

ITI is back from the brink

After adopting new technology, the once loss-making company now has a net profit of ₹305 crore

Nitindra Bandyopadhyay
nitindra.b@timesgroup.com

TWEETS @nitinbMirror

Thirteen years after it first sought government bailout to wipe out accumulated losses, ITI Limited, the state-run telecom equipment firm, is making a silent albeit strong comeback.

The Bengaluru-based company was referred to the Board for Industrial and Financial Reconstruction (BIFR) and was declared sick and loss-making company after profits slumped in 2003.

Cut to 2017. And the company now has a net profit of ₹305 crore.

All thanks to shedding old ways and adopting new technology such as the Internet of Things, manufacturing fibre optic cables and ducts, 3D printing, data centres and start-up incubation centres.

In 2014, ITI received a revival package of ₹4,156 crore after people from within the management decided to change the gloom that set over the industry. ITI's performance for the financial year 2016-17 was phenomenal. The company's total income for the year ended March 31, 2017 was ₹1,903 crore, up from ₹1,674 crore for the year ended March 31, 2016. Net profit for the period before tax (after exceptional and extraordinary



S Gopu, ITI's chairman and managing director

ITI has set up data centres for assisting banks with their ATM work and has even entered the field of space to design communication devices for India's Space Mission

items) increased by 21% to ₹305 crore for the year ended March 31, 2017 as against ₹251 crore for the previous year. As of date, ITI has order book of ₹1,600 crore.

The net profit figures for 2015-

16 and 2016-17 are after taking into account grants from the government. Further, ITI's losses have drastically come down to ₹56 crore in 2016-17 from ₹247 crore in 2015-16, without any government grant. "After resuming office, the team charted a course of action and my first attempt was to shed the image that we are just a telecom gear manufacturer," S Gopu, ITI's chairman and managing director, told *Bangalore Mirror*.

The downfall of the company started back in 2000 as it failed to keep pace with the rapidly changing technology. Prices of telecom continued to fall as more and more

multinationals got a level-playing field in the country.

The final nail in the coffin came when its research and development capability was transferred to the Center for Development of Advanced Computing.

Profits slumped and by 2003 the company was listed as sick. The staff lost morale and in a matter of time the sprawling ITI Township, around which the city of Bengaluru grew, donned a deserted look.

"It was not easy, but we never lost hope. After we got the severance package, we decided to diversify and started assisting the government on its digital mission. Also, we set up our own data centres for assisting banks with their ATM work and even entered the field of space to design communication devices for India's Space Mission," Gopu said.

The company now houses a 3D printing station for designing prototypes for Hindustan Aeronautical Limited. It has also opened its arms for startup entrepreneurs and incubate the one who manage to impress the management with their proof of concept. Besides this, the company is heavily investing in IoT products. The company is planning to break-even without any government grants in 2017-18 with an eye of the future.