to hold this conference call. Mr. Mithun, do you have any closing comments to be made?

Mithun Chittilappilly, Managing Director

No, I don't have any other comments. I would like to thank Ambit and Bhargav for hosting this call. Thank you very much for listening and thank you all for your participation. Thank you.

Operator

Thank you very much. Ladies and gentlemen, on behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.