

The Beauty Revolution in the Indian Market

Navigating the Transformation for Sustainable Growth

BDO India Publication
2024



PREFACE

India's Beauty and Personal Care (BPC) market is on a dynamic growth trajectory, reflecting the country's diverse and evolving consumer base, increasing disposable incomes and rising awareness of personal grooming and wellness. The BPC segment is large, and one of the fastest-growing industries within the Indian economy.

Traditionally dominated by a few major players, the BPC market has transformed into a highly competitive arena, with numerous domestic and international brands vying for consumer attention. A significant trend driving this market is the rising demand for natural and organic products. Consumers are increasingly conscious of the ingredients in their personal care products, fuelling demand for products perceived as safe, ethical, and environmentally friendly. Blending traditional Indian beauty practices with modern science has created a unique niche where ancient wisdom meets contemporary needs.

Digitalisation has also been a critical force in shaping the Indian BPC market. The growth of e-commerce platforms and widespread smartphone usage has revolutionised how consumers discover, evaluate, and purchase these products. Online retailing has not only broadened product accessibility but also enabled brands to reach an extensive and diverse audience, including those in remote and underserved areas. Additionally, the influence of beauty influencers and social media marketing has significantly shaped consumer preferences, with trends and product reviews quickly gaining traction across digital platforms.

The increasing demand for personalised and inclusive products is another key development in the Indian BPC market. This is particularly evident in the makeup and skincare segments, where there is a growing emphasis on serving a broader range of skin tones and offering products that deliver targeted benefits.

As the industry continues to evolve, we can expect fascinating trends such as the integration of AI into BPC, and nutricosmetic formulations.

However, the Indian BPC industry also faces its own set of challenges. Scaling up profitably and sustainably remains a critical strategic challenge, particularly for new-age players. Capital efficiency and value creation for shareholders are significant concerns for businesses.

This publication aims to provide stakeholders with a comprehensive understanding of the Indian BPC market, offering insights into the current landscape, emerging trends, challenges, and potential focus areas for sustainable growth. It is curated to serve as a resource for businesses and investors seeking to navigate the complexities of this market and capitalise on the opportunities it presents.

We hope this publication offers valuable perspectives and assists in making informed decisions in this ever-evolving industry.



ASHISH BAGADIA

PARTNER
CORPORATE FINANCE &
INVESTMENT BANKING



**WE APPRECIATE THEIR
PARTICIPATION AND
INVALUABLE CONTRIBUTION
TO THIS PUBLICATION...**



SHANKAR PRASAD
FOUNDER,
PUREPLAY SKIN SCIENCES



ANURAG KEDIA
CO-FOUNDER,
PILGRIM



SWAGATIKA DAS
CO-FOUNDER,
NAT HABIT



ROMITA MAZUMDAR
FOUNDER,
FOXTALE

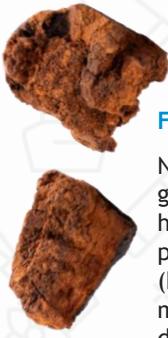


SHUBHIKA JAIN
FOUNDER and CEO,
RAS BEAUTY



PERSONAL CARE THROUGH THE AGES

From Past Ages



Neanderthals (extinct group of archaic humans) used mineral pigments like red ochre (hematite) and manganese dioxide to decorate or camouflage their bodies as far back as 60,000 years ago.

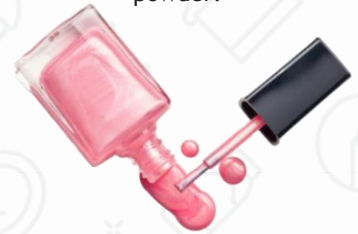
Fragrant Relics

Archaeological evidence suggests that the people of Indus Valley Civilisation (3000 BC) used perfumes.




A Gift from China

The first nail polish was invented in China in 3000 BC, consisting of beeswax, gum, egg whites, and coloured powder.



Radioactive Makeup



Surprisingly, back in the 1930s, radioactive beauty products were quite popular. A brand called Tho-Radia sold lipstick, face powder, perfume, etc. containing radioactive radium and thorium chloride.

Inclusive Beauty

In the Roman era, even men painted their lips with lipstick to indicate their social rank.



Shocking Ingredients

Whale ambergris has been used in expensive perfumes; Slimy gel, left behind by snails on the move, is used in anti-ageing creams; Mink oil is used in cosmetics and hair products.



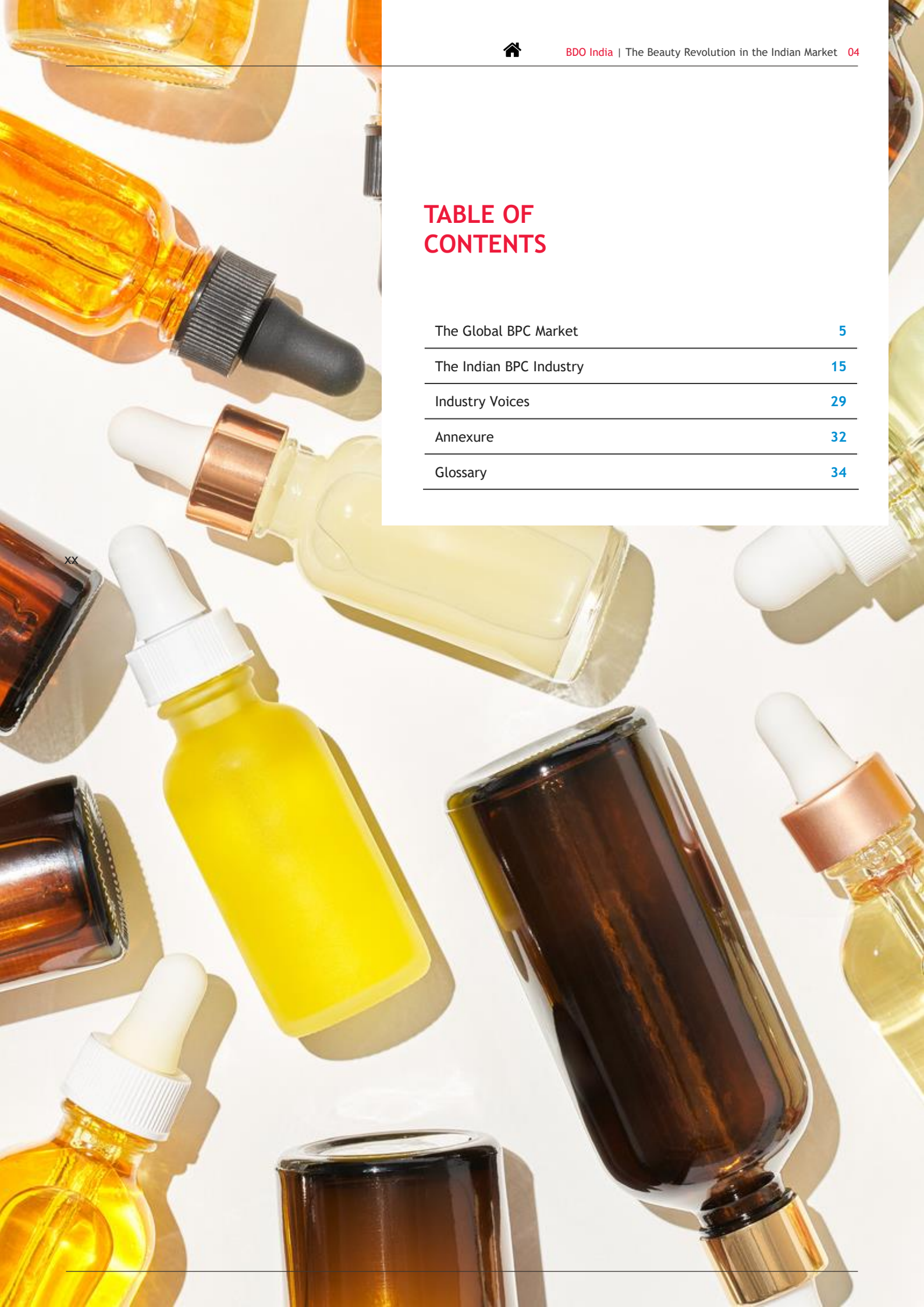
European Antiquity

Ancient Romans used barley flour and butter blends for acne treatments. Egyptians used belladonna drops for alluring eyes. Greeks darkened eyelashes with black incense and enhanced cheeks and lips using vermilion and berry juice.



TABLE OF CONTENTS

The Global BPC Market	5
The Indian BPC Industry	15
Industry Voices	29
Annexure	32
Glossary	34



A close-up photograph of a woman's face, smiling with her eyes closed. She has a light green, textured facial mask applied to her forehead, cheeks, and chin. A slice of orange is placed over her right eye. The background is a solid, muted blue-grey color.

THE GLOBAL BPC MARKET

BEAUTY AND PERSONAL CARE (BPC) - A GLOBALLY ATTRACTIVE SEGMENT

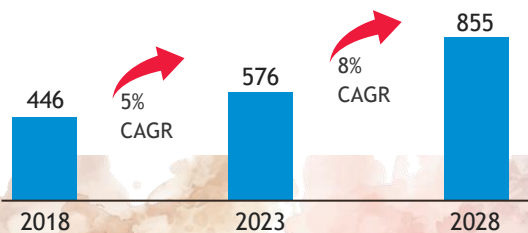
- 1 Accelerated growth + 2 Resilient and innovation-driven + 3 High gross margins

Makes the BPC market attractive for CPG companies and investors



ACCELERATED GROWTH - GLOBAL BPC MARKET IS EXPECTED TO GROW AT 8% CAGR IN THE NEXT 4-5 YEARS

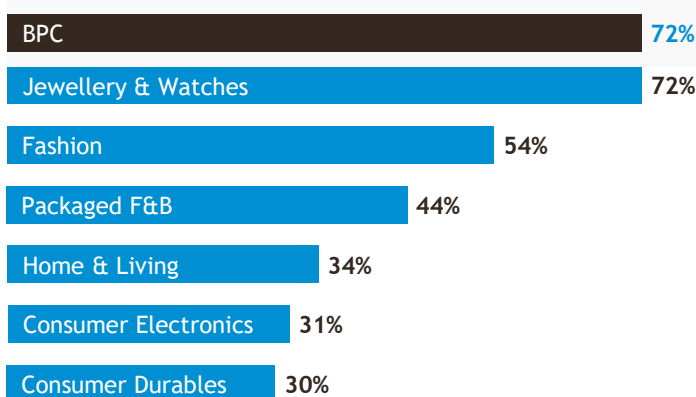
Market Size in USD bn⁽¹⁾



- Increased spending on BPC products, especially by GenZ
- Beauty industry increasingly reflecting diversity and inclusivity in its products to cater to wider needs of consumers

