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Fratelli turns Millionaire ahead of Target

Jan 04: When the third largest producer Fratelli set a sales target of one million bottles for 2015-16, it appeared to be an ambitious target but they have not only reached the target by the end of calendar year 2015 with 3 months to spare for the financial year to end, the winery has been bold enough to announce through Press, thus implicitly throwing a challenge at the current second biggest player Grover Zampa for the second spot with Sula facing no challenge for a long time, writes Subhash Arora

'We crossed the sales of a million bottles almost at the finishing line, in end-December, 'says Kapil Sekhri, Director of the Indo-Italian venture at Akluj, with partners from Akluj, Tuscany and Delhi. About 70% of the wines are what they consider premium and super premium category- from Classico and above including Sette. 30% include Sidus Port and Vero low-ended wines.

Revised Targets but no race

Kapil Sekhri asserts once again that they are not in the race to become no. 1 or no.2 but will continue to work at their own pace, making efforts to produce the best product at each price point. He says, 'although we have achieved an excellent growth this year so far, I think we shall slow-down during the rest of the financial year and are looking at a more steady growth of 15-20% a year in the near future.' Though not willing to commit on a revised estimate for 2015-16, he said, 'the sales of a million bottles was reached literally towards the end of the month of December. We need to sit down and discuss the realistic, revised targets for the whole financial year. As a rough guess, I can say we shall definitely cross 100,000 cases and would be between 100,000-105,000 case figure.'

The availability of acceptable quality grapes and the winery capacity could become their immediate worries. They have around 300 acres under their ownership or control but 'we are looking to add another 100-150 acres besides 100 acres where the plantation has already begun.' Besides their own winery, they have leased the Indapur Co-operative, a winery an hour and a half away from Akluj. The Karnataka based Bijapur winery owned by Hampi is around 2.5 hours away, making it 'convenient for us to control the production process. While we make our premium range exclusively from our grapes from our own vineyards/ leased from family friends on a long term basis, we are not averse to source grapes from farmers for the low-ended wines,' he says.

Sekhri stresses that neither do they buy bulk wine nor do they intend procuring them in future to increase their sales, hinting at other producers doing so.

Exports and Tourism

Despite their participation in the wine shows, events and competitions, the company is not focused on exports. 'Frankly, we realise that we have so much to do in the local market. We participate on such export-oriented activities more to help us improve our quality which remains our focus. We understand we need to support export as we don't want to do half-baked work in this area. We have exported a few thousand cases but we do not plan to push in this direction in the near future,' he asserts.

Same goes with wine tourism. When I tell him about the whole wine industry in Thailand based on wine tourism, he says 'we have kept that aspect too on the back burner though we fully understand the importance of it. We have limited capital. This requires capital and whatever profit we generate from wine sales we like to plough back into the wine production and enhancing our capabilities. Tourism will be still important after two years and we will do a decent job-not in a hurried manner.'

Still No. 3

One would think that with their meteoric rise, they are closed to beating Grover away from the no. 2 position. After all, till a couple of years ago, GroverZ was lurking around at 100,000-120,000 case sales. Not so, according to Sumedh Mandla, CEO of GroverZ. As he had disclosed to me earlier a couple of months ago in an exclusive interview and reported in delWine, they are well on their target of 200,000. They have sold around 170,000 cases and are certain to reach the target by the end of financial year ending March 2016. He concedes that a higher percentage, perhaps around 45-50% of the total sales is in the sub-premium range that includes the Port/fortified wines.

Sula's figures are not known yet but if one goes by these two producers, the market seems to be very rosy. But the growth is unlikely to be between 35-40% as the figures of these two would indicate. Sula cannot achieve that growth. Besides, there has been a vacuum created by the crash of Four Seasons due to the lukewarm to cold response shown by the new owners Diageo who have made no bones about declaring that wine has no place in their business plans.

It appears that the Indian market is undergoing the consolidation phases as predicted by delWine 5 years ago. It does look like the domestic industry will show a healthy growth of around 20% this year and one expects to see more smiles on the faces of Indian wine producers when the year closes.

Subhash Arora