

How telecom gear-maker ITI turned around

Focus on data centres, Internet of Things is starting to pay off

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Bengaluru, August 15

Thirteen years after it filed with the Board for Industrial and Financial Reconstruction (BIFR), ITI, the public sector-backed telecom equipment maker, has embraced change and turned its focus into new areas such as data centres and Internet of Things (IoT).

From the time, ITI, India's first public sector unit, known widely as maker of landline phones, got a nod for a revival package, has almost turned the corner. S Gopu, Chairman and Managing Director, ITI, told *BusinessLine* that since 2014, exactly three years back, after it got a ₹4,156-crore package from the government, things have started to change.

"We have diversified, entered into new business areas like data centres and IoT," he said. At the same time, the company had to reduce costs, manage manpower and compete in an intensely competitive marketplace, with the odds stacked



S Gopu, Chairman and Managing Director, ITI Ltd SUDHAKARA JAIN

against it. It has aligned with government-backed initiatives like "Digital India", "Swachh Bharat" and BharatNet.

To understand ITI's turnaround, one needs to take a look at its past. The company, which was shielded in the past due to government rules, started incurring losses in the early 2000s, due to falling prices of telecom equipment due to multinational entrants. This coupled with rapid changes in

technology, high cost of production, employee costs and its R&D capability taken away and given to Centre for Development of Advanced Computing (C-DAC) contributed to its downfall. Subsequently, in 2003 it was declared sick and referred to BIFR the next year. However, government official sources pointed out that the assistance was mostly non-cash, included loan write-offs and a proposal to make the company

Since revival package...

- ITI has partnered with IoT start-ups
- The objective is to get into the 'Smart Infrastructure' business
- It focusses on technology in line with 'Make in India'
- Has established a Tier-3 data centre and a security network operations centre
- Has implemented R-APDRP project for Tamil Nadu & Puducherry for 'Smart Meters'

a sole supplier to the armed forces was rejected.

Future strategy

As a part of the turnaround, a detailed plan on the future strategy was drawn up by Gopu and his team. "We decided to look beyond telecom and saw broader opportunities in IoT, data centres, with increasing technology usage," he said.

Subsequently, ITI set up a data centre in Bengaluru, managing ATM networks as it believes that this large-scale usage of technology needs a data centre at the backend to host large amounts of data. With this shift, the results are start-

ing to show. ITI has been reducing losses and reported a net profit of ₹305 crore for the year ended March 2017. Its total income for 2017 fiscal was ₹1,903 crore, up from ₹1,674 crore in the previous year. Net profit for 2016-17 is after factoring government grants. Further, ITI's losses have drastically come down to ₹56 crore in 2016-17, from ₹247 crore in 2015-16, without any government grants. Also, it has an order book of ₹1,600 crore.

Pact with start-ups

Additionally, an IoT team is in place to finalise partnerships with potential IoT device makers, which could be a \$15 billion market in India by 2020. It has partnered with start-ups such as Cardiac Design Labs, Yuktix Technologies and Citrus Platform Solutions. "Start-ups need handholding to navigate the government machinery and we can do that," pointed out Gopu.

"While the results are positive, how the company manages relationships with start-ups at a time when even private enterprises are eyeing them remains to be seen," said Sanchit Vir Gogia, founder, Greyhound Research.