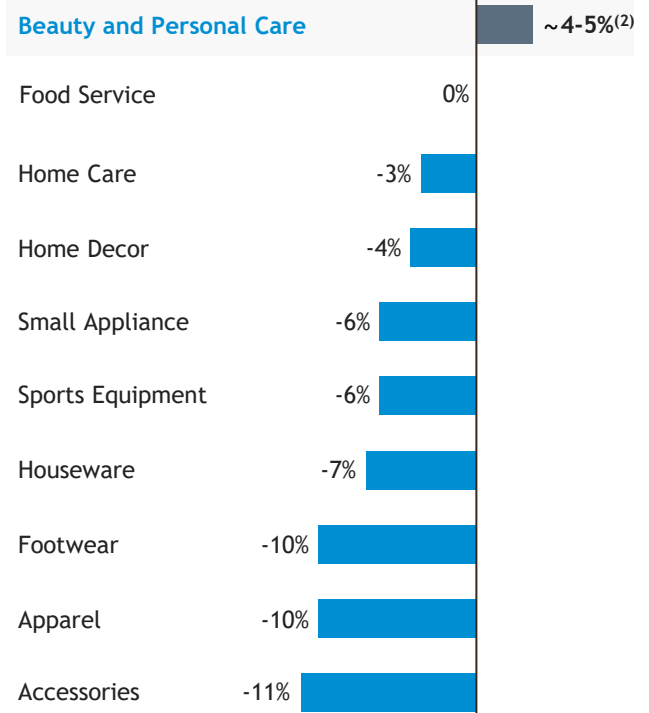
GROSS MARGINS - AMONGST THE HIGHEST IN KEY CONSUMER SECTORS

Select industry-wise average gross profit margins in 2022 (Global)⁽³⁾



RESILIENT - VOLUME GROWTH DESPITE OVERALL CONSUMPTION SLOWDOWN

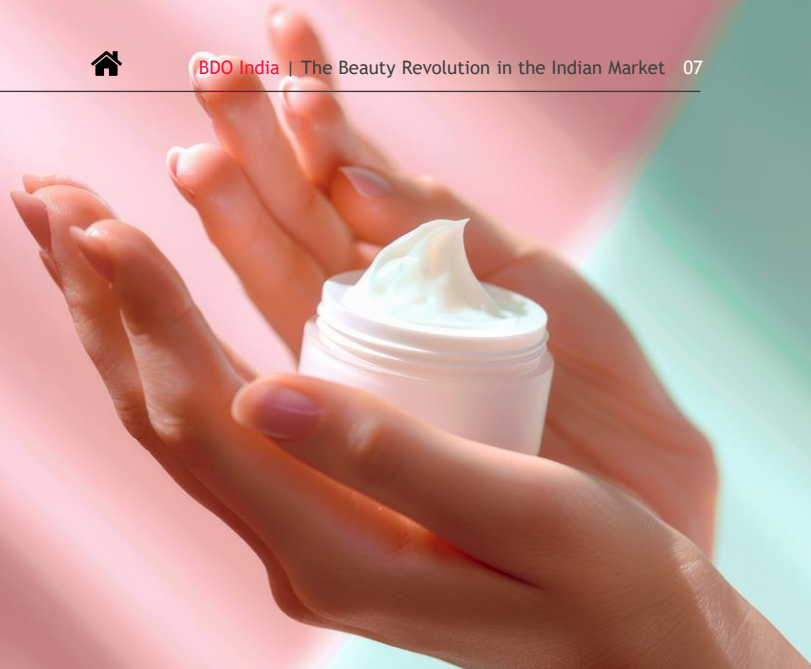
Y-o-Y volume growth in the USA (2023)



BPC is the only category, amongst key consumption categories in USA, with positive performance in volume growth in 2023

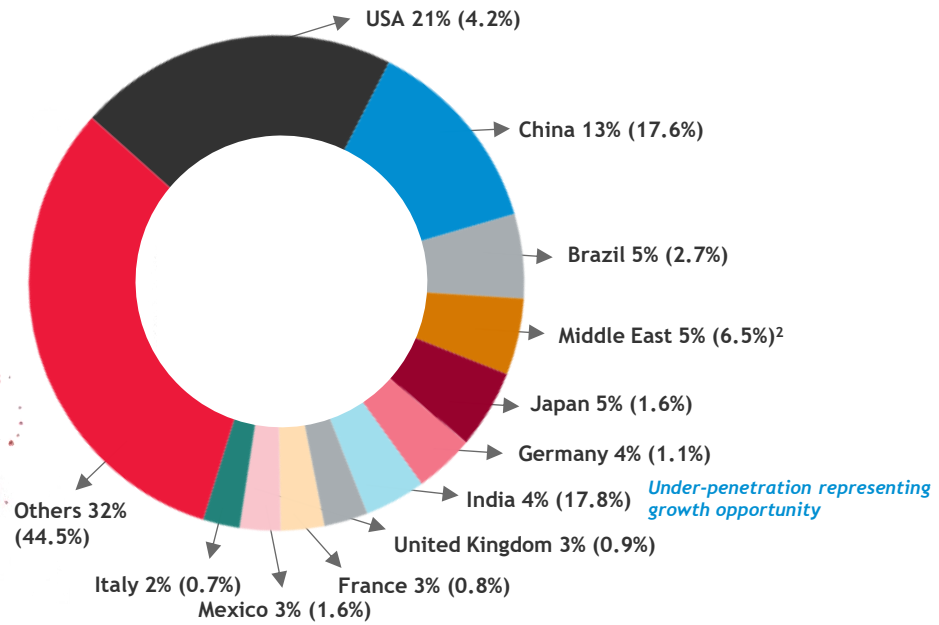
Source: Industry Research, BDO India Research

Notes: 1. Based on fixed 2023 exchange rates; 2. Volumes for Mass and Prestige BPC in the USA grew by 1% and 13% respectively in 2023. Overall volume has been estimated assuming mass represents 70-75% of total volumes; 3. Average of leading companies globally in each category. BPC players represent companies with BPC revenue contribution more than 70%



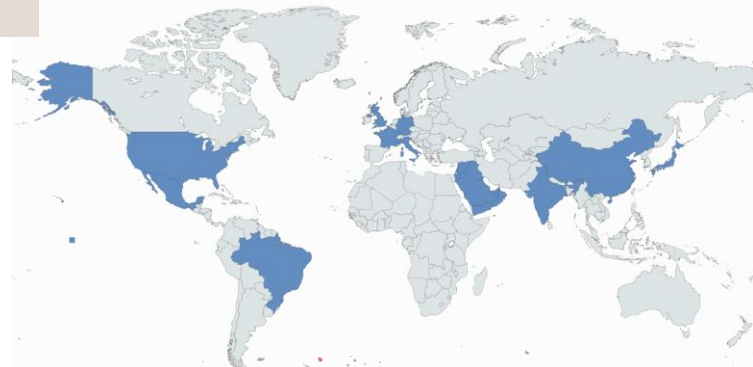
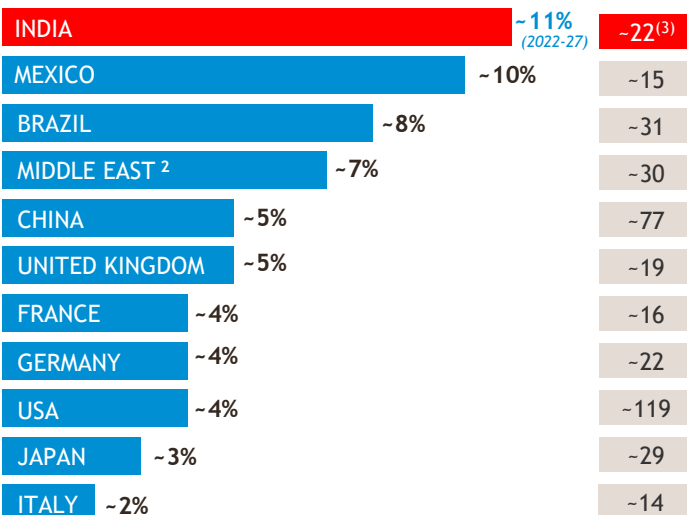
INDIA CONTRIBUTES ONLY ~4% TO THE GLOBAL BPC MARKET, BUT HOUSES THE LARGEST TARGET AUDIENCE NOW

MARKET SHARE BY VALUE IN BPC IN 2023 (% OF GLOBAL HUMAN POPULATION, 2023)



BPC Market CAGR (2023-28)

BPC Market (USD bn in 2023)



INDIA IS AMONGST THE FASTEST GROWING LARGE MARKETS FOR BPC

Source: Industry Research, World Bank Database

1. Based on fixed 2023 exchange rates; 2. Middle East includes Iran, Saudi Arabia, Turkey, United Arab Emirates, Israel, Egypt, Sudan, Kuwait, Qatar, Iraq, Yemen, Jordan, Oman, Bahrain and Syria; 3. Growth rate of ~11% on 2022 market size (~USD 20bn)

WHAT'S INFLUENCING THE GLOBAL BPC INDUSTRY?

PREMIUMISATION, SUSTAINABILITY, CONVENIENCE, ET AL.

