

FRESH FRONTIERS AS INDIA EMBRACES THE WINE CULTURE

AFTER A GLOBAL FINANCIAL CRISIS-INSPIRED SLOW DOWN, THE INDIAN WINE INDUSTRY IS BACK IN GROWTH MODE.

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WINE CONSUMPTION in India is on the way up again following a severe setback arising from the GFC and the terrorist bombings in Mumbai. After average annual growth of around 25 per cent in wine consumption up until the crisis years, the volume of sales slumped sharply in 2009 and continued at low levels until a recovery began to emerge in late 2012.

The combined pressures impacted particularly savagely on India's pioneer winery, Indage Vintners, which had set the industry standards for three decades with its Chateau Indage label, accounting for almost 40 per cent of national wine sales at its peak. It had to fight a drawn out battle to avoid liquidation as sales fell and inventory levels rose, and its market share slumped dramatically.

But now the clouds are lifting. Established local producers that picked up the market share lost by Indage are expanding again and there are new arrivals on the scene pushing the regional, varietal and wine style frontiers.

India is technically a "dry" country and some states are still sticking by the alcohol prohibition enshrined in the National Constitution. But there are lots of ways around this and whisky, rum and beer are major industries: India is actually the world's largest whisky

market. Wine, though, has been a much later starter.

India's first contemporary winery, Chateau Indage, was established only in 1982 and, by 2000, there were still just six domestic wine producers. However the momentum picked up quickly through the decade with a serious wine culture taking shape among internationally-oriented, high income consumers and, particularly, younger women. Specialist wine retail outlets, wine bars, wine appreciation societies and wine education programs are multiplying, as India internationalises and incomes grow. This is mostly confined to the cities of Mumbai, Delhi, Bangalore and Goa (in that order) but a growing number of online retailers providing direct access to wine and conducting active sales promotion and online wine education programs is helping to progressively extend the market beyond these major cities.

The punitive tariff on imported wine (150 per cent) and an onerous regulatory regime have ensured that it is domestic producers that are the beneficiaries of the trend. Of total sales of wine, estimated to have been above 1.8 million (9 litre) cases in 2013, imported wines accounted for less than 350,000 cases. There are more than 100 registered importers, but only half of them are now active and, according to the Indian Wine Academy, the top 10 importers account for about 70

per cent of total sales of imported wine. The biggest moves less than 70,000 cases per year and the next three just a bit beyond 30,000 cases each per year. A plummeting Indian Rupee has made it even more difficult for importers and they are trimming their portfolios.

So it is in the domestic industry where the action is happening and two states, Maharashtra (capital Mumbai) and Karnataka (capital Bangalore), seeing the potential for a robust new rural industry, moved to exempt local grape processors from hefty state alcohol taxes to encourage local wine production. After early successes, they have added other incentives. Relaxing onerous retail sale restrictions for local wine was an important step. Maharashtra State has added more momentum by creating concessionally-zoned wine industry parks to attract wine-related businesses and institutions. It is also promoting domestic wine tourism, which is now growing rapidly. Local wine producers are adding to the attractions with wine festivals and winery events, plus welcoming cellar door experiences, winery dining options and resort accommodation.

It is in these two states that India's wine industry is almost entirely located and, not surprisingly therefore, where

Left: View from York Winery cellar door.



ANOTHER INTERESTING DIMENSION OF THE INDIAN WINE SCENE IS THE INCREASING INVOLVEMENT OF FOREIGN WINE PRODUCERS IN THE DOMESTIC INDUSTRY.



wine consumption is concentrated. Maharashtra is home to 70 of India's 92 wineries, including a couple with strong international connections, in two clearly defined wine regions. The largest region, by a long way, is around the city of Nashik, now with 40 wineries; the other is around the city of Pune. Nashik is a four-hour drive north-east from Mumbai and Pune a three-hour drive south-east. Karnataka, its southern neighbour, has 13 wineries, north-east and due east of Bangalore (India's third largest city).

Sula Vineyard, headquartered at Nashik, is now the backbone of the industry. It has taken over the lion's share of the market forfeited by Indage and now claims a market share of more than 60 per cent with its locally produced and imported wines range. Founder, Rajeev Samant, told me recently that his winery's total production in 2013 totalled 600,000 cases and he says it is heading towards a total of 1 million cases.

