


Members of the Managing Committee
D I Number

V. HARIMOHAN NAIDU (CHAIRMAN)	01866070
KIRAN BASAPPA	02804321
S. KITTU RAGHUNANDAN	00969426
MAHENDRA KUGASHANKAR	06400800
T.H.R. RAJEEV	07952724
RAVISHANKER S. POLL	07981919
A.C. SATISH CHANDRA	00806395
K. JAYARAM	07952908
I. S. N. PRASAD	01469651
T. SUNEEL KUMAR	02133219
K. UDAY ESWARAN	00046438
U.B.VENKATESH	01662101
L. VIVEKANANDA	00165985

**CEO and Secretary, Bangalore Races
Company Secretary & Chief Financial Officer**

B. SHIVAPRASAD
PRADEEP KUMAR. G

Auditors

R. CHANDRASHEKAR AND ASSOCIATES 006783S
DHARIWAL & SREENIVAS 007197S
Chartered Accountants

Internal Auditors

MSSV&CO, CHARTERED ACCOUNTANTS 001987S

Secretarial Auditor

CS. SHRINIVASA DEVADIGA 10372

Legal Advisors

JUST LAW
SUNDARASWAMY & RAMDAS

Bankers

KOTAK MAHINDRA BANK LIMITED

Registered Office

52, RACE COURSE ROAD,
BANGALORE - 560 001.
www.bangaloreraces.com

NOTICE

Notice is hereby given that the **FIFTY SEVENTH ANNUAL GENERAL MEETING** (AGM) of the Club Members of the Bangalore Turf Club Limited, under Section 96 of the Companies Act 2013, will be held at the Registered Office of the Club at 52, Race Course Road, Bangalore – 560001 on **Monday, 24th September, 2018 at 4.00 P.M** to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Committee's Report, the Audited Balance Sheet as at 31st March, 2018 and the Audited Profit and Loss Account for the year ended on that date and the Auditor's Report there on.
2.
 - (a) To elect a Steward in place of Sri. Kiran Basappa who will be holding office till the conclusion of the AGM.
 - (b) To elect a Steward in place of Sri. S. Kittu Raghunandan who will be holding office till the conclusion of the AGM.
 - (c) To elect a Steward in place of Sri. K. Uday Eswaran who will be holding office till the conclusion of the AGM.
3.
 - (a) To elect a Committee Member in place of Sri. Ravishanker S.Poll who will be holding office till the conclusion of the AGM.
 - (b) To elect a Committee Member pursuant to a vacancy to be filled as per the clause 32 (a) of the Articles of Association.
4. To appoint Auditors and fix their remuneration. The retiring Joint Auditors, M/s. Dhariwal & Sreenivas and M/s. R.Chandrashekar & Associates, Chartered Accountants, are eligible for re-appointment and to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (“Rules”) (including any statutory modification or re-enactment thereof, for the time being in force), the Rules framed thereunder, as amended from time to time, the Joint Auditors viz. M/s. Dhariwal & Sreenivas (Firm Registration No.007197S) and M/s. R.Chandrashekar and Associates (Firm Registration No.006783S) Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Fifty Eighth AGM of the



Company to be held in the year 2019, on a total remuneration of Rs.6.00 lakhs to be shared equally by the Joint Statutory Auditors plus out of pocket expenses that may be incurred by them for the purpose of the audit not exceeding Rs.5,000/- in respect of each firm of Statutory Auditors.”

Place: Bangalore
Date : 26th August, 2018

By Order of the Managing Committee,
For Bangalore Turf Club Limited

Registered Office :
52, Race Course Road,
Bangalore - 560 001.
CIN: U99999KA1962PLC001449

Pradeep Kumar. G
Company Secretary & CFO
(ACS 24171)

Notes :

- (i) Every Club Member who is entitled to attend and vote at the General Meeting is entitled to appoint any person as his proxy to attend and vote and the proxy need not be a Member of the Club. The instrument appointing a proxy shall be deposited at the Registered Office of the Club not later than 48 hours before the time for holding the meeting, as required under Article 29 of the Articles of Association.
- (ii) There shall be no voting by proxy in the matter of election of Committee Members & Stewards as stipulated in Article 33(d).

Calendar of Events :

1. Last date for filing of Nomination for election
as a Committee Member/Steward. **Sunday, 9th September, 2018.**

2. Last date to give Special Notice to move
Resolution by Club Members **Sunday, 9th September, 2018.**

Notes :

- (i) Sunday, 9th September, 2018 being a working day for the Club, the office will remain open from 10.00 a.m. to 6.00 p.m.
- (ii). Members wishing to seek clarifications, in connection with the accounts, are requested to forward all such queries to the Secretary on or before Sunday, 9th September, 2018, so as to enable the office to compile the information and furnish the same at the earliest.
- (iii). Pursuant to Provisions of Companies Act, and rules made there under and Circular issued by the Ministry of Corporate Affairs in support of Green Initiative, please note all future communication to Members would be sent in electronic form to those Members whose e-mail addresses are registered with the Company, unless a Member has requested for a physical copy of the same with the Club as required under Companies Act. The Members who have not registered their e-mail addresses are requested to register the same with the Club. We seek your co-operation in making Green Initiative, a success.

Place: Bangalore
Date : 26th August, 2018

By Order of the Managing Committee,
For Bangalore Turf Club Limited

Registered Office :
52, Race Course Road,
Bangalore - 560 001.
CIN: U99999KA1962PLC001449

Pradeep Kumar. G
Company Secretary & CFO
(ACS 24171)



Dear Members,

The Committee has pleasure in presenting its **FIFTY SEVENTH ANNUAL REPORT** together with the Audited Financial Statements for the year ended 31st March, 2018.

1. RACING:

- (a) Racing was conducted by the Club from 1st April, 2017 to 31st August, 2017 and again thereafter from 5th January, 2018.
- (b) The Company could not conduct races during the period 1st September, 2017 to 4th January, 2018 in view of non-grant of betting license by the Government of Karnataka.
- (c) The Club filed a Writ Petition 52510 /2017 before the Hon'ble High Court of Karnataka. In the interim order dated 15th December, 2017, Hon'ble High Court has directed the Government of Karnataka, while considering the application for grant of licence, to hold discussion/consultation with Turf Club. Hon'ble High Court of Karnataka further directed Government of Karnataka to constitute a Monitoring Committee to protect the interests of the public and also of other stakeholders by imposing any condition in the license to regulate racing.
- (d) Government of Karnataka vide Government Order No. FD.37 CRC 2017, Bangalore, dated 04th January, 2018 constituted Racing Monitoring Committee and issued conditional license to the Club. The Club resumed Totalisator betting operation from 5th January, 2018.

2. RACING MONITORING COMMITTEE:

Pursuant to the directions of the Hon'ble High Court of Karnataka, the Government of Karnataka constituted a Racing Monitoring Committee comprising the following Members to monitor the racing activities of Bangalore Turf Club Ltd.

- | | |
|--------------------------------------|----------|
| (a) Shri. B.K.Das, (IAS Retd.) | Chairman |
| (b) Shri. T.Jayaprakash, (IPS Retd.) | Member |
| (c) Shri. M.R.Kamble, (IAS Retd.) | Member |
| (d) Shri. A.B.Shamshuddin, | Member |

(Retd. Addl. Commissioner of Commercial Taxes)

BANGALORE TURF CLUB LIMITED**COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018****3. SPONSORSHIP AND PRIZE MONEY:**

- (a) Added money for Classic Races during Bangalore Summer Meeting 2017 was maintained at the previous level as detailed below:

(Amount in Rs.)

Sl. No.	Classic Race	BSM 2016	BSM 2017
1.	The Kingfisher Ultra Derby Bangalore (Grade I)	1,50,00,000	1,50,00,000
2.	The Colts Championship Stakes (Grade I)	50,00,000	50,00,000
3.	The Fillies Championship Stakes (Grade I)	50,00,000	50,00,000
4.	The Bangalore St. Leger (Grade II)	25,00,000	25,00,000

- (b) Added Money for Classic Races during Bangalore Winter Meeting was maintained at the previous level as shown below:

(Amount in Rs.)

Sl. No.	Classic Race	2016-17	2017-18
1.	The Catalyst Properties Bangalore Derby (Grade I)	75,00,000	75,00,000
2.	The Bangalore Oaks (Grade II)	25,00,000	25,00,000
3.	The Shapoorji Pallonji Oil & Gas Bangalore 1000 Guineas (Grade II)	25,00,000	25,00,000
4.	The Shapoorji Pallonji Oil & Gas Bangalore 2000 Guineas (Grade II)	25,00,000	25,00,000

- (c) An amount of Rs. 29.41 crores as prize money, including Rs. 2.31 crores towards incentives was paid by the Company for 313 races during the year as compared to Rs. 50.88 crores paid, including Rs. 8.21 crores towards incentives for 472 races during the previous year. In addition, an amount of Rs. 1.38 crores (Rs. 1.58 crores) was paid as subsidy.
- (d) An expenditure of Rs.68.30 lakhs (Rs. 80.91 lakhs) was incurred for testing 827 (1007)samples for doping
- (e) Prize Money of Rs. 250 lakhs (Rs. 267.00 lakhs) was paid during July 2018 for THE KINGFISHER ULTRA DERBY BANGALORE (Grade I), including a contribution of Rs. 75.00 lakhs from M/s United Breweries Limited. Continued efforts are being made to secure support from the UB Group for this event.



- (f) Prize Money of Rs. 160.5 lakhs (Rs 144.07 lakhs) was paid during February, 2018 for "THE CATALYST PROPERTIES BANGALORE DERBY (GRADE I), including a contribution of Rs. 37.50 lakhs from M/s. Catalyst Properties and the sponsors have agreed to sponsor the Winter Derby for the next two years.

4. WORKING RESULTS:

- (a) Investment at the Totalisators was Rs. 837.28 crores (Rs. 1,927.00 crores)
- (b) As there was no racing for four months during the year, the financial performance of the Company for the current year are not directly comparable to those of the previous year.
- (c) The following represented the significant changes during the year as compared to previous year:

Income: (Rs. in lakhs)

Sl. No.	Particulars	Increase in income	Decrease in income
1.	Net Commission on Totes	4437	-
2.	Income from Bookmakers	-	541
3.	Entry Money	-	37
4.	Mobile usage charges	-	201
5.	Sponsorship Received for Stake Money and Cups	-	313
6.	Gate Collections	-	128

Expenditure: (Rs. in lakhs)

Sl. No.	Particulars	Increase in Expenditure	Decrease in Expenditure
1.	Provision for Income Tax	2562	-
2.	Gratuity provision	947	-
3.	Stake Money and Cups	-	2147
4.	Salaries, Wages and Bonus	-	808
5.	Share of Income Paid to Other Centres	-	346

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

- (d) Overall, the Company made a net profit of Rs. 37.80 crores (loss of Rs.4.49 crores), after providing for depreciation and taxation, as detailed under:

(Rs. in crores)

Sl. No.	Particulars	31st March 2018	31st March 2017
1.	Total Income, including Taxes	185.87	287.76
2.	Profit/(Loss) before Tax	60.85	(7.05)
3.	Taxes	(23.05)	2.56
4.	Profit / (Loss) after Tax	37.80	(4.49)

- (e) The Company made profit primarily on account of increasing the net commission on all Totalizator pools w.e.f. 1st July 2017.
- (f) 41 (57) race meetings and 147 days (291 days) of Intervene Betting were conducted on races held at various other centres during the year.
- (g) Intervene betting was conducted concurrently (dual) on two racing centers over 21 (58) days during the year.
- (h) The Club optimized the number of Off Course Betting Centres (OCBC) based on the turnover and the operational cost. As on the date of this report, the Club has seven OCBCs.

5. TOTALISATORS:

The following changes in the rate of commission were made on various pools with effect from 1st July, 2017:

POOL	FROM (%)	TO (%)
Win	12.55	26.00
Place	12.55	28.00
Second Horse Pool	13.80	30.00
Forecast	27.85	30.00
Quinella	27.85	30.00
Trinella	27.85	30.00
Exacta	27.85	30.00
Treble	44.75	45.00
Jackpot	44.00	46.00
*Third Horse Pool	30.00	30.00

*Introduced w.e.f. 28th June, 2017.



6. BOOKMAKERS:

The Bookmakers did not operate during the year. The Bookmakers resumed their operations w.e.f. 22nd June, 2018 with a Financial commitment of Rs. 21.00 crores for a period of 12 months based on number of on-course and off-course races expected to be conducted during the period.

7. AVERAGE ATTENDANCE AND NUMBER OF HORSES:

Particulars	2017-18	2016-17
Number of persons:		
Summer Meeting	10305	12320
Winter Meeting	7980	10009
Horses participated:		
Summer Meeting	742	771
Winter Meeting	611	788

8. INCOME TAX:

(A) As reported in the earlier years:

- (a) Proceedings were initiated by the Income Tax Department requiring the Company to deduct tax at source on prize money paid to an Owner of a winning horse under Section 194B and a demand for Rs. 51.34 crores was raised against the Company in respect of financial years, covering the period between 1st April 2006 and 31st March, 2011.
- (b) The Company had approached the Hon'ble High Court of Karnataka under a Writ Petition with a contention that the deduction u/s 194B is not applicable to the Company. During September, 2014, the Hon'ble High Court of Karnataka passed an order agreeing with the contentions of the Company and held that 'Stakes or Prize Money' paid by the Company to horse owners would not attract the provisions of Section 194B of Income Tax Act, 1961. It also directed the Department not to demand TDS from the Company and not to treat the Company as an 'assessee in default'. Thereafter, the Income Tax Department filed a Writ Appeal challenging the above order.
- (c) After hearing the appeal, the Hon'ble High Court of Karnataka vide its order dated 7th December, 2016 directed the Company to deduct an amount equivalent to 30% of the Prize Money and to retain the said money in a separate account and also directed the Income Tax Authority to hear the matter de-novo and pass appropriate orders in the matter.

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

- (d) On the matter being restored back to the Department, the Income Tax Authorities heard the contentions of the Company and thereafter, the Assessing Officer passed orders to the effect that the Company was liable to deduct TDS under section 194B and issued demand notices for the Assessment Years 2007-08 to 2012-13, involving a total liability of Rs 87.50 crores, including interest.
- (e) The Income Tax department issued notices of demand under section 201(1) and 201 (1A) of the Income Tax Act, 1961 for the assessment year 2013-14 to 2015-16 and passed an order dated 29th March 2016 demanding payment of Rs. 39.48 crores. The Company approached the Hon'ble High Court of Karnataka seeking relief and pending disposal, the demand has been stayed.
- (f) The Company has suitably amended its application before the Hon'ble High Court of Karnataka challenging the orders of the Assessing Officer and the appeal is pending disposal.
- (g) The Company with effect from December, 2016 has started withholding from 'Prize Money', payable to Racehorse Owners, Trainers, Jockeys a sum equivalent to 30% as retention money on the directions of the Division Bench of the Hon'ble High Court of Karnataka.
- (h) The Company has also received a show cause notice dated 27th April 2016 for levy of penalty under section 271 C of the Income Tax Act, 1961 for the assessment years 2011-12 to 2015-16 in respect of non-deduction of tax on Prize Money and the Company has challenged the same on the ground that there has been no concealment of income.
- (i) As per the said order of the Hon'ble High Court of Karnataka , the Company has also released such retention money to the owners, trainers and jockeys who have provided necessary undertaking of indemnification.
- (j) Pending further proceedings, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 127 crore for the period up to 31st March 2015. The Company is contingently liable for the same and any further demand which could be raised for subsequent periods together with interest, if any.

