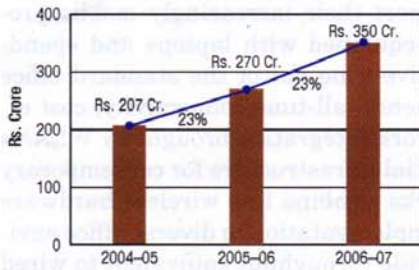


MODEM REVENUE GROWTH



video applications. The organized sector continues to move toward higher bandwidth using leased lines of 2mbps and above. Private service providers such as Bharti and Tata have established a trend of providing modems along with leased lines, which is now followed by BSNL.

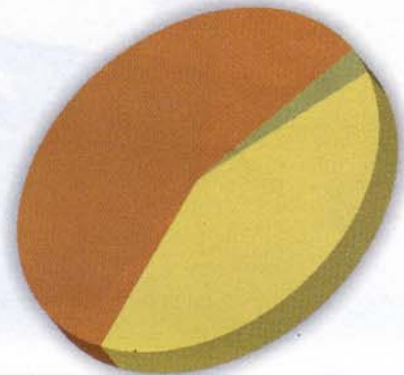
The ISDN digital subscriber line (IDSL) 64/ 128k leased line will see a major growth in banking and finance verticals besides segments such as railway and airline ticketing system and freight management system that need dedicated low speed links. Even though the opportunities in the market are growing, manufacturers and vendors are unable to realize its full potential. Unfavorable market-related issues, fiscal policies, and purchase policies are not encouraging Indian manufacturers.

New entrants complain that the technical specifications in tender documents invited by the public sector units (PSUs) often favor certain companies, particularly multinational companies (MNCs).

Market Dynamics. The modem market is estimated to have increased from Rs. 270 crore in 2005-06 to Rs. 350 crore in 2006-07, an

MODEM MARKET
Total Rs. 350 Crore

| Modems | Sales (In Rs.) | Share (%) |
|-------------------|----------------|-----------|
| Leased Line Modem | 200 Cr. | 57.1 |
| Broadband Modem | 140 Cr. | 40.0 |
| Others | 10 Cr. | 2.9 |



2006-2007

impressive growth of 30 percent. This growth may largely be attributed to corporations installing large capacity leased lines, SOHO broadband users exploding in numbers, and executives installing datacards for laptop connectivity while on move.

The modem market in India is dominated by four major players—Atrie, MRO-TEK, Bharti Teletech, and D-Link. Sterlite will be another significant player in 2007-08, going ahead with its new plant at Aurangabad.

In 2006-07, Atrie sold 96,000 leased line modems at an estimated value of Rs. 134 crore. The company sold 120,000 units of DSL and ADSL modems worth Rs. 18.6 crore and 40,000 ISDN modems worth Rs. 5 crore.

MRO-TEK sold 35,000 leased line modems in 2006-07 at an estimated value of Rs. 55 crore. The company also sold 10,000 units of DSL/ADSL modems, as well as smaller quantities of ISDN and fiber-optic modems. The company major customers include Bharti, Railtel, BSNL, Reli-

ance, Ericsson, Nokia, Nortel, Tata Teleservices, Idea, and Hutch.

Bharti is a market leader in the broadband modem category with an estimated 30 percent market share. This category is expected to grow at the highest rate in the coming years.

D-Link provides all categories of modems such as dial up, leased line, ADSL, and ISDN. The company, with the help of its local manufacturing facility, R&D, and across the country RMA centers, is delivering products that are customized to Indian conditions.

Nomus Comm-Systems sold 7000 leased line modems in 2006-07.

A recent Telecom Regulatory Authority of India (TRAI) report reveals that the total broadband connections (with a download speed of 256 Kbps or more) in the country have reached 2.43 million by the end of April 2007, while it was 1.40 million in April 2006. Such an impressive growth rate indicates great prospects for the modem market in the coming years. ■



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