



Indian Salon Industry Report

2015 | 104 Pages

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Detailed profiles of the following companies:

1. Affinity
2. b:blunt
3. Belleza
4. Enrich
5. Green Trends
6. Jawed Habib
7. Juice
8. Lakmé
9. Looks
10. Naturals
11. Strands
12. VLCC
13. YLG
14. JCB Salons
15. Belita India

Executive Summary

Beauty consciousness has dawned due to rising affluence of consumers. With an increase in the number of households upgrading to a higher consumption lifestyle, there is an accelerated growth in the Indian beauty space. Branded salons have emerged as a key growth constituent. Growing affluence has resulted in increased experimentation and the desire to look better. This has accelerated the growth of beauty products and services. Salons are at the centre of that growth.

With this industry perspective salon chains like Green Trends, Lakmé, Naturals etc. are establishing their presence across the country. In addition to home grown players, foreign chains like Truefitt and Hill, Dessange, Jean-Claude Biguine etc. are also setting up salons to groom the Indian consumer.

Clearly, the predominantly unorganized locally run beauty salon market is at an inflection point. The mushrooming of branded chains is expected to completely change the landscape a few years down the line, ushering in a new era of trained salon personnel, offering services based on global insights and professional products with the latest international technologies. Also there is a lot of activity happening in the on-demand home beauty services platform market with many new players like Myglamm, Belita, Vyomo etc. starting operations.

The total size of salon and allied services market in India was around Rs. 156.3 billion in 2012, which has grown from ~Rs. 55 billion in 2005 at a CAGR of 16.2% p.a. The urban and rural market has been growing at a pace of 18.7% p.a. and 14.4% p.a. respectively.

As per our estimates, the industry is currently at Rs. 156 billion in 2012 will grow at a CAGR of 10% p.a. to reach ~Rs. 322 billion in 2020. The urban market is estimated to grow at a CAGR of 11% (2015-2020E) to reach Rs. 170 billion in 2020E from ~Rs. 73 billion in 2012 and rural market is estimated to grow at CAGR of 9% (2015-2020E) to reach ~Rs. 152 billion from Rs. 84 billion in 2012.

The size of the organised market was approximately Rs. 10 billion in FY2010 which has increased to ~Rs. 24 billion by 2015 growing at a CAGR of ~20% p.a. At this rate, organised market has potential to reach Rs. 60 billion by 2020. In terms of geographies, southern region seems to be more organised as compared to other regions with major salon chains like Green trends, Naturals etc.

However, as with any other industry, it is not without challenges. The scarcity of trained professionals is the biggest challenge in the industry due to the less number of training institutions. This supply-demand gap is leading to an upward salary cost for trained professionals coupled with higher attrition. Industry players find it extremely difficult to scale up because of lack of bank funding. The higher rentals in cities are acting as an impediment to growth.

Key questions answered in this report

- 1 How big is the overall salon market in India and future growth rate?
- 2 What are the critical success factors in the salon industry
- 3 What is the city-wise salon market in India?
- 4 What is the unit economics of a Salon?
- 5 Which are key players in the market, pricing and geographic presence?
- 6 What are the transaction multiples of private equity and M&A transactions in the salon industry in India?

And many more....

Research Methodology

The report is based on information from both primary and secondary sources. Primary research includes interviews of stakeholders of industry – promoters, vendors, salon technicians etc. Secondary research includes desktop research, relevant publications like company annual reports etc.

Sample Player Profile

Overview

Parameter	Description
Company Name	
Profile	
Wellness Segments	
Owned by/ Key shareholders	
No. of Outlets	
Business Model	
Products	
Target Customer Segment	
Brands	

Source: Company Website and Reevolv Research

Locations

	North	Total
No. of Cities		
No. of Outlets Tier1		
No. of Outlets Tier2		
No. of Outlets Tier3 and below		
Total – Outlets		
Major States/Cities		

Source — Company website

Pricing

Financials

Profit & Loss Account for the year ended 31st March (Rs. Mn)

	FY2012	FY2013	FY2014	FY2015
Revenues from Operation	-	-	-	-
Other Income	-	-	-	-
Total Revenues	-	-	-	-
Cost of Materials Consumed	-	-	-	-
Rent, Rates and Taxes	-	-	-	-
Administrative and General Expenses (including Bank Charges)	-	-	-	-
Employee Expenses	-	-	-	-
Selling and Distribution Expenses	-	-	-	-
Advertisement & Business Promotion Expenses	-	-	-	-
Other Expenses	-	-	-	-
Total Expenditure	-	-	-	-
EBITDA	-	-	-	-
Depreciation	-	-	-	-
EBIT	-	-	-	-
Interest	-	-	-	-
Profit before Prior Period Items and Tax	-	-	-	-
PBT	-	-	-	-
PAT	-	-	-	-
PAT after minority Interest	-	-	-	-

Balance Sheet as at 31st March (Rs. Mn)

	FY2012	FY2013	FY2014	FY2015
Share Capital	-	-	-	-
Share Application Money	-	-	-	-
Reserves & Surplus	-	-	-	-
Shareholders' Funds	-	-	-	-
Secured Loan	-	-	-	-
Unsecured Loan	-	-	-	-
Loan Funds	-	-	-	-
Deferred Tax Liability	-	-	-	-
Total Liabilities	-	-	-	-
Gross Block	-	-	-	-
Net Block	-	-	-	-
Capital work in progress	-	-	-	-
Investments	-	-	-	-
Inventories	-	-	-	-
Sundry Debtors	-	-	-	-
Other Current Assets	-	-	-	-
Total Current Assets & Advances excl. Cash & Bank	-	-	-	-
Current Liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities & Provisions	-	-	-	-
Net Working Capital excl. Cash & Bank	-	-	-	-
Cash & Bank	-	-	-	-
Net Working Capital incl. Cash & Bank	-	-	-	-
Total Assets	-	-	-	-

Key Ratios	FY2005	FY2006	FY2007	FY2008
Expenditure Ratios				
Cost of material consumed as a % of Total Revenues				
Rent, Rates and Taxes as a % of Total Revenues				
Administrative & Other Expenses as a % of Total Revenues				
Employee Expenses as a % of Total Revenues				
Selling and Distribution Expenses as a % of Total Revenues				
Profitability Ratios				
EBITDA %				
EBIT%				
PBT %				
PAT %				
Return Ratios				
ROCE %				
ROE %				
Financial Ratios				
Total Debt / Net Worth				
Secured Debt / Net Worth				
Total Debt / EBITDA				
Turnover Ratios				
Working Capital Turnover Ratio				
Net Fixed Assets Turnover Ratio				
Inventory Days				
Debtors Days				