

Indian Wine Industry

India is not traditionally a wine drinking country. Due to earlier period of prohibition in India and higher price compared to spirits like whisky and brandy manufactured in the country, the manufacture and consumption of wine in India is insignificant when compared to other countries.

The setting up of Champagne Indage's plant in 1984 in the state of Maharashtra marked the manufacture of wine on an organized scale in India. Commercial wine grape production in India has only been in existence since the 1980s.

The following factors have contributed to India's low wine consumption:

- Poor storage;
- Poor transport facilities;
- Lack of promotional activities for wine consumption in the country;
- Unfavourable rules for domestic marketing of wines except in few States;
- Stringent and regressive government rules with different taxation across various states.

The Indian wine industry has been steadily growing over the last ten years. Wine is gradually becoming a part of urban Indian life style.

Since India joined the WTO, import tariffs in the country have been remarkably reduced, thus enabling foreign exporters tap into India's vast consumer market. The wine market is gradually opening up as quantitative restrictions are being lifted, import duties are being lowered and domestic regulations are being simplified.

The following factors are adding to the higher consumption of wine in India:

- Rising incomes of Indian population;
- Changing demography;
- Exposure to new culture;
- Growth in the foreign tourists;
- Loosening of Government regulations and policies.

Types of Wines available in India:

Higher standards.....making a difference for you

There are basically three types of wine available in the country:

- Premium Wines (Still wines): In this category the Indian market is divided mainly into two major categories - White and Red wines;
- Sparkling Wines: This wine is generally considered to fall within the White wine category by many consumers;
- Fortified wines: This is not yet made or regarded as quality wines.

Further all the wines available in the above categories is divided in following three categories:

- Domestic Indian Wine: This is the wine, which is produced from Indian grapes and bottled in India by the domestic wineries.
- Foreign Bulk Wine Bottled in India: A few large domestic producers import bulk wine and bottle it in India.
- Foreign Wine Bottled in origin: More than 200 brands are currently available in this category and they are imported by Domestic players, Importers and Foreign players.

Production of Wine in India:

India has 123, 000 acres of vineyards, of which only 1% are used for wine production. The following three wine companies are currently producing wines in India:

- Chateau Indage Limited, Pune
- Grover Vineyards Limited, Bangalore
- Sula Vineyards, Nasik.

These units produce approximately 150,000 cases, each case comprising of 12 bottles. In addition, they also import about 20,000 cases of wines in bulk and bottle them in their plants. The small local winemakers produce about 100,000 cases of inferior quality wine .

Consumption of wine in India:

The 'domestic wine consumption touched more than 10 million litres in 2007, and may go up to 15 million litres for the current year, from a mere 1 million litres in 2001.



Higher standards.....making a difference for you

Nearly 80% of the demand for wine centres in the following major cities of the country - New Delhi, Mumbai, Chennai, Kolkata, Pune and Bangalore.

The consumption pattern is as follows: Mumbai (39%), Delhi (23%), Bangalore (9%) Goa (9%), where as the rest of India has only 20% consumption.

The overall consumption of wines in India is about 400,000 cases a year of which 85 percent are table wines and the remaining are the expensive varieties. Out of the 400,000 cases, about 50,000 cases are imported from various sources.

Today, the consumption per head is roughly 0.0030 litre per annum.

Market trends

India ranks 77 in terms of wine consumption in the world.

The country accounts for 0.8 per cent of the total wine consumed in Asia as compared to China which accounts for more than 62.7 per cent market share.

India's wine market is currently equivalent to around 200 people sharing one bottle but it is likely to grow at projected 22% in next three years due to the rise in domestic consumption. The current consumption is 5m bottles a year.

Contrary to popular belief that only imported wines are mainly consumed, most wines consumed in the country is locally produced, accounting for 75 per cent of the total volume.

Around a quarter of the wine consumed in the country is imported and France accounts for 41.7 per cent of wines imported by India.

In 2006, Indian winemakers sold roughly 940,000 cases of wine domestically and 60,000 cases overseas, up from 530,000 domestic cases and 30,000 overseas in 2003, according to industry figures.

In 2007, the wine sales were 7, 20,000 cases.

Higher standards.....making a difference for you

The wine industry has witnessed a CAGR of over 25% over the last 3 years in the premium wine segment mainly fuelled by the strong growth in the domestic wine consumption.

The Indian wine market currently stands at 4.6 million litres in volume terms and Rs 450 crore in value terms. The wine market is expected to grow to 8.3 million litres by 2010.