(B) As reported in the earlier years:

- (a) The Income Tax Department has also raised demands under section 143(3) of the Income Tax Act,1961 for a sum of Rs. 15,01,80,483/-, Rs. 15,65,63,241/- and Rs. 13,41,16,277/- by way of disallowances for the assessment years 2012-13, 2013-14 and 2014-15 respectively for non-deduction of tax at source in respect of Prize Money, capital and revenue expenditure.
- (b) The Company has filed an appeal before the Commissioner of Income Tax, Appeals-I disputing the demand. However, the Company has not made any provision for the demand raised and has contingent liability for the same together with interest, if any.
- (c) The Company has disputed the demands raised by filing of appeals against the orders for all the assessment years. Pending further proceedings, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 44,08,60,001 and is contingently liable for the same.

**(C) As reported in the earlier years:**

- (a) The Income Tax Department had issued a notice for short deduction of taxes U/s 194 BB of the Income Tax Act, 1961 by the Company on the dividends paid to winning individuals. The Company had represented that appropriate deductions have been made as per Income Tax guidelines and that all due efforts had been made towards deducting appropriate taxes wherever the payment exceeded Rs. 2,500 per individual. However, the Department had raised an issue that tax is to be deducted wherever the payment is in excess of Rs. 2,500 per person and has further contended that the Company is required to put in place precautionary measures to avoid aggregation of winning tickets by an individual.
- (b) The submissions made by the Company about the impracticability of aggregating all winning tickets of an individual to determine the criteria for tax deduction was not accepted by the Department and a show cause notice had been issued against the Company.
- (c) The Company had filed writ petitions in the Hon'ble High Court of Karnataka and the Court had granted an interim stay in Writ Petition No. 14184/2013 and WP No 5670/2014, restraining the Department from any further proceedings in the matter.
- (d) Pending further proceedings and outcomes, the Company is contingently liable for any demand that may arise in this matter. A reliable estimate of the financial effect on this matter could not be made with any certainty at this point of time considering the nature of the issue and the period of applicability.

9. SERVICE TAX:**As reported in the earlier years:**

- (a) The Service Tax Department had raised a demand of Rs. 3,35,23,075 on the Company towards Service Tax and has also levied a sum of Rs. 3,35,23,075 as penalty. In addition a sum of Rs. 1,00,000/- each has also been levied as penalty on five office bearers aggregating to Rs. 5 lakhs.
- (b) The demand has been raised for the financial years 2008-09 to 30th June, 2012 on certain transactions holding the same to be liable for Service Tax. The Company had already started paying Service Tax on the said transactions from 1st July, 2012 post the amendments to the Service Tax Act based on the negative list concept. Consequently, the Company is of the view that the said transactions do not come under the scope and purview of Service Tax for the period ending 30th June, 2012.
- (c) The Company has obtained legal advice and filed an appeal against the Order of the Commissioner of Service Tax with the 'Customs, Excise and Service Tax Appellate Tribunal' contesting the levy of Service Tax and penalty.

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

- (d) Pending further proceedings and outcome, the Company has not made any provision in the accounts for the total Service Tax demand of Rs. 6,75,56,150/- and has a contingent liability for the same.
- (e) The Company also received show cause notices dated 24th April 2015 from the Service Tax department raising a separate demand for payment of Service Tax of Rs.1.51 crores, for the period October 2009 to March 2014 and the Company has contested the demand raised by the department.
- (f) The Company also received a statement of demand dated 5th April 2016 for the period April 2014 to September 2015 for the same issues raised in the show cause notice dated 24th April 2015 for an amount of Rs.2.48 crores and the same is being contested by the Company.

10. SERVICE TAX ON NET TOTE COMMISSION:

- (a) The Company had been paying Service Tax "under protest" on net income earned on the collections at the Totalisators commencing from 1st July 2012.
- (b) As reported earlier, the matter was reviewed in March 2016 and in the absence of clarity on the applicability of Service Tax on net Tote Commission, a decision was taken to discontinue payment under this head with effect from 1st March 2016.
- (c) This arrangement was also communicated to the Service Tax Department and the Company simultaneously filed an application seeking refund of Service Tax paid on net Tote Commission for the period between July 2012 and February 2016.
- (d) However, towards ensuring compliance with the instructions of the authorities, the Company, as a measure of abundant caution and towards safeguarding the financial interest of the Company, remitted Service Tax in January 2017 (on net Tote Commission) under protest, covering the period between March 2016 and December 2016.
- (e) The applications of the Company seeking refund of amount paid under protest, covering the period between July 2012 and June 2017 totalling to Rs. 53.95 crores are pending disposal before the Service Tax Authorities.

11. VALUE ADDED TAXES:

- a) On 23rd April 2018, The Commercial Tax Department has raised a demand of a sum of Rs. 34,36,802 towards VAT and has also levied a sum of Rs. 42,79,976 as interest and penalty.
- b) The demands have been raised for the financial year 2011-12 and 2012-13 by levying VAT on sale of medicines and feed supplements used in veterinary services/medical treatment provided to horses.
- c) The Company has disputed the levy of VAT and has initiated appropriate legal remedies.



- d) Pending further proceedings and outcomes, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 77,16,778 and is contingently liable for the same.

12. GOODS AND SERVICES TAX:

- a) The Company is covered by levy of tax under GST law from 1st July 2017 onwards. The taxes levied prior to the introduction of GST, namely the Tote tax, Entertainment Tax, VAT and Service Tax, have been subsumed in to GST. The Company, based on legal counsels obtained and as per the notification issued by Central Govt under GST Act 2017, which states that "Services provided by a race club by way of totalisator or a license to bookmaker in such club is taxable @ 28%", has paid the GST on the Commission earned on Totalisators.
- b) After the implementation of GST with effect from 1st July 2017 at 28% on Commission, there has been substantial reduction (more than 50%) in Tote turnover.
- c) The Company has made several representations before State Govt, Central Govt and Finance Ministry on multiple occasions and hopeful of considering our plea positively by making suitable amendments to GST law.
- d) The Company has approached the Hon'ble High Court of Karnataka vide Writ Petition No 11168/2018 challenging the applicability of GST on the face value of the bet. In the meanwhile, a notification issued by the Government of India has proposed that the GST is leviable on the face value of the bet.
- e) The Company, based on the legal counsels of various experts on the subject, is confident of the stand taken by the Company that the levy of GST is applicable only on the Commission and not on the face value of the bet.
- f) In the mean time, amendments have been passed in Lok Sabha on 9th August, 2018, to the GST law pertaining to Race Clubs by replacing mainly the words "Services provided by a Race Club" with the words "Activities of a Race Club.....". Though the amendment has been passed by the Lok Sabha, the same has not been notified yet.
- g) In the event of the Company not succeeding in its interpretation of the law, the liability not provided for is estimated at Rs. 87.27 crores for which the company is contingently liable.

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

13. TAXES PAID TO THE GOVERNMENT OF KARNATAKA:

- (a) A total amount of Rs. 24.85 crores (Rs. 167.23 crores) was paid to the Government of Karnataka for the year ended March 31, 2018.
- (b) Comparative figures of taxes paid to the Government of Karnataka are furnished below:

(Rs. in Lakhs)

Particulars	Year ended 2018	Year ended 2017	Year ended 2016
Totalisators Tax	2,261	15,414	14,190
Betting Tax	-	680	1,309
Entertainment Tax	51	360	308
License Fee	113	209	206
Lease Rent	60	60	60
Total	2,485	16,723	16,073

14. EMPLOYEES STATE INSURANCE:

As reported in the earlier years:

- (a) Civil Appeal Nos. 2416/2003 and 49/2006 filed by the Bangalore Turf Club Ltd. and Royal Western India Turf Club Ltd. respectively against the Employees State Insurance Corporation were finally heard by a Three Member Special Bench, consisting of Hon'ble Mr. Justice H.L.Dattu, Hon'ble Mr. Justice R.K.Agrawal and Hon'ble Mr. Justice Arun Mishra.
- (b) After hearing the matter, the said Special Bench delivered a judgement on 31st July 2014 holding that the Bangalore Turf Club Ltd. and Royal Western India Turf Club Ltd. would fall within the meaning of the word 'shop' as mentioned in the notification issued under the ESI Act.
- (c) Pursuant to the orders, the Employees State Insurance Corporation, raised a demand for a sum of Rs. 15,38,07,855 for the period from April 1985 till September 2014, based on the provisional data available with them.
- (d) The Company had made a total provision of a sum of Rs. 15,38,07,855 in the accounts towards the ESI liability, including the earlier provision of Rs. 99.79 lakhs. Against this provision, an amount of Rs. 3.73 crores has been deposited by the Company with the ESI Corporation for the period January 1985 to March 2009, pursuant to the orders of the ESI Court. Pending further hearing, the demand for the past liability, covering the period January 1985 to March 2009 has been stayed by the ESI Court.



- (e) Contribution between April 2009 and September 2014, involving an amount of Rs. 2.97 crores has since been remitted, as against the original demand for an amount of Rs. 4.01 crores for the said period.
- (f) The Company has started paying ESI for the subsequent periods on a monthly basis from September 2014 onwards.
- (g) The final orders of the ESI Authorities in respect of contribution, interest, damages etc. would depend on the records/data to be submitted by the Company and subject to due verification thereon by the Authorities.
- (h) The disputed amount of Rs. 8,78,56,950/- has been shown as a liability under 'Taxes and Contractual Liabilities'.
- (i) The Club has submitted the records as evidence before the Hon'ble Industrial Tribunal in respect of three cases and is expecting for disposal of all cases at the earliest.

15. COMPUTERS:

- (a) Annual contracts executed separately for maintenance of the computerized betting system, betting terminals and computers and other allied equipment involved a payment of Rs. 88.02 lakhs (Rs. 79.43 lakhs).
- (b) The process of implementing the customized office automation system integrated with accounting and other application software with Tally ERP9 based solution, initiated during August 2014 was completed in phases during the year.
- (c) The implementation has helped in automating all racing related procedures and other functions of the office and is expected to serve as an effective aid in the Management Information System.
- (d) The Company has provided web portals to Racehorse Owners, Jockeys and Trainers to enable them to independently view their respective racing and account information.
- (e) The company is in the process of enabling owners and trainers to transact all the racing related activities like entries, scratchings and declarations etc. through the web portal the near future.
- (f) The company is also in the process of upgrading the system further with a view to reducing manual intervention in day to day functioning of the club.

16. HORSES:

- (a) The number of horses stabled during the past three years were as under:

Year Ended	No. of two-year olds	No. of older Horses	Total No. of Horses
31st March, 2016	115	874	989
31st March, 2017	191	807	998
31st March, 2018	153	827	980

- (b) Reallocation of stables to individual Trainers in composite blocks to facilitate effective stable management implemented last year has ensured adequate security to horses.

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

17. BANGALORE AMATEUR RIDERS INSTITUTE:

- (a) 20 horses were stabled at the Institute during the year as in the previous year.
- (b) As a result of decrease in income of Rs.3.95 lakhs by way of riding fees, the loss increased to Rs. 28.24 lakhs (Rs.24.29)

18. CLUB HOUSE:

- (a) Sales at the Club House were Rs. 31.47 lakhs (Rs. 36.42 lakhs) including an amount of Rs. 29.88 lakhs (Rs. 32.82 lakhs).
- (b) With operations at the Club House being outsourced to a professional catering agency, expenditure on salaries was reduced to Rs. 11.41 lakhs (Rs. 17.83 lakhs)

19. CATERING:

- (a) Catering expenses were Rs. 18.00 lakhs (Rs. 60.28 lakhs) and royalty received from contract vendors was Rs. 88.41 lakhs (Rs. 164.69 lakhs).
- (b) Under a revised arrangement, catering services at the Club has been continued to be outsourced through a professional caterer, with resultant reduction in losses from Rs 5.04 lakhs to Rs 2.83 lakhs.

20. ADMINISTRATION AND ESTABLISHMENT:

- (a) Industrial relations were cordial during the year and the Company as a welfare measure continued Group Medical Insurance coverage for employees and their dependants including contract employees and Tote employees (race day staff) during the year.
- (b) During the year, for the first time Company has provided for Gratuity to Tote Employees (race day staff) and Contract employees amounting to Rs 9.48 Crore.
- (c) As on 31st March 2018, 125 employees were employed on the permanent rolls of the Company, including 27 officials and an expenditure of Rs. 12.96 crores (Rs. 15.72 crores) were incurred on salaries.
- (d) An expenditure of Rs. 11.17 crores (Rs. 19.00 crores) was incurred towards payment of wages in respect of daily wage employees working at the Company.
- (e) An expenditure of Rs. 4.93 crores (Rs. 4.29 crores) was incurred towards payment of wages in respect of contractual employees working at the Company.
- (f) In all, the Company incurred an expenditure of Rs. 29.06 crores (Rs. 39.01 crores) towards payment of salaries and wages.



- (g) Funding of the Group Gratuity Fund and Employees Superannuation Fund of permanent staff involved an amount of Rs. 168.59 lakhs (Rs. 213.19 lakhs).
- (h) Continuous efforts have been made to prune down the number of employees, permanent, contractual and daily wage.
- (i) The Club has implemented various measures to reduce the expenditure such as deployment of Race Day staff in batches, discontinuation of morning sales at OCBCs and restriction of betting facility to only first enclosure for Delhi, Kolkata, Madras and Ooty Races, reduction in Derby allowance, discontinuation of festival allowance, discontinuation of double wages etc.
- (j) The Club has streamlined the deployment of Contractual staff which has resulted in substantial reduction of expenditure.

21. FACILITIES/IMPROVEMENTS:

The following improvements were effected during the year:

- (a) Installation of new state of the art photo finish camera at a cost of Rs. 11.65 lakhs.
- (b) Installation of coin based bio-metric entry system for UB Stand and Members Stand at a cost of Rs 7.50 lakhs which has resulted in regulating entry and enhancing the revenue to the Club.
- (c) Optimisation of usage of stationery by installing multi-function network device.
- (d) Installation of additional 25 TVs for the benefit of racing patrons in the premises of the Club.

22. INVESTMENTS:

- (a) A Total amount of Rs.112.94 crores (Rs. 51.12 crores) is placed as fixed deposits with Kotak Mahindra Bank (Principal bankers), Karnataka Bank, Yes Bank, State Bank of India and HDFC Bank.
- (b) The Company realized an interest of Rs. 4.73 crores (Rs. 4.31 crores) on long term and short term deposits.

