

# GTL Ranked No. 1 in Telecom Turnkey Space

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## Unnatural Scenario

Even with many new players entering the telecom business space, and existing players increasing their portfolio, the turnkey industry showed a negative growth

**D**espite tremendous growth in the telecom industry, it was not a good year for telecom turnkey players. Estimated at Rs 3,311 crore, this sector has shown negative growth. A major player in this space, ITI has been declared a sick company as per the provisions of SICA 1985. Among the big players, only GTL has shown positive growth.

The focus on improving the quality of service and the need to cater to new subscribers is making operators strengthen their presence in existing circles.

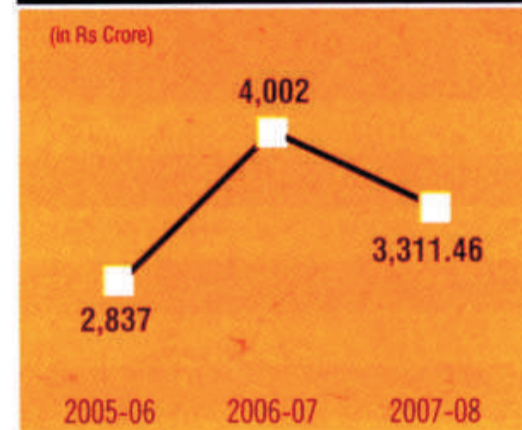
Managed services deals replacing supply deals have become the new mantra for telecom players. The trend has been firmly established with almost all the operators signing the managed service deals. The new

operators are also likely to follow the trend.

### Key Players

The current year has been good for GTL. It has partnered with Ericsson to offer Managed Network Infrastructure Services to network operators and service providers in Europe. It also entered into an alliance with Vanu, for conducting active infrastructure sharing trials in India. In terms of turnkey orders, the performance was quite impressive. This year, GTL has orders from Idea to roll out BTS sites at locations across Gujarat, MP, and Maharashtra. The work includes supply, installation, erection, testing and commissioning, and PMS services. GTL also got orders from Reliance for BTS construction turnkey works

### MARKET SIZE



V&D estimates CyberMedia Research

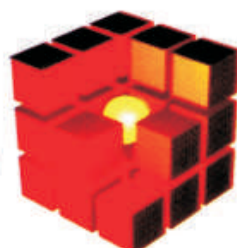
in seven circles.

Network deployment for telecom infrastructure roll out by Motorola for MTNL was also bagged by GTL. In the second quarter, GTL got orders valued at Rs 335 crore. It has also bagged deals from Aircel and Idea for network deployment, and Huawei has awarded an order to GTL for design and network planning at 7,800 sites. The total value of GTL's orders in FY 2007-08 is Rs 1,411 crore.

In the same period, GTL has made two strategic acquisitions to foray into international markets. The acquisition of ADA Cellworks would help GTL to access new markets like China, Indonesia, Taiwan, and the US. GTL's second acquisition, SCS, will allow GTL to expand its business to North America. In FY 2007-08, the total revenue of GTL from its turnkey business was Rs 1,004 crore, which is approximately 40% more of its revenue in FY 2006-07. In FY 2006-07, GTL's revenue was Rs 750 crore.



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## Top Players (FY 2007-08)

Rank	Company	Revenue (in Rs Crore)		Growth (%)
		FY '06-07	FY '07-08	
1	GTL	750	1,004	33.9
2	ITI	1,401	815	-41.8
3	ORG	314	290	-7.6
4	TCIL	300	250	-16.7
5	UTL	195	165	-15.4
6	HFCL	577	156	-72.9
7	Nutek	-	75	-
8	Others*	465	556	19.6
<b>Total</b>		<b>4,002</b>	<b>3,311.46</b>	<b>-17.3</b>

\*includes Sasken, CH2M Hill, Astar  
V&D estimates

CyberMedia Research

A small player like Nutek also showed positive growth. The total estimated revenue for FY 2007-08 was Rs 100 crore, out of which the turnkey services share was Rs 73.5 crore. The main orders for telecom turnkey were from Nokia for the BSNL GSM project in J&K, Haryana and UP (East) circles; TTSL in J&K, UP East, UP West, Rajasthan, West Bengal, Bihar and Jharkhand circles; Idea Cellular in Mumbai Circle; Reliance Communications for Delhi, UP East, Mumbai and Haryana circles.

UP (East), and Karnataka circles; Motorola for MTNL, Delhi circle; ZTE for Aircel, Bihar and BSNL CDMA sites. It also got project management orders from Sterling Projects for TTSL rollout in Delhi, Haryana, UP (West), UP (East), Maharashtra, Tamil Nadu.

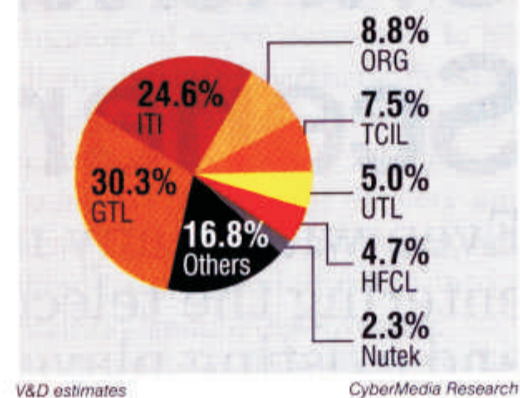
Telecom for Rajasthan and West Bengal circles; operations and maintenance activities from Ericsson for BSNL circles in J&K and Haryana; and Aircel J&K Circle. In FY 2008-09, the company is targeting revenue of around Rs 200 crore, as it already has orders worth Rs 150 crore for that period.

Another small player in this space is ORG Telecom. Though it has a number of deals, this year's revenue shows negative at around Rs 290 crore, compared to Rs 324 crore for the previous fiscal.

ORG has orders of TCIL for Rs 6.5 crore; LCR for Ericsson which is a tie up with Intec for Rs 4.6 crore; Collegiate of education for Rs 2.2 crore; and from Power Grid Corporation India (PGCIL) and Government of Jharkhand. Besides these orders,

## MARKET SHARE

Total Market Size: Rs 3311.46 crore (FY 2007-08)



V&D estimates

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ORG has received turnkey orders for CDMA networks in Tanzania, VSAT projects in Afghanistan and Nepal, and NIB project as well.

## Industry Outlook

The telecom turnkey players are under a lot of stress both from OEMs and service providers. With margins decreasing, players have to improve logistics, installation, and commissioning.

It seems that the demand for wireless services in the country has led to increasing demands in rural and urban pockets of the country. Having provided good coverage in urban areas, the focus now is on providing maximum rural coverage.

The telecom turnkey size is expected to grow with the addition of new players and the need for the operators to have a pan-India presence.

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