

DIALING GROWTH

The Growth Story of Indian Handset Brands

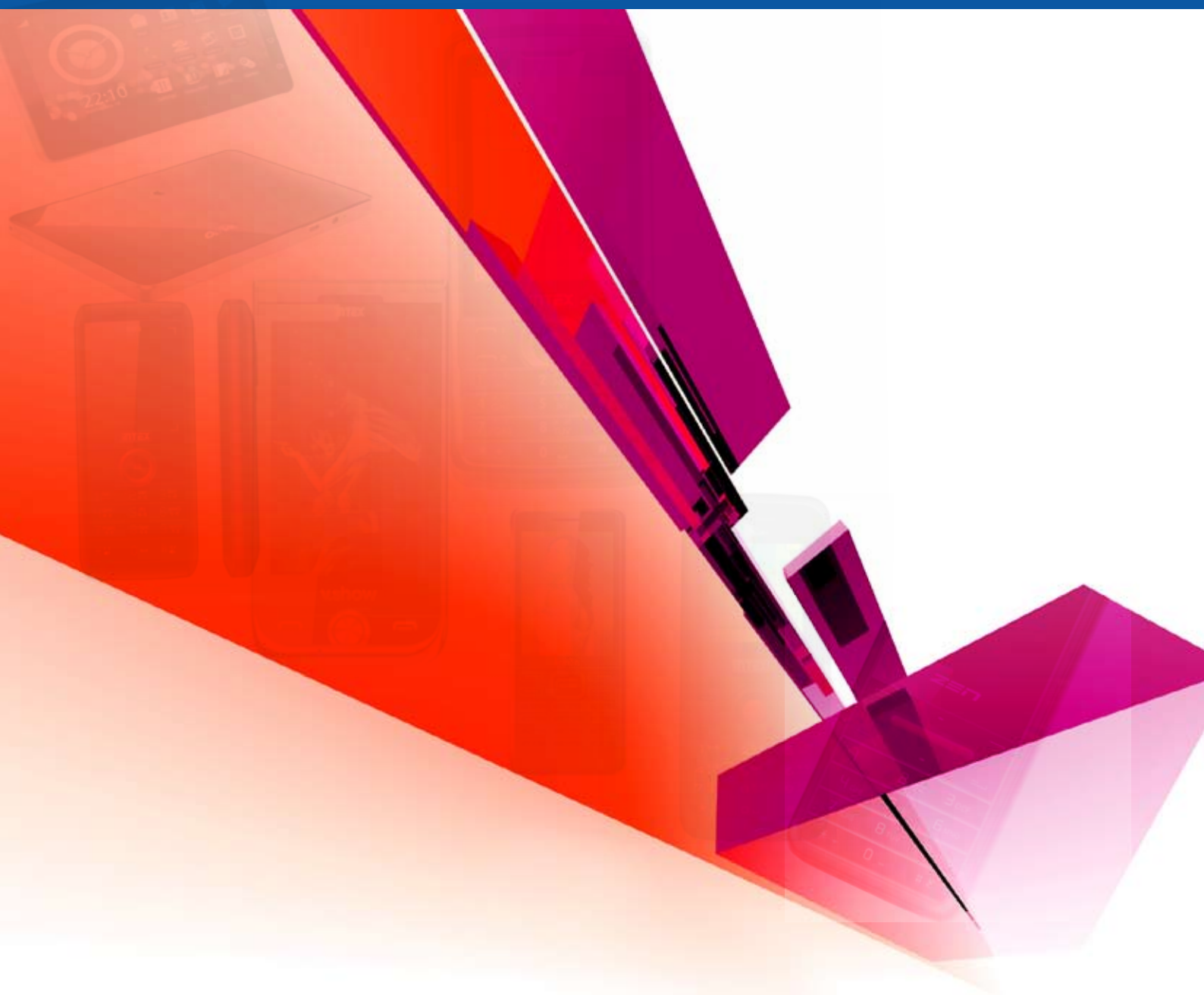


Table of Contents

About the Report	3
Intex	4
Videocon Mobiles	10
Lava Mobiles	15
Maxx Mobile	19
Onida Mobiles	24
Wynncom Mobiles	27
Olive Telecom	30

About the Report

In the second part of the report on Indian Handset Brands, we continue to profile the major players who, between them, have re-written the market share map of the Indian mobile device market in a few short years.

