

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.]



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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

1.2 Opportunity Rationale

The factor that leads to the development of this pre-feasibility study is the fact that currently limited people have access to health and fitness clubs under qualified instructors/trainers. Great scope for these types of clubs exist in India especially in urban areas where life is busy and people have less physical activity.

1.3 Project Brief

A health and fitness club provides services to its members to improve their physical condition or appearance through exercise. The proposed health and fitness club will provide indoor facilities of Gymnasium, Exercise halls, and a Gym shop & Cafe to male and female members and will offer services of personal training by qualified instructors. Project should be centrally located within a residential town to provide easy access to the inhabitants.



1.4 Proposed business legal status

Legal status is recommended to be a sole proprietorship/partnership because it requires less legal requirements. Also the proposed club is a small-scale set-up and almost all such clubs in existing industry are sole proprietorships. Similarly a lower rate of tax is applicable to sole proprietorship than that of companies.

1.5 Project Capacity and Rationale

The proposed health club will have an area of 4500sq ft hall having indoor facilities. The club will operate in different sessions of the day like morning, afternoon, evening and night. The club will have a capacity to cater 450 members, spread over in the following different sessions of the day:

Operational sessions

Time Slots	Duration
Gym	
6:00 am to 10:30 am (Males only)	4.5 hours
11:00 am to 5:00 pm (Females only)	6 hours
5:30 pm to 10:00 pm (Males only)	5 hours
Exercise (Females Only)	
11:00 am – 12:00 pm	1 hour (Pilates session)
3:30 pm – 4:30 pm	1 hour (Yoga session)

The fee package will range from Rs. 1,500 for exercise session and Rs. 3,000 for gymnasium. The fee is higher due to the reason that proposed club is fully air-conditioned having full range of imported equipment. In addition to these monthly fees each member will pay Rs. 2,000 a non-refundable registration fee and Rs. 5,000 as refundable security.

Project Investment

Sr.#	Description	Rupees
1.	Capital cost	4,678,250
2.	Working capital	2,266,792
	Total	6,945,042

1.6 Product mix

The proposed health club will provide the following services to its members:

- Gymnasia
- Slimming center
- Indoor games like table tennis, snooker
- Gym shop & Cafe

Recommended project parameters

Capacity	Human Resource	Technology/machine	Locations
450 members	17	Local and foreign	New Residential Areas
Project cost	IRR	NPV	Payback period
6.94 Million	45.75%	18.15 Million at 18%	3.58 Years

1.7 Proposed Location

Health club should be centrally located within a developed/developing residential society in any of the big cosmopolitan cities to provide easy access to inhabitants. The rates should be set according to the affordability of people who live in these neighborhoods.

1.8 Key success factors/Practical Tips for success

- To obtain a good average of profits it is necessary to provide state of art facilities to members.
- The proprietor should himself has technical know how of all the services being offered.
- The services of qualified instructors and physician should be hired as “supervised workouts improve results”.
- Utmost priority should be to provide members a lifestyle that encourages fitness through the safest and latest means. Products like heart-rate monitors, calorie expenditure display units etc should be used to enhance client motivation.

1.9 Strategic Recommendations

1.9.1 Marketing

At the initial stage heavy marketing would be required to attract members. After establishing a clientele it is advisable to continue marketing the club services to ensure its sustainability. The important marketing channels in this case would be flyer distribution and Cable TV.

People normally consider the following factors while selecting a health club:

- Convenience

For new fitness clubs to be a success, it has to be conveniently located. People are more likely to use a facility if it is close to home or work. Also the fitness facility should have hours and class times that work within client's busy schedule.

- Type of Facility

There are many different types of fitness facilities, each being the perfect motivational tool for a specific type of person.

- Pricing

Price levels should be set at affordable levels considering income brackets of people who live in the vicinity and also after considering the competitor's price levels.

