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Comprehensive Strategic Report: The Wine Market in India (2025-2026)

Structural Analysis, Consumption Dynamics, and Tariff Revolution

01-27-2026

Executive Summary and Scope

This document constitutes an exhaustive and "ultra-updated" analysis of the wine market in India as of January 2026. Against a global backdrop marked by the contraction of wine consumption in mature markets like Europe and the United States [1], India emerges as a positive statistical anomaly and a critical strategic focus for the global wine industry. This report breaks down the transformation of the subcontinent from a high-tariff protectionist economy towards a liberalized and rapidly sophisticated market.

The analysis integrates financial data from the third quarter of Fiscal Year 2025 (Q3 FY25), the immediate implications of the Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), and crucially, assesses the seismic impact of the historic Free Trade Agreement between India and the European Union, concluded in January 2026.[2] Through a granular breakdown of domestic consumption by volume and value, import behavior, and the profile of key players, this report offers a roadmap to navigate the "Golden Decade" of wine in India (2026-2035).

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1. Macroeconomic Landscape: Size, Valuation, and Trajectory

1.1 Divergence in Market Valuation and Real Projections

Quantifying the wine market in India presents unique methodological challenges due to fragmented state taxes and the existence of a significant unregulated market. However, synthesizing the most recent projections from multiple market intelligence firms for the

2024-2026 cycle reveals a picture of robust yet uneven growth.

For the close of the calendar year 2024 and the start of 2025, market valuations fluctuate significantly depending on the methodology (ex-winery price vs. retail sales value/RSV).

- **High Valuation:** Some estimates place market revenue at **USD 783.7 million** in 2024, with an aggressive projection reaching **USD 2,662.4 million by 2033**.[3] This figure likely incorporates total retail value, including the heavy state tax burden which can represent 50-70% of the final price in states like Maharashtra or Karnataka.
- **Conservative Valuation:** Other sources value the market size at **USD 229.0 million** in 2024 (likely net ex-winery value), projecting growth to **USD 892.0 million by 2033**.[4]
- **Growth Rate (CAGR):** Regardless of the valuation base, there is consensus on the speed of expansion. A Compound Annual Growth Rate (CAGR) of between **14.7%** [3] and **17.41%** [5] is projected for the 2025-2033 period. This rate vastly exceeds Indian GDP growth and contrasts with the stagnation or decline in global wine volumes reported by the OIV in 2024.

Table 1.1: Valuation Matrix and Projections for the Indian Wine Market (2024-2033)

Data Source	Base Value (2024/25)	Future Projection (2030-33)	Estimated CAGR	Methodological Approach
Grand View Research [3]	783.7 Million USD	2,662.4 Million USD (2033)	14.7%	Total Market Revenue (Est. RSV)
IMARC Group [4]	229.0 Million USD	892.0 Million USD (2033)	16.30%	Net Market Value
Technavio [6]	287.9 Million USD (Domestic)	1,020 Million USD (2030)	23.8%	Focus on Domestic Production
MarketsandData [5]	270.56 Million USD	977.02 Million USD (2032)	17.41%	Comprehensive Analysis (Import + Domestic)

1.2 Structural Growth Factors: The Perfect Storm

The growth of the Indian market is not merely a function of population growth, but the result of a profound cultural and economic transformation altering alcohol consumption patterns.

1. **Demographic Evolution and Urbanization:** India possesses one of the youngest populations in the world. Approximately **600 million people** are above the legal drinking age.[5] Accelerated urbanization in Tier-1 and Tier-2 cities has created consumption clusters where wine is perceived not just as alcohol, but as an aspirational lifestyle.
2. **The Gender Factor:** Historically, alcohol consumption in India (dominated by whisky and rum) was a predominantly male activity, often associated with social stigma. Wine has broken this barrier. It is estimated that women now constitute over **30%** of the wine consumer base in metropolises.[7] This feminization of consumption has opened up "at-home" and social consumption occasions that were previously non-existent for the alcoholic beverage industry.
3. **Premiumization and Health:** The global trend of "drink less, but better" has firmly taken root in post-pandemic India. Consumers, especially Millennials and Gen Z, associate wine (particularly red) with health benefits compared to strong spirits.[7] This has led to an increase in spending per bottle, even if the total volume of pure alcohol consumed remains stable or grows more slowly.[8]

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2. Domestic Consumption: Granular Analysis by Volume and Value

The Indian market presents a unique duality: although media attention focuses heavily on luxury imports, the actual market volume is overwhelmingly domestic. Local production, protected for decades by tariffs, has created solid infrastructure, though it now faces the challenge of trade openness.