23. RACE COURSE PREMISES:

As reported in the earlier years:

- (a) The Company had filed Special Leave Petitions (Civil) No. 18238-18239 of 2010 on 23rd July 2010, in the Hon'ble Supreme Court of India with a prayer to grant special leave to appeal against the order of the Division Bench of the Hon'ble High Court of Karnataka, apart from seeking interim relief from the order of the Division Bench of the Hon'ble High Court of Karnataka and to allow the Company to carry on racing activity at the present premises without any hindrance.

- (b) The Hon'ble Supreme Court of India after hearing the petitions has granted leave in the matter by its order dated 25th March 2015 and as a result the Special Leave Petition (Civil) No. 18238-18239 of 2010 filed by the Company on 23rd July 2010 now stands converted into a full-fledged Civil Appeal, numbered as 3263 of 2015.
- (c) The Company is hopeful that it would be able to secure necessary relief from the Hon'ble Supreme Court of India and the accompanying benefit of the extended tenure in respect of the existing Racecourse.
- (d) In this background, the Company does not envisage any difficulty in continuing with its racing activity and does not foresee any adverse situation that could materially affect the carrying value of assets and liabilities or its future earning capacity. The Company on this premise would qualify as an on-going concern.

24. LEGAL MATTERS:

- (a) The Company is promptly pursuing legal matters pending in various Courts in respect of ESI, Labour, GST, Service Tax and TDS on Prize Money etc.
- (b) The Company incurred a total expenditure of Rs.91 lakhs (Rs. 24.33 lakhs) towards ESI, Labour and miscellaneous legal matters.

25. LOOKING AHEAD:

The following would be the focus for future:

- (a) The Company is in the process of implementing alternate modes of betting at the totalisators to adequately address the adverse financial impact on the collections at the Totalisators after the introduction of GST.
- (b) Extending the betting operations of totalisators by introducing betting kiosks in various commercial outlets in the City and in the State.
- (c) Exploring the possibility for wider coverage of Totalisator betting by introducing mobile application for betting.
- (d) Installing automated turnstile in the first and second enclosure of the Club for entry of racing patrons.
- (e) Exploring the possibility of having mechanised systems for cleaning and maintenance at the enclosures of the Club.
- (f) Improving the existing sanitary system at low level stable area.
- (g) Modernizing the Equine Hospital with latest equipments for treatment of horses and to conduct surgeries.
- (h) Concreting the roads in low level stable area to ensure longevity of the roads and to secure safety of horses.
- (i) Installing giant LED display board for the benefit of racing patrons.
- (j) Installing IP based surveillance cameras in the OCBCs for close monitoring and better control.



COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

- (k) Modernizing the Club House Kitchen.
- (l) Introducing new betting pools for the benefit of Racing Patrons.
- (m) Enhancing the quality of telecasting by adopting state of the art technology and procuring high dimension cameras.

26. MEMBERSHIP:

As on 31st March 2018, there were 345 Club Members and 186 Stand Members in the Club.

27. CONDOLENCES:

The Committee records with deep regret the sad demise of the following Members during the year:

Sl. No.	Name of the Member	Date of Demise
1.	Sri. Sharan S. Lakshmanan	09-04-2017
2.	Sri. Jayant Shah	17-04-2017
3.	Sri. C.A. Kutappa	26-05-2017
4.	Dr. H.C. Sathya	03-06-2017
5.	Sri. Kumar Mandana	21-06-2017
6.	Sri. P.V. Shetty	24-07-2017
7.	Sri. A. Sathyanarayan	05-09-2017
8.	Sri. N.C. Vijayendra	02-10-2017
9.	Sri. Satchidananda	07-10-2017
10.	Sri. Adala Raghava Reddy	05-11-2017
11.	Sri. P.F. Pinto	17-11-2017
12.	Sri. M.J. Rodrigues	17-01-2018
13.	Sri. S. Sundaramurthy	27-01-2018
14.	Sri. M. Sankarnarayanan	03-02-2018
15.	Sri. Jayant K. Udani	11-02-2018
16.	Sri. M.L. Gurjer	28-03-2018

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

28. DETAILS OF DIRECTORS/KMP/ APPOINTED/RESIGNED DURING THE YEAR:

The details of Directors and Transaction with related parties are disclosed as required As required by the Accounting Standard 18 issued by The Institute of Chartered Accountants of India. Provisions of KMP as required under section 203 of the Companies Act, 2013 are not applicable to club.

29. STEWARDS:

- (a) Sri. Y. Jagannath, Sri. Ajith Saldanha, Sri. Kenneth Pinto, Sri. Roshan Talwar and Sri. Vivek G. Ubhayakar tendered their resignation on 4th September, 2017.
- (b) Sri. Arun Kumar Parasa, Sri S. Chockalingam, Sri. T.Jayaprakash, Sri. R.K.Nicky Sawhney and Sri. Unni Rajagopal were appointed as Stewards as per Article 37 of the Articles of Association and they held office till the conclusion of previous AGM dated 25th September 2017.
- (c) Sri. V.Harimohan Naidu, Sri. Mahendra Kugashankar and Sri. A.C.Satish Chandra were elected as Stewards in AGM dated 25th September, 2017 and will hold office till the conclusion of AGM in the year 2019.
- (d) Sri. Kiran Basappa, Sri. S.Kittu Raghunandan and Sri. K. Uday Eswaran were appointed as Stewards during the year as per Article 37 of the Articles of Association and will hold office till the conclusion of this AGM.

30. COMMITTEE MEMBERS:

- (a) Sri. Chaduranga Kanthraj Urs, Sri. Fazal Ur Rahaman, Sri. B.P.Mahesh Sivananda and Dr. R.Narayanswamy resigned on 4th September, 2017.
- (b) Sri. Jairam G. Kimmane, Sri. Kodandaram Ramaiah, Sri. K.Nagaraju and Sri. K. Uday Eswaran were appointed as Committee Members as per Article 37 of the Articles of Association and they held office till the conclusion of the previous AGM dated 25th September 2017.
- (c) Sri. K. Jayaram and Sri. T.H.R.Rajeev were elected as Committee Members in the AGM dated 25th September 2017 and will hold office till the conclusion of AGM in the year 2019.
- (d) Sri. Ravishanker S. Poll was appointed as Committee Member during the year as per the article 37 of the Articles of Association and will hold office till the conclusion of this AGM.

31. MEETINGS OF THE MANAGING COMMITTEE:

The number of meetings held between 27th September 2017 and 26th August, 2018 and the attendance of the Members of the Managing Committee during this period are detailed as under:

Sl. No.	Name of the Member of the Managing Committee	Number of Meetings held	Number of Meetings attended
1.	Sri. V. Harimohan Naidu	30	30
2.	Sri. K. Jayaram	30	25
3.	Sri. Kiran Basappa	30	27
4.	Sri. S. Kittu Raghunandan	30	26
5.	Sri. Mahendra Kugashankar	30	24
6.	Sri. I. S. N. Prasad	30	02
7.	Sri. T. H. R. Rajeev	30	29
8.	Sri. Ravishanker S. Poll	30	27
9.	Sri. A.C. Satish Chandra	30	25
10.	Sri. T. Suneel Kumar	30	01
11.	Sri. K. Uday Eswaran	30	21
12.	Sri. U.B. Venkatesh	30	14
13.	Sri. L.Vivekananda	30	04

32. SUB-COMMITTEES:

The various Sub-Committees constituted as under assisted the Managing Committee in the discharge of its functions:

Sub-Committee (Establishment, Administration and Human Resources)

1. Sri. K. Uday Eswaran (Chairman)
2. Sri. Ashok Raghavan
3. Sri. S. Chockalingam
4. Sri. T. Jayaprakash
5. Sri. R.K. Nicky Sawhney
6. Sri. Sidney Moses
7. Sri. U.B. Venkatesh
8. Sri L. Vivekananda
9. Sri. D.Anand Basappa (Special Invitee)
10. Sri. C. Srivatsan (Special Invitee)
11. Sri. Unni Rajagopal (Special Invitee)

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

Sub-Committee (Audit and Finance)

1. Sri. S. Kittu Raghunandan (Chairman)
2. Sri. N.V. Babu
3. Sri. S.K. Bhaskar Raju
4. Sri. K.R. Prakash
5. Sri. U.B. Venkatesh
6. Sri. L. Vivekananda

Sub-Committee (BARI, Telecasting and Media)

1. Sri. K. Jayaram (Chairman)
2. Sri. Abhijit Nayak
3. Sri. Mayur Uppini
4. Sri. Y.S. Gautam
5. Sri. Shankar Balu
6. Sri. U.B. Venkatesh
7. Sri. L.Vivekananda

Sub-Committee (Catering and Club House)

1. Sri. T.H.R. Rajeev (Chairman)
2. Sri. Ashwin D.K.
3. Sri. K. Harish Nayak
4. Sri. Prakaash Palaniswamy
5. Sri. A.A. Sanjai Poll
6. Sri. U.B. Venkatesh
7. Sri. L. Vivekananda

Sub-Committee (Computerization)

1. Sri. Ravishanker S.Poll (Chairman)
2. Sri. Chaitanya N. Sreenivas
3. Sri. Gangadhar N.
4. Sri. Nikhil Yathiraj
5. Sri. U.B. Venkatesh
6. Sri. L.Vivekananda

Sub-Committee (Legal)

1. Sri. V. Harimohan Naidu (Chairman)
2. Sri. Arvind Raghavan
3. Sri. M. Ashok Kumar Shetty
4. Sri. M. Lokesh
5. Sri. Unni Rajagopal
6. Sri. U.B. Venkatesh
7. Sri. L.Vivekananda

Sub-Committee (Maintenance of Enclosures & Stables and Veterinary Services)

1. Sri. Kiran Basappa (Chairman)
2. Dr. N.M. Dinesh
3. Sri. Gautam Basappa
4. Sri. Y.S. Gautam
5. Dr. C.A. Prashanth
6. Mr. D. Shailesh Shivaswamy
7. Sri. U.B. Venkatesh
8. Sri. L.Vivekananda

Sub-Committee (Racing and Track)

1. Sri. A.C. Satish Chandra (Chairman)
2. Dr. N.M. Dinesh
3. Sri. C. Mahesh Medappa
4. Sri. Naval R. Narielwalla
5. Sri. Sunil K.Vasant
6. Sri. U.B. Venkatesh
7. Sri. L Vivekananda
8. Sri. T.H.Ramamurthy (Special Invitee)

Sub-Committee (Security,Betting and Sponsorship)

1. Sri.Mahendra Kugashankar (Chairman)
2. Sri. R. Dhirendra (DRIN)
3. Sri. T. Jayapraksh
4. Sri. Mahesh Shashidhar
5. Sri. C. Mahesh Medappa
6. Sri. K.R. Prakash
7. Sri. U.B. Venkatesh
8. Sri. L Vivekananda

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

33. SPECIAL ENQUIRY COMMITTEE:

The Managing Committee received letters addressed by some members of the Club requesting to constitute a Special Enquiry Committee to enquire into various allegations of Commissions and Omissions during the period September 2016 to September 2017. The Managing Committee after due review, constituted a Special Enquiry Committee comprising the following members to enquire into the allegations and to submit a report along with their findings and recommendations:-

1. Sri P. Kodandaramaiah (Chairman)
2. Sri D. Anand Basappa
3. Sri Baba P.S. Bedi
4. Sri C. Srivatsan
5. Dr. Thomas Chandy

The Club has received the report containing deposition of witnesses, findings and recommendations from the Special Enquiry Committee on 16th August, 2018. The report has been circulated to the Club Members convening an EGM on Saturday 22nd September, 2018 to discuss the same.

34. BANGALORE TURF CLUB CHARITABLE TRUST:

- (a) An interest of Rs. 24.98 lakhs (Rs. 26.14 lakhs) was earned on deposits made by the Trust of which an amount of Rs.10.85 lakhs (Rs.20.25 lakhs) was utilized for charitable activities.
- (b) During the year, the Trust extended financial assistance to poor patients afflicted with kidney and heart diseases. The assistance, covering 126 (340) patients, involved an amount of Rs 7.05 lakhs (Rs. 17.05 lakhs). This amount was paid directly to various hospitals, towards partly meeting medical expenses incurred for the treatment of such needy patients.
- (c) The Trust also extended financial assistance to 6(13) institutions amounting to Rs. 0.60 lakh (Rs 1.25 Lakhs) apart from providing scholarship amounting to Rs. 3.19 lakhs(Rs 1.95 lakhs) in favour of 48 (26) needy and meritorious students.
- (d) The Trustees have decided 'in principle' to contribute up to Rs. 10 lakhs (not exceeding Rs 10,000 per beneficiary) after obtaining from Government of Karnataka, the list of families affected in recent flood in Kodagu District.

35. PARTICULARS OF EMPLOYEES:

The Company has no employee covered under Section 197 of the Companies Act, 2013.

**36. AUDITORS:**

- (a) M/s. R.Chandrashekar and Associates (Registration No. 006783S) and M/s. Dhariwal & Sreenivas, (Registration No. 007197S) Chartered Accountants, who are the Joint Statutory Auditors of the Company will hold office till the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.
- (b) Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed under the Act, it is proposed to appoint M/s. R.Chandrashekar and Associates (Registration No. 006783S) and M/s. Dhariwal & Sreenivas, (Registration No. 007197S) Chartered Accountants as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Body Meeting till the conclusion of the fifty-eighth Annual General Meeting to be held in the year 2019.
- (c) The Joint Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for ratification of appointment as Statutory Auditors of the Company. The Managing Committee recommends the ratification of appointment of Statutory Auditors at the ensuing Annual General Meeting.

37. PARTICULARS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014:

- (i) Part A pertaining to conservation of energy is not applicable to the Company.
- (ii) Part B pertaining to particulars relating to technology absorption is not applicable to the Company.
- (iii) Part C pertaining to foreign exchange earnings and outgoings are as contained in item No 23.4 of Notes to Financial Statements.

38. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 134 (5) OF THE COMPANIES ACT, 2013:

Members of the Managing Committee hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures wherever applicable.
- (ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

BANGALORE TURF CLUB LIMITED

COMMITTEE'S REPORT FOR THE YEAR ENDED 31st MARCH, 2018

- (iv) The directors had prepared the annual accounts are prepared on a going concern basis.
- (v) The directors had devised proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and are operating effectively.

39. CORPORATE SOCIAL RESPONSIBILITY:

In the backdrop of heavy rain leading to landslides and flood in Kodagu, Club has contributed a sum of Rs 1,60,000/- (Rupees One Lakh Sixty Thousand only) to "Chief Minister's Relief Fund Natural Calamity-2018". The same is incurred in compliance of requirements of provisions of Section 135 read with Schedule VII of Companies Act, 2013 on Corporate Social Responsibility. The details are enclosed as Annexure I.

40. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

41. INTER - CORPORATE LOANS AND INVESTMENTS:

The Company has not given any loans nor made any investments during the period

42. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

There are no related party transactions and all transactions are in the ordinary course of business

43. SUBSIDIARIES, JVS OR ASSOCIATE COMPANIES:

The Company does not have any subsidiary, JV or Associates Companies during the period

44. MATERIAL EVENTS OCCURRING AFTER 31ST MARCH, 2018:

There are no material events to be reported after Balance Sheet date.

45. TRANSFER TO RESERVE:

The Company transferred Rs 37.80 Crores to the Reserves and Surplus in view of profit incurred during the year 2017-18. The Company holds Rs.65.91 Crores in Reserves and Surplus as on 31st March 2018.

46. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes which have affected the financial position of the Company.



47. RISK MANAGEMENT POLICY OF THE COMPANY:

The assets of the Company are adequately insured against loss due to fire, riot, earthquake, terrorism etc. and other risks considered necessary by the management.

48. MATERIAL ORDERS PASSED BY REGULATORS OR COURTS AFFECTING ON GOING CONCERN STATUS AND FUTURE OPERATIONS:

There is no such order passed by regulators or Courts which affect the On Going Concern Status and future operations of your Company.

49. HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which have helped the Organization to achieve higher productivity levels. A significant effort has also been undertaken to develop leadership as well as technical/ functional capabilities in order to meet talent requirement for the future.

50. DISCLOSURE IF THE VOTING RIGHTS ARE NOT EXERCISED BY EMPLOYEES:

Your Company has not issued any Shares or Employee Stock Options to the new allottees or to the Employees. Bangalore Turf Club Limited is a Company, limited by Guarantee and not having Share Capital and hence the said clause is not applicable.

51. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has initiated action for compliance with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of the Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

52. DEPOSITS:

Your Company has not accepted any deposits from Public in terms of Section 73 of the Companies Act, 2013 during the year under review.

53. DIVIDEND:

Bangalore Turf Club Limited is a Company, limited by Guarantee and not having Share Capital and hence the said clause is not applicable.

54. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Shrinivas Devadiga, Company Secretary in Practice (Certificate of Practice No: 10372) to undertake the Secretarial Audit. The Secretarial Report is enclosed as Annexure II.

55. EXTRACT OF ANNUAL RETURN:

As required under Section 92(3) of the Companies Act 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, the details forming part of the extract of the Annual Return in Form MGT 9 is enclosed as Annexure III.

56. COMMENTS ON AUDITOR'S REPORT IN RESPECT OF THE QUALIFICATION IN THE AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018:

Sl. No. 6 (a), (b) of Auditors' Report:

- (a) The Hon'ble Supreme Court of India after hearing the petitions has granted leave in the matter by its order dated 25th March 2015 and as a result the Special Leave Petitions (Civil) No. 18238-18239 of 2010 on 23rd July 2010 filed by the Company stand now converted into a full-fledged Civil Appeal, numbered as 3263 of 2015. The Company is hopeful that it would be able to secure necessary relief from the Hon'ble Supreme Court of India and the accompanying benefit of the extended tenure in respect of the existing Racecourse. In this background, the Company does not envisage any difficulty in continuing with its racing activity and does not foresee any adverse situation that could materially affect the carrying value of assets and liabilities or its future earning capacity. The Company on this premise would qualify as an on-going concern.
- (b) The Company has been consistently following the straight line method of charging depreciation on the buildings located in the Racecourse, the possession of which is vested in the Club in terms of a conditional grant and would so remain, so long as racing activities are conducted at the existing Racecourse.

57. ACKNOWLEDGEMENT:

The Committee is grateful to the Government of Karnataka for the support extended by them to the Company in promoting and developing the sport.

The Committee is grateful to the Racing Monitoring Committee for the support being extended by them to the Company in promoting and developing the sport.



The Committee is also grateful for the support extended by United Breweries Group, Catalyst Properties, Shapoorji Pallonji Oil & Gas, Garuda Group, and Karnataka Race Horse Owners Association for sponsoring various races and racing related events during the year.

The Committee wishes to place on record its appreciation of the valuable services rendered by Government Nominees, Sri. I.S.N.Prasad, Sri. T.Suneel Kumar, Sri. Praveen Sood, Sri. L.Vivekananda and Sri. U.B.Venkatesh and the retiring Stewards, Sri. Kiran Basappa, Sri. S.Kittu Raghunandan, Sri K.Uday Eswaran and the retiring Committee Member, Sri. Ravishanker S Poll.

The Committee also acknowledges with gratitude the support and cooperation extended by Members of the Club, Owners, Trainers, Jockeys and other Professionals, the Press and Patrons in its endeavour.

The Committee would wish to place on record its appreciation of the cooperation extended by the Office Bearers of The Karnataka Racehorse Owners Association, The Karnataka Trainers Association, The Jockeys Association of India and The Bangalore Animal Welfare Stable Employees Society in facilitating the smooth conduct of racing during the year.

The Committee also wishes to place on record its appreciation of the devoted services rendered by the Officials and Members of the Staff and the cooperation extended by Kotak Mahindra Bank Ltd., Bankers to the Club.

V. HARIMOHAN NAIDU (CHAIRMAN)	01866070
KIRAN BASAPPA	02804321
S. KITTU RAGHUNANDAN	00969426
MAHENDRA KUGASHANKAR	06400800
T.H.R. RAJEEV	07952724
RAVISHANKER S. POLL	07981919
A.C. SATISH CHANDRA	00806395
K. JAYARAM	07952908
I S N PRASAD	01469651
T. SUNEEL KUMAR	02133219
K. UDAY ESWARAN	00046438
U.B.VENKATESH	01662101
L. VIVEKANANDA	00165985

Members of the Committee

Bangalore, 26th August 2018

Annexure I: CSR ACTIVITIES

1. A brief outline of the company’s CSR activities: Bangalore Turf Club Limited believes that in the strategic context of business, beyond financial goals, there is a need to actively contribute to the Social, Economic and Environmental Development of the Community in which the Company operates, as well as ensuring participation from the community and thereby creating value for the society at large to the extent possible.
2. The Composition of the CSR Committee: The Members of the Managing Committee of the Club.
3. Average net profit of the company for last three financial years: Rs. 79.00 lakhs.
4. Prescribed CSR Expenditure: Rs. 1.58 Lakhs.
5. Details of CSR spent during the financial year: The Company has contributed Rs 1.60 lakhs to Chief Minister Relief Fund Natural Calamity -2018.
 - (a) Total amount to be spent for the financial year: Rs. 1.60 lakhs.
 - (b) Amount unspent, if any: NA

(Amount in Rs)

1	2	3	4	5	6	7	8
Sl. no.	CSR Activity identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or program wise	Amount spent on the projects	Cumulative expenditure upto to the reporting period	Amount spent through implementing agency*
1	Contribution to Chief Minister Relief Fund	Flood Relief	Flood Relief	1,60,000	1,60,000	1,60,000	1,60,000 Through Government of Karnataka



CS. Shrinivas Devadiga

COMPANY SECRETARY

Bangalore

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018

To,
The Members,
BANGALORE TURF CLUB LIMITED.
Regd Office : RACE COURSE ROAD BANGALORE - 560 001
BANGALORE Karnataka
560001
India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BANGALORE TURF CLUB LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the BANGALORE TURF CLUB LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit.

I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by BANGALORE TURF CLUB LIMITED ("the Company") for the financial year ended on 31.03.2018 according to the provisions of:

No.105 Munireddy Building, Gear International School Road, Karmelaram Post, Doddakannelli,
Near Sarjapur Road Wipro, Bangalore-560035

Mob:+91-9611765369, 9844041800; E-mail: santhruptics@gmail.com

Bangalore

Mumbai



CS. Shrinivas Devadiga

COMPANY SECRETARY

Bangalore

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (II) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (III) Other laws applicable to the Company as per representation made by the Management.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable with effect from 1st July, 2015 and it was noted that the Company has generally complied with the same however stricter application of Secretarial Standards is to be observed by the Company.

I further report that, provisions of following Acts, Rules and Regulation are Not applicable to the Company During financial year:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

During the period under review and as per the explanations and clarifications given to me and representations made by the Management, other applicable laws are generally complied and paid interest wherever returns were filed after due date.



CS. Shrinivas Devadiga

COMPANY SECRETARY

Bangalore

I further report that

The Board of Directors (Managing Committee) of the Company is duly constituted. The changes in the composition of the Board of Directors (Managing Committee) that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings (Managing Committee), agenda and detailed notes on agenda were not sent at least seven days in advance some cases as the Frequency between two meeting are less than seven days, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that as per explanation given to me and representation made by the management and relied upon by me depreciation on the buildings constructed on leasehold land has been provided on the straight line method based on the life of the assets prescribed under Schedule II to the Companies Act,2013. As per the Accounting Standard 6 (AS 6) on depreciation accounting, and mandatory under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the buildings constructed on a leasehold land are expected to be depreciated fully over the period of lease.

In the present case, the period of lease has expired. However, a sum of Rs. 2,35,83,373 is carried as the written down value of buildings constructed on such lease hold land, as at March 31, 2018 and is being depreciated under the rates prescribed under the Companies Act, whereas the entire cost of buildings should have been charged off as depreciation by the end of the lease period. Due to this deviation, the value of the buildings is overstated by Rs. 2,35,83,373 (previous year Rs. 2,49,73,908) as at the date of the balance sheet and a sum of Rs. 13,90,535 has been provided as depreciation for the year.



CS. Shrinivas Devadiga
COMPANY SECRETARY

Bangalore

I further report that during the audit period there were no other specific events/ actions in pursuance to above referred laws, rules, regulations, guidelines etc., having major bearing on the Company's affairs.

Signature: Shrinivas Devadiga
Membership No. :22381
C P No.:10372

Place: Bangalore
Date:26th August 2018

*This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.



CS. Shrinivas Devadiga

COMPANY SECRETARY

Bangalore

'ANNEXURE A'

To,
The Members,
BANGALORE TURF CLUB LIMITED.
Regd Office : RACE COURSE ROAD BANGALORE - 560 001
BANGALORE Karnataka
560001
India

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Signature: Shrinivas Devadiga

Membership No.22381

C P No.:10372

Place: Bangalore

Date:26th August 2018

No.105 Munireddy Building, Gear International School Road, Karmelaram Post, Doddakannelli,
Near Sarjapur Road Wipro, Bangalore-560035

Mob:+91-9611765369, 9844041800; E-mail: santhruptics@gmail.com

Bangalore

Mumbai

Annexure III

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March 2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule
12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U99999KA1962PLC001449
2	Registration Date	31-Mar-1962
3	Name of the Company	Bangalore Turf Club Limited
4	Category/Sub-category of the Company	Company Limited by Guarantee
5	Address of the Registered office & contact details	RACE COURSE ROAD BANGALORE - 560 001 BANGALORE KA 560001 IN
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sport of Horses Racing and Betting on Horse Racing	9319	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S N	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NA	NA	NA	-	NA
2	NA	NA	NA	-	NA

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding- Not Applicable

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub Total (A) (1)									
(2) Foreign									
a) NRI Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Any other									
Sub Total(A) (2)									
TOTAL (A)	-								

B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									

h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-									
Total Public (B)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)									

(ii) Shareholding of Promoter : Not Applicable								
S N	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1								
2								

(iii) Change in Promoters' Shareholding (please specify, if there is no change) – Not Applicable							
S N	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	NA	NA				
	Changes during the year						
	At the end of the year						

(iv) Shareholding pattern of top ten Shareholders: Not Applicable

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S N	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1							
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

2							
	At the beginning of the year						
	Changes during the year						
	At the end of the year						
3							
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

(v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

S N	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1							
	At the beginning of the year						
	Changes during the year						
	At the end of the year						
2							
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

3							
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment -
Not Applicable

(Amt. Rs./)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)			-	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
Not Applicable

SN	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
----	-----------------------------	-------------------------	--------------

BANGALORE TURF CLUB LIMITED

	Name				(Rs/Lac)
	Designation		WTD	WTD	
	Gross salary				
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total (A)				
	Ceiling as per the Act			NA	

B. Remuneration to other Directors : Not Applicable

SN.	Particulars of Remuneration	Name of Directors	Total Amount
			(Rs/Lac)
1	Independent Directors		-
	Fee for attending board committee meetings		-
	Commission		-
	Others, please specify		-
	Total (1)		
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD - Not Applicable					
SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name				(Rs/Lac)
	Designation				
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total				-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITORS' REPORT

To the Members of

BANGALORE TURF CLUB LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of BANGALORE TURF CLUB LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation

of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis of Qualified Opinion

6. (a) We draw attention to note no. 8.1 of the notes to financial statements regarding expiry of the lease of land and the consequent order of the High Court of Karnataka for vacation and handing over the premises to the State Government on or before 22.09.2010. The said order is before the Hon'ble Supreme Court of India on appeal and the outcome is awaited. Therefore, there is significant uncertainty whether the company will be able to continue as going concern and be in position to realize its assets and discharge the liabilities stated in the financial statements. Further, the financial statements do not disclose the adjustments resulting from the said uncertainty of recoverability and quantification of liabilities that may be necessary if the company is unable to continue as a going concern.

Under the circumstances, we are unable to express an opinion on the Company's going concern assumption and its impact on the financial statements.

- (b) As stated in note no. 1.3 of the notes to financial statements in Significant Accounting Policies, depreciation on the buildings constructed on leasehold land has been provided on the straight line method based on the life of the assets prescribed under Schedule II to the Companies Act, 2013.

As per the Accounting Standard 6 (AS 6) on depreciation accounting, and mandatory under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the buildings constructed on a leasehold land are expected to be depreciated fully over the period of lease.

In the present case, the period of lease has expired. However, a sum of Rs. 2,35,83,373 is carried as the written down value of buildings constructed on such lease hold land, as at March 31, 2018 and is being depreciated under the rates prescribed under the Companies Act, whereas the entire cost of buildings should have been charged off as depreciation by the end of the lease period. Due to this deviation, the value of the buildings is overstated by Rs. 2,35,83,373 (previous year Rs. 2,49,73,908) as at the date of the balance sheet and a sum of Rs. 13,90,535 has been provided as depreciation for the year.

Qualified Opinion

7. In our opinion, and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the basis for qualified opinion in paragraph 6(a) and 6(b) above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018 and its profit and its cash flows for the year ended on that date.

