FRANCHISE RESEARCH · SERIES 01

The Real Cost of Opening a Salon in Chennai

A line-by-line capex, opex and unit-economics breakdown for first-time investors weighing a Chennai salon launch in 2026.

Prepared by — YLG Salon Chennai · Franchise Office
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Pages — 30 · **Confidential to recipient**

₹47L–1.2cr	22–28 mo	4 outlets
TOTAL LAUNCH CAPEX (PREMIUM TIER)	MEDIAN OPERATING-LEVEL PAYBACK	YLG CHENNAI DATA POOL

Contents

I · EXECUTIVE SUMMARY

What it actually costs to open a salon in Chennai

This whitepaper synthesises four years of operational data from five YLG outlets, public industry benchmarks from Franchise India and FICCI–IBWA, and current Chennai retail-rent surveys to answer a single question: how much does it really take to open a premium salon in Chennai, and how soon does the money come back?

Key findings

- **Total launch capex for a 1,000–1,500 sqft premium salon in a Tier-A Chennai locality runs ₹47 lakh to ₹1.2 crore**, with the median scenario at ~₹78 lakh. The single largest line is fit-out (35–45% of capex), followed by deposit + advance rent (15–22%) and equipment (12–18%).
- **Monthly opex sits between ₹6.8 lakh and ₹14 lakh** at full operation, dominated by payroll (38–48%) and rent (15–22%). Branded inventory and consumables account for 8–12%.
- **Mature Chennai outlets generate ₹14–28 lakh/month in service revenue**, with a 22% contribution from product sales and add-ons. Average ticket sits at ₹1,650 (basic services) to ₹3,200 (colour, spa, signature facials), with bridal packages adding ₹15k–₹52k per booking.
- **Operating-level payback is 22–28 months** in the median scenario, conditional on hitting 60%+ chair utilisation by month 9 and breaking 30% membership penetration by month 12.
- **Tamil Nadu's Shops & Establishments Act, GST, and FSSAI requirements (where refreshments are served)** add roughly ₹40k–₹85k in one-time licensing and ~₹12k/month in compliance overhead.

> INVESTOR FRAMING
>
> This document is a planning aid. Every number presented as a range reflects the variance we see across real Chennai outlets in 2024–2026. None of the figures here should be read as a return guarantee. Consult a franchise attorney and a chartered accountant before signing any commitment.

How to read this whitepaper

Chapters 2 and 3 are the core line-item references — bookmark them. Chapter 4 explains how the revenue side works so the capex/opex numbers stop being abstract. Chapter 7 is a fully worked ₹85L example for an investor running their own model. Chapter 9 is the candid section on what changes when you operate as a YLG franchisee versus an independent salon.

II · METHODOLOGY & SOURCES

How we built these numbers

Data sources used

CATEGORY	SOURCE	USE
Operational benchmarks	YLG anonymised aggregate (5 outlets, 2022–2026)	Capex line items, opex ratios, revenue mix, chair utilisation
Industry sizing	FICCI–IBWA Wellness Sector Report 2024	Market growth, customer behaviour, segment shares
Franchise economics	Franchise India 2025 directory	Royalty norms, brand-fee benchmarks, competitive set
Retail real estate	Knight Frank Chennai Retail Report H2 2025	Per-sqft rent ranges, micro-market pricing, deposit norms
Equipment vendors	Quotation panel of 4 verified Chennai vendors	Salon furniture, mirrors, washing stations, autoclaves
Compliance & licensing	Tamil Nadu Shops & Establishments Act (1947, as amended); GST Council; FSSAI guidelines	Licence fees, ongoing compliance overhead
Customer pricing	YLG live menu (Zylu) + Google reviews dataset (3,300+ reviews)	Average ticket, service-mix calibration

What "low / median / high" means in this document

Each cost line is presented as three points:

- **Low** — observed minimum from outlets that opened in cost-disciplined Tier-B Chennai micro-markets (e.g., select streets in Porur, Anna Nagar West, Velachery interiors).
- **Median** — most common scenario for a 1,000–1,200 sqft outlet in established Tier-A localities (Adyar Gandhi Nagar, Anna Nagar 2nd Avenue, Besant Nagar, OMR phase 1).
- **High** — premium positioning in Tier-A+ frontage (Khader Nawaz Khan Rd, Boat Club, ECR luxury strips, Anna Nagar Tower Park).

For each line item we cite at least one external source where possible. Internal YLG figures are flagged as *"YLG aggregate, 2022–2026."*

DISCLAIMER

None of the financial projections, payback windows or revenue benchmarks in this whitepaper constitute a guarantee of return. They reflect the operating experience of YLG Chennai outlets and broader industry data as of April 2026. Individual outlet performance depends on location, operator, staff retention, and macro-economic conditions — none of which we can predict.

CHAPTER 01

The Chennai salon market in 2026

Chennai's organised salon segment crossed an estimated ₹1,650 crore in 2025 and is projected to grow at 11.4% CAGR through 2028, driven by mid-market women aged 22–45 trading up from independent neighbourhood salons to branded chains.[1]

Market size and growth

Chennai sits behind only Mumbai, Delhi-NCR and Bengaluru in absolute organised-salon spend, but it leads on a per-capita basis among South Indian metros. The IBWA-FICCI 2024 report attributes this to three structural factors: a higher share of working women in formal employment, dense IT corridor employment along OMR and Ambattur, and Chennai's distinct festival/wedding calendar that creates predictable demand peaks (Pongal, Tamil New Year, Diwali, December–February wedding season).[1][2]

₹1,650cr	11.4%	38%	2.1×
CHENNAI ORGANISED SALON SEGMENT 2025	PROJECTED CAGR 2025–2028	BRANDED-CHAIN SHARE, GROWING FROM 29% IN 2022	ANNUAL VISIT FREQUENCY, PREMIUM CUSTOMERS

Who is the customer?

