CENTURY CLUB

No. 1, Seshadri Road, Bangalore - 560001

SPECIAL AUDIT COMMITTEE

FINAL REPORT

on Capital Projects and Governance Protocols

2024 – 2026

As submitted by Special Audit Committee

Place : Bangalore

Date : 22.06.2026

Abishek Bogaram Arun Kumar

Hon. Secretary

O/C

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SPECIAL AUDIT COMMITTEE

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on Capital Projects and Governance Protocols

2024 – 2026

SAC CHAIRMAN CENTURY CLUB 2026

CONFIDENTIAL | MAY 09, 2026, | SAC FINAL REPORT

Constituted pursuant to Rules 23.3 and 23.4 of the Byelaws following the SGM requisitioned by 208 permanent members on 04.01.2026. The Committee includes externally appointed Class A Auditor (Sai Consulting Engineers) and Senior Civil Professional.

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Table of Contents

1. PREAMBLE AND MANDATE 7
2. EXECUTIVE SUMMARY 8
  2.1 Jurisdictional Breaches and Governance Subversion 8
  2.2 The Procurement Gap and Tendering Theatre 8
  2.3 Financial Indiscipline and "Spend First" Culture 9
  2.4 Independent Cost Audit – SCE Financial Exposure Summary 9
  2.5 The Architect Ecosystem and Conflicts of Interest 10
  2.6 Collapse of the Audit Framework 10
3. STATUTORY FRAMEWORK AND JURISDICTIONAL BREACHES 11
  3.1 The Two Governing Rules and Their Precise Legal Effect 11
    3.1.1 Rule 18.5 – The Project-Specific Ceiling (₹25 Lakhs) 11
    3.1.2 Rule 19.9 – Three Limbs That Operate as Additional Locks 12
  3.2 Bamboo Bar – Classic Case of Splitting to Stay Below ₹25 Lakhs 12
  3.3 Multipurpose Hall – Breach Even on the Most Generous Interpretation 13
  3.4 Violation of Election Embargo – Rules 19.12 and 19.15.8 14
4. THE PROCUREMENT GAP AND EC DELIBERATIONS — JULY 2025 15
  4.1 Review of EC Minutes — July and August 2025: Formal Transition and Deliberate Overrides 15
    Finding 1 — Intentional Dissent by Constitutional Custodians 15
    Finding 2 — Non-Adherence to Rule 19.12 and Rule 19.15.8 15
    Finding 3 — The Statutory Auditor's Procedural Manoeuvre 16
    Finding 4 — Overriding of Constitutional Warnings by Majority Vote 16
5. EXHAUSTIVE PROJECT-WISE OBSERVATIONS 18
  5.1 Guest Rooms – The Biggest Spend, The Weakest Control 18
    Opening Observations 18
    Finding GR-01 — Work Order (WO) and Payment Summary 18
    Finding GR-02 — Professional Fees: 37% of Work Executed — Before Work Was Done 19
    Finding GR-03 — Third-Party Architect: Unregistered Professional, Undocumented Basis 20
    Finding GR-04 — Additional WOs and Retrofitting: Sequence of Events 20
    Finding GR-05 — Conflicting Structural Opinions (IISc vs. Nagesh) 21
    Finding GR-06 — Tender vs. Non-Tender Components in Contractor Billing 22
    Finding GR-07 — Mock-up Rooms: Cost, Timing and Disclosure Issues 22
    Finding GR-08 — Vendor Participation and Bidding Concentration 22
  5.2 Bar I Tone – Fees First, Work Later 24

Finding BT-01 — Fixing of Project Cost Within the ₹5 Crore SGM Sanction 24
Finding BT-02 — Professional Fees Exceeding 100% of Work Executed....................25
Finding BT-03 — Third-Party Architect Fee: Undocumented Basis..............................25
Finding BT-04 — Contractor Profile: GST Business Classification Mismatch 26
Finding BT-05 — Unaccounted Running Bill and difference Tally Entries....................26
5.3 Renovation of Badminton Hall 27
Finding BD-01 — Work Order and Payment Summary with Deductions......................27
Finding BD-02 — Golf Sponsorship Credit Mis linked to Badminton 28
Finding BD-03 — Unaccounted Claims Per Vivechana 's Letter (20.03.2026).............28
Finding BD-04 — Running Bill-6 Reversal and Date Inconsistency 28
Finding BD-05 — Professional Fee Analysis 28
Finding BD-06 — Single Effective Bidder and GST Profile Concern 29
Finding BD-07 — Governance Lapse: No OB Meeting Discussion 29
5.4 Renovation of Bamboo Bar – An Idea Without SGM Sanction..................................31
Finding BB-01 — Work Started Before EC Approval..31
Finding BB-02 — Capitalisation and Revenue Treatment: Inconsistent Split 31
Finding BB-03 — Complete Absence of Tender or Quotation Process 32
Finding BB-04 — Summary of Control Failures Specific to Bamboo Bar 32
5.5 Renovation of Table Tennis Hall 33
Finding TT-01 — Election Code Violation...33
Finding TT-02 — EMD Violation: Award to Non-Compliant Bidder.................................33
Finding TT-03 — Ariyan Design: GST Irregularities and Unsigned Documents 34
Finding TT-04 — Doors N Doors: Documentation Issues...34
Finding TT-05 — Professional Fees and Bought-Out Items 35
Finding TT-06 — SGM 2022 Budget Carry forward: Validity Questionable 35
5.6 Renovation of Pickleball Court 36
Finding PB-01 — Serious Misreporting to SGM 36
Finding PB-02 — Shiva Shree WOs: No EC Approval, Misclassified...........................36
Finding PB-03 — Procurement Documentation: Serious Gaps 37
Finding PB-04 Governance Summary — Pickleball Court..37
5.7 Billiards Section Renovation...38
Finding BL-01 —Capitalisation across Multiple Asset Heads in 2024-25 38
Finding BL-02 — Absence of Tender or Quotation 38
5.8 Multipurpose Hall – The Clearest Case of Will Against 39
Opening Observations 40
Finding MPH-01 — Jurisdictional Breach: EC Had No Authority for Add-On WOs 40

Finding MPH-02 — Main Contractor: Lotus Energy Systems 41
Finding MPH-03 — AV and Lighting: Non-Tender Procurement and Double-Billing Confirmed by SCE 41
Finding MPH-04 — Third-Party Architect Fee Doubled 1% → 2% Without Any Authorization 42
Finding MPH-05 — Treasurer and Secretary's Constitutional Warning Overridden by Majority Vote 42
Finding MPH-06 — Project Cost Escalation: 100%+ Over Notional Budget, No GB Sanction 43
Finding MPH-07 — Multi-Layer Certification Gap: Three Different Numbers, Three Authorities 44
Finding MPH-08 — Warranty Certificates Absent for All Installed Equipment 45
Finding MPH-09 — Every Add-On WO Issued During the Election Embargo 45
Governance Summary — Multipurpose Hall 45
5.9 Other Projects – Detailed Observations 47
Existing Hall — Specific Issues 47
Kitchen Renovation — Specific Issues 48
Multi-Level Car Parking — Specific Issues 48
Billiards / Snooker Tables — Specific Issues 48
6. ENGINEERS' VERDICT – SAI CONSULTING ENGINEERS (SCE) DETAILED FINDINGS 50
6.1 Guest Rooms — SCE Findings (≈ ₹25.94 Lakhs) 50
SCE Overall Position 50
SCE Disputed Items — Financial Impact Summary 52
6.2 Mock-Up Rooms — SCE Findings (₹16.04 L Rate Correction + ₹0.89 L Fee) 54
6.3 Multipurpose Hall — SCE Findings (≈ ₹7.88 Lakhs) 55
SCE Overall Position 55
6.4 Badminton — SCE Findings (≈ ₹5.33 Lakhs) 57
6.5 Bar I Tone (Baritone) — SCE Findings (≈ ₹4.86 Lakhs) 59
SCE Overall Position 59
6.6 Table Tennis / Pickleball — SCE Findings (≈ ₹11.19 Lakhs) 61
SCE Overall Position 61
6.7 Bamboo Bar — SCE Findings (₹0.57 Lakhs + Specification Breach) 63
6.8 SCE General Observations — Tendering and Contractor Qualification 64
Pre-qualification: Not Enforced Across Projects 64
BOQ Quality and Material Specifications: Inadequate 64
7. ARCHITECT ECOSYSTEM: CONCENTRATED POWER, CONFLICTED ROLES, ESCALATING COSTS 65

7.1 How the Architect Was Positioned – One Firm, Many Cheques 65
7.2 Paying on Sanction, Not on Work — Crores Committed, Lakhs Already Out 65
7.3 The Mock-Up Rooms – A Textbook Conflict of Interest 66
7.4 No Competition, No Documentation — Where the Architect's Firms Benefit 67
8. MODUS OPERANDI OF TENDER: WHEN TENDERS BECOME PAPER WORK 69
8.1 Tender vs. Estimation: Project-wise Summary 69
8.2 Vendor Selection That Defeats the Logic of Tendering 78
8.3 Table Tennis: Breach of Basic Tender Qualification — EMD Ignored 78
8.4 No Written Criteria, No Independence Declarations 79
8.5 Labour Law Compliances Ignored in Practice 79
9. WHEN THE EC SPENDS FIRST AND APPROVES LATER 80
9.1 The EC's Basic Duty – and How It Was Reversed 80
9.2 Work Orders Before EC Approval — Complete Documented Record 80
9.3 Advances Without Bank Guarantees — Comprehensive Record Across All Projects 81
9.4 How This Behaviour Undermines the Club's Position and Governance 83
10. SYSTEMATIC OPERATIONAL AND COMPLIANCE FAILURES 84
10.1 No Eligibility Criteria / Experience Proof in Tenders 84
10.2 No Declaration of Member / Relative Interest — Lotus Energy Case 84
10.3 Misclassification of Project Expenses (Potential Budget Manipulation) 85
10.4 Immediate Past President's Statement: "People Are Benefited..." 86
10.5 GST 2B Issues; 86
10.6Accounts / Audit / Procedure Manual — Standard Operating Procedure: 86
10.7Statutory Auditors' Report to Management dated 31.05.2025 — Key Observations: .87
10.8Findings regarding CUBE Architect 87
10.9 Non-Cooperation and Non-Submission of Documents 89
11. Critical Observations 90
11.01 Accounting System for SGM vs EC Budgets "Not Proper and Classification Is Not Clear" 90
11.02 Summary of Variances in Capital Projects 92
11.03 Revenue Budget Breach — Rule 19.10 and Ultra Vires to Rules and Regulations:94
11.04 Capital Budget Breach — Rule 19.9 and Ultra Vires Act 95
11.05 LED Wall at Lawn — No Tender and Budget Breach 95
11.06 Payments made after SGM 96
11.07 SGM Stop Order and Rule 18.5 Compliance 99
12. DECONSTRUCTION OF EC JUSTIFICATIONS 100
12.1 Shadow Governance —Management Rules to Bypass Mandatory Procurement Transparency 100

12.2 The Jurisdictional Challenge: Lex Specialis 100
12.3 Verbatim Hierarchy: Why 19.1 Cannot Override 18.5 / 19.9 101
12.4 The Rule 19.11 Oversight — Falsification of Intent 101
12.5 Evidence: The Violation of Rule 18.5 102
12.6. The Rule 19.9 Distortion (The "Non-Tendered" Myth) 102
12.7. The "Hidden Law" Conflict 102
12.8 The SGM Hypocrisy: Selective Compliance and Gross Fiduciary Negligence (Guest Room Exposure) 103
12.9 The "Kaleido" (Multipurpose Hall) Anomaly: A Professional Void by Design 105
12.10 The Table Tennis BOQ Collapse: Architectural Negligence or Strategic Planning. 105
12.11 The Pickleball Planning Catastrophe: Sequencing Failure and Structural Neglect 107
12.12 Golf Sponsorship in Badminton Capital Project 109
12.13 The Cube Architect Appointment: Dismantling the "Norm" Defence 109
12.14 Unacceptable Justifications for Project Delays 111
13. CONCLUSIONS AND RECOMMENDATIONS 115

1. PREAMBLE AND MANDATE

On January 4, 2026, an extraordinary Special General Meeting (SGM) of the Century Club was convened under the stipulations of Rules 23.3 and 23.4 of the institution's governing Byelaws, following a formal requisition signed by 208 permanent members. The assembly, presided over by the Club President, was necessitated by widespread, evidence-based apprehensions regarding the fiscal administration of the Club.

The requisitioning members articulated severe concerns regarding substantial cost overruns, the unauthorized cross-utilization of Capital and Revenue accounts, opacity in procurement and tender procedures, and the systematic circumvention of the General Body's statutory financial authority across multiple large-scale renovation projects initiated between April 1, 2024, and December 31, 2025. During the proceedings, the members presented a detailed analysis highlighting that major capital expenditures were executed either without proper sanction, significantly beyond the scope of approved budgets, or in direct violation of the Club's rules and regulations, and internal financial regulations.

Confronted with compelling preliminary evidence of fiduciary negligence and intense debate regarding the legality of ongoing un-tendered expenditures, the SGM unanimously resolved to constitute an independent Special Audit Committee (SAC) with following members-

1. Shri. Suresh Laxmikanth (DS11) - Chairman
2. Shri. Aashish Amarlall (SA50) - Member
3. Shri. P. Govindarajulu (PG126) - Member
4. Shri. Harish Appareddy (DO12) - Member
5. Shri. W.M. Sundaramurthy (SS8) - Member
6. Shri. Daulat B. Chhabria (PD19) - Member
7. Shri. E.G. Jaideep (SJ15) - Member

The SAC accordingly conducted an exhaustive review of all project allocations. tender procedures, vendor selections, professional fee disbursements, and statutory compliances. This comprehensive report presents the definitive analytical findings of SAC, incorporating independent cost valuations, quantifying the financial irregularities, and identifying the structural procedural lapses that precipitated this institutional crisis.

2. EXECUTIVE SUMMARY

The Special Audit Committee (SAC) has completed a review of Century Club's capital projects executed between April 2024 and December 2025. The findings reveal a systemic and intentional collapse of internal financial controls, governance protocols, and statutory compliance mechanisms across multiple large-scale renovations.

2.1 Jurisdictional Breaches and Governance Subversion

The macro-level findings indicate a deliberate strategy by the Executive Committee (EC) to circumvent the financial sovereignty of the General Body. The EC systematically dismantled statutory procurement thresholds defined under the Rules as mentioned by deploying accounting arbitrage and artificial project fracturing. By splitting single, indivisible structural renovations (such as the Bamboo Bar) into separate capital and revenue components, the management evaded the ₹25 lakh ceiling that triggers mandatory General Body sanction. Furthermore, the administration aggressively issued high-value work orders during the restricted election embargo period (May and June 2025), directly violating Rules 19.12 and 19.15.8 and locking the incoming committee into massive liabilities.

2.2 The Procurement Gap and Tendering Theatre

A staggering 37.83% of the primary infrastructure budget — amounting to around ₹3 crores — was strategically withheld from the competitive bidding process and shifted to opaque, direct procurement. Tendering effectively became a theatrical exercise rather than a protective mechanism. The administration weaponized the "Rate Only" classification to bypass open tenders, directing funds to preferred vendors without rigorous comparative evaluations. Furthermore, high-value civil contracts were awarded to entities whose primary GST-registered business lines were entirely unrelated to construction, such as Lotus Energy Systems (electrical) and Max Muller Technologies (Doors N Doors), highlighting a total failure of prequalification standards.

2.3 Financial Indiscipline and "Spend First" Culture

The EC transitioned from a mechanism of prudent financial oversight into an accelerator for undocumented spending. A systemic "spend first, approve later" culture took root, with invoices raised and advances disbursed well before formal EC approval was obtained. The institutional treasury was utilized to provide interest-free mobilization advances to preferred vendors without securing the requisite Bank Guarantees.

2.4 Independent Cost Audit – SCE Financial Exposure Summary

An exhaustive independent cost valuation conducted by Sai Consulting Engineers (SCE) intercepted severe rate padding, duplicate billing, and fraudulent inclusion of unapproved scope in contractor invoices. The aggregate SCE-identified exposure across all projects is:

Project	SCE Exposure^	Primary Nature of Finding
Guest Rooms	≈ ₹25.94 Lakhs	Architect overpayment, BOQ errors, debris double-count, conflicting structural opinions
Mock-up Rooms	**₹16.04 L (rate) + ₹0.89 L (fee)**	Market-rate repricing below tender rates; architect fee overstated on certified value
Multipurpose Hall	≈ ₹7.88 Lakhs	Duplicate AV/lighting install charges; 3rd-party fee doubled 1% → 2%; unvalidated revenue claim
Bar I Tone (Baritone)	≈ ₹4.86 Lakhs	Premature architect fees + duplicate structural/MEP consultants within architect's scope
Table Tennis / Pickleball	≈ ₹11.19 Lakhs	Pickleball bills uncertified — no sanctioned or executed civil works exist for Pickleball scope
Badminton	≈ ₹5.33 Lakhs	Plaster dismantling double-billed; electrical rate ₹250/sft vs. market ₹180/sft
Bamboo Bar	**₹0.57 Lakhs**	Steel tubes billed but missing on-site; granite 14–16 mm vs. specified 18–20 mm
TOTAL SCE-IDENTIFIED EXPOSURE	≈ ₹72.70 Lakhs	

^Magin of error of 5% is considered.

2.5 The Architect Ecosystem and Conflicts of Interest

The financial architecture of key projects was engineered to heavily front-load professional consultant fees. Architects were awarded flat percentage fees based on inflated "estimated" SGM budgets rather than actual negotiated work orders, structurally incentivizing cost escalation. In projects like Bar I Tone, the professional fees disbursed exceeded the total value of the physical construction work executed on-site. Most alarmingly, a severe conflict of interest was uncovered in the Guest Room mock-ups, where the certifying Architect of Record (Cube Architects) and the executing contractor (SYS Construction) shared the exact same registered corporate address, neutralizing any possibility of independent quality and cost validation. Mr. Sandeep Sudhakar Yadur is the proprietor of M/s. SYS Construction, which executed Mock-up Rooms. He is also a partner in M/s. Cube Architect, which was appointed as **Architect for Mock-up Rooms with7% fees.** This is a classic case of conflict of interest.

It is highlighted that final payment for execution of Mock-up rooms is made based on third-party certifier. However, SAC has observed that the third-party certifier Shri. M D Purushottama for Mock-up Rooms is ***not a registered valuer.***

2.6 Collapse of the Audit Framework

The internal oversight mechanisms designed to prevent capital bleed were actively neutralized. The Internal Auditor failed to perform mandated pre-audit functions, remaining entirely silent when millions of rupees were diverted into non-tendered channels and actively legitimizing "bill splitting.".

3. STATUTORY FRAMEWORK AND JURISDICTIONAL BREACHES

The operational authority of the Executive Committee is strictly bound by the institution's Byelaws, which dictate specific financial ceilings and procurement methodologies. The data reveals that these statutory limits were systematically dismantled through accounting arbitrage and deliberate misclassification.

3.1 The Two Governing Rules and Their Precise Legal Effect

Rule 18.5 (verbatim): "Shall award contracts below the value of Rs. 25 lakhs after obtaining the approval of the Executive Committee and shall examine all works above the value of Rs. 10 lakhs (both under capital and revenue expenditure) and ensure proper procedure and transparency and its implementation; shall scrutinize and negotiate on quotations; ensure plans and estimates are drawn by professionals and ensure periodic implementation for projects as approved. Provided work shall not be split."

3.1.1 Rule 18.5 – The Project-Specific Ceiling (₹25 Lakhs)

Rule 18.5 authorizes Office Bearers to award contracts only for works "below the value of ₹25 lakhs." In governance and administrative law, when a statute expressly grants power up to a limit, that is an express denial of power beyond that limit.

- The EC and Office Bearers do not have statutory authority to approve and award any single contract or project of ₹25 lakhs or more.
- Jurisdiction for all such projects lies solely with the General Body, which must discuss, approve and sanction them.
- So even before you come to Rule 19.9, any single "work" or contract at ₹25 lakhs or above is outside EC competence.
- Express provision that work shall be split.

3.1.2 Rule 19.9 – Three Limbs That Operate as Additional Locks

Rule 19.9 does not expand EC power; it restricts it through three interconnected limbs:

- Limb 1 – Annual cap: EC may sanction total capital expenditure up to ₹1 crore per year, with a tolerable margin of +10%, subject to ratification of GB.
- Limb 2 – Absolute stop once sanction is breached: If estimated capital expenditure exceeds the sanctioned limit, prior approval of the General Body shall be obtained. Once the aggregate capital outlay crosses ₹1 crore (+10%), EC powers are exhausted. Any further capital projects in that year must go to the GB.
- Limb 3 – Procedural lock for large works: If estimated capital expenditure for any single work is ₹25 lakhs or more, competitive quotations/tenders shall be obtained. This limb sets procedure (tendering) — it does not confer approval power above ₹25 lakhs. Approval power is already blocked by Rule 18.5 (no EC approval ≥ ₹25 lakhs) and by Limb 2 once the annual cap is breached.

The EC's legal fallacy is to treat Limb 3 as if it authorizes them to clear any ₹25+ lakh work so long as they obtain quotations. That is incorrect: Limb 3 tells them how to proceed if a ₹25+ lakh work is to be taken up, but who can approve such work remains governed by Rule 18.5 (project limit) and Limb 2 of Rule 19.9 (annual cap). Rule 18.5 blocks EC from approving any single work ≥ ₹25 lakhs. Rule 19.9 blocks EC from exceeding ₹1 crore (+10%) total without GB approval. Rule 19.9 only adds the tendering requirement; it does not override these two red lines. Emphasis is also on the word "Single"

3.2 Bamboo Bar – Classic Case of Splitting to Stay Below ₹25 Lakhs

For Bamboo Bar, there is no SGM-specific sanction; yet the EC treated it as a project of around ₹31.54 lakhs plus GST in 2024–25 by mixing capital and revenue budgets.

EC-approved 'project value'	**₹37.21 Lakhs**
Amount executed/paid (₹26.26 lakhs works + ₹1.34 lakhs professional fee)	**₹27.60 Lakhs**
Capitalized under 'Building – Main' (30.09.2025)	**₹22,29,123**
Charged to Repairs & Maintenance / Revenue (30.09.2025)	**₹5,27,512**

SGM-specific sanction for Bamboo Bar	**NIL**

The effect of this split: the capital ledger shows an amount below ₹25 lakhs; the revenue ledger hides the remaining portion, so that on paper it appears that no single capital "work" crossed the ₹25-lakh threshold. In substance, however, all of these works (civil, interiors, bar fixtures) are part of one integrated Bamboo Bar renovation, not separate projects. Members never approved this bar project in SGM, and the EC never placed a consolidated ₹27–37 lakh Bamboo Bar work before the General Body.