Other Matters

8. We draw attention to

- (a) The Contingent liability on account of Goods and Services Tax as noted in note no. 23.2 (a) of the notes to financial statements.
- (b) The contingent liability on account of tax deductions at source u/s 194B of the Income Tax Act on stakes money as noted in note no. 23.2(c) and 23.2(e) of the notes to financial statements.
- (c) The contingent liability on account of tax deductions u/s 194BB of the Income Tax Act as noted in note no. 23.2(d) of the notes to financial statements.
- (d) The contingent liability on account of Service Tax as noted in note no. 23.2(f) of the notes to financial statements.
- (e) The contingent liability on account of Value Added Tax as noted in note no. 23.2(g) of the notes to financial statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraph 3 and 4 of the Order.
- 10. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this

Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except to the extent noted in note no. 6(b) above;
- (e) The going concern matter described in paragraph 6(a) above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of written representations received from the directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) On the basis of the information and explanations provided to us, in our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such controls were operating effectively as at March 31, 2018 ; and

REPORT OF THE AUDITORS TO THE MEMBERS OF THE BANGALORE TURF CLUB LIMITED

- (h) With respect of the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 8.1 and 23.2 of the financial statements ;
 - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses : and
 - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For R.CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants
Firm Registration No. 006783S

V.GANESH

Proprietor
Membership. No. 202995
No. 311 / 312, Raheja Chambers
No. 12, Museum Road
BANGALORE – 560 001
Bangalore, 26 August, 2018

For DHARIWAL & SREENIVAS

Chartered Accountants
Firm Registration No. 007197S

SREENIVAS BABU PENUGONDA

Partner
Membership. No. 028804
No.10, (Old No.144), South Park Road
Opp. Seshadripuram College
BANGALORE – 560 020

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 9 of the Auditors' Report of even date]

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2018, we report that

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2018, we report that

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management once in a year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not own any immovable property other than the building constructed on leasehold land, the title deeds of which are not in the name of the Company.
- 2 The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
-

REPORT OF THE AUDITORS TO THE MEMBERS OF THE BANGALORE TURF CLUB LIMITED

3. The Company has not granted any loans, secured or unsecured, to the companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act; Consequently, the requirements of Clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and 186 of the Act respectively.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed thereunder.
6. As explained to us, the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, for the year under review.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities and no undisputed statutory dues were outstanding as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of income tax, sales tax, service tax, customs duty, excise duty and value added tax which have not been deposited on account of any dispute except

Name of the Statute	Nature of the dues	Period	Amount in Rs.	Forum where dispute is pending
Employees' State Insurance Act	ESI	1985 to 2014	8,78,56,950	ESI Court
The Income Tax Act, 1961	Income Tax	2006-07 to 2011-12	87,50,24,202	Honourable High Court of Karnataka (Division Bench)
The Income Tax Act, 1961	Income Tax	2012-13 to 2015-16	39,48,98,732	Honourable High Court of Karnataka
The Income Tax Act, 1961	Income Tax	2012-13	14,87,57,072	Commissioner of Income Tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	2013-14	13,61,13,609	Commissioner of Income Tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	2014-15	13,41,16,277	Commissioner of Income Tax (Appeals), Bangalore
The Finance Act, 1994	Service Tax	2008-09 to June 30, 2012	6,75,56,150	Customs, Excise and Service Tax Appellate Tribunal
The Karnataka Value Added Tax Act, 2003	VAT	2011-12 and 2012-13	77,16,778	Honourable High Court of Karnataka

8. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any loans or borrowings from financial institution, government or debenture holders during the year.

REPORT OF THE AUDITORS TO THE MEMBERS OF THE BANGALORE TURF CLUB LIMITED

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, Clause 3(ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. The Company has not paid any managerial remuneration during the year and accordingly Clause 3(xi) of the Order is not applicable.
12. In our opinion, the Company is not a nidhi company. Accordingly, Clause 3(xii) of the Order is not applicable
13. According to the information and explanations given to us and based on our examination of our records of the Company, transactions with the related parties are in compliance with Section 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. Since the Company does not have a share capital, the provisions of Clause 3(xiv) of the Order are not applicable.
15. According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, Clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants

Firm Registration No. 006783S

V.GANESH

Proprietor

Membership. No. 202995

No. 311 / 312, Raheja Chambers

No. 12, Museum Road

BANGALORE – 560 001

Bangalore, 26 August, 2018

For DHARIWAL & SREENIVAS

Chartered Accountants

Firm Registration No. 007197S

SREENIVAS BABU PENUGONDA

Partner

Membership. No. 028804

No.10, (Old No.144), South Park Road

Opp. Seshadripuram College

BANGALORE – 560 020

SUMMARY

1. INCREASE IN INCOME :

Collection from Totalizators	4437.10	
Unclaimed liabilities written back	98.62	
Interest on Fixed Deposit	43.89	
Provision for earlier years written back	45.34	
Share of income from other clubs	6.50	
		(+) 4631.45

2. DECREASE IN EXPENDITURE :

Stake Money and Cups	2146.71	
Salaries, Wages & Bonus and Staff Welfare	838.18	
Share of Income Paid to Other Clubs	346.37	
Miscellaneous Expenses	346.06	
Advertisement, Business Promotion and Publicity	227.11	
Repairs to Buildings & Other Assets	294.90	
Course and Other Expenses on Races	134.06	
Licence Fee	96.00	
Rates and Taxes	82.32	
Books, Periodicals and Subscription	20.88	
Donations	20.00	
Contribution to Provident and Other Funds	19.99	
Subsidy to Owners and Trainers	19.89	
Other Operating Expenses	16.14	
Travelling and Conveyance	14.32	
Watch and Ward	14.12	
Lighting and Water Charges	22.99	
Printing and Stationery	8.70	
Depreciation and Amortisation	3.76	
Postage and Telephone	2.51	
Hospital Maintenance	2.14	
Exchange Fluctuation Loss	0.53	
		(+) 4677.68

3. DECREASE IN INCOME :

Income from Bookmakers	742.20	
Sponsorship Received for Stake Money and Cups	312.73	
Gate Collections	128.70	
Other Operating Income	92.83	
Entry Money, Forfeit Money and Others	36.77	
Live Telecast Receipts	27.02	
Veterinary Hospital Receipts (Net)	15.05	
Club House Receipts (Net)	11.66	
		(-) 1366.96

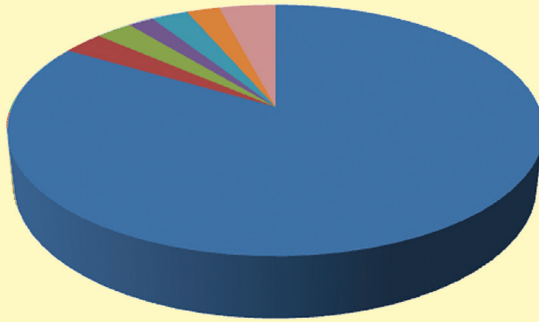
4. INCREASE IN EXPENDITURE :

Income Tax	2561.91	
Provision for Gratuity -Daily and Contract Staff	947.52	
Legal and Professional Charges	118.04	
Insurance	40.66	
Rent	30.03	
Annual Maintenance - Computers	8.59	
Bad Debts Written off	5.99	
		(-) 3712.74

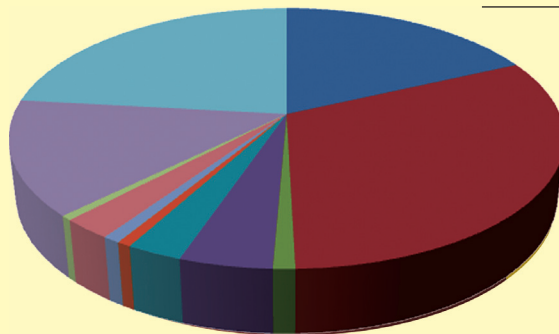
NET INCREASE IN EXPENDITURE*(-) 4229.43

*VARIATIONS OVER 2016-17 (Rs. in lacs)

FINANCE



SOURCES OF FUNDS	Rs. in Lakhs	%
NETT COMMISSION ON TOTES	13584	83.47
Interest on Fixed Deposit	477	2.93
Entry Money	432	2.65
Share of Income from other Clubs	301	1.85
Entry Money	432	2.65
Net Gate Collections	385	2.37
Other Income	664	4.08
	16275	100.00



APPLICATIONS OF FUNDS	Rs. in Lakhs	%
Stake Money and Cups	2941	18.07
Administration & Establishment Expenses	5129	31.51
Repairs and Maintenance	175	1.08
Expenditure on Races	743	4.56
Share of Income Paid to other Clubs	447	2.75
Licence Fee	113	0.69
Subsidy to Owners and Trainers	138	0.85
Depreciation & Other Expenses	409	2.51
BARI and Club House	94	0.58
Provision for Taxation	2305	14.17
Surplus	3781	23.23
	16275	100.00

BANGALORE TURF CLUB LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

CINumber: U99999KA1962PLC001449

		<u>As at March 31, 2018</u>		<u>As at March 31, 2017</u>	
	Note No	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<u>EQUITY AND LIABILITIES</u>					
<u>Shareholders' Funds</u>					
Reserves and Surplus	2		65,91,15,276		28,10,58,770
<u>Non-Current Liabilities</u>					
Long Term Provisions	3	9,38,00,035		1,11,23,340	
Other Long Term Liabilities	4	3,00,000		6,09,625	
			9,41,00,035		1,17,32,965
<u>Current Liabilities</u>					
Trade Payables	5	28,34,31,824		25,41,40,585	
Other Current Liabilities	6	19,26,50,864		33,34,35,015	
Short Term Provisions	7	16,93,88,295		74,54,305	
			64,54,70,983		59,50,29,905
Total			1,39,86,86,294		88,78,21,640
<u>ASSETS</u>					
<u>Non-Current Assets</u>					
<u>Property, Plant and Equipment</u>					
Tangible Assets	8	7,96,79,691		9,81,02,534	
Intangible Assets		7,59,344		9,71,636	
Capital Work in Progress		53,43,045		50,08,238	
			8,57,82,080		10,40,82,408
Deferred Tax Asset (Net)	9	2,32,04,993		4,22,62,087	
Long Term Loans and Advances	10	2,09,76,424		1,57,34,562	
Other Non-Current Assets	11	7,56,95,779		1,84,70,776	
			11,98,77,196		7,64,67,425
<u>Current Assets</u>					
Inventories	12	54,37,069		84,67,762	
Trade Receivables	13	4,59,84,823		3,50,81,828	
Cash and Bank Balances	14	1,06,46,86,142		54,14,80,819	
Short Term Loans and Advances	15	4,38,59,207		8,89,47,100	
Other Current Assets	16	3,30,59,777		3,32,94,298	
			1,19,30,27,018		70,72,71,807
Total			1,39,86,86,294		88,78,21,640
Significant Accounting Policies	1				

V. Harimohan Naidu DIN: 01866070	Mahendra Kugashankar DIN: 06400800	Kiran Basappa DIN: 02804321
S.Kittu Raghunandan DIN: 00969426	K.Jayaram DIN: 07952908	T.H.R. Rajeev DIN: 07952724
Ravishanker S. Poll DIN: 07981919	K. Uday Eswaran DIN: 00046438	U.B.Venkatesh DIN: 01662101

Members of the Managing Committee

Pradeep Kumar. G
Secretary

In terms of our report of even date
For R.CHANDRASHEKAR AND ASSOCIATES
Chartered Accountants
Firm Registration No. 006783S
V.GANESH
Proprietor
Membership. No. 202995

For DHARIWAL & SREENIVAS
Chartered Accountants
Firm Registration No. 007197S
SREENIVAS BABU PENUGONDA
Partner
Membership. No. 028804

Bangalore, 26 August, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018



	Note No	2017- 2018		2016- 2017	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
INCOME					
Revenue from Operations	17	1,78,87,59,390		2,82,63,18,205	
Other Income	18	6,99,87,193		5,13,06,643	
			1,85,87,46,583		2,87,76,24,848
EXPENDITURE					
Operating Expenses	19	69,04,99,693		2,31,17,41,784	
Employee Benefits Expenses	20	32,36,53,024		39,78,21,106	
Finance Costs	21	38,249		40,710	
Depreciation and Amortization Expense	8	2,28,77,506		2,32,53,134	
Other Expenses	22	12,99,77,180		21,53,03,349	
			1,16,70,45,652		2,94,81,60,083
Profit / (Loss) before exceptional items			69,17,00,931		(7,05,35,235)
Provision for Gratuity for Casual / Daily Wage Staff and Others	23.9		8,31,02,820		-
Profit / (Loss) before tax			60,85,98,111		(7,05,35,235)
Less:Tax Expense					
Current Tax		20,50,00,000		-	
Current Tax of Prior Years		-		(2,58,390)	
Deferred Tax		1,90,57,094		(2,53,90,764)	
MAT Credit Entitlement		64,84,511		-	
			23,05,41,605		(2,56,49,154)
Profit / (Loss) for the Year			37,80,56,506		(4,48,86,081)
Significant Accounting Policies	1				

V. Harimohan Naidu DIN: 01866070 Mahendra Kugashankar DIN: 06400800 Kiran Basappa DIN: 02804321
S.Kittu Raghunandan DIN: 00969426 K.Jayaram DIN: 07952908 T.H.R. Rajeev DIN: 07952724
Ravishanker S. Poll DIN: 07981919 K. Uday Eswaran DIN: 00046438 U.B.Venkatesh DIN: 01662101

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Chartered Accountants
Firm Registration No. 007197S
SREENIVAS BABU PENUGONDA
Partner
Membership. No. 028804

BANGALORE TURF CLUB LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

CINumber: U99999KA1962PLC001449

	2017- 2018		2016- 2017	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit Before Tax		60,85,98,111		(7,05,35,235)
Depreciation	2,28,77,506		2,32,53,134	
Interest	38,249		40,710	
Interest Income	(4,77,18,415)		(4,33,29,805)	
Service Tax Paid out of Contingency Fund	-		(96,13,223)	
		<u>(2,48,02,660)</u>		<u>(2,96,49,184)</u>
Operating Profit Before				
Working Capital Changes	58,37,95,451		(10,01,84,419)	
Trade and Other Receivable	(1,09,02,995)		(1,72,50,258)	
Inventory	30,30,693		(19,68,127)	
Loan, Advances and				
Other Current Assets	(62,08,716)		(2,31,64,159)	
Trade and Other Payables	(1,92,42,159)		10,77,56,757	
		<u>(3,33,23,177)</u>		<u>6,53,74,213</u>
Cash Generated from Operation		55,04,72,274		(3,48,10,206)
Direct Taxes Paid (Net)		(53,75,732)		(2,16,65,446)
Net Cash from Operating Activities		<u>54,50,96,542</u>		<u>(5,64,75,652)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets and Capital Work in Progress		(71,29,700)		(2,01,25,083)
Interest Received		4,53,39,018		4,07,88,784
Investment in Bank Deposits (maturity of more than 3 months)		(1,40,42,65,160)		(43,17,12,356)
Maturity of Bank Deposits (maturity of more than 3 months)		78,56,97,717		28,86,66,911
Net Cash from/used in Investing Activities		<u>(58,03,58,125)</u>		<u>(12,23,81,744)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest Paid		(38,249)		(40,710)
Net Cash from Financing Activities		<u>(38,249)</u>		<u>(40,710)</u>
NET INCREASE In Cash and Cash Equivalents		<u>(3,52,99,832)</u>		<u>(17,88,98,106)</u>
Cash and cash equivalent at the Beginning		4,60,19,027		22,49,17,133
Cash and cash equivalent at the End		<u>1,07,19,195</u>		<u>4,60,19,027</u>

V. Harimohan Naidu DIN: 01866070
S.Kittu Raghunandan DIN: 00969426
Ravishanker S. Poll DIN: 07981919

Mahendra Kugashankar DIN: 06400800
K.Jayaram DIN: 07952908
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Bangalore, 26 August, 2018

For DHARIWAL & SREENIVAS
Chartered Accountants
Firm Registration No. 007197S
SREENIVAS BABU PENUGONDA
Partner
Membership. No. 028804

General:

Bangalore Turf Club Limited is a Company incorporated under the Companies Act to carry on the business of the Race Club in all its branches and to carry on the other incidental business. Company does not have any Share Capital and the liability of the members, in the event of liquidation of the Company, is limited to Rs 20 each.

