

# Economy & Business

## ITI banks on IoT, startups to return to high growth

By diversifying into Information and Communication Technology, among others, the ailing PSU has drawn up a roadmap for revival

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**I**TI Ltd (formerly, Indian Telephone Industries), independent India's first public sector unit, which has been ailing for more than a decade, is now on a revival path, thanks to a revival package and continued support from the government. The company is entering into services business and emerging areas like data centres and IoT, besides partnership with startups to achieve its desired goals of becoming a profitable entity once again.

The Bengaluru-based seven-decade old (established in 1948) manufacturer of telecom products such as switching, transmission, access and subscriber premises equipment, ITI lost substantial market to private players and Chinese companies during 2002-03. Despite having best of technology and infrastructure in terms of modern manufacturing facilities, ITI started incurring losses due to falling prices of telecom equipment, rapid changes in technology, the high cost of production and employee costs. While the telecom sector witnessed rapid growth, ITI declined and went into losses in 2003. It was declared sick and referred to BIFR in 2004. A decade later, the BIFR approved a Rs 4,156 crore revival package in 2014.

"At that time, our R&D centre was taken from us and given to C-DAC. Left in the lurch, ITI's fortune started sliding from FY2003, and was later declared a sick unit. We were getting grants from the Centre to clear our profit and loss accounts. Though struggling for the past 15 years, the company is on the path to recovery since two years, backed by a resurgent management," Sudarsanam Gopu, Chairman and Managing Director, ITI Ltd told *DH*.

Since then, ITI has been reducing losses and reported a net profit of Rs 305 crore for the year ended March 2017. Its total income for the year ended March 2017 was 1,903 crore, up from 1,674 crore for the previous year. The net profit figures for 2016-17 are after taking into account grants from the government. Further, ITI's losses have drastically come down to Rs 56 crore in 2016-17, from Rs 247 crore in 2015-16, without any government grants. As on date, it has an order book of Rs 1,600 crore.

Today, ITI boasts of having ultra modern manufacturing facilities spread across six locations, and a nationwide network of marketing/service outlets. It offers a complete range of telecom products and total solutions covering the whole spectrum of switching, transmission, access and sub-



scriber premises equipment. It contributes 50% of the present national telecom network, where copper and optical fibres are important.

"We had the legacy and were under a protected environment. We were the largest exchange manufacturers in India, and we have installed 80% of landline telephone exchanges in the country," Gopu said adding that the company is now on its way to come out of its debt.

The company joined Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareilly plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

ITI came to realise that by sticking to only telecom manufacturing, it could not go ahead with the turnaround. The company is diversifying into Information and Communication Technology (ICT) to hone its competitive edge in the convergence market by deploying its rich telecom ex-

pertise and vast infrastructure. Network management systems, encryption technology and networking solutions for Internet connectivity are some of its major initiatives.

"Even though ITI's core strength is in telecom, we started focusing on defence, where we were pioneers in encryption secrecy. In the last two years, we came to realise the importance of utilising initiatives like Digital India, Make in India and Bharat Net (which gives broadband connectivity to 2.5 lakh villages). In line with our road map, 30% of our business continues to come from telecom manufacturing, 30% from services oriented work like AMC, and citizen-centric projects, while the rest 30% will be generated from IoT and Smart City projects," he said.

The company is currently executing Gigabit Passive Optical Networks (GPON) order of Bharat Broadband Network with C-DOT technology for the Bharat Net project. ITI has also received orders for GPON from BSNL, and is expecting an order from Railtel. It has secured an order for Broadband NMS network, and cards for C-DoT AN RAX from BSNL. In addition, it has orders for MIL PCM and different projects for defence, including encryption products.

Gopu said the company is strategically looking at a turnaround plan by focusing on new business units. "IoT is a business vertical where lots of our products and services can be aligned with our existing capability. ITI's upcoming Centre of Excellence (CoE) will help us exhibit these solutions," he said, pointing out that IoT solutions for Smart Cities is a vast area and many are not aware of it properly.

"We want the CoE to exhibit the technology prowess of ITI, along with other partners, and the main areas include smart health, smart transport, smart infrastructure, smart environment, smart water and waste management, among others. We have also tied up with startups to come up with solutions on this front," he said.

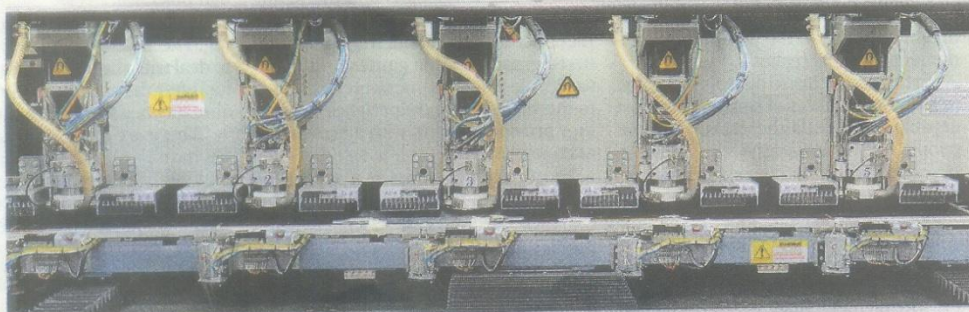
The CoE, spread over 20,000 sq feet, will help ITI exhibit its product under MoUs with partners and startups. "We have around 20 MoUs in this area, and plan to exhibit solutions in digital form or play card in live demonstration. We are participating in the tendering process of Smart City projects, and municipal authorities can come and experience our solutions," said Gopu.

ITI is working with close to 22 startups including Cardiac Design Labs, Yuktix Technologies, Citrus Platform Solutions, and Hanbit Automation. "Most of these startups are in the realms of IoT and Smart Cities. ITI is helping startups manufacture prototypes and even handholds them in going to market," he said. With a total employee strength of around 4,000, ITI is embarking on renewed skilling initiatives to equip them to take on new tech challenges.

Under the Swachh Bharat Mission, ITI is associated with the Ministry of Urban Development to install feedback devices at public and private toilets to regularly monitor and maintain cleanliness. Recently, the ministry gave directives to 12 state governments to consider procurement of feedback devices from ITI.

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A high speed CNC micro drilling machine at the ITI Limited factory in Bengaluru. DH PHOTO