PREMIUMISATION



While the overall beauty segment in the USA grew by 5-6% in Q4 CY23, prestige beauty grew by ~12%

Niche and luxury beauty in the UK grew by 7% in volume, driven by 20% and 16% increase in unit sales of haircare and luxury fragrance respectively in Q1 CY24

INCREASING SHARE OF ONLINE



The market share of e-commerce in the global beauty market is expected to increase from ~22% in 2023 to ~26% by 2027

In China, online represents ~40% of the sales and is expected to become the largest sales channel with ~60% share by 2027

DEMAND FOR NATURAL PRODUCTS



Influenced by social movements related to health and sustainable lifestyles, demand for natural and organic BPC products is increasing

~54% of global consumers are willing to pay a premium for products with natural or organic claims (Survey, 2023)

K-BEAUTY



With the growing influence of K-drama & K-pop, awareness of Korean skincare routine (K-beauty) is increasing globally

~47% of global consumers stated that Korean beauty products are very popular in their country (Survey by Statista, 2023)

EVOLUTION IN MEN'S GROOMING SEGMENT



72% of US male consumers between 18 and 34 have incorporated makeup into their grooming routine (Survey by Mintel, 2024)

India - Nykaa launched Nykaa Man, an online platform selling grooming and fashion products for men

ADOPTION OF ONLINE PLATFORMS AS A CONVENIENT REPEAT/ FULFILLMENT CHANNEL IS FUELLING GROWTH OF THE ONLINE SEGMENT

EMERGING TRENDS IN KEY GLOBAL BPC MARKETS

INTEGRATION OF ARTIFICIAL INTELLIGENCE AND AUGMENTED REALTY INTO BPC



Amorepacific's new AI beauty lab - Robot arm and colour injectors to create customised lip colours on-site, using AI technology



L'Oréal's Perso - AI-powered device that delivers personalised on-the-spot skincare and cosmetic formulas



AI-based cleansing device with embedded sensors that analyse user's skin and generate customised spa massage routines



Perfect Corp's PerfectGPT - virtual beauty assistant, offering a range of personalised services

WATERLESS BEAUTY: HIGHER POTENCY AND BETTER SHELF LIFE



- Beauty products formulated with as little amount of water as possible
- Higher usage of active ingredients/ botanical oils

BEAUTY FROM WITHIN

Nutricosmetics	
Supplement	Effects
Biotin	Promotes healthy hair, skin and nails
Collagen	Support skin elasticity and hydration levels
Vitamin E	Treat dryness and acne
Glutathione	Supports skin brightening and anti-aging
Hyaluronic acid	Skin hydration and skin-health

Acquisitions by Unilever

- NUTRAFOL
- SMARTY PANTS VITAMINS

- ### Neurocosmetics
- Holistic approach to beauty by nurturing mental health with modern skincare
 - Science-backed, neuroactive ingredients enhancing the skin-brain connection
 - Neurological or psychological benefits like enhancing mood, reducing stress, or improving overall well-being

Selfmade was launched in 2020 in the USA
Products are claimed to be powered by neurocosmetic ingredients



INNOVATIVE PRODUCTS GAINING WIDER ACCEPTANCE

TRENDS IN THE USA

% of female beauty consumers in the USA as a regular buyer



OTHER EMERGING PRODUCTS



Face Oil



Sunscreen Sticks



Under Eye Creams



Radiance Face Pads



Bath Salts



Tattoo Cleanser



Volume Spray



Temporary Hair Colour



Hair Cream



Pre-makeup Oil



Derma Rollers



Ice Rollers



LED Face Masks

INNOVATION BY BOTH TRADITIONAL AND EMERGING PLAYERS TO CAPTURE THE UNTAPPED MARKET IS DRIVING THE ADOPTION OF NEW PRODUCTS

PROMINENT
INTERNATIONAL PLAYERS
PLAYERS WITH MORE THAN 50% REVENUE CONTRIBUTION FROM BPC⁽¹⁾

Amount in USD mn

Company Name	Country	Market Capitalization	Enterprise Value	LTM Revenue	LTM EBITDA	EBITDA %
L'Oréal	France	231,662	238,755	46,899	10,313	22.0%
Estée Lauder	USA	34,451	40,882	15,608	2,404	15.4%
Beiersdorf	Germany	32,312	29,174	10,631	1,513	14.2%
Shiseido	Japan	10,346	11,995	6,667	528	7.9%
Coty	USA	8,123	12,371	6,118	1,004	16.4%
Proya Cosmetics	China	6,188	5,761	1,464	241	16.5%
e.l.f. Beauty	USA	5,724	5,919	1,132	173	15.3%
L'Occitane	Luxembourg	4,689	5,548	2,790	382	13.7%
LG H&H	South Korea	4,445	4,020	5,066	561	11.1%
Natura & Co	Brazil	3,841	4,458	4,872	348	7.2%
Amorepacific	South Korea	1,560	3,510	2,975	305	10.3%
Olaplex Holdings	USA	1,476	1,621	438	149	34.0%
Mandom Corporation	Japan	386	246	500	42	8.4%
The Honest Company	USA	342	332	356	(9)	-2.5%
Yatsen Holding	China	342	149	479	(89)	-18.6%
Nu Skin Enterprises	USA	318	634	1,844	176	9.6%

GLOBAL PLAYERS WITH BPC AS ONE OF THE SEGMENTS⁽¹⁾

Amount in USD mn

Company Name	Country	Market Capitalization	Enterprise Value	LTM Revenue	LTM EBITDA	EBITDA %	Revenue from BPC ⁽²⁾
Procter & Gamble	USA	392,683	417,996	84,039	23,844	28.4%	18.1% ⁽³⁾
Unilever	UK	154,862	185,877	66,176	13,113	19.8%	44.1% ⁽⁴⁾
Colgate-Palmolive	USA	80,540	88,240	19,989	4,831	24.2%	19.0% ⁽⁵⁾
Kenvue	USA	42,115	49,707	15,475	3,627	23.4%	28.3% ⁽⁶⁾
Reckitt Benckiser	UK	41,220	51,871	18,747	4,632	24.7%	NA
Kao Corporation	Japan	22,319	22,224	10,683	1,497	14.0%	41.2% ⁽⁷⁾
Puig Brands	Spain	12,470	14,262	4,933	742	15.0%	28.0% ⁽⁸⁾
Shanghai Jahwa	China	1,793	1,346	896	76	8.4%	NA
Edgewell	USA	1,669	2,784	2,270	347	15.3%	31.3% ⁽⁹⁾

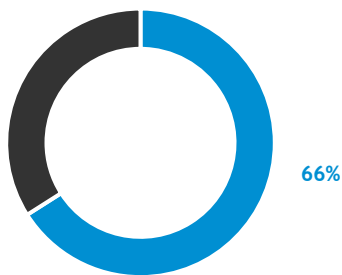
Note: 1. Select listed companies with revenue more than USD 350 mn, Market data as on 08.10.2024; 2. Revenue from BPC for latest financial year; 3. Excludes revenue from hygiene and grooming appliances & products; 4. Includes revenue from oral care; 5. Excludes revenue from oral care; 6. Excludes revenue from oral care, baby care and women's health; 7. Includes revenue from oral care; 8. Excludes revenue from fragrance and fashion; 9. Excludes revenue from grooming and hygiene products

LARGE COMPANIES VIEW ACQUISITION OF START-UPS AS AN EFFECTIVE TOOL FOR PLUGGING ANY GAP IN INNOVATION

FOR INSTANCE, IN THE USA, THOUGH LARGE COMPANIES DOMINATE THE BEAUTY AND PERSONAL CARE SEGMENT, THEY ARE CONTINUOUSLY ACQUIRING INNOVATIVE COMPANIES.

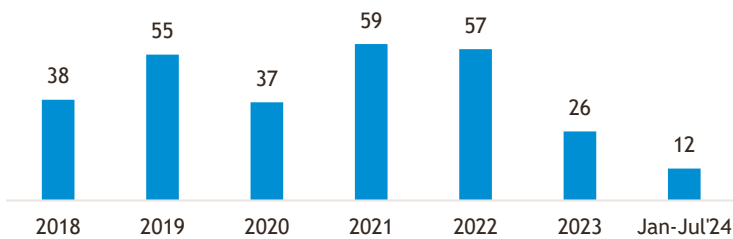
~170,000⁽¹⁾ BPC COMPANIES IN THE USA WITH A LION'S SHARE HELD BY THE TOP 20 PLAYERS

Market share of top 20 BPC companies



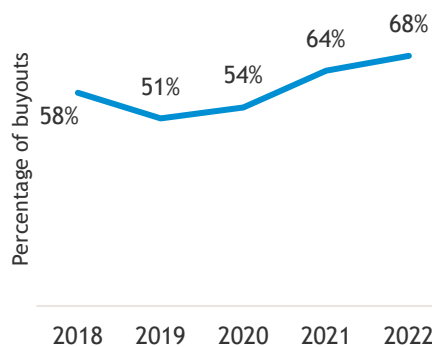
280+ ACQUISITIONS CONSUMMATED IN THE USA DURING 2018 TO JULY 2024

No. of transactions



COMPANIES ARE INCREASINGLY FOCUSING ON BOTH GROWTH AND PROFITABILITY FOR TARGET EVALUATION

Targets with above average financials (as % of total buyouts)⁽²⁾

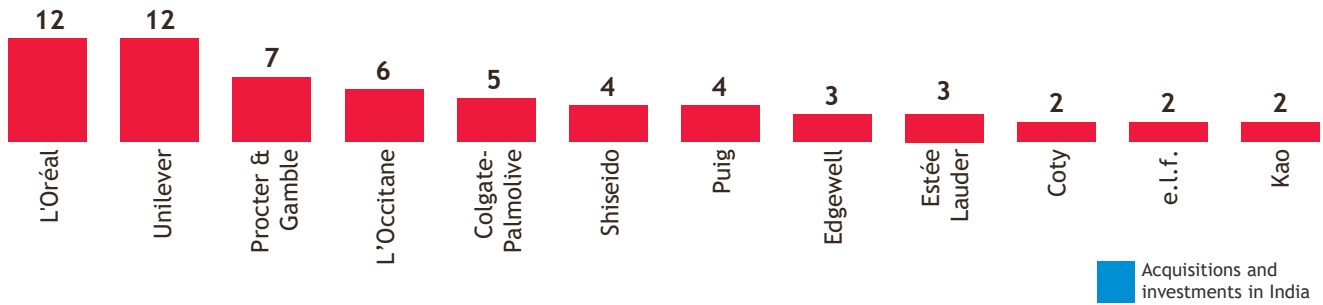


Above average financials defined as either (1) Revenue growth >10% and EBITDA margins >10%, or (2) one above 12% and the other metric at least 8%





ACQUISITIONS AND INVESTMENTS IN BPC SEGMENT BY KEY PLAYERS SINCE 2018 (# OF DEALS)