NOTE - 1**SIGNIFICANT ACCOUNTING POLICIES****1.1 Method of Accounting:**

The financial statements are prepared under the historical cost convention on accrual basis and comply with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, Plant & Equipment are stated at the cost of acquisition including taxes, duties (to the extent an input credit has not been availed) and other identifiable direct expenses incurred to bring the assets to their present location and condition, less accumulated depreciation. Interest on borrowed funds attributable upto the period the asset is put to use is included in the cost of the assets.

1.3 Depreciation and Amortization:

Depreciation has been provided on a pro-rata basis on the straight line method based on the life of the assets prescribed under Schedule II to the Companies Act, 2013 including on Buildings constructed on leasehold land, with the exception of the following:

Computers and Data Processing Units including Betting terminals are depreciated over a period of seven years based on technical evaluation of the useful life done by the management

Individual assets costing Rs. 5000/- or less are fully depreciated in the year of purchase.

1.4 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Totalisators Collections -

The collections from 'totalisators' net of dividends paid out on account of bets placed are recognised as income.

Interest -

Interest income is recognized on a time basis taking into account the principal outstanding and the applicable interest rate.

1.5 Inventories:

Stores and Spares are stated at the lower of cost and net realisable value. Cost is ascertained on weighted average basis.

1.6 Employee Benefits:**a) Defined Contribution Plan****i) Provident Fund**

Contribution to Provident Fund and Family Pension Fund are charged to the Statement of Profit and Loss. The Company has no further obligations beyond its contributions.

ii) Superannuation

The Company makes fixed contributions as a percentage on salary to the Superannuation fund, which is managed by the Life Insurance Corporation of India (LIC). The above contributions are charged to the Statement of Profit and Loss.

b) Defined Benefit Plan**i) Gratuity**

1) The Company has made provision for gratuity liability on the basis of an actuarial valuation. The Present Value of the defined benefit obligation at the Balance Sheet date less the fair value of Plan 'Assets is recognised as an asset / liability in the Balance Sheet. The defined Benefit Obligation is calculated by using the Projected Unit Credit Method. Actuarial Gains and Losses are charged to or credited to the Statement of Profit and Loss in the year in which such gains or losses arise.

2) The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by LIC for certain employees.

ii) Leave Encashment

The Company makes an annual contribution to a Leave Encashment Fund managed by LIC. The Present Value of the defined benefit obligation at the Balance Sheet date less the fair value of Plan Assets is recognised as an asset / liability in the Balance Sheet. The defined Benefit Obligation is calculated by using the Projected Unit Credit Method. Actuarial Gains and Losses are charged to or credited to the Statement of Profit and Loss in the year in which such gains or losses arise.

1.7 Foreign Currency Transactions:

Income and Expenditure in Foreign Currency are converted into Indian Rupees at the rate of exchange prevailing on the date of transaction. Assets and Liabilities remaining unsettled at the end of the year are restated at the rate of exchange prevailing at the year end. Exchange differences arising on settlement of monetary items between transaction date / year end date and the date of settlement are recognized in the Statement of Profit and Loss in the year of settlement.

1.8 Accounting for Taxes on Income:

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.9 Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized if such recoverable amount of the asset is less than its carrying amount. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.10 Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognize a contingent liability but discloses its existence in the financial statements.

	<u>As at March 31, 2018</u>		<u>As at March 31, 2017</u>	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
NOTE - 2				
<u>RESERVES AND SURPLUS</u>				
<u>Service Tax Contingency Fund</u>				
Balance as at the beginning of the year	-		96,13,223	
Less :Utilised during the year	-		(96,13,223)	
	-----	-	-----	-
<u>Retired Race Horse Welfare Reserve</u>				
Balance as at the beginning of the year	28,52,710		13,12,344	
Add : Transfer from Surplus (Refer note no. 2.1)	7,70,014		15,40,366	
	-----	36,22,724	-----	28,52,710
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	27,82,06,060		32,46,32,507	
Add: Profit / (Loss) for the Year	37,80,56,506		(4,48,86,081)	
	-----		-----	
	65,62,62,566		27,97,46,426	
Less: Transfer to Retired Race Horse				
Welfare Reserve	7,70,014		15,40,366	
	-----	65,54,92,552	-----	27,82,06,060
	-----	-----	-----	-----
Total		65,91,15,276		28,10,58,770
		-----		-----

2.1 The Company has decided to setup a house for retired race horses on the outskirts of Bangalore and is in the process of identifying a suitable land for the same. In order to augment resources for this purpose, a reserve has been created by recovering half a percent of the Stake money and the same is appropriated to a 'Retired Race Horse Welfare Reserve', to be used for the specified purpose.

	<u>As at March 31, 2018</u>	<u>As at March 31, 2017</u>
	Amount	Amount
	Rs.	Rs.
NOTE - 3		
<u>LONG TERM PROVISIONS</u>		
Provision for Employee Benefits - Gratuity	9,09,87,807	71,75,870
Provision for Employee Benefits - Leave Salary	28,12,228	39,47,470
	<hr/>	<hr/>
Total	9,38,00,035	1,11,23,340
	<hr/>	<hr/>
NOTE - 4		
<u>OTHER LONG TERM LIABILITIES</u>		
Deposits	3,00,000	6,09,625
	<hr/>	<hr/>
NOTE - 5		
<u>TRADE PAYABLES</u>		
Trade Payables	28,34,31,824	25,41,40,585
	<hr/>	<hr/>
NOTE - 6		
<u>OTHER CURRENT LIABILITIES</u>		
Current Liabilities - Owners and Others	2,75,22,097	6,60,05,161
Income Received in Advance	88,48,750	1,50,25,950
Taxes and Contractual Liabilities	15,06,80,296	24,36,39,455
Payables for Capital Purchases	-	22,77,522
Others	55,99,721	64,86,927
	<hr/>	<hr/>
Total	19,26,50,864	33,34,35,015
	<hr/>	<hr/>
NOTE - 7		
<u>SHORT TERM PROVISIONS</u>		
Provision for Employee Benefits - Gratuity	1,35,43,031	60,77,244
Provision for Employee Benefits - Leave Salary	15,17,435	13,77,061
Provision for Taxation (Net)	15,43,27,829	-
	<hr/>	<hr/>
Total	16,93,88,295	74,54,305
	<hr/>	<hr/>

NOTE - 8
PROPERTY, PLANT AND EQUIPMENT

Particulars	COST			DEPRECIATION			BOOK VALUE			
	As at	Additions	Deletions /	As at	Upto	For the	Withdrawal	Up to	As at	
	01.04.2017	Rs.	Rs.	31.03.2018	01-04-2017	Year	on Deletions	31-3-2018	31-03-2018	31-03-2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets										
Building*	4,40,84,623	-	-	4,40,84,623	1,91,10,715	13,90,535	-	2,05,01,250	2,35,83,373	2,49,73,908
Plant and Equipment										
Equipment	10,45,01,828	30,37,402	-	10,75,39,230	7,54,61,621	95,27,914	-	8,49,89,535	2,25,49,695	2,90,40,207
Electrical Installations	43,55,627	9,685	-	43,65,312	32,33,177	1,72,449	-	34,05,626	9,59,686	11,22,450
Office Equipment	41,42,790	15,900	-	41,58,690	31,26,056	4,72,245	-	35,98,301	5,60,389	10,16,734
Computers and Peripherals	11,55,81,031	11,45,395	-	11,67,26,426	8,27,30,691	97,84,314	-	9,25,15,005	2,42,11,421	3,28,50,340
Furniture and Fixtures	1,64,78,436	33,989	-	1,65,12,425	1,14,44,605	6,40,614	-	1,20,85,219	44,27,206	50,33,831
Vehicles	1,03,45,901	-	-	1,03,45,901	62,80,837	6,77,143	-	69,57,980	33,87,921	40,65,064
Total	29,94,90,236	42,42,371	-	30,37,32,607	20,13,87,702	2,26,65,214	-	22,40,52,916	7,96,79,691	9,81,02,534
Intangible Assets										
Computer Software	15,74,505	-	-	15,74,505	6,02,869	2,12,292	-	8,15,161	7,59,344	9,71,636
As at 31-3-2018	30,10,64,741	42,42,371	-	30,53,07,112	20,19,90,571	2,28,77,506	-	22,48,68,077	8,04,39,035	9,90,74,170
As at 31-3-2017	28,27,73,707	1,82,91,034	-	30,10,64,741	17,87,37,437	2,32,53,134	-	20,19,90,571	9,90,74,170	10,40,36,270

* On Lands held on 'Security of Tenure'

8.1 Tenure of Race Course

Under a lease agreement dated 21st December 1983, the tenure of the lease of the race course was defined for a period of 30 years commencing from 1st January 1981 to 31st December 2010. The lease was terminated at the end of August 1989. Subsequently, while no formal lease agreement was in force with Government of Karnataka in respect of land in use for racing, the company was however remitting lease rent in terms of order dated 5th September 2000 issued by the Public Works Department, Government of Karnataka superseding all other earlier orders. The Government was granting license to conduct regular and off-course betting races on day to day basis.

However, on 26th July 2008, the Company entered into a supplementary lease agreement with the Government of Karnataka which expired on December 31st, 2009.

The Company had received several notices from the Government of Karnataka informing the Company that as per the Lease Agreement, the possession of the existing race course has to be handed over to the Government on or before 31st December 2009, following expiry of the lease on the said date.

The Company filed a Writ Petition No. 30663 / 2009 in the Hon'ble High Court of Karnataka with the prayer that the Hon'ble High Court of Karnataka may issue a writ declaring that the grant vide Government Order 9748-51-11 dated 7th May 1915 is an absolute grant covered by the Government Grants Act 1895 and that all legal consequences shall flow there from and that the lease deeds dated 21st December 1983 and 26th July 2008 are of no legal effect. The Company also sought a writ petition in the nature of mandamus or any other direction to quash the notices directing the Company to hand over possession of the existing race course to the Government. The Company also sought a writ that the respondents shall continue to make available all licenses, services, facilities and concessions, as done and being done hitherto at present and not to take any coercive steps to make the use of the land futile or defeat the objects of the grant in favour of the petitioner.

The writ filed by the Company was heard conjointly with writ petition No. 31200/2009 filed by environmentalists challenging the allotment of land at Chikkajalla / Doddajalla in favour of the Company along with writ petition No. 30767 / 2009 filed by the Bangalore Turf Club Staff Association seeking relief and writ petition No. 22747 / 2009 filed by the People for Animal Group seeking alternate suitable facilities to horses when shifted from the existing premises.

The Division Bench of the Hon'ble High Court of Karnataka after hearing the matter vide its order dated 22nd March 2010, allowed the petition filed by the environmentalists and quashed the allotment of land at Chikkajalla / Doddajalla in favour of the Company. All other petitions including that filed by the Company were however dismissed by the Division Bench of the Hon'ble High Court of Karnataka. The Company was however granted six months time to vacate and deliver vacant possession of the existing race course, subject to the condition that the

company shall pay Rs. 5.00 lakhs per month to the State Government from the date of expiry of lease till date of delivery of the premises. The Division Bench of the Hon'ble High Court of Karnataka also directed the company to hand over the premises to the State Government on or before 22nd September 2010 and not to carry on any construction or any other activity prejudicial to maintaining ecology and environment in the area.

Under order dated 22nd March 2010 of the Division Bench of the Hon'ble High Court of Karnataka, the State Government has been directed to preserve, protect and develop the Doddajalla Amanikere and to develop the entire area presently housing the racecourse into a mini forest and theme park.

The Company has filed a Special Leave Petition (Civil) 18238-18239 of 2010 in the Hon'ble Supreme Court of India with a prayer to grant special leave to appeal against the order of the Division Bench of the Hon'ble High Court of Karnataka in writ petitions bearing No. 30663 / 2009 and 31200 / 2009, with a prayer for interim relief to pass ad interim ex-parte order of stay of the order of the Division Bench of the Hon'ble High Court of Karnataka and pass an ad interim ex-parte order allowing the Company to carry on racing activity at the present premises without any hindrance.

The Company has corresponded with the Government in regard to relocating the race course at Sonnenahalli. After inspection of the land certain facts were ascertained and the same were brought to the notice of the Hon'ble Chief Minister of Karnataka that the land situated at Survey No.78, Sonnenahalli, Hessarghatta Hobli, Yelahanka, Bangalore North was not suitable, in view of its topography and considering the presence of a temple on the hill lock. In view of this, the matter was not further pursued by the Company.

During the course of the hearing in the Hon'ble Supreme Court of India, the Advocate General, Government of Karnataka submitted that till the hearing of this matter was concluded, the parties shall maintain status quo. Subsequently, re-joinders were filed on behalf of the Company to the objections filed by the Government of Karnataka. The matter was originally listed on 19th July 2011 and the latest hearing had taken place on 25th March 2015.

After hearing on various dates, the Hon'ble Supreme Court of India has granted leave in the matter by its order dated 25th March 2015 and as a result the Special Leave Petition No. 18238-18239 of 2010 filed by the Company has been converted into a full fledged civil appeal, numbered as 3263 of 2015. Further proceedings are awaited.

The Company is hopeful that it would be able to secure necessary relief from the Hon'ble Supreme Court of India and the accompanying benefit of the extended tenure in respect of the existing race course. In this background, the Company therefore does not envisage any difficulty in continuing with its racing activity and does not foresee any adverse situation that could materially affect the carrying value of assets and liabilities or its future earning capacity.

	<u>As at March 31, 2018</u>		<u>As at March 31, 2017</u>	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
NOTE - 9				
<u>DEFERRED TAX ASSET</u>				
9.1 The deferred tax asset has arisen out of timing differences on account of the following:				
<u>Deferred tax Asset</u>				
Unabsorbed Depreciation		-		42,13,577
Unabsorbed Business Loss		-		1,99,27,450
Provision for Doubtful Advances		-		1,09,401
Employees State Insurance Liability		3,04,05,533		2,86,61,349
Others		-		3,86,794
		3,04,05,533		5,32,98,571
<u>Deferred tax Liability</u>				
Depreciation		72,00,540		1,10,36,484
Deferred Tax Asset (Net)		2,32,04,993		4,22,62,087

9.2 The difference between the balance as on April 1, 2017 and March 31, 2018 of a sum of Rs.1,90,57,094 has been debited to the Statement of Profit and Loss.

