



# Hyderabad Race Club

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**Dear Members,**

On behalf of the Board of Directors/Stewards, Hyderabad Race Club, we would like to bring to your kind notice certain facts which are adversely affecting our country's racing industry. This is mainly due to the drastic changes implemented by the government policies on GST and new amendments to the IT Act from April 1st, 2023.

We were greatly hindered by the introduction of GST on Totalizator turnover at 28% which resulted in a sharp drop in our turnovers to almost 55% in the last five years with no sign of relief on the horizon, although several representations have been made in this regard. This led to a considerable chunk of turnovers going into illegal channels.

While we were still suffering from the aftermath of GST, the Government of India brought in a new amendment to the IT Act pertaining to Rule 194-BB wherein a punter is allowed an aggregate of Rs. 10,000 on winnings as an exemption in a financial year for the purpose of TDS. Anyone crossing the Rs. 10,000 threshold limit, TDS at the rate of 30% is to be deducted. This will be applicable to punters who submit their KYC (PAN) for getting an exemption. For those who do not give KYC (PAN) then, regardless of the threshold limit, a straight 30% TDS will be cut for such punters. This has resulted in a further drop in turnover of almost 60% as seen in the Inter-venue races of Ooty, Delhi, Mysore, and Bangalore. The results of this can be seen in punters betting outside the Totalizator causing considerable loss of revenue to the Race Course.

Consequent to the above setbacks, the revenue realized by the club can hardly meet our running expenses. With this scenario, your Stewards have been looking for alternate avenues for revenue generation. After considerable research and discussion, a new concept called "Go Head-to-Head" proposed by a sporting company has been approved.

The "Go Head-to-Head" equestrian sport involves only two horses competing with each other over distances of 800, 600, and 450 meters. For this sport, the Associating Company will put up the entire cost of infrastructure, other maintenance expenses and staff. HRC has to lease out a piece of land (6m by 2000 m) which will form the dirt racetrack for the sport.

The Associating Company is importing all the necessary equipment and laying a dirt race tract at their cost and providing lighting to conduct the events at night.



While the competing horses in this format will be basically thoroughbreds, indigenous breeds such as Marwari and Katiawari will also be introduced to promote local breeds.

The proposed format will not have spectators, betting, and/or wagering in India and will follow all norms as per rules and regulations of the land. The raw feed will be exported out of the country by the Associating Company which will have full media rights.

The losses being incurred as a consequence of the introduction of GST and TDS to the Hyderabad Race Club are expected to be compensated partly by the revenue generated through monthly rent and advertising of the Associating Company.

"Go Head-to-Head" will be the first of its kind in the world and HRC will be the pioneer in its introduction. The creation of this new equestrian sport format, we hope it can increase the popularity of the sport globally coupled with revenue generation, in the long run, creates a viable business model for all the stakeholders. However, for this new endeavour to fully come to fruition the encouragement of our members is vital.

Thanking you and best wishes to you and your families.

Yours sincerely,



R Surender Reddy,  
Chairperson  
June 2, 2023.