The domestic wine consumption touched more than 10 million litres in 2007, and may go up to 15 million litres for the current year, from a mere 1 million litres in 2001.

Nearly 80 per cent of wine sales are accounted for by the major cities, especially New Delhi, Mumbai, Chennai, Kolkata, Pune and Bangalore. West India accounts for over 41 per cent of total volume sales of wine in India, followed by North India, which accounts for 29 per cent of volume sales. Nearly 90 per cent of wine sales are for still (that is, red and white) wines. Around 63 per cent of the volume sales of wine are through off-trade channel in five-star hotels, pubs and bar-restaurants.

There are 54 wineries across the country out of which 52 are in Maharashtra. Maharashtra accounts for almost 94% of the country's wine production. In the fiscal year 2006-2007, the total wine production of grape wine in India was 1.42 crore litres, out of which Maharashtra's share was 1.32 crore litres. Investment in Maharashtra's wine industry has increased by 74.31% to Rs. 247.71 crore in the fiscal year 2006-2007.

Sula Vineyards sold 129,000 nine litre cases in 2007, plans to market over 190,000 in 2008 and hopes to continue growing at over 35% annually for the next three years.

Grover, which sold 60,000 cases in 2007, plans to reach the 90,000 this year. Chateau Indage, the biggest producer, has already crossed the 200,000 case mark.

Duty Regime:

Custom Duty / Excise Duty:

Higher standards.....making a difference for you

- The customs duty on wine has been increased from 100% to the maximum permissible rate of 150%.
- India scrapped additional customs duty on imported liquor, wine, and beer following a complaint by the European Union and the US in the World Trade Organization. So the excise duty has been waived on wine.
- The education cess applicable on the imports of wine has been scrapped in 2007.

Local Taxes:

- The Central Government has prescribed a maximum state excise of 25% for wine in various states.
- In Kerala, the rate of Import fee for imported wine is Rs. 2 per bulk litre.
- Maharashtra has removed excise duty on wine.
- Haryana has reduced the excise duty for wine to Rs.20.50 per proof litre from Rs.32.25 per proof litre. In addition it has reduced the export duty to 50% for the domestic industry.

Value Added Tax (VAT):

State of Maharashtra – 20%
State of Delhi – 20%
State of Haryana – 20%
State of Chandigarh – 4%
State of Karnataka - No VAT
State of Tamil Nadu - 53%
State of Kerala – 12.5%

Foreign Direct Investment Policy:

The policy for distillation of alcohol has been announced vide Press Note 4 (2006) according to which FDI up to 100% is permitted on the automatic route for distillation & brewing of alcohol subject to licensing by the appropriate authority.

Key Wine Importers:

The most sought-after imported wine brands in India are from France, and French wines account for almost half of the total imports in value terms. Italian wines are the second highest imported, followed by Australia.

Though French wines are the largest imported, wines from Australia and California are making strong inroads.

72,000 wine cases are imported mainly by ITDC, Sansula, Brindco, E & J Gallo and other private companies.

The number of wine importers in India is growing at the rate of 30% with the list of importers increasing every year.

The following are the key wine importers in India:

- Sonarys Co-Brands Pvt. Ltd. (Mumbai)
- Brindco Sales Ltd. (Delhi)
- Mohan Brothers RR (Delhi)
- International Global Tax (Delhi)
- Kiara Wines (Mumbai)
- RR International (Delhi and Mumbai)
- Fairmacs Shipstores Pvt. Ltd. (Chennai)
- Star X wines (Delhi)

Government Initiatives:

Setting up of a National Wine Board at Pune by the Government:

In response to the requirements of international wine exporters, the Indian Government has finalised the setting up of a National Wine Board (NWB) at Pune. The Union Ministry of Food Processing Industries (MFPI) will be its administrative ministry and has defined its mandate.

The National Wine Board will promote co-operative efforts among growers of grapes, apples, plums, apricots, manufacturers of raisins, juice and wine and encourage contract farming and promote grape, apple, plum, apricot processing and wine industry in general.

