

1. ELIGIBILITY CRITERIA FOR EMPANELMENT OF VALUER AS PER COMPANIES ACT, 2013.

1.1 Constitution of Valuer

All valuers empanelled with the Bank shall comply and abide by the Procedures/Methodologies for valuation to be issued by Credit Monitoring Department, Head Office (Standard Operating Procedure) on approval of policy by the board.

1.2 While conducting a valuation, valuers have to comply with **Internationally Accepted Valuation Standards (IVS)** as applicable to the respective class of asset and respective method of valuation as required. The brief background of IVS is as follows:

1.3 The International Valuation Standards (IVS) are standards for undertaking valuation assignments using generally recognised concepts and principle that promote transparency and consistency in valuation practice. The International Valuation Standards Council (IVSC) is an independent, non-for-profit organisation committed to advancing quality in the valuation profession and formation of IVS. Their primary objective is to build confidence and public trust in valuation by producing standard and securing their universal adoption and implementation for the valuation of assets across the world. Valuations are widely used and relied upon in financial and other markets, whether for inclusion in financial statements, for regulatory compliance or to support secured lending and transactional activity. The IVSC also promotes leading practice approaches for the conduct and competency of professional valuers.

Valuer may be an individual or a proprietary concern or a partnership firm or a company.

However, u/s 34AC of the Wealth Tax Act 1957, companies or other body corporate are not eligible for undertaking the functions of registered valuer.

2 Age

The minimum age of valuer [individual/sole-proprietor, all partners of partnership firm and all lead valuers of company] at the time of making application for empanelment with the Bank shall be 25 years. There shall

be no maximum age limit prescribed for a valuer to remain on the Bank's panel.

3. Qualifications and Previous Work Experience

It is necessary that a valuer possesses proper educational qualifications which make him competent to carry out the task of valuation of securities. In addition, relevant work experience is also important. Persons possessing the following educational qualifications and work experience shall be eligible for empanelment as valuers:

[A] Valuation of Land and Building/Real Estate

Presently, there is no Act regulating the profession of valuation of real estate in our country. Till the same is enacted, empanelment by the Bank shall be made as per following criteria:

1	<p><u>Educational Qualification:</u></p> <p>Bachelor's degree in Civil Engineering / Architecture / Town Planning or equivalent.</p>
	<p><u>1.Work Experience:</u></p> <p>FIVE years of work experience in the field of valuation of real estate after completion of the degree or equivalent.</p>
	<p><u>2.Additional Requirement / Remarks:</u></p> <p>Preference should be given to :</p> <ul style="list-style-type: none"> i) Applicants have completed certificate course in valuation of real estate recognized by AICTE ii) Retired Government / PSU officials <p><u>Note:</u></p> <p>Applicants empanelled on the basis of criteria of additional qualification prescribed here above shall be eligible for empanelment even after 31.12.2019 provided they have not been de-listed / de-panelled / removed for unsatisfactory performance and/or for negligence and/or for professional misconduct and/or for any fraudulent activity and/or for any other reason whatsoever, at the discretion of the Bank.</p>
2	<p><u>Educational Qualification:</u></p> <p>Diploma in Civil Engineering / Architecture.</p>
	<p><u>Work Experience:</u></p> <p>EIGHT years of work experience in the field of valuation of real estate after completion of the diploma.</p>
	<p><u>Additional Requirement / Remarks :</u></p> <p>They must complete SIX months' course in valuation of real estate from</p>

	<p>recognized universities/the institution conducting the examination in valuation of real estate which are recognized by the Govt. of India for recruitment to superior services or posts on or before 31.12.2019</p> <p>The diploma holders in Civil Engineering / Architecture are eligible for empanelment to undertake valuations with value <u>upto Rs.5.00 crore only.</u></p>
3	<p><u>Educational Qualification:</u></p> <p>Pass in Examination in valuation of real estate recognized by the Govt of India for recruitment to superior services or posts conducted by any institution.</p> <p><u>Work Experience:</u></p> <p>TWO years of work experience in the field of valuation of real estate after completing the examination.</p> <p>Preference should be given to retired Government/PSU Officials</p>
4	<p><u>Educational Qualification:</u></p> <p>Master's Degree in valuation of real estate awarded by a recognised University in India established under state or central act</p> <p><u>Work Experience:</u></p> <p>TWO years of work experience in the field of valuation of real estate after completing the examination.</p> <p>Preference should be given to retired Government/PSU Officials</p>
5	<p><u>Educational Qualification:</u></p> <p>Chartered / Professional membership of the Royal Institution of Chartered Surveyors [RICS] or American Society of Appraisers [ASA] or Appraisal Institute [AI] USA/ other internationally reputed Institutional players who fulfill the criteria- obtained by passing an examination equivalent to examinations mentioned against Sl Nos 3 and 4 here above.</p> <p><u>Work Experience:</u></p> <p>Since the process of procurement of membership with these organisations includes training as an integral component, no further work experience requirement is being prescribed.</p> <p>Preference should be given to retired Government/PSU Officials</p>