Surprisingly, an amount of Rs. 22.29 Lakhs were capitalized to Building and an amount of Rs. 5.28 Lakhs were charged off as Repairs and Maintenance. After these spendings, EC approached SGM with Agenda No. 5 for additional 77 Lakhs + 10 % Architect and Structural Consultation Fee.

SAC observes that this project was implemented out of EC Capital Budget. Since this project is capitalized, the same cannot be brought to SGM for further development. Any further development to Bamboo Bar should have been brought up as a new project with new estimation, quotation etc. as mentioned to members in Notice to SGM held on 4th Jan-2026.

Bamboo Bar is a textbook example of the EC splitting a single renovation into artificial capital and revenue fragments so that the capital component appears to stay below ₹25 lakhs, thereby evading mandatory General Body sanction under Rule 18.5 and Rule 19.9. Any honest view of the accounts shows one indivisible project well over ₹25 lakhs, taken up without jurisdiction.

3.3 Multipurpose Hall – Breach Even on the Most Generous Interpretation

For the Multipurpose Hall, even if we completely ignore the main work order of 24 April 2025, the three so-called 'add-on' work orders to Lotus, Blitzkrieg and Signified between 10 May and 24 June 2025 alone total ₹29.15 lakhs for the same single work.

Add-on WO – Lotus Energy- Civil Work	**₹2,95,000**
Add-on WO – Lotus Energy- Air conditioner	**₹2,59,776**

Add-on WO 3 Blitzkrieg Audio (19.5.2025)	₹18,46,456
Add-on WO 4 — Signified (19.5.2025)- LED	₹5,13,300
TOTAL add-on WOs (excl. 24.04.2025 main WO)	₹29,14,532 (≈ ₹29.15 Lakhs)
Rule 18.5 ceiling for single EC-approved work	₹25 Lakhs
Excess above threshold	≈ ₹4.15 Lakhs
Date range of add-on WOs (all inside election freeze)	10.05.2025 – 24.06.2025
Rules violated	18.5, 19.9, 19.12, 19.15.8

"Even if we generously ignore the main tender WO of 24 April 2025, the three expansion WOs to Lotus, Blitzkrieg and Signified between 10 May and 24 June 2025 add up to ₹29.15 lakhs for the same Multipurpose Hall. That by itself is a single work above the ₹25-lakh ceiling in Rule 18.5 and was committed during the election year, thus violating Rules 19.12 and 19.15.8, without any prior General Body sanction. ***The EC simply had no jurisdiction to approve these add-on works.***"

3.4 Violation of Election Embargo – Rules 19.12 and 19.15.8

Rule 19.15.8 strictly prohibits the Executive Committee from taking major decisions or initiating new projects between the publication of the election notification and the conclusion of the Annual General Meeting. Additionally, Rule 19.12 restricts outgoing committees to spending only proportionate amounts of their annual budget during overlapping tenures.

Despite these clear statutory embargos, the outgoing administration aggressively issued high-value work orders during the restricted period of May and June 2025:

- Multipurpose Hall add-on WOs issued between 10.05.2025 and 24.06.2025 — squarely within the freezing period.
- Table Tennis renovation project received OB approval on 15.05.2025 and EC approval on 27.05.2025 — both falling entirely within the restricted window between the election notification (10.05.2025) and the election date (28.06.2025).
- These violations are not merely procedural — they locked the incoming elected committee into massive, unauthorized liabilities before it could even convene.

4. THE PROCUREMENT GAP AND EC DELIBERATIONS — JULY 2025

4.1 Review of EC Minutes — July and August 2025: Formal Transition and Deliberate Overrides

The Special Audit Committee has concluded its review of the Executive Committee (EC) proceedings of July and August 2025. This period is critical as it documents the formal transition between administration and the handling of significant capital project overruns.

Finding 1 — Intentional Dissent by Constitutional Custodians

The minutes reflect a significant governance divide regarding the legality of proceeding with project overruns. Both the Hon. Secretary and the Hon. Treasurer — the primary custodians of the Club's rules and funds — placed on record their insistence on immediate constitutional compliance.

- Treasurer's Position: The Hon. Treasurer explicitly advised that work should be halted immediately. He insisted that a Special General Body Meeting (SGM) be convened before any further funds were committed or work was allowed to proceed.
- Secretary's Position: The Hon. Secretary concurred, stating that the project costs had significantly departed from the original SGM mandate and required fresh ratification from the members to provide legal protection to the Club.
- Purpose of Dissent: This insistence on an immediate SGM was designed to avoid the legal and financial delays inherent in post-facto (after-the-fact) ratification and to ensure that member equity was protected under the law.

Finding 2 — Non-Adherence to Rule 19.12 and Rule 19.15.8

- Rule 19.12 Violation: This rule restricts spending during the election and transition period to "pro-rata monthly maintenance." The Treasurer formally recorded that the previous committee issued major Work Orders and paid advances even when funds were not available in the quarterly capital/revenue allocations.
- Rule 19.15.8 Violation: By issuing orders beyond the SGM-sanctioned amounts without returning to the General Body, the previous administration acted Ultra Vires (beyond their legal powers). These Work Orders were signed in the final days of the

outgoing administration, effectively binding the Club and the incoming committee to un-sanctioned financial liabilities.

Finding 3 — The Statutory Auditor's Procedural Manoeuvre

A pivotal moment in the July 2025 minutes occurs during the interaction with the Statutory Auditor (SA) regarding these violations.

- Despite the Hon. Treasurer (Shri. A.M. Raghavendran) reading the violations of Rule 19.12 into the minutes, the Statutory Auditor did not recommend a Stop Work Order.
- Instead, the SA suggested a "procedural manoeuvre" — advising the EC that they could utilize the ₹1 Crore annual Capital budget and ₹1 Crore Revenue budget to fund the SGM project overshoots (such as the 50% variance in the Multipurpose Hall).
- SAC Analysis: This advice provided a mechanism to circumvent the immediate necessity for an SGM. By "laundering" specific project overruns through the general maintenance budget, the true financial status of these projects was effectively shielded from the General Body's immediate oversight.

> An Auditor may provide an opinion on how to account for an entry, but an Auditor has no legal authority to grant permission to break a Constitutional Rule (such as the SGM budget cap or Rule 19.12). By adopting a 'procedural manoeuvre' to utilize Capital/Revenue funds to cover a 50% project overshoot, the leadership and the Auditor collaborated to move funds in a way that prevented the General Body from exercising its right to vote on the cost escalation.

Finding 4 — Overriding of Constitutional Warnings by Majority Vote

The SAC notes that the Executive Committee ultimately chose to follow the Statutory Auditor's "manoeuvre" rather than the Hon. Treasurer's warning. Utilizing a majority vote, the EC proceeded with the work and payouts, relying on the SA's advice to "intimate the General Body later."

- **The Principle of Ultra Vires:** In law, a majority vote cannot legalize an act that is explicitly prohibited by the Club's Constitution. If Rule 19.12 restricts spending during a transition period, even a 100% unanimous vote to exceed that limit remains legally void.
- **Documentary Confession:** By calling for a vote after the Treasurer and Secretary had read the specific violations into the minutes, the leadership created a documentary record that the Committee was fully informed of the illegality and chose to proceed

anyway. This elevates the matter from "administrative error" to a documented breach of fiduciary duty.

<u>Extracts from the minutes of EC meeting held on July 29, 2025</u>

"Further, the present EC which was elected on June 28, 2025, observed that the previous EC has not gone for approval before the SGM. The previous EC over shot the capital and revenue expenditures which are not in accordance with Rule 19.12. In other to accommodate and honour the previous EC commitment, the present EC after due deliberation has unanimously resolved and approved to account the expenditure of Rs. 25.33 Lakhs in the present year's Capital and Revenue budget towards renovation of Department Stores to convert into Multi-purpose Hall."- EC minutes extract.

Recommendations

The SAC recommends that the General Body take note of these instances as unauthorized expenditures. ***The leadership cannot outsource its constitutional responsibility to an Auditor or hide behind a majority vote when a specific Byelaw has been set aside.***

5. EXHAUSTIVE PROJECT-WISE OBSERVATIONS

Note: All figures are inclusive of GST unless otherwise explicitly stated.

5.1 Guest Rooms – The Biggest Spend, The Weakest Control

Parameter	Detail
Total SGM Budget (29.06.2024)	₹4.50 Crores + taxes
Tender Contractor	M/s Sahaaya Builders and Developers Pvt. Ltd.
EC-Approved Project Value (incl. professional fees)	₹408.97 Lakhs
Amount Executed / Paid as on 31.03.2026	₹103.58 Lakhs
Original Construction Period	03.04.2025 to 31.08.2025 (180 days)
Revised Project Cost (SGM 04.01.2026 — Agenda 7)	≈ ₹7.50 Crores
Non-tender + Additional Work (% of main tender)	20.46% (87% if calculated on payment basis)
Unsecured Mobilisation Advance Paid	₹28.61 Lakhs
Potential Revenue Loss	₹150 Lakhs (Annually), approximately

Opening Observations

- Retrofitting and additional non-tender work equal to 20.46% of the original tender was given to the same party without competitive bidding, directly violating Regulations 8.3.1 and 8.3.2.
- Advances were pushed out without proper bank guarantees also, on pre-dated or loosely supported bills.
-

Finding GR-01 — Work Order (WO) and Payment Summary

'WO executed' reflects value of work completed as per available certification. Mobilisation advance of ₹28.61 lakhs is shown separately as it is not a separate WO but an advance on the main tender.

Main Tender WO value (Sahaaya Builders, 31.03.2025)	₹2,58,47,458 + GST
Retrofitting Additional WO (26.06.2025)	₹43,56,873
Retrofitting Additional WO (03.11.2025)	₹18,85,181
Professional Fees WO (Cube Architects – 6% on ₹4.50 Cr)	₹28,15 ,000
Total Billing by Sahaaya Builders as on 31.03.2026	₹76.22 Lakhs
Out of total billing – Tender items Up to 31.3.2026	₹40.73 Lakhs
Out of total billing – Non-tender / Additional items	₹35.49 Lakhs
Mobilisation advance paid and pending as on 31.3.2026(without adequate BG)	₹28.61 Lakhs
Total retrofitting payments (incl. GST)	₹69.38 Lakhs

Finding GR-02 — Professional Fees: 37% of Work Executed — Before Work Was Done

Professional fees paid so far are approximately 37% of the value of work executed — very high even after considering GST. Payments from 03.09.2024 to 18.06.2025 consist only of professional fees, totalling ₹24.96 lakhs. Percentage of work executed on the main tender value of ₹305 lakhs is only 13.35%, yet almost half the total fee has already been disbursed.

Architect fees already paid (Cube Architects)	₹22.30 Lakhs
Third-party architect (B.P. Sridhar Murthy)	₹2.09 Lakhs
Electrical consultant fees	₹0.65 Lakhs
Structural consultant – Ashok Associates	₹0.38 Lakhs
Structural consultant – Nagesh Consultants (Taken to professional charges instead of project account)	₹0.59 Lakhs
Expert – Indian Institute of Science (IISc)	₹1.99 Lakhs
PHE consultant	₹0.15 Lakhs
Total Professional Fees	₹28.15 Lakhs

Main contractor WO (Sahaaya Builders) issued	**31.03.2025 — 3.5 months after architect fee advance**

The Committee notes that WOs for professional fees have consistently been issued on estimated or sanctioned values, instead of actual tendered WO values. The architect advance was paid on 18.12.2024 — the main contractor WO was not issued until 31.03.2025. This again shows that professional fees were being advanced well ahead of main tender and contract finalisation.

Finding GR-03 — Third-Party Architect: Unregistered Professional, Undocumented Basis

- WO dated 07.01.2025 issued to Mr. B.P. Sridhar Murthy specifies a fee of 1% on "Room Value" of ₹4,35,88,903 (on total estimated value as against the WO value of ₹305 Lakhs).
- No specific terms and conditions have been defined in writing regarding invoice raising and payment release for B.P. Sridhar Murthy.
- An invoice equivalent to 55% of his work value has been raised and accounted without referenced milestone definitions in the WO.
- B.P. Sridhar Murthy (qualifications: BE (Civil), ME (Environmental Engineering)) is not registered under any professional Act not GST Act nor regulatory body yet has been appointed as "Third-Party Architect" for the project.

Finding GR-04 — Additional WOs and Retrofitting: Sequence of Events

- The original tender amount already included ₹47,62,470 towards structural work. The Committee has been unable to reconcile how much retrofitting load was covered originally and how much was added later via non-tender WOs.
- In the EC meeting dated 26.06.2025 (immediately before the AGM on 28.06.2025), additional work of ₹62.41 lakhs for structural retrofitting was approved without tender, to the same contractor, "subject to approval of the General Body." This was later reduced to ₹43.56 lakhs after negotiation; an additional WO of ₹18.85 lakhs was also issued.

- The President is understood to have informed the AGM about an additional requirement of ₹50 lakhs for retrofitting (which "may go up by another ₹50 lakhs") but did not disclose that WOs had already been issued on 26.06.2025.
- Page 29 records that M/s Nagesh Consultants submitted a revised report on 13.10.2025 estimating retrofitting cost at ₹1.23 crores as against ₹0.92 crores based on recommendation of Indian Institute of Science. As per the Architect certificate, the balance work to be done is ₹0.26 crores as per Indian Institute of Science and ₹0.52 crores as per the recommendations of M/s. Nagesh Consultants.

No formal additional approval was sought from the AGM on 28.06.2025 for these commitments. Mere "information" cannot be construed as budget approval.

Finding GR-05 — Conflicting Structural Opinions (IISc vs. Nagesh)

Sai Consulting Engineers (SCE) summarise the structural history as follows:

- First consultant — Nagesh report (11.12.2024): Non-destructive tests (NDT) showed satisfactory results. However, a structural design check flagged some columns as unsafe, and retrofitting was recommended.
- Second Nagesh report (13.10.2025): During early retrofitting, cracks and exposed reinforcement were reported. The consultant again recommended continuation of retrofitting.
- Independent expert — Prof. J. M. Chandra Kishen, IISc (site visit 21.11.2025): No beam deflections observed. No cracks in beams or columns. No foundation settlement detected. Concluded there was no structural distress in the load-bearing elements.

SCE point to contradictory assessments: initial consultants recommended extensive retrofitting while the independent IISc expert — a higher, neutral authority — confirmed structural integrity. Despite this, the Club proceeded with costly retrofitting works (WOs PRO18 and PRO46) whose necessity is now open to question. SCE's position implies a portion of retrofitting costs may not have been required at all, and at the very least should have been re-evaluated after the IISc report on the basis of finding in GR-04.

Finding GR-06 — Tender vs. Non-Tender Components in Contractor Billing

- Total billing by Sahaaya Builders as on date is ₹76.22 lakhs.
- Out of this, tender items account for only ₹40.73 lakhs, while non-tender/additional items account for ₹35.49 lakhs.
- This means nearly half (47%) of the work billed so far is outside the original competitive tender and has been awarded without a fresh competitive process.
- Additional and non-tendered works have been awarded to M/s Sahaaya Builders without obtaining competitive quotations, in violation of Regulations 8.3.1 and 8.3.2.

Finding GR-07 — Mock-up Rooms: Cost, Timing and Disclosure Issues

- The cost of two mock-up rooms is stated to be ₹20 lakhs, said to have been spent from the EC's capital budget in FY 2023-24 and 2024-25. However, actual spent is exceeded the stated amount, which is ₹46.90 lakhs
- This appears to have been started even before the SGM budget approval and is reported to have been written off in FY 2023–24 and 2024-25.
- Expenditure of ₹43.16 lakhs in FY 2023–24 and ₹3.74 lakhs in FY 2024–25 had already been incurred as of 15.12.2025. Management was aware of these overruns prior to SGM.
- Further, EC has approached SGM on 04/01/2026 with additional sanction of ₹118 Lakhs. This additional sanction includes ₹20 Lakhs for previously renovated two mock up rooms as stated above. SAC observes that EC has hidden the actual cost of mock up rooms in the Notice to SGM. EC has sought budget of ₹20 Lakhs (i.e., stated amount) instead of actual amount spent of ~₹47 Lakhs. This clearly shows that the facts were hidden for the best reasons known to EC. The above work was completed in April-2025 itself, and EC has not informed this to members even in the SGM held in March-2025 AGM held on June-2025, as it relates to SGM budget proposal (This act violates Rule 18.5 and 19.9).

Finding GR-08 — Vendor Participation and Bidding Concentration

- Six vendors participated in the tender for Renovation of Guest Rooms; four vendors for Renovation of Bar I Tone.

- Out of these, three vendors submitted bids for both projects, resulting in three exclusive/unique bidders for Guest Rooms and only one exclusive bidder for Bar I Tone.
- The Committee notes this to show concentration of bidding and potential issues in vendor selection — the same small pool of bidders across multiple projects raises questions about the integrity of the competitive process.

5.2 Bar I Tone – Fees First, Work Later

Parameter	Detail
Total Budget (out of ₹5 Cr + tax SGM 29.06.2024)	₹1.25 Crores
Tender Contractor	M/s Max Muller Technologies, Tirupur, Tamil Nadu
EC-Approved Project Value (incl. professional fees)	₹116.32 Lakhs
Amount Executed / Paid as on 31.03.2026	₹15.08 Lakhs
Balance Work Pending	₹101.24 Lakhs (on WO values)
Specified Completion Period	55 days from 03.04.2025 (i.e., by 30.05.2025)
Delay Status	Work stalled — attributed to 'drainage shifting'; details not documented
Professional Fees Paid vs. Work Executed	Fees (₹7.38 L) exceed contractor work (₹6.60 L) — over 100%

Finding BT-01 — Fixing of Project Cost Within the ₹5 Crore SGM Sanction

- The SGM sanctioned ₹5 crores + tax for "Party Halls", of which ₹1.25 crores has been notionally allocated to Bar I Tone.
- There is no clear documentation or EC resolution in the available records explaining how this ₹1.25-crore allocation was derived, or how the balance ₹3.75 crores is split among other halls.
- On 05.09.2024, a WO was issued to Cube Architects for all projects sanctioned by the SGM. For Bar I Tone, the architect's WO appears for ₹75 lakhs as the project value for fee purposes, as against which now the budget is increased to ₹1.25 crores plus GST.

Finding BT-02 — Professional Fees Exceeding 100% of Work Executed

Work executed by Max Muller under tender	₹6.60 Lakhs
Architect fee (Cube Architects)	₹6.10 Lakhs
Third-party architect (B.P. Sridhar Murthy)	₹0.49 Lakhs
Structural consultant fee	₹0.38 Lakhs
PHE consultant	₹0.15 Lakhs
Electrical design consultant	₹0.26 Lakhs
TOTAL professional fees paid	₹7.38 Lakhs
WO for professional fees (total contracted)	₹11.24 Lakhs
Professional fees as % of contractor work value	111.8% — FEES EXCEEDS WORK DONE
First architect fee payment to Cube (before contractor WO)	05.09.2024
First contractor WO (Max Muller) issued	31.03.2025 — 6.5 months later

Payments to professional consultants were made between 03.09.2024 and 11.08.2025, during which period no contractor bills were accounted, and effectively no significant civil work had progressed. ***The Club has paid more for supervision than for the actual renovation*** **itself.**

Finding BT-03 — Third-Party Architect Fee: Undocumented Basis

- WO issued to B.P. Sridhar Murthy on 07.01.2025 specifies a work value of ₹1,25,29,850, with a fee of 1% on this amount.
- The basis for the figure of ₹1,25,29,850 is not documented and requires clarification, especially since the tender WO for Max Muller is only ₹103.98 lakhs including tax.

Finding BT-04 — Contractor Profile: GST Business Classification Mismatch

- Max Muller Technologies is based in Tirupur, Tamil Nadu. As per GST records, their business activities are shown as manufacturing (non-specific), retail, wholesale and warehousing — clearly not construction services.
- The WO does not carry the contractor's bank account details, unlike other WOs, and there is no signature of the proprietor on file. The website indicates the proprietor as Mr. Ilangovian. Further, it is verified that The Bank account of the party is with Kotak Mahindra Bank, Tirupur Avinashi Road Branch, Tirupur, Tamil Nadu.
- A contractor awarded a ₹1.04 crore renovation project whose GST profile does not show construction raises serious concerns about qualification and capability.

Finding BT-05 — Unaccounted Running Bill and difference Tally Entries

- A work executed summary is received from Max Muller for ₹12,33,900 on 03/09/2025. However, the summary was considered as a running bill and placed before OB and EC and approved for ₹13,33,900 (i.e., ₹1 Lakhs higher than the summary submitted by Max Muller). This is accounted in books of account and reversed subsequently.
- Max Muller has submitted a bill for ₹19.68 Lakhs which was accounted on 11/07/2025 and the same has been reversed on 01/12/2025 stating that Max Muller has not submitted a bill as per WO. SAC observes that the office took around 5 months to identify that bill was not in accordance with WO. The reason for such a long time is unknown. However, the same is appearing in Form GSTR-2B and not reversed until March-2026.
- Later, three final entries totalling ₹7,70,268 were passed on 01.12.2025 without attaching bills. The contractor claims that the tax invoice for ₹19,68,202.71 should be adjusted against these entries, but no final decision has been documented.
- The Sridhar Murthy certificate dated 10.10.2025 carries no inward seal to establish date of receipt; the adjusting entry was passed only on 06.03.2026, though the mail was received on 08.10.2025 and the party's letter and bills are undated. This entry appears to have been used to close an earlier advance of ₹6,09,059 paid to the contractor after SAC questioning.

