

USL HIGH ON WINE

The country's largest spirits firm banks on distribution muscle, pan-Indian presence and government help for market leadership

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Nationmaster.com, a Sydney-based website, recently released a list of 30 countries, according to which the biggest consumer of wine is Luxembourg at 15.5 litres per capita, followed by France at 14.8 litres. India, with a per capita consumption figure of 10 ml, doesn't feature anywhere on the list.

But United Spirits, the country's largest spirits company, prefers to see this as a glass half full. "There is a huge opportunity to be tapped," says Abhay Kewadkar, business head (wines) and director of Four Season's Wine, the flagship wine brand of USL, says.

Kewadkar is putting his money where his mouth is. USL, which entered the wine business just three and a half years ago, aims to reach the 1.5 million cases mark in the next three to five years. The ambition may seem too insignificant when compared to 115 million cases of spirits sold by USL in the last fiscal, but if it achieves the target, USL will account for roughly half the total market size for wine.

India's wine market has been on a rollercoaster ride in the last few years, dogged by the financial headwind faced by industry pioneer Indage Vintners. But that's a blessing in disguise for USL. With no significant pan-India player now, USL is set to leverage its national network to become a dominant market leader in wine as well.

Four Seasons Wine, for example, is taking various measures like a pan-India presence along with leveraging the parent group's distribution muscle to realise this target.

"Our wine venture is just three years old. For the first



time, our wine brands are available in all states from the current financial year. This is expected to give a boost to our sales from this year onwards," Kewadkar says.

USL started its journey in the wine segment after acquiring a French winery, Bouvet-Ladubey in 2006. Presently, USL's wine business is being operated through two companies, Four Season's Wine and United Vinters.

United Vinters imports wine from all over the world and Four Season's markets wine under the brand name of 'Zinzi' and 'Four Seasons Wine'. "We are aware that our country lacks a vibrant wine drinking culture. However, unavailability of good wine at attractive price range is one of biggest factor for this," Kewadkar says.

While wine brands under 'Four Seasons' have a price

range of ₹300 - ₹1200 per bottle, it is ₹1500 - ₹3000 per bottle for Bouvet range of wines.

Currently, USL has one winery in Baramati in Maharashtra and it has no plans to set up any other winery in the near future. "Wine is known for its origin and our winery in Baramati will provide that exclusivity in taste. We don't have any plans to set up a second winery at this point of time," Kewadkar says. However, the wine firm is open to acquiring a wine brand or winery if they fit into the scheme of things of the company for future growth.

Kewadkar is hoping that higher disposable incomes and greater participation of women in the workforce is likely to boost wine consumption in the country.

Active government support is also expected to see a rise in

wine sales in the country. "Presently, the 'Grape Processing Board' that has been formed under Food Processing Ministry has the agenda to promote wine in the country. They are promoting it as an agro-based industry which will ultimately benefit farmers growing this crop," Kewadkar says. Even a few state governments are promoting wine consumption in their states. Recently, Maharashtra and Karnataka exempted wine from hike in sales tax duty in order to promote this segment of the industry.

It's doubtful whether these steps will be enough to salvage the situation in a country where wine sales have struggled in the last two years and producers complain that they are constrained by inter-state regulations. But Kewadkar remains bullish.