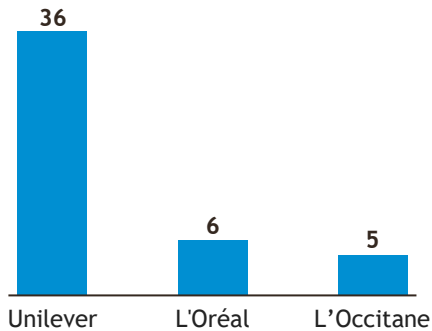


L'Oréal				Edgewell
Aesop	Skinbetter	Takami	Youth to the People	Crema
Azzaro	Thayers	Mugler	Sante	Billie
Stylenanda	Pulp Riot	ModiFace (Augmented Reality)	La Roche Posay	Jack Black
Unilever				Estée Lauder
K18	Dollar Shave Club	Fluocaril & Parogencyl oral care	Paula's Choice	DECIEM
Lenor Japan	Nutrafol	Tatcha	Garancia	Dr. Jart
Quala	Schmidt's Naturals	Equilibra	Vwash	Forest Essentials
Procter & Gamble				Coty
Mielle Organics	Tula	Ouai Haircare	Farmacy Beauty	Kylie Cosmetics
Walker and Company	First Aid Beauty	Snowberry Newzealand		KKW Beauty
L'Occitane		Colgate-Palmolive		e.l.f.
LimeLife	Elemis	Hello Products	Filorga	Naturium
Grown Alchemist	Myglamm	EltaMD	PCA Skin	W3LL People
Sol de Janeiro	Dr. Vranjes Firenze	Visage Lines		
Shiseido		Puig		Kao
Drunk Elephant	Gallinee Beauty	Charlotte Tilbury	Kama Ayurveda	Oribe Haircare
Dr. Dennis Gross	Perfect Corp (Augmented Reality)	Loto Del Sur	Dr. Barbara Sturm	Bondi Sands

M&A OFFERS A SAFE AVENUE FOR INVESTING IN BRANDS THAT HAVE DEMONSTRATED SUCCESSFUL OUTCOMES

LARGE PLAYERS ARE FLOATING VC ARMS TO INVEST IN EARLY-STAGE BPC COMPANIES

INVESTMENTS IN BPC SEGMENT BY VC ARMS OF KEY PLAYERS



Unilever Ventures		
Beauty Bakerie ⁽¹⁾	BYBI	Curlsmith ⁽¹⁾
ESQA	Exponent Beauty	Frank Body
Gallinée ⁽¹⁾	Grown Alchemist ⁽¹⁾	indu
ioma ⁽¹⁾	Kopari	ClayCo
Live Tinted	Luna Daily	Minimalist
Nue Co	indē wild	Mira Beauty ⁽¹⁾
Pangaea	Plum	Sachajuan
Saie	Scentials	Skin Inspired
Straand	The 7 virtues	The INKEY List
Trinny London	True Botanicals	Volition
Uoma ⁽¹⁾	Womaness	Wishcare
Zitsticka	Oak Essentials	One Skin
L'Oréal (BOLD)		
Documents	Functionalab	Macrene Actives
Sparty	To Summer	Ami Colé
L'Occitane (Obratori)		
Medene	Le Rouge Francais	Paper Cosmetics
Eclo	In HairCare	

Investments in India

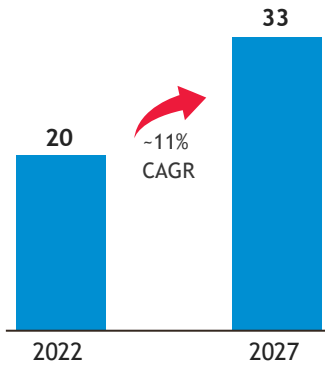


THE INDIAN BPC INDUSTRY



THE INDIAN BPC INDUSTRY - ONE OF THE MOST ATTRACTIVE AND FASTEST-GROWING MARKETS

Market Size in USD bn



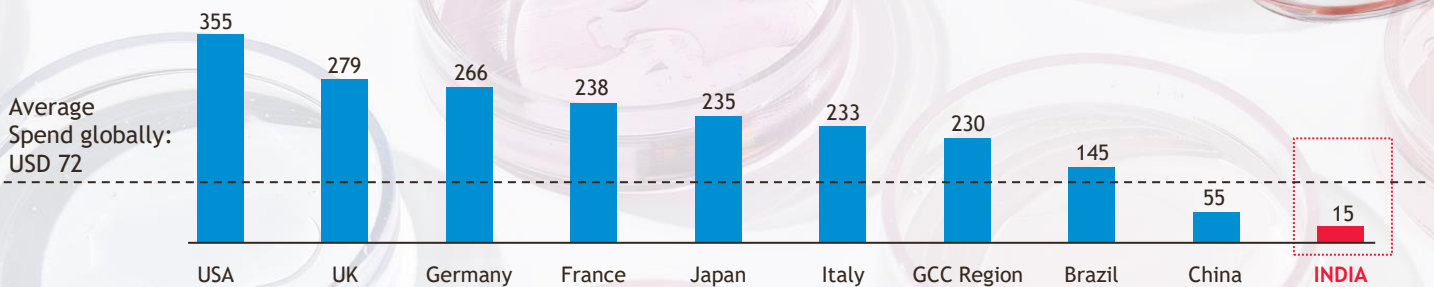
India is the **6th largest** BPC market globally

Per capita spends on BPC is expected to reach **~USD 27 in 2030** from **USD 15 in 2023**



HEADROOM FOR GROWTH IN PER CAPITA SPENDS

Estimated Per Capita Spend in USD in 2023



DRIVEN BY STRONG GROWTH DRIVERS

16%

Online penetration in BPC:
Increasing rapidly

~66%

Youth population:
Largest in the world acting as tailwind for growth

~37%

Participation of women in the workforce:
Increasing

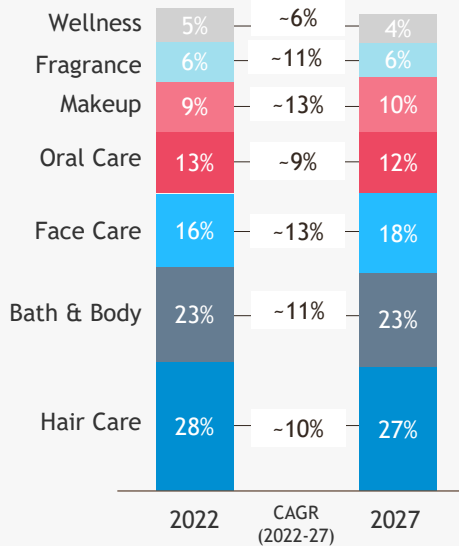
~31%

Middle-class population:
rising disposable income

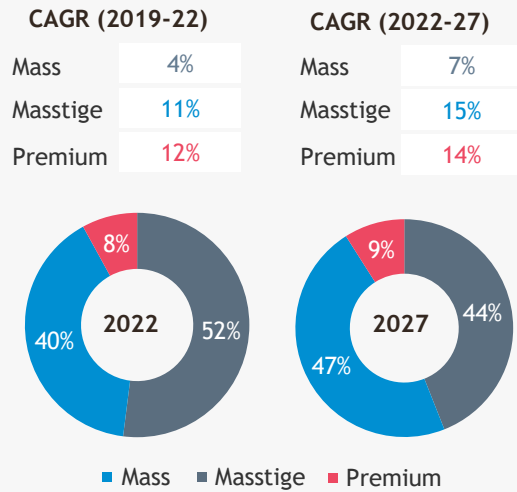


CHARACTERISED BY PREMIUMISATION, DIGITISATION AND CONSUMER BASE EXPANSION

INCREASING FOCUS ON FACE CARE AND COLOUR COSMETICS

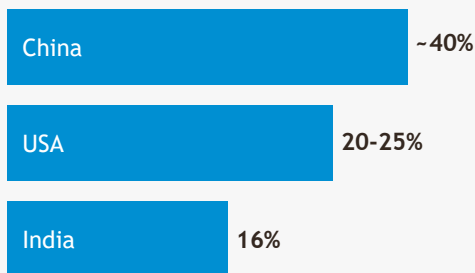


EXPANDING SHARE OF MASSTIGE AND PREMIUM SEGMENTS

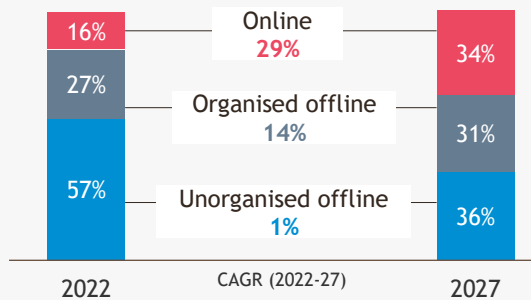


ONLINE CHANNEL IS EXPECTED TO GROW FASTER

Online penetration of BPC market (2022)

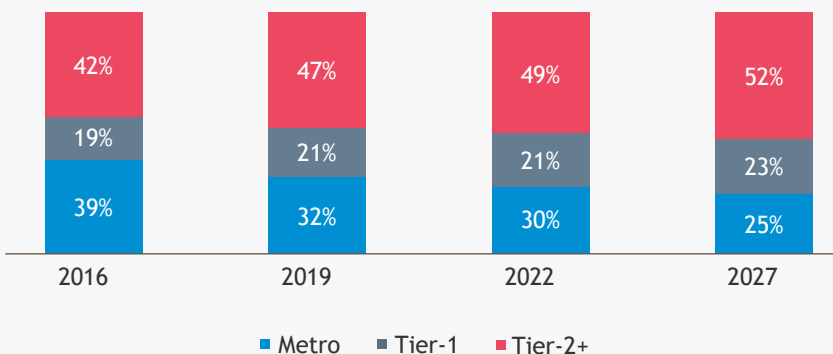


Channel-wise market share



INCREASING LAST-MILE ACCESS TO CONSUMERS IN TIER II CITIES AND BEYOND

Market split by city tiers



BOTH INCUMBENTS AND NEW-AGE BRANDS ARE INCREASINGLY ADOPTING OMNICHANNEL STRATEGIES



Dominant offline segment

~84% Contribution of offline channel in BPC sales

- Offline channels tend to be more profitable as compared to online channels due to lower customer acquisition costs
- For a new brand, building an offline network requires a differentiating factor, strong retailer relationships, and effective marketing as retailer shelf space is limited and brands compete for visibility