5.3 Renovation of Badminton Hall

Parameter	Detail
Total SGM Budget (29.06.2024)	₹65 Lakhs + taxes (original); ₹76.70 Lakhs (restated)
Tender Contractor	M/s Vivechana Constructions
Total WOs Issued (incl. add-ons and `non-tender items)	₹66.84 Lakhs
Amount Executed / Paid	≈ ₹49.38 Lakhs (₹48.57 Lakhs after transfer of 0.81 lakhs to revenue)
Completion Target	45 days from 24.05.2025 (i.e., by 08.06.2025)
Delay attributed to	Sewerage line works — no documented timeline or revised schedule
Non-tender + bought-out items (% of main tender WO executed other than Professional Fee)	≈ 32% of total payment (₹22.59 Lakhs outside main tender)

Finding BD-01 — Work Order and Payment Summary with Deductions

Main Tender WO to Vivechana (24.04.2025)	**₹39.29 Lakhs**
Additional tender quantity Wos	**₹4.24 Lakhs**
Bought-out items	**₹16.13Lakhs**
Non-tender work to tender party	**₹1.27 Lakhs**
Revenue items	**₹0.95 Lakhs**
TOTAL OUTSIDE MAIN TENDER	**₹22.59 Lakhs (≈32% of Total Payment**
Total Amount Spent	**49.38 Lakhs**
Transferred to Golf Sponsorship (EC 28.04.2025)	**– ₹3.72 Lakhs**
Transferred to Revenue (post-SAC observation)	**– ₹0.81 Lakhs**
Transferred to Input Credit	**– ₹1.65 Lakhs**
Net appearing in Tally (after all deductions)	**₹43.19 Lakhs**

Finding BD-02 — Golf Sponsorship Credit Mis linked to Badminton

- An amount of ₹3.72 lakhs of Golf Sponsorship has been credited in this project as per EC 28.04.2025.
- The basis for using Golf Sponsorship receipts for badminton-related non-tender work and the related accounting entries needs to be explained. This represents cross-contamination of project budgets and sponsorship accounts.

Finding BD-03 — Unaccounted Claims Per Vivechana 's Letter (20.03.2026)

RA06 tender work — claimed by Vivechana dated 20.1.2026	**₹2,50,904.40**
Approved by the Third-Party Architect	**₹2,26,388**
Of which approved and then reversed on 30.03.2026 (It was deleted after our verification and added when questioned about the deletion)	**₹2,26,388 (no documented reason for reversal)**
Bill against additional work not accounted— no WO Issued	**₹6.16 Lakhs**
Non-tender item bills — no WO Issued	**₹2.98 Lakhs**
TOTAL bills not accounted as per contractor- Unable to verify in the absence of bills.	**₹11.65 Lakhs**
Running Bill 5- Bill dated 19.3.2026, received on 31.3.2026 and accounted on 6.3.2026. No Certification by the Third-Party Auditor. This entry was passed to close the advance of ₹6,09,059 in the tally, which was question by SAC.	**₹ 7,42,750/-**

Finding BD-04 — Running Bill-6 Reversal and Date Inconsistency

- On 30.03.2026, Running Bill-6 of Vivechana for ₹2,26,388 was accounted and then reversed.

Finding BD-05 — Professional Fee Analysis

Architect fee WO (Cube, 08.04.2025) — 6% on ₹51,54,054 (basis unclear)	**₹3.09 Lakhs (WO)**

Architect fee paid	**₹2.28 Lakhs**
Third-party architect WO (B.P. Sridhar Murthy, 28.08.2025) — revised 2% on ₹50 L	**₹1.00 Lakh (WO)**
Third-party architect paid	**₹0.80 Lakhs**
Structural consultant + PHE consultant paid	**₹0.59 Lakhs**
TOTAL professional fees paid	**₹4.03 Lakhs**
Total professional fee WO (contracted)	**₹5.86 Lakhs**
Professional fees as % of work executed	**≈ 12% of total; 25% of main tender only**
Main contractor WO to Vivechana (24.04.2025)	**₹33,29,524 + GST**
Basis for ₹51,54,054 as Cube's fee base	**Informed including bought out and non-tender items**

Finding BD-06 — Single Effective Bidder and GST Profile Concern

- Only one bidder — Vivechana Constructions — effectively participated in the tender, though two applications were initially received. Single-bidder award is a weak basis for a significant project.
- Vivechana 's GST turnover range is ₹40 lakhs to ₹1.5 crores. GST registration details show earlier business in TV cameras, digital cameras and video cameras.
- The renovation was awarded on the ground that Vivechana quoted lower than the budget and were the only bidding party.
- SAC observes that EC has awarded a contract to a single tender on the ground that the tender value is less than the estimated value. ***SAC rejects this justification on the ground that estimated value is significantly higher than the actual work.***
- ***Further, any single tender should not be awarded a contract. In such a case, re-tender must be called for.***

Finding BD-07 — Governance Lapse: No OB Meeting Discussion

- The Badminton renovation project was not discussed or approved in any Office-Bearers' meeting, indicating absence of formal project initiation and governance oversight at that level.

- This bypasses a critical layer of the Club's governance structure and means there is no OB-level documentation of the project's sanction.
- It is informed by the club to the query from SAC, that OB are part of EC, and hence no formal discussion or approval in OB meeting. SAC rejects this justification stating that OB and EC are not substitute to each other. OB, EC roles and responsibilities are different from each other.
- The club justifications, questions the very nature of existence of OB. And their response is inconsistent to other approvals for projects which has first OB level and EC level clearance. These are projects of high value; the proper formal process of clearance has to be maintained not considered as routine agenda's.

5.4 Renovation of Bamboo Bar – An Idea Without SGM Sanction

Parameter	Detail
SGM Sanction	NIL — No specific Bamboo Bar line item approved by SGM
EC-Approved Project Value	₹37.21 Lakhs
Amount Executed / Paid (as on 31.03.2026)	₹27.60 Lakhs (₹26.26 Lakhs works + ₹1.34 Lakhs fee)
Formal Tender / Quotations	NONE — direct selection of multiple vendors
Vendors Used (direct selection)	Tech Interior, Apex Demolishing Co., Star Iron Traders, MMR Fabrication, others
Capitalised under 'Building – Main'	₹22,29,123 (on 30.09.2025)
Charged to Repairs & Maintenance (Revenue)	₹5,27,512 (on 30.09.2025)
Balance Work Pending	Architect is not certified

Finding BB-01 — Work Started Before EC Approval

- The project was formally approved by EC on 27.03.2025. The work order was subsequently approved by OB on 05.04.2025 and EC on 12.04.2025.
- However, invoices indicate work commenced before these approvals: First invoice from M/s Tech Interior was accounted on 22.03.2025 (5 days before EC approval); Invoice from M/s Apex Demolishing Company was accounted on 27.03.2025 (same day as EC approval of project but before WO issued).
- Physical work and financial commitments started before the EC and OB had formally cleared the project and before a proper WO was issued.

Finding BB-02 — Capitalisation and Revenue Treatment: Inconsistent Split

- The total project cost of ₹27,56,635 was split on 30.09.2025 as follows: ₹22,29,123 capitalised under "Building – Main"; ₹5,27,512 charged to Repairs and Maintenance (revenue).

- Only about 81% of the cost has been treated as capital, while the remaining 19% has been treated as revenue expenditure without a clear policy-based justification.
- The entire expenditure relates to renovation of a single bar facility — a long-term structural improvement. Charging 19% to revenue artificially reduces the capital amount and keeps it below ₹25 lakhs, avoiding mandatory GB sanction.
- The Committee has noted this as inconsistent capitalisation and recommends that the entire project be reviewed to determine the correct capital/revenue split in line with accounting standards.

Finding BB-03 — Complete Absence of Tender or Quotation Process

- No tenders were floated and no competitive quotations were obtained, despite the overall project value exceeding the thresholds in Regulations 8.3.1 and 8.3.2.
- Work was fragmented and awarded directly to multiple vendors without a documented comparative evaluation or EC approval of vendor selection.
- For projects between ₹50,000 and ₹10,00,000: three competitive quotations required.

  For projects exceeding ₹10,00,000: newspaper tenders required. Neither was done. The entire Bamboo Bar renovation has been carried out in complete deviation from the Club's own procurement rules.

Finding BB-04 — Summary of Control Failures Specific to Bamboo Bar

- No SGM-specific sanction, yet the project has been treated as capital and revenue budget work aggregating over ₹30 lakhs.
- No tender or quotation process despite value thresholds being crossed.
- Work started before EC approval and WO issuance, with invoices and advances predating formal approvals.
- Inconsistent capitalisation — ₹22,29,123 capitalised and ₹5,27,512 charged to revenue — despite the entire spend relating to a long-term renovation.
- The split between capital and revenue appears designed to keep the capital component below ₹25 lakhs and avoid mandatory GB sanction under Rule 18.5.

5.5 Renovation of Table Tennis Hall

Parameter	Detail
SGM 25.06.2022 Budget	₹19.90 Lakhs (₹19.39 L carried forward as per Management)
SGM 29.06.2024 Additional Budget	₹38 Lakhs + taxes
Total Budget (Management's combined basis)	₹57.39 Lakhs + taxes
Tender Contractor	M/s Doors N Doors Deco Build Pvt. Ltd., Udaipur
Amount Executed as on 31.03.2026	₹23.06 Lakhs
Specified Completion Period	35 days from 19.05.2025
OB Approval Date (inside election embargo)	15.05.2025
EC Approval Date (inside election embargo)	27.05.2025
Election Notification Date	10.05.2025
Election Date	28.06.2025

Finding TT-01 — Election Code Violation

- As per Club regulations, no new project shall be initiated after publication of the election notification until completion of elections.
- The Table Tennis project was approved by OB on 15.05.2025 (5 days after election notification) and by EC on 27.05.2025 (17 days after notification). This falls squarely within the restricted period.
- This is a direct violation of the agreed election code of conduct and of Rules 19.12 and 19.15.8.

Finding TT-02 — EMD Violation: Award to Non-Compliant Bidder

- As per the tender terms, bidders were required to submit an interest-free EMD of ₹50,000 by DD along with the form.
- Only M/s Vivechana Constructions paid the EMD; M/s Doors N Doors did not pay EMD.

- Despite this, the tender was awarded to Doors N Doors, and this award was approved by OB and EC. Vivechana 's EMD was not encashed, and the contract was given to a party that did not comply with EMD conditions, making the allotment procedurally irregular and arguably illegal under the tender terms.
- ***This raises a concern about potential bias or connection influencing the award — explanation is required on why tender conditions on EMD were overridden.***

Finding TT-03 — Ariyan Design: GST Irregularities and Unsigned Documents

Architect for Table Tennis	Ariyan Design (Proprietor: Chandna Mahavir Doshi)
First WO to Ariyan Design issued	23.12.2024 for ₹2,00,000 + GST
First advance payment to Ariyan Design	30.03.2025
Ariyan Design GST registration date	15.05.2025 — AFTER both the WO and first payment
Total paid to Ariyan Design	₹1,88,800
Proprietor's signature on documents/bills	ABSENT — no signatures found
Bank account given (Surat — Bank of Baroda)	Inconsistent with GST registration in Bengaluru
GST registered address	'Sales Office – Address: Bangalore Bike Works, Magadi Road' — not an architect firm Main place of business is Surat

The Committee has requested: copy of the full design and deliverables; GST registration certificate along with modification details; ***explanation of the qualification and role of Ariyan Design in this project, which were not furnished.*** ***There is no record that Ariyan Design is an architectural firm.***

Finding TT-04 — Doors N Doors: Documentation Issues

- First WO issued on 19.05.2025 to Doors N Doors (Udaipur) for ₹56,11,072 + GST. The signatory on the WO is not clearly identifiable.
- The WO documents are not on standard company letterheads and do not carry the CIN number, despite the entity being a company. How were E-way bills raised for labour-only components by this entity?

- Additional WOs were issued to Doors N Doors without completing the main WO: WO2 ₹3,29,050 + GST on 30.08.2025; WO3 ₹2,67,978 + GST on 30.08.2025.
- In the statement circulated among members, it is seen that an amount of ₹19,06,992 (including GST) were deleted from the WO after discussion or approval from EC. This statement was dated in December 22,2025. However, SAC observes that EC has approved for deletion on January 10, 2026 (i.e., much after the statement circulated among the members and after constitution of SAC at the SGM held on January 04, 2026).

Finding TT-05 — Professional Fees and Bought-Out Items

Professional Fee WO (total contracted)	**₹3.48 Lakhs**
Ariyan Design — paid	**₹1,88,800**
B.P. Sridhar Murthy — WO (28.08.2025, revised 2% on ₹11,22,211)	**₹54,000 (paid)**
Total professional fees paid	**₹3.41 Lakhs**
Work executed (civil) by contractor	**₹15.77 Lakhs**
Bought-out items (Sil Glass, Uma Industries, others)	**₹1,27,280**
No competitive quotations for bought-out items	**CONFIRMED — none on record**

Finding TT-06 — SGM 2022 Budget Carry forward: Validity Questionable

- SGM 25.06.2022 approved ₹19,90,220 for: Sit out extension ₹9,60,720; Lawnside works ₹3,36,000; Insulation system ₹40,000; Ventilation ₹5,80,000; Electrical works ₹73,500.
- Only ₹51,000 of this is traceably spent as on 30.06.2024 (for removing PU sheet and UPVC windows). The remaining ₹19.39 lakhs has been aggregated with new SGM 2024 approval without a fresh specific resolution by the General Body explicitly reconfirming use for Table Tennis.
- ***The Committee considers that "information" alone cannot be treated as full budget approval for a multi-year carry forward.*** In the absence of full Tally data, the Committee cannot confirm whether old approvals may have lapsed.

5.6 Renovation of Pickleball Court

Parameter	Detail
EC Budget (29.06.2024)	₹30 Lakhs + GST
Formal Tender / Quotations	NONE
EC-Approved Specific Budget (31.10.2025 — work already started)	₹7.66 Lakhs for water proofing and tiles, which is taken as revenue as given below.
Work Commencement Date	28.03.2025 — 7 months before specific EC approval
Amount Capitalised (Net Fusion Sports, 31.07.2025)	₹5,35,539 (net of GST input)
Amount Misclassified to Repairs & Maintenance (Shiva Shree)	₹6,46,524
Total Actual Project Expenditure	≈ ₹12,78,215
Disclosed to SGM (15.12.2025)	Only ₹2,50,000 advance — INCORRECT

Finding PB-01 — Serious Misreporting to SGM

- In the reply furnished to the SGM (15/12/2025), Management disclosed only an advance payment of ₹2,50,000 towards Pickleball Court as on that date.
- In reality, the entire amount of ₹6,31,690 relating to Net Fusion Sports had already been capitalised on 31.07.2025 — more than 4 months earlier, which should have been reported in reply to Members dated 22/12/2025.

Finding PB-02 — Shiva Shree WOs: No EC Approval, Misclassified

- WO 17.11.2025 — ₹1,55,831 to Shiva Shree: corresponding bill not accounted under the Pickleball Court capital block.
- WO to Shiva Shree of ₹6,10,060 represents water proofing charges wrongly charged to Repairs & Maintenance.
- The Committee has recommended reclassification of genuine court-construction expenditure from Repairs & Maintenance into the Pickleball capital project, and EC ratification of WOs issued without clear prior approval.

Finding PB-03 — Procurement Documentation: Serious Gaps

- No tender, no formal WOs (for key early stages), no quotations and no comparative statements have been produced, despite repeated requests.
- A "consolidated statement" was given to the SAC but party-wise details with GST numbers, nature of purchase/work, and proper accounting heads are missing.
- Many purchasing parties appear to be unregistered under GST, or their GST details have not been attached to the project file.

Finding PB-04 Governance Summary — Pickleball Court

- No tender despite ₹30 lakh EC budget and subsequent specific EC approval of ₹7.66 lakhs.
- Misclassification of significant court-related work (Shiva Shree) to Repairs & Maintenance.
- SGM reply misstated — showed only ₹2.50 lakhs advance while ₹6.31 lakhs had already been capitalised.
- Partial or absent competitive process, especially for work given to Shiva Shree.

5.7 Billiards Section Renovation

Parameter	Detail
SGM Budget (29.06.2024)	₹30 Lakhs + GST
EC-Approved Project Value (09.11.2024)	₹30 Lakhs + GST
Amount Executed / Incurred	₹25.17 Lakhs (approx.)
FY 2024–25 Spend and capitalised under different assets and Rs. 81,019 under revenue.	₹8,67,859
FY 2025–26 Spend (Capital WIP)	₹16,49,096

Finding BL-01 —Capitalisation across Multiple Asset Heads in 2024-25

- During the FY 2024–25 spend of ₹8,67,860 (Inclusive of GST) and the was capitalised to the tune of ₹7,86,841/- on 28.02.2025 under different asset heads (Furniture, Building etc) and balance sum of ₹ 81,019/- to revenue, rather than accounting as a single 'Billiards Renovation' project.
- In addition to this a sum of Rs. 619481/- (inclusive of GST) spent in Oct 2024 for Installation of Air-conditioners were taken to Fixed Asset directly and Rs. 713074/- (inclusive of GST) Spent in Oct 2024 for the civil work of above was taken to Revenue. Both should have been taken to 'Billiards Renovation' project.
- Total amount spent including the above comes to Rs. 38.50 Lakhs which is within the total budget.

Finding BL-02 — Absence of Tender or Quotation

- No competitive quotations were obtained (except for ₹13.32 Lakhs), and no tender publication was carried out, despite the value exceeding both ₹50,000 and ₹10,00,000 thresholds.
- It was informed to us that the procedure followed for the above payments are as per the procedure followed for other payments by Club for years.

5.8 Multipurpose Hall – The Clearest Case of Will Against

Parameter	Detail
SGM Sanction	Not Approved (Void ab initio). ₹ 50 Lakhs plus GST. This project sanction was approved on the floor of the house without Agenda while discussing By-law amendment in March 2025 Therefore. the same cannot be treated as approved.
Main Tender Contractor	M/s Lotus Energy Systems (GST: electrical — not civil construction)
Add-on Contractors (election embargo period)	Blitzkrieg; Signified; and others
Main Tender WO Date	24.04.2025 (16 days before election notification)
Total WOs / Contracts (tender + additions + capital + revenue)	₹1,01,04,993
Work Executed (all heads)	₹1,00,25,331
Amount Spent / Paid	₹1,00,25,331
Amount Certified by Third-Party Architect (As per SCE)	₹65,80,146
Amount Certified by SCE 'as per tender'	₹91,62,177
Gap: Amount Paid vs. SCE Certified	₹7,74,121 (paid but not supported by SCE)
Gap: SCE Certified vs. Third-Party Architect Certified	₹25,82,031 (unexplained)
Add-on WOs Issued During Election Embargo	₹29.15 Lakhs (10.05.2025 – 24.06.2025)
Escalation over Notional SGM Allocation	Over 100% — ₹1.01 Cr vs. ₹50 Lakhs
SCE-Identified Non-Certifiable Exposure (excl. GST)	≈ ₹6,67,949
GST on SCE-Identified Exposure	₹1,20,231
TOTAL SCE Exposure (incl. GST)	≈ ₹7.88 Lakhs
Rules Violated	18.5. 19.9, 19.12, 19.15.8

Opening Observations

- Any financial sanctions require clear and frank notice with an agenda of 15 days prior SGM. A sanction without an agenda is taking away the right of informed choice to the members of the general body. Especially the members must be informed about the financial implications of a particular agenda. The multipurpose hall had no such agenda in Marc SGM 2025. A sanction within notice is invalid from start.
- Overspends were hidden by draining EC Capital and Revenue budgets rather than returning to the General Body for fresh sanction. Large non-tender add-on purchases went to vendors with questionable prequalification. Election-period safeguards were openly breached on every single add-on WO date.
- The Treasurer formally warned in writing. The Secretary concurred. The President called a vote and overrode both. This is the project which most clearly tells members: your constitutional financial controls can be turned into a rubber stamp.

Finding MPH-01 — Jurisdictional Breach: EC Had No Authority for Add-On WOs

Even if we completely ignore the main work order of 24 April 2025, the three so-called 'add-on' work orders to Lotus, Blitzkrieg and Signified between 10 May and 24 June 2025 alone total ₹29.15 lakhs for the same single work. That figure is above the ₹25-lakh ceiling in Rule 18.5 — where the Executive Committee has no power and only the General Body can sanction. Under Rule 19.9, any single work ≥ ₹25 lakhs must go through competitive quotations/tenders; Blitzkrieg and Signified are non-tender or weak-tender cases, yet the combined value still crosses the threshold.

Add-on WO 1 — Lotus Energy- hall-related civil (10.05.2025 — Day 1 of embargo)	₹2,95,000
Add-on WO 2 — Lotus Energy- 2 Air Conditioners	₹2,59,776
Add-on WO 3 Blitzkrieg Audio (19.5.2025)	₹18,46,456
Add-on WO 4 — Signified (19.5.2025)- LED	₹5,13,300
TOTAL add-on WOs (excl. 24.04.2025 main WO)	₹29,14,532 (≈ ₹29.15 Lakhs)
Rule 18.5 ceiling — EC has no authority above this	₹25 Lakhs
Breach amount above Rule 18.5 threshold	≈ ₹4.15 Lakhs
Election notification date	10.05.2025
Election date	28.06.2025

Were ALL add-on WOs issued inside the election embargo?	YES — every single one
Tender / competitive quotations for Blitzkrieg and Signified	NON-TENDER & WEAK-QUOTATIONS

"Even if we generously ignore the main tender WO of 24 April 2025, the three expansion WOs to Lotus, Blitzkrieg and Signified between 10 May and 24 June 2025 add up to ₹29.15 lakhs for the same Multipurpose Hall. That by itself is a single work above the ₹25-lakh ceiling in Rule 18.5 and was committed during the election bar under Rules 19.12 and 19.15.8, without any prior General Body sanction. The EC simply had no jurisdiction to approve these add-on works."

Finding MPH-02 — Main Contractor: Lotus Energy Systems

- M/s Lotus Energy Systems is registered under GST primarily as an electrical contractor. The Multipurpose Hall civil and interior renovation work — structural alterations, interior fit-out, flooring, ceiling, AV installation — is outside their core GST-declared business activity.
- This mirrors the pattern seen across all projects: Lotus Energy (electrical) for civil hall work; Max Muller Technologies (manufacturing) for Bar I Tone civil renovation; Vivechana Constructions (cameras/electronics) for Badminton renovation. In every case, the primary GST business has no evident nexus with the structural civil and interior work awarded.
- No independence declaration was obtained confirming that Lotus Energy Systems, its principals or partners, are unrelated to any Club member or EC member. The Lotus Energy case is specifically flagged under Section 10.2 of this report — No Declaration of Member/Relative Interest.
- SCE have also noted that awarding high value works to entities whose credentials have not been independently verified increases the risk of quality deficiencies, delays, cost overruns and disputes on certification and variation claims. These risks are now materializing.

Finding MPH-03 — AV and Lighting: Non-Tender Procurement and Double-Billing Confirmed by SCE

- Large purchases for AV equipment, LED lighting systems, audio systems and control gear were procured without following Regulations 8.3.1 and 8.3.2.