NOTE - 10**LONG TERM LOANS AND ADVANCES**

Capital Advances		2,75,000		-
Security and Other Deposits		2,07,01,424		1,57,34,562
Total		2,09,76,424		1,57,34,562

NOTE - 11**OTHER NON-CURRENT ASSETS**

Balances with Banks in Deposit Accounts (maturing beyond 12 months)		7,54,45,000		1,53,82,712
Interest Accrued		2,50,779		30,88,064
Total		7,56,95,779		1,84,70,776

11.1 Deposits to the extent of Rs. 1,61,50,000 (Previous year Rs. 1,71,50,000) have been provided as a Security for the sanctioned overdraft facility with the Bank.



NOTES TO FINANCIAL STATEMENTS

	<u>As at March 31, 2018</u>		<u>As at March 31, 2017</u>	
	<u>Details</u>	<u>Amount</u>	<u>Details</u>	<u>Amount</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
NOTE - 12				
<u>INVENTORIES</u>				
Stores and Spares - At Lower of Cost and Net Realisable Value		54,37,069		84,67,762
		<hr/>		<hr/>
NOTE - 13				
<u>TRADE RECEIVABLES</u>				
(Unsecured, Considered Good)				
Outstanding for a period exceeding six months		52,68,312		10,50,000
Other debts		4,07,16,511		3,40,31,828
		<hr/>		<hr/>
Total		4,59,84,823		3,50,81,828
		<hr/>		<hr/>
NOTE - 14				
<u>CASH AND BANK BALANCES</u>				
<u>Cash and Cash Equivalents</u>				
Cash on hand	48,65,587		1,46,36,310	
<u>With Scheduled Banks</u>				
In Current Accounts	58,53,608		3,09,88,371	
In Savings Accounts	-		24,346	
In Deposit Accounts (with less than 3 months maturity)	-		3,70,000	
		<hr/>		<hr/>
		1,07,19,195		4,60,19,027
<u>Other Bank Balances</u>				
In Deposit Accounts (Maturing within 12 months)		1,05,39,66,947		49,54,61,792
		<hr/>		<hr/>
Total		1,06,46,86,142		54,14,80,819
		<hr/>		<hr/>

	<u>As at March 31, 2018</u>		<u>As at March 31, 2017</u>	
	<u>Details</u>	<u>Amount</u>	<u>Details</u>	<u>Amount</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
NOTE - 15				
<u>SHORT TERM LOANS AND ADVANCES</u>				
<u>Unsecured</u>				
Advances recoverable in cash or in kind or value to be received				
Considered Good	4,38,59,207		4,36,50,661	
Considered Doubtful	-		3,30,885	
	<u>4,38,59,207</u>		<u>4,39,81,546</u>	
Less: Provision for Doubtful Advances	-		3,30,885	
	<u>4,38,59,207</u>		<u>4,36,50,661</u>	
Advance Taxes net of Provision		-		4,52,96,439
Total		<u>4,38,59,207</u>		<u>8,89,47,100</u>
NOTE - 16				
<u>OTHER CURRENT ASSETS</u>				
Interest Accrued		2,77,37,849		2,25,21,167
Prepaid Expenses		53,21,928		42,88,620
MAT Credit Entitlement		-		64,84,511
Total		<u>3,30,59,777</u>		<u>3,32,94,298</u>

	<u>2017-18</u> Amount Rs.	<u>2016-17</u> Amount Rs.
NOTE - 17		
<u>REVENUE FROM OPERATIONS</u>		
Collections from Totalisators (Net)	1,58,45,75,847	2,45,61,68,374
Entry Money, Forfeit Money and Others	4,31,90,663	4,68,67,574
Sponsorship Received for Stake Money and Cups	1,48,70,000	4,61,43,487
Gate Collections	4,36,45,110	8,74,18,243
Share of Income from Bookmakers	-	2,11,27,043
Daily Income from Bookmakers	-	3,29,84,774
Mobile Phone Usage Charges	-	2,01,07,800
Share of Income from Other Centres	3,00,56,115	2,94,05,657
Veterinary Hospital Receipts	4,16,25,054	4,26,37,111
Club House Receipts	31,85,496	38,72,184
Subscription from Members	1,08,850	1,06,000
Entrance Fee from Members	21,000	16,000
Live Telecast Receipts	1,35,80,837	1,62,82,840
Other Operating Income	1,39,00,418	2,31,81,118
	Total	2,82,63,18,205
NOTE - 18		
<u>OTHER INCOME</u>		
Interest	4,77,18,415	4,33,29,805
Credits no longer payable, written back	2,00,90,924	56,95,582
Others	21,77,854	22,81,256
	Total	5,13,06,643
NOTE - 19		
<u>OPERATING EXPENSES</u>		
Stake Money and Cups	29,41,11,136	50,87,82,161
Licence Fee	1,12,80,000	2,08,80,000
Course and Other Expenses on Races	3,83,14,607	5,17,20,816
Share of Income Paid to Other Centres	4,46,85,534	7,93,22,939
Tote Tax	22,61,80,024	1,54,14,82,729
Entertainment Tax	51,41,269	3,60,43,957
Veterinary Hospital Expenses	3,59,46,210	3,54,51,036
Subsidy to Owners and Trainers	1,38,39,785	1,58,28,965
Club House Expenses	33,74,716	28,95,419
Other Operating Expenses	1,76,26,412	1,93,33,762
	Total	2,31,17,41,784

	<u>2017 - 2018</u>	<u>2016 - 2017</u>
Details Rs.	Amount Rs.	Amount Rs.
NOTE - 20		
<u>EMPLOYEE BENEFITS EXPENSES</u>		
Salaries, Wages and Bonus	26,06,63,886	32,98,49,417
Staff Welfare	72,08,973	1,01,92,181
Contribution to Provident and Other Funds	5,57,80,165	5,77,79,508
Total	<u>32,36,53,024</u>	<u>39,78,21,106</u>
NOTE - 21		
<u>FINANCE COSTS</u>		
Interest	38,249	40,710
NOTE - 22		
<u>OTHER EXPENSES</u>		
User Fee Paid to Govt.of Karnataka	60,00,000	60,00,000
Rent	2,23,31,393	1,93,28,390
Rates & Taxes	79,35,205	1,61,67,316
Lighting	1,12,84,118	1,24,86,234
Water Charges	19,38,077	30,34,972
Insurance	81,29,335	40,63,440
Postage and Telephone	20,40,925	22,91,553
Printing and Stationery	19,83,697	28,53,915
Travelling and Conveyance	38,36,012	52,67,825
Legal and Professional Charges	1,92,39,545	74,35,427
Remuneration to Auditors	6,70,000	6,70,000
Books, Periodicals & Subscription	1,72,294	22,60,301
Watch and Ward	99,53,969	1,13,65,800
Hospital Maintenance	88,241	3,01,853
Repairs to Buildings	53,29,250	2,75,36,326
Repairs to Other Assets	18,14,310	75,36,672
Annual Maintenance - Computers	88,02,077	79,43,202
Generator Maintenance	15,77,676	31,38,735
Advertisement, Business Promotion and Publicity	7,61,510	2,34,72,286
Miscellaneous Expenses	1,53,79,663	4,99,86,098
Exchange Fluctuation Loss	35,495	88,004
Bad Debts Written off	6,74,388	75,000
Donations	-	20,00,000
Total	<u>12,99,77,180</u>	<u>21,53,03,349</u>

NOTES TO FINANCIAL STATEMENTS

- 22.1 Travelling Expenses include Rs. 2,49,270 (previous year Rs. 8,61,195) incurred for Committee Members.
- 22.2 Rates and Taxes include Rs. 53,87,700 (previous year Rs. 51,20,715) incurred towards Property Tax.
- 22.3 The future minimum lease rental payments in respect of the premises taken under operating lease (Other than user fee paid to Government of Karnataka) as required to be disclosed under AS-19 are as below:

	Rs.	Rs.
(i) Payable Not Later than one year	1,48,17,041	1,79,14,255
(ii) Payable Later than one year		
and not later than five years	4,18,82,895	5,29,01,775
(iii) Payable Later than five years	1,10,69,760	2,89,39,495

NOTE - 23

OTHER NOTES AND DISCLOSURES

23.1 During the year, the racing operations of the Company were suspended from 1st September 2017 to 4th January 2018, as the license for the conduct of races were not issued by the Government of Karnataka. The races were resumed later as per the interim orders and directions of the Hon'ble High Court of Karnataka.

The Company is covered by levy of tax under GST law from 1st July 2017 onwards. The taxes levied prior to the introduction of GST, namely the Tote tax, Entertainment Tax, VAT and Service Tax, have been subsumed in to GST. The revenue from operations post the introduction of GST are stated net of GST collections. The revenue from operations prior to that date are net of Service Tax and VAT.

However, the Tote Tax and Entertainment Tax levied on the company were treated as an expenditure and are not reduced from the revenue from operations.

For the reasons stated above, the financial performance of the Company for the current year are not directly comparable to those of the previous year.

23.2 Contingent Liabilities

- a) i) The Company is covered by levy of tax under GST law from 1st July 2017 onwards. The Company, based on legal counsels obtained, has paid the GST on the Commission earned on Totalisators.
- ii) In the meanwhile, a notification issued by the Government of India has proposed that the GST is leviable on the face value of the bet.

- iii) The Company has approached the Hon'ble High Court of Karnataka with a Writ Petition challenging the applicability of the said notification to them.
- iv) The Company, based on the legal counsels of various experts on the subject, is confident of the stand taken by the Company that the levy of GST is applicable only on the Commission and not on the face value of the bet.
- v) In the event of the Company not succeeding in its interpretation of the law, the liability not provided for is estimated at Rs. 87.27 Crores for which the company is contingently liable.
- b) Contingent liability exists in respect of claims by three 'Casual Daily Wage Staff' against the Company for reinstatement as a permanent employee, back wages and compensation. As per the legal counsel obtained, the Company is on a firm legal footing and does not expect any adverse finding against the Company. As of date, the matter is pending before the Labour Commissioner.
- c) i) The Income Tax Department has raised various demands on the Company on the contention that the stake money paid to the owners of winning horses attract tax deductions at source u/s 194B of the Income Tax Act and the same has not been deducted by the Company. The demands raised for various years are as below:

<u>Assessment Year</u>	<u>Shortfall of TDS</u>	<u>Interest</u>	<u>Total</u>
	<u>u/s 201 (1)</u> Rs.	<u>u/s 201(1A)</u> Rs.	
2007-08	6,45,60,260	8,13,37,009	14,58,97,269
2008-09	6,86,58,907	7,84,66,827	14,71,25,734
2009-10	7,90,74,008	8,07,24,223	15,97,98,231
2010-11	7,65,77,416	6,90,35,924	14,56,13,340
2011-12	7,10,82,895	5,54,44,937	12,65,27,832
2012-13	9,04,24,205	5,96,37,591	15,00,61,796
	<u>45,03,77,691</u>	<u>42,46,46,511</u>	<u>87,50,24,202</u>
2013-14	10,16,13,518	4,87,74,489	15,03,88,007
2014-15	8,72,83,287	3,14,21,983	11,87,05,270
2015-16	10,14,56,012	2,43,49,443	12,58,05,455
	<u>29,03,52,817</u>	<u>10,45,45,915</u>	<u>39,48,98,732</u>
Total	<u>74,07,30,508</u>	<u>52,91,92,426</u>	<u>126,99,22,934</u>

- ii) During the earlier year, the Hon'ble High Court of Karnataka passed an order agreeing with the contentions of the Company and held that 'Stake Money' or 'Prize Money' paid by the race clubs to horse owners would not attract the provisions of section 194B of Income Tax Act, 1961. It also directed the department not to demand TDS from the Company and not to treat the Company as an 'assessee in default'. However, the matter is presently pending before the division bench of the Hon'ble High Court of Karnataka on an appeal by the Income Tax Department.
 - iii) The demands for the assessment years 2007-08 to 2012-13 amounting to Rs. 87,50,24,202 are presently pending for adjudication before the division bench of the Hon'ble High Court of Karnataka. The demands for the assessment years 2013-14 to 2015-16 amounting to Rs. 39,48,98,732 are pending before the Hon'ble High Court of Karnataka and the matter will be taken up after the disposal of the case pending before the division bench for the earlier years.
 - iv) The Company has also started withholding a sum equivalent to the tax deductible at source as a retention money from 'Stake Money' paid to the owners on the directions of the division bench of the Hon'ble High Court of Karnataka from Nov 2016. As per the said order, the Company has also released such retention money to the owners, who have provided necessary undertaking of indemnification.
 - v) Pending further proceedings, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 126,99,22,934 for the period upto March 31, 2015. The Company is contingently liable for the same and any further demand which could be raised for subsequent periods together with interest, if any.
- d) i) During the previous year, the Income Tax Department had raised an issue of short deduction of taxes u/s 194BB of the Income Tax Act by the Company on the dividends paid to winning punters. The Company had been deducting appropriate taxes wherever the payment exceeded Rs. 2,500 per person and the details were available and in other cases where a winning ticket exceeded a sum of Rs. 2,500 as mandated then u/s 194BB. However, the department had raised an issue that the taxes are to be deducted wherever the payment made exceeded Rs. 2,500 per person and the same is to be determined by aggregation of all winning tickets by a person.- ii) The submissions made by the Company about the impracticability of aggregating all winning tickets of a single person to determine the criteria for tax deduction was not accepted by the department and a show cause notice had been issued against the Company.
- iii) The Company had approached the Hon'ble High Court of Karnataka with a Writ Petition and the court had passed an interim stay restraining the department from any further proceedings in the matter.
- iv) Pending further proceedings and outcomes, the Company is contingently liable for any demand that may arise on this matter. A reliable estimate of the financial effect on this matter could not be made with any certainty at this point of time considering the nature of the issue and the period of applicability.

- e) i) The Income Tax Department has raised income tax demands while completing the scrutiny assessments. The demands have been raised primarily by making disallowances for the non-deduction of taxes at source on the stake money paid during the respective years. The Income tax demand disputed and to the extent not provided for are as below:

<u>Assessment Year</u>	<u>Amount</u> Rs.
2012-13	15,01,80,483
2013-14	15,65,63,241
2014-15	13,41,16,277
Total	<u>44,08,60,001</u>

- ii) The Company has disputed the demands raised by filing of appeals against the orders for all the assessment years. Pending further proceedings, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 44,08,60,001 and is contingently liable for the same.
- f) i) The Service Tax Department has raised a demand of a sum of Rs. 3,35,23,075 on the Company towards service tax and has also levied a sum of Rs. 3,35,33,075 as penalty. In addition a sum of Rs. One lakh each has been levied as penalty on five office bearers aggregating to Rs. 5 lakh.
- ii) The demand has been raised for the period from financial year 2008-09 till June 30, 2012 on certain receipts holding the same to be taxable for service tax. The Company had already started paying service tax on the same receipts from July 1, 2012 post the amendments to the levy of service tax based on a negative list concept. However, the Company holds the view that the specified receipts are not taxable upto the period ending June 30, 2012.
- iii) The Company has filed an appeal against the Order of the Commissioner of Service Tax with the 'Customs, Excise and Service Tax Appellate Tribunal' contesting the levy of service tax and penalty.
- iv) Pending further proceedings and outcomes, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 6,75,56,150 and is contingently liable for the same.
- g) i) The Commercial Tax Department has raised a demand of a sum of Rs. 34,36,802 towards VAT and has also levied a sum of Rs. 42,79,976 as interest and penalty.
- ii) The demands has been raised for the financial year 2011-12 and 2012-13 by levying VAT on sale of medicines and feed supplements used in veterinary services/medical treatment provided to horses.
- iii) The Company has disputed the levy of VAT and has initiated appropriate legal remedies.
- iv) Pending further proceedings and outcomes, the Company has not made any provision in the accounts for the total demand of a sum of Rs. 77,16,778 and is contingently liable for the same.