2.1 Dominance of National Production

It is estimated that wines produced in India control between **60% and 70%** of the total market volume.[9] The domestic segment alone was valued at **USD 287.9 million in 2024**.[6] This dominance is underpinned by a significant price advantage derived from the tax structure: Indian wines are exempt from the 150% Basic Customs Duty (BCD) levied on imports (though this is changing, as analyzed in Section 6).

2.2 Analysis of Key National Players

The local industry operates as an oligopoly, with two main actors dictating price and marketing trends.

Sula Vineyards: The Market Barometer

As the only publicly listed wine company in India, Sula Vineyards' financial data offers the most accurate view of domestic consumption health.

- **Recent Financial Performance (9M FY25):** In the first nine months of Fiscal Year 2025 (April-December 2024), Sula reported net revenue of **INR 489.2 Crores** (approx. USD 58 million), modest growth of 1.7% year-on-year. However, Profit After Tax (PAT) fell by 28.3% to INR 57.2 Crores, reflecting inflationary pressures and rising operating costs.[10]
- **Volume-Value Dichotomy:** Data from Q3 FY25 reveals a critical **premiumization** trend. While the volume of its "Economy & Popular" brands fell by a drastic **14.6%**, the "Elite & Premium" segment grew by **3.0%**.[8]
- **Strategy:** Sula is deliberately abandoning the lower end of the market to focus on higher-margin wines. The share of its "Elite & Premium" labels reached an all-time high of **80.5%** of its portfolio in Q3 FY25.[8] This indicates that mass consumption of cheap wine is declining, possibly losing ground to beer or Ready-to-Drink (RTD) spirits, while quality wine consumption remains resilient.
- **Wine Tourism:** Sula has transformed its vineyards in Nashik into a revenue engine, with **11.6%** growth in tourism revenue in Q3 FY25, reaching INR 16.4 Crores, despite a dip in visitor footfall, suggesting higher per capita spending.[10]

Fratelli Vineyards (Formerly Fratelli Wines)

Fratelli has consolidated itself as the second most important player, with an estimated market share of **30-35%** in the national premium segment.[11]

- **Corporate Moves 2024-2025:** In a significant strategic maneuver in 2024, Fratelli completed a share swap with **Tinna Trade Ltd.**, a BSE-listed company, effectively achieving a "backdoor" listing and rebranding as Fratelli Vineyards.[12]
- **Growth:** The company has reported revenue CAGR of **24%** between FY21 and FY24, outperforming the industry average. Its revenue in FY24 reached **INR 247 Crores** (approx. USD 30 million).[11]
- **Strategy:** Unlike Sula, which has a massive base, Fratelli positioned itself from the start closer to the premium/HORECA segment, focusing on Italian varietals (Sangiovese) cultivated in the Akluj terroir (Maharashtra).

Grover Zampa Vineyards

The third historic player is in the process of reinvention. In October 2024, it received a capital injection of **USD 10.4 million** from the AV Thomas Group.[5] This investment is earmarked for winery modernization and expansion into North India, attempting to reclaim market share from the Sula-Fratelli duopoly.

2.3 Consumer Preference Dynamics: Color and Variety

The organoleptic profile of the Indian consumer is in transition, moving away from the notion that "Indian wine must be sweet and red."

1. **Red Wine:** Remains the undisputed king, with a projected market share of **49%** for 2025.[13] Cabernet Sauvignon and Shiraz varieties are preferred, valued for their structure

and ability to pair with spicy, fat-rich Indian cuisine.
2. **White Wine:** Maintains a stable share of **13-15%.**[9] However, there is a qualitative shift: a migration is observed from Chenin Blanc (traditionally made with residual sugar in India) towards dry and crisp Sauvignon Blanc, driven by the warm climate and daytime consumption.
3. **The Rise of Sparkling:** This is the most dynamic segment. Sparkling wines are expected to record the fastest growth during the forecast period.[3] India's wedding culture, increasingly westernized in its toasts, and the aggressive entry of brands like Chandon (LVMH) have democratized bubbles.
4. **Rosé Wine:** Identified as the fastest-growing segment in percentage terms (albeit from a small base). Its popularity is skyrocketing among female consumers and in urban coastal markets (Mumbai, Goa) due to its versatility and "Instagrammable" aesthetic.[14]

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3. Wine Imports: Volume, Value, and the New Paradigm

The import market in India has historically been a luxury niche strangled by tariff barriers. However, data from 2024 and 2025 show the market has reached an irreversible inflection point, driven by trade diplomacy.