Higher standards.....making a difference for you

The mandate for the Wine Board is as follows:

- Promote co-operative efforts among growers of grapes, apples, plums, apricots etc., manufacturers of raisins, juice and wine and encourage contract farming.
- Promote Grape, Apples, Plum, Apricot etc. processing and wine industry in general.
- Undertake research and development in new technologies, products and processes for continuous modernization of the grape & other fruits processing and wine industry.
- Conducting courses and programmes to develop highly skilled manpower for the grape & other fruits processing and wine industry.
- Monitor cultivation and production of desired variety of grapes & other fruits and disseminate best viticulture practices.
- Identify and develop appropriate rootstock of grapes & other fruits for different geo-climatic regions of the country through research, training and extension.
- Coordination with Agriculture Universities and research institutions.
- Promote marketing and export of wine through various measures including workshops and trade shows.
- Fix grade/standards of juice, raisins and wine.
- Provide quality testing facilities for wine to meet global standards.
- Collect statistics from growers, manufacturers, traders and other persons concerned with grapes & other fruits/wine and bringing out publication of statistics so collected.
- Advise Central and State Governments on various policy issues, viz, excise policy, taxation, etc. relating to grapes & other fruits/wine.
- Advise farmers, industry and Government on commercial and technical issues relating to grapes & other fruits/wine.
- Such other matters relating to wine industry as may be prescribed by the Central Government from time to time.

Maharashtra Government:

State Excise Holiday: No Excise Duty, i.e. 100% remission for manufacturing wines for a period of 10 years, provided not to use alcohol in wines to increase strength of wine.

Higher standards.....making a difference for you

Sales Tax Holiday: Sales Tax will be applicable at the rate of 4% same as that of agriculture produce.

Octroi Holiday: Refund of Octroi is available to all units for a period of 7 years or the value 100% of the total fixed investment whichever is lower in 'C' zone.

Special Capital Incentive: At rate of 20% of fixed capital investment with monetary ceiling of Rs. 10 Lakh for SSI unit in 'C' zone.

Interest subsidy: No interest subsidy for wine unit.

Electricity Duty Exemption: 100% exemption to all new units for a period of 15 years.

Stamp Duty Exemption: 100 % exemption to all new units.

Maharashtra's wine industry received a major thrust with the new Maharashtra grape processing industrial policy being set up in 2001.

Moreover, the Government of Maharashtra has nominated Maharashtra Industrial Development Corporation (MIDC) as a nodal agency for establishment of grape wine parks in the state and would coordinate efforts of various organizations from central and state agencies and the stake holders such as farmers, processors, service providers etc. MIDC has established two wine parks under the "Food Park" scheme of the Ministry of Food Processing Industry of the Govt. of India viz. one at Palus near Miraj known as "Krishna Grape Wine Park" and the second one at Vinchur near Nasik known as "Godavari Valley Wine Park". In addition a Grape Processing and Research Institute (GPRI) at Palus under the Bharati Vidyapeeth Deemed University has also been established.

The Director General of Foreign Trade (DGFT) has declared both districts as "Agri Export Zones". The Govt. of Maharashtra has also declared a special incentive package for the grape processing industry. Thus, a number of promotional schemes are available. There are around 20 grape wine producing units in the state and many are likely to come up.

Maharashtra has imposed an additional excise duty of 200% on wine and 150% on spirits. The local wine manufacturers are exempt from excise duty, at least till 2011, according to the 10-year policy effective from 2001.

Higher standards.....making a difference for you

Out of the 62 wineries across the country, 58 wineries are in Maharashtra alone with the total investment adding up to around Rs 328.97 crore (48.77 million Euros; 77.31 million US\$). Out of which 30 wineries in Nashik district, 11 in Pune, 10 in Sangli, 3 in Solapur, 3 in Buldhana and one in Usmanabad.

Seven new wineries, one in Buldhana, two each in Nashik, Pune and Sangli were set up this year. These wineries are - York Winery (Nashik), Valle De Vin (Nashik), Grape City Winery Co-op Institute (Sangli), Ape Wines (Sangli), Deccan Plateau Vineyards (Pune), Indapur Taluka Grape Processing & Winery Co-op Institute (Pune) and Ambrosia Winery (Buldhana). More than Rs 81.26 crore has been invested in these seven wineries.

The wine industry in Maharashtra is increasing by 32.80 per cent in the financial year 2007-08, against Rs 247.71 crore (36.72 million Euros; 58.21 million US\$) in the previous year.

The total investment in the state wine industry has grown four times since the last five years from Rs 77.75 crore (11.52 million Euros; 18.27 million US\$) in 2004 to Rs 328.97 crore (48.77 million Euros; 77.31 million US\$) in 2008. Investment made in the state wine industry was Rs 110.17 crore (16.33 million Euros; 25.89 million US\$) in 2005, Rs 160.31 crore (23.76 million Euros; 37.67 million US\$) in 2006 and Rs 247.71 crore (36.72 million Euros; 58.21 million US\$) in 2007.

