

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



Fraud Investigation Report

Branch Details:

Branch Code	Branch Name	Cluster	Area	Region	State	Zone
UP3259	Naurangia	Padrauna	Maharajganj	Gorakhpur	Uttar Pradesh	North
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
Uma Shankar Verma/SF0098610	Nigam Kumar Dubey/SF0098152	Ravindra Kumar/SF0034486	Sudhir Tiwari/SF0098608	Nand Kishore Rai/SF0097965	Vipin Yadav/SF0071928	Ajay Ganotra/SF0068487
Date of Information Received (DD/MMM/YY)		1-Jun-25	Date of event/transactions occurred (From-To) (DD/MMM/YY)		08-Nov-24	10-Jun-25

Type of Incident (Fraud/Robbery/Theft)	Staff Fraud
Internal or External	Internal
No. of staff/persons involved: Fraud/Robbery/Theft	01
Total Amount Involved (Rs.)	232777.00/-

Describe how the incident has been exposed/identified:

During a branch visit, the Branch team, led by **Branch Quality Manager Nigam Kumar Dubey/SF0098152**, identified instances of fraud within the Microfinance Institution through careful monitoring and investigation. The fraud was detected by the operations department, which flagged the issue through process reviews and proactive risk management measures. It was observed that the audit team identified fraudulent activities involving 1 staff member, **Branch Manager Satish Kushwaha/SF0093700**.

These staff members were found to have misappropriated details related to Collection Amount Misappropriation and Pre-Closure Misappropriation, using the information for personal gain rather than properly posting it in the FIMO system. This unauthorised activity raised serious concerns about financial mismanagement and potential fraud. Complaints were raised regarding these fraudulent activities on several occasions: **4-Jun-25**. Based on the evidence provided by both the Audit teams, formal complaints were registered under the following complaint numbers: **Branch Manager Satish Kushwaha/ SF0093700**. These complaints reflect the ongoing investigation into the misappropriation of funds and the breach of institutional protocols.

Brief Details of the incident:

Investigation Approach:

The audit team undertook a field investigation, visiting a selected sample of borrowers managed by the following Staff and **Branch Manager, Satish Kushwaha/ SF0093700 - FN25-26-00878**.

The purpose of these visits was to verify the borrowers' status and ensure that payments made by the borrowers had been properly recorded. With the borrowers' visits, the audit team uncovered a significant issue— the amounts collected from the borrowers were found to be missing or not properly documented in the financial records, indicating potential discrepancies in the accounting process or possible mismanagement. This raised concerns about the accuracy and integrity of the financial records related to these loans.

Modus Operandi:

An investigation was conducted by the Internal Audit team from **13-Jun-2025 to 14-Jun-2025**, covering a total of 42 borrower loans handled by **Branch Manager Satish Kushwaha/ SF0093700 - FN25-26-00878**.

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The investigation revealed that these staff members had committed fraud by processing **Collection Amount Misappropriation & Pre-Closure Misappropriation** but failed to update the borrowers' accounts in the FIMO system. Instead, they embezzled the collected funds for personal use.

To verify the allegations, the Internal Audit team conducted visits to all 42 borrowers' loans whose loans were managed by the identified staff **Branch Manager Satish Kushwaha/ SF0093700**- 10 borrowers' loans had their Collection Amount Misappropriation & 5 borrowers' loans had their Pre-Closure Amount Misappropriation, Instead of properly posting the updates, the amounts collected from these borrowers were retained by **Branch Manager Satish Kushwaha/ SF0093700** for personal use, further confirming the fraudulent activity.

Borrower Wise details are mentioned Here:

Pre-Closure Misappropriation Borrower Details Under Here-:

Sr. No.	Borrower Name	Loan ID	Fraudulent Staff Name/ID	Fraudulent Staff Designation	Amount Collected (Gross Fraud)	Amount Recovered & Accounted in FIMO	Difference Amount (Net Fraud) (Formula)
1	TARAWANTI	356042179	Satish Kushwaha/SF0093700	Branch Manager	46273.00	13880.00	32393.00
2	POONAM	356099735	Satish Kushwaha/SF0093700	Branch Manager	32009.00	5560.00	26449.00
3	MRS USHA	353936689	Satish Kushwaha/SF0093700	Branch Manager	22735.00	8440.00	14295.00
4	RAMAVATI DEVI	355761779	Satish Kushwaha/SF0093700	Branch Manager	53890.00	2020.00	51870.00
5	KAMALI	350641036	Satish Kushwaha/SF0093700	Branch Manager	16000.00	10449.00	5551.00