[B] Valuation of Plant and Machinery

Presently, there is no Act regulating the profession of valuation of plant and machinery in our country. Till the same is enacted, empanelment by the Bank shall be made as per following criteria:

1	<p><u>Educational Qualification:</u></p> <p>Bachelor's degree in Mechanical, Electrical, Production, Industrial,</p>
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	<p>Computer, Mining, Chemical, Electronics and any other stream of engineering as required by the bank for conduct of valuation of plant and machinery and other equipments</p> <p>1. <u>Work Experience:</u> FIVE years of work experience in the field of valuation of plant and machinery after completion of the degree or equivalent.</p> <p>2. <u>Additional Requirement / Remarks:</u> Preference should be given to :</p> <ul style="list-style-type: none"> i) Applicants have completed certificate course in valuation of plant and machinery recognized by AICTE ii) Retired Government / PSU officials <p>Note: Applicants empanelled on the basis of criteria of additional qualification prescribed here above shall be eligible for empanelment provided they have not been de-listed /de-panelled / removed for unsatisfactory performance and/or for negligence and/or for professional misconduct and/or for any fraudulent activity and/or for any other reason whatsoever, at the discretion of the Bank.</p>
2	<p><u>Educational Qualification:</u> Diploma in Mechanical, Electrical, Production, Industrial, Computer, Mining, Chemical, Electronics and any other stream of engineering as required by the bank for conduct of valuation of plant and machinery and other equipments.</p> <p>1. <u>Work Experience:</u> EIGHT years of work experience in the field of valuation of plant and machinery post completion of the diploma.</p> <p>2. <u>Additional Requirement / Remarks:</u> Preference should be given to :</p> <ul style="list-style-type: none"> i) Applicants have completed certificate course in valuation of plant and machinery recognized by AICTE ii) Retired Government / PSU officials <p>Note: Applicants empanelled on the basis of criteria of additional qualification prescribed here above shall be eligible for empanelment provided they have not been de-listed/ de-panelled / removed for unsatisfactory performance and/or for negligence and/or for professional misconduct and/or for any fraudulent activity and/or for any other reason whatsoever, at the discretion of the Bank.</p>

3	<p><u>Educational Qualification:</u></p> <p>Master's Degree in valuation of plant and machinery awarded by a recognised University established under State or Central Acts in India.</p>
	<p><u>Work Experience:</u></p> <p>TWO years' work experience in the field of valuation of plant and machinery post completion of the examination.</p> <p>Preference should be given to retired Government/PSU Officials</p>

[C] Valuation of Agricultural Land

1. Valuer of Agricultural Land ought to have knowledge of following principles of valuation:
 - (i) Cost, price, value and worth,
 - (ii) Value – types, elements, ingredients, characteristics
 - (iii) Annuities – capitalisation – rate of capitalisation – redemption of capital,
 - (iv) Three approaches to value viz., Income, Market and Cost,
 - (v) Laws applicable to agricultural land.

2. Presently, there is no Act to regulate the profession of valuation of agricultural land. Also, there are no study courses being offered in our country to qualify as valuer of agricultural land. Till the same are offered, the Bank shall empanel valuers as per criteria under rules of Wealth Tax Act 1957 as follows:

2.1 Other than Plantations [Under Wealth Tax Rule 8A(3)]

- (i) The applicant must be a graduate in agricultural science of a recognized university and must have worked as a farm valuer for a period of not less than FIVE years; AND

- (ii) The applicant must be a person formerly employed in a post under Government as Collector, Deputy Collector, Settlement Officer, Land Valuation Officer, Superintendent of Land Records, Agricultural Officer, Registrar under the Registration Act 1908 (16 of 1908), or any other officer of equivalent rank performing similar functions and must have retired or resigned from such employment after having rendered service in any one or more of the posts aforesaid for an aggregate period of not less than FIVE years.

