

Spandana Sphoorty Financial Ltd.
Internal Audit Department



Fraud Investigation Report

Branch Details:

Branch Code	Branch Name	Cluster	Area	Region	State	Zone
APGL0005	Mangalagiri-1	Mangalagiri	Mangalagiri	Vatluru	Andhra Pradesh	South-2
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
A. ANAND BABU/SF0064521	NA	Kalabathula Sudheerba bu/SF0067711	U. Sambaiah/SF0082197	B. Nageshwara Rao/SF0070812	Arun Kumar.A/ CFL0004261	Deepak Varma/SF0066880
Date of Information Received (DD/MMM/YY)		20-Mar-25	Date of event/transactions occurred (From - To) (DD/MMM/YY)		09-Dec-23	05-Apr-25

Type of Incident (Fraud/Robbery/Theft)	Fraud
Internal or External	Internal
No. of staff/persons involved: Fraud/Robbery/Theft	5
Total Amount Involved (Rs.)	2,00,240/-

Describe how the incident has been exposed/identified:

The Associate Vice President U. Sambaiah (SF0082197) has done the tele calling & arrange borrower visit and identified in the branch that EMI embezzled by loan officers Guggulothu Narasimha Nayak SF0089446, Usthala Vamsi SF0082561, Mahammad Ali Pattan SF0080101, Kishore babu Kishore Setty SF0070120 & BQM Bhavanasi Sumanth SF0071725 collected EMI Collections amounts from borrowers and did not hand over the collected amount at the branch. During fraud investigation, the Internal Audit team also identified collection misappropriation done by the branch staff and hence AVP and the Internal Audit raised a complaint on 20th March 2025, 01st April 2025 & 05th April 2025 and the complaints were registered on the above-mentioned dates with vide complaint numbers - F242503246, F242503247, F242503248, F2526-04009 & FN25-26-00081.

Brief Details of the Incident:

Investigation Approach:

The audit team visited all the borrowers handled by loan officers Guggulothu Narasimha Nayak SF0089446, Usthala Vamsi SF0082561, Mahammad Ali Pattan SF0080101, Kishore Babu Kishore Setty SF0070120 & BQM Bhavanasi Sumanth SF0071725 to check their availability and the amount collected was not accounted for.

Modus Operandi:

The loan officers embezzled the collection amounts from borrowers during the collection from the field.

The internal audit team investigated all borrowers by visiting handled by the loan officers. 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	Guggulothu Narasimha Nayak	SF0089446	Collection Misappropriation	25	5	29020.00
2	Usthala Vamsi	SF0082561	Collection Misappropriation	41	4	14640.00
3	Bhavanasi Sumanth	SF0071725	Collection Misappropriation	30	7	23890.00
4	Mahammad Ali Pattan	SF0080101	Collection Misappropriation	54	8	83810.00
5	Kishore Babu Kishore Setty	SF0070120	Collection Misappropriation	75	10	48880.00

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: Name/ID/Designation/Department/Centre to be mentioned	U. Sambaiah/ SF0082197/AVP/ Branch Operations & Internal Audit Team
2	Date of event exposed	20-Mar-25
3	Name/ID/Designation of the Fraudulent Staff	Guggulothu Narasimha Nayak SF0089446 LO Usthala Vamsi SF0082561 LO Mahammad Ali Pattan SF0080101 LO Kishore Babu Kishore Setty SF0070120 LO Bhavanasi Sumanth SF0071725 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 an internal audit has detected the fraud (Yes/No/NA)	No
11	If not, why was fraud 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 involved staff					
Sr. No.	Staff Name	Employee ID	Designation	DOJ in SSFL	DOJ in Branch
				(DD/MMM/YY)	(DD/MMM/YY)
1	Guggulothu Narasimha Nayak	SF0089446	Credit Assistant	13-Aug-24	
2	Usthala Vamsi	SF0082561	Credit Assistant	13-Feb-24	
3	Bhavanasi Sumanth	SF0071725	Branch Quality Manager	09-Mar-23	
4	Mahammad Ali Pattan	SF0080101	Credit Assistant	11-Dec-23	
5	Kishore Babu Kishore Setty	SF0070120	Credit Assistant	23-Jan-23	

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: 12-Apr-2025