



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

By Speed Post / email

HO/DOS/DAK/2025/04633

July 16, 2025

The Managing Director
Saral Home Finance Limited
117, South Extension Plaza II
209 Masjid Moth
New Delhi- 110049

Sir,


Inspection of Saral Home Finance Limited, as per the provisions of the National Housing Bank Act, 1987 - with reference to its position as on 31-03-2024

Please refer to our Supervisory Letter dated May 05, 2025, and your response thereupon. After examining the response submitted by Saral Home Finance Limited, the Company is advised to ensure compliance as specified in **Annexure I**.

Several observations are of the nature of continued non-compliance on the part of the company and no concerted effort has been made by the company to resolve the same. In view of the above the company is advised to disclose, in the notes to account of the balance sheet as well as on the website of the company, the following adverse remark of NHB in terms of Para 16.1 of NBFC-HFC (Reserve Bank), Directions, 2021 *"During the Supervisory Inspection conducted by NHB with reference to the position as on 31-03-2024, multiple observations have been highlighted which are of the nature of continued non-compliance on part of the company with respect to NBFC-HFC (Reserve Bank), Directions, 2021 and the Master Direction Know Your Customer (KYC), Direction 2016 and no tangible effort has been made by the Company to resolve the same"*.

Further, the Company is also advised to ensure continuous compliance with the Directions/ Guidelines, etc. as applicable.

Yours faithfully


(Sourav Seal)
General Manager
Department of Supervision



भारत सरकार के अंतर्गत सांविधिक निकाय

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फैक्स : 099-2868 9030 ईमेल : romum@nhb.org.in

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“बैंक हिन्दी में पत्राचार का स्वागत करता है”

स्पीड पोस्ट / ईमेल द्वारा

एचओ/डॉस/डीएके/2025/04633

16 जुलाई, 2025

मैनेजिंग डायरेक्टर

सरल होम फाइनेंस लिमिटेड

117, साउथ एक्सटेंशन प्लाजा II

209 मम्बिद मोथ

नई दिल्ली - 110049

महोदय,

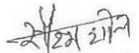
ऑनसाइट पर्यवेक्षी निरीक्षण ~~संश्ल~~ ⁹ ~~डॉस~~ फाइनेंस लिमिटेड, 31-03-2024 को अपनी स्थिति के संदर्भ में -
सलाहकार पत्र

कृपया हमारे दिनांक 05 मई, 2025 के पर्यवेक्षी पत्र और उस पर दिए गए आपके उत्तर का अवलोकन करें। सरल होम फाइनेंस लिमिटेड द्वारा प्रस्तुत उत्तर की जाँच के बाद, कंपनी को अनुलग्नक I में निर्दिष्ट अनुपालन सुनिश्चित करने का निर्देश दिया जाता है।

कई टिप्पणियाँ कंपनी की ओर से निरंतर गैर-अनुपालन की प्रकृति की हैं और कंपनी द्वारा इन्हें हल करने के लिए कोई ठोस प्रयास नहीं किया गया है। उपरोक्त के मद्देनजर कंपनी को बैलेंस शीट के नोट्स में और साथ ही कंपनी की वेबसाइट पर, एनबीएफसी-एचएफसी (रिजर्व बैंक), निर्देश, 2021 के पैरा 16.1 के संदर्भ में एनएचबी की निम्नलिखित प्रतिकूल टिप्पणी का खुलासा करने की सलाह दी जाती है: "31-03-2024 की स्थिति के संदर्भ में एनएचबी द्वारा किए गए पर्यवेक्षी निरीक्षण के दौरान, कई टिप्पणियों को उजागर किया गया है जो एनबीएफसी-एचएफसी (रिजर्व बैंक), निर्देश, 2021 और मास्टर निर्देश अपने ग्राहक को जानो (केवाईसी), निर्देश 2016 के संबंध में कंपनी की ओर से निरंतर गैर-अनुपालन की प्रकृति की हैं और कंपनी द्वारा इसे हल करने के लिए कोई ठोस प्रयास नहीं किया गया है।"

इसके अलावा, कंपनी को यह भी सलाह दी जाती है कि वह लागू होने वाले निर्देशों/दिशानिर्देशों आदि का निरंतर अनुपालन सुनिश्चित करे।

भवदीय,


(मोहन सिंह)

महाप्रबंधक

पर्यवेक्षण विभाग



Annexure I – Based on the compliance submitted by the Company – Recommendations / Advisory on Contraventions / violations of regulatory provisions