2.2 Plantations [Under Wealth Tax Rule 8A(4)]

- (i) He must have, for a period of not less than FIVE years,

owned, or acted as manager of a coffee, tea, rubber or, cardamom plantation, as the case may be, having an area under plantation of not less than four hectares in the case of cardamom plantation or forty hectares in the case of any other plantation; OR

- (ii) He must be a person formerly employed in a post under Government as Collector, Deputy Collector, Settlement Officer, Land Valuation Officer, Superintendent of Land Records, Agricultural Officer, Registrar under the Registration Act 1908 (16 of 1908), or any other officer of equivalent rank performing similar functions and must have retired or resigned from such employment after having rendered service in any one or more of the posts aforesaid for an aggregate period of not less than FIVE years, out of which, not less than three years must have been in areas wherein coffee, tea, rubber or cardamom, as the case may be, is extensively grown.

[D] Valuation of Stock/Inventory, Shares

1. Criteria laid down under the Wealth Tax Rule 8A(7) is to be adopted in case of valuation of stock/inventory and shares.
2. Under Rule 8A(7), a valuer of stocks, shares, debentures, securities, shares in partnership firms and of business assets, including goodwill but excluding those referred to in sub-rules (2) to (6) and (8) to (11) should possess the following qualifications:
 - (i) He must be a member of the Institute of Chartered Accountants of India (ICAI) or the Institute of Cost and Works Accountants of India (ICWAI) or the Institute of Company Secretary of India (ICSI); and
 - (ii) He must have practised as chartered accountant or a cost and works accountants or a company secretary for a period not less than TEN years and his gross receipts from such practice should not be less than fifty thousand rupees in any three of the five preceding years.

NOTE on Qualifications and Previous Work Experience:

1. In case of empanelment of partnership firms and companies for undertaking valuations, the qualification and experience shall apply to all partners and key personnel/ directors respectively of the partnership firm and company unless otherwise specified.
2. Experience of valuer shall be calculated from the date of his/its first empanelment with any Bank/Financial Institution/High Court or

registration under Wealth Tax Act 1957.

3. Valuers should have thorough knowledge of the industry concerned and also the type of assets to be valued.
4. Valuers should constantly update their knowledge base by actively participating in various continuing education programmes including seminars, conferences, workshops, training programmes, capacity building programmes, etc.

[E] Valuation of properties those require under Companies Act, 2013

1. The Ministry of Corporate Affairs (MCA) has notified the provisions governing valuation by registered valuers [section 247 of the Companies Act, 2013 (the act)] and the Companies (Registered Valuers and Valuation) Rules , 2017 (the Rules).In addition, to administer and perform functions under the said rules, the MCA by way of notification on 23 October, 2017, has specified the Insolvency and Bankruptcy Board of India (IBBI) as the responsible authority.
2. Section 247 of the Act requires that where a valuation is to be made of any property, stocks, shares, debentures, securities or goodwill or any assets or net worth of a company or its liabilities under the provisions of the Act, the same shall be valued by a person having the requisite qualifications, experience, registered as a valuer and member of a registered valuers organisation, in the manner prescribed in the Rules.

[F]. The prevailing IBA guidelines shall continue to be applicable for valuation which are not mandatorily required to be done under Companies Act, 2013.

4.Registration with Central/State Governments

1. Registration with Central/State governments is desirable but not compulsory. However, for undertaking valuations under the SARFAESI Act, valuation has to be obtained from Registered Valuer under the Wealth Tax Act [Sections 34AA to 34AE]. While assigning/outsourcing valuation work to valuers, it is necessary to take the provisions of the SARFAESI Act into account and comply accordingly.
2. A valuer – individual and all partners of partnership firm – must be registered u/s 34AB of the Wealth Tax Act. The registration of the applicant valuer must be atleast five years old at the time of application for empanelment with the Bank.
3. U/s 34AC of the Wealth Tax Act, companies or other body

corporates are not eligible for undertaking the functions of registered valuer.