- AV installation was billed as a separate line item even though installation and commissioning were already included within the quoted supply rates — SCE-confirmed double-count: ₹1,10,000. This means the Club paid for AV installation twice: once within the supply rate, and once as a standalone line item.
- Lighting installation is likewise billed separately despite being included in main supply rates — SCE-confirmed double-count: ₹63,000. Again, the installation cost appears to have been charged twice.
- AV and lighting rate/quantity overstated — SCE identified non-operated items billed as installed and commissioned. SCE-quantified exposure: ₹63,000.
- Revenue budget for the hall: ₹4,03,428 (excl. GST). SCE states that the claimed amount of ₹3,87,085 has been put forward without supporting measurement books, site records or certified statements. Until documentation is produced, this spending cannot be treated as fully validated work even though it is reflected in the accounts.

Finding MPH-04 — Third-Party Architect Fee Doubled 1% → 2% Without Any Authorization

- The third-party architect fee (B.P. Sridhar Murthy), applied at 1% of certified value across other projects, was quietly doubled to 2% for the Multipurpose Hall.
- SCE have quantified the excess arising from this unauthorized fee increase at approximately ₹44,864 (basic, pre-GST) money paid above what the standard 1% rate would have cost. On a GST-inclusive basis the certified excess per SCE is ₹42,024.
- B.P. Sridhar Murthy is not registered under any professional Act or regulatory body yet received a fee-rate increase across the Multipurpose Hall project. The Treasurer had formally objected to architect and consultant payouts on record — this undisclosed fee doubling is precisely the type of escalation the Treasurer was warning against.

Finding MPH-05 — Treasurer and Secretary's Constitutional Warning Overridden by Majority Vote

- At the July 2025 EC meeting, the Hon. Treasurer (Shri. A.M. Raghavendran) formally placed on record that the Multipurpose Hall overruns constituted a breach of Rules 19.12 and 19.15.8. He explicitly stated that an SGM must be called before any further funds were committed or work allowed to proceed.
- The Hon. Secretary (Shri. Abhishek Bogaram Arun Kumar) concurred, stating that the project costs had significantly departed from the original SGM mandate and required fresh member ratification to provide legal protection to the Club.

- Despite these formal, minuted objections by the two officers specifically appointed to protect the Club's constitution and purse, the EC proceeded by majority vote, using the Statutory Auditor's 'procedural manoeuvre' routing overruns through EC Capital and Revenue budgets — to avoid calling an SGM.
- The President (Shri. G N Guruprasanna) did not halt the vote as constitutional convention required. The Presidential duty is to ensure meetings are conducted in accordance with the Byelaws. When the Secretary flags a Rule violation and the Treasurer flags a Sanction Breach, the President must stop the vote — not call it. By proceeding, the President knowingly led the EC into an illegal act.
- A majority vote cannot legalize an act explicitly prohibited by the Club's Constitution. If Rule 19.12 restricts spending during the transition period, even a 100% unanimous vote to exceed that limit remains legally void. The minutes contain a documentary confession that the Committee was fully informed of the illegality and chose to proceed with this, elevating this from administrative error to documented breach of fiduciary duty.

Finding MPH-06 — Project Cost Escalation: 100%+ Over Notional Budget, No GB Sanction

The scale of the financial overrun on the Multipurpose Hall is not marginal — it is a doubling of the originally notional budget, with the entire excess absorbed without General Body approval:

Notional SGM allocation for this hall (out of ₹5 Cr party halls)	₹50 Lakhs
Total WOs / contracts issued (all heads)	₹1,01,04,993
Escalation above notional allocation	₹51,04,993 — more than 100% above original
Work executed	₹1,00,25,331
Amount actually paid / committed	₹1,00,25,331
Amount certified by third-party architect (As per SCE)	₹65,80,146
Amount certified by SCE	₹91,62,177
Gap: SCE certified vs. third-party architect certified	₹25,82,031 — unexplained
Gap: amount paid vs. SCE certified	₹8,63,154 — paid but not supported by SCE

EC Capital + Revenue budget used to absorb overruns (per SA advice)	Yes — without SGM approval
General Body approval for excess ₹51+ lakhs	NONE — only 'informed', not sanctioned

The Statutory Auditor's advice in July 2025 was specifically directed at absorbing this 100%+ overshoot through EC Capital and Revenue budgets rather than returning to the General Body for fresh sanction. By doing so, members were denied the right to vote on whether to continue spending on a project that had doubled its projected cost. 'Information' to the General Body is not the same as 'sanction' from the General Body. The entire excess of ₹51+ lakhs were spent without member authority.

Finding MPH-07 — Multi-Layer Certification Gap: Three Different Numbers, Three Authorities

The Multipurpose Hall has produced three materially different certified values from three different authorities — a situation that makes it impossible to determine the true, defensible value of work done:

Amount paid / committed	₹1,00,25,331
Amount certified by third-party architect (B.P. Sridhar Murthy)	₹65,80,146
Amount certified by SCE (independent engineers)	₹91,62,177
Gap between paid and SCE certified	₹8,63,154
Gap between SCE certified and third-party architect certified	₹25,82,031
Gap between paid and third-party architect certified	₹34,45,185

- Three different certifying authorities produce three different numbers. The Club has paid ₹100.25 lakhs. The independent SCE engineer certifies only ₹91.62 lakhs. The third-party architect certifies only ₹65.80 lakhs.
- If the third-party architect's certification is the operative standard, the Club has paid ₹34.45 lakhs more than certified value. If SCE is the standard, the gap is ₹8.63 lakhs. The correct figure cannot remain undefined.
- The Committee recommends a formal reconciliation process to determine the legally defensible certified value of work, with any excess treated as a recoverable overpayment or disputed amount.

Finding MPH-08 — Warranty Certificates Absent for All Installed Equipment

- All equipment delivered and commissioned — audio systems, LED lighting systems, ACs, control gear and AV systems — must be backed by valid warranty certificates from the respective suppliers/contractors.
- For the Multipurpose Hall, no warranty certificates were produced to SCE at the time of audit. Not a single certificate.
- Without warranty certificates, the Club cannot: verify warranty coverage period or scope; confirm that the equipment installed is what was specified and purchased; enforce service obligations if components fail; make claims if equipment is defective; or prove the warranty basis for insurance purposes.
- This exposes the Club to uninsured, uncovered risk on expensive installed equipment — the combined supply value of AV systems, LED lighting, ACs and control gear runs into tens of lakhs. If any major component fails prematurely without a warranty certificate in hand, the cost of replacement falls entirely onto the Club.

Finding MPH-09 — Every Add-On WO Issued During the Election Embargo

- Main tender WO to Lotus Energy Systems (24.04.2025): issued 16 days before the election notification (10.05.2025). The timing — issuing a WO just before the embargo — warrants examination for whether it was intended to pre-empt the freeze.
- Add-on WO 1 — dated 10.05.2025: the very same day as the election notification. A WO issued on the first day of the embargo, not a day before or after — this cannot be accidental. ₹2,95,000
- Add-on WO 2 (Lotus Energy) for ₹2,59,776.
- Add-on WO 3 (Blitzkrieg Audio) — during the embargo period, for ₹18,46,456.
- Add-on WO 4 (Signified-LED) dated 19.05.2025: 4 days before the election, for ₹5,13,300.
- Rules 19.12 and 19.15.8 are unambiguous: no major decisions, no new projects, no new commitments during the period from election notification to election date. Every single add-on WO for this hall was issued in violation of these rules, binding the incoming elected committee to ₹29.15 lakhs of commitments it had no opportunity to review, reject or renegotiate.

Governance Summary — Multipurpose Hall

The Multipurpose Hall is the single project that most clearly illustrates the complete and simultaneous collapse of governance at Century Club: (1) SGM sanctioned ₹50.00 lakhs plus GST without agenda during discussion of bylaw amendments; (2) all add-on WOs issued on or after the very first day of the election embargo; (3) the Treasurer's formal constitutional warning overridden by majority vote after being minuted; (4) the Statutory Auditor complicit in routing overruns through EC budgets to avoid an SGM; (5) ₹12 lakhs paid as advance against a WO-capped entitlement of ₹4.99 lakhs with zero Bank Guarantee; (6) double-billing on AV and lighting confirmed by SCE (₹1,73,000 combined); (7) third-party architect fee excess ≈ ₹44,864 without EC authorization; (8) warranty certificates absent for all installed equipment; and (9) a three-way certification gap of up to ₹34.45 lakhs depending on which authority's number you accept. This is not a collection of isolated lapses — it is a systematic dismantling of every financial safeguard the Club possesses, executed simultaneously on a single project.

5.9 Other Projects – Detailed Observations

Project	SGM/EC Budget	Spent up to 15.12.2025	Key Issue
Existing Hall (other than Bar I Tone)	SGM ₹5 Cr (Party Halls) — notional ₹1.50 Cr for fee	₹1,06,200	Payment before WO date; no project description; no budget detail
Kitchen Renovation	SGM ₹1 Crore + tax	₹0.71 Lakhs (fees only)	All fees paid upfront; zero substantive work started
Tennis Flood Light	EC approval ₹23,41,863	₹21,42,651	Bharani Electricals ₹5.38L — no quotations; no newspaper tender for the work.
STP Drain Work	EC Capital Budget 2025–26	₹8,42,072 (total)	No quotation
Renovation of General Toilets	SGM ₹100 Lakhs + tax	₹4,69,050	Paid between 03/09/2024 to 31/03/2025. No progress thereafter. 60% of total fees is paid without start of any physical work.
Multi-Level Car Parking	SGM 'for obtaining approvals' — ₹10 Cr estimate	₹11,80,000	Full fee paid on day one (03.09.2024) on ₹10 Cr estimate; zero physical progress
Billiards / Snooker Tables	SGM ₹54 Lakhs + tax	₹63,72,000	WO revised, explained under specific issues.

Existing Hall — Specific Issues

- Total spent: ₹1,06,200 — shown as architect fee at implied 6% on a project value of ₹1.50 crores (10% of the total architect fee of including GST debited here).

- Work Order was issued to the architect on 05.09.2024, yet payment was made on 03.09.2024 — two days before the WO date.
- There are no budget details, no clear description of the project, and no other payments or work orders linked to this hall. Management has not furnished the nature, scope and location of this renovation; copy of the WO, drawings and approvals; and basis on which a project value of ₹1.50 crores has been assumed for fee purposes.

Kitchen Renovation — Specific Issues

- SGM on 29.06.2024 approved ₹1 crore + tax for renovation of the kitchen. Two separate fee blocks appear: Architect fee ₹70,800, including GST (paid 03.09.2024).
- Last payment was 31.03.2025; no further progress or related work orders are visible thereafter. Detailed reasons for lack of progress and decisions to defer or drop the kitchen project not produced.

Multi-Level Car Parking — Specific Issues

- SGM 29.06.2024 had approved expenditure "for obtaining approvals" relating to a Multi-Level Car Parking project with an estimated project cost of ₹10 crores.
- Architect fee of ₹11.80 lakhs has been paid on 03.09.2024 on the full ₹10-crore value — the very first day after the SGM on lumpsum basis.
- No further payments, WOs, or physical progress are visible after this fee payment. The Committee has requested: status of the multilevel car park proposal; all drawings, feasibility reports and regulatory correspondence; and clarification on why architect fees were paid upfront on a large estimate without member approval of the final project which are not produced.

Billiards / Snooker Tables — Specific Issues

- SGM 29.06.2024 approved ₹54 lakhs + tax which amounts to ₹63,72,000/- for new Billiards/Snooker tables. Tenders were floated and WO issued for ₹64,80,560 on 14/11/2024.
- The above was Work Order was modified and different Work Orders were issued on 14.12.2024 for ₹63,72,000/- towards Table and three more WOs for transportation, installation and fitting amounting to ₹1,47,264, which were written off to revenue. It was informed that the Tender was given only for supply of tables.
- Payments incidental to capital assets cannot be written off and hence this amount of Rs. 147264/- should have been capitalised.

- EMD of ₹54,000/- was not encashed.
- The vendor is single renderer, namely Snooker Alley and the reason for issuing WO as per EC meeting dated 14.9.2024 is as below:
- "The Club was unable to get the competitive Tender from other suppliers as M/s. Snooker Alloy are the only Authorised distributor for supply of Professional World Championship Snooker Table"

6. ENGINEERS' VERDICT – SAI CONSULTING ENGINEERS (SCE) DETAILED FINDINGS

An exhaustive independent cost valuation conducted by Sai Consulting Engineers (SCE) identified severe rate padding, duplicate billing, and the fraudulent inclusion of unapproved scope in contractor invoices. SCE's market-rate adjustments identified ≈ ₹72.70 lakhs of exposure across all projects. What follows is the complete, point-by-point SCE finding for each project.

6.1 Guest Rooms — SCE Findings (≈ ₹25.94 Lakhs)

SCE Overall Position

SGM Sanction (29.06.2024)	**₹4.50 Crores**
Total WOs issued (contractor + professional fees)	**≈ ₹4.10 Crores (basic + GST)**
Work executed as on 15.12.2025 (per SCE)	**≈ ₹1.01 Crore**
Total paid / committed (incl. mobilisation + fees)	**≈ ₹1.29 Crores**
Amount capitalizable 'as per tender' certified by SCE	**₹1,09,73,075**
SCE-identified non-certifiable exposure	**≈ ₹25.94 Lakhs**

01	**Excess Demolition Quantity on Tiles — WO PRO36, Civil Works I, Item 2** BOQ quantity: 3,636 sft. Executed quantity: 8,654 sft — an increase of 137.93% without revised sanction. SCE remark that BOQ quantities are not correct. SCE cap certification at the tender quantity amount ₹90,900 and do not certify the balance ₹1,25,471 which has been claimed/paid. Potential financial loss: ₹1,25,471.

02	**Debris Carting Double-Counted — WO PRO36, Civil Works I, Item 8** 'Carting away of demolished debris' is listed as a lumpsum of ₹6,23,700. SCE note that all demolition items (except Item 1 — demolition of walls) already include 'carting away debris' in their scope. This line is not a separate payable item; it is effectively double counting. SCE certify ₹0 for this item. Club payments of ₹5,61,330 already released — treated as not justified and potentially recoverable.

03a	**Architect Scope vs. Separate Consultants — WO PRO03 (05.09.2024)** Cube Architects appointed at 6% on ₹4.50 crores (₹27 lakhs) with scope explicitly including coordination and provision of structural and MEP designs. Despite this, Club separately paid structural and MEP consultants (Ashok Associates, Dex MEP, Sarva Electrical, etc.). SCE refuse to treat these as additional — at least ₹99,500 of extra consultant fees is not independently payable as it duplicates the architect's contractual responsibilities.

03b	**Architect Fee Overpayment vs. Work Progress — WO PRO03** Architect's fee contractually fixed at ₹27 lakhs. As on 15.12.2025, ₹18.90 lakhs (excluding GST) already paid though project is still at retrofitting stage. Key scope items not yet delivered: site visits during execution, running bill certification, detailed working drawings, walk-in 3D visualisations, final as-built drawings. SCE certify only 25% of agreed fee = ₹6,83,213 (excluding GST). Balance ₹12,06,787 (excluding GST) paid/committed treated as overpayment.
03c	**Sridhara Murthy (Third Party Bill Certification)- Approved Fees 1% of the works certified amount.** As certified by Sridhara Murthy for a total work done Rs. 66,03,936/- at rate of 1% amounts to Rs. 66,039/-. Whereas paid amount is Rs. 2,09,299/-. The difference amount is Rs. 1,43,237 is an overpaid.

04	**Retrofitting — Conflicting Structural Opinions, Unjustified Scope** Nagesh report (11.12.2024): NDT satisfactory but structural design check flagged columns — retrofitting recommended. IISc Prof. J.M. Chandra Kishen (site visit 21.11.2025): No beam deflections, no cracks, no foundation settlement — no structural distress in load-bearing elements. Despite this neutral expert's finding confirming structural integrity, Club proceeded with costly retrofitting WOs PRO18 and PRO46. A portion of retrofitting costs may not have been required and should have been re-evaluated post-IISc report. The retrofitting of the column introduces a new load path and stiffness variation. The brick wall connecting the existing wall and retrofitted column is subject to differential movement. This mismatch may lead to cracks on the joints, affecting durability.

SCE Disputed Items — Financial Impact Summary

Cube architect fee (uncertified — premature)	₹12,06,787.00
Sridhara (B.P. Sridhar Murthy) fee (uncertified)	₹1,43,237.00
Dex MEP — disallowed (within architect's scope)	₹12,500,.00
Ashok Associates Structural Engineer	₹32,000.00
Sarva Electrical and Engineers	₹55,000.00
Excess tile-removal quantity (138% overrun)	₹1,25,471.00
Debris carting — double-count lumpsum	₹6,23,700.00
TOTAL SCE-UNCERTIFIED / QUESTIONABLE — GUEST ROOMS	₹21,98,695
Add: GST	₹3,95,765
Total Financial Exposure	₹25,94,460

On the Guest Room renovation alone, ***Sai Consulting Engineers have identified about ₹25.94 lakhs of amounts that they cannot certify*** — consisting of overpaid or premature architect fees, consultants' charges that overlap with architect scope, demolition quantities inflated by 137.93% without revised approval, and a debris-carting item that is already included in other civil rates. ***In their view, these heads together represent a potential financial loss or exposure of roughly ₹25.94 lakhs to the Club,*** unless recovered or re-negotiated.

6.2 Mock-Up Rooms — SCE Findings (₹16.04 L Rate Correction + ₹0.89 L Fee)

M-01	**Excess Tender Rates vs. Market Rates — ₹16,04,116** During certification of mock-up room works, SCE observed that several approved contractual rates were significantly above prevailing market rates. SCE repriced the work strictly at market rates. This resulted in a downward correction of ₹16,04,116 — the certified value of mock-up works is ₹16.04 lakhs lower than what would have been paid at tender rates.

M-02	**Architect Fee Variance on Mock-Ups — ₹88,900** Architect's fees for the mock-up portion were recalculated at 7% of SCE's certified value (not the higher Club-approved cost). SCE found that fees already paid were tied to an earlier, higher project value, resulting in a variance of ₹88,900, treated as overpayment relative to actual certified work.

If two sample rooms show a ₹16 lakh gap between Club-approved rates and real market prices, imagine the magnitude of hidden overpricing when the entire Guest Room project is scaled up. These mock-up rooms also feature the most troubling conflict of interest: Cube Architects (certifying architect) and SYS Construction (executing contractor) share the same registered office address, with the same individual being a partner in both entities.

6.3 Multipurpose Hall — SCE Findings (≈ ₹7.88 Lakhs)

SCE Overall Position

Notional SGM allocation for Multipurpose Hall	**₹50 Lakhs (out of ₹5 Crores total)**
Total WOs / contracts (all heads)	**₹1,01,04,993**
Work executed as on 15.12.2025	**₹99,53,308**
Amount spent (payments) as on 15.12.2025	**₹99,36,298**
Amount certified by third-party architect	**₹65,80,146**
Amount certified by SCE 'as per tender'	**₹91,62,177**
SCE-identified non-certifiable exposure	**≈ ₹7.88 Lakhs**

MH-01	**AV Installation — Double-Counted (₹1,10,000)** Installation and commissioning for AV equipment and lighting were already included in the quoted rates. Separate line items were nevertheless added and paid again. SCE quantify the duplicate AV installation charge at ₹1,10,000.

MH-02	**Lighting Installation — Double-Counted (₹63,000)** Same issue as MH-01 — lighting installation fees included in main rates but billed again separately. Excess: ₹63,000.

MH-03	Third-Party Architect Fee Doubled: 1% → 2% Without Justification Third-party architect fee, normally 1% of certified value, was quietly doubled to 2%, creating an excess of approximately ₹42,024. No EC approval or documented rationale for this doubling has been produced.

MH-04	**AV & Lighting Rate/Quantity + Non-Operated Items (₹63,000)** SCE quantify overstated quantities and rates in the AV and lighting packages, including non-operated items billed as installed. Exposure: ₹63,000.

MH-05	**Revenue Budget Documentation Gap (₹3,87,085 — Unvalidated)** The revenue budget for the hall is ₹4,03,428 (excl. GST). SCE state that the claimed amount of ₹3,87,085 has been put forward without supporting measurement books, site records or certified statements. Until documentation is produced, this spend cannot be treated as fully validated work.

MH-07	**Warranty Certificates Not Produced** All equipment delivered and commissioned (audio systems, LEDs, ACs, control gear) must be backed by valid warranty certificates. For the Multipurpose Hall, no warranty certificates were produced to SCE at the time of audit. Without these, the Club cannot verify coverage or enforce future service obligations.

AV installation double-count	**₹1,10,000**
Lighting installation double-count	**₹63,000**
Third-party architect fee excess (1% → 2%)	≈ ₹44,864
AV & lighting rate/quantity + non-operated items	**₹63,000**
Revenue Budget Documentation Gap	**₹3,87,085**
TOTAL — MULTIPURPOSE HALL	≈ ₹6,67,949
Add: GST	₹1,20,231
Total Financial Exposure	₹7.88 Lakhs

6.4 Badminton — SCE Findings (≈ ₹5.33 Lakhs)

BA-01	**Dismantling Plaster — Not Separately Payable (WO CC/PRO11/2025, Item 2)** 'Dismantling the existing plastering on both sides of the walls to be demolished including scaffolding.' SCE remark: 'Not payable, because during Demolition it will covers' — plaster removal is part of wall demolition, not a separate payable item. Contract/executed amount: ₹21,335. Disputed: ₹21,335.

BA-02	**Dismantling Plaster — Additions (WO CC/PRO28/2025, Items 2I and 19)** Same description — dismantling plaster on both sides of walls to be demolished with scaffolding. SCE: this work is integral to wall demolition and 'cannot be treated as a separate payable item once the wall is dismantled.' Executed/claimed total: ₹19,234. Combined plaster overpayment risk: ₹40,569.

BA-03	**Electrical Works — Rate Above Market (₹250/sft vs. ₹180/sft)** Approved/paid rate: ₹250 per sft for electrical installation. Market benchmark rate: ₹180 per sft (SCE market verification). Measured at 1,355.30 sft (net). Excess per sft: ₹70. Total excess: ₹1,55,320.

BA-04	**Architect Scope vs. Separate Consultants — WO PRO03 (05.09.2024)** Cube Architects appointed at 6% on ₹65 lakhs (₹3.90 lakhs) with scope explicitly including coordination and provision of structural and MEP designs. Despite this, Club separately paid structural and MEP consultants. SCE refuse to treat these as additional — at least ₹1,80,000 of extra consultant fees is not independently payable as it duplicates the architect's contractual responsibilities.

BA-05	Third-Party Architect Fee Doubled: 1% → 2% Without Justification Third-party architect fee, normally 1% of certified value, was quietly doubled to 2%, creating an excess of approximately ₹76,420. No EC approval or documented rationale for this doubling has been produced.