Growing online Segment

~5x Growth in online channel (FY22-27 CAGR: ~29%) compared to total offline (~6%)

- Online is the most effective channel for creating visibility, generating trials amongst early adopters, acquiring new consumers, and engaging directly with consumers for feedback and reviews

AN OMNICHANNEL NETWORK IS IMPORTANT TO HOLISTICALLY MEET CONSUMER DEMANDS



Launch in digital networks



Reach a certain scale



Create brand affinity



Launch select products in the offline channel



Reach a larger customer base



INDIAN BPC RETAILERS ARE BUILDING OMNICHANNEL NETWORKS⁽¹⁾

	Brands	Offline stores- Year of launch	EBOs (#)	Cities (#)
New Entrants	Tira	2023	12	5
	Tata CLiQ Palette	2023	2	2
	Zudio Beauty ⁽²⁾	2024	1	1
Key Incumbents	Nykaa	2014	200	72
	Purple	2021	8	5
	Sephora	2012	26	13

DIGITAL-FIRST BRANDS ARE ALSO EXPANDING INTO OFFLINE⁽¹⁾

Company	Offline (% of revenue)	Retail Outlets (#)	EBOs (#)	Cities (#)
Honasa Consumer	-34%	~200,000	~90	~500
Vellvette Lifestyle	-50%	~45,000	~200	~550
Pep Technologies	-30%	~25,000	NA	NA
Body Cupid	-25%	~45,000	NA	~200
Pureplay Skin Sciences	-30-35%	~19,500	~35	~300
Visage Lines	-50%	~80,000	~50	NA
Sanghvi Beauty	-30%	~50,000	~160	~100
Renee Cosmetics	-40%	~5,000	~4	~150
Heavenly Secrets	-22%	~4,000	~5	~200
Uprising Science	-10%	~1,000	NA	~15

CELEBRITY-OWNED AND PROFESSIONAL-BACKED BRANDS ON THE RISE

CELEBRITY-OWNED BRANDS

Following the Western trend of celebrity-owned brands (Rihanna's Fenty Beauty, Kylie's Kylie Cosmetics, Priyanka Chopra's Anomaly, etc.), Indian celebrities have also launched beauty brands in India.

Select Brands	Celebrity	About the brand
Kay Beauty	Katrina Kaif	<ul style="list-style-type: none"> Launched in 2019 in partnership with India's largest beauty retailer Nykaa Offers a range of high-quality, cruelty-free makeup products for women
82°E	Deepika Padukone	<ul style="list-style-type: none"> Launched in 2022 Offers clean, vegan, cruelty-free & clinically tested skincare & body care products for men and women
LoveChild	Masaba Gupta	<ul style="list-style-type: none"> Founded in 2022 Offers cosmetics and fragrances
SoEzi	Sonakshi Sinha	<ul style="list-style-type: none"> Launched in 2022 with co-founder Srishti Raai Premium press-on nail brand
Quench Botanics	Kareena Kapoor Khan	<ul style="list-style-type: none"> Launched as a joint venture with Vellvette Lifestyle (Sugar Cosmetics) in 2023 Made-in-Korea natural brand designed for Indian skin for haircare, skincare, makeup
Hyphen	Kriti Sanon	<ul style="list-style-type: none"> Launched in 2023, the brand is co-founded by Kriti Sanon and mCaffeine founders Offers vegan, peta-certified, cruelty-free skincare products
Akind	Mira Kapoor	<ul style="list-style-type: none"> Launched in 2024, the brand is co-founded by Mira Rajput and launched at Tira Offers paraben-free, cruelty-free, vegan skincare products that are clinically and dermatologically tested

PROFESSIONAL-BACKED BRANDS

Indian brands founded by professionals

Indus Valley

Founded by biotechnology scientists **Dr. Harinder Arya** & **Dr. Shyam Arya**

Skin Q

Founded by dermatologist **Dr. Chytra Anand**

Blossom Kochhar

Founded by aromatherapist **Dr. Blossom Kochhar**



Celebrity association provides instant visibility and brand awareness. However, product efficacy is the key for sustainability and scale-up

TOP 20 BRANDS HOLD ~32% OF THE BPC MARKET IN INDIA

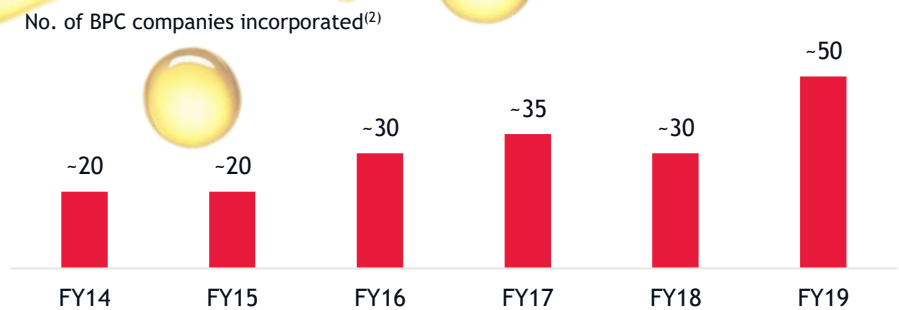
Rank (change YoY)	Brand	Indicative Retail Sales Value in INR mn (CY23)	YoY Growth (CY23)	Company
→ 1st 0	Colgate	65,000	7%	Colgate-Palmolive
→ 2nd 0	Glow & Lovely	42,000	5%	Hindustan Unilever
↑ 3rd 2	Himalaya	37,000	12%	Himalaya Wellness
↓ 4th 1	Dove	37,000	7%	Hindustan Unilever
↓ 5th 1	Lifebuoy	36,000	4%	Hindustan Unilever
→ 6th 0	Parachute	34,000	2%	Marico
↑ 7th 1	Godrej	33,000	10%	Godrej Consumer
↓ 8th 1	Dettol	33,000	8%	Reckitt Benckiser
→ 9th 0	Santoor	32,000	5%	Wipro Enterprises
→ 10th 0	Lux	31,000	7%	Hindustan Unilever
→ 11th 0	Dabur	31,000	6%	Dabur
→ 12th 0	Patanjali	27,000	6%	Patanjali Ayurved
→ 13th 0	Garnier	26,000	25%	L'Oréal India
→ 14th 0	Mamaearth	24,000	21%	Honasa Consumer
→ 15th 0	Johnson's	20,000	6%	Johnson & Johnson
→ 16th 0	Lakmé	19,000	12%	Hindustan Unilever
→ 17th 0	Pond's	17,000	6%	Hindustan Unilever
→ 18th 0	Clinic	17,000	9%	Hindustan Unilever
↑ 19th 1	Nivea	16,000	11%	Nivea India
↓ 20th 1	Closeup	16,000	6%	Hindustan Unilever

- Top brands are majorly from MNCs with only 7 out of the 20 top brands owned by domestic companies
- Mamaearth is the only new-age brand in the list of top 20 brands

→ No change in rank ↑ Rise in rank ↓ Drop in rank

**WHILE ONLY FEW
BPC COMPANIES FOUNDED IN THE
LAST DECADE HAVE SURPASSED
THE INR 1,000MN MARK...**

Out of the 180+ BPC companies incorporated from FY14 to FY19, only few⁽¹⁾ have been able to cross the INR 1,000mn revenue mark by FY23



Company	Flagship Brand	Revenue (FY23)	YoY growth of revenue ⁽³⁾	Online Sales as % of Total Revenue (Indicative)	Total primary funds raised until FY22	Years to reach INR 1,000mn revenue
Honasa	Mamaearth	19,199 ⁽⁴⁾	29%	66%	6,491	4
Sanghvi Beauty and Technologies	Myglamm	6,033	185%	70%	18,532	6
Pureplay Skin Sciences	Plum	3,096	68%	65-70%	3,707	8
Body Cupid	WoW	2,581	(24%)	75%	3,500	5
Incnut ⁽⁵⁾	Skinkraft, Vedix	2,316	13%	NA	721	3
Pep Technologies	mCaffeine	2,053	52%	70%	2,296	6
Uprising Science	Minimalist	1,838	70%	90%	968	3
Idam Natural Wellness	Bellavita	1,841	310%	NA	136	4
Visage Lines	Bombay Shaving	1,773	69%	50%	2,212	6
Renee Cosmetics	Renee	972	202%	60%	632	3

Source: Databases, News Articles

Notes: 1. Includes only brand owners (excluding companies acquired); 2. Companies in personal care products segment (excluding companies which have been amalgamated, struck-off or are under liquidation; and partnership firm and proprietorship); 3. YoY growth for revenue from operations; 4. Revenue for FY24; 5. Launched BPC brands in 2018

...SEVERAL NEW-AGE PLAYERS HAVE DEMONSTRATED 30%+ CAGR IN THE LAST THREE YEARS

SELECT HIGH GROWTH AND HIGH GROSS MARGIN COMPANIES

Amount in INR mn

Company	Key Brands	Growth ⁽¹⁾	Revenue ⁽²⁾	Material Margin	EBITDA Margin
Honasa Consumer ⁽³⁾	Mamaearth, Derma Co, Aqualogica, Dr. Sheth's		19,199	69.8%	7.1%
Mountain Valley Springs	Forest Essentials		4,291	80.8%	32.4%
Vellvette Lifestyle	Sugar Cosmetics		4,203	72.9%	-16.5%
Transformative Learning Solutions	The Ayurveda Experience		2,591	89.5%	-6.4%
Faces Cosmetics	Faces Canada		2,410	66.6%	-8.8%
Pep Technologies	Mcaffeine		2,053	65.5%	-46.4%
Uprising Science	Minimalist		1,838	72.7%	2.7%
Idam Natural Wellness	Bellavita		1,841	65.1%	-22.2%
Fixderma India	Fixderma		1,056	77.2%	12.5%
Renee Cosmetics	Renee		972	74.2%	-46.8%
Heavenly Secrets	Pilgrim		765	73.6%	-30.3%
Tatvartha Health	Traya		614	75.7%	-43.2%
Dot & Key Wellness	Dot & Key		577	68.2%	-8.9%
Apcos Naturals	Just Herbs		592	72.9%	-23.8%
Weighted Average				72.4%	-1.5%

■ YoY Revenue Growth
 ■ CAGR FY20-FY23 (Revenue)