4. If the partners of partnership firm and promoter/key personnel of the company is/are registered under Wealth Tax Act, those firm/companies can be considered for valuation of assets under SARFAESI Act 2002

5 Membership of Professional Bodies

It is very important that a valuer participates in professional activities of various professional bodies. **Every valuer empanelled by the Bank shall necessarily be a member of good standing of any one of the associations of valuers.**

A few indicative associations of valuers are given hereunder for ready reference.

1. Institution of Valuers [IOV]
2. Institution of Surveyors (Valuation Branch) [IOS]
3. Institution of Government Approved Valuers [IGAV]
4. Practising Valuers' Association of India [PVAI]
5. The Indian Institution of Valuers [IIV]
6. Institution of Estate Managers and Appraisers [I.Esma]
7. Centre for Valuation Studies, Research and Training [CVSRT]
8. Royal Institution of Chartered Surveyors, India Chapter [RICS]
9. American Society of Appraisers [ASA], USA
10. Appraisal Institute [AI], USA

6 Proof of Work Experience

Applicant valuer shall necessarily furnish ANY ONE of the following as proof of his/its work experience:

1. Letter of empanelment by any Bank/Financial Institution.
2. Letter of empanelment by any Court of India.
3. Registration Certificate under Wealth Tax Act 1957.
4. Letter of appointment as valuation consultant by Govt of India/any State Govt/any Municipality/any Municipal Corporation.
5. Letter of appointment as valuer employee by Govt of India / any State Govt / any Municipality / any Municipal Corporation.
6. Letter of appointment as valuer employee by any Limited Company engaged in the business of valuation.

7. Letter of appointment as valuation consultant by any Limited Company.
8. Letter of appointment as valuer employee by any partnership/ proprietorship/ private limited company engaged in the business of valuation for the last five years.

7 References

1. Applicant valuer should provide evidence of previous work experience to the Bank. Reference checks on applicant valuer shall be carried out by the Bank before empanelling on its panel to verify the competence, performance and service quality of applicant valuer.
2. For the purpose, applicant valuer shall necessarily submit ATLEAST THREE reference letters from banks / financial institutions /DRT / courts / Govt Departments / any other public sector undertaking where the valuers had done valuations previously or companies for whom the valuer had done valuations previously, obtained on letter head and duly signed by a senior level official at zonal/head office and bearing rubber stamp of the issuing office.

8 Retired Staff Members

A retired staff member who is otherwise eligible for empanelment may also be considered for empanelment by the Bank subject to following restrictions:

1. No punishment/penalty arising out of disciplinary proceedings has been imposed upon him/her either during the service career or subsequent to his/her superannuation.
2. No disciplinary /criminal /judicial proceedings are contemplated/ pending subsequent to his/her superannuation from the Bank's service.

9 Other Conditions and Declaration-cum-Undertaking

In addition to the above eligibility criteria, the following are the other conditions to be fulfilled by applicant valuer:

1. The valuer [individual/sole-proprietor / all partners / all directors] is a citizen of India / the entity is a body corporate registered in India.
2. The valuer has a clean track record in as much as –

- (i) The valuer has not been removed / dismissed from valuation related service / previous employment earlier.
 - (ii) The valuer has not been found guilty of misconduct in professional capacity.
 - (iii) The valuer has not been convicted of any offence and sentenced to a term of imprisonment.
 - (iv) The valuer has not been convicted of an offence connected with any proceeding under the Income Tax Act 1961 and/or Wealth Tax Act 1957 and/or Gift Tax Act 1958 and/or Service Tax Act.
 - (v) The valuer has no complaints registered against him/it with CBI and/or SFIO and/or police and/or court of law and/or has not been blacklisted by any bank / FI / IBA.
3. The valuer is not an undischarged insolvent.
 3. The valuer / the firm and all the partners of the firm and, the company and all the directors of the company shall each possess PAN Card.
 4. The valuer possesses required Goods and Services Tax Registration Number [mandatory in case of Category A valuers].
 6. All directors of the company shall each have DIN allotted to them.
 7. The valuer shall comply with the guidelines, standards and procedures, and abide by the code of conduct prescribed and as amended by the Bank from time to time.
 8. The valuer shall act with independence, integrity and objectivity; shall undertake all valuation works entrusted to him/it by the Bank with an independent mind and shall not come under any influence of anybody.
 9. The valuer shall not be related to any of the personnel in the department/ division in the Bank dealing with valuation work directly.
 10. The valuer shall not undertake valuation of any properties that may be assigned to him/it by the Bank from time to time in which

he/the firm/the company/any of the partners/any of the directors/any of his/its employees have direct or indirect interest in the properties. Also, the valuer shall give a declaration of his having no such interest in the properties entrusted for valuation to him/it by the Bank from time to time by incorporating the same in his/its Valuation Reports thereon.