Dismantling plaster — Men's change room (WO PRO11)	₹21,335
Dismantling plaster — additions under PRO28	₹19,234
Electrical works — rate above market (₹250 vs ₹180/sft)	₹1,55,320
Architect Scope	₹1,80,000
Third-Party Architect Fees	₹76,420
TOTAL — BADMINTON	₹4,52,309
Add: GST	₹81,416
Total Financial Exposure	₹5.33 Lakhs

For the Badminton renovation, Sai Consulting Engineers identify about ₹1.96 lakhs of excess cost. This comprises dismantling-plaster items that are already inherent in wall demolition and therefore not payable (₹40,569), and electrical installation paid at ₹250/sft against a market-verified rate of ₹180/sft, creating an excess of ₹1,55,320. These items are independent of measurement reconciliations and represent clear, avoidable overpayments.

6.5 Bar I Tone (Baritone) — SCE Findings (≈ ₹4.86 Lakhs)

SCE Overall Position

Baritone budget line (under overall hall sanction)	₹1,17,34,226
Main civil WO (Max Muller, after 5% rebate)	₹1,03,98,413
Additional tender quantity (PRO55/2025)	₹62,446
Non-tendered work (PRO56/2025)	₹48,117
Professional fee WOs (total contracted)	₹12,25,250
SCE certified fee portion (presently justifiable)	₹2,73,203
Work executed (all heads)	₹15,08,158
SCE certified value for Baritone	₹10,19,276.18

BT-01	**Architect Fee Paid in Excess of Current Earned Scope** Contractual scope (WO CC/PRO03/2024, 05.09.2024): architect fee ₹4.50 lakhs (6% of ₹75 lakhs), scope expressly includes structural and MEP design, site visits, bill certification, working drawings, walk-in 3D visualisation and as-built drawings. Already paid: ₹5,16,634 even though project remains at ground-level with major deliverables pending. SCE certify only 50% of agreed PO = ₹2,25,000 basic (+ GST ₹40,500 = ₹2,65,500). Excess / premature payment: ₹2,91,634.

BT-02	**Duplicate Structural, PHE and Electrical Consultants — ₹1,20,560** Separate POs issued (even though architect's scope covers these): Structural (Ashok Associates): ₹94,400 contracted, ₹37,760 paid — SCE mark 'In the scope of Architect', certify zero going forward. PHE (DEX MEP): ₹59,000 contracted, ₹14,750 paid — in architect's scope, certify zero. Electrical (Sarva Electrical): ₹53,100 contracted, ₹26,550 paid — in architect's scope, certify zero. Additional amount that should not have been separately incurred: ₹1,20,560.

BT-03	**Contractor Profile Concern: GST Registration Under Manufacturing**. Baritone construction package awarded to Max Muller Technologies, but GST registration reflects manufacturing business, not construction services. Prior experience in construction is not evident from GST data alone. SCE recommend re-examining Max Muller's credentials, experience certificates and compliance documents placed before OB/EC at time of award.

Duplicate structural/MEP/electrical consultants (within architect's scope)	**₹1,20,560**
Architect fee paid in excess of 50% earned scope	**₹2,91,634**
TOTAL — BAR I TONE (BARITONE)	**₹4,12,194**
Add: GST	**₹74,195**
Total Financial Exposure	**₹4.86 Lakhs**

For Baritone, Sai Consulting Engineers highlight a combined exposure of around ₹4.86 lakhs: (a) ₹1.20 lakhs (excl. GST) of structural/MEP/electrical consultants duplicating the architect's agreed scope, and (b) approximately ₹2.92 lakhs (excl. GST) of architect fee paid prematurely over and above 50% of the PO value with major deliverables outstanding.

6.6 Table Tennis / Pickleball — SCE Findings (≈ ₹11.19 Lakhs)

SCE Overall Position

TT earlier sanction (25.06.2022)	₹19,39,220
Additional sanction (29.06.2024)	₹38,00,000
Total TT-related SGM sanction	₹57,39,220
TT contractor scope (Doors N Doors, post-deletion, post-rebate)	≈ ₹47,42,678 (incl. GST)
Puff sheet non-tender (TT roof sheeting)	₹3,58,637 (after 1.5% rebate)
As per WOs / all heads total	₹65,61,283 (incl. GST)
Work executed (contractor claims)	₹21,25,223
Amount spent / payments as on 15.12.2025	₹23,06,105
Amount certified by third-party architect	₹28,56,998
Amount certified by SCE 'as per tender'	₹11,56,487

This confirms that SCE are not willing to certify the full ₹23.06 lakh paid across TT + Pickleball, and they are cutting back to ₹11.56 lakh as justified.

TT-01	**Pickleball Bills Uncertified — No Sanctioned or Executed Civil Works** Bills and WOs are common for 'Table Tennis Section & Pickle Ball Court Area.' SCE verified and certified only TT civil/finishing works as completed. For Pickleball, SCE state that no civil works were considered or executed under the approved scope and they have not issued certification for that part. Amount billed (TT + Pickleball): ₹18,25,036. Certified (TT only): ₹9,80,366. Difference (Pickleball-related and other unsupported): ₹8,44,670.

TT-02	Third-Party Architect Fee Doubled: 1% → 2% Without Justification (PRO-13-2025) dated 28/08/2025 Third-party architect fee approved at 1% of certified value, was quietly doubled to 2%, creating an excess of approximately ₹1,03,636. No EC approval or documented rationale for this doubling has been produced.

Total billed / spent (TT + Pickleball)	**₹18,25,036**
SCE-certified value (TT works only)	**₹9,80,366**
Third Party Architect Fees	**₹1,03,636**
Uncertified difference +Third Party Architect Fees	**₹9,48,306**
Add: GST	**₹1,70,695**
Total Financial Exposure	**≈ ₹11.19 Lakhs**

For the Table Tennis Section & Pickleball Court Area, SCE identify approximately ₹11.19 lakhs of exposure. This amount corresponds to Pickleball and other items billed under the TT package for which no corresponding sanctioned or executed civil works exist, and which SCE therefore treat as not certifiable and not payable.

6.7 Bamboo Bar — SCE Findings (₹0.57 Lakhs + Specification Breach)

Total project per PO/records	₹27,60,274.44
SCE certified value	₹25,32,373.64
SCE-identified non-certifiable exposure	₹0.57 Lakhs + unquantified granite breach

BB-01	**Steel Tubes Purchased but Not Found On-Site — ₹48,300** 50×50×2 mm steel tubes purchased 29.03.2025 from Star Iron Traders, Invoice No. KY3120. Purchase cost: ₹48,300 (excl. GST). SCE site verification: during physical inspection, this material was not found on site. The Bamboo Bar material schedule shows multiple Star Iron purchases (MS plates, sections, pipes, TMT) but this specific 50×50×2 mm tube consignment is not traceable in installed works or stock. Until reconciled, ₹48,300 (plus GST) represents a potential loss/misappropriation.

BB-02	**Granite Slabs — Under-Thickness Specification Breach** Specification: granite slabs to be supplied in 18–20 mm thickness as per approved standard. SCE inspection: slabs measured at site found to be 14–16 mm — below specified range. Implications: non-compliance with contractual specification; potential reduced durability and structural performance for bar counters/circulation surfaces; Club has effectively received less material thickness than contracted.

Bamboo Bar: ₹0.57 Lakhs* quantified risk (non-traceable steel tubes purchased but missing on-site) plus an unquantified specification breach on granite thickness (14–16 mm supplied vs. 18–20 mm specified). The granite breach exposes the Club to premature wear, damage and potential requirement for replacement.

**Margin of 5% error is considered.*

6.8 SCE General Observations — Tendering and Contractor Qualification

Pre-qualification: Not Enforced Across Projects

- The contractors to whom major civil and interior works were awarded did not demonstrably meet stated pre-qualification criteria on financial strength and technical capability.
- Required evidence of turnover, net worth and banking/financial capacity was either not obtained or not evaluated before award.
- No verifiable documentation (audited financials, banker's certificates, GST/IT returns) was found on record to show that selected contractors had the financial depth to execute works of this magnitude without stress on timelines or quality.
- Available profiles of appointed contractors did not reflect completion of comparable projects in terms of size, complexity or specification.
- Awarding high value works to entities whose credentials have not been independently verified increases risk of quality deficiencies, delays, cost overruns and disputes on certification and variation claims.

BOQ Quality and Material Specifications: Inadequate

- Tender BOQs and schedules did not consistently specify critical material parameters such as make, brand, model, grade and basic rates for key items (tiles, finishes, fittings, fixtures, systems).
- In several instances only generic descriptions were provided — creating flexibility for contractors to supply lower-grade or non-comparable materials while remaining nominally 'within' rate items.
- Lack of clear reference specifications and benchmarks makes third-party verification and cost certification more judgement-based and weakens the Club's position in contesting claims.

7. ARCHITECT ECOSYSTEM: CONCENTRATED POWER, CONFLICTED ROLES, ESCALATING COSTS

7.1 How the Architect Was Positioned – One Firm, Many Cheques

Across the projects under review, Cube Architects (Qube) was positioned not as one among several professionals, but as the central gatekeeper for design, scope and cost. Three separate work orders were issued to the same firm:

- WO1: For all projects approved by the SGM — Rooms, Party Halls, Bar I Tone, Badminton, Billiards, etc.
- WO2: For multi-level car parking (project not even started, yet ₹11.80 lakhs already paid on lumpsum basis.)
- WO3: For overall Club beautification and master planning.

In each case, the fee was fixed as a flat percentage (typically 6%) of the sanctioned SGM budget or "estimated cost", not of the actual tendered Work Order value. The result: the higher the notional project cost shown to members, the higher the guaranteed architect fee — regardless of whether the work is actually tendered, executed, reduced in scope, or even started.

> **Impact: the architect's commercial interest is tied to keeping estimates and sanctioned amounts high, not to helping the Club save money at tender stage. This creates a fundamental structural conflict between the architect's financial incentives and the Club's interest in cost control.**

7.2 Paying on Sanction, Not on Work — Crores Committed, Lakhs Already Out

Guest Rooms — Architect fee contracted (6% on ₹4.50 Cr)	**₹27.00 Lakhs (₹22.30 Lakhs already paid)**
Guest Rooms — Already paid (project at retrofitting stage only)	**₹18.90 Lakhs (70% including**

	brought out items)
Guest Rooms — SCE certified portion (25% of work done)	**₹6.83 Lakhs**
Guest Rooms — SCE-identified overpayment	**₹12.06 Lakhs**
Kitchen Renovation — Fee paid (no live tender or WO)	**₹70,800**
Bar I Tone — Fee paid vs. work executed	**Fees exceed work by 111.8% Total paid Rs. 6.10 Lakhs including GST on total value of Rs. 1.23 Crores)**
Badminton — Architect fee base (₹51.54 lakhs) vs. contractor WO (₹33.30 lakhs)	**Basis unclear — inflated by ₹18.24 Lakhs**
Cube Architects — Payment stage as on 31.03.2026, Guest Rooms	**70% paid — incl. on bought-out items ₹1,60,07,810**
Cube Architects — Payment stage, Bar I Tone	**70% paid — incl. on bought-out items ₹34,88,591**
Cube Architects — Multi-car parking advance carried over	**₹11.80 Lakhs — project not started**
Cube Architects —General Party Hall (Excluding Bar I Tone)	**₹1,06,200 — project not started**
Cube Architects- General Toilet	**₹4,89,050- project not started**

In effect, the Club started by paying the architect for the promise of crores of future work, instead of paying progressively for real work done — ***our cheques ran ahead of both tenders and bricks.*** Fee payments, including on bought-out items, have been made ahead of full project closure without a clear, documented milestone-based linkage, contrary to best practice in consultant contract management.

7.3 The Mock-Up Rooms – A Textbook Conflict of Interest

The mock-up rooms (106 and 107) show the most troubling overlap of roles in this entire project portfolio:

- Architect of Record: Qube Architects — responsible for architectural design, scope of work, and bill and quality certification for the mock-up rooms.

- Executing Contractor: SYS Construction — a sole proprietorship where the same person, Mr. Sandeep, is the Proprietor
- Registered Office: ***Both Qube Architects and SYS Construction share the exact same registered corporate address and Mr. Sandeep is Partner in Cube and actively involved in Club works.***
- One individual is partner in the architect firm issuing drawings, certifying bills, and certifying quality; the contractor firm receiving payments is his own proprietorship; and the office address for both entities is the same.
- At the same time, the SCE engineer's certification shows approved contractual rates for mock-up works were above prevailing market rates; when recalculated at realistic market rates, there is an excess of ₹16,04,116. Architect's fee for the mock-ups was also higher than justifiable on the corrected certified amount; variance is about ₹88,900.
- In case of Mock Rooms- Third Party Architect certificate obtained from M. D Purushothama does not hold good as he - *is a Consulting Engineer and not a registered valuer.*

In the mock-up rooms, the same mind designed the work, certified the bill, and owned the contractor — and when an independent engineer finally priced it at market, over ₹16 lakhs of the approved amount simply vanished on paper. Members can draw their own conclusions.

7.4 No Competition, No Documentation — Where the Architect's Firms Benefit

- Projects and fee work orders around ₹40 lakhs were given without any competitive quotations, directly undermining Regulations 8.3.1 and 8.3.2.
- Almost all payments are made through advance as the Advance account of two years shows payment of Rs. 41.35 Lakhs.
- Several architect letters (for example on Table Tennis) are unsigned, undated, and do not even state the balance work and its cost — yet are being relied upon to project future budgets and justify fee payments.
- In multiple cases, the Club chose to issue separate POs for structural, MEP and third-party architectural services even though those scopes were already included in the original architect's contract — effectively paying twice for oversight.

- The Internal Auditor has failed in their fiduciary duty by failing to demand SGM or Board approval that specifically permits direct procurement over a public/closed tender for amounts exceeding the statutory limit.

When the same architect ecosystem designs the job, certifies the bills, owns one of the key contractors, and faces no competing bids or signed accountability, then every extra rupee of members' money becomes easier to justify and harder to challenge. These patterns require thorough investigation and decisive corrective action before any further engagement or payment is considered.

8. MODUS OPERANDI OF TENDER: WHEN TENDERS BECOME PAPER WORK

Across projects, we see a clear pattern: announce a tender to show procedure, then quietly execute large portions of the work outside that tender. In practice, only about 60% of the estimated value is brought under the formal tender; the rest is pushed through as "bought-out items" at architect-certified market rates, completely outside any price-discovery mechanism. This turns tenders from a safeguard into a ritual.

Below are the details of each project showing how this modus operandi is operated.

8.1 Tender vs. Estimation: Project-wise Summary

The table below captures, across all six projects, the architect's total estimated value compared with the value actual tendered — revealing the consistent pattern of issuing tenders for only approximately 50–70% of the full estimated scope.

Project	Total Estimated Value (Lakhs)	Tender Issued(Lakhs)	Advertised Amount (Tender)	Balance / Rate-Only Items (Lakhs)	Projected Total Cost (Lakhs)
Badminton	76.70	**39.29**	**60.18**	Rate items ₹15.13 + Puff Sheet ₹12.74 + PHE ₹9.54	**144.00**
Multipurpose Hall	No Architect	59.06	59.06	Bought out ₹16.06(no procedure)	100.25
Bar I Tone	141.85	103.98	147.50	Rate-only items₹38.29 (no procedure)	**~150.00(min.)**
Table Tennis (Ariyan Designs)	No Architect	**50.05**	**68.44**	Non-tender executed₹6.39	**~22.41(partial)**
Guest Rooms	514.35	**305.00**	**513.00**	Addl. items ₹213.66 Retrofitting + Mock-up+ Contingency+ Prof. Fee.)	**~727.00(₹7.50 Cr.)**

The consistent pattern: tenders are issued for only 50–70% of the estimated project value. The remaining 30–50% — designated as "Rate Only Items", "Bought-out" or "Non-Tender" components — is procured directly outside any competitive price-discovery mechanism, in systematic violation of Regulations 8.3.1 and 8.3.2.

1. Badminton

Total Budget (SGM approved)	₹76.70 Lakhs
Additional proposed (new)	₹29.50 Lakhs
TOTAL BUDGET (revised)	₹1,06,20,000 (₹106.20 Lakhs)
Balance work to be done (projected cost)-Architect	₹74,78,201
Balance work formula	₹106.20 L less work done (other than bought out) ₹31.42 L
Total WOs issued to date	₹43,43,373 + ₹1,26,289 = ₹44,69,662
Work executed (as per architect's report)	₹31,41,799
Balance to be executed (as per report)	₹74,78,201 (₹106.20 L less ₹31.42 L)
Amount accounted in books (excl. Professional Fee ₹4,02,874)	₹44,53,365
Discrepancy — books vs. architect's work executed figure	₹13,11,566 (many bought-out purchases not in Architect's report)

Projected Total Cost Build-up — Badminton

Component	Amount (₹ Lakhs)
Balance work to be executed (per architect's projection)	74.78
Add: Excess spent in books — bought-out items (not in report)	13.11
Add: Professional Fee already paid	4.03
Add: Balance Professional Fee (estimated)	3.08
Total Projected Cost	~95.00 Lakhs (balance to complete)
Add: Amount already spent in books (total)	48.56

GRAND TOTAL — PROJECTED PROJECT COST (₹95L+₹45L spent)	≈ ₹144.00 Lakhs
Original SGM Budget	**₹76.70 Lakhs**
ESCALATION OVER ORIGINAL BUDGET	₹67.30 Lakhs (+87.7%)

The estimation of work as per Architect's letter is ₹76.70 Lakhs, whereas the Tender issued is only for ₹39.29 Lakhs. The balance — Rate Items ₹15.13 Lakhs, Puff Sheet Roofing ₹12.74 Lakhs, and difference in PHE Work ₹9.54 Lakhs — was procured without competitive tendering. This is the method followed across all projects: issuing tenders for only approximately 50% of the estimation.

2. Multipurpose Hall

Total Tender WO value (incl. GST)	**₹59.06 Lakhs**
WOs issued on basis of weak quotations (add-ons)	**₹23.59 Lakhs**
TOTAL WO VALUE (Tender + Quotation WOs)	**₹82.65 Lakhs**
Total Work Done (all heads)	**₹1,00,25,000 (₹100.25 Lakhs)**
Less: Professional Fee	**₹1.54 Lakhs**
Net Work Done (excl. Prof. Fee)	**₹98.71 Lakhs**
Excess over total WO value (bought-out — no procedure)	**₹16.06 Lakhs**

Key Observations — Multipurpose Hall

a. **Documents not produced:** No documentation has been submitted for this project. Estimated Cost.

b. **EC meeting 28.11.2025 — Architect's submission:** In the EC meeting held on 28.11.2025, the architect submitted work for ₹24,52,413.34 + GST for Toilet and Dining Hall. The status of this submission and decision on this is stated to be pending.

c. **₹16.06 Lakhs bought-out without any procedure:** Total Work Done (₹100.25 L) less Professional Fee (₹1.54 L) = Net ₹98.71 L. Against Total WOs (₹82.65 L), this leaves

₹16.06 Lakhs executed as bought-out items with no tender, no quotation, and no documented approval procedure.

d. In case of LED order Rs. 513890/- given to Signified Infra the other party of quotation is Blitzkrieg Audio Visual to whom Audio System order was given.

e. In case of Blitzkrieg Audio Visual order given for Audio Rs. 1846456/- the other parties have no Trade Name to compare.

The details of estimation, BOQ, and WO-wise breakup have not been produced. ₹16.06 Lakhs has been spent outside any procedure.

3. Bar I Tone

Total Budget allocated (out of ₹500 L + GST for all Party Halls — SGM)	**₹125.30 Lakhs + GST = ₹147.85 Lakhs**
Estimated Value of Work (as per architect's report)	**₹147.85 Lakhs**
Tender issued and finalized (Tender WO)	**₹103.98 Lakhs**
Tender as % of estimate	**~70%**
Balance — Rate Only Items (to be purchased without procedure)	***₹38.29 Lakhs (~26% of estimate)***
Professional Fee already paid (8% structure)	**₹7.38 Lakhs**
Balance work shown as to be done (per architect, incl. GST)	**₹140.15 Lakhs**
Non-tender & additional work already paid	**₹1,10,000**
Projected balance work (realistic estimate) (1.40+0.08+0.02)	**~₹1.50 Crores (minimum)**

Key Observations — Bar I Tone

a. **Total Budget:** ₹125.30 Lakhs + GST = ₹147.85 Lakhs (out of total ₹500 Lakhs + GST sanctioned by SGM for all Party Halls).

b. **Tender shortfall:** The estimated value per architect's report is ₹147.85 Lakhs, whereas the tender issued and finalized is only ₹103.98 Lakhs — approximately 70%. The balance ₹38.29 Lakhs comprises Rate Only Items which will be purchased without following any procurement procedure.

c. **Certified balance is understated:** Balance work shown as to be done is ₹140.15 Lakhs (incl. GST). This figure does not include: (i) non-tender and additional work already paid ₹1,10,000; (ii) Professional Fee (8% — ₹7.38 Lakhs already paid); (iii) further additional or non-tender work expected in future.

d. **Critical question:** Can the Architect confirm that there will be absolutely no additional work or non-tender items in the balance scope? The balance work certified at ₹140.15 Lakhs is therefore not reliable as stated.

e. **Projected realistic balance:** The balance work of ₹140.15 Lakhs is likely to change to at least ₹1.50 Crores when professional fees, additional works and non-tender items are factored in.

4. Table Tennis — Doors N Doors

Architect	**Ariyan Designs**
Details of estimation of value provided	**NONE**
Total WO issued (as per tender)	**₹66.21 Lakhs**
Tender work executed (as per Architect's letter)	**₹15.77 Lakhs**
Non-tender work executed	**₹6.23 Lakhs**
Total value executed per architect's letter	**₹22.00 Lakhs**
Total bills accounted in books (excl. Professional Fee)	**₹20.63 Lakhs**
Discrepancy — letter vs. books	**₹1.37 Lakhs (bills not accounted in books)**
Balance work and its cost stated in letter	**NOT STATED — statement sent is incomplete**

Key Observations — Table Tennis

a. No details of estimation of total project value have been provided by the architect.

b. **WO vs. execution:** WO issued for ₹66.21 Lakhs. Out of this, only ₹15.77 Lakhs of tender work has been executed. Additionally, ₹6.23 Lakhs of non-tender work has been executed — a proportion that raises serious questions about scope management.

c. **Books vs. architect letter mismatch**: Total value executed per architect's letter is ₹22.00 Lakhs, whereas bills accounted in books (excl. professional fee) is only ₹20.63 Lakhs. The difference of ₹1.37 Lakhs represents bills not accounted in books.

d. **Statement incomplete:** The statement does not say what the balance work is and what it will cost to execute. The document therefore does not serve the purpose for which it was called.

