

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

HEALTH & FITNESS CENTRE

PROJECT REPORT

Of

HEALTH & FITNESS CENTRE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Health & Fitness Centre.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

1. PROJECT PROFILE

Introduction and Importance of Physical Fitness

India is one of those countries where awareness about health and importance of regular exercise is minimal. Statistics show that inactivity combined with poor diet is second only to tobacco use in causing preventable deaths in the world. The answer to protect from the fatal diseases is not to have treatment, rather to adopt preventive measures through exercise and movement. The evidence in this case is indisputable; Lifelong participation in physical activity has a significant, positive impact on the health and wellbeing of individuals.

The sedentary lifestyle is a major underlying cause of death, disease and disability. About 2 million deaths every year are attributable to physical inactivity. A WHO study on risk factors suggested that sedentary life style was one of the 10 leading causes of death and disability in the world. The inactivity also increases the risk of colon and breast cancer, high blood pressure, lipid disorders, osteoporosis, depression and anxiety.

Recent studies have shown that children around the world are also becoming increasingly sedentary especially in poor urban areas. Time and resources devoted to physical education are being cut and computer games and televisions are replacing physically active pastime ignoring the fact that the inadequate physical activity in children could have lifelong health consequence. Regular physical activity or exercise with good eating habits, avoiding smoking, monitoring a reasonable body weight and avoiding stress could improve one's health and help prevent from many diseases.

Most of the newspapers have no regular columns on health, besides very few programs on physical activity are carried out by the radio and television. Moreover the health sector is also not involved in the promotion of physical exercise. So there is great need to promote activities regarding exercise and fitness.

Good health habits are very important at any age and it is never too late to change habits in ways that will improve health. One of the key factors for increasing health is exercise. A regular program of exercise can:

- Aid in weight management
- Lower risk of heart disease and certain types of cancer
- Increase life span and quality of life
- Helps control hypertension and diabetes
- Increase and maintain flexibility
- Reduces muscles tension
- Promotes increased circulation
- Aids in relaxation, stress reduction
- Develops body awareness

2.MARKET INFORMATION

2.1 Market potential

The market for health clubs in India has been developing steadily over the last decade and a mushroom growth of Gym and clubs is being observed in all the cities. But still a good potential exists for quality health clubs. India is emerging as a newly health conscious society. Location and amenities are some of the most vital factors in the success of a health club.

Customers usually conduct research before choosing a fitness facility because choosing a fitness facility that is right for them is crucial to their success. Fitness facilities can vary greatly not only in price but also in size, amenities and programs offered, hours, convenience and most importantly, motivational atmosphere. Many join a fitness facility with the greatest of intentions but end up discouraged and unmotivated due to bad management by the clubs.

2.2 Target customers

The target customers for health clubs are the population of big cities having age group of 18 to 50 years. Population of urban areas of India is 33% of total population out of which 50% falls in the targeted customers' age group.

8.3 Project Economics

A comprehensive financial analysis & projections of the project show that the project has a potential to bring healthy positive returns to the investors. All estimates are conservative with minimal number of members in the initial phase

IRR	45.75%
NPV	Rs. 18,145,000
Payback Period (yrs)	3.58

9 FINANCIAL STATEMENTS

9.1 Income statement

Income Statement										
(000)										Rupees
	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X
Revenue* Members fee Refreshment counter	6,060 180	9,515 198	12,152 218	14,628 240	17,091 264	19,810 290	22,967 319	26,464 351	30,413 386	34,974 424
	6,240	9,713	12,370	14,867	17,354	20,100	23,286	26,814	30,799	35,399
Operating Expenses:	6,548	7,059	7,144	7,596	8,095	8,945	9,596	10,200	10,963	11,693
Operating Profit	(308)	2,654	5,225	7,272	9,260	11,155	13,690	16,614	19,836	23,706
Financial Charges	528	417	306	194	83	-	-	-	-	-
Profit before Taxation	(836)	2,237	4,920	7,077	9,176	11,155	13,690	16,614	19,836	23,706
Taxation	-	559	1,230	1,769	2,294	2,789	3,422	4,154	4,959	5,926
Profit after Taxation	(836)	1,678	3,690	5,308	6,882	8,367	10,267	12,461	14,877	17,779
Acc. Profit b/f	-	(836)	842	4,532	9,840	16,722	25,089	35,356	47,816	62,694
Un-appropriated Profit c/f	(836)	842	4,532	9,840	16,722	25,089	35,356	47,816	62,694	80,473
* NOTE The figure of revenue are exclusive of sales tax										