	<u>2017 - 2018</u>	<u>2016 - 2017</u>
23.3 <u>Remuneration to Auditors</u>	Rs.	Rs.
For Statutory Audit	6,00,000	6,00,000
For Tax Matters	60,000	60,000
For Others	10,000	10,000
	<hr/>	<hr/>
Total	6,70,000	6,70,000
	<hr/>	<hr/>

23.4 Earnings / Expenditure in Foreign Currency / Exchange

	Rs.	Rs
Earnings		
Live streaming Charges Earned	87,06,302	1,03,52,171
Expenditure		
Traveling Expenses	-	3,38,063
Dope Sample Testing Expenses	1,97,275	22,33,811
Import of Urine Sample Kits	11,19,896	12,00,727
Purchase of Fixed Assets	11,65,387	4,82,306
Live Streaming charges	18,09,900	9,07,293

23.5 In the absence of any information on requests to the vendors with regard to their registration (filing of Memorandum) under “The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)” and in view of the terms of payments not exceeding 45 days, no liability exists at the close of the year and hence no disclosures have been made in this regard.

23.6 Segment Reporting

The Company is engaged in the business of a race course which as per AS-17 is considered the only reportable business segment. The geographical segmentation is not relevant as the company operates in a single identifiable area.

23.7 Capital Commitment

Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs 25,73,622/- (Previous year Rs. 17,77,554)

2017-18

2016-17

23.8 Disclosure Pursuant to Accounting Standard (AS) 15 Revised:

	<u>Gratuity</u>	<u>Leave Salary</u>	<u>Gratuity</u>	<u>Leave Salary</u>
The Principal assumptions used in determining Gratuity and Leave Obligations for the Company are as follows				
a) Interest Rate	7.54%	7.54%	7.31%	7.31%
b) Discount Rate	7.54%	7.54%	7.31%	7.31%
c) Estimated Rate of Return on Plan Assets	8.25%	8.50%	8.25%	8.50%
d) Salary Increase	7.00%	7.00%	7.00%	7.00%
e) Attrition Rate	1.00%	1.00%	1.00%	1.00%
f) Retirement Age	60	60	60	60

Changes in the Present Value of Obligation

a) Present Value of Obligation as on 01-04-17	8,43,05,117	2,70,76,861	8,97,42,003	2,92,69,708
b) Present Value of Obligation for Casual Daily Wage staff and others (Refer Note no 23.9)	8,31,02,820	-	-	-
c) Interest Cost	1,20,75,756	19,08,323	56,29,089	17,96,526
d) Current Service Cost	1,36,67,700	27,68,435	73,48,065	25,63,178
e) Benefits Paid	(1,45,04,060)	(35,35,084)	(2,54,73,368)	(93,86,859)
f) Actuarial (Gain) / Loss	62,40,115	14,03,578	70,59,328	28,34,308
g) Present Value of Obligation as on 31-03-18	18,48,87,448	2,96,22,113	8,43,05,117	2,70,76,861

Changes in the Fair Value of Plan Assets

a) Fair Value of Plan Assets as on 01-04-17	7,10,52,003	2,17,52,330	8,95,38,671	2,89,39,894
b) Expected Return on Plan Assets	59,40,262	17,48,673	63,76,971	18,69,481
c) Contributions	1,78,68,405	53,26,531	6,09,729	3,29,814
d) Benefits Paid	(1,45,04,060)	(35,35,084)	(2,54,73,368)	(93,86,859)
e) Fair Value of Plan Assets as on 31-03-18	8,03,56,610	2,52,92,450	7,10,52,003	2,17,52,330

Amount Recognised in the Balance Sheet

a) Present Value of Obligations				
as at the Year End	18,48,87,448	2,96,22,113	8,43,05,117	2,70,76,861
b) Less: Fair Value of Plan Assets				
as at the Year End	8,03,56,610	2,52,92,450	7,10,52,003	2,17,52,330
c) Liability / (Asset) recognised in the				
Balance Sheet	10,45,30,838	43,29,663	1,32,53,114	53,24,531

Expenses recognised in the Statement of Profit and Loss

a) Current Service Cost	1,36,67,700	27,68,435	73,48,065	25,63,178
b) Interest Cost on Benefit Obligation	1,20,75,756	19,08,323	56,29,089	17,96,526
c) Expected return on Plan Assets	(59,40,262)	(17,48,673)	(63,76,971)	(18,69,481)
d) Net Actuarial (Gain)/Loss	62,40,115	14,03,578	70,59,328	28,34,308
e) Total Expenses /(Income) Recognised	2,60,43,309	43,31,663	1,36,59,511	53,24,531

23.9 During the year, the Company has made a provision for gratuity for the 'Casual Daily Wage Staff and Others' for the first time. Consequently, the liability upto the end of the previous year amounting to Rs 8,31,02,820 has been provided during the year as an exceptional item of expenditure.

23.10 Related Party Disclosures

As required by the Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the Company's related parties with whom transactions have taken place during the year are as below :

Key Management Personnel

(i)	Mr. N. Harindra Shetty	(Upto 25-09-2017)
(ii)	Mr. Ajith Saldanha	(Upto 04-09-2017)
(iii)	Dr. R. Narayana Swamy	(Upto 04-09-2017)
(iv)	Mr. B.P. Mahesh Sivananda	(Upto 04-09-2017)
(v)	Mr. L. Vivekananda	(from 25-09-2017)
(vi)	Mr. Kenneth Pinto	(Upto 04-09-2017)
(vii)	Mr. Roshan Talwar	(Upto 04-09-2017)
(viii)	Mr. Y.Jagannath	(Upto 04-09-2017)
(ix)	Mr. Chaduranga Kanthraj Urs	(Upto 04-09-2017)
(x)	Mr. Fazal Ur Rahaman	(Upto 04-09-2017)
(xi)	Mr.Vivek G.Ubhayakar	(Upto 04-09-2017)
(xii)	Mr.V.Harimohan Naidu	(from 25-09-2017)
(xiii)	Mr.A.C.Satish Chandra	(from 25-09-2017)
(xiv)	Mr.Mahendra Kugashankar	(from 25-09-2017)

(xv)	Mr.T.H.R.Rajeev	(from 25-09-2017)
(xvi)	Mr.K.Jayaram	(from 25-09-2017)
(xvii)	Mr.Unni Rajagopal	(from 07-09-2017 to 25-09-2017)
(xviii)	Mr.T.Jayaprakash	(from 07-09-2017 to 25-09-2017)
(xix)	Mr.R.K.Nicky Sawhney	(from 07-09-2017 to 25-09-2017)
(xx)	Mr.Arun Kumar Parasa	(from 07-09-2017 to 25-09-2017)
(xxi)	Mr.S.Chockalingam	(from 07-09-2017 to 25-09-2017)
(xxii)	Mr.K.Uday Eswaran	(from 07-09-2017 to 25-09-2017)
(xxiii)	Mr.K.Nagaraju	(from 07-09-2017 to 25-09-2017)
(xxiv)	Mr.Kodandaram Ramaiah	(from 07-09-2017 to 25-09-2017)
(xxv)	Mr.Jairam G.Kimmane	(from 07-09-2017 to 25-09-2017)
(xxvi)	Mr.Kiran Basappa	(from 09-10-2017)
(xxvii)	Mr.S.Kittu Raghunandan	(from 09-10-2017)
(xxviii)	Mr.Ravishankar S.Poll	(from 09-10-2017)
(xxix)	Mr.U.B.Venkatesh	(from 25-09-2017)
(xxx)	Mr.K.Uday Eswaran	(from 09-10-2017)

The Company's transactions with the above related parties are summarised as below :

		Rs.
(a)	Subscription Received	Income 7,250
(b)	Sale of Services - Club house and Reservations	Income 4,22,807
(c)	Recovery of Expenses on maintenance of Horses and Entry Money	Income 39,55,462
(d)	Stake Money and Incentives Paid	Expense 46,69,056

The balances with the above related parties as at March 31, 2018 are as below:

Trade Receivable from Owners of Horses	80,983
Trade Payable to Owners of Horses	12,76,712
Other Receivable as Members and for Club House	95,944
Other Payable as Members and for Club House	84,776

23.11 Previous Year's figures have been regrouped / reclassified wherever necessary to conform to those of the current year.

V. Harimohan Naidu	DIN: 01866070	Mahendra Kugashankar	DIN: 06400800	Kiran Basappa	DIN: 02804321
S.Kittu Raghunandan	DIN: 00969426	K.Jayaram	DIN: 07952908	T.H.R. Rajeev	DIN: 07952724
Ravishanker S. Poll	DIN: 07981919	K. Uday Eswaran	DIN: 00046438	U.B.Venkatesh	DIN: 01662101

Members of the Managing Committee

Pradeep Kumar. G
Secretary

In terms of our report of even date
For R.CHANDRASHEKAR AND ASSOCIATES
Chartered Accountants
Firm Registration No. 006783S
V.GANESH
Proprietor
Membership. No. 202995

For DHARIWAL & SREENIVAS
Chartered Accountants
Firm Registration No. 007197S
SREENIVAS BABU PENUGONDA
Partner
Membership. No. 028804

Bangalore, 26 August, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of

BANGALORE TURF CLUB CHARITABLE TRUST

Report on the Financial Statements

1. We have audited the accompanying financial statements of BANGALORE TURF CLUB CHARITABLE TRUST, which comprise the Balance Sheet as at 31st March, 2018 and the Income and Expenditure Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Trust. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements read with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Trust as at March 31, 2018 and
 - (ii) in the case of the Income and Expenditure Account of the excess of Income over Expenditure for the year ending on that date.

Report on Other Regulatory Requirements

7. We report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Trust so far as appears from our examination of those books;
- (c) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account.

For R.CHANDRASHEKAR AND ASSOCIATES

Chartered Accountants / Firm Registration No. 006783S

V.GANESH

Proprietor / Membership. No. 202995

Bangalore, 19 August, 2018

BANGALORE TURF CLUB - CHARITABLE TRUST

BALANCE SHEET AS AT MARCH 31, 2018

	2017-2018 Rs.	Rs.	2016-2017 Rs.	Rs.
SOURCES OF FUNDS				
TRUST FUND (CORPUS)				
AS ON 01-04-2017	2,57,00,000		2,32,00,000	
Add : Addition during the Year	-		25,00,000	
	<u>2,57,00,000</u>	2,57,00,000	<u>2,57,00,000</u>	2,57,00,000
SURPLUS				
Per last Balance Sheet	80,71,019		74,13,893	
Add : Excess of Income, over Expenditure for the year	14,78,658		6,57,126	
	<u>95,49,677</u>		<u>80,71,019</u>	
Total		<u>3,52,49,677</u>		<u>3,37,71,019</u>
APPLICATIONS OF FUNDS				
FIXED ASSETS				
<u>Ambulances</u>				
Gross Block	8,87,905		8,87,905	
Less : Depreciation				
Up to 01-04-2017	8,68,024		8,63,054	
For the year	3,976		4,970	
	<u>8,72,000</u>		<u>8,68,024</u>	
Up to 31-03-2018	<u>8,72,000</u>		<u>8,68,024</u>	
Net Block		15,905		19,881
INVESTMENTS				
In Unit Trust of India	10,98,600		10,98,600	
In HDFC Ltd - Fixed Deposits	2,90,00,000		2,90,00,000	
	<u>3,00,98,600</u>		<u>3,00,98,600</u>	
CURRENT ASSETS				
Balance with a Scheduled Bank	39,98,190		27,54,406	
Tax Deducted at Source	11,46,422		9,18,772	
	<u>51,44,612</u>		<u>36,73,178</u>	
Less : Current Liabilities	9,440		20,640	
	<u>51,35,172</u>		<u>36,52,538</u>	
Total		<u>3,52,49,677</u>		<u>3,37,71,019</u>

- Notes :
- The ambulances have been placed at the disposal of Government Hospitals towards supporting community needs.
 - Depreciation on Ambulances have been provided on the Written Down Value method at the rate of twenty percent per annum on prorata basis.
 - Investments are stated at cost.

Per Our Report Attached
For R.CHANDRASHEKAR AND ASSOCIATES
Chartered Accountants
Firm Registration No. 006783S

V.GANESH
Proprietor
Mem. No. 202995

V. Harimohan Naidu
Chairman

K. Jayaram
Trustee

A. C. Satish Chandra
Trustee

Pradeep Kumar. G
Secretary

Bangalore, 19 August, 2018



INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

	<u>2017-2018</u>	<u>2016-2017</u>
	Rs.	Rs.
Income		
Interest	24,98,405	26,14,597
Dividend	88,731	88,731
	<hr/>	<hr/>
	25,87,136	27,03,328
	<hr/>	<hr/>
Expenditure		
Donations	10,84,992	20,25,000
Ambulance Maintenance	9,070	5,677
Salary	1,000	1,000
Remuneration to Auditors	9,440	9,440
Bank Charges	-	115
Depreciation	3,976	4,970
	<hr/>	<hr/>
	11,08,478	20,46,202
	<hr/>	<hr/>
Excess of Income over Expenditure		
transferred to Balance Sheet	14,78,658	6,57,126

Per Our Report Attached
For R.CHANDRASHEKAR AND ASSOCIATES
Chartered Accountants
Firm Registration No. 006783S

V.GANESH
Proprietor
Mem. No. 202995

V. Harimohan Naidu
Chairman

K. Jayaram
Trustee

A. C. Satish Chandra
Trustee

Pradeep Kumar. G
Secretary

Bangalore, 19 August, 2018



Proxy form- MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U99999KA1962PLC001449
 Name of the Company : Bangalore Turf Club Limited
 Registered office : 52, Race Course Road, Bangalore-560001

Name of the Member(s):
Registered address:
E-mail Id:
Membership No: Mobile No:

I,being the Member of Bangalore Turf Club Limited vide Member ship No, hereby appoint

1. Name		Signature
Address		
Email Id:		
Or failing him		
1. Name		Signature
Address		
Email Id:		
Or failing him		
1. Name		Signature
Address		
Email Id:		
Or failing him		

as my proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of Members of Bangalore Turf Club Limited, to be held on Monday, 24th September 2018 at 4.00 PM at 52, Race Course Road, Bangalore-560001 and at any adjournment thereof.

Signed thisday of..... 2018

Signature of Member:.....

Signature of Proxy holder(s):.....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