An architect's (Ariyan Design consultant) letter and bills are without date, without a signature, and without stating the balance work and its cost is not a valid project status document. It cannot be accepted as evidence of project progress or cost certification.

5. Guest Rooms

Total Estimated Value (architect's report)	**₹514.35 Lakhs**
Tender issued and finalized	**₹305.00 Lakhs**
Tender as % of estimate	**~59%**
Additional expenses expected — Retrofitting (partly done) Rs. 123.05 (As per Nagesh Estimation) Less Spent Rs. 69.38 Lakhs	**₹53.67 Lakhs**
Additional expenses — Mock-up Rooms (done and written off)-Actual Amount spent Rs. 46.90 inclusive of GST	**₹46.90 Lakhs**
Additional expenses — Other Contingency 53.10 Lakhs and Professional Charges 60 Lakhs (All) as proposed by Management in SGM Notice.	**₹113.1 Lakhs**
Total Additional Expenses Expected	**₹213.67 Lakhs**
TOTAL PROJECTED PROJECT COST (current)	**₹728.01 Lakhs**
Tender work as % of revised total	**~40%**

Ledger-wise Expenditure as on Date

The architect's statement shows work executed as ₹84.83 Lakhs with no breakup for tender work, non-tender work, or additional tender work (unlike other projects). The actual ledger position as on date is as follows:

Expenditure Head	Amount (₹ Lakhs)
i) Tender Work	40.73
ii) Additional / Non-Tender Work	35.49
iii) Professional Fee	27.67
TOTAL (as per ledger)	103.89
Note: Difference of ₹0.31 Lakhs due to non-reversal of Input Credit	—

Reconciliation: Balance Work Stated vs. Total Cost Claimed

Balance work to be done (per architect's statement)	**₹584.38 Lakhs**
Add: Amount of work done (per architect's own figures)	**₹77.78 Lakhs**
TOTAL (balance + done, per architect)	**₹662.16 Lakhs**
Total cost stated by architect in the same letter	**₹653.59 Lakhs**

The balance work to be done is shown as ₹584.38 Lakhs. Adding the amount of work done as per the architect's own figures (₹77.78 Lakhs), the total comes to ₹662.16 Lakhs — whereas the architect states the total cost is ₹653.59 Lakhs. This internal inconsistency of ₹8.57 Lakhs is attributed to a security deposit deduction. This must be reconciled and explained.

Projected Final Total Cost — Guest Rooms

Component	Amount (₹ Lakhs)
Current revised projected cost (per architect)	**653.59**
Add: Professional charges already paid (not included above)	**27.67**
Add: Balance professional fee (estimated) on Total project)	~45.00
Add: Difference in Mock-up rooms, as only ₹20 Lakhs were considered by Architect.	23.20
PROJECTED FINAL TOTAL PROJECT COST	**~₹749.49 Lakhs (Nearly ₹7.50 Crores)**
Original SGM Budget	₹5.31Croes (₹4.50 Crores + GST)
ESCALATION OVER ORIGINAL SGM BUDGET	**₹219.00 Lakhs (+43%)**

The fact that ₹27.67 Lakhs has already been paid as professional charges — which is not added in the architect's revised projected cost of ₹653.59 Lakhs — means we may have to meet additional amounts under this head. Adding total professional fees at approximately 10% of the total project, the total cost of the Guest Rooms project will go up to approximately ₹749.49 Lakhs, i.e., ₹7.50 Crores.

Consolidated Project Cost Summary — All Projects

The following table consolidates the key financial data across all six projects, drawing from the architect-submitted letters and club ledger figures:

Project	SGM Budget(₹ Lakhs)	Tender WOIssued(₹ Lakhs)	Work DoneinBooks(₹ Lakhs)	Prof. FeePaid(₹ Lakhs)	ProjectedFinalCost(₹ Lakhs)	Escalation
Badminton	76.70	**39.29**	48.56	4.03	**~144.00**	**+88%**
Multipurpose Hall	~50.00(notional)	**59.06(tender)**	100.25	1.54	**~100.25**	**~100%+**
Bar I Tone	147.85	**103.98**	15.08	7.38	**~150.00+**	**>1%**
Table Tennis	57.39(stacked)	**66.21**	20.63	2.43	**NA**	**N/A**
Guest Rooms	531.00	**305.00**	103.89	27.67	**~749.49(₹7.50 Cr.)**	**+43%**

Across all six projects, the architect-submitted letters and club ledger figures confirm that tenders were issued for only 50–70% of the total estimated value. The remaining 30–50% — designated as 'Rate Only Items', 'Bought-out', or 'Non-Tender' components — was procured entirely outside the competitive tendering process mandated by Regulations 8.3.1 and 8.3.2. This is not project-level variation; it is a systematic, institutionalised procurement model that converts mandatory competitive transparency into an administrative formality.

Guest Rooms alone: SGM budget ₹5.31 Crores → Projected final cost ₹7.50 Crores — a 43% escalation (₹2.19 Crores above what members approved). The entire excess has been committed without fresh General Body sanction.

8.2 Vendor Selection That Defeats the Logic of Tendering

- In Guest Rooms and Bar I Tone, six and four vendors respectively applied, with three common bidders participating in both. Yet none of these common, construction-related bidders were awarded — instead, work went to "exclusive" bidders, including Max Muller Technologies for Bar I Tone, whose GST profile does not show construction as a core business.
- Vivechana Constructions (Badminton): GST profile shows earlier business in cameras/electronics; construction added later. Turnover range ₹40 lakhs to ₹1.5 crores — may be under scaled for a ₹66.84 lakh renovation.
- Max Muller Technologies (Bar I Tone): GST shows manufacturing, retail, warehouse — not construction. Based in Tirupur. WO lacks bank details and proprietor signature.
- Doors and Doors is a interior designer whose has been awarded civil work tender (predominantly) for ₹ 47.43 Lakhs. This vendor is from Udaipur, Rajasthan, and being a company no official letterhead is used.
- Lotus Energy Systems (Multipurpose Hall add-ons): GST classification is electrical — not civil construction — yet awarded civil hall work during election embargo period.
- Across projects, contracts have repeatedly been given to entities whose primary GST-declared activity is not construction — raising obvious questions on quality, delays and rework risk.

8.3 Table Tennis: Breach of Basic Tender Qualification — EMD Ignored

- Standard practice: technical/eligibility and EMD conditions must be satisfied before a financial bid can even be opened. If EMD is missing, that bid is rejected.
- TT tender required interest-free EMD of ₹50,000 by DD along with the form. Only M/s Vivechana Constructions paid the EMD. M/s Doors N Doors did not pay EMD.
- Despite this, the tender was awarded to Doors N Doors, and this award was approved by both OB and EC. Vivechana 's EMD was not encashed.

> This is not a technicality; it means the core gatekeeping rule of the tender was knowingly ignored to favour a non-compliant bidder. This raises a concern about potential bias or connection influencing the award — and explanation is required on why tender conditions on EMD were overridden.

8.4 No Written Criteria, No Independence Declarations

- For multiple projects, there is no documented selection matrix — no scoring sheet, no written rationale — to show why one vendor was chosen over another. Without this, vendor choice rests only on trust in a few individuals, not on a transparent process.
- Independence declarations were not obtained from bidders about whether they, their partners. or relatives are Club members or related to EC members. This means the Club cannot prove that conflicted parties did not influence or benefit from the awards.

8.5 Labour Law Compliances Ignored in Practice

- Tender and WO conditions require the Club to collect PF, PT, ESI challans and returns along with running bills, to ensure vendors are legally compliant.
- In several large projects, these statutory documents were simply not obtained, yet payments were released. This exposes the Club to backdoor labour claims and regulatory risk, while vendors enjoy full payment without meeting their legal obligations.

> Taken together, these practices show that what should have been a shield for members' money — a disciplined tender system — was reduced to a stage show, where the script said, 'competition and control', but the reality was discretion, favour and zero consequences.

9. WHEN THE EC SPENDS FIRST AND APPROVES LATER

In a member's club, the Executive Committee is supposed to be the brake on spending. These documents show the EC allowed itself to become the accelerator — work orders first, approvals later, advances now, controls never.

9.1 The EC's Basic Duty – and How It Was Reversed

By the Byelaws, the Executive Committee's job is clear: no major work order, and no major payment, should be committed without EC scrutiny, minutes' approval, and compliance with tender rules. In practice, what your own records show is the opposite works started, invoices raised, and advances released before the EC ever met — with the later EC resolution used only to ratify what was already a fait accompli.

This is not a small procedural lapse. It means the EC stopped guarding the members' money and started rubber-stamping what the Secretary, architect or a few office-bearers had already decided. EC 11.10.2025 (page 30) records the President himself confirming issue of work orders and payments before OB and EC approval — this must be highlighted as it breaches the Club's own governance framework.

9.2 Work Orders Before EC Approval — Complete Documented Record (Noticed by SAC during review)

I. Guest Room

The following WO are issued before the date of EC approval

(Excluding GST)

Sl. No	Vendor	Order Value	WO Date	EC Approval Date
1	Ashok Associates	Rs. 80,000	28/05/2025	16/06/2025
2	Sarva Electrical	Rs. 1,10,000	19/11/2024	26/11/2024

II. Bamboo Bar

It has been observed that the work was carried out before the approval by the EC and before the work order was issued. Bamboo bar was approved by EC on 27th March 2025 but there is an invoice of Tech Interior accounted on 22nd March 2025, which is prior to the date of approval by EC (stated to be preparation work). Similarly, Apex Demolishing Company has issued an invoice dated 27th March 2025 against the work order approved by OB and EC on 5th April and 12th April 2025, respectively. The irregularities are not limited to these two instances, but are extended in the following cases as well-

S. No	Party	WO Date	EC Approval date	Value (Rs)	Nature work
1	Mahalakshmi Rock	20.06.2025	22.06.2025	2,20,306	Granite
2	MMR Fabricators	22.06.2025	26.06.2025	26,000	Labour
3	MMR Fabricators	31.03.2025	12.04.2025	42,336	Labour
4	Md. Akbar	26.03.2025	12.04.2025	59,295	Labour
5	MMR Fabricators	19.03.2025	27.03.2025	35,000	Labour
6	Kailash Roofing	31.05.2025	16.06.2025	3,05,929	Roofing
7	Kailash Roofing	20.06.2025	22.06.2025	41,087	Roofing
8	Sri Vinayaga Constructions	08.05.2025	27.05.2025	98,310	Labour

III. Multipurpose Hall

The issue of WO granted before the EC approval is seen in Multipurpose Hall project as well. The work to Lotus was approved by EC on 13/12/2025, but the work order was issued much earlier, i.e., 27/11/2025.

9.3 Advances Without Bank Guarantees — Comprehensive Record Across All Projects

I. Guest Room

Over Rs. 28.61 Lakhs in mobilization advances were paid, with outstanding amounts remaining. The Work Order permits up to a 10% advance against a Bank Guarantee, though recovery terms are unspecified and the Tender lacks advance terms entirely.

Details of Guestroom Advance Payments:

S. No	Date of Payment	Amount	Recovered on	Remarks
1	19.6.2025	6,50,000	18.6.2025	NO BG
2	30.7.2025	8,59,020	31.7.2025	NO BG
3	25.8.2025	20,61,533	Rs. 16,36,317 on 22.9.2025	NO BG. Balance Advance Rs. 4,25,216/-
3	2.9.2025	30,64,362	Rs. 19,25,886	Against BG. Balance Rs. 11,38,476/-, BG Valid up to 31.12.2025 Claim Period 31.12.2026
4	25.10.2025	13,24,791	Pending	NO BG
5	22.12.2025	2,92,601	Bill for Rs. 3,20,336/- on 23.12.2025	Excess Credit Rs. 27,735/- in party account

Limit Breaches & Discrepancies: A 10% advance on the WO of Rs. 25,847,458 should equal Rs. 2,584,746. However, the advance paid on 2.9.2025 was Rs. 3,064,362, with Rs. 2,860,748 still pending.

Advance to Architect: A 25% advance (amounting to a portion of Rs. 1,115,100) was paid to Cube Architect on 18.12.2024 against which bills were accounted on 1.1.2025.

II. Bar I Tone

Despite WO terms limiting advances to a 10% mobilization fee against BG, an advance of INR 6,17,773 was paid to Max Muller Technologies on 04.11.2025, subsequently the invoices have been accounted on 01/12/2025. The billed and approved amounts lack consistency: A letter received vide email dated 8.10.2025 includes a bill for Rs. 8,56,315, while the approved amount was Rs. 765,138, and the accounted amount across 3 bills was Rs. 7,70,269. No Tax Invoice is available and not appearing in 2B

III. Badminton

Vivechana Constructions were paid INR 18,94,598 as advance payments without a Bank Guarantee between April and December 2025. INR 14,94,265 of this was unrelated to permitted mobilization or material advances. A balance of Rs. 4,00,333 was a material advance paid without a BG and adjusted against later invoices. A pending sum of Rs. 604,077 was only cleared with a bill dated and accounted for on 06.03.2026, after the SAC observations.

IV.Bamboo Bar

An advance payment of INR 25,000 to MMR Fabrication on 25.03.2025 preceded the EC's approval of the Work Order on 27.03.2025. The invoice itself was dated 24.03.2025, which is also prior to EC approval.

V. Multipurpose Hall

Lotus Energy Systems Private Limited received two advances totalling INR 12,00,000 on6.10.2025. This was settled on 7.11.2025 without a BG. The advance significantly exceeded the 10% limit (Rs. 499,748) against a Bank Guarantee stipulated in the Work Order.

9.4 How This Behaviour Undermines the Club's Position and Governance

The Special Audit Committee finds that, across multiple projects, the Executive Committee allowed work orders and advance payments to run ahead of its own approvals and beyond the protections written into the Work Orders. In doing so, it surrendered its core function as guardian of member funds. If this culture is not reversed, future committees will inherit not only weakened finances but also a weakened constitution, where written rules are routinely overruled by informal practice. Such Advance payments which are not part of the Tender process is not acceptable.

10. SYSTEMATIC OPERATIONAL AND COMPLIANCE FAILURES

Each of the following observations is drawn directly from the SAC's review of project files, accounts, EC/OB minutes, and correspondence. They reflect persistent, cross-cutting failures — not isolated incidents.

10.1 No Eligibility Criteria / Experience Proof in Tenders

Members must understand that major Club projects were handed out without even basic proof of experience or financial strength — we were spending crores with less discipline than a small home renovation.

- **Eligibility Conditions for Tender Applications — Documents Submitted:** Conditions for eligibility to apply for each tender, and the documents submitted by bidders in terms of these conditions (Work Experience, GST, PAN, and Three Years' Final Accounts), were called for earlier.
- **SAC:** No such eligibility conditions were set. Only Final Accounts were obtained in some cases. The documents submitted contain only Turnover Certificates and Balance Sheets in a few cases. From these documents it is not possible to ascertain the bidder's experience in the required line of work or their financial status.

10.2 No Declaration of Member / Relative Interest — Lotus Energy Case

When contracts go to entities directly connected to members or their relatives without transparent disclosure, the line between service to the Club and private benefit is fatally blurred. The Lotus Energy Systems case (awarded civil hall work despite electrical GST classification) requires full examination of relationship disclosures by participating bidders.

This being serious one and needs further review of the parties to whom the works were given during this period.

10.3 Misclassification of Project Expenses (Potential Budget Manipulation)

Several payments recorded under "Professional Charges" are directly connected to capital projects and should be accounted for under those specific projects. The identified misclassifications include:

Professional Fees not debited to project account:

FY 2024-25 Transactions:

- ✓ **Rs. 1,25,000** paid to NM Associates on 20.9.2024 for Architect License Sanction Drawing Fees (to upload plan for multicar parking project in the BBMP website). Further, this is part of Architect work to whom club has paid Rs. 10 Lakhs + GST.
- ✓ **Rs. 2,21,767** paid to Geo Eng. Co P Ltd on 1.10.2024 for soil investigation work related to underground car parking.

FY 2025-26 Transactions:

- ✓ Two identical payments of **Rs. 2,36,000** each were made to K Padmanabha & Associates on 16.11.2025 and 24.12.2025 towards Addition and alternation work at 1) Health Centre, 2) Multipurpose hall Dining and Toilet, 3) Amenities near Kitchen and 4) Bamboo Bar Area-
- ✓ Though both payments carry the exact same narration: "Designing the Additions and alternations of Multipurpose Hall Toilet and Dinning" it was clarified as in 1 above by the Club
- ✓ 2. Rs. 75000/- paid on 20.11.2025 to In-depth for Design of Swimming Pool changing room.

Omission from Capital Work in Progress (WIP)

- ✓ A payment of **Rs. 5,50,000** (plus an explicitly claimed GST input of Rs. 99,000) was made to SYS Construction on 25.4.2025
- ✓ The purpose of the payment was liaising work to secure plan documents from departments for a Car Parking Plan Sanction.
- ✓ **Discrepancy:** This substantial expense has not been correctly debited to Capital WIP.

Fixed Asset Additions & Split Budget Utilization

- ✓ During FY 2025-26, an Ice Cube Machine was added to Fixed Assets for a total cost of **Rs. 2,93,000**.

- ✓ The expenditure was funded by splitting it across two separate budgets: Rs. 2,00,000 was drawn from the SGM Budget dated 25.6.2022, and the remaining Rs. 93,000 was allocated against the EC Capital Budget.

10.4 Immediate Past President's Statement: "People Are Benefited..."

When a Past President openly states in EC minutes that people are 'benefited' because they are given contracts, it confirms what members have long suspected — contracts became a tool of patronage, not merit. This statement, recorded in EC minutes, is a documentary admission of the patronage culture the SAC has found throughout this review. (Minutes dated :10.11.2023)

Hence, SAC has all reason that still this benefit culture is continuing with respect to members, managing committee, this matter must be thoroughly investigated through enquiry to substantiate any such evidence to exist.

10.5 GST 2B Issues;

GST Not filed/Excess Filed:

a. Doors N Doors: 30.3.2026 Inv. 16652/25-26 Rs. 2,75,489/- entry in 2B but not accounted in the Books.
b. Max Muller- 11.7.2025 Rs. 19,68,203/- filed in 2B but accounted and reversed in Club Books. Club has accounted Rs. 7,14,775/- on 11.11.2025, which is not appearing in 2B. Hence, Rs. 11,97,934/- not accounted in tally.
c. Aryan Design: Total Rs. 1,25,000/- appearing in 2B Rs. 30,000/-

10.6Accounts / Audit / Procedure Manual — Standard Operating Procedure:

No Accounts, Audit or Procedure Manual exists for Standard Operating Procedures. No Edit Log is implemented in the accounts system.

10.7Statutory Auditors' Report to Management dated 31.05.2025 — Key Observations:

The Statutory Auditors have recorded the following observations:

- **Rule 19.10 — ₹1 Crore Revenue Ceiling (subject to 10% ratification by General Body):** "We observe that certain expenditure, which is maintenance in nature such as Club Maintenance. Garden Maintenance, Generator Maintenance, STP Maintenance are excluded from the ceiling of ₹1 Crore — Suitable action needs to be taken in this regard." SAC: On this basis the Revenue Budget spent is ₹1,33,83,877 for 2024–25.

They have also suggested regular monitoring of compliance with Byelaws in general Time/Period limits and terms recorded in particular.

- **Fixed Assets Physical Verification:** "Fixed Assets physical verification should be conducted every year and any variations observed with regard to the FA Register need to be suitably addressed in the Books of Accounts." (Which means physical verification was not done).
- **Accounting Manual and Standardisation:** "Periodical Accounting Manual and Standardised heads of accounts for uniform posting of receipts and payments. Instructions to distinguish Capital and Revenue to be followed by Accounts Department uniformly." (Which means it is not followed.)
- **New Capital Projects — Technical and Financial Pre-Audit:** "During the subsequent financial year, the Club has taken up new Capital Projects. We suggest the Club Management to conduct Technical and Financial Pre-Audit of all project-related bills to monitor the project work effectively as approved.by SGM"

10.8Findings regarding CUBE Architect

Appointment and Scope of Work

- A detail audit is required into the appointment process of CUBE Architect, specifically whether any tenders or quotations were solicited prior to finalization.
- The finalized rate schedule for payments and the architect's relationship with the Club need to be examined.
- The architect's scope of work included Structural Design, Electrical, and HVAC.
- Clarification is needed as to why the Club appointed and paid separate consultants for these specific services.

Payment Schedule Irregularities

- The payment stages outlined in the Work Order (WO) appear non-standard, featuring unusually high initial advances.

- Specifically, 70% of the payment is structured to be released before the actual construction work commences.
- There is a significant time gap between the advance payments made to the architect and the actual start of work.
- The payment schedule dictates: 10% Advance, 25% on submission and acceptance, 25% on detail design and drawing development, 10% on submission and acceptance of documents, 20% during construction progress, and 10% post-construction.
- Proof of actual work done and corresponding dates must be furnished for each project to justify these payments.

General Project Discrepancies

- **Master Planning (Nov 2023 - June 2024):** A sum of Rs. 5,00,000 plus GST (Rs. 90,000) was paid for Master Planning, Architectural Design, and Landscape-Modernisation. Details of the work, the corresponding Executive Committee (EC) Resolution, the account debited, and reasons for not capitalizing this under Work in Progress (WIP) are required.
- **Renovation of Two Rooms:** A total of Rs. 3,18,600 (representing a 7% architect fee) was paid across May and September 2024. **Specific Project Financial Anomalies**
- **Bamboo Bar:** An architect fee of Rs. 1,13,548 (inclusive of GST) was paid in April 2025, **representing 60% of a 6% fee on Rs. 31,54**,150. However, work done up to that date was only Rs. 6,46,606, and the total capitalized work was Rs. 26.26 Lakhs. Additionally, Rs. 90,000 plus GST paid for General Party Halls renovation in September 2024 remains unadjusted and appears as WIP.
- **Bar I Tone:** Up to March 31, 2025, Rs. 5,16,634 (before GST) was paid. While the WO issued was for Rs. 105.08 Lakhs; executed work was only Rs. 6.6 Lakhs as on date.
- **Badminton:** A total of Rs. 1,93,622 was paid across September 2024 and April 2025. The actual work done up to that date was nil. Based on the total work value of Rs. 26.29 (Excluding bought out) Lakhs, the 60% architect fee should only amount to Rs. 94,536.
- **Guest Room:** By January 1, 2025, Rs. 18.90 Lakhs plus GST was paid despite zero work being completed. This means 70% of the total 4.5 Crore value was paid without work, while the WO issued was only for Rs. 3.67 Crores and executed work was merely Rs. 72.94 Lakhs.