9.2 Balance sheet

Projected Balance Sheet											
(000)											Rupees
	Year - 0	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X
Tangible Fixed Assets	3,968	3,571	3,214	2,893	2,604	2,343	2,109	1,898	1,708	1,537	1,384
Preoperational expenses	710	568	426	284	142	-	-	-	-	-	-
Current Assets:											
Security deposit	400	400	400	400	400	400	400	400	400	400	400
Advance rent	729	-	-	-	-	-	-	-	-	-	-
Cash in Hand / Bank	1,138	875	2,358	5,817	10,861	17,451	26,052	36,530	49,181	64,229	82,162
	2,267	1,275	2,758	6,217	11,261	17,851	26,452	36,930	49,581	64,629	82,562
	6,945	5,415	6,398	9,394	14,007	20,195	28,561	38,828	51,289	66,166	83,946
Owners' Equity:											
Capital	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473	3,473
Accumulated Profit	-	(836)	842	4,532	9,840	16,722	25,089	35,356	47,816	62,694	80,473
Long Term Loan	3,473	2,084	1,389	695	-	-	-	-	-	-	-
Current Liabilities:											
Current Portion of Long Term Loan	-	695	695	695	695	-	-	-	-	-	-
Accounts Payable	-	695	695	695	695	-	-	-	-	-	-
	6,945	5,415	6,398	9,394	14,007	20,195	28,561	38,828	51,289	66,166	83,946

9.3 Cash flow

Projected Cash Flow											
Rupees: (000)											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Profit before Financial											
Charges & Taxation	-	(308)	2,654	5,225	7,272	9,260	11,155	13,690	16,614	19,836	23,706
Amortization		142	142	142	142	142	-	-	-	-	-
Depreciation		397	357	321	289	260	234	211	190	171	154
	-	231	3,153	5,689	7,703	9,662	11,390	13,901	16,804	20,007	23,859
Working Capital Change	-	729	-	-	-	-	-	-	-	-	-
	-	960	3,153	5,689	7,703	9,662	11,390	13,901	16,804	20,007	23,859
Cash form other Sources											
Owners	3,473	-	-	-	-	-	-	-	-	-	-
Bank Finance	3,473	-	-	-	-	-	-	-	-	-	-
	6,945	-	-	-	-	-	-	-	-	-	-
Total Sources	6,945	960	3,153	5,689	7,703	9,662	11,390	13,901	16,804	20,007	23,859
Applications: Fixed											
Assets Preoperational	3,968	-	-	-	-	-	-	-	-	-	-
Expenses Working	710	-	-	-	-	-	-	-	-	-	-
Capital	2,267	-	-	-	-	-	-	-	-	-	-
Re -Payment of Loan	-	1,222	1,111	1,000	889	778	-	-	-	-	-
Tax	-	-	559	1,230	1,769	2,294	2,789	3,422	4,154	4,959	5,926
	6,945	1,222	1,671	2,230	2,658	3,072	2,789	3,422	4,154	4,959	5,926
Cash Increase/(Decrease)	-	(262)	1,483	3,459	5,045	6,590	8,601	10,478	12,650	15,048	17,933
Opening Balance	1,138	1,138	875	2,358	5,817	10,861	17,451	26,052	36,530	49,181	64,229
Closing Balance	1,138	875	2,358	5,817	10,861	17,451	26,052	36,530	49,181	64,229	82,162

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