

## CavinKare bros merge salon biz

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CHENNAI: Chennai-based entrepreneur brothers C K Ranganathan and C K Kumaravel have decided to integrate their beauty salon chains to cash-in on the growing vanity of Indians. Elder brother Ranganathan is the chairman and managing director of CavinKare, which offers hair and skin care at 55 beauty salons across India under its Limelite and Green Trends brands. The company clocked a Rs 890-crore turnover in 2009-10.

Kumaravel is the co-founder and managing director of unisex beauty salon chain, Naturals. Driven by the franchise model, it has 83 branches. Though most of them are present in the south, he has also entered western and eastern region with outlets in Mumbai and Kolkata. Naturals reported a Rs 60-crore revenue in 2009-10.

The two brothers have not denied that they are coming together but have remained silent on their strategy so far.

"The integration plan is being worked out," a person close to the development said.

Naturals has been looking to expand its business and had in 2008-09 decided to raise Rs 100 crore in private equity. But it deferred the plan when it got funding from CavinKare for expansion. And that's when the idea of integration took birth.

The plan, under the wraps for now, is to bring Limelite, Green Trends and Naturals under the holding company promoted by CavinKare. Retaining their brands' identity, the two brothers plan to reach pan India, people familiar with the development said. Industry observers say the two brothers can compliment each other's business at a time when beauty treatment has ceased to be the preserve of the rich and famous. With rising disposable incomes, an increasing number of Indians are ready and willing to spend on beauty.

According to a wellness market research report by Netscribes (India), an average consumer spends between Rs 500 and Rs 2,000 on every visit to his neighborhood beauty parlour and Rs 2,000 to Rs 10,000 per visit to a branded salon. The revenue size of beauty business in India is worth about Rs 3,500 crore, the report said and is growing at 22%-25% per annum. The beauty and rejuvenation business accounts for almost 70% of the wellness service market in India.

"When both these salons integrate, their valuation would go up," said an analyst. "While Ranganathan has the money, Kumaravel has the expertise. By coming together, they can penetrate untapped markets."

The salon industry in India is largely unorganized, relying on neighbourhood beauty parlours. According to an estimate, for every branded salon, there are four neighbourhood parlours.

"Our salon business is growing at 40% a year," CavinKare's Ranganathan said. With (India's) GDP inching forward, people are willing to indulge, more so on beauty," he added.