

Bangalore Turf Club Ltd.

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Press rejoinder on the issue of Royalty between BTC and RWITC

Betting operations over Pune Races at Bangalore Turf Club Limited have been rendered in operational with effect from 27th August 2016, following the unilateral and abrupt decision taken by RWITC to discontinue the facility of providing live signals of Pune Races. This we believe is an act of brinkmanship, which extreme step has placed innumerable number of passionate race goers, associated with Pune/Mumbai Races for several decades, into enormous inconvenience. This apart, cessation of relationship between the Clubs also portends irreparable financial damage to both the Clubs.

In the Press Note issued by RWITC in this connected matter, it has been asserted that the inter-se royalty was fixed at 23% on tote and Bookmakers commission. It is necessary to clarify that no such agreement exists and at most the arrangement is purely an informal one.

This is more than manifested by the fact that during the period between 2002-2003 and 2009- 2010, it was only BTC which paid a lump sum amount as royalty to RWITC and no royalty was received by Bangalore Turf Club from RWITC during the period.

The principal grievance of the RWITC appears to be that royalty paid by BTC to RWITC has dropped during the last few years substantially. It is rather regretful that RWITC has failed to observe that the percentage of the Club Commission at BTC has been reduced sharply from the year 2011-12 consequent to the substantial increase in the betting tax levied by the Government of Karnataka which was increased by 100%.

It is surprising that instead of comprehending and appreciating the above situation, the RWITC has chosen to seek the auditing of the accounts of the Bangalore Turf Club. This request, in the opinion of the Managing Committee of our Club is inappropriate and uncalled for as it amounts to casting doubts on the Accounts of our club which has been prepared as per standard accounting policies and audited in accordance with law.

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Our Committee has also taken strong exception to the fact of the inference drawn by the RWITC that there is a marked reduction in royalty was with reference to accounts of our Club, without any cognizance being taken of the basis adopted in respect of computing royalty.

Our committee is of the view that any bilateral arrangement between two entities sharing revenues should be equitable and fair. The rate of 23% relied upon by RWITC cannot be invoked in a manner to be financially detrimental to our Club, especially when the revenues are not matching inter-se, as was the pattern decades ago. In this background and in the absence of any equitable basis of receiving and paying royalty, the formula of 23% is lopsided, outdated and irrelevant, cannot be considered as sacrosanct and has to be reviewed forthwith. Needless to add, the arrangement needs to be reviewed periodically, based on the study of its effect on the finances of the Clubs.

At this point it is also pertinent to mention that we as a Committee of the Management of the Club are accountable to the members at large who have reposed their faith in us to secure the best interests of our Club. We as members of the Managing Committee, in effect, perform the role of Trustees in fiduciary capacity for the benefit of the beneficiaries' i.e. our members, the racing fraternity, and the racing public of Karnataka. We are therefore are bound to take care and caution while taking decisions which could affect the financial health of the Club being impaired.

We reiterate our view that contentious issues can be solved only by way of a protracted dialogue between the parties and not by taking unilateral decisions, affecting all the stake holders, after taking into account all the facts and figures duly supported by credible and substantive documentary evidence. We hope that the Management of RWITC would show maturity to arrive at an amicable equitable solution acceptable to all parties concerned.