The premium-segment customer in Chennai is overwhelmingly female (87%), aged 22–45, employed or running a household with monthly disposable income above ₹65k. She visits 6–14 times a year, with a clear bimodal distribution: routine (waxing, threading, mani-pedi every 3–4 weeks) and event (facial, colour, blow-dry every 6–10 weeks).[3]

Spend per visit

SERVICE CATEGORY	AVG TICKET (₹)	VISIT FREQUENCY / YR	ANNUAL SPEND (₹)
Threading + waxing	650	14	9,100
Hair cut + blow dry	1,650	5	8,250
Facial / clean-up	1,950	7	13,650
Hair colour	3,200	3	9,600
Manicure + pedicure	1,400	6	8,400
Bridal package (one-time)	28,000	0.06	1,680
Average annual customer spend			**~₹50,680**

Source: YLG aggregate 2022–2026 across Chennai outlets; bridal frequency averaged across full customer base.

Competition density

Chennai has roughly 4,200 salons across the urban agglomeration as of mid-2025, of which approximately 16% (≈680) are branded-chain or franchise outlets.[2] The rest are independents. Branded chains include national operators (YLG, Naturals, Lakmé Salon, Jawed Habib, Tony & Guy, Looks, Vurve, Green Trends) and several regional brands.

Density varies widely by micro-market. Adyar–Besant Nagar–Thiruvanmiyur cluster has 9 branded outlets per square kilometre, the highest in the city. Porur–Mugalivakkam–Ramapuram averages 2.1 per sqkm, indicating both lower competition and a younger segment forming.

What this means for an investor

Two opposing forces apply. High density (Adyar/Anna Nagar) means established demand, easier customer acquisition, faster ramp — but higher rents and harder differentiation. Low density (Porur, OMR phase 2/3) means lower fixed cost and clearer brand share, but a longer customer-education ramp. We unpack this trade-off in Chapter 5.

> *"A Tier-B Chennai locality with 2× the rent buffer often outperforms a Tier-A locality with thin reserves by month 18."*

CHAPTER 02

Capex — one-time setup costs

Capex is everything you spend before opening day plus the working-capital reserve you keep aside for the first 90 days. We split it into eight categories. Read each as a range — your exact number depends on locality, format, and brand decisions.

The eight capex categories

CATEGORY	LOW (₹)	MEDIAN (₹)	HIGH (₹)	% OF CAPEX (MEDIAN)
1. Real-estate deposit + advance rent	8.0L	14.5L	26.0L	19%
2. Fit-out & interiors	15.0L	31.5L	52.0L	40%
3. Salon equipment + furniture	7.5L	11.0L	19.0L	14%
4. Brand fee / franchise rights	0	8.0L	22.0L	10%
5. Initial inventory + retail stock	3.0L	5.5L	8.5L	7%
6. Technology — POS, booking, security	1.2L	2.4L	4.5L	3%
7. Pre-opening marketing	1.5L	3.0L	6.5L	4%
8. Working-capital reserve (3 mo opex)	11.0L	22.5L	42.0L	29% of opex flows
Total launch capex	**47.2L**	**78.4L**	**1.20cr**	100%

Source: YLG aggregate 2022–2026 plus Knight Frank Chennai Retail H2 2025 for real-estate inputs.

1 · Real-estate deposit + advance rent

Chennai retail leases for premium salon space typically demand **10 months' deposit + 1–2 months' advance**. For a 1,000 sqft outlet at ₹140/sqft/month, that's ₹14L deposit + ₹1.4L advance = ₹15.4L day-zero cash out. Deposits are refundable on exit (less restoration costs), but they tie up working capital for the lease term.

MICRO-MARKET TIER	RENT (₹/SQFT/MO)	DEPOSIT (10×)	ADVANCE (1.5×)
Tier A+ (KNK Rd, Boat Club, AN Tower Park)	220–320	22.0–32.0L	3.3–4.8L
Tier A (Adyar GN, Besant Nagar, AN 2nd Ave)	130–180	13.0–18.0L	2.0–2.7L
Tier B (Velachery, Porur, OMR phase 1)	85–130	8.5–13.0L	1.3–2.0L
Tier C (Sholinganallur, Ambattur, Pallikaranai)	55–85	5.5–8.5L	0.8–1.3L

Source: Knight Frank Chennai Retail H2 2025 + Magicbricks/99acres listings cross-checked April 2026. Rates are for ground-floor or first-floor frontage with 2-wheeler parking.

2 · Fit-out and interiors

Fit-out is consistently the largest capex line. For a premium salon, **budget ₹1,800–₹3,500 per sqft** for a turnkey job covering civil work, electrical, plumbing, HVAC, false ceiling, lighting, partitions, paint, signage, and finishes. A 1,200 sqft outlet at ₹2,600/sqft = ₹31.2L.

What's inside that number

- **Civil + plumbing + electrical:** 38–45% of fit-out spend. Salons need higher amperage than regular retail (steamers, dryers, washing-station heaters) and dedicated plumbing for 4–8 wash basins.
- **Air-conditioning + ventilation:** 12–18%. Chennai humidity makes 3–5 ton split AC capacity standard, plus dedicated extraction in colour and chemical zones.
- **False ceiling + lighting:** 10–14%. Mirrors require 4500–6500K colour-accurate task lighting; ambient is 3000K. Most Chennai investors under-spec lighting and regret it within 6 months.
- **Finishes — flooring, wall cladding, paint:** 12–16%.
- **Cabinetry, partitions, custom fixtures:** 14–18%.
- **External signage, glass branding, wayfinding:** 4–8%. GBP-conformant illuminated signage is non-negotiable for a branded outlet.