11. The valuer shall complete the assignment of valuation and submit duly signed [by lead valuers in case of Company] Valuation Report on properties that shall be assigned to him/it by the Bank from time to time within the timeframe stipulated by the bank/mutually agreed upon.
12. The valuer shall not induct/appoint/employ any person as its partner/ director/employee who is a retired staff member of Bank –
 - (i) against whom any punishment/penalty arising out of disciplinary proceedings has been imposed upon him/her during the service career or subsequent to his/her superannuation and/or
 - (ii) any disciplinary / criminal / judiciary proceedings are pending subsequent to his/her superannuation from the Bank's service and/or
 - (iii) who has voluntarily retired from the Bank's service under any voluntary retirement scheme or has taken voluntary retirement or resigned from the Bank's service.

The valuer/firm/company shall also declare that he/ none of its partners/ directors and none of his/its employees is such retired staff member(s) of the Bank.

The valuer/firm/company shall keep the Bank informed immediately as and when any retired staff member of the Bank clear of disqualifications as above is taken in as his/its partner/director/ employee.

14. The valuer shall not conceal or suppress any material information and facts prejudicial to the interest of the Bank and shall make a complete and full disclosure at the time of application for empanelment, and should disclose immediately to the Bank any such developments that may take place during the tenure of his/its empanelment with the Bank.
15. The valuer shall keep the Bank informed immediately of any happenings or events that would make him/it ineligible for empanelment as valuer.

16. For any negligence, lapses, professional misconduct and/or
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unfair practices resorted to by valuer whether with the Bank and/or other banks and/or other institutions, his/its empanelment with the Bank will stand cancelled without referring to Grievances Redressal/Conflict Resolution Committee of the Bank. The names of such delinquent valuers shall be reported to IBA for placement on IBA's Caution List of Third Party Entities [TPEs] and also to other professional bodies/institutions.

NOTE:

1. The above conditions apply to the individual, proprietor in case of sole-proprietary concern, all individual partners and firm in case of partnership firm, all directors and company in case of company.
2. Applicant valuer shall submit to the Bank declaration-cum-undertaking to the above effect duly executed on non-judicial stamp paper of requisite value [individual/sole-proprietor / all partners of the firm / all lead valuers of the company in both representative and personal capacity] at the time of his/its empanelment.

10 CATEGORIES OF VALUERS

The objective of categorisation of valuers is to ensure that whilst lesser value assignments are handled by relatively junior valuers, the senior valuers can handle higher order valuations.

Empanelment of valuers by the Bank shall be in the following categories:

Category	Work Experience in undertaking valuation	Value of property for assignment of valuation work
A	More than 10 years + already empanelled with at least 2 PSBs	No limit
B	More than 5 years to less than 10 years + already empanelled with at least 1 PSB	Up to Rs.50- crore
C	Up to 5 years	Up to Rs.5- crore

NOTE:

1. Goods and Services Tax Registration Number is a must for Category-A valuers.
2. List of empanelled valuers, category-wise and asset-wise circulated from time to time as per format.
3. The diploma holders in Civil Engineering / Architecture are eligible for empanelment to undertake valuations with value **upto Rs.5.00 crore only**.

11 PROFESSIONAL FEE

The structure of fee payable by the Bank to valuers for valuation is as follows:

	Asset Value	Fee not exceeding
1	More than Rs.5- lac to up to Rs.10- lac	Rs.3000/-
2	More than Rs.10- lac to up to Rs.50- lac [0.15% of value]	Rs.10,000/- subject to minimum Rs.3000/-
3	More than Rs.50- lac to up to Rs.10- crore [0.05% of value]	Rs.25000/- subject to minimum Rs.10,000/-
4	Rs.10- crore & above [0.025% of value]	Rs.50000/- subject to minimum Rs.25000/-

NOTE on Professional Fee and Other Expenses:

1. For credit/quasi-credit limits upto and inclusive of Rs.5.00 lac, valuation of property should be made by the bank officials themselves so as to avoid additional cost to borrowers. For credit/quasi-credit limits over Rs.5.00 lac valuation of properties shall be entrusted to valuers on the Bank's approved panel.
2. For Retail and Schematic Loans, wherever guidelines on valuation of securities defined, will continue as it is.
3. The fee structure represents the maximum amount of fee payable as per value of the property and is subject to negotiation at the time of giving assignments.
4. Bank shall pay net amount after deduction of applicable taxes at applicable rate from the fee as above on receipt of valuation report along with Mandate for valuer.
 - i) In addition to the professional fee for valuation, cost of photographs and other out-of-pocket expenses incurred by the valuer in connection with valuation shall be reimbursed on actual basis.
 - ii) For outstation assignments, actual railway tickets up to 1st class or AC Two tier Sleeper and per day diem of Rs.1000/- may be considered for reimbursement by the Bank.
 - iii) Any claim for reimbursement of expenses incurred should be supported by relative bills in original, duly signed by the

valuer.

- iv) The Bank shall recover upfront the valuation fee and the incidental expenses from the borrower.
- v) Professional fee/payments to valuers shall be paid by the Bank directly to the valuer within 45 days of submission of valuation report acceptable to the Bank. The said valuation fees will be recovered from the borrower.
- vi) As far as possible, eligible valuers from each district centre should be included in approved panel with an objective of minimising expenses on travel/diem etc.

12 CODE OF CONDUCT FOR VALUERS

All valuers empanelled with bank shall strictly adhere to the following code of conduct.

Integrity and Fairness

1. A valuer shall, in the conduct of his/its business, follow high standards of integrity and fairness in all his/its dealings with his/its clients and other valuers.
2. A valuer shall maintain integrity by being honest, straightforward, and forthright in all professional relationships.
3. A valuer shall endeavour to ensure that he/it provides true and adequate information and shall not misrepresent any facts or situations.
4. A valuer shall refrain from being involved in any action that would bring disrepute to the profession.
- 5 A valuer shall keep public interest foremost while delivering his services.

Professional Competence and Due Care

6. A valuer shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
7. A valuer shall carry out professional services in accordance with the relevant technical and professional standards that may be specified from time to time

8. A valuer shall continuously maintain professional knowledge and skill to provide competent professional service based on up-to-date developments in practice, prevailing regulations/guidelines and techniques.

9. In the preparation of a valuation report, the valuer shall not disclaim liability for his/its expertise or deny his/its duty of care, except to the extent that the assumptions are based on statements of fact provided by the company or its auditors or consultants or information available in public domain and not generated by the valuer.

10. A valuer shall not carry out any instruction of the client insofar as they are incompatible with the requirements of integrity, objectivity and independence.

11. A valuer shall clearly state to his client the services that he would be competent to provide and the services for which he would be relying on other valuers or professionals or for which the client can have a separate arrangement with other valuers.

Independence and Disclosure of Interest

12. A valuer shall act with objectivity in his/its professional dealings by ensuring that his/its decisions are made without the presence of any bias, conflict of interest, coercion, or undue influence of any party, whether directly connected to the valuation assignment or not.

13. A valuer shall not take up an assignment if he/it or any of his/its relatives or associates is not independent in terms of association to the company.

14. A valuer shall maintain complete independence in his/its professional relationships and shall conduct the valuation independent of external influences.

15. A valuer shall wherever necessary disclose to the clients, possible sources of conflicts of duties and interests, while providing unbiased services.

16. A valuer shall not deal in securities of any subject company after any time when he/it first becomes aware of the possibility of his/its association with the valuation, and in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or till the time the valuation report becomes public, whichever is earlier.

17. A valuer shall not indulge in “mandate snatching” or offering “convenience valuations” in order to cater to a company or client’s needs.

18. As an independent valuer, the valuer shall not charge success fee (Success fees may be defined as a compensation / incentive paid to any third party for successful closure of transaction. In this case, approval of credit proposals).

19. In any fairness opinion or independent expert opinion submitted by a valuer, if there has been a prior engagement in an unconnected transaction, the valuer shall declare the association with the company during the last five years.

Confidentiality

20. A valuer shall not use or divulge to other clients or any other party any confidential information about the subject company, which has come to his/its knowledge without proper and specific authority or unless there is a legal or professional right or duty to disclose.