STRONG INVESTMENT MOMENTUM IN THE INDUSTRY

KEY RECENT PE DEALS

Year	Target	Flagship Brand(s) of Target	Key Investors	Deal Size (INR mn) ⁽¹⁾	Stake	EV/ Revenue ⁽²⁾
2024	Heavenly Secrets	Pilgrim	Fireside Ventures, Vertex Ventures	750	3.6%	NA
2024	Renee Cosmetics	Renee	Evolve India, Nuvama Private Equity	1,000	7.1%	NA
2024	Foxtale Consumer	Foxtale	Panthera Growth Partners, Matrix Partners India, Kae Capital	1,500	NA	NA
2024	Sanghvi Beauty & Technologies	Myglamm	Warburg Pincus, Prosus, Bessemer Venture Partners, Accel Partners	3,100	3.2%	NA
2023	Transformative Learning Solutions	The Ayurveda Experience	Jungle Ventures, SIDBI Ventures, Anicut Capital, Sharrp Ventures	3,053	NA	NA
2023	Naturohabit ⁽³⁾	Nat Habit	Bertelsmann India Investments, Fireside Ventures, Mariwala Family Office, Mirabilis Investment Trust	850	NA	NA
2022	Vellvette Lifestyle	Sugar Cosmetics	Elevation Capital, L Catterton Asia, A91 Partners	3,876	10.0%	NM
2022	Body Cupid	Wow Skin Science	GIC Singapore	3,750	17.5%	6.3x
2022	Pureplay Skin Sciences	Plum	A91 Partners, Faering Capital, Unilever Ventures	2,734	15.6%	8.0x
2022	Pep Technologies	Mcaffeine	Paragon Partners, Singularity AMC, Amicus Capital Partners	2,384	24.0%	5.8x
2022	Visage Lines Personal Care ⁽⁴⁾	Bombay Shaving Company	Malabar Investments, Gulf Islamic Investments, The Patni Family Office, Singularity Ventures	1,542	29.0%	3.7x
2021	Honasa Consumer	Mamaearth	Peak XV Partners	2,840	3.5%	8.1x
2021	Sanghvi Beauty & Technologies	Myglamm	Warburg Pincus, Prosus, L'Occitane International SA	10,163	16.5%	NM
2021	Uprising Science	Minimalist	Peak XV Partners, Unilever Ventures	825	19.4%	NM
2021	Mosaic Wellness	Man Matters, Be Beautywise	Elevation Capital, Peak XV Partners, Matrix Partners	1,754	25.0%	NM

KEY RECENT M&A DEALS

Year	Target	Flagship Brand(s) of Target	Investor	Deal Size (INR mn) ⁽¹⁾	Stake	EV/ Revenue ⁽²⁾
2024	Sesa Care	Sesa	Dabur	126	51.0%	2.4x EV - INR 3 bn
2024	Ivia Beaute (Cosmetic Business)	Astaberry, Ikin and Bhimsaini	Cipla	1,300	NA	NA
2023	Happily Unmarried	Usttraa	VLCC Health Care	2,273	100.0%	3.1x
2023	VLCC Health Care	VLCC	Carlyle	24,700	64.6%	4.3x
2022	Ug Life Style	Urban Gabru	Globalbees Brands	1,000	NA	NA
2024	Earth Rhythm	Earth Rhythm	Nykaa	445	NA	NA
2022				417	19.9%	9.4x
2022	Syscom Organic World	Organic Harvest	Sanghvi Beauty & Technologies	263	NA	NA
2024	Dot & Key Wellness	Dot & Key	Nykaa	1,259	51.0%	2.1x
2021				2,653	39.0%	NA
2021	Amishi Consumer	The Moms Co	Sanghvi Beauty & Technologies	969	51.0%	5.4x
2021	St Botanica Beauty	St Botanica	Sanghvi Beauty & Technologies	5,000	NA	NA
2021	St Botanica Beauty	St Botanica	Sanghvi Beauty & Technologies	1,400	100.0%	8.4x
2024				700	40.0%	NA
2021	Apcos Naturals	Just Herbs	Marico	751	60.0%	5.2x
2022	Kama Ayurveda	Kama Ayurveda	Puig International S.A.	NA	20.0%	NA
2019				5,383	49.0%	9.6x
2024	Brillare Science	Brillaire	Emami	NA	4.6%	NA
2022-23				NA	15.6%	NA
2018-21	Helios Lifestyle	The Man Company	Emami	NA	66.3%	NA
2024				1,776	49.6%	NA
2021-22	Helios Lifestyle	The Man Company	Emami	NA	4.4%	NA
2021				500	12.9%	8.6x
2017-19	Zed Lifestyle	Beardo	Marico	NA	33.1%	NA
2020				1,320	55.0%	2.9x
2017-19	Zed Lifestyle	Beardo	Marico	80	9.6%	NA
2016				163	35.4%	5.2x

Source: Databases, News Articles

Note: 1. Select key deals since 2019; 2. Deal multiples are calculated as per nearest financial year to deal date; 3. Further round raised in Aug'24 (INR 80 mn); 4. Further round raised in Jun'23 (INR 401mn)

THE BPC SEGMENT IS ATTRACTING PLAYERS WITH DEEP POCKETS

Amount in INR mn

Year	Target	Acquirer	Deal Size ⁽¹⁾	Stake	Post-money Equity Value ⁽¹⁾	Rationale
2023	Raymond Consumer (FMCG Business)	Godrej Consumer	28,250	NA	28,250 (Business Valuation)	Addition of complementary and high growth categories
2023	Health & Glow ⁽²⁾	Radhakishan Damani	7,500	100%	7,500	To capitalise on the BPC retail expansion drive on the back of extraordinary leadership in the retail industry
2022	Mayuri Kumkum (Earlier Insight Cosmetics)	Reliance Retail	2,930	51.0%	5,745	Part of a broader strategy to expand in the BPC market through both organic and inorganic routes
2021	Vini Cosmetics	KKR India	46,500	53.9%	86,270	To capitalise on the attractive BPC segment by helping the company capture new growth opportunities and tap aspirational young consumer demographic
2019	Esme Consumer ⁽³⁾	Samara Capital	2,668	72.7%	3,670	To build a platform for BPC products, specifically in the mass and mass-premium segment

Source: Databases, News Articles

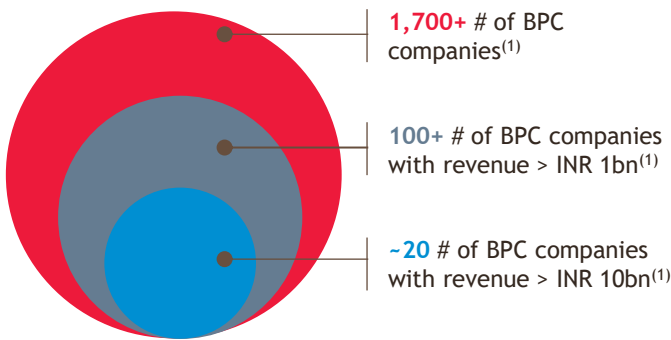
Notes: 1. Deal size and Enterprise value in INR mn; 2. Health and Glow is retailer of BPC products; 3. Samara Capital has further infused funds in Esme Consumer and currently holds 100% stake



THE INDUSTRY IS BECOMING INCREASINGLY CHALLENGING FOR BOTH INCUMBENTS AND NEW-AGE PLAYERS

A CROWDED MARKET IS RESULTING IN INCREASED COMPETITIVE INTENSITY...

Large number of existing players coupled with an influx of new entrants



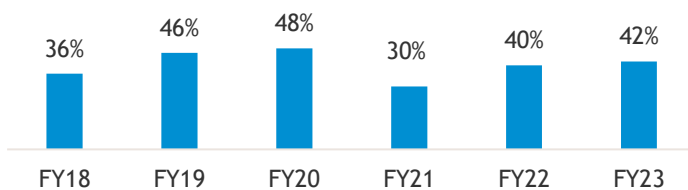
Increased competitive intensity makes it important for brands to be innovative and offer differentiated value propositions to create brand visibility and acquire new customers

... THEREBY, COMPELLING BRANDS TO SPEND HEAVILY ON MARKETING AND PROMOTIONS

There is a high inducement for consumers to switch brands, which is further amplified by growing experimentation and trial sales. As a result, companies are spending heavily on marketing and promotions for customer acquisition and retention

New age companies are consistently spending as high as 30-50% of sales in marketing and promotion, driven by their strategy to gain larger market share quickly

Marketing spends (as a % of sales) for select new-age companies with FY23 revenue > INR 1bn⁽²⁾



Plethora of options to meet the evolving demands of consumers across categories

Select Examples

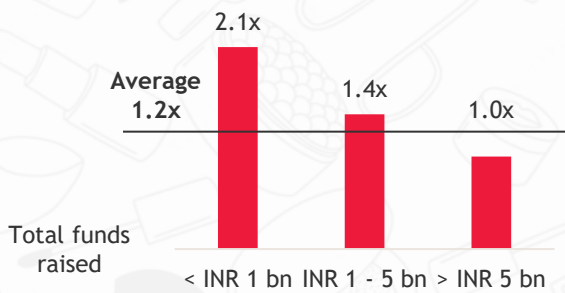


- Launching a new brand/ product typically requires substantial marketing investment to educate consumers, create a buzz and encourage trials
- While heavy spending can drive short-term results, it may not foster long-term brand loyalty or sustainable growth unless supported by a strong strategy
- Additionally, such investments can strain budgets, and impact profitability, and ROI is often delayed

NEW-AGE BPC SEGMENT IS BECOMING HEAVILY DEPENDENT ON EXTERNAL CAPITAL WITH A HIGH BURN RATE, AND NEEDS TO PIVOT

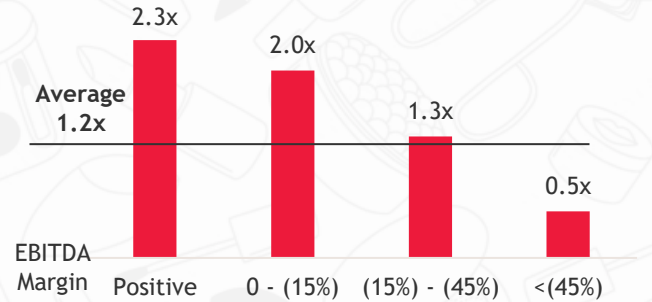
NEW-AGE COMPANIES EXHIBIT LOW REVENUE-TO-FUNDING RATIO