S.No	Provisions	Observations	Recommendations/Advisory
Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank of India) Directions, 2021 and NHB Act 1987.			
1	Section 34(2) of NHB Act, 1987	<p><i>It shall be the duty of every director or member of any committee or other body or any person for the time being vested with the management of the whole or part of the affairs of every [housing finance institution which is a company] or other officer or employee thereof to produce to the inspecting authority all such books, accounts and other documents in his custody or power and to furnish that authority with any statement and information relating to the business of the institution as that authority may require of him, within such time as may be specified by that authority."</i></p> <p>The Company did not share proper loan files, data dump, statement of loan accounts, disbursement memos, etc. with the inspection team to verify the loan disbursal figures of FY 2023-24 despite reminders. Only few incomplete files were shared which is a continued non-compliance by the HFC.</p> <p>Further, the following documents/information were also not provided to the inspection team for verification:</p> <ul style="list-style-type: none"> ➤ Board resolution w.r.t. issuance of class A shares during FY 2023-24. ➤ Board minutes & Board approved policies including IT policy. ➤ Data for capital adequacy and capital planning. ➤ Signed copies of trial Balances. ➤ The break-up of standard assets in SMA (0,1,2) and NPA based on days overdue. <p>Documents regarding credit data reporting to CICs etc.</p>	<p>The observation was highlighted by NHB in its supervisory inspection for the positions as on 31.03.2021, 31.03.2022, 31.03.2023 and the same is a continued non-compliance on part of the HFC.</p> <p>The Company is advised to ensure strict compliance to Section 34(2) of the National Housing Bank Act, 1987.</p>
2	Para 4.1.16, 4.1.17 and 4.4	<p><i>"Housing Finance" shall mean financing, for purchase/ construction/reconstruction/ renovation/ repairs of residential dwelling units, which inter-alia includes Loans to individuals for purchase of plots for construction of residential</i></p>	<p>The observation was highlighted by NHB in its supervisory inspection for the positions as on 31.03.2023 and</p>



		<p><i>dwelling units provided a declaration is obtained from the borrower that he intends to construct a house on the plot within a period of three years from the date of availing of the loan.</i></p> <p>Further, "Housing finance company" shall mean a company incorporated under the Companies Act, 2013 that fulfils the following conditions:</p> <p>a. It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets). Housing finance for this purpose shall mean providing finance as stated at clauses (a) to (k) of Paragraph 4.1.16.</p> <p>b. Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing finance for individuals as stated at clauses (a) to (e) of Paragraph 4.1.16.</p> <p>Further, "If any question arises as to whether a company which is a financial institution, is a housing finance company or not, such question shall be decided by the Bank, having regard to the principal business of the company and other relevant factors, and the decision of the Bank shall be final and binding on all the parties concerned."</p> <p>The HFC has reported total housing loans outstanding as on 31-03-2024 amounting to ₹ 15.18 crore. Out of the same, an amount of ₹7.03 crore pertains to loans to individuals for purchase of plots. The HFC did not provide any supporting documents relating to construction of house/dwelling units thereon. In absence of such information, these loans are to be classified as non-housing loans and accordingly should not be accounted for calculating Principal Business Criteria (PBC).</p> <p>This is a continued non-compliance by the HFC.</p>	<p>the same is a continued non-compliance on part of the HFC</p> <p>The Company is advised to revisit its PBC Calculation after reclassifying the said loans as non-housing and submit a Statutory Auditor Certificate regarding the same at the earliest.</p>
3	Para 8A.4	<p><i>"The borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower</i></p>	<p>The observation was highlighted by NHB in its supervisory inspection for the positions as on 31.03.2022, 31.03.2023 and the same is a</p>



		<p>accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date."</p> <p>The loan accounts are being maintained in Tally and the classification of assets is being done manually by the HFC. Further, the HFC has no mechanism/process of day-end in place.</p> <p>Hence, the reporting & classification of NPA is incorrect.</p>	<p>continued non-compliance on part of the HFC.</p> <p>The Company is advised to implement integrated loan management system and ensure that classification of loan assets takes place via system as a part of day end process.</p>
4	Para 8A.6	<p>"With a view to increasing awareness among the borrowers, HFCs should place consumer education literature on their websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process. HFCs shall also consider displaying such consumer education literature in their branches by means of posters and/or other appropriate media. Further, it shall also be ensured that their front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans."</p> <p>During the FY 2023-24, the Company has not undertaken any measure for customer awareness. No Consumer Education on SMA/ NPA was in place in the Company.</p>	<p>The Company is advised to ensure compliance with Para 8A.6 of the Master Direction-Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021.</p>
5	Para 78.4 and Annex XII	<p>"Every HFC shall publicize its grievance redressal procedure (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue, matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower and ensure specifically that it is made available on its website. HFC shall clearly display in all its offices/ branches and on the website that in case the complainant does not receive response from the company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of National Housing Bank by lodging its complaints online on the website of NHB or through post to NHB, New Delhi."</p>	<p>The Company is advised to place the GRM, FPC and MITC on the website.</p>