2 SECTOR AND INDUSTRY ANALYSIS

2.1 National Analysis

Commercial Health club industry is emerging as one of the good business ventures in India. People are getting conscious and aware about their health and feel the importance of exercise in the busy life. Currently health club industry is segmented and unorganized excluding few health clubs. There is neither an association of these clubs which is working actively for the development of this industry nor government or health department/ministry has collected any data about the quantity and quality of these clubs. Neither have the authorities set any quality standards for such clubs like in developed countries. A lot of people are venturing into this trade, as it is a flourishing business. Competition is healthy but these gyms do not cater to health needs that can be a risk. A lot of people after discontinue the gyms after having complaints of joint pain and other related health issues.

This industry has gone through many technological developments. Some clubs use products like heart-rate monitors, calorie expenditure display units etc, to enhance client motivation. They have a complete lifestyle evaluation, which includes blood pressure measurement, resting pulse rate measurement, and body fat assessment before they recruit the new member into the program. Their instructors are certified to give first aid and CPR (cardio pulmonary resuscitation), so member's safety is ensured.

2.2 Legal issues regarding industry

No approval from any provincial government or health department is required in India for operating a health and fitness club. Health Clubs like any other business activity must be registered with Services tax, income tax department and sales tax department.

3 MARKET INFORMATION

3.1 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.

3.2 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.

4 EXERCISE EQUIPMENT REQUIREMENT

The success of this project is depended on the quality of machines so selection of machinery is the most important aspect of this project. The exercise equipment is available in various varieties. Both local and imported equipment is available in the market. Existing clubs in the market are using a blend of imported (which is locally available) and local equipment. Following is the detail of machinery required for this project.

Exercise and sports machines required

Description	Cost per unit (Rs.)	Units	Total Cost (Rs.)	Availability
Slimming, Warm up & Waist				
Electric jogger power fit	80,000	4	320,000	Imported
			320,000	
Exercise Bicycle				
Air Resistance Dual Action	10,000	2	20,000	Local
Heavy Duty Dual Action	15,000	2	30,000	Local
			50,000	
Stepper				
Mini Stepper With handles	14,000	2	28,000	Local
			28,000	
Twister				
Twister- Double with handles	15,000	2	30,000	Local
Twister- Single	8000	1	8,000	Local
			38,000	
Belt Massager	16,000	1	16,000	Local

Crunch	12,000	1	12,000	Local
Vertical Knee Raise	13,000	1	13,000	Local
Roman Chair	12,000	1	12,000	Local
Hyper Extension (Adjustable)	12,000	1	12,000	Local
Sit-up Bench	4,500	2	9,000	Local
Abdominal Board with stand (Multi and Adjustable)	25,000	2	50,000	Local
Total			5,60,000	
<i>Chest Exercise</i>				
Bench Press (with plate holder)	9,500	2	19,000	Local
Incline Press (with plate holder)	9,500	2	19,000	Local

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Sit-up Bench	4,500	2	9,000	Local
Abdominal Board with stand	25,000	2	50,000	Local
Total			5,60,000	
Chest Exercise				
Bench Press (with plate holder)	9,500	2	19,000	Local
Incline Press (with plate holder)	9,500	2	19,000	Local