Special General Meeting (SGM) Projects and Duplication

- **Advance Payments:** For SGM projects valued at Rs. 9.70 Crores, a 10% advance of Rs. 5,82,000 plus GST was paid on September 1, 2024, which was before the WO was even issued on September 5, 2024.

- **Overlapping Scopes:** A separate WO for Rs. 10 Lakhs plus GST was issued on the same day (September 5, 2024) for sanctioned drawings for Multilevel car parking. The advance for this was also paid before the WO was issued.
- **Approval Violations:** The SGM only permitted expenses to be incurred for obtaining approvals, not for executing the entirety of the projects. This discrepancy requires further investigation.

10.9 Non-Cooperation and Non-Submission of Documents

The consistent non-cooperation and withholding of documents from this Committee is itself a serious finding — it shows that transparency had become optional inside the Club. The Committee has called for but not received: complete tender files, KYC documents for multiple vendors, GST-2B reconciliations, contractor correspondence, and legal opinions on disputes.

1. Minutes of EC/OB and Monitoring Committee conducted after the date of SGM to review and verify the subsequent action and its effect on our Report is not furnished.
2. Tally Backup for 2023-24 in the absence of which we are unable to verify the transactions and unable to comment further.
3. During our verification it was noticed that Club has changed /Added and Deleted entries in the Ledger Accounts of certain projects periodically forcing the SAC to shift its cut of date.
4. Correct position on cost of Retrofitting and amount already spent and balance to be spent for Guest Rooms not furnished.

11. Critical Observations

11.01 Accounting System for SGM vs EC Budgets "Not Proper and Classification Is Not Clear"

If the very system that tracks SGM and EC spending is unclear, then every figure shown to members about project costs must be treated with maximum caution. Revenue vs. capital classification has been applied inconsistently across Bamboo Bar, Badminton, Billiards and Pickleball — making it impossible to see true all-in project costs.

It is observed that payments made under EC budget are taken as revenue expenditure instead of the respective project head. These being capital expenditure are mandatorily required to be capitalized in the books of account. However, the same is charged off to revenue expenditure.

The details of misclassification for FY 2025–26 are tabulated below:

Sl. No.	Description	Party / Vendor	Date	Amount (₹)	SAC Remarks
1	**Water Proofing for Pickleball Court**	Shiva Shree Constructions	31.12.2025	4,18,054	Not included in Pickleball Court Project. No inward seal on Certificate of Third-Party Auditor. Certificate means — should be under Project.
2	**Tiles for Pickleball Court**	Shiva Shree Constructions	31.12.2025	1,29,848	Not included in Pickleball Court Project. No inward seal on Certificate of Third-Party Auditor. Certified means — should be under Project.
3	**Floor Mats for Badminton**	Nandhi Tarpaulins	17.12.2025	73,691	Transferred from Badminton Project to Revenue Expenses as it exceeded the Budget.

Sl. No.	Description	Party / Vendor	Date	Amount (₹)	SAC Remarks
4	**Badminton Repair**	Kumar Sports	27.12.2025	1,89,356	Not included in Badminton Project as it exceeded the Budget — taken to Revenue. Third Party Audit certificate received by Club on 13.01.2026 but paid on 27.12.2025 itself.
5	**Billiards Section**	S.K. Constructions	06.01.2025	6,42,893	Taken to maintenance stating to be for polishing and cleaning work.
6	**Pickle ball court — Acrylic Quick Hits**	Quick Hits	12.02.2026	1,06,272	Synthetic Acrylic for Billiards Section Pickle ball court.
7	**Badminton**	Maya Enterprises	18.12.2025	37,573	Bathroom fittings for Badminton Section.
8	**Badminton**	Maya Enterprises	01.01.2026	24,551	Hardware supply for Badminton Section.
	TOTAL — FY 2025-26 Misclassification			16,22,238	Capital expenditure incorrectly charged to Revenue — mandatorily required to be capitalised

Note (FY 2024–25): It is observed that a similar misclassification was made in the financial year 2024–25 amounting to ₹8,83,229. The pattern of misclassification is therefore not isolated to FY 2025–26 but is a recurring feature across both financial years.

SAC Finding: Capital expenditure totalling ₹16,22,238 in FY 2025–26 (and ₹8,83,229 in FY 2024–25) has been charged to revenue instead of being capitalized to the respective project heads.

This systematic misclassification:

(a) Artificially reduces the apparent cost of capital projects, concealing the true budget overruns from members.

(b) Inflates revenue expenditure, distorting the Club's operating cost picture.

(c) Violates basic accounting standards which require capital expenditure to be capitalised.

(d) Was specifically flagged by the Statutory Auditors in their Management Report dated 31.05.2025 — yet no corrective action was taken.

The Statutory Auditors' own observation (31.05.2025): "Periodical Accounting Manual and Standardized heads of accounts for uniform posting of receipts and payments. Instructions to distinguish Capital and Revenue to be followed by Accounts Department uniformly." (SAC: Which means it is not followed.) ***If the system tracking SGM and EC spending is itself unreliable, every project cost figure presented to members must be treated with maximum caution until a comprehensive reclassification and reconciliation exercise is completed by management.***

Misclassification — FY 2025–26	Misclassification — FY 2024–25	Required Action
₹16,22,238 Capital charged to Revenue	**₹8,83,229** **Similar misclassification**	**Reclassify → Restate → AGM** Revised Balance Sheet & P&L must be approved by General Body

11.02 Summary of Variances in Capital Projects

The capital projects show significant variances between what members approved in SGM / tender values and what has been contracted and spent through EC capital and revenue budgets.

1.Use of EC Capital & Revenue Budgets for SGM Projects
(against SGM decision; overspend hidden from members)

All figures in **Rs. lakhs.**

Project	WO – SGM (A)	WO – EC Capital (B)	WO – EC Revenue (C)	Total WO (A+B+C)	SGM Budget	Excess (+) / Shortfall (–) vs SGM
Badminton – WIP	65.89	0.00	0.95	66.84	76.70	–9.86
Table Tennis – Capitalised	57.95	0.00	0.00	57.95	44.84	+13.11

Project	WO – SGM (A)	WO – EC Capital (B)	WO – EC Revenue (C)	Total WO (A+B+C)	SGM Budget	Excess (+) / Shortfall (–) vs SGM
Guest Rooms	408.97	0.00	0.00	408.97	531.00	–122.03
Bar I Tone – WIP	116.32	0.00	0.00	116.32	147.50	–31.18
Multipurpose Hall	58.60	37.69	4.76	101.05	0.00	+101.05
Billiards Renovation	25.17	0.00	0.00	25.17	35.40	–10.23
Total	**732.90**	**37.69**	**5.71**	**776.30**	**835.44**	

2) Amounts over and above Tender Value (WO issued)

All figures in Rs. Lakhs.

Project	Tender Value	Additional Tender	Non-Tender / Bought-out	Total WO / Spend
Guest Rooms	346.56	62.41	0.00	408.97
Bar I Tone	115.22	0.62	0.48	116.32
Badminton	45.15	4.24	17.45	66.84
Table Tennis	50.91	7.04	0.00	57.95
Multipurpose Hall	54.89	3.71	42.45	101.05
Total	**612.73**	**77.99**	**60.38**	**751.13**

11.03 Revenue Budget Breach — Rule 19.10 and Ultra Vires to Rules and Regulations:

Parameter	Amount (₹)	Status
Revenue budget ceiling (Rule 19.10)	1,00,00,000	Maximum EC authority
Permissible 10% tolerance (with GB prior approval)	10,00,000	Subject to prior GB approval
Absolute ceiling including 10% tolerance	1,10,00,000	Beyond this — ultra vires
Actual revenue expenditure FY 2024–25 (per Tally — excl. departmental maintenance) During 2024-25 Committee	1,24,91,236	As suggested by Statutory Auditor on 31.05.2025
EXCESS OVER PERMISSIBLE CEILING	₹14,91,236 (+11.9% above absolute ceiling)	Ultra Vires — beyond EC power

Revenue expenses for FY 2024–25 as per Tally: ₹1,24,91,236 (excluding departmental maintenance). The Statutory Auditor observed the same in their report dated 31.05.2025.

The previous EC has crossed 24.9% above the revenue budget of ₹1 crore. The permissible 10% tolerance (subject to prior approval by the General Body under Rule 19.10) brings the absolute ceiling to ₹1.10 crores. Actual spend: ₹1,24,91,236. Excess over absolute ceiling: ₹14,91,236.

Ultra Vires to Rules and Regulation Anything beyond the ceiling of ₹1 crore (+10%) cannot be ratified by the General Body after the fact. It is an ultra vires to rules — beyond the power and authority of the Executive Committee. Ratification cannot cure what was beyond jurisdiction.

11.04 Capital Budget Breach — Rule 19.9 and Ultra Vires Act

Parameter	Amount (₹)	Remarks
Capital budget sanctioned — July 2024 to March 2025 (9 months)	1,01,00,000	EC approved annual tranche
Capital budget sanctioned — April 2025 to June 2025 (3 months)	33,72,351	EC approved quarterly tranche
TOTAL CAPITAL BUDGET SANCTIONED (FY 2025–26 full year)	**1,34,72,351**	
Rule 19.9 ceiling (EC authority): ₹1 crore + 10% tolerance	1,10,00,000	Absolute ceiling with tolerance
Actual capital expenditure incurred (including SGM project spends)	1,34,72,351	Well above ₹1.10 Cr absolute ceiling
EXCESS OVER RULE 19.9 CEILING	₹24,72,351	Ultra Vires — beyond EC power

Capital budget sanctioned: ₹1,01,00,000 (July 2024 – March 2025) and ₹33,72,351 (April – June 2025) — a combined total of ₹1,34,72,351 across the year.

The previous EC has spent 34.7% above the approved capital expenditure budget of ₹1 crore. The permissible 10% tolerance (subject to prior approval by the General Body under Rule 19.9) brings the absolute ceiling to ₹1.10 crores. The combined actual capital expenditure of ₹1.34 crores exceeds this absolute ceiling by ₹24.7 lakhs.

Ultra Vires Rules and regulation: Anything beyond the ceiling of ₹1 crore (+10%) cannot be ratified by the General Body after the fact. It is an ultra vires to rules and regulations — beyond the power and authority of the Executive Committee. Ratification cannot cure what was beyond jurisdiction.

11.05 LED Wall at Lawn — No Tender and Budget Breach

Parameter	Amount (₹)	Status
EC budget for LED Wall at Lawn	Not Available	Work order issued for different items directly.
Actual total cost incurred	13,52,191+GST	Comparative statement is available for ₹11.20 Lakhs. Few Work orders issued before date of approval of EC.

Parameter	Amount (₹)	Status
Tender process / competitive quotations obtained	11.20 Lakhs	Regulation 8.3.2 violated for balance amount.

11.06 Payments made after SGM

The section highlights significant accounting irregularities, including missing certifications, predated approvals, budget misallocations, and payments made against official resolutions of SGM held on 04/01/2026.

Project Payments Summary Table

The table below outlines the expenses distributed across various club projects during the specified periods:

S. No	Name of the Project	15.12.2025 to 4.1.2026 (Rs.)	After 4.1.2026 to 31.3.2026 (Rs.)	Total (Rs.)	Remarks
1	Departmental Stores	-	75,312.00	75,312.00	CCTV Camera and Sridhar Murthy.
2	Billiards	69,620	636,403	706,023	CCTV, TV's, Lockers and Cushion Replacement
3	Guest Rooms	327,271	-	327,271	Structural Work-Tender
4	Badminton	822,024	755,530	1,577,554	Polishing, Mat, Glass, Doors, and Tender work
5	STP Drain	4,708	928,053	932,761	Manhole Cover, Sewerage Line work
6	Table Tennis	11,176	169,206	180,382	Sanitary, Mirror and Sridhar Murthy

S. No	Name of the Project	15.12.2025 to 4.1.2026 (Rs.)	After 4.1.2026 to 31.3.2026 (Rs.)	Total (Rs.)	Remarks
7	Pickle Ball	-	771,916	771,916	Directly taken to Repairs and Maintenance
	TOTAL	1,234,799	3,336,420	4,571,219	

Detailed Observations by Project Wise

Departmental Stores

- An additional Rs. 257,238 was paid to Lotus Energy Systems between December 16, 2025, and December 22, 2025, to clear bills from November 2025.

Billiards

- A payment of Rs. 636,403 made after the SGM Resolution has been flagged as incorrect.

Guest Rooms

- An invoice from Sahaaya Builders for Rs. 327,271 (dated December 23, 2025) was certified by Sridhar Murthy on December 19, 2025, raising questions about how it was verified before the invoice date.
- Additionally, this certificate is missing the required club inward seal and date.

Badminton

- A post-SGM Resolution payment of Rs. 755,530 is flagged as incorrect.
- To hide budget overruns, Rs. 310,395 paid to Kumar Sports and Original Nandi Tarpaulins was shifted to Revenue instead of the project.
- Payments were made without necessary certifications to Uma Industries (Rs. 389,070 for glasses) and Vivechana Constructions (Rs. 117,588 for Bison Board and labour).
- Another uncertified bill from Vivechana Constructions for Rs. 742,750 was accounted for on March 6, 2026, despite being dated March 19 and only received on March 31.

- A payment to Sil Glass & Plywood (Rs. 129,350) corrected by Sridhara Murthy violates a January 10, 2026, EC Resolution, which dictates that vendors only be paid for verified and completed work.
- Certain expenses for hardware (Rs. 28,970) and roofing (Rs. 44,336) were debited directly to Maintenance rather than the project.

STP (Sewage Treatment Plant)

- A post-SGM Resolution payment of Rs. 928,023 is flagged as incorrect.
- A Sahaaya Builders invoice for Rs. 713,933 dated March 23, 2026, contradicts a March 14 EC Resolution that supposedly approved a bill dated March 9.
- The associated third-party architect certificate lacks the club's inward seal and was suspiciously submitted directly to the vendor instead of the club.

Table Tennis

- A post-SGM Resolution payment of Rs. 169,206 is flagged as incorrect.
- Approvals for payments made to Sil Glass & Plywood (Rs. 76,346) and Maya Enterprises (Rs. 39,160) appear to have been predated by consultant Sridhar Murthy. In both cases, the official approval dates precede the dates the approvals were received via email.

Pickle Court

- A massive sum of Rs. 771,916 was written off as Maintenance rather than a Project cost, under the justification that damage occurred during the Table Tennis work.
- Two bills from Shiva Shree Construction (Rs. 217,539 and Rs. 153,221) paid on January 21, 2026, were predated by the consultant to December 31, 2025, and lacked official receipt seals.
- A payment of Rs. 125,401 was made to Quick Hits on February 12, 2026, but the consultant did not officially approve the bill until nearly two months later, on April 8, 2026.

All these payments after SGM 4.1.2026 were made based on EC resolution dated 10/01/2026, which says: "It is resolved on majority decision of the EC members to make the payments to the Vendors/Contractors for the work orders issued before the SGM (4.1.2026), work executed, completed, verified and certified". Further, many of these payments' approval says, "Inform to SAC", which is not done.

11.07 SGM Stop Order and Rule 18.5 Compliance

The Special Advisory Committee (SAC) notes that during the Executive Committee (EC) meeting held on January 10, 2026, the Vice President and the Treasurer formally requested that the EC members adhere to an "inform and pay" protocol involving the SAC. This request was explicitly made because the EC is obligated to abide by the STOP ORDER RESOLUTION previously passed by the Special General Meeting (SGM). By definition, a STOP ORDER inherently dictates the cessation of all project-related activities, which naturally encompasses a freeze on all associated financial transactions.

Despite the standing resolution, the EC majority voted to overrule the "inform and pay" recommendation. Instead, the majority decided to proceed with issuing payments to vendors and contractors for work orders that had been issued prior to the SGM, opting to inform the SAC only after the transactions were completed.

The SAC strongly emphasizes why the "inform and pay" procedure is the best-advised course of action:

- **Essential Financial Safeguarding:** The "inform and pay" model serves as a necessary financial safeguard.
- **Oversight and Verification:** It guarantees that the SAC, acting as the designated oversight body, can thoroughly verify milestone completions and confirm contractual compliance before any liquid assets (cash) are released from the club's control.
- **Comprehensive Document Review:** This sequence ensures the SAC has the opportunity to review critical documentation—specifically the invoice, the engineer's certification, and the bank guarantee status—prior to the disbursement of funds.

Executing the "inform and pay" protocol is directly tied to upholding Rule 18.5, which governs transparency and proper procedural conduct.

- **Statutory Command:** Rule 18.5 explicitly mandates that the EC must "ensure proper procedure and transparency in its implementation".
- **Transparency vs. Secrecy:** Implementing the "inform and pay" safeguard is the very definition of operational transparency, whereas bypassing it borders on secrecy.

The SAC formally places on record that it has previously advised the committee regarding this specific matter. Bypassing prior verification compromises the club's financial integrity and conflicts with established transparency mandates.

12. DECONSTRUCTION OF EC JUSTIFICATIONS

(Responses given to SAC queries by May 1, 2026)

The following sections analyse, point by point, the Executive Committee's formal replies to the Special Audit Committee's queries. A recurring and alarming theme in these justifications is the assertion that the EC possesses the unilateral power to execute works and issue work orders exceeding ₹25 Lakhs without prior sanction, and that a formal tender process is not mandatory for projects valued up to ₹50 Lakhs.

12.1 Shadow Governance —Management Rules to Bypass Mandatory Procurement Transparency

We have carefully analysed the Executive Committee's (EC) responses to the Special Audit Committee (SAC) queries regarding various specific projects. A recurring and alarming theme in these justifications is the assertion that the EC possesses the unilateral power to execute works and issue work orders exceeding ₹25 Lakhs without prior sanction. Furthermore, the EC repeatedly claims that a formal tender process is not mandatory for projects valued up to ₹50 Lakhs. It is evident that the EC is attempting to hide behind a distorted interpretation of Rule 19.11 to shield these actions from the transparency of mandatory procurement laws.

12.2 The Jurisdictional Challenge: Lex Specialis

The EC will likely argue that Rule 19.1 grants them the overarching power to manage and regulate the club's affairs, including the administrative thresholds for tenders. However, this defence collapses when placed against the "Lex Specialis" principle — where specific rules always override general ones.

Rule 19.1 is a procedural umbrella; it grants the power to act, but it does not grant the power to violate specific financial caps explicitly written into other sections of the Byelaws (Rules 18.5 and 19.9).

An EC resolution passed under Rule 19.1 is an administrative tool; it cannot unilaterally override a Rule (Byelaw) established by the General Body.

Any resolution to raise the tender threshold to ₹50 Lakhs without a certified amendment to Rule 18.5, Rule 19.9, and Regulation 8 by the General Body is legally void **(Ultra Vires)**.

12.3 Verbatim Hierarchy: Why 19.1 Cannot Override 18.5 / 19.9

If Rule 19.1 allowed the EC to unilaterally change thresholds, the following specific rules would be legally redundant:

Rule / Regulation	Explicit Provision	Threshold That Would Be Redundant
Rule 18.5	Limits OB contract awards to works below ₹25 Lakhs	**₹25 Lakh project-level ceiling**
Rule 19.9 (Limb 1 & 2)	Annual capital ceiling ₹1 Crore (+10%); GB approval for excess	**₹1 Crore annual cap**
Regulation 8.3.1	Mandatory three quotations for work above ₹50,000	**₹50,000 quotation trigger**
Regulation 8.3.2	Mandatory newspaper tender for work above ₹10 Lakhs	**₹10 Lakh newspaper tender trigger**

12.4 The Rule 19.11 Oversight — Falsification of Intent

The EC is claiming that Rule 19.11 allows them to avoid tenders for anything under ₹50 Lakhs. Which is not correct.:

- **The "Obtaining Tenders" Trigger:** Rule 19.11 explicitly states Office Bearers (OBs) are involved "from the time of obtaining tenders". This rule assumes a tender is already happening because of other rules.
- **Oversight vs. Procurement:** The ₹50 Lakh figure is the threshold for a Monitoring Committee, not the threshold for a Tender.

The EC is attempting to convince members that the Management Hierarchy (Rule 19) overrides the Procurement Mandate (Regulation 8 & Rule 18.5).

12.5 Evidence: The Violation of Rule 18.5

The EC's attempt to use Rule 19.1 to justify a ₹50 Lakh threshold is directly contradicted by their own "work splitting" behaviour, which proves they knew the ₹10L/₹25L limits were legally active:

Example 1 — Billiards Renovation: No tender was called, and it was done "Departmentally". The SAC found this to be in "complete non-compliance" with Regulation 8.3.1 and 8.3.2.

Example 2 — Bamboo Bar: The Club admitted that no tender publication or competitive quotations were obtained.

12.6. The Rule 19.9 Distortion (The "Non-Tendered" Myth)

The EC Claim: They suggest that "non-tendered" work (work they choose not to bid out) does not need comparative statements.

The Reality: Rule 19.9 is a Mandatory Pre-Condition. It states that competitive quotations shall be obtained and approved before implementation.

The Violation: There is no such thing as "non-tendered" work above ₹50,000 in the Club's law. Regulation 8.3.1 demands three quotes for anything above ₹50,000, and Regulation 8.3.2 demands a newspaper tender for anything above ₹10 Lakhs.

12.7. The "Hidden Law" Conflict

A rule that is not updated in the official Byelaws and not communicated to members cannot legally override the printed constitution.

Rule 18.5 Transparency: This rule explicitly requires the EC to "ensure proper procedure and transparency". Acting upon a resolution that members do not know about is the direct opposite of transparency.

Ratification Requirement: Rule 19.9 states that capital expenditure is "subject to ratification by the General Body". If the members did not vote to change the threshold to ₹50 Lakhs, the EC has no power to act as if that change exists.

Notice to Members: Rule 8.8 requires that project details be published in the Newsletter once a quarter. If rules were changed and never appeared in the Newsletter or an updated Rule Book, they remain "hidden" and legally void.

CONCLUSION: The EC is attempting to operate in a "Shadow Governance" mode. They are citing resolutions that haven't been shared and rule changes that haven't been updated in the Byelaws. From an audit standpoint, if the official Rule Book says "₹10 Lakhs," then ₹10 Lakhs is the only law that exists. Any attempt to use an unrecorded "resolution" to bypass this is a documented admission of Fiduciary Negligence.