		The latest GRM, FPC and MITC were not displayed at the notice board of the Company's registered office and the same could also not be accessed through its website as the same is non-functional.	
6	Para 103	<p>"HFCs shall file and register the records of security interest created in their favour with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI). Further, HFCs shall ensure meticulous compliance in the matter of registration of the applicable records with the CERSAI on an ongoing basis as per the instructions issued from time to time."</p> <p>However, the compliance of the same was not observed during FY 2023-24.</p>	<p>The observation was highlighted by NHB in its supervisory inspection for the positions as on 31.03.2023 and the same is a continued non-compliance on part of the HFC.</p> <p>The Company is advised to take necessary action to ensure compliance with Para 103 of the Master Direction- Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021.</p>
7	Para 117	<p>"Without prejudice to the provisions of Paragraph 115 above, HFCs shall comply with any reporting requirements prescribed by the NHB from time to time."</p> <p>However, the Company has not submitted the final Half-yearly & Annual Return for 31-03-2022, 31-03-2023 & 31-03-2024 respectively.</p>	The Company is advised to submit all final pending returns after certification from statutory auditors (wherever applicable) at the earliest.
Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices			
8	Para 23	<p>"REs shall establish a robust IT and Information Security Risk Management Framework covering, inter alia, the following aspects....."</p> <p>There is no Information & Network Security in place in the Company.</p>	The Company is advised to implement the same at the earliest in line with Para 23 of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices.
9	Para 28 and 29	<p>"RE's BCP/DR capabilities shall be designed to effectively support its resilience objectives and enable it to rapidly recover and securely resume its critical operations (including security controls) post cyber-attacks/other incidents." Further, "Periodicity of DR drills for critical information systems shall be at least on a half-yearly basis and for other information systems, as per RE's risk assessment"</p> <ul style="list-style-type: none"> There is no Business Continuity Plan and the machinery in place. <ul style="list-style-type: none"> No Data Centre and Disaster Recovery Site Management 	The Company is advised to ensure compliance with Para 28 and Para 29 of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices.



		processes and system applied in HFC.	
10	Para 30	<p><i>"REs shall put in place an IS Audit Policy. The IS Audit Policy shall contain a clear description of its mandate, purpose, authority, audit universe, periodicity of audit etc. The policy shall be approved by the ACB and reviewed at least annually."</i></p> <p>Information Security/System Audit was not conducted during the FY 2023-24.</p>	The Company is advised to ensure compliance with Para 30 of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices and conduct Information Security/System Audit on annual basis.
Master Direction - Know Your Customer (KYC) Direction, 2016			
11	Para 8(a)(iv)	<p><i>"Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures."</i></p> <p>The Company is not having Internal Audit System to examine the KYC/AML records. Further, no KYC audit was undertaken by the Company during FY 2023-24.</p>	The company is advised to provide a definite timeframe & plan for the same.
12	Para 47	<p><i>"REs shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of rule 7 thereof."</i></p> <p>During the FY 2023-24, the Company neither reported to FIU-IND nor maintained any such records.</p> <p>This is a continued non-compliance by the HFC.</p>	<p>The observation was highlighted by NHB in its supervisory inspection for the positions as on 31.03.2023 and the same is a continued non-compliance on part of the HFC.</p> <p>The Company is advised to onboard itself on the FINnet2.0 portal of FIU-IND and maintain records regarding the same.</p>
13	Para 56(b)	<p><i>"In terms of provision of Rule 9(1A) of the PML Rules, the REs shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer."</i></p> <p>The HFC is not uploading the KYC records with Central KYC Records Registry (CKYCR).</p>	<p>The observation was highlighted by NHB in its supervisory inspection for the positions as on 31.03.2021, 31.03.2022, 31.03.2023 and the same is a continued non-compliance on part of the HFC.</p> <p>The Company is advised to upload KYC Records with Central KYC Records Registry (CKYCR) at the earliest to ensure compliance with Para 56(b) of Master Direction - Know Your Customer (KYC) Direction, 2016.</p>



14	Para 70(c)	<p><i>"On-going employee training programme shall be put in place so that the members of staff are adequately trained in KYC/AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC/AML/CFT policies of the RE, regulation and related issues shall be ensured."</i></p> <p>The Company did not provide training on KYC AML to its employees.</p>	The Company is advised to provide training on KYC AML to its employees to ensure compliance with Para 70(c) of Master Direction- Know Your Customer (KYC) Direction, 2016.
Other deficiencies observed			
15	Management	<ul style="list-style-type: none"> No ALCO and ALM support group was observed in the Company during the inspection. There is no dedicated IT Personnel appointed by the Company. 	<ul style="list-style-type: none"> The Company is advised to ensure constitution of ALCO and ALM support group at the earliest. The Company is advised to frame an IT Policy and appoint dedicated IT Personnel at the earliest.
16	System & Control	<ul style="list-style-type: none"> The Company did not take any cash insurance policy. 	<ul style="list-style-type: none"> The Company is advised to frame a cash insurance policy at the earliest.