Decline Press (with plate holder)	9,500	1	9,500	Local
Butter fly Machine (with 60 Kg weight)	32,000	1	32,000	Local
Sitting Bench Press Machine (with 50 Kg weight)	30,000	2	60,000	Local
Multi Smith machine Bench Press	45,000	2	90,000	Local
Flying Machine (with 60 kg)	35,000	1	35,000	Local
Pull Over Machine	35,000	1	35,000	Local
Cable cross over Machine with chin-up bar (with 100 kg)	48,000	1	48,000	Local
Total			347,500	
Legs & Thigh Exercise				
Leg Extension(with 60 Kg weight)	35,000	1	35,000	Local
Hack Squarts	50,000	1	50,000	Local
Power line leg press	50,000	1	50,000	Local
Leg Curl Machine(with 50 Kg weight)	45,000	1	45,000	Local
Leg Stand	15,000	1	15,000	Local
Standing calves machine(with 100 Kg weight)	50,000	1	50,000	Local
Sitting calves machine	20,000	1	20,000	Local
Total			265,000	
Arm Exercise				
Preacher Curl Bench(manual)	12,000	1	12,000	Local
Preacher Curl Bench (machine)	35,000	1	35,000	Local
Bent Over Lever row: T-Bar	18,000	1	18,000	Local
Standing Curl Stand	4,000	1	4,000	Local
Triceps Dip	8,000	1	8,000	Local
Shoulder Press Machine (with 50 kg weight)	35,000	1	35,000	Local
Total			112,000	
Multi Gymnasium				
Multi four Station (200 Kg weight) with Cable	65,000	1	65,000	Local

rowing, Lat pull, Twister & T-bar extension				
Total			65,000	
Multi Six Station (350 Kg weight) with Cable rowing, Peck deck, Triceps extension, Lat pull, Chin up bar, Preacher cable machine	125,000	1	125,000	Local
Total			125,000	
Rods Dumbles and Weights				
Rods (Chrome Coated)				
Olympic rod(6 Ft)	3,500	3	10,500	Local
Curling rod(4 Ft)	2,500	2	5,000	Local
Rod 5-feet	3,000	2	6,000	Local
EZ Curl Bar	4,000	2	8,000	Local
Rod 7-feet	4,000	1	4,000	Local
Total			33,500	
Dumbles				
Chrome Coated @ Rs. 250 per Kg:				
6 kg	1,500	10	15,000	Local
8 kg	2,000	10	20,000	Local
10 kg	2,500	6	15,000	Local
12 kg	3,000	6	18,000	Local
14 kg	3,500	6	21,000	Local
16 kg	4,000	4	16,000	Local
18 kg	4,500	4	18,000	Local
20 kg	5,000	6	30,000	Local
24 kg	6,000	4	24,000	Local
28 kg	7,000	2	14,000	Local
32 kg	8,000	2	16,000	Local
40 kg	10,000	2	20,000	Local
Total			227,000	
Chrome Coated @ Rs. 250 per Kg:				

2.5 kg	625	10	6,250	Local
5 kg	1,250	12	15,000	Local
10 kg	2,500	12	30,000	Local
15 kg	3,750	12	45,000	Local
20 kg	5,000	12	60,000	Local
Total			156,250	
Dumble and weight racks				
Multi Dumble Rack	15,000	2	30,000	Local
Multi Weight Rack	10,000	2	20,000	Local
Total			50,000	
Yoga & Pilates equipment				
Yoga mats	5,000	15	75,000	
Pilates Equipment			100,000	
Total			175,000	
TOTAL			2,116,250	

Machine maintenance

Generally these machines require less maintenance except regular oiling and occasional replacement of broken wires and bent rods. All parts are easily available.

5.LAND AND BUILDING REQUIREMENT

5.1Land Requirement

The proposed health and fitness club requires an area of approximate 4,000 sq ft. It is recommended to start the club in rented premises instead of owned premises to avoid huge investment.

5.2Covered area

Area Utilization

Description	Sq. ft.	Units	Area
Owner's Office	120	1	120
Accounts & Admin. Office	100	1	100
Changing/Locker Room	450	1	450
Washrooms	48	3	144
Showers	120	2	240
Gymnasia	2150	1	2,100
Exercise Hall	735	1	735
Refreshment center ⁴	110	1	110
Total Area (Approx.)			4,000

5.3 Construction cost

Current construction cost of club is approx Rs. 1,000 per sq.ft. Total construction cost of 4000 sq.ft. Area will be Rs. 40,00,000. To minimize the cost of the project it has been assumed that the building for the health and fitness club will be taken on rental basis.