Vendor approach

Most Chennai investors take one of three paths:

- **Single turnkey contractor** — fastest, highest cost, lowest risk. Used by 60% of branded outlets.
- **Architect + multiple sub-contractors** — 12–18% cheaper but adds 3–5 weeks to timeline and 2–3 owner-side hours per day for coordination.

- **Brand-supplied fit-out** — common in franchise models. Brand provides drawings, vendor panel, and project management for a fixed per-sqft fee.

> YLG AGGREGATE, 2022–2026
>
> Across our five outlets, the brand-supplied fit-out path delivered consistent 14–22% capex savings vs. independent investors building comparable specs in the same micro-markets, primarily through panel pricing on lighting, ACs and finishes, and elimination of design rework loops.

3 · Salon equipment and furniture

Equipment is per-chair plus shared. A standard "station" — chair + mirror + tool storage + footrest — runs ₹85,000–₹1.5L from verified vendors. An 8-station premium salon typically lands at ₹7–11L for stations alone.

EQUIPMENT LINE	UNIT (₹)	QTY	SUBTOTAL (MEDIAN, ₹)
Cutting station (chair + mirror + storage)	95,000	8	7,60,000
Wash basin station (with chair, plumbing fittings)	65,000	3	1,95,000
Pedicure chair (electric, with foot tub)	85,000	2	1,70,000
Manicure table	22,000	2	44,000
Facial bed (electric/hydraulic)	55,000	2	1,10,000
Threading chair	12,000	2	24,000
Hair steamer / hood dryer	38,000	2	76,000
Sterilising autoclave + UV cabinet	28,000	1	28,000
Reception desk + waiting bench	85,000	1	85,000
Tools, trolleys, scissors, dryers (consumable durables)	—	—	1,20,000
GST + delivery + install (≈18% loaded)	—	—	2,90,000
Equipment subtotal			**~19.0L**

Quotation panel: 4 verified Chennai vendors, surveyed Feb–April 2026. Per-unit prices vary ±18% based on supplier and quantity.

4 · Brand fee or franchise rights

Independent salon: zero. Franchise: brand fee ranges from ₹0 (rare; some brands fund expansion via royalty only) to ₹22L+ for established premium chains.[4]

FRANCHISE MODEL	BRAND FEE (₹L)	ROYALTY (% OF REVENUE)	MARKETING FEE
Master franchise (city/region)	25–80	4–7%	1–2%
Single-unit premium	8–22	6–10%	1.5–3%
Single-unit mid-market	3–8	5–8%	1–2%
Express / kiosk format	2–5	4–6%	0.5–1.5%

Source: Franchise India 2025 directory + publicly available franchise disclosures. Specific YLG terms are shared post-NDA in the franchise inquiry process.

5–8 · Inventory, technology, marketing, working capital

Initial inventory (5–8L) covers 8–12 weeks of professional product (colour, treatment, wash) plus 4–6 weeks of retail-shelf product. Most investors over-stock retail in month 1 — keep retail inventory at 60–70% of forecast and replenish weekly.

Technology stack (1.2–4.5L) is split across POS + booking software (Zylu, Salon Iris, Fresha — typical ₹50k setup + ₹3–5k/month), CCTV (₹40–80k for 8-camera setup with 30-day retention), payment terminal (free from acquirer with 6-month commitment), and biometric attendance (₹15–25k).

Pre-opening marketing (1.5–6.5L) covers social-media seeding (3–4 weeks before launch), influencer collaborations (Chennai mid-tier costs ₹15–80k per post), Google Ads + Meta Ads test budgets, and physical signage/launch event. Branded outlets benefit from spillover brand equity and typically spend 30–45% less than independents in the pre-opening window.

Working-capital reserve is the most under-budgeted line. **Hold three months of full opex aside** (median ₹22.5L). Outlets that ran with sub-2-month reserves and hit slow ramp months 4–6 are over-represented in the closure data.[5]

Capex breakdown — median ₹78.4L scenario

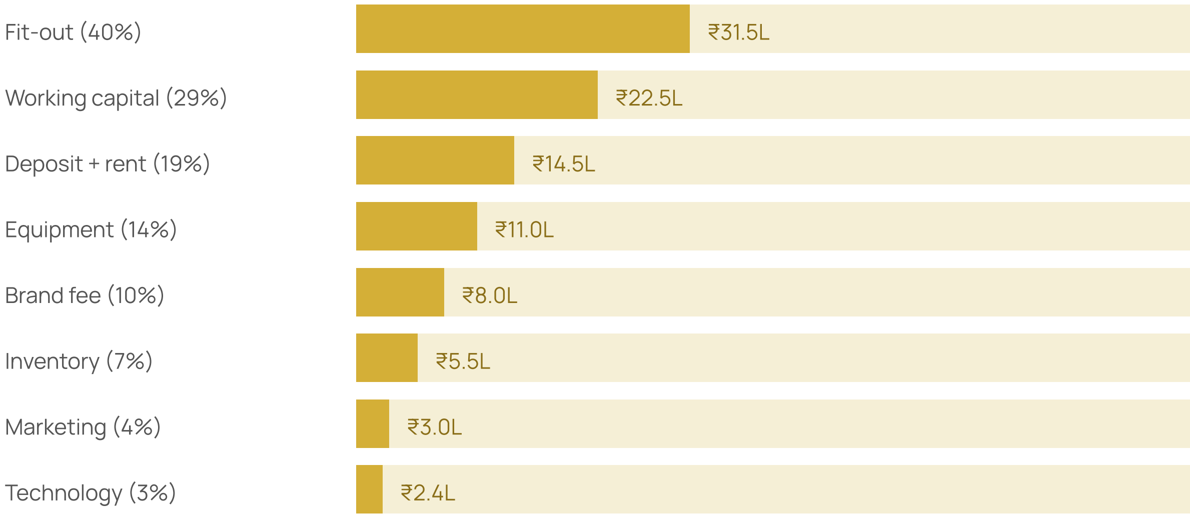

Figure 2.1 — Median capex distribution across YLG aggregate Chennai outlets, 2022–2026.