The first section of the report profiles the remaining large players, followed by Section 2, where we have briefly profiled the most important smaller players.

Once this report has been reviewed, Part I and II will be integrated into one comprehensive report.



INTEX

Ownership and Investors

Intex Technologies was found in 1996, by first-generation entrepreneur Narendra Bansal. It continues to be largely held by Bansal and his family members.

Started with an initial product line of Ethernet cards, Intex today sells 350 SKUs spread over 28 product groups. The business of the company is spread over the following verticals:

- IT: Consists of two sets of offerings around (a) computers, monitors and (b) Peripherals
- Mobile phones
- Consumer Electronics
- Security software
- Retail
- Power electronics (inverters, batteries)

In addition the company has specific business divisions for international business and enterprise business. All divisions are part of the same company – Intex Technologies.

The company is not publicly listed, but there are media reports of the company looking to raise capital of ₹2500 million - 3000 million (USD 55 million-65 million) through the PE route. According to the company, there are no concrete plans on this front as yet.

Manufacturing strategy, manufacturing locations

The company has three manufacturing units, two in Himachal Pradesh and one in Jammu&Kashmir. However, production in these units is limited to Computer multi-media speaker units & speakers, Desktops, Notebooks, DVD Players and Computer UPS.

In the case of mobile phones, the units are primarily manufactured in China and Taiwan. Only design activities are carried out in India at the company's Centre for Design in New Delhi.

Typical cycle time for products from design to dealer at Intex is around 9 months to 1 year. In the case of basic phones, cycle time is as low as six months.

Distribution strategy

OEMs in China and other locations ship to two mother warehouses in New Delhi and Chennai. Products are then further distributed through super stockists, onward to distributors and dealers. The company follows a dual distribution approach. Certain products are shipped through the three tier route to super stockists, then dealers and distributors. Others are shipped through the two tier route through distributors and then dealers. The company says that the dual approach is a strategic decision. In all, it has 3000 super stockists and 20,000 dealers (the company defines dealers to include all retail points of presence).

In addition, Intex phones are retailed through the company's branded retail stores – Intex Square – which retail all of the product lines of the company. In fact the entire distribution network is shared by Intex's multiple verticals.

Distribution networks are strongest in the North, West and East India. Intex is now rolling out in the southern region as well.

Customer Support Organization

The company has common customer support networks for its multiple product categories. There are a total of 550 service points.

The support organisation has a central head, to whom the state-level teams report. Each state HQ in turn manages multiple support centres within the state.

The company reports that 90% of complaints are resolved at walk-in customer support centres with average resolution time being 24-48 hours. In the case of complex issues that are escalated to state level support centres, the customer is usually offered a temporary replacement handset.

Table 1: Customer Support Score Card for Intex

Customer Support Score Card					
			Customer Service Response Test**		
Service	Toll free number	No of Walk in service centres	Responsiveness**	Turnaround time*	Escalation process*
9 am to 6 pm	18001038822	550	3	2	3

* Graded on a scale of 1-5 where 1=Extremely poor, 2=Poor, 3=Adequate, 4=Good, 5+ Excellent

** Based on actual calls to customer helplines

Details of key products

Intex handsets can be categorized as:

- GSM+GSM
- GSM+CDMA
- GSM+CDMA+GSM
- GSM
- CDMA

Some Top selling models

Basic range

Intex Nano

The Intex Nano is an affordable price mobile phone from Intex. It is a small form factor mobile (nano) phone with FM radio, Music Player, and expandable memory. The phone is targeted at basic phone users. The average market price of this phone is around ₹1339 (USD 30).