5.4 Rent cost

The building required for the project will be of commercial nature. The rent of the building will depend on not only the vicinity of the club as well as the floor on which it would be located. The club can also be established in an independent house unit that can be used for commercial purposes For this particular pre-feasibility the rent amount has been taken at Rs1,21,500 per month (calculated at the nominal commercial rate of Rs. 15 per sq.ft.)

5.5 Utilities requirement

The necessary utilities are electricity, telephone and water. A three-phase commercial electricity connection is required. Current rate of electricity for these connections is Rs 6.00 per kilowatt-hour.

6 HUMAN RESOURCE REQUIREMENT

The total human resource requirement of the health and fitness club is 17. Skilled instructors are easily available at competitive salaries. Number of workers required for each department is as follows

Human resource required

Department/Positions	Number	Salary/month (Rs.)	Annual salary Rs.
Manager	1	25,000	300,000
Instructors (Male/female)	4	15,000	720,000
Gym Helpers	4	6,500	312,000
Admin/Accountant	1	10,000	120,000
General physician	1	15,000	180,000
Cleaners	4	6,500	312,000
Security guard	2	7,000	168,000
Total	17		2,112,000

7. CRUCIAL FACTORS & STEPS IN DECISION MAKING FOR INVESTMENT

7.1 SWOT Analysis

A *SWOT Analysis* is a strategic planning tool used to evaluate the **Strengths, Weaknesses, Opportunities, and Threats** involved in a project or business venture. Strengths and weaknesses are internal to the company whereas the opportunities and threats originate from the external environment. A SWOT analysis is usually performed early in the project development process, and helps organizations evaluate the environmental factors and internal situation facing a project.

7.1.1 Strengths and opportunities

- Easy availability of resources/equipment
- Easy availability of instructors
- Growing population
- Expanding cities
- Growing health consciousness and awareness

7.1.2 Weaknesses and threats

- Heavy taxes in the form of sales tax and income tax
- High fees of the clubs make it difficult to afford by middle and low income group
- Availability of portable machines that one can easily use at home without an instructor
- Costly imported equipment

8 FINANCIAL ANALYSIS

8.1 Project Cost

Capital investment for purchase of equipment is the major component of total project cost of a Health and Fitness club. Following table shows the detail of the Project cost:

Capital Costs

Capital Investment	Units	Cost per unit	Rs
Equipment			2,116,250
Air conditioners	10	35,000	350,000
Computer with UPS	2	35,000	70,000
Furniture & fixtures			300,000
Printer	1	12,000	12,000
Sound system	2	30,000	60,000
Water dispenser	1	15,000	15,000
Generator	1	925,000	925,000
Refrigerator	2	35,000	70,000
Pre-operating costs			710,000
Total Capital Costs			4,678,250

In addition to capital investment, the project will also require working capital.

Working Capital

	Rs.
Pre-paid building rent	729,000
Building Security	400,000
Cash	1,137,792
Total Working Capital	2,266,792
Total Investment	6,945,042

8.2 Financing Arrangement

The project is based on following debt to equity ratio.

Financing Plan

Debt (Rs) 50%	3,472,521
Equity (Rs) 50%	3,472,521
	6,945,042

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											Rupees
(000)											
	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X	
Revenue*											
Members fee	6,060	9,515	12,152	14,628	17,091	19,810	22,967	26,464	30,413	34,974	
Refreshment counter	180	198	218	240	264	290	319	351	386	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	
<i>Financial Charges</i>	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											
Rupees (000)											
	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
Working Capital Change	-	231	3,153	5,689	7,703	9,662	11,390	13,901	16,804	20,007	23,859
	-	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 Expenses Working Capital	3,968	-	-	-	-	-	-	-	-	-	-
	710	-	-	-	-	-	-	-	-	-	-
	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