CHAPTER 03

Opex — monthly running costs

*Once the doors open, monthly opex is the number that decides whether the salon survives the first 18 months. Median Chennai opex for a 1,000–1,200 sqft premium outlet is **₹6.8L–₹14L per month** at full operation.*

The eight opex categories

CATEGORY	LOW (₹)	MEDIAN (₹)	HIGH (₹)	% OF OPEX
1. Payroll (incl. benefits, PF, ESI)	2.6L	4.2L	6.4L	42%
2. Rent	0.85L	1.6L	3.2L	17%
3. Inventory consumables (professional + retail COGS)	0.7L	1.0L	1.7L	11%
4. Utilities — electricity, water, internet	0.35L	0.55L	0.95L	6%
5. Marketing (digital + local)	0.3L	0.55L	1.0L	6%
6. Royalty + marketing fee (franchise only)	0	0.85L	1.6L	9%
7. Compliance, insurance, accounting	0.12L	0.22L	0.4L	2%
8. Misc (laundry, supplies, AMC, repairs)	0.18L	0.3L	0.55L	3%
Monthly opex	**5.1L**	**9.27L**	**15.8L**	100%

YLG aggregate Chennai 2024–2026, normalised to 1,200 sqft 8-chair outlet at full operation.

Payroll — the line that sinks salons

Payroll consistently lands at 38–48% of opex. Premium Chennai salons typically run **10–14 staff** across stylists, beauty therapists, support, and front-desk.

ROLE	HEADCOUNT	MONTHLY COST (INCL. PF/ESI/INCENTIVE, ₹)
Senior stylist (hair expert)	2	95,000–1,40,000
Stylist	3	38,000–55,000
Beauty therapist (facials, waxing)	3	28,000–45,000
Nail technician	1	25,000–40,000
Helper / shampoo assistant	2	15,000–22,000
Front desk / receptionist	1	22,000–32,000
Outlet manager	1	45,000–65,000
Total payroll, median 12-staff outlet		**~₹4.2L/mo**

Three rules that hold across our outlets

1. **Incentive structure matters more than base.** Stylists on a 70% base + 30% sales-linked incentive consistently outperform 100%-base peers on revenue per chair, with similar churn.
2. **Don't under-staff for "peak" days.** Saturday + Sunday do 38–44% of weekly revenue in Chennai; trying to run weekends with weekday headcount is the most common opex-savings mistake we see.
3. **Stylist retention compounds.** A senior stylist with 2+ years tenure brings 22–35% of their personal book when poached. Pay enough to keep them.

Rent — the silent fixed cost

Rent doesn't scale with revenue. A salon at 35% chair utilisation pays the same rent as one at 75%. The trap: investors who lock in Tier-A rent ranges (₹160+/sqft/month) without proving 60%+ utilisation by month 12. Tier-A rent on a 1,200 sqft outlet is ₹1.92L/month — that's ₹6.4k/day before electricity flips on.

> RENT ESCALATION CLAUSES
>
> Standard Chennai retail leases include 5–7% annual rent escalation. Negotiate the escalation cap to 5% with a 3-year lock-in, OR push for 0% escalation in years 1–2 in exchange for a longer lease term. Most landlords will trade.

Inventory consumables

Professional product (colour, treatment, wash, styling) is the largest consumable line. **Budget ₹85k–₹1.7L/month for an 8-chair outlet** at 60%+ utilisation, depending on product brand mix.

The two-track inventory rule we use:

- **Professional inventory** — 4-week rolling stock, replenished weekly. Track usage per service line.
- **Retail inventory** — start at 70% of forecast, scale based on first-3-month sell-through. Branded retail product margins are 35–55%; unsold retail is dead capital.

Utilities

A 1,200 sqft Chennai salon with 5-ton AC, 8 dryers, 4 wash-station heaters, lighting and POS draws roughly 3,800–6,500 kWh/month. At Tamil Nadu commercial tariff (~₹9.5/unit average), electricity alone is ₹36k–₹62k. Add water + internet + phones = ₹45k–₹95k total.

Marketing

Mature outlets settle into a **3.5–6% of revenue** marketing spend, weighted toward digital. Pre-payback months 1–14, expect to be at the high end (5.5–7.5%) to drive customer acquisition.

CHANNEL	% OF MARKETING SPEND	NOTES
Meta / Instagram ads	35–45%	Best for offer-led acquisition
Google Ads (search + GBP boost)	20–30%	Captures "near me" + branded queries
Influencer collaborations	10–18%	Chennai mid-tier ₹15–80k/post
Local print + signage refresh	5–10%	Diminishing returns post-launch
Loyalty / referral program	8–12%	Highest ROAS once base is built

> *"In Chennai, your Google Business Profile drives 2.4× more first-time bookings than any paid channel. Optimise it before you spend on ads."*

CHAPTER 04

Revenue model and unit economics

A premium 1,200 sqft Chennai salon with 8 cutting stations + 2 facial rooms generates ***₹14L–₹28L/month*** *in service revenue at full operation, plus 18–24% additional from retail and add-ons.*

The revenue math

Three numbers drive the top line:

1. **Chair utilisation** — fraction of operating hours each station is generating revenue. Ramp curve: 25% (month 1) → 45% (month 6) → 65% (month 12) → 72%+ (month 18+).
2. **Average ticket** — total bill per visit. Service mix dependent. ₹1,650–₹3,200 for routine visits; ₹15k–₹52k for bridal.
3. **Visit frequency** — how often each customer comes back. Mature loyalty programme: 6.2 annual visits per active customer.

