HO/ROD/DOC/2026/07123
Date: 07-08-2026

राष्ट्रीय आवास बैंक
NATIONAL HOUSING BANK

MD & CEO
**Star Housing Finance Limited**
Western Edge I, 603, above Metro Cash & Carry,
Borivali East, Mumbai,
Maharashtra 400066
India

Dear Sir,

**Subject: – Order classifying the account of M/s Star Housing Finance Limited as Fraud**

*Refer:*

*(i) Show cause Notice issued vide letter no. HO/ROD/DOC/2026/06768 dated 19-05-2026*
*(ii) Reply of Star Housing Finance Limited submitted by Mr. Kalpesh Dave, Executive Director vide his e-mail dated 05-06-2026 to the Show Cause Notice*

National Housing Bank (NHB) has extended refinance facilities to Star Housing Finance Limited (SHFL) out of which the following refinance limits are having outstanding as on date:

(i) Refinance Limit of Rs. 05 crores vi.de Sanction letter No. NHB (ND)/R&PFD/HFC/OUT03409/2019-20 dated 08-06-2020
(ii) Refinance Limit of Rs. 10 crores vi.de Sanction letter No. NHB (ND)/R&PFD/HFC/01444/2020-21 dated 15-03-2021
(iii) Refinance Limit of Rs. 10 crores vide Sanction letter No. NHB (ND)/ROD/HFC/SL/0931/2022 dated 24-02-2022
(iv) Refinance Limit of Rs. 10 crores vi.de Sanction letter No. NHB (ND)/ROD/HFC/SL/7020/2022 dated 06-10-2022
(v) Refinance Limit of Rs. 10 crores vi.de Sanction letter No. HO/ROD/DAK/2023/1337 dated 25-05-2023
(vi) Refinance Limit of Rs. 40 crores vi.de Sanction letter No. HO/ROD/DAK/2023/2244 dated 09-11-2023
(vii) Refinance Limit of Rs. 40 crores vide Sanction letter No. HO/ROD/DAK/2024/04164 dated 27-12-2024

Due to default in repayment of its dues, which were due on July 01, 2026, the loan account of SHFL have been classified under stressed account.

2. NHB conducted snap audit as well as forensic audit of your company and observations thereof came serious in nature.

**A. NHB's Snap Audit Report**

The said Snap Audit Report, *inter alia*, highlights the following major concerns:

- Phantom Loan Book

एचओ/आरओडी/डीओसी/2026/07123

दिनांक: 07-08-2026

MD और CEO
स्टार हाउसिंग फाइनेंस लिमिटेड
वेस्टर्न एज I, 603, मेट्रो कैश एंड कैरी के ऊपर,
बोरीवली ईस्ट, मुंबई,
महाराष्ट्र 400066
भारत

महोदय,

विषय:- स्टार हाउसिंग फाइनेंस लिमिटेड के खाते को धोखाधड़ी के रूप में वर्गीकृत करने का आदेश

कृपया उपर्युक्त विषय पर साथ में संलग्न अंग्रेज़ी पत्र की विषयवस्तु नोट करने का कष्ट करें।

भवदीय,

ह/-

क्षेत्रीय प्रबंधक

- Creation of Phantom Loan Accounts for transfer of funds to non-individual entities
- Disbursements to invest in shares of the Company
- Adjustment of Receipts towards Closure of Phantom Loan Accounts
- EMI receipts through journal entries
- NPA Management
- Overstatement of Revenue through Recognition of Income on Phantom Loan Accounts
- Booking of Suspected Bogus Expense Vouchers
- Creation of Suspected Ghost Fixed Assets
- Same underlying loan pool hypothecated to multiple lenders

**B. <u>Forensic Audit Report by Ravi Rajan & Co. LLP:</u>**

The Forensic Audit Report, *inter alia,* highlights the following major concerns:

- Ghost / Phantom Loan Accounts
- Siphoning of funds through Phantom loans disbursements
- Loan Funds Used for Share Market Manipulation
- Disbursement of Unsecured Loans to various employees and others through LMS

Considering the seriousness of the issues highlighted in the above-mentioned reports, NHB had issued a Show-Cause Notice dated 19-05-2026 to SHFL providing an opportunity to show cause as to why its account/ name should not be classified and reported as a fraud. SHFL has vide e-mail dated 05-06-2026 submitted its response to the said Show-Cause Notice.

SHFL in its response has stated that the respondent is the Executive Director (appointed in June 2024 and ratified by the RBI in Sep 2024) and CEO (appointed in June 2023), and upon receiving the show cause notice, the same was shared via email/post with the promoters of Star Housing Finance (the Company) with a request to guide the reply. However, the reply from the promoters is still awaited. Following major points, *inter-alia,* were submitted:

- The snap audit was conducted from Mar 28, 2026 to Mar 29, 2026 post which the snap audit report dated Apr 01, 2026 was shared with the Company through email on Apr 02, 2026. The letter was addressed to Mr. Ashish Jain, the Promoter of the Company. Post receipt of the email, the Company filed the Fraud Monitoring Report (FMR-1) on the CRAMIS portal
- Based on the Board's instructions, the Company appointed M/s Parikh & Associates, Chartered Accountants, Ahmadabad as an independent auditor to undertake a comprehensive independent external audit regarding the snap audit report.
- Company received an email from the Department of Supervision on April 29, 2026 authorizing Shri Sachien Agrrawal Partner, Ravi Rajan & Co. LLP, Chartered Accountants, to carry out the Forensic & Transactional Audit of Star Housing Finance Limited. Subsequently M/s Parikh & Associates were informed that the engagement had to be curtailed as the NHB appointed auditor would be carrying out the Forensic & Transactional Audit
- The forensic audit team started the audit on May 04, 2026 by physically visiting the Company's corporate office at Andheri. The exchange of data with the forensic audit team commenced from this date.

- The promoters (Mr. Ashish Jain, Mr. Kavish Jain and Mr. Nirmal Kumar Jain) and the single largest controlling shareholder (Mr. Anil Sachidanand, the chief mentor and provider of corporate guarantee as MD&CEO of ARKFIN) have not been responding to any stakeholders.

3. On examination of the submissions of SHFL, followed by findings of the reports submitted by Forensic Auditor Ravi Rajan & Co. LLP, the Competent Authority has found the reply unsatisfactory and has observed issues as cited in para 2, and has concluded that there exist elements of fraud in the activities/operations of SHFL.

4. Accordingly, the Competent Authority has declared/classified the account of Star Housing Finance Limited as "fraud" on 24-07-2026. This will be accordingly reported to Reserve Bank of India and Law Enforcement Agencies etc., as applicable.

Yours faithfully,

Regional Manager