9.4 Fee income

Fee Structure																
		Y - I			Y - II			Y - III			Y - IV			Y - V		
		Per Member	No.	Rupees	Per Member	No.	Rupees	Per Member	No.	Rupees	Per Member	No.	Rupees	Per Member	No.	Rupees
Number of Members																
	New entrants	110%	150		165		182		200		220					
	Old retainants	45%	-		68		105		129		148					
			150		233		287		329		368					
Non-Operating Revenue																
	Registration Fee	2,000		300,000	2,000		330,000	2,000		364,000	2,500		500,000	2,500		550,000
				300,000			330,000			364,000			500,000			550,000
Operating Revenue																
	Monthly Fee															
	Gym	3,000	150	5,400,000	3,150	233	8,807,400	3,308	287	11,391,030	3,473	329	13,710,911	3,647	368	16,103,027
	Yoga/Pilates	1,500	20	360,000	1,575	20	378,000	1,654	20	396,900	1,736	20	416,745	1,823	20	437,582
			170	5,760,000	253	9,185,400	307	11,787,930	349	14,127,656	388	16,540,609				
	Net Fee			6,060,000			9,515,400			12,151,930			14,627,656			17,090,609

9.5 Operating expenses

Operating Expenses										
Rupees										
	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X
Administrative Salaries	2,112,000	2,305,200	2,154,720	2,317,920	2,439,360	3,056,097	3,251,355	3,354,749	3,565,159	3,684,739
Rent	1,458,000	1,603,800	1,764,180	1,940,598	2,134,658	2,348,124	2,582,936	2,841,230	3,125,352	3,437,888
Legal & Audit Fee	25,000	27,500	30,250	33,275	36,603	40,263	44,289	48,718	53,590	58,949
Entertainment	62,400	97,134	123,697	148,672	173,541	201,004	232,859	268,144	307,990	353,987
Telephone, Fax and Postage	62,400	97,134	123,697	148,672	173,541	201,004	232,859	268,144	307,990	353,987
Electricity	1,578,720	1,657,656	1,740,539	1,827,566	1,918,944	2,014,891	2,115,636	2,221,418	2,332,488	2,449,113
Generator Cost	342,000	359,100	377,055	395,908	415,703	436,488	458,313	481,228	505,290	530,554
Advertisement	187,200	194,268	123,697	74,336	86,771	100,502	116,429	134,072	153,995	176,994
Repair of equip	119,048	130,952	144,047	158,452	174,297	191,727	210,900	231,990	255,189	280,708
Traveling conveyance	31,200	38,854	37,109	44,602	52,062	60,301	69,858	80,443	92,397	106,196
Printing and stationery	31,200	48,567	61,849	74,336	86,771	60,301	69,858	80,443	92,397	106,196
Depreciation	396,825	357,143	321,428	289,285	260,357	234,321	210,889	189,800	170,820	153,738
Amortization	142,000	142,000	142,000	142,000	142,000	-	-	-	-	-
	6,547,993	7,059,307	7,144,269	7,595,623	8,094,609	8,945,023	9,596,180	10,200,380	10,962,657	11,693,050

10 KEY ASSUMPTIONS

10.1 Revenue Assumptions:

No. of members (First Year)	150
Registration fee (One time)	Rs. 2,000
Monthly Fee	Rs. 3,000
Monthly fee (growth rate %)	5%
New members growth rate	10%
Old members retain rate	45%
Rent from refreshment center/month	Rs. 15,000

10.2 Expense and Growth Rates:

Salary growth rate	10%
Entertainment as % of revenue	1.0%
Telephone fax and postage % of revenue	1.0%
Amortization of pre-operational expenses	20%
Advertisement % of revenue	3%
Electricity growth rate	5%
Traveling and conveyance % of revenue	0.5%
Printing and stationery % of revenue	0.5%
Markup on long term loan	16%
Monthly rent	Rs. 121,500
Rent growth rate	10%
Repair and maintenance % of Equip cost	3.0%

10.3 Operating Assumptions:

No of operational days	300 days
Hours operational per day	16 Hrs

10.4 Debt and Equity:

Debt equity ratio	50:50
Debt Tenure	5 Yrs

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