

# With diversification, ITI makes a turnaround of fortunes

**The firm clocked two successive years of profits**

**NIKHIL VARMA**  
BENGALURU, DHNS

At a time when the public sector undertakings in the telecom space are facing multiple issues, losing market share and employees to new-age competitors, Bengaluru-based 72-year-old Indian Telephone Industries Limited (ITI) is making a steady comeback from obscurity, after being in the red for almost two decades.

It is making a turnaround by diversifying and widening its focus on multiple sectors. This includes the National Population Register, multiple optical fibres laying projects and solar panel manufacturing as well. Last year, the company bagged a cumulative orders worth Rs 4,000 crore as part of the Bharatnet phase 2 project.

In 2018-19, the company reported a total turnover of Rs 1,894 crore, an 11.3% growth from Rs 1,703 in the previous fiscal. The company also announced a net profit of Rs 111 crore,

without government grants, a second successive year of profits. With a multitude of projects in its kitty, it hopes to cross the Rs 3,000 crore turnover mark in the ongoing fiscal.

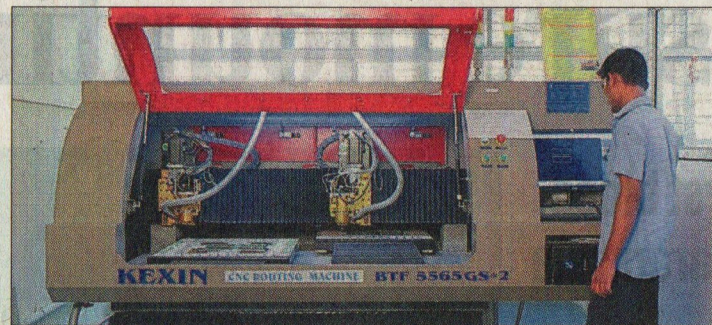
## Among early PSUs

ITI was one of the first PSU's set up in independent India, in Bengaluru in 1948 to provide a boost to the country's fledgling and strategically important telecom industry. Expanding from the city, the company set up centres across the country, in Srinagar, Palakkad, Mankapur, Naini and Rae Bareilly. In its golden age, it was one of the biggest PSUs in the country, boasting of an annual turnover of Rs 4,500 crore and employing about 30,000 people.

However, post-liberalisation and in the beginnings of the mobile telephony era, the company began to face massive losses, and gradually slipped from public view. Creaking infrastructure and attrition meant that the company's productivity also began to go down.

On the heels of a revival package by the government in 2014, the company had posted annual revenue of only Rs 630 crore in 2014. "We were making losses and are seeing a turnaround now.

In the past four years, we have seen revenue rise from Rs 630 crore



Computer Numerical Control router at an ITI centre.

in 2014 to Rs 1,894 crore presently," said K Alagesan, Chairman & Managing Director, ITI.

## Revival package

The Cabinet Committee on Economic Affairs approved a revival plan in February 2014, that saw the financial restructuring of the firm with a fund infusion of Rs 4,157 crore. Government filings state that of the amount, while a capital grant of Rs 2,264 crore was given in the form of equity for project implementation (CAPEX), up-grading manufacturing infrastructure at various units and for new projects. The rest of the amount was in the form of grant-in-aid for statutory liabilities and other commitments made by ITI.

One of the main focus areas was

on upgrading infrastructure and getting new machinery. "Most of our machinery was ancient and needed upgrades, especially since telecom is a very competitive field. We also began to start creating a wide range of electronics. We are working very closely with ISRO as one of their preferred electronics partners and many of our components have been utilised in the Chandrayaan project," states Alagesan.

## Defence pivot

This is not the only area the company is focussing on. The R&D centre was revived and is working with the army and paramilitary forces in supplying encryption equipment ranging from very low bit rate (Kbps using RS-232) up to STM-4 (622 MHz). It has been

deployed in multiple national defence networks.

It is also involved in the implementation of the Rs 7,000-crore (\$1 billion) Phase-IV Army Static Switched Communication Network (ASCON) project. Alagesan says that the project includes civil works for providing the complete infrastructure required at various sites and optical fibre network besides supply, installation, commissioning and maintenance of telecom equipment like IP/MPLS routers, microwave radio, satellite terminals and so on.

## Smart card manufacture

The company has received a certificate of compliance for Mastercard production at the Palakkad plant recently. "ITI is the first PSU in the country certified for RuPay and the Mastercard production and is the certified vendor under the Mastercard global vendor certification programme. We also run a facility to repair damaged cards at the plant," points out Alagesan.

With startups throwing up new-age solutions, the company is also creating a startup hub with about 100 seats in Bengaluru. "We want to offer our facilities to startups. We are looking to increase capacity to about 1,000 seats. We shall look

at technology transfers and related issues in due course," he said.

Another focus area is the manufacture of Smart energy meters. ITI is manufacturing smart meters for implementation of smart grid projects across the country.

The smart metres, the company says will enable power distribution companies to obtain the energy consumption data of each consumer.

## What next

ITI is planning to explore opportunities in the IoT, e-Governance, ICT areas in addition to telecommunication and defence projects and plans to work on solutions for encryption of mobile handsets, HF radio, software-defined radio (SDR), STM 256/40G IP, encryption with public key and similar projects.