Revenue-to-Funding ratio for companies segmented in terms of total funds raised



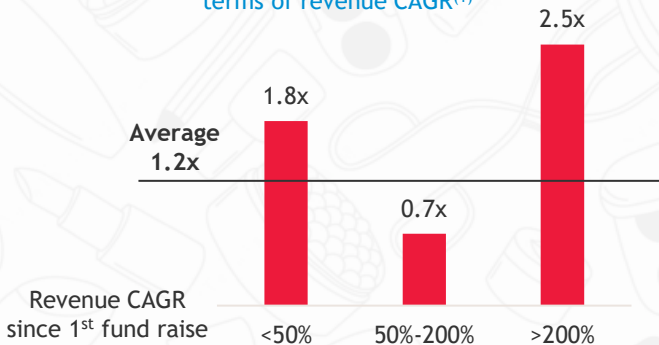
Total funds raised >>	<INR 1 bn	INR 1 - 5 bn	> INR 5 bn	Total
Total Revenue	11,494	26,863	28,986	67,343
Total Fund Raise	5,606	18,554	30,109	54,268
Total burn	(3,050)	(10,102)	(24,462)	(37,614)

Revenue-to-Funding ratio for companies segmented as per EBITDA margins



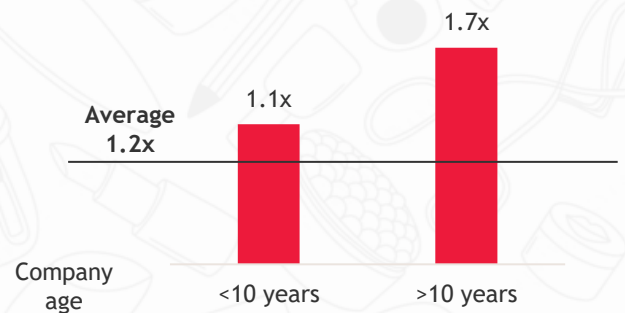
EBITDA Margin >>	Positive	0 - (15%)	(15%) - (45%)	<(45%)
Total Revenue	37,545	6,945	9,077	13,776
Total Fund Raise	16,154	3,465	7,003	27,646
Total burn	(11,758)	(2,104)	(3,643)	(20,109)

Revenue-to-Funding ratio for companies segmented in terms of revenue CAGR⁽¹⁾



Revenue CAGR >>	<50%	50%-200%	>200%
Total Revenue	19,228	24,328	23,787
Total Fund Raise	10,473	34,460	9,335
Total burn	(1,456)	(22,967)	(13,192)

Revenue-to-Funding ratio for companies as per company age



Company age >>	<10 years	>10 years
Total Revenue	39,485	27,858
Total Fund Raise	37,568	16,701
Total burn	(33,549)	(4,066)

COMPANIES THAT EXHIBIT A HIGHER REVENUE-TO-FUNDING RATIO HAVE DEMONSTRATED SUSTAINABLE GROWTH, CHARACTERISED BY HIGHER CAGR AND HIGHER EBITDA COMPARED TO THEIR COUNTERPARTS

Source: Databases, News Articles, BDO India Research

1. Revenue CAGR since first fund raise

Please note: The data on this page features select companies with revenue of more than INR 350mn in FY2023 (n=20); total funds raised till FY-1 and the numbers represent latest financials available.

SUCCESS IN THE INDUSTRY IS MORE THAN JUST ABOUT CREATING BUZZ

Building a successful brand is a long-term investment. Consistent efforts in product development, marketing, distribution and customer engagement contribute to sustainable growth and strong brand equity over time and help the brand successfully navigate the competitive landscape

Focus on product efficacy

- Only products that consistently deliver on promises are able to build a loyal customer base
- In addition to driving repeat purchases, high-quality products attract referrals through positive word-of-mouth/customer reviews, thereby directly impacting profitable sales growth

Identify and develop hero products

- While a company typically has a wide range of SKUs under a brand, it is important to develop hero product(s) that encapsulate brand ethos and serve as the cornerstone of the marketing strategy
- Hero product(s) increase brand recall and create differentiation from competitors

Omnichannel

- Omnichannel network has become essential to build a scaled-up business
- Once a digital-first company has achieved a certain scale, it is important to expand offline as the next phase of growth, to deliver consumer needs across all channels
- A significant portion of digital sales is driven by customer demand for the replenishment of products they have previously purchased. To capitalise on this, companies must focus on timely delivery and efficient order fulfilment to ensure customer satisfaction and build brand loyalty, leading to sustained revenue growth

Consistent brand communication

- Consistent and effective brand communication to create strong brand identity and generate brand connect

Continuous customer engagement to drive innovation

- Focus on customer engagement across platforms to build deeper connections, analyse consumer behaviour patterns to identify market gaps and develop new products to cater to the whitespace
- Adopt various innovative strategies to help meet the unmet demands, including:
 - New applications - Novel uses or forms of existing products to provide convenience and enhanced user experience
 - Differentiated packaging - Innovative packaging solutions such as single-use packs, trial packs and travel kits to attract new customers, increase product usage and thereby lower customer acquisition cost



CLOSING REMARKS

As the Indian BPC industry continues to grow, it faces critical decisions that will shape its future trajectory and influence the evolving landscape. While the influx of capital has undoubtedly accelerated the industry's expansion, it has also introduced new complexities. The challenge now is not about growth but ensuring that the growth is sustainable and value accretive.

A key area that demands attention is the efficient allocation of capital. The current landscape, marked by intense competition, has seen an overemphasis on spending on marketing and promotions at the expense of product differentiation and innovation. For businesses to build sustainable brands and thrive in the long run, it is essential to focus more towards developing products that align with the company's core purpose and meet the nuanced needs of the targeted consumer base. This requires a commitment to continuous innovation and a deep understanding of the evolving consumer landscape.

Moreover, BPC companies must reevaluate their communication strategies, moving beyond the pursuit of customer acquisition to building long-term brand loyalty. In a market saturated with choices, retaining customers is more challenging than ever. Companies should leverage digital platforms to foster meaningful engagement, create communities, and build lasting relationships with their consumers. This holistic approach to consumer engagement will be critical in differentiating successful brands from the rest.

Digitalisation, while already a significant force, holds even greater potential for the future. Beyond being a sales channel, digital tools offer invaluable insights into consumer behaviour and preferences, enabling companies to tailor their products and strategies more effectively. Embracing digitalisation across business operations can also enhance capital efficiency, streamline processes, and drive innovation. Data-backed strategic decisions can serve as a competitive advantage, enabling companies to innovate continuously and stay ahead of the competition. In an industry where trends evolve rapidly, it provides the agility needed to adapt to changing consumer preferences and market dynamics.

The correlation between profitable growth and capital efficiency cannot be overstated. Businesses that have established a solid consumer base must now focus on funding their accelerated growth through internal accruals, leveraging the foundation they have built. This approach not only ensures sustainability but also enhances shareholder value. Strategic capital raising, aligned with a clear growth roadmap, will be crucial for companies aiming to attract further investment and achieve long-term success.

However, businesses need to be realistic about their prospects. Not all companies will be able to maintain the growth momentum required to stay competitive. For those facing challenges due to past decisions or strategic missteps, considering a strategic exit might be the best course of action. A well-timed exit can maximise value for shareholders and offer the opportunity to realign or pivot as needed.

The path to an Initial Public Offering (IPO) for Indian BPC companies will require patience and preparation. The market is still in a scaling phase and may take several more years before companies are ready to enter the public markets. In the meantime, the focus should be on strengthening foundations, improving capital efficiency, and preparing for sustainable, long-term growth.

In conclusion, the Indian BPC industry is at a pivotal moment. By prioritising product innovation, consumer engagement, digitalisation, and strategic capital management, companies can position themselves for enduring success. Those who embrace these principles will continue to attract investment and be well-placed to seize future opportunities, including potential IPOs. For others, a strategic exit may be a prudent path forward. The decisions made in the next 2-3 years will determine which companies emerge as market leaders and which will need to reassess their strategies in an increasingly competitive landscape.

INDUSTRY VOICES

“The beauty and personal care industry is headed in a positive direction, with optimism extending beyond the next 5-15 years. Growing per capita spends on BPC products, adoption of new-age product categories and premiumisation are the key growth drivers.

Consumers are showing high involvement, consideration and attachment while purchasing BPC products, leading to willingness to pay a premium for quality. This consumer behaviour leads to better margins for manufacturers/brands, enabling them to further invest in the category. Consequently, this dynamic positively benefits both demand and supply sides of the market.

In the market, supply side will adjust to what the demand side seeks. Brands must constantly adapt to consumer demands, reinventing themselves while maintaining their core identity. This approach ensures they stay relevant without fundamentally changing their essence.

To build a successful brand, it's crucial to earn consumer trust and maintain consistency. While trends can drive quick growth, long-term success depends on a brand's ability to consistently deliver on its promises while balancing innovation with core values. Though an omnichannel approach is necessary to scale-up, brands need to efficiently deploy capital in the target distribution channel.

To effectively raise funds, it's important to first define the journey. Clear objectives and a defined trajectory guide the funding requirement and ensure that the company is well prepared to secure and utilise the capital.”



SHANKAR PRASAD
Founder, Pureplay Skin Sciences



“Competition in beauty and personal care industry is increasing and it is good for consumers. For incumbents, the challenge is to hold market share and for new-age companies, it is important to innovate and build a brand relevant to consumer demand. This environment benefits consumers by giving them a wider range of options and innovative products.

In a highly competitive market, product efficacy and effective communication play a vital role for a brand to differentiate itself and build a strong customer base. While discounts are an effective tool for attracting new customers, product efficacy encourages repeat purchases. Additionally, consistent availability, prompt delivery, a broad range of products, occasional promotions and continuous customer engagement on social media help build brand loyalty and stickiness.

In the current period, the typical timeframe to build INR 100 cr revenue brand has shortened. Transitioning to the next threshold of INR 300-400 cr revenue is a significant leap. Crossing the threshold of INR 500 cr revenue through a single brand is a substantial milestone for any BPC brand, however, it will be challenging and will require a holistic approach with a focus on various critical aspects including building a sustainable omnichannel network.

