

# ITC resumes making, distributing cigarettes

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After a hiatus of over a month, ITC has resumed cigarette production and distribution, which is expected to ease the shortage of cigarettes in the market.

The category leader in the country, ITC has a market share of 77 per cent in cigarettes.

It is learnt that ITC has five cigarette manufacturing plants across Kolkata, Munger, Saharanpur, Ranjangaon and Bangalore. Just after the lockdown, ITC had decided to focus solely on manufacturing of essential items like foods, personal hygiene and sanitation products while it stopped rolling out cigarettes, which is part of its non-essential portfolio.

However, during the third phase of lockdown, the Centre and state governments had eased several manufacturing norms which led ITC to decide on resuming its cigarette operations.

“The cigarette factories are progressively operating and will help support the entire value chain and livelihoods from the agricultural sector to retail wherever operational”, an ITC spokesperson told *Business Standard*.

Although ITC, over the

## RESTARTING OPS

Figures in (₹ cr)	Gross revenue in FY19	Gross profit FY19
Cigarettes	22,913	15,412
FMCG/others	12,535	326
Hotel	1,747	186
Agri business	9,565	793
Paperboards, paper & packaging	5,860	1,239

Source: Company

years, have diversified into a wide range of businesses like foods, paper and packaging, hotels, agro sector and others, cigarettes accounts for 46 per cent of its total revenue while it accounts for around 81 per cent of its gross profits.

In the 2018-19 financial year, revenue from cigarettes accounted for ₹22,913 crore from a gross revenue of ₹49,348 crore while out of a total gross profit of ₹18,199 crore, the profit from the cigarette business stood at ₹15,808 crore.

“Most of ITC’s factories which make essential food and hygiene products are already in operation with necessary permissions and stringent hygiene protocols. Around 150 factories, 2,000 wholesale distribution points and 45 warehouses are operating in essential items”, the company spokesperson told *Business Standard*.