

Internal probe reveals Rs. 32-cr fraud at SIB

OUR BUREAU

PRINT · T+

Share

Share 2

Due-diligence process overlooked; recovery steps initiated, says Kerala-based bank

Mumbai, September 1: Kerala-based South Indian Bank (SIB) on Friday said an internal investigation has unearthed certain irregularities, including misappropriation of funds at one of its branches, involving an amount of about Rs. 32 crore.

The Thrissur-headquartered bank, in a communication to the stock exchanges, attributed the fraud to overlooking of the due-diligence process prescribed under the bank's internal control system/ process and failure of certain employees to adequately discharge their responsibilities.

"We are in the process of recovery of the amount involved and have so far recovered Rs. 3.78 crore (Rs. 3.45 crore towards principal amount and Rs. 33 lakh as recovery of interest), reducing the net amount involved to about Rs. 28.50 crore. We have taken various steps to minimise the possible loss," the bank said. The bank underscored that it is holding insurance cover of Rs. 24 crore against such incidents and there is no impact on the reported profits for the June 2017 quarter.

The fraud, according to the old-generation private sector bank, has been reported to the appropriate regulatory authorities and suitable regulatory/ legal/ disciplinary actions against the perpetrators will be initiated in due course. The bank reported 10 cases of fraud during the financial year ended March 31, 2017, amounting to Rs. 314 crore.

In compliance with Reserve Bank of India guidelines, SIB has a committee to prevent and review frauds.

(This article was published in the Business Line print edition dated September 2, 2017)