

In Good Shape

Gym chains are a dime a dozen in the country. FitnessOne stands out because it sets up gyms for companies and individuals

SHARADA BALASUBRAMANIAN

Ramesh Shiva, CEO, Sabari Group of Hotels, Chennai, didn't really think he could build a body to match Arnold Schwarzenegger's, but he decided to give it the old college try. Unfortunately for him, the nearest gym was some distance away, and he didn't fancy the atmosphere of the place anyway. So, the 36-year-old Shiva did the next best thing—he went out and bought one, literally. He visited a showroom and purchased equipment that would let him work out at home almost like he would have in a regular gym. "I spent about Rs 3-4 lakh on four different items of equipment. Now, I can work out at my own convenience, in my own home," Shiva exclaims proudly, flexing his muscles to show his considerable progress in looking like Conan the Barbarian.

First Steps

Anand, who returned to India in 2003 after working in the US for two decades as a

pilot, is himself a fitness fanatic. The first thing he did when he returned was look for a health club. To his chagrin, there weren't any that were to his liking. But the optimist that he is, Anand spotted an opportunity in the lack thereof. "Being a pilot, I had memberships to many fitness clubs in the US. I realised that most health clubs in India were in bad shape and that there was a market for well-run, well-equipped gyms."

After months of planning and looking for a location, Anand opened his first gym in Chennai in 2004, spending Rs 2.2 crore. "My family and friends funded me," he says. Real estate costs, interior decorations, trainers' charges and equipment costs ate up most of his budget. But the return on investment was quick for that gym and the others that followed—each centre recovered its costs within six months to a year.

Since then, there has been no looking back. Today, FitnessOne has expanded beyond Chennai, to other cities in the South. It has 10 self-owned gyms: five in Chennai, four in Bangalore and one in Coimbatore. The company also has 56 franchises and 35 corporate clients. It has 435 employees, including trainers and maintenance staff. Impressed by the company's sterling show, Mauritius-based India Equity Growth Fund, part of Reliance Asset Management (Mauritius), bought a 4.5% stake in Fitness One in 2007, valuing it at Rs 100 crore. All this has come within five years of the fitness chain's launch.

About three years after setting up his first health club, Anand decided to open franchises and set up gyms for corporates and individuals. "We felt that outsourcing fitness services to companies will help us garner more revenues." His intuition was spot on. Though he doesn't disclose revenue figures, he does say that, last year, corporate gyms constituted about 22% of revenues, while franchises and home-gyms accounted for 10% and 5%, respectively.

Apart from setting up gyms for corporates and individuals, FitnessOne has opened an institute in Chennai, called Academy of Fitness Management, to offer certificate programmes to trainers. The company has also got into equipment retailing with its own brand, Propel. The equipment is made in Taiwan and Korea. "Our products are priced 60% below international brands. It's the same equipment minus the premium for the brand name," he claims.

With revenues from corporate clients falling because of the economic slowdown, Anand has decided to focus on his own health clubs. The plan is to set up 30-40 gyms in the next 18 months at a cost of Rs 15-20 crore. "We thought it better to ease up on the franchisee front and have our own centres because the effort that goes into both—training



people, setting up the place, etc—is the same," he says. The expansion will be financed largely by internal accruals and loans. "If markets improve and provide the opportunity, we may look out for private equity," says Anand.

With a market penetration of just 1% in India (in the West, it is 15%), Anand is hoping that things will look up once the economy improves. Until that happens, he will have to count on the likes of Ramesh Shiva to butter his bread.



**Vivek Anand,
Founder, Fitness
One**

Elsewhere in the city, employees of Saint Gobain are hard at work as they go about the business of making and selling a thing that is brittle by nature. At day's end, however, glass is the last thing on their minds. All they can think of is becoming lean and tough. Like Shiva, they too begin working out, not at home, but in the company's state-of-the-art gym. Spread over 4,000 sq ft, the gym cost Saint Gobain Rs 80 lakh. The smell of sweat pervades the air as they pump iron with a zeal that would make Arnie proud. Trainers walk around the gleaming equipment, keeping a watchful eye on their wards.

Ramesh Shiva and the gym-visiting Saint Gobain employees have two things in common. They are all fitness fanatics and they mostly use equipment supplied by Fitness One, a Chennai-based fitness chain. Vivek Anand, the company's Founder, sums up FitnessOne's philosophy in what sounds uncannily like Microsoft's mission statement: "We aim to be present wherever people want to work out, be it at home or at the workplace."

Apart from setting up customised gyms for more than 35 corporates, including Saint Gobain, Ashok Leyland, ABN Amro, Biocon and Motorola, FitnessOne has also installed numerous home-gyms, tailored to meet the fitness needs of individuals. The equipment needs as little as 60 sq ft of space.

The cost of setting up a home-gym varies from Rs 40,000 to Rs 1.5 lakh, depending on the fitness goals of the individual. FitnessOne also has flexible instalment plans for individuals and corporates who cannot afford to pay the full amount up front.

[Click here to see the article in its standard web format](#)