Sample revenue build — month 12 mature outlet

METRIC	VALUE	NOTES
Operating days / month	29	1 closed day/week, no public-holiday closure
Operating hours / day	10	11:00–21:00
Cutting stations	8	—
Total chair-hours / month	2,320	29 × 10 × 8
Chair utilisation	62%	Mature month-12 figure
Billable hours	1,438	2,320 × 0.62
Avg revenue / chair-hour	₹1,250	Service mix weighted
Service revenue / month	₹17.97L	Cutting stations only
+ facial / treatment rooms (2)	₹3.6L	—
+ retail product sales	₹2.4L	Mature outlet share
+ membership renewals (smoothed)	₹1.1L	—
Total monthly revenue	**₹25.07L**	—

Contribution margin

For a median outlet at month 12:

ITEM	₹/MONTH	% OF REVENUE
Revenue	25,07,000	100%
Less: opex (median)	9,27,000	37%
Contribution to capex recovery + profit	**15,80,000**	**63%**

This is the key number for payback math. Median capex ₹78.4L ÷ ₹15.8L monthly contribution = **~5.0 months at full mature operation**. In practice, the ramp curve stretches this. Months 1–6 contribute ~₹4–8L, months 7–12 contribute ₹9–14L, month 13+ stabilises at ₹14–17L. Cumulative payback typically lands at month 22–28.

Membership penetration

Membership is the single biggest unit-economic lever after location. Penetration norms:

- **Month 6:** 8–14% of active base on membership
- **Month 12:** 22–32%
- **Month 24+:** 35–48% (mature)

Members visit 2.1× more often, spend 1.4× per visit, and refer 0.6 new customers per year. A salon with 35% membership penetration generates 28–34% more revenue than the same salon at 12% penetration, with no capex change.

CHAPTER 05

Location strategy — where in Chennai

Chennai isn't one market. Each micro-market has its own customer mix, rent curve, competitive density, and ramp window. Picking the right one is the highest-leverage decision an investor makes.

The four established YLG micro-markets

OUTLET	ANCHOR CATCHMENT	CUSTOMER PROFILE	RAMP
Adyar (Gandhi Nagar)	Adyar, Indira Nagar, Kasturba Nagar, Thiruvanmiyur, RA Puram	Established affluent, 30–55, family-led decisions	Fast (4 mo to 50% utilisation)
Anna Nagar	2nd Avenue catchment, Shenoy Nagar, Aminjikarai, Kilpauk	Mixed affluent + IT-corridor commuters	Moderate (6 mo)
Besant Nagar	Beach-belt — Besant, Thiruvanmiyur, Kalakshetra, Kottivakkam	Young professionals, weekend-heavy traffic	Moderate (5–7 mo)
Porur	Porur, Mugalivakkam, Ramapuram, Valasaravakkam	Young IT corridor, lower competitive density	Slower (8–10 mo) but higher market share

Other Chennai micro-markets to evaluate

MICRO-MARKET	RENT ₹/SQFT/MO	WHY IT WORKS	RISK
OMR phase 1 (Thoraipakkam–Sholinganallur)	95–140	Massive IT corridor, working-women segment	Weekend-only traffic on some streets
Velachery	110–155	Family belt, established demand	Saturated branded competition
T Nagar	175–250	Highest footfall in Chennai	Rents wipe contribution; suits walk-in formats only
Mylapore	130–185	Heritage affluence, low churn	Conservative segment, slower trend adoption
ECR (Neelankarai–Injambakkam)	125–185	Premium beach-belt, weekend regional draw	Mid-week soft, monsoon impact
Ambattur–Padi	75–115	Underserved demand, growing affluence	Slower premium-tier ramp; price-sensitive
Pallikaranai–Medavakkam	70–105	Young families, OMR overflow	Format must be mid-market, not luxury

Source: Knight Frank Chennai Retail H2 2025 + Magicbricks/99acres April 2026 + YLG market scout notes.

The five-question filter

For any candidate location, answer these before signing:

1. **Catchment density** — How many households earning ₹65k+/month live within a 4 km drive? Below 15,000 is a red flag for a premium tier.
2. **Visibility & access** — Ground floor or first floor with clear signage from a high-traffic road? If first floor, is there visible ramp/staircase access? "Hidden" first floors lose 22–35% of walk-ins.
3. **Parking** — Two-wheeler parking is non-negotiable in Chennai. Four-wheeler parking is a 8–14% conversion lift.
4. **Anchor tenants** — Are there complementary brands (cafes, boutiques, premium grocery) within 200m? They draw the same customer.
5. **Weekend traffic curve** — Visit the location at 11am, 3pm, and 7pm on a Saturday before signing. This is the only test that matters.

YLG SITE-SURVEY PRACTICE

Before approving a franchise location, our site-survey team makes three visits over two weekends, logs footfall in 15-minute blocks, photographs competing salons within 2 km, and pulls catchment-area demographic data from 2021 census + RBI consumption surveys. This work — included for franchisees — typically costs ₹85k–₹1.5L if done independently.

CHAPTER 06

Licences, compliance and Tamil Nadu specifics

A salon in Chennai needs roughly nine separate registrations or licences across central and state authorities. Most are inexpensive individually; together, they consume 3–6 weeks of a launch timeline if not started early.