The key to success is to quickly respond to the evolving needs of consumers through innovation and differentiate itself from competitors”



ANURAG KEDIA
Co-founder, Pilgrim



INDUSTRY VOICES

“The beauty and personal care industry is experiencing a notable shift towards natural products. Factors such as health concerns and rising early-onset health issues have heightened awareness of the need for a holistic lifestyle - be it personal care, fitness or food.

In the BPC market, consumers are increasingly seeking natural alternatives to ingredients like retinol or niacinamide. As disposable income and aspiration levels are rising, consumers are willing to pay a premium for high-quality and natural products. Younger and social media-savvy consumers are particularly driven by novelty and new trends, leading to increasing experimentation.

Certain new-age players are making efforts to cater to these consumer demands. Larger players are also entering the natural BPC space.

However, to meet consumer expectations for authenticity and effectiveness, larger players will also need to put in significant efforts, just as the new-age brands do. Investing in marketing is a necessity and so is investing in R&D. Genuine innovation and robust quality are crucial for long-term success in this space.

The convenience and frequency of use are also important for the adoption of natural products. For instance, products that require long application times may deter users. To overcome this, innovations which integrate natural ingredients into a convenient daily-use format will increase adoption.

Once a brand reaches a certain revenue, it needs to start expanding into offline channels with the right product mix. While expanding offline, it's essential to ensure that product portfolio strength, brand equity and channel distribution remain robust as these three pillars are key to successful growth.

Creating strong brand equity is a slow and steady game; and hence, growth capital investments should align with the brand's long-term strategy.”



SWAGATIKA DAS
CO-FOUNDER, NAT HABIT



“The beauty of the BPC industry lies in its rapid growth and the fact that it is not a winner-takes-all market. This is evident globally, with no single player dominating the market as the size and diversity of the market allow for multiple players to thrive.

In India, market diversity is particularly pronounced, with varying consumer aspirations and value consciousness across regions. This broad spectrum of diversity creates ample growth opportunities for brands targeting different segments. Social media has further contributed to the industry's dynamism. With extensive exposure, consumer preferences are rapidly evolving, thereby creating opportunities for new challenger brands to emerge.

Digital platforms have played a pivotal role in transforming products that were once niche into mainstream trends. Digital-first and new-age brands often spearhead trend identification, innovation and initial growth of new categories due to their agility and direct engagement with customers. Traditional brands, typically slower to adapt, enter new categories once they see proof of concept. They then leverage their scale and resources to build offline distribution for these categories. The distinct strengths of both digital-first and traditional brands create opportunities for mutual growth and market expansion. Brands should prioritize long-term market potential over short-term trends. While focusing on short-term trends can provide immediate benefits, it may limit future growth if the corresponding market is very small. It is essential to identify the right TAM, develop strong product formulations and focus on high-performing SKUs. This measured approach helps brands to mitigate product failure risks and effectively manage cash flows and investments. Building an omnichannel distribution network is also essential, specially to cater to Tier II+ cities where trust in online delivery is lower due to underdeveloped logistics.

Sustainable growth should be a primary focus. Capital efficiency is a function of sustainable growth. It is not just about the growth of revenue, but also the quality of the revenue that eventually builds capital efficiency in the business. New-age BPC companies must monitor revenue from repeat customers, evaluate customer LTV, track profitability and aim to achieve break-even faster. Once a business achieves break-even and starts generating consistent profit, capital efficiency tends to improve organically.”



ROMITA MAZUMDAR
FOUNDER, FOXTALE



INDUSTRY VOICES

“Indian BPC industry has evolved significantly over the last decade and have witnessed the rise of D2C brands targeting previously untapped markets with niche products.

In this current landscape with multiple brands, consumers often recognise brands by their hero products. This makes it essential for a brand to offer differentiated product(s) to carve out a clear and distinct identity for itself in the crowded market, which in turn enhances brand recall and drives sales.

In recent years, the market has seen noticeable shifts in consumer decision-making & purchasing behavior. Consumers are increasingly looking for ingredient transparency. Notion of beauty is evolving to embrace inclusivity and consumers are seeking products that align to their own beauty standards. Social media is playing a pivotal role in shaping the beauty trends. These shifts are pushing brands to innovate and cater to a diverse range of consumer demands.

A significant change in consumer perception occurred during COVID-19 pandemic times, compressing a decade of evolution into just a couple of years. With people spending more time at home, self-care routines gained prominence, leading consumers to invest more in their skincare regimens. This not only fostered a deeper understanding of skincare as an essential part of mental and emotional well-being, but also expanded the range of products in skincare routines. The snowball effect is evident, with consumers becoming experimental and adding new range of products in their skincare rituals. In response, brands are actively launching new products and adopting holistic strategies to educate and engage with their audiences.

Online distribution channels have further transformed the market, making it easier to access a wide range of products and brands. Efficient order fulfillment, including timely delivery in a good packaging, has now become important. While online channels continue to grow, offline presence remains crucial. For premium and luxury brands, EBOs are important as they enable companies to tell their brand stories and offer unique customer experiences. Hospitality industry and beauty salons continue to be influential in shaping consumer choices, making these venues vital for brand exposure and credibility.

To maintain a competitive edge in this dynamic industry, brands must prioritize innovation and deliver superior consumer experience. Regular product launches and clinical trials are crucial to keep the brand fresh and relevant, and assure consumers of product efficacy. Brands should focus on not just selling products but also effectively conveying their brand ethos. This strategy fosters consumer trust and loyalty, which are essential for sustained long-term success.”



SHUBHIKA JAIN
FOUNDER AND CEO, RAS BEAUTY

RAS
LUXURY SKINCARE

ANNEXURES



TRADING MULTIPLES OF KEY LISTED PLAYERS IN THE INDIAN BPC INDUSTRY⁽¹⁾

Amount in INR mn

Company ⁽²⁾	Enterprise Value	Market Cap	LTM Revenue	LTM EBITDA	LTM Net Income	Revenue from BPC ⁽³⁾	EV/ Revenue	EV/ EBITDA	P/E
Hindustan Unilever ⁽⁴⁾	6,557,329	6,659,329	621,070	142,075	103,330	36%	10.6x	46.2x	64.4x
Godrej Consumer Products	1,372,511	1,362,893	139,788	30,983	(4,287)	NA	9.8x	44.3x	NM
Dabur India ⁽⁵⁾	1,003,942	1,009,154	126,227	24,422	18,789	80%	8.0x	41.1x	53.7x
Marico	875,965	879,325	98,190	20,235	15,180	NA	8.9x	43.3x	57.9x
Colgate-Palmolive ⁽⁶⁾	996,407	1,004,579	58,535	19,762	14,140	100%	17.0x	50.4x	71.0x
Emami	317,228	319,802	36,585	9,520	7,385	NA	8.7x	33.3x	43.3x
Honasa Consumer	134,042	140,292	20,095	1,266	1,261	100%	6.7x	NM	NM
Bajaj Consumer Care	26,611	32,814	9,599	1,390	1,463	100%	2.8x	19.1x	22.4x
FSN E-Commerce Ventures ⁽⁷⁾	562,067	554,583	67,099	4,030	386	NA	8.4x	NM	NM

Source: S&P Capital IQ, Industry Research, BDO Research

Note: 1. Select listed companies, Market data as on 08.10.2024; 2. ITC limited is not considered as personal care contributes less than 5% of the revenue; 3. Revenue from BPC for latest financial year; 4. Includes revenue from oral care; 5. Includes revenue from homecare; 6. Includes revenue from oral care; 7. Majority of revenue from retail segment, GMV of beauty-owned brands as a percentage of total GMV

GLOSSARY

Abbreviation	Full Form
BPC	Beauty and Personal Care
CPG	Consumer Packaged Goods
INR	Indian Rupee
FY	Financial Year
CY	Calendar Year
mn	Million
bn	Billion
CAGR	Compound annual growth rate
M&A	Mergers & Acquisitions
PE	Private Equity
EBITDA	Earnings before interest, taxes, depreciation, and amortization
USD	United States Dollar
AI	Artificial Intelligence
BC	Period of time before the birth of Christ
F&B	Food & Beverages
GenZ	Generation Z
Y-o-Y	Year-on-year
LTM	Last Twelve Months
GCC	Gulf Cooperation Council
GMV	Gross Merchandise Value
PE	Private Equity
VC	Venture Capital

ABOUT BDO

ABOUT BDO GLOBAL

BDO is a leading professional services organisation and are global leaders of the mid-tier, with a presence in 160+ countries and over 115,600 people working out of more than 1,750 offices. We endeavor to deliver an exceptional client experience through a tailored solutions approach, while partnering with our employees and clients globally.



ABOUT BDO INDIA

BDO in India offers Assurance, Tax, Advisory, Business Services & Outsourcing, and Digital Services for both domestic and international clients across industries. The team at BDO in India consists of over 9,500 professionals led by more than 300 partners and directors operating out of 18 offices, across 12 key cities.



EXECUTIVE SEARCH
TAX & REGULATORY SERVICES
RESEARCH AND INSIGHTS
MANAGED SERVICES
ACTUARIAL SERVICES

ASSURANCE
DEAL ADVISORY SERVICES
BUSINESS ADVISORY SERVICES
DIGITAL

CONTACT US

For any content related queries, you may write in to ycpeconnect@bdo.in or get in touch with,



SAMIR SHETH
Partner & Head
Deal Advisory Services
International Liaison Partner
SamirSheth@bdo.in



ASHISH BAGADIA
Partner
Corporate Finance & Investment Banking
AshishBagadia@bdo.in



PRERNA SINHA
Director
Corporate Finance & Investment Banking
prernasinha@bdo.in

For any other queries or feedback, kindly write to us at marketing@bdo.in

Please note that the text, images, graphics, logos, trademarks, and any other intellectual property, may be protected by copyright, trademark, or other laws. Such Intellectual Property (IP) belongs to their respective owners and is used in BDO India's publication - The Beauty Revolution in the Indian Market, for illustrative, educational, or reference purposes only. BDO India does not claim ownership of any IP included in this publication, neither do we promote, endorse, benefit from or align with any brand / IP mentioned herein.

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO India LLP to discuss these matters in the context of your particular circumstances. BDO India LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO India LLP or any of its partners, employees or agents.

BDO India LLP, a limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Copyright © 2024 BDO India LLP. All rights reserved. Published in India.

Visit us at www.bdo.in