Information Management

21. A valuer shall ensure that he/ it maintains written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of his/its decisions and actions.

22. A valuer shall appear, co-operate and be available for inspections and investigations carried out by the authority, any person authorised by the authority, the registered valuers organisation with which he/it is registered or any other statutory regulatory body.

23. A valuer shall provide all information and records as may be required by the authority, the Tribunal, Appellate Tribunal, the registered valuers organisation with which he/it is registered, or any other statutory regulatory body.

24. A valuer while respecting the confidentiality of information acquired during the course of performing professional services, shall maintain proper working papers for a period of three years or such longer period as required in its contract for a specific valuation, for production before a regulatory authority or for a peer review. In the event of a pending case

before the Tribunal or Appellate Tribunal, the record shall be maintained till the disposal of the case.

Gifts and hospitality:

25. A valuer or his/its relative shall not accept gifts or hospitality which undermines or affects his independence as a valuer.

Explanation.— For the purposes of this code the term 'relative' shall have the same meaning as defined in clause (77) of Section 2 of the Companies Act, 2013 (18 of 2013).

26. A valuer shall not offer gifts or hospitality or a financial or any other advantage to a public servant or any other person with a view to obtain or retain work for himself/ itself, or to obtain or retain an advantage in the conduct of profession for himself/ itself.

Remuneration and Costs.

27. A valuer shall provide services for remuneration which is charged in a transparent manner, is a reasonable reflection of the work necessarily and properly undertaken, and is not inconsistent with the applicable rules.

28. A valuer shall not accept any fees or charges other than those which are disclosed in a written contract with the person to whom he would be rendering service.

Occupation, employability and restrictions.

29. A valuer shall refrain from accepting too many assignments, if he/it is unlikely to be able to devote adequate time to each of his/ its assignments.

30. A valuer shall not conduct business which in the opinion of the authority or the registered valuer organisation discredits the profession.

13 NEGLIGENCE AND PROFESSIONAL MISCONDUCT BY PANEL VALUERS

- a. Sincerity and honesty apart, valuer should be guided by the quality of diligence in inspecting the property in detail and investigate, inspect and analyse it accordingly. He/it should take reasonable

care in arriving at the valuation of the property/properties entrusted to him/it by the Bank from time to time.

- b. Valuer may be accused of negligence if he/it disregards the following:
- (i) Sale of properties of comparable value.
 - (ii) Inadequate physical inspection of the property.
 - (iii) Failure to ascertain restrictive covenants or consider adverse easements of the property under consideration.
 - (iv) Failure to consider major defects in the architectural or structural defects in the property etc.
- 9.3 Lapses may include conspiracy of valuer with borrower in over-valuation, incomplete, false and/or misleading report on the assigned securities for valuation etc.
- 9.4 For any professional misconduct of valuer and/or where the Bank suffers loss due to any negligence and/or lapses on the part of valuer, it will initiate such action against him/it as deemed necessary. Keeping in view the gravity of the lapses and/or misconduct, the Bank may take following action(s):
- (i) Removal of valuer's name from its panel after giving him/it an opportunity of being heard followed by a written communication to that effect.
 - (ii) Initiation of legal proceedings, including filing of FIR, criminal complaint before Court.
 - (iii) Inform related professional bodies and institutions regarding misconduct of valuer.
 - (iv) Following the procedure laid down by the IBA in its procedural guidelines, report valuer's name to the Indian Banks' Association [IBA] for placing him/it on the IBA's Caution List of Third Party Entities [TPEs] involved in fraud, and also to other related professional bodies and institutions.

14.Compliance of Standards and Procedures/Methodologies for valuation to be done under Companies Act, 2013.

- 14.1 All valuers empanelled with the Bank shall comply and abide by the Procedures/Methodologies for valuation to be issued by Credit Monitoring Department, Head Office on approval of policy by the board.
- 14.2 While conducting a valuation, valuers have to comply with **Internationally Accepted Valuation Standards (IVS)** as applicable to the respective class of asset and respective method of valuation as required. The brief background of IVS is as follows:
- 14.3 The International Valuation Standards (IVS) are standards for undertaking valuation assignments using generally recognised concepts and principles that promote transparency and consistency in valuation practice. The International Valuation Standards Council (IVSC) is an independent, not-for-profit organization committed to advancing quality in the valuation profession and formation of IVS. Their primary objective is to build confidence and public trust in valuation by producing standards and securing their universal adoption and implementation for the valuation of assets across the world. Valuations are widely used and relied upon in financial and other markets, whether for inclusion in financial statements, for regulatory compliance or to support secured lending and transactional activity. The

IVSC also promotes leading practice approaches for the conduct and competency of professional valuers.