3.1 Import Statistical Analysis (2023-2025)

Addressing statistical anomalies is crucial to understanding the real market.

- **The Spanish Anomaly of 2023:** Official records showed a **30,000%** increase in Spanish wine imports in 2023, theoretically reaching USD 402 million. Investigations suggest this was a massive statistical distortion, likely due to errors in bulk or transshipment classification, as the volume (834,655 liters) implied an absurd price of USD 518 per liter. In 2024, data corrected, falling 94% in value to realistic levels.[15]
- **Realistic Data 2024-2025:**
  - **Volume:** In the first half of 2025, India imported **2.58 million liters** of wine, valued at **USD 12.55 million**.[16]
  - **Trend:** This marks robust and "real" growth, stripped of anomalies. Demand for imports is growing at double digits, outpacing domestic market growth in terms of value.
  - **Tariff Classification:** Most imports fall under HS code **2204**, with a clear division between bottled wine (HS 220421, containers <2L) dominating in value, and bulk dominating in volume for local bottling.[17]

3.2 Tariff Barriers and Liberalization

Until 2022, India applied a uniform Basic Customs Duty (BCD) of **150%** on the CIF (Cost, Insurance, and Freight) value of all imported wines. This made consumption of mid-range international wines prohibitive. The current structure is a hybrid system in transition:

- **General Regime (MFN):** 150% tariff. Applies to countries without FTAs (e.g., Chile, USA, New Zealand).
- **Preferential Regime (Australia - AI-ECTA):** Reduced tariffs (see Section 6).
- **Future Regime (European Union):** Drastically reduced tariffs starting 2026/2027 (see Section 6).

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4. Top Importing Countries: Ranking and Strategies

The competitive landscape of imports has been totally reconfigured by trade geopolitics. Australia has dethroned traditional European leaders in volume, although France retains the value/prestige throne.

Table 4.1: Estimated Ranking of Importing Countries in India (2024-2025)

Ranking	Country	Main Strength	Market Share (Vol. Est.)	Recent Dynamics
1	**Australia**	Volume / ECTA	~38-44%	Absolute leader thanks to Free Trade Agreement.[16]
2	**France**	Value / Prestige	~15-20%	Dominates luxury segment (Champagne, Bordeaux).[18]
3	**Italy**	HORECA / Sparkling	~10-14%	Rapid growth (14%) driven by Prosecco and gastronomy.[19]
4	**Chile**	Price / Quality	~4-6%	Strong in retail but suffering tariff disadvantage

				vs. Australia.
5	**USA**	Brand / Tourism	~3-4%	Premium niche (California), 32% growth in value.[20]

4.1 Australia: The Volume Hegemon

Australia has executed a masterful strategy leveraging the AI-ECTA.

- **Data:** In the first half of 2025, Australia shipped **1.05 million liters** to India, capturing **38.89%** of the total import volume.[16]
- **Strategy:** Brands like **Penfolds** and **Jacob's Creek** have flooded the market. Tariff reduction has allowed mid-quality wines (like Penfolds Koonunga Hill) to be positioned at prices competing directly with premium Indian wines from Sula and Fratelli, eroding the local price advantage.[21]
- **Impact:** Australia is now the primary wine import origin for India.[16]

4.2 France: The Bulwark of Luxury

France operates in a different league, focused on unit value.

- **Data:** In 2024, direct exports of alcoholic beverages from France to India totaled USD 21.16 million, with high concentration in high-value wines and spirits.[22]
- **Segment:** Absolutely dominates wine lists in 5-star hotels and elite weddings. Champagne is the irreplaceable status symbol.
- **Outlook:** France stands to benefit massively from the new FTA with the EU, which could allow it to regain volume share in the mid-segment.

4.3 Italy: The Culinary Challenger

Italy is leveraging the popularity of its cuisine in India to sell wine.

