

**Spandana Sphoorty Financial Ltd.**  
**Internal Audit Department**



**Fraud Investigation Report**

**Branch Details:**

| Branch Code  | Branch Name                    | Cluster                          | Area  | Region                            | State                    | Zone                   |
|--|--------------------------------|----------------------------------|---|-----------------------------------|--------------------------|------------------------|
| APGL0013   | Bapatla-1                      | Bapatla                          | Chirala   | Ongole                            | Andhra Pradesh           | South                  |
| Branch Manager Name/ID                             | Branch Quality Manager Name/ID | Cluster Manager Name/ID          | AVP Name/ID   | VP Name/ID                        | SVP Name/ID              | CBO Name/ID            |
| NA   | NA                             | Mahammad Rafi Pinjari/SFO 049884 | Kesava Busagani/SFO 005734                                  | Maahaboob Subhani Shaik/SFO075598 | Arun Kumar.A/ CFL0004261 | Deepak Varma/SFO066880 |
| Date of Information Received (DD/MMM/YY)           |                                | 07-May-25                        | Date of event/transactions occurred (From - To) (DD/MMM/YY) |                                   | 24-Apr-24                | 07-May-25              |
| Type of Incident (Fraud/Robbery/Theft)             |                                |                                  |   | Fraud                             |                          |                        |
| Internal or External                               |                                |                                  |   | Internal                          |                          |                        |
| No. of staff/persons involved: Fraud/Robbery/Theft |                                |                                  |   | 1                                 |                          |                        |
| Total Amount Involved (Rs.)                        |                                |                                  |   | 5,34,198/-                        |                          |                        |

**Describe how the incident has been exposed/identified:**

The cluster manager, Mahammad Rafi Pinjari (SF0049884), identified in the branch that EMI & Pre-closure were embezzled by the branch quality manager, Nuthalapati Karunakar SF0068216 collected the EMI & pre-closure amount from borrowers and did not hand over the collected amount at the branch. The cluster manager raised a complaint on 07<sup>th</sup> May 2025, and the complaint was registered on 08<sup>th</sup> May 2025 with vide complaint number FN25-26-00529.

**Brief Details of the incident:**

**Investigation Approach:**

The audit team visited all the borrowers, which was visited by branch quality manager Nuthalapati Karunakar SF0068216 to check their availability and the amount collected was not accounted for.

**Modus Operandi:**

The branch quality manager embezzled the collection & pre-closure amount from borrowers during the collection in the field.

The internal audit team investigated by visiting all 140 borrowers by the branch quality manager. The amounts of embezzled fraud collection are given below.

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| Sr. No. | Loan officer name     | Employee Code | Type of fraud   | Borrowers Verified | No. of Borrowers Affected | Total Fraud Amount |
|---------|-----------------------|---------------|---|--------------------|---------------------------|--------------------|
| 1       | Nuthalapati Karunakar | SF0068216     | Pre-closure amount Misappropriation & Collection Misappropriation | 140                | 29                        | 5,34,198           |

**Details of Process & Policy Lapses:**

- Cluster Manager monitoring lapses.
- AVP & VP monitoring lapses.

**Details of the Enclosed Annexures, Documents & Statements from staff/customers if any:**

Borrowers Loan Cards.  
Borrowers' sub-ledger account statement.

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| Sl. NO. | Checklist  | Particulars  |
|---------|--|--|
| 1       | Who exposed the event:<br>Name/ID/Designation/Department/Centre to be mentioned                      | Mahammad Rafi Pinjari/SF0049884/CM   |
| 2       | Date of event exposed  | 07-May-25  |
| 3       | Name/ID/Designation of the Fraudulent Staff  | Nuthalapati Karunakar SF0068216 BQM  |
| 4       | Whether it is in the notice of BM/BQM/CM/AVP/VP/SVP & HR (Yes/No)                                    | No   |
| 5       | If yes, mention the Action initiated by BM/BQM/CM/AVP/VP/SVP   | NA   |
| 6       | No. of frauds/ thefts/robberies that happened in this branch for the past 12 months (excluding this) | NA   |
| 7       | No. of staff frauds happened in this branch for the past 12 months (excluding this)                  | NA   |
| 8       | Is there any disciplinary action taken by HR in his/her past tenure.                                 | NA   |
| 9       | Whether an internal audit was conducted at the branch during the occurrence of the fraud (Yes/No/NA) | No   |
| 10      | If yes, whether internal audit has detected the fraud (Yes/No/NA)                                    | No   |
| 11      | If not, why the fraud was not detected/informed during such an audit.                                | Related centres/borrowers were not covered under the sample selected during the occurrence of the fraud. |
| 12      | Is there any investigation conducted & reported after detection by other departments (Yes/No/NA)     | No   |
| 13      | If yes, mention the departments who conducted and reported.  | NA   |

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Details of the involved staff

| Sr. No. | Staff Name            | Employee ID | Designation            | DOJ in SSFL | DOJ in Branch |
|---------|-----------------------|-------------|------------------------|-------------|---------------|
|         |                       |             |                        | (DD/MMM/YY) | (DD/MMM/YY)   |
| 1       | Nuthalapati Karunakar | SF0068216   | Branch Quality Manager | 09-Dec-22   |               |

**Note:** The information and observations in the report are based on records and documents produced before us for verification. We have relied on certain explanations and representations provided by the SSFL staff and customers wherever applicable.

Report prepared by: Internal Audit.

Date: 03-Jun-2025