Features:

- Dual band GSM
- FM Radio
- Small Form Factor
- Track ball for navigation
- Colour display



Intex Gem

A plain-Jane handset with all useful features, the Intex Gem is a Dual SIM entry level phone. The phone is targeted at the masses with its great user-friendly appeal and feature-rich portfolio. A GSM + GSM model, it has expandable memory up to 4 GB. The average market price of this phone is around ₹1350 (USD 30).

Features:

- Dual SIM
- 4.57 cm (1.8) Colour Display
- FM Radio
- Music player
- Torch light dual LED
- Expandable memory (up to 4GB)
- Auto call record

Entertainment range

Intex 4477

The Intex 4477 is a premium looking Dual-SIM GSM Handset featuring FM radio, Music player, VGA camera, and MicroSD card slot with up to 8GB capacity. The phone is targeted at the needs of the people living in Tier II & III regions (rural and semi-urban consumers) of the country that typically experience long and frequent daily power cuts making it difficult to frequently recharge the battery. The average market price of this phone is around ₹3800 (USD 85).

Features:

- Dual SIM
- FM Radio
- Audio and video player
- 6.1 cm (2.4) TFT display
- Bluetooth (A2DP)
- PC Synchronization
- WAP/GPRS/Modem
- Auto call record



Intex 4470N

Intex 4470N is a Bar style Dual SIM Mobile phone. It is a GSM+GSM power packed multimedia mobile phone supporting live video chat and conferencing facility. Video chatting is done over 2G GPRS with inbuilt chat application. The average market price of this phone is around ₹2850 (USD 65).

- Dual SIM
- FM Radio
- Audio and video player
- Dual camera (1.3MP+VGA)
- Expandable memory (8GB)
- Bluetooth (A2DP)

Market Segmentation

Intex's primary markets are rural areas and Tier-II and Tier-III cities. The company does not have a strong market position in metros and large cities. Geographically, North and West India contribute to the largest percentage of sales.

According to reports, the mobile phone segment contributes about 25% of Intex's revenue and Intex aims to capitalize on the potential of this target segment to increase the number to 35% by the end of FY 2010-11.

The company's phones are divided into two categories:

Basic phones – These phones have 'base hygiene factor features' for the price sensitive customer. The typical profile of such users is college students, people from lower income segments as well as the second mobile phone user in a household.

Entertainment phones – These are feature rich phones with value adds ('projector' phone, etc) that are targeted at the youth segment. For example, V.Show IN8810, the projector phone by Intex, is a dual SIM-dual camera-touch screen phone that has an in-built projector capable of projecting mobile content on a screen up-to a distance of 12 ft and is powered by battery that allows for 3 hours of projection time. The price of this handset ranges from ₹15000-16000 (USD 325 to 350)

Entertainment phones contribute 60% of the company's sales, with basic phones making up the rest.



Brand strategy

The company's brand promise is built on the following values:

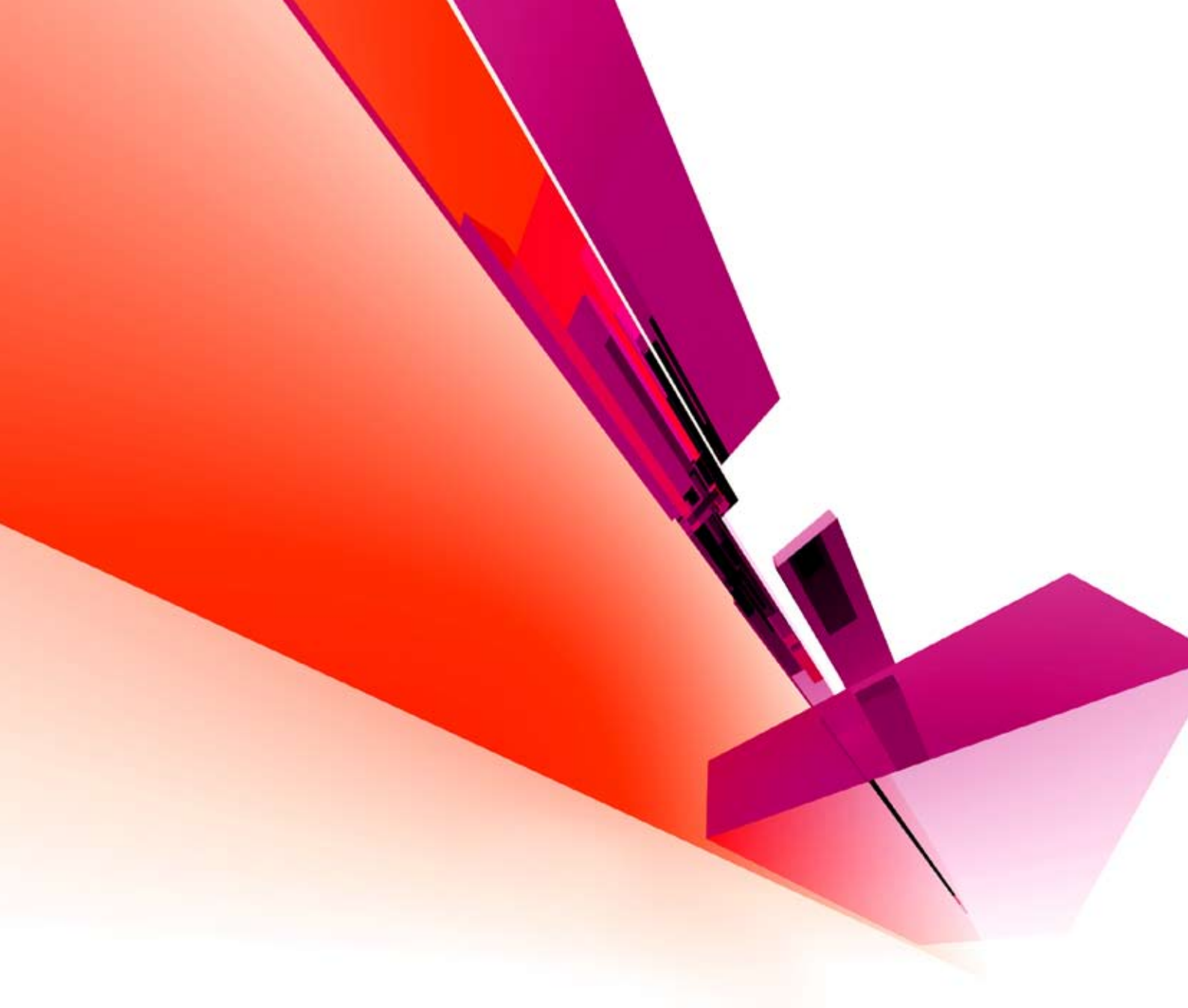
- A player that offers feature rich but affordable phones
- Quality product from a trusted brand
- Value for Money
- Service orientation
- Innovation

These are reflected in the company's tagline – 'Demand More.'

The company has recently begun to focus on brand promotions. It has recently sponsored popular shows on leading General Entertainment Channels (GEC) and plans to extend this activity further. Cricket is another area of interest for the brand and Intex has invested in niche sponsorships in this area. It currently does not have any celebrity endorsers.

List of Tables and Charts

Table 1: Customer Support Score Card for Intex	6
Fig 1: Videocon Mobiles ownership structure	11
Table 2: Customer Support Score Card for Videocon	12
Table 3: Customer Support Score Card for Lava	16
Table 4: Customer Support Score Card for Maxx	21



Prayag Consulting Pvt Ltd
45/B, 2nd Floor, Front Wing, 1st Main, J P Nagar, 3rd Phase
Bangalore - 560 078

Phone: +91 80 26593328/29, 41200439

Fax: +91 80 26593328