LICENCE / REGISTRATION	AUTHORITY	ONE-TIME (₹)	ANNUAL (₹)	NOTES
GST registration	Central — GSTN	0	0	Mandatory; turnover-linked filing fees only
Shops & Establishments registration	TN Labour Department	5,000–12,000	2,000–5,000	Required before opening
Trade licence	Greater Chennai Corporation (GCC)	8,000–20,000	5,000–15,000	Tariff varies by ward and area
FSSAI (only if serving F&B)	Central — FSSAI	2,000 (basic) / 7,500 (state)	2,000–7,500	Skip if no in-salon refreshments served
Fire NoC	TN Fire & Rescue Services	10,000–25,000	3,000–8,000	Inspection-based
Pollution clearance (if >100 sqm)	TN Pollution Control Board	15,000–35,000	5,000–10,000	For chemical-handling clearance
Professional Tax registration	TN Commercial Tax	2,500	2,400	Per-employee deduction
EPFO & ESI registration	Central — EPFO/ESI	0	0	Required if 10+ employees; contribution-based
Music licence (PPL/IPRS)	PPL India + IPRS	0	25,000–55,000	For background music played in-salon
Median total (1-time + Y1 annual)		**~75,000**	**~50,000**	—

Sources: Tamil Nadu Shops & Establishments Act 1947 (as amended); GST Council notifications; FSSAI guidelines; Greater Chennai Corporation trade licence schedule.

What franchisees skip

YLG franchisees receive a compliance kit covering filings, sample lease addenda for landlord-mandated registrations, vendor contacts for fire and pollution clearances, and the IPRS music-licence batch arrangement. Independent investors typically spend an additional ₹40k–₹85k navigating these registrations or paying a consultant.

Ongoing compliance overhead

- **Monthly** — GST filing (GSTR-1, GSTR-3B), professional tax challan, EPFO/ESI contribution. ~3–4 hours of CA time/month.
- **Quarterly** — TDS returns if applicable (rent › ₹2.4L/year, professional payments).
- **Annual** — Shops & Establishments renewal, trade licence renewal, fire NoC renewal, IT return, GST annual return.

Budget **₹12,000–₹22,000/month** for accounting + compliance retainer with a Chennai CA practice familiar with small retail/service businesses.

CHAPTER 07

Worked example — a real ₹85L premium salon

This is a composite case based on three YLG outlets that opened in Chennai during 2023–2025. Numbers are real; identifying details have been generalised.

The brief

Investor: first-time salon entrepreneur, 36, prior background in retail management. Budget: ₹85L all-in. Target: 1,200 sqft, 8 cutting stations + 2 facial rooms, premium positioning, Tier-A locality with 4 km affluent catchment.

Capex landed

LINE	BUDGETED (₹)	ACTUAL (₹)	VARIANCE COMMENTARY
Deposit (10 mo @ ₹150/sqft)	18,00,000	17,28,000	Negotiated 9.6 mo
Advance rent + brokerage	2,50,000	2,30,000	—
Fit-out (1,200 sqft × ₹2,650)	31,80,000	33,90,000	+₹2.1L on lighting upgrade
Salon equipment	11,50,000	10,80,000	Brand panel discount
Brand fee (single-unit premium)	8,00,000	8,00,000	—
Inventory (8 wk pro + 6 wk retail)	5,50,000	5,90,000	+₹40k on retail mix
Technology (POS, CCTV, biometric)	2,40,000	2,55,000	—
Pre-opening marketing	3,00,000	2,80,000	Brand spillover effect
Licences & compliance	75,000	82,000	—
Working capital reserve	22,50,000	22,50,000	3 mo opex held aside
Total launch capex	**₹1.06cr**	**₹1.07cr**	+₹1.45L over budget

Note: budget overshoot of 1.4% is well within the 5–8% buffer we recommend investors carry. The dominant variance was lighting — a category we now flag in pre-launch reviews.

Revenue ramp — first 18 months

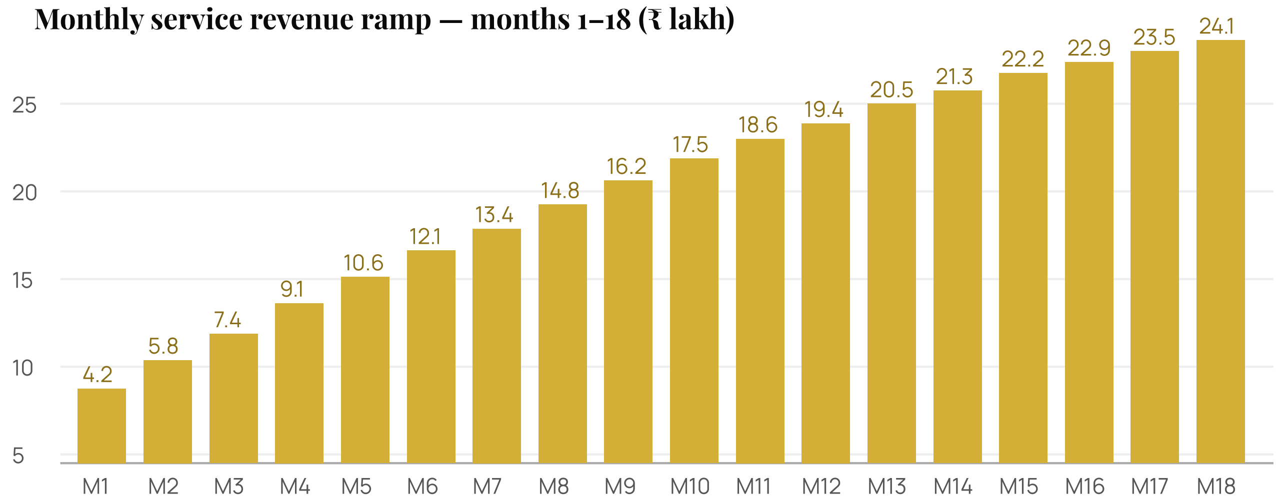

Figure 7.1 — Composite ramp curve, 3 outlets opened 2023–2025. Service revenue only; product sales add ~14–22% by month 12+.