Sula is primarily focused on the domestic market. But it has also put considerable effort into developing export markets and has now sold wine in a total of 21 countries, with Japan, Singapore and the UK its biggest export markets. The total volume of exports, however, represents only 7 per cent of Sula's total production at this stage.

It is sourcing its fruit from almost 700ha of vines in the Nashik region, of which almost 80 per cent is managed by contract suppliers with substantial technical input and oversight from Sula's very professional viticultural team. The sub-region of Dindori, which it pioneered and now sees as the prime source for its premium wines, represents 20 per cent of its vineyard area. More recently, it has established a 40ha vineyard in Karnataka, principally to service its market in that state.

Sula has also been a varietal pioneer. It kicked off in the late-1990s with zinfandel, the first to plant this variety in India. It

has become one of its signature wines, used in a refreshing rosé as well as dry reds. Shiraz is now its main variety, with 200ha, but it has also progressively added cabernet sauvignon, merlot, malbec and most recently, tempranillo. For its white and sparkling wines it began with chenin blanc, the industry favourite, and sauvignon blanc was added quickly, with impressive results. Its most recent additions are riesling, the first winery to do so, and viognier. The riesling has been a big winner in the market and the volume produced has quadrupled in just two years.

A more recent varietal pioneering frontier is with Italian varieties. The first Indian winery to produce Italian style wines was Vintage Wines, of Nashik. Its Revielo label was launched using mainstream French varieties but, in 2010, the winery launched a white wine from the Sicilian variety grillo and a red from Sicily's Nero D'Avola. In 2010 it launched a sangiovese.

Another very recent pioneer on the varietal front is Fratelli Wines. It is an Indo-Italian venture involving the brothers of three families (hence the name Fratelli, meaning "brothers" in Italian) that launched in 2006 in Pune. Not surprisingly, sangiovese is a component in the blend for their premium wine, called SETTE, and it is also produced as a straight varietal.

The first major consolidation step in the Indian wine industry happened in 2012 when Karnataka's pioneer winery, Grover Vineyards, merged with Nashik winery Vallee de Vin, the producer of Zampa wines. A prime motivation was to enlarge the portfolio with wines from both states to strengthen the marketing and distribution network, and to better manage the hefty inter-state tax liabilities. It is now India's second largest winery, following its relaunch as Grover Zampa Wines, and its production has reached around 200,000 cases. It is focused on mid-level and premium wines, drawing on the long-term inputs from renowned French

winemaker, Michel Rolland, and underlined this in January with the launch of a new premium wine, Chene Grand Reserve, a blend of Nashik estate-grown tempranillo and shiraz. It exports almost 20 per cent of its production, with markets in 10 countries.

Yet another interesting dimension of the Indian wine scene is the increasing involvement of foreign wine producers in the domestic industry. Pernod-Ricard's Nine Hills winery in Nashik (formerly Seagram's India) was the first substantial commitment to local production by a multi-national beverage company. Diageo will have a major stake if its moves to acquire a large slice of local liquor giant, UB Group, and its Four Seasons winery in the Pune region survive the regulatory challenges it has recently encountered.

And the world's biggest champagne house, Moët-Hennessy, previously a stakeholder in Vallee de Vin, is working on a major project of its own in Nashik. Moët sees its new venture as a way to develop a better footprint in the market by offering

quality local wines it can sell at less than half the price of even its lower-priced imported labels. It has been crushing its grapes at Nashik-based York Winery in the last three vintages while setting up its own winery at Dindori.

Moët released its first Indian wines under its Chandon label in October 2013. The brut is an assemblage of chenin blanc, pinot noir and chardonnay. The Rosé is shiraz-based, with some pinot noir. The president of Moët Hennessy Wines, Jean-Guillaume Prats, has said that the local Chandon wines "will be targeted at 25-to-35-year-old urban men and women who are interested in embracing an international lifestyle while taking pride in all that's Indian".

Opposite Page, Top Left: Looking over the vines in front of the Sula winery. *Top Right:* Sula Tasting Room. *Bottom Left:* Sanket Gawant (also pictured middle right), winemaker at Vallone and his assistant, Ashwini. *Bottom Right:* Bottles from York Winery.

Current Page Above Top: Grover Zampa Winery. *Above Bottom:* Vineyards at Sula Winery.