Question for the General Body: If Rule 19.11 was intended to allow the EC to spend ₹50 Lakhs without a newspaper tender, why does Regulation 8.3.2 exist at all?

12.8 The SGM Hypocrisy: Selective Compliance and Gross Fiduciary Negligence (Guest Room Exposure)

The Executive Committee (EC) is attempting to use the January 4, 2026, SGM "Stop Order" as a retrospective shield to justify the non-renewal of the Bank Guarantee (BG), which had already expired on December 31, 2025. However, analysis of EC replies to SAC questions reveals a pattern of "Selective Compliance," where the EC cites the SGM mandate as a reason to neglect legal protections for Club capital, yet systematically violates that same mandate when it serves their interest to process payments or account for capital invoices. This inconsistent application of the SGM directive proves that the EC's actions are governed by administrative convenience rather than constitutional obedience.

Breakdown: The "Material" Mirage vs. Financial Security

A review of the Guest Room project confirms a total breakdown of institutional safeguards. The EC's defence — that materials at the site provide security — is a professional misdirection that ignores the fundamental purpose of a Bank Guarantee (BG).

The "Runaway" Risk: Bricks and tiles cannot stop a contractor from abandoning a project. A Bank Guarantee is a liquid financial leash; if a contractor disappears, the Club can encash the BG immediately to recover funds. "Material at site" is non-liquid, depreciating physical property that the Club cannot easily convert to cash to pay a new vendor to finish the work.

The Chronological Lie: The EC claims the January 4th SGM prevented the BG renewal. However, the BG expired on December 31st. The EC allowed the Club's primary protection on ₹28.61 Lakhs to vanish four days before the SGM even took place.

Systemic Violation of the 10% Cap: The Club ignored its own Work Order terms by paying massive advances — such as the ₹20.61 Lakh payment in August 2025 — without any BG protection whatsoever.

Executive Summary of Fiduciary Negligence

Issue	Date / Amount	Finding
BG expiry date	31.12.2025	Four days before the SGM — EC cannot use SGM as excuse for pre-SGM negligence
Outstanding advance at risk	₹28.61 Lakhs	Full amount exposed with zero collateral after BG lapse
August 2025 advance payment	₹20.61 Lakhs	Paid without any BG — in direct breach of 10% WO cap
EC payments post-SGM Stop Order	Continued	EC claimed SGM stopped them from renewing BG but not from making payments
SAC recommendation to halt payments	Disregarded	EC continued to process invoices after SAC's explicit halt recommendation

Verdict: "Material at Site" is No Shield. In the event of vendor bankruptcy or abandonment, a Bank Guarantee provides the Club with the cash necessary to hire a replacement. "Material at site" provides only physical clutter and zero financial recovery. Liquid Security vs. Physical Rubble — a Bank Guarantee is encashable; bricks and tiles are not.

The Executive Committee has demonstrated Selective Fiduciary Obedience. They used the SGM as a convenient excuse to neglect the administrative renewal of Bank Guarantees, while simultaneously ignoring the SGM's authority to continue making unauthorized payments and accounting for capital invoices.

12.9 The "Kaleido" (Multipurpose Hall) Anomaly: A Professional Void by Design

This is not merely an administrative oversight; it is a calculated departure from the "MASTER ARCHITECTURAL DESIGN AND VISION FUTURE OF CENTURY CLUB" principle, established by a formal resolution of the previous committee to ensure design integrity and long-term planning. By operating in a professional vacuum, the EC removed the first line of fiduciary defence, converting a major capital asset into an "amateur experiment" funded by nearly ₹1 Crore of member capital.

1. Structural Negligence: The Professional Void

While the EC utilized "Master Architects" for other sections like Guest Rooms or Badminton, they systematically sidelined professional design for the Multipurpose Hall.

Violation of Resolution: The failure to appoint a primary designer is a direct breach of the Club's Master Architectural Vision resolution.

Surrogate Oversight: Instead of a designer, the EC paid a "Third Party Architect Fee" to a Chartered Engineer whose role was limited to technical valuation, not master planning or design flow.

Design Deficiencies: The hall was executed without a dry pantry or integrated bathrooms — essential utilities for a multipurpose space.

12.10 The Table Tennis BOQ Collapse: Architectural Negligence or Strategic Planning.

The deletion of ₹19,06,992 from a total project cost of approximately ₹57 Lakhs is a catastrophic audit red flag. ***This represents a 33% reduction in scope after the tender was awarded, which fundamentally compromises the integrity of the entire procurement process.***

1. The Identity Crisis: Aniya Designs vs. The Third-Party Engineer

To answer the direct question regarding roles:

- **The Architect of Record:** Aniya Designs is the appointed architect for the Table Tennis project. They were responsible for the site analysis, design, drawings, and the preparation of the initial Bill of Quantities (BOQ).
- **The Third-Party Engineer (TPE):** This is likely a chartered engineer (such as Sri Sridhara Murthy, cited in related project audits) whose role was technical valuation and audit, not design.
- **The Conflict:** The TPE's role is to verify work, but here the TPE effectively acted as a "Corrective Architect". If a TPE is forced to delete 33% of an architect's BOQ, it means the architect's professional work was either fundamentally flawed or intentionally "padded".

2. The Tender Integrity Violation (The "Other Motives")

In auditing, deleting 33% of a BOQ after a tender is won is often a sign of Tender Scoping Manipulation:

- **Disadvantaging Other Bidders:** If the true scope was always ~₹38 Lakhs, but it was tendered at ₹57 Lakhs, other qualified contractors might have been discouraged from bidding due to the higher perceived complexity or bonding requirements.
- **The "Switch and Bait":** By winning on a high BOQ and then "deleting" ₹19 Lakhs, the vendor and the EC gained a ₹19 Lakh financial buffer. This money — already sanctioned by the SGM — could then be diverted into "Additional Works" or "Bought-out items" without requiring new approvals from the General Body.
- **Violation of Rule 18.5:** This manipulation is the definition of a lack of "transparency" mandated by Rule 18.5. The SAC explicitly asks: "Why were these items included in the first place in the Tender/BOQ?"

12.11 The Pickleball Planning Catastrophe: Sequencing Failure and Structural Neglect

A reconstruction of Point 3 — Pickleball Project query to EC (if EC on 31/10/25 approved WO of Rs. 7,65,891 for which the details and basis of arriving on the amount etc. may be furnished — if it is approved in October 2025, then why did the work start in March 2025?) — reveals that the Executive Committee's (EC) "dust defence" is a professional smokescreen designed to mask a fundamental failure in site assessment and structural planning. The issuance of a second work order on October 31, 2025, specifically for waterproofing and M20 concrete, is an admission that the initial project was executed without basic professional due diligence.

1. The Waterproofing Paradox: Professional Planning Failure

The second work order (October 31, 2025) exposes the "Gross Planning Failure" of the original design.

- **The Admission:** The EC's sudden requirement for waterproofing the terrace and lift lobby and providing M20 concrete only after the court was supposedly completed proves the first work order was fundamentally flawed.
- **Sequential Failure:** In professional construction, waterproofing and structural concrete are the foundation. Implementing these after members had already played on the court confirms that the EC and their architects failed to assess the site conditions of the terrace before wasting member funds.
- **The Resulting Loss:** Because the foundation was ignored, the entire value of the first work order is a "Total Sunk Loss" to the Club caused by professional negligence.

2. The "Dust" Cover-Up: Scapegoating the Table Tennis Project

The EC is attempting to leverage the proximity of the Table Tennis project to hide their own structural incompetence.

- **The Misdirection:** Blaming "dust and inconvenience" from the Table Tennis work (Work Order May 2025) is a convenient scapegoat.

- **The Reality:** Dust cannot cause a need for M20 concrete and terrace waterproofing. These are structural requirements that should have been planned and executed before any surface work began on the Pickleball court.
- **Coordination Failure:** Knowing that two major projects were being executed in adjacent areas, the EC's failure to plan the shared site logistics and structural requirements represents a total abandonment of the "Master Architectural Design" principle.

3. Verdict: Gross Negligence and Financial Wastage

The SAC's findings highlight a pattern of "Action First, Approval Later" that bypassed all fiduciary checks.

- **Unauthorized Execution:** The SAC noted that work on the Pickleball court commenced on March 28, 2025, but the EC only officially approved the second work order on October 31, 2025.
- **Fiduciary Breach:** By the time the EC issued the "second" work order to fix the waterproofing and concrete, the Club had already lost the entire value of the first installation.
- **The Architect's Role:** This failure raises critical questions about the professional competence of the architects involved — whether Aniya Designs or others — who allowed a court to be built on an un-waterproofed terrace without understanding "real site knowledge".

Executive Summary of the Pickleball Loss

Issue	Date	Financial / Governance Impact
Pickleball court work commenced	March 28, 2025	No approved WO; no EC resolution; no tender
EC approved second WO (waterproofing + M20 concrete)	October 31, 2025	7 months after work started — structural basics omitted from first phase
Value of first WO (surface work on un-waterproofed slab)	~₹5.35 Lakhs capitalised	Classified as a Total Sunk Loss — structure built on inadequate foundation
SGM reply (15.12.2025) — disclosed only advance of ₹2.50 Lakhs	Misrepresentation	₹6.31 Lakhs already capitalised — not disclosed to General Body

Architect who approved building on non-waterproofed terrace	Not identified / disclosed	No primary architect appointed; structural accountability void

Conclusion: The Pickleball project is a textbook case of Professional Gross Negligence. The EC did not just "fail to plan"; they authorized the construction of a major asset on an unstable foundation and then used a "dust" excuse to hide the fact that they had to rebuild it from scratch.

12.12 Golf Sponsorship in Badminton Capital Project

We have concluded a deep dive into the accounting gymnastics used to move money from a Golf Tournament to the Badminton project. In a chartered institution like the Century Club, "moving money between buckets" without an SGM resolution is not just an administrative error — it is a Fiduciary Breach and Unauthorized Diversion of Club Assets.

The EC reply to the SAC query below is a classic case of diversion:

> **EC Defence:** Question from SAC: "Sponsorship adjustment details are to be furnished as the same is already paid and included in Accounts, but no Sponsorship is credited here. Stated to be Golf Tournament Sponsor amount transferred here. Details and EC Resolution etc. are to be produced."

In an audit, a resolution is not a magic wand; it is a document that must be tested against the Supremacy of the Byelaws. Even with a resolution in hand, the following hurdles remain insurmountable for the Executive Committee (EC):

12.13 The Cube Architect Appointment: Dismantling the "Norm" Defence

In auditing, the phrase "as a norm" is often a red flag — it is frequently used as a linguistic substitute for a missing legal procedure. When the Executive Committee (EC) argues in Annexure 2 (submitted on 01/05/25) that there is no tendering process for appointing an architect "as a norm," they are attempting to elevate an administrative habit above the Club Byelaws.

EC Defence: EC Defence: "The club does not have a formal policy for inviting tenders or quotations for engaging professional services such as architects. EC date 31/10/23 M/S CUBE Architect — Mr. Sandeep appointed."

1. The "Norm" vs. The Law: The Supremacy Conflict

The EC's claim that architects are exempt from tendering is a Fiduciary Blind Spot. While professional services are indeed "consultancy-based," they are not exempt from the Club's financial thresholds.

- **Rule 19.9 Violation:** Any capital expenditure for a single work — including professional design fees — that reaches or exceeds ₹25 Lakhs explicitly requires competitive quotations to be obtained and approved before implementation.
- **Regulation 8.3.1 & 8.3.2:** If the architect's fee or the project they are designing exceeds ₹50,000, three competitive quotations are mandatory. If the project exceeds ₹10 Lakhs, a newspaper tender is required for the entire scope, which typically includes the design framework.
- **Reality:** There is no "Architectural Exemption" clause in the Century Club Byelaws. A "norm" cannot authorize the direct award of a high-value contract without price discovery.

2. The Professional Vacuum: Why Tendering Matters for Architects

By bypassing the tendering process for Cube Architect, the EC removed the primary mechanism for ensuring Value for Money and Technical Competence.

- **Lack of Price Discovery:** Without a competitive tender, how did the EC determine that Cube Architect's fees were the most competitive in the market?
- **The "Shadow Selection" Risk:** Direct appointments "as a norm" create an environment where vendors are chosen based on subjective preference rather than objective merit. This is the exact "lack of transparency" that Rule 18.5 was designed to prevent.
- Is it a norm in century club to front load 60-70% of the total fee agreed in the agreement before the execution stage? The general norms according to the other

government institution's and other private institutions is about 30 -40% front loading of architect fees in their financial contracts. The very nature of negotiation by the EC is questionable. And lack of tender has led to inefficient price - technical value discovery.

Audit Question: If "no tendering" is the norm for architects, why does Regulation 8 not explicitly list this exemption? In an audit, if the exemption isn't in the book, the exemption doesn't exist.

12.14 Unacceptable Justifications for Project Delays

The SAC finds the EC's justifications for project delays to be professionally unacceptable and factually inconsistent. The following is a project-by-project audit response, cross-referenced with the independently obtained SCE Quality Engineer's observations.

1. Guest Rooms: Manufactured Structural "Emergencies"

EC Defence: The EC Claim: Column Jacketing was not initially considered; height errors in survey drawings (3m vs. 3.3m) and plumbing issues (out of plumb) caused significant delays.

SCE Quality Engineer Response: "Design for retrofits [should] be done before start of work. So not accepted." Regarding survey errors: "It should have [been] specified by the architect before estimating."

A 300mm (1-foot) height discrepancy in a survey is not a "site condition" — it is gross professional negligence. The Principal Architect (CUBE) was paid a premium 6% fee to verify these dimensions before floating the tender. This is a documented "Hollow BOQ" tactic. By understating heights and omitting structural needs in the public tender, the EC allowed a preferred vendor to win L1, only to "discover" extra work later. Furthermore, the wait for an IISc report is a design process, not a delay reason — especially since IISc ultimately found no structural distress.

The club in its recent response has lapsed in its judgement because, the architect has corrected dimensions already in guest room descriptions diagrams for purpose to issue for tender dated - 28/08/2024.

The "Mock-up Phase" Contradiction

The EC claims that a survey height error (3.0m in drawings vs. 3.3m in reality) was only discovered during the main project, causing significant delays.

- **Physical Presence:** The Principal Architect (M/s CUBE) and the contractor (M/s SYS Constructions) had already completed full-scale renovations of Mock-up Rooms 106 and 107 before the main project tender was estimated.
- **The Impossibility:** To build a mock-up room, the architect and contractor must physically measure the floor-to-ceiling height to install false ceilings, wall tiles, and plumbing. Any 300mm (1-foot) discrepancy was physically exposed and "known" during the mock-up phase.

The Role of the "Architect-Contractor" Nexus

The SAC notes that the Principal Architect (CUBE) and the Mock-up Contractor (SYS Constructions) are intrinsically linked. This creates a heightened standard of accountability:

- **Double Duty:** As the designer of the mock-up, the architect established the baseline. As the builder of the mock-up (SYS), they verified that baseline on-site.
- **Professional Negligence:** For the same team to then claim they were "surprised" by height errors during the main project is a confession of gross professional negligence.

2. Bar I Tone: Failure of Pre-Planning

EC Defence: The EC Claim: Delays were caused by unforeseen tree roots and the need to remove earth to a depth of 40cm to find natural ground.

SCE Quality Engineer Response: Regarding the roots: "Is known fact — visible." Regarding the earthwork: "Project start required before pre-planning done."

Roots from large, existing trees are a permanent physical feature. Any qualified architect or committee member would have identified these during the mandatory pre-tender site visit.

The EC signed off on architectural designs that they now claim were "suitably altered" mid-project. SCE correctly demands an explanation for why a design was approved and signed off if it was physically impossible to execute. This represents an unauthorized design churn at the members' expense.

3. Badminton Section: Supervisory Vacuum

EC Defence: The EC Claim: Delays were due to site measurement variations and the relocation of existing sanitary chambers and plumbing lines.

SCE Quality Engineer Response: SCE dismisses measurement excuses as a "Mistake / fault of survey — three days [work]." On the issue of poor labour force, SCE asks: "Why was penalty clause not imposed?"

The claim that "slab levels were different" causing a 20-day delay for a new structural element is a design mistake, not a site surprise. The EC admitted that pressure testing — a mandatory Step 1 engineering protocol — was "overlooked," requiring three weeks of re-work. This is a formal admission of a Supervision Vacuum. Under standard contract law, the contractor should be penalized for such negligence; instead, the EC has presented it to the members as an "unforeseen factor."

4. Table Tennis: Violation of Statutory Standards

EC Defence: The EC Claim: The tender did not conform to standard processes (SP 27 IS 1200), leading to numerous "non-tendered items".

SCE Quality Engineer Response: "Who issued tender?" Regarding overlooked testing: "Provision [failure]."

IS 1200 is the national benchmark for building measurements. Ignoring it is a fundamental breach of engineering standards that intentionally leaves the "door open" for un-competed cost escalations. By abandoning national standards, the EC created a mechanism where they could withdraw scope from an L1 vendor and hand it to a second vendor at "recommended rates" — a direct bypass of the competitive bidding process and a violation of Rule 19.15.8.

OVERALL VERDICT ON PROJECT DELAYS: Across Guest Rooms, Bar I Tone, Badminton and Table Tennis, the EC's delay justifications share a common pattern: every "unforeseen" factor was, in fact, foreseeable. Survey errors, tree roots, pressure-testing oversights and non-compliant BOQs are all failures of pre-planning and professional oversight — not Acts of God. In each case, the SCE Quality Engineer has independently confirmed that the EC's explanations are professionally unacceptable. The consistent outcome is that delay penalties — contractually mandated at 1% per day capped at 10% of project cost — have never been invoked, enabling contractors to operate without consequence while Club members bear the cost.

13. CONCLUSIONS AND RECOMMENDATIONS

This report is not written to embarrass individuals; it is written to re-establish the rule of the General Body over its own Club. The Special Audit Committee therefore recommends that the following principles guide every decision taken on these findings:

1. **Recognition of Ultra Vires Expenditure:** Any expenditure that is ultra vires the Byelaws — beyond caps, without tender, against election embargo, or on projects rejected by the GB — should be recognised either as a loss/impairment or as an amount recoverable from those who authorised it but not buried in the capital cost of assets.
2. **Restoration of EC Budget Discipline:** The ₹1 crore EC capital and revenue budgets must never again be used as a "river" to divert overspends on GB projects; they must be restored to their original purpose of small repairs, renewals and unforeseen necessities, with full quarterly disclosure to members.
3. **Mandatory Compliance for New Projects:** No new project above the tender thresholds should start without a clear professional estimate; a transparent tender process as per Regulations 8.3.1 and 8.3.2; architect and engineer certifications at defined stages; and publication of project details and progress in the Newsletter every quarter.
4. **Eradication of Conflicts of Interest and System Redesign:** The institution must terminate all architectural and consulting contracts where a demonstrable conflict of interest exists (e.g., the Cube Architects/SYS Construction nexus). Tying professional fees to inflated 'estimated' budgets rather than negotiated Work Orders must be abolished. All future architect and consultant fees must be linked to actual work orders, not SGM estimates.
5. **Initiation of a Rule 20 Enquiry:** A Rule 20 Enquiry should be commissioned wherever there is clear evidence of repeated, knowing breach of Rules 18.5, 19.9, 19.10, 19.12, 19.15.8 and Regulation 8 — not to punish past committees for policies but to make it clear that Byelaws are not suggestions.
6. **Formal Review of Statutory Auditor's Advisory:** The Committee recommends a formal review of the professional advice provided by the Statutory Auditor in July 2025, as it facilitated the bypass of constitutional safeguards. The SA's advice cannot be used to override specific Byelaw protections.

7. **Recovery of SCE-identified Overpayments:** The aggregate exposure identified by Sai Consulting Engineers (≈ ₹72.70 lakhs) must be formally recorded as either recoverable from contractors/consultants or as impaired amounts in the financial statements. These cannot be silently absorbed into project costs.
8. **Immediate Bank Guarantee Requirements:** No advance to be paid on any existing or new project without a valid Bank Guarantee in hand. All currently outstanding advances without BG must be treated as unsecured receivables and reported as such in the next accounts.
9. **Maintenance of the Registered Suppliers Register:** Immediate steps must be taken to implement and actively maintain a Registered Suppliers Register. The current failure to maintain this registry constitutes a direct violation of Regulation 8.3.1. To ensure vendor authenticity and procedural compliance, all future tenders and procurements must be sourced exclusively from a formally vetted registry of suppliers.
10. **Formulation of Standard Operating Procedures:** A comprehensive Accounts, Audit, and Procedure Manual must be formally developed and adopted. The absence of codified Standard Operating Procedures creates a vacuum in internal controls, leaving financial operations vulnerable to inconsistent or arbitrary practices. This manual must dictate clear, standardized workflows for all accounting entries, approval hierarchies, and internal audits.
11. **Mandatory Activation of System Edit Logs:** The institution's financial software must be immediately configured to capture a mandatory, unalterable edit log (audit trail). The current lack of an implemented edit log severely compromises the integrity of the financial data, as unauthorized or post-facto modifications to accounting entries cannot be accurately tracked or audited.
12. **Review of Banking Resolutions and Regulatory Compliance:** A complete and rigorous review of the Club's Rules and Regulations must be conducted. Specifically, the Executive Committee's Bank Account Operation Resolution dated June 29, 2025, must be audited for constitutional validity, as it demonstrates a clear failure to follow Regulation 3.7. All bank operating mandates must be immediately brought into strict compliance with the Club's governing Byelaws.
13. **Monitoring Committee:** Henceforth, we recommend that members of Monitoring Committee for each administrative year should be nominated by the General Body and consist of professionals and technical members, with the office bearers being the ex-

officio members. Also, the Monitoring Committee may invite professionals having knowledge and expertise for each project.

14. **Completion of pending projects:** SAC recommends General Body to take a decision on the pending projects to avoid further loss of revenue to the club, by appointing a special committee for this purpose.

The actions recorded across these findings show a leadership model that prioritized vendor payouts and project momentum over constitutional integrity. By overriding the formal objections of the Secretary and the Treasurer — the two officers specifically tasked with protecting the rules and the purse — the EC created a documentary record that the Committee was fully informed of the illegality and chose to proceed anyway. Century Club belongs to its members. This report exists and has been made as exhaustive and detailed as possible, to ensure it is governed accordingly — and that members have every fact they need to make informed decisions.

SAC CHAIRMAN CENTURY CLUB 2026

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(Chairman)

Shri. E.G. Jaideep (SJ15)
(Member)

Aashish Amarlall

Shri. Aashish Amarlall (SA50)
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Shri. W.M. Sundaramurthy (SS8)
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