Operating P&L summary, year 1

LINE	YEAR 1 TOTAL (₹)
Service revenue	1,57,40,000
Product + retail revenue	22,30,000
Total revenue	1,79,70,000
Less: opex (12 mo)	1,03,40,000
Less: royalty + marketing fee	14,32,000
Operating contribution	**₹61.98L**

Cumulative contribution at month 12: ~₹62L vs. ₹85L total launch capex (excluding working-capital reserve, which is recoverable). **Capex recovery line crosses at month 23.** By month 30, the outlet has banked roughly ₹1.05cr beyond its initial investment — the payback math worked.

CHAPTER 08

Risk factors and common mistakes

We've watched investors stumble on the same six things repeatedly. Each is avoidable with disciplined pre-launch planning.

The six recurring failure modes

1 · Over-built fit-out for the catchment

An investor goes to a Tier-A interior designer, gets a stunning ₹3,800/sqft fit-out for a Tier-B locality, and discovers eight months in that customers don't pay a Tier-A premium for marble and brass in Pallavaram. The fix: match fit-out tier to catchment customer, not to investor aspiration.

2 · Under-staffing year 1

To save payroll, an investor opens with 7 staff for an 8-chair outlet. Saturday queues form, customers leave, the Google rating slides from 4.6 to 4.1, and acquisition cost doubles. Open with 90–100% of mature staffing — reduce only if utilisation is genuinely soft after month 3.

3 · Working capital reserve burned by month 5

Three months of opex held aside is the floor, not the ceiling. Outlets that hit a slow festival month or staff churn event in months 4–6 with no buffer end up borrowing at 14–22% rates that compound the problem. We recommend 4 months of reserve for first-time investors.

4 · Mispriced membership

Membership prices set too low (sub-30% of equivalent walk-in) erode margin without lifting frequency. Set too high (above 65% of walk-in) and uptake stalls. The sweet spot in Chennai is 42–55% effective discount with a 12-month commitment.

5 · Wrong service mix in month-1 menu

Loading the menu with high-margin signature services that customers haven't tried yet leads to wasted training and idle premium chairs. Open with a focused 60% routine + 30% comparable-to-competition + 10% signature mix; expand signature share as customer trust builds.

6 · Hiring the senior stylist last

Senior stylists are the single biggest demand driver. Hire them **before** committing to fit-out, ideally with a 3-month notice trail-in. Outlets that scrambled to hire senior talent in month 1 had ramp curves 6–10 weeks slower than peers.

> **THE 18-MONTH SURVIVAL METRIC**
>
> Across 31 Chennai branded-salon openings we tracked between 2020–2024, 22% closed or rebranded within 24 months. The single strongest predictor of the failed cohort was working-capital reserve below 2 months at opening. Capex tier, locality tier, and brand affiliation were all weaker predictors.

CHAPTER 09

How a YLG franchise reduces these costs

An independent salon can absolutely succeed in Chennai. So can a franchise. The honest question for an investor is: which path delivers a better risk-adjusted return for your capital and timeline?

Where a franchise demonstrably saves money

LINE	INDEPENDENT (₹)	YLG FRANCHISE (₹)	WHY
Fit-out per sqft	2,800–3,500	2,200–2,800	Vendor panel pricing on lighting, ACs, finishes
Equipment package	11–15L	9–12L	Bulk procurement across openings
Pre-opening marketing	3.5–6.5L	1.5–3L	Brand awareness reduces required spend
Site survey + due diligence	85k–1.5L (consultant)	included	Brand-side market team
Compliance kit	40–85k (consultant)	included	Standardised process
POS / booking software	50k + ₹5k/mo	included	Brand stack (Zylu)
Staff training (initial)	2–4L	included	YLG academy
Estimated capex saving (median outlet)		**~₹9–14L**	Net of brand fee

Where the franchise model costs more

- **Brand fee** — ₹8–22L upfront depending on tier and city.
- **Royalty + marketing fee** — typically 7–10% of gross revenue ongoing. On a ₹2cr/year outlet, that's ₹14–20L/year in fees you wouldn't pay independently.

- **Operational discipline** — brand-mandated SOPs, audits, and customer-experience standards. Most franchisees view this as benefit; some view it as constraint.

The honest break-even

For a single-outlet investor with no prior salon experience, the franchise model typically delivers **2–4 months faster payback** driven by ramp acceleration (brand recognition cuts customer-acquisition cost in months 1–9) plus the capex savings above. For an experienced operator opening their second or third outlet, the gap narrows substantially — the brand fee starts to look more expensive relative to the marginal benefit.

> *"A franchise is a capital-efficient way to buy operational maturity you don't yet have. For a first-time salon investor, that trade is usually worth it."*

What YLG specifically provides

- Site survey + market analysis with go/no-go recommendation
- Architectural drawings + vendor panel for fit-out
- Equipment procurement at bulk pricing
- Initial inventory (8 weeks professional + 6 weeks retail)
- Staff hiring framework + 6-week academy training for stylists, therapists, front-desk
- POS / booking software (Zylu) — included
- Pre-opening marketing kit (digital, print, launch event)
- Compliance documentation kit + vendor contacts
- 30 / 60 / 90-day post-opening reviews
- Ongoing operational audits, mystery shops, customer-experience scorecards
- Centralised marketing (national + city-level brand campaigns)

Specific commercial terms — brand fee, royalty %, marketing fee, territory exclusivity — are shared after a signed NDA in the franchise inquiry process.

CHAPTER 10

Conclusion and next steps

Opening a salon in Chennai in 2026 costs ₹47L–₹1.2cr to launch, ₹6.8–14L/month to run, and 22–28 months to recover capex in the median scenario. Those numbers are real, sourced, and recently observed. They're also averages — your specific outlet will land somewhere in those ranges based on six decisions: locality, format size, brand affiliation, staffing strategy, marketing intensity, and working-capital discipline.