Today, out of total grape wine production in India, Maharashtra accounts for almost 97 per cent of India's total wine produce. In FY08, the total wine production in India was 22.5 million litres, out of which Maharashtra's share was a whopping 21.1 million litres.

Localisation of the Wine Industry:

The following are the major wine producing regions in the country:

- 1. Nashik Region (Maharashtra)**
- 2. Sangli Region (Maharashtra)**

Most of the Indian wineries are located in these two regions including the largest Chateau Indage and Sula Vineyards. Chateau Indage is a winery located in Narayangaon, which is located close to Pune. Sula Vineyards is situated in Mumbai.

There are 54 wineries across the country. Out of them, 52 wineries are in Maharashtra, including 28 wineries in Nasik district, 8 in Sangli, 9 in Pune, 3 in Solapur, 2 in Buldhana and 1 in Usmanabad.

The Maharashtra Industrial Development Corporation has set up two Wine Parks in the State: Vinchur, near Nasik (151.36 Hectares) and Palus, near Sangli (53.70 Hectares).

3. Bangalore Region (Karnataka)

The third largest wine producer of India, Grover Vineyards has its winery situated in this region.

4. Himachal Region (Himachal Pradesh)

Chateau Indage has planted merlot, cabernet and sauvignon blanc grape varieties in Kullu and Manali where it is planning to get into production in three years.

Major Indian Wine Companies:

Most of the wineries in are located in Nashik in the state of Maharashtra in the south west of India. At present, India has about 60 wineries with an estimated investment of about USD 60 million.

The following three wine companies are the major wine producing companies in India:

- **Chateau Indage Limited**, Pune: This is the largest, both by volume as well as valuation. They are the pioneers of the wine industry in India with their wineries at Narayangaon (on the Pune – Nashik road), Indage launched the sparkling wine Marquise de Pompadour in 1986, Riviera soon after, and Chantilli in 1989. They were also the first to make 'Bottled in India' wines which has since been discontinued.
- **Grover Vineyards Limited**, Bangalore: This was set-up near Bangalore in 1989 after the promoters tested soil and climatic conditions in various locations – including their native Maharashtra – and settled on the area north of Bangalore as being ideal. Their first wines were launched in 1992,

Higher standards.....making a difference for you

and the company has remained remarkably focused on delivering good value wine.

- **Sula Wineryards**, Mumbai: This was the first marketing-savvy wine company. Sula is also the only Indian wine company to be present in all price and product segments.

The following are the other top Indian wine companies:

- **Sankalp Wines**: Their Vinsura wines (launched in 2003) are now available throughout India. They are based in the Vinchur Wine Park outside Nashik.
- **Renaissance Wines**: This is located outside Nashik and has excellent packaging and very drinkable wines.
- **ND Wines**: This is also located outside Nashik.
- **Vintage Wines**: They produce the best wine in India today – while their production is tiny (some 100,000 litres in 2006) their regular range (Chenin Blanc, Syrah, Chardonnay & a Cabernet Sauvignon) sold under the Reveilo label has won critical acclaim.
- **Mandala Valley**: This is a Bangalore-based company that has produced its first wines in 2006 under contract in Maharashtra, at the Solapur-based Mohini Wineries. The company has also set up vineyards in Karnataka.
- **Flamingo Wines**: This is the second winery in the Vinchur Wine park outside Nashik, and produces a reasonable range of wines – but has been struggling to establish sales & distribution and has sold little of their wines so far.
- **Vinicola**: This is in Goa, and it makes a wide range of wines using traditional techniques, and sells the resulting product largely in Goa, with a volume exceeding 75,000 cases annually.

Other Wineries:

- Girana Valley Wine Yard
- Indogrape Winery



Higher standards.....making a difference for you

- Kalyani Wines and Beverages
- Maharaja Winery
- Mohini Wineries
- Sahayadri Hills Vineyards
- Shivprasad Wines
- Bosca (baramati grape industries)
- Bluestar winery
- Dajeebah wines (datacone wine industry)
- N.C. Fine wines
- Prathmesh wines
- Princess (in-vogue creations)
- Pyramid wines
- Rajdheer wines
- Sailo wines
- Saikripa winery
- Shaw Wallace
- Vinbros & Co.