Collection Amount Misappropriated Borrower Details Under Here-:

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Sr. No.	Borrower Name	Loan ID	Fraudulent Staff Name/ID	Fraudulent Staff Designation	Amount Collected (Gross Fraud)	Amount Recovered & Accounted in FIMO	Difference Amount (Net Fraud) (Formula)
1	RAMAWATI DEVI	356025449	Satish Kushwaha/SF0093700	Branch Manager	8960.00	0.00	8960.00
2	MUNNI	356079439	Satish Kushwaha/SF0093700	Branch Manager	11200.00	0.00	11200.00
3	TETRI DEVI	354352663	Satish Kushwaha/SF0093700	Branch Manager	7260.00	0.00	7260.00
4	NISHA YADAV	353822610	Satish Kushwaha/SF0093700	Branch Manager	4480.00	0.00	4480.00
5	REETU DEVI	357742278	Satish Kushwaha/SF0093700	Branch Manager	6940.00	0.00	6940.00
6	SUBHAWATI DEVI	355976354	Satish Kushwaha/SF0093700	Branch Manager	4480.00	0.00	4480.00
7	SIMA DEVI	355655497	Satish Kushwaha/SF0093700	Branch Manager	11120.00	8340.00	2780.00
8	SUGANTI	351102014	Satish Kushwaha/SF0093700	Branch Manager	2250.00	0.00	2250.00
9	GAYATRI DEVI	356485892	Satish Kushwaha/SF0093700	Branch Manager	2400.00	0.00	2400.00
10	LALMATI DEVI	353723523	Satish Kushwaha/SF0093700	Branch Manager	2780.00	0.00	2780.00

The total amount involved in fraud, affecting all the borrowers, is **Rs. 2,32,777 /-** (Two lakh thirty-two thousand seven hundred seventy-seven). This amount represents the funds that were misappropriated by the staff members involved. The funds were collected from the borrowers but were not properly updated in the borrowers' accounts in the FIMO system. Instead, these funds were embezzled by the staff for personal use, leading to significant discrepancies in the financial records.

Staff-wise fraud details-

SN	Name of the Staff Involved (As per HR Records)	Employee Designation (As per HR Records)	Employee Code (As per HR Records)	Total Fraud Amount (Post Investigation)	Amount Recovered (On or before Fraud Investigation)	Net Fraud Amount (To be Recovered)
1	Satish Kushwaha	Branch Manager	SF0093700	232777.00	48689.00	184088.00

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Sl. NO.	Checklist	Particulars
1	Who exposed the event: Name/ID/Designation/Department/Centre to be mentioned	Branch Quality Manager Nigam Kumar Dubey/SF0098152
Audit	Date of event exposed	01-Jun-2025
3	Name/ID/Designation of the Fraudulent Staff	Satish Kushwaha/SF0093700/Branch Manager
4	Whether it is in the notice of BM/BQM/CM/AVP/VP/SVP & HR (Yes/No)	Yes (All Branch Management staff and HR)
5	If yes, mention the Action initiated by BM/BQM/CM/AVP/VP/SVP	Yes
6	No. of thefts/robberies happened in this branch for the past 12 months (excluding this)	No
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)	Yes
10	If yes, whether an internal audit has detected the fraud (Yes/No/NA)	Yes
11	If no, why was fraud not detected/informed during such an audit?	NA
12	Is there any investigation conducted & reported after detection by other departments (Yes/No/NA)	Yes
13	If yes, mention the departments that conducted and reported.	Internal Audit

Details of staff involved

Sr. No.	Staff Name	Employee ID	Designation	DOJ in SSFL	DOJ in Branch	DOJ in Exit
				(DD/MMM/YY)	(DD/MMM/YY)	(DD/MMM/YY)
1	Satish Kushwaha	SF0093700	Branch Manager	7-Nov-24	7-Nov-24	5-Jun-25

Note: The information and observations given 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 & customers wherever applicable.

Report prepared by: Internal Audit Team.

Date : 22nd Jun 2025