Capacity utilisation to better in a quarter: ITC

Mumbai/Kolkata: Capacity utilisation would revert to reasonable levels in a quarter for hotels-to-FMCG major ITC, which is currently engaging teams to re-imagine the future and scenario planning to tackle the adverse impact of Covid-19 on business.

In a video conference with select media, ITC chairman Sanjiv Puri said the objective behind scenario planning is to work on revival strategies to bounce back quickly and take advantage of emerging opportunities. “We have to adapt to the situation and be agile. It’s a time for us to think of reviving and re-imagining our future as well, looking at the opportunities in the future. We have to be agile on our feet to deal with situations and scenarios as they emerge,” he said. This, he said, has been demonstrated as ITC ramped up capacity significantly to produce four times the amount of handwash and 10 times the quantity of sanitizer after the corona outbreak.

Capacity utilisations across its manufacturing locations are currently running at a low range of 25-60% depending on customer demand. “While economic activity has substantially reduced, conserving cash and reducing costs is important. What we hear is that this fight could last longer and there are chances of it (Covid-19) occurring again. It would take a quarter for a reasonable capacity utilisation to come in,” said Puri.

Puri said ITC is only running those manufacturing units where there’s a visibility of demand. With the first quarter of the current financial year expected to be “one of the worst for the economy”, Puri said the first and most important task is to revive economic activity. “As far as investments are concerned, it will correlate to demand situation. For now, product launches will be limited. We will do what is essential and critical for consumer needs,” said Puri.

Puri is optimistic about the hotels business, which is currently non-operational due to the lockdown, as and when it resumes operations in near future. Puri pointed out that there are 23 billion outbound traffic from India, which will go down for now after the lockdown is lifted and Covid19 pandemic is mitigated. “We have to redesign and create opportunities for them who would travel in India. Safety and hygiene would be a new normal,” he said.