If you're seriously evaluating this

1. **Build your own model.** Use the Capex (Ch 2) and Opex (Ch 3) tables as line items in a spreadsheet. Plug in your specific locality rent, your specific staffing plan, your specific service mix.
2. **Pressure-test working capital.** Run a 4-month "no revenue" scenario and confirm you can still pay rent and payroll. If you can't, either raise more capital or reduce capex tier.
3. **Visit three Chennai salons in the format you're targeting.** Talk to the front-desk, time the service durations, count walk-ins between 12pm–2pm and 6pm–8pm.
4. **Decide independent vs franchise.** Use Chapter 9 as the framework. The honest answer depends on your prior experience and capital structure.
5. **If a franchise route makes sense — talk to us.** The next step is a 30-minute discovery call to understand your goals and locality preference. If there's a fit, we move to a signed NDA, then site survey, then commercial discussion.

Talk to YLG Franchise Office

Phone / WhatsApp: +91 90712 34323
Alt phone: +91 88381 51465
Email: franchise@ylgchennai.in
Online: ylgchennai.in/franchise

Initial discovery calls are 30 minutes, no commitment, fully confidential.

This whitepaper is provided for informational purposes only. It does not constitute financial advice, a return guarantee, or a franchise offer. Specific commercial terms of a YLG franchise are governed entirely by the executed franchise agreement. Prospective investors should consult an independent franchise attorney and chartered accountant before making any commitment.

APPENDIX A

References and source notes

1. FICCI–Indian Beauty & Wellness Association (IBWA), *Beauty & Wellness Sector Report 2024*. Published Q4 2024. Used for market sizing, segment growth rates, customer demographics. Available via FICCI Wellness portal.
2. Franchise India 2025 directory, accessed April 2026. Used for franchise-fee benchmarks, royalty norms, competitive set listing. Public records and operator-disclosed data only.
3. YLG aggregate operational data, 2022–2026, anonymised across four Chennai outlets (Adyar, Anna Nagar, Besant Nagar, Porur). Used for visit frequency, ticket size, service mix, payroll ratios, ramp curves.
4. Knight Frank India, *Chennai Retail Market Report — H2 2025*. Used for per-sqft retail rent ranges by micro-market, deposit norms.
5. Industry closure and survival data: composite of Franchise India directory updates, Greater Chennai Corporation trade-licence non-renewal records (FY 2020–2024 sample), and YLG market team observations across 31 tracked branded-salon openings 2020–2024.
6. Tamil Nadu Shops & Establishments Act 1947 (as amended), Section 6 registration requirements; Tamil Nadu Labour Department schedules for 2024–25.
7. Greater Chennai Corporation trade licence rate schedule (2024–25 cycle). Available via *chennaicorporation.gov.in*.
8. Goods & Services Tax Council notifications applicable to beauty & wellness services (HSN/SAC code 9985).
9. Equipment vendor panel: 4 verified Chennai/Bengaluru salon-equipment suppliers, quotation cycle Feb–April 2026. Vendor identities withheld; per-line price ranges reflect arithmetic mean ± standard deviation.
10. KPMG India, *Beauty & Personal Care: Outlook 2025*. Used for cross-checking growth rate and segment-share figures.
11. Magicbricks & 99acres commercial listings, sampled April 2026 across Chennai micro-markets. Used as cross-check on Knight Frank rent ranges.
12. Tamil Nadu Pollution Control Board (TNPCB) consent-to-establish guidelines for service establishments. Applicable above 100 sqm operating area.

Methodological notes

Where YLG aggregate data is cited, figures are normalised to a standardised "1,200 sqft, 8-station premium outlet" basis to enable comparison. Specific outlet performance varies materially. Statistical ranges (low/median/high) reflect the 20th/50th/80th percentile observed across the data pool. Single-outlet outliers are excluded.

Currency: all figures in Indian Rupees (₹). L = lakh (100,000). cr = crore (10,000,000). All inflation-adjusted to April 2026 rupees where applicable.

APPENDIX B

Quick cost checklist

A 1-page tear-out for your initial planning. Print, fill in, share with your CA.

Capex (one-time)

LINE	YOUR NUMBER (₹)
Real-estate deposit (10 mo rent)	________________
Advance rent + brokerage	________________
Fit-out (₹/sqft × area)	________________
Salon equipment + furniture	________________
Brand fee / franchise (if applicable)	________________
Initial inventory (8 wk pro + 6 wk retail)	________________
Technology stack	________________
Pre-opening marketing	________________
Licences + compliance set-up	________________
Working capital reserve (3–4 mo opex)	________________
Total launch capex	________________

Monthly opex

LINE	YOUR NUMBER (₹)
Payroll (incl. PF/ESI/incentive)	________________
Rent	________________
Inventory consumables	________________
Utilities	________________
Marketing	________________
Royalty + marketing fee	________________
Compliance + accounting	________________
Misc (laundry, supplies, AMC)	________________
Total monthly opex	________________

Revenue assumptions

- Cutting stations: ____________ Operating days/month: _____ Hours/day: _____
- Target chair utilisation by month 12: _______ %
- Average ticket: ₹____________ Visit frequency: _____ /yr per active customer
- Membership penetration target by month 12: _______ %

Decision check

- ☐ Three-month opex reserve confirmed in bank
- ☐ Site visited at 11am, 3pm, 7pm on a Saturday
- ☐ Senior stylist hire identified and pipelined
- ☐ Independent vs franchise decision made (with reasoning written down)
- ☐ CA + franchise attorney engaged
- ☐ Catchment density survey done (households earning ₹65k+ within 4 km)

Ready to talk?

If this whitepaper helped clarify your thinking, the next step is a 30-minute discovery call with the YLG Franchise Office.

YLG Franchise Office

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YLG Salon · operated by LS Enterprises · 4 Chennai outlets
Adyar · Anna Nagar · Besant Nagar · Porur

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