

ITI disinvestment may face delay

Telecom equipment maker expects follow-on public offer to hit markets by December

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State-owned telecommunications services provider and equipment maker ITI Ltd.'s, plans of a follow-on public share offer to meet market regulator Securities and Exchange Board of India's minimum public shareholding requirement of 25% has been delayed, two people familiar with the development said.

"We are awaiting the government's order on divestment of its shares," S. Gopu, chairman and managing director of the Bengaluru-based company, said in an interview on Monday. He did not elaborate further but two top officials confirmed that the firm would proceed with a follow-on offer.

"The Department of Telecommunications has given its nod for the plan to go ahead this month," said K. Alagesan, director, production. "In July, the Cabinet Committee on Economic Af-



Get, set, go: ITI is awaiting the government's order on divestment of its shares, says CMD S. Gopu. ■ SUDHAKARA JAIN

fairs had extended all the divestment plans to August next year. Still, we are working on the offer to hit the market by December this year."

"Department of Investment and Public Asset Management (DIPAM) is yet to give its approval," Mr. Alagesan said. The Department of Disinvestment was

renamed as DIPAM from April 14, 2016.

'Revival plan'

The Centre and the Karnataka government together hold 94.86% of ITI and 5.14% is held by public. The Union government, in February 2014, had approved a revival plan for ITI with a funding support of

₹4,156.79 crore. It comprised ₹2,264 crore as equity for capital expenditure for upgradation of manufacturing infrastructure in all the six plants of ITI for implementation of new projects and ₹1,892.79 crore as grant-in-aid to clear part of its liabilities.

Out of ₹2,264 crore, government had already released ₹192 crore as first-phase disbursement to the company towards capital expenditure and has made an allocation of ₹80 crore for capital expenditure for the year 2016-17. The infrastructure upgradation for implementation of various projects was completed at different plants of ITI and some of the projects are under implementation.

Government support will help ITI enter into manufacturing of products in different market domains 'in a big way', Mr. Gopu said. "After necessary permissions from the government, we are

planning to enter markets in Africa and neighbouring Bhutan."

Under the revival plan, several projects have been planned for implementation at various manufacturing plants of ITI. In addition to telecom products such as GPON (Gigabit Passive Optical Network), MLLN (Managed Leased Line Network) and broadband equipment, a major thrust has been given for the manufacture of encrypted telecommunication equipments required for the defence sector, Mr. Gopu said.

ITI has six manufacturing plants located in Bengaluru; Rae Bareli, Mankapur and Naini in Uttar Pradesh; Palakkad in Kerala; and in Srinagar.

For the year ended March 2017, ITI posted a revenue of ₹1,903 crore compared with ₹1,674 crore in the last fiscal year. Net profit before tax for the period rose 21% to ₹305 crore.