

WINE PROJECT

Wine is an alcoholic beverage made by fermentation of grapes or grape juice. It is the most popular beverage, associated with happiness, celebrations and festivities. Global market for wine is estimated at 25 billion liters.

Many varieties of wines are made throughout the world. French wines are most popular. The general classification of wines refers to red wines (made from grapes without removing the skins), white wines (made from grape juice) and sparkling wines (carbonated white wine). The alcohol content in wine varies from 10 to 14 %.

Wine like beverages can also be made from other fruits and grains. These beverages are also referred to as wines, with a prefix or suffix. Eg. Apple wine.

Compared to other countries, wine manufacture and consumption in India is insignificant. This is attributed to earlier period of prohibition in the country and higher price compared to spirits like whisky and brandy manufactured in the country, referred to as Indian made liquors.

Wine manufacture on organized scale commenced in India with the setting up of Champagne Indag's plant in 1984 in the state of Maharashtra.

Few more units have come up after that. The wine manufacturing units are located in Nasik district of Maharashtra state as the climate there is found to be most suitable for grapes used for wine making.

The Indian wine industry has been steadily growing over the last ten years. Wine is gradually becoming a part of urban Indian life style. Rising incomes of Indian population, changing demography and exposure to new culture is adding to the higher consumption. The market for wine is expected to grow at over 20 % per annum. This scenario is promising to new manufacturing units.

Proposal:

This proposal deals with establishing a manufacturing unit for wine and wine like beverages from other fruits in the state of Andhra Pradesh. The wine produced will meet part of the demand from growing domestic market and part of the production can be exported.

Government of Andhra Pradesh has issued G.O. framing new rules on Winery projects. Very low fee of Rs. 2000 per annum is fixed as license fee to encourage this industry. Government may call for applications for grant of letters of intent in the near future.

A wine manufacturing unit can be set up with capital investment of Rupees two to three crores. Apart from grapes other fruits like mango can be used to make fruit wines. Wine can even be made from rice.

Product mix:

Andhra Pradesh is a leading producer of a variety of tropical fruits, mango being the number one. Substantial quantity of grapes is also produced, mostly of the table variety. It is proposed to exploit this diversity of fruit wealth to produce wines and wine like alcoholic beverages for domestic and export markets.

Product	Installed capacity Million liters	alcohol content %
Red wine	0.1	14
White wine	0.1	14
Sparkling wine	0.1	12
Mango wine	0.2	14
Cashew wine	0.1	12
Fortified mixed Fruit wine	0.4	20

Market:

The Indian Wine Industry is growing at 25-30% per annum and 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. Per capita consumption of wine remains extremely low in India; however, there is growing consumer interest in wine with a number of wine clubs opening in Delhi, Chandigarh, Hyderabad and Bangalore.

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. Sparkling and rose wines, in contrast, target select segments of particularly affluent consumers.

The main market is for wines selling at Rs.300 per bottle. Even though cheaper varieties are available, the market is not growing as fast as medium priced wines.

Manufacturing process:

The manufacture of grape wine involves following basic steps:

- Crushing of Grapes
- Alcoholic Fermentation
- Malolactic Fermentation, if Required
- Bulk Storage and Maturation of Wine
- Racking/Clarification and Packaging

Technology:

Wine making technology is simple. However wine making is still considered an art and guidance of a master wine maker is a must

Plant and Machinery:

The plant and machinery consists of Cleaning and washing equipment, juice extraction plant, fermentors, storage tanks filters, pumps and bottling equipment. Entire plant and machinery is indigenous.

Raw materials:

Grapes and other fruit, yeast are the main raw materials

Utilities:

Good quality water and power are the utilities required.

Project cost:

A unit of 5 lac liters per year capacity can be planned with investment of 5 to 6 crores. This does not include the cost of grape plantation

Turnover and profitability:

At 10 lac liters capacity the turnover will be Rs. 20 crores. Profit margin would be around 30 %.

Suggested location: any location where wine quality grapes can be grown.

Entrepreneur profile:

This is a long gestation project with high working capital requirements. Suitable for high net worth promoters who can enjoy viniculture.

Apitco's consultancy.

Even though substantial table varieties of grape are grown, Andhra Pradesh is not on the wine grape area map. However as per some experts, few varieties that can yield fairly good quality wine can be grown here.

In such conditions how to set up a viable winery project in A.P.

Making wine like beverages from other fruit?

Blended wines?

Fortified wines?

These are some strategies to set up a viable project.

APITCO can provide turnkey assistance starting with detailed feasibility study.