- **Growth:** Exports grew by **14%** recently. The Indian market for Italian wine is estimated to reach USD 30 million, with a projected potential of USD 520 million for the total import market by 2028.[19]
- **Star Products:** Prosecco and Pinot Grigio. Prosecco, in particular, poses a direct threat to local sparkling wines due to its similar flavor profile (fresh, fruity) and competitive pricing.[23]

4.4 United States and Chile

- **United States:** Despite high tariffs, exports grew 32% in 2023, reaching USD 20.5 million, driven by demand for recognizable Californian brands in the corporate and hospitality sectors.[20]

- **Chile:** Maintains a reputation for excellent price-quality ratio. However, it risks being "squeezed" out of the market: it lacks the prestige of France/Italy and the tariff advantages of Australia.[24]

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5. The Impact of Free Trade Agreements (FTAs)

This is the most critical variable for the market's future. Two agreements are redefining the industry's cost structure.

5.1 Australia-India Economic Cooperation and Trade Agreement (AI-ECTA)

In force since late 2022, its effects are already tangible in 2025.

- **Mechanism:**
    - Wines > USD 5/bottle (CIF): Tariff reduced from 150% to **100%**.
    - Wines > USD 15/bottle (CIF): Tariff reduced from 150% to **75%**.
    - **Timeline:** Progressive reduction over 10 years to reach 50% and 25% respectively.[25]
- **Result:** It has allowed Australia to capture nearly 40% of the import market, displacing competitors without treaties. Brands like Torbreck have seen final price reductions of 8-10%, enough to gain traction in retail.[21]

5.2 The "Big Bang": India-EU Free Trade Agreement (January 2026)

In a last-minute development of immense magnitude, India and the European Union concluded FTA negotiations in **January 2026**.[26] This agreement is described as "the mother of all deals" for the wine sector.

- **Agreement Terms (Preliminary):**
    - **Premium Wines:** Tariffs will drop from 150% to **20%** for high-end wines (likely > EUR 10 or equivalent).
    - **Mid-Range Wines:** Reduction to **30%** (price range EUR 2.5 - 10).
    - **Timeline:** Gradual implementation over **7 years**.[27]
    - **Exclusions:** Cheap wines (< EUR 2.5) will not receive significant concessions to protect Indian farmers supplying Sula and other wineries.[26]
- **Strategic Implications:**
    - This will level the playing field for France, Italy, and Spain against Australia.
    - A flood of mid-to-high quality European wines (Chianti Classico, Bordeaux Supérieur, Rioja Reserva) is expected at prices competing head-on with "Elite" wines from Sula and Fratelli (INR 1,500-2,500 range).
    - **Reciprocal Benefit:** The agreement also provides for duty-free entry of Indian wines into the EU, though India's export impact will be minor compared to the influx of

European wines.[27]

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6. Structural Challenges and Market Risks

Despite the optimism, the Indian market remains one of the most complex in the world to operate in.

1. **Regulatory Fragmentation:** Alcohol is a state subject in the Indian Constitution. Each of the 28 states and 8 union territories has its own excise rules, labeling, and distribution regulations. Operating in India is not operating in one country, but in 36 distinct markets.
   - *Example:* Maharashtra has a favorable wine promotion policy, while states like Kerala or Gujarat have severe restrictions or prohibition.
2. **Cold Chain Infrastructure:** Logistics remains a critical challenge. India's tropical climate requires an unbroken cold chain from port to retailer. Although improved, breaks in the cold chain are common, damaging imported wine quality and affecting consumer perception.
3. **Price Sensitivity:** Despite premiumization, the Indian consumer remains extremely value-sensitive. Price elasticity of demand is high. If European or Australian producers attempt to increase margins too quickly, consumers will revert to spirits or cheaper local options.

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7. Conclusions and Projections (2026-2030)

The wine market in India has entered a "Golden Decade." The convergence of young demographics, consumption premiumization, and above all, the fall of historic tariff barriers, will transform the sector.

1. **Volume Projection:** The import market is expected to grow at a compound annual rate exceeding **20%** through 2030, gaining market share from domestic production in the premium segment.[3]
2. **Domestic Consolidation:** Sula Vineyards and Fratelli will continue to dominate but must pivot. They can no longer compete solely on price/protectionism. Their future success will depend on wine tourism (where they have a natural geographic monopoly) and elevating the quality of their "Elite" wines to justify prices close to European imports with reduced tariffs.
3. **The New Battleground:** The price segment of **INR 1,500 to 2,500 (approx. USD 18-30)** will be the most intense war zone. Here, premium Indian wines, ECTA-discounted Australian wines, and post-FTA European wines will converge.

Strategic Recommendation: For global players, 2026 is the critical year to establish distribution channels in India. The "first-mover advantage" held by Australia will dilute as the EU treaty enters into force. Consumer education and presence in the HORECA channel will be the key differentiators in a market that is finally opening up to the world.

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