- 14.4 The IVSC Standards Board is the body responsible for setting the IVS. The Board has autonomy in the development of its agenda and approval of its publications. In developing the IVS, the Board:
- i. follows established due process in the development of any new standard, including consultation with stakeholders (valuers, users of valuation services, regulators, valuation professional organisations, etc) and public exposure of all new standards or material alterations to existing standards,
 - ii. liaises with other bodies that have a standard-setting function in the financial markets,
 - iii. conducts outreach activities including round-table discussions with invited constituents and targeted discussions with specific users or user groups. The objective of the IVS is to increase the confidence and trust of users of valuation services by

establishing transparent and consistent valuation practices. A standard will do one or more of the following:

- iv. identify or develop globally accepted principles and definitions,
- v. identify and promulgate considerations for the undertaking of valuation assignments and the reporting of valuations,
- vi. identify specific matters that require consideration and methods commonly used for valuing different types of assets or liabilities. International Valuation Standards

14.5 The IVS consist of mandatory requirements that must be followed in order to state that a valuation was performed in compliance with the IVS. Certain aspects of the standards do not direct or mandate any particular course of action, but provide fundamental principles and concepts that must be considered in undertaking a valuation. The IVS are arranged as follows:

- i. The IVS Framework -This serves as a preamble to the IVS. The IVS Framework consists of general principles for valuers following the IVS regarding objectivity, judgement, competence and acceptable departures from the IVS.
- ii. IVS General Standards - These set forth requirements for the conduct of all valuation assignments including establishing the terms of a valuation engagement, bases of value, valuation approaches and methods, and reporting. They are designed to be applicable to valuations of all types of assets and for any valuation purpose.
- iii. IVS Asset Standards - The Asset Standards include requirements related to specific types of assets. These requirements must be followed in conjunction with the General Standards when performing a valuation of a specific asset type. The Asset Standards include certain background information on the characteristics of each asset type that influence value and additional asset-specific requirements on common valuation approaches and methods used.

14.6 The comprehensive document on international valuation standard is available on the IVSC website at www.ivsc.org.

It is expected that every empanelled valuer are made aware of the IVS guidelines and adherence to the same is done by valuer in valuation process.

14.7 Valuation of properties other than those required under Companies Act, 2013.

The prevailing IBA guidelines shall continue to be applicable for valuations which are not mandatorily required to be done under Companies Act, 2013.

14.8 Review of Performance and Service Quality of Valuers

- (i) Performance and quality of service provided by the valuers shall be reviewed annually by the respective Zonal Head and place before Head Office Committee. The exercise should be completed by November month end every year.
- ii) Head Office, Committee shall review the performance sheets of valuers who are empanelled and take appropriate decision on their continuation based on the recommendation of the Zonal Office.

14.9 Removal/De-panelment of Valuers

- (i) Where reports are found not satisfactory, branches/offices should offer specific comments in respect of quality of reports submitted by the valuers and their performance and service quality at Zonal Offices and Zonal Office in turn to place before Head Office Committee with justification to consider continuation or otherwise of their names on the approved panel.
- (ii) Valuer shall be removed from the Bank's panel for unsatisfactory performance and service quality and/or for any negligence, lapses, professional misconduct and/or unfair practices resorted to by valuer at any time if situation warrants.
- (iii) Such removal shall be done by Head Office Committee for Empanelment of Valuers.
- (iv) If any adverse feature is observed by the Zonal Office in the performance and service quality and/or on receipt of report involving fraudulent activity, the concerned Zonal Head shall issue a show cause notice to the valuer giving 30 days' time for clarifying his/its action. Immediately on receipt of clarification from the valuer, the Zonal Office, if required,

place before Head Office committee with their views for decision for continuation on its panel or otherwise. If no clarification is received from the valuer within stipulated period, Zonal Office without allowing further time shall take a decision including removal/de-empanelment of the valuer or recommend to Head Office Committee with complete details after due consideration of recommendations of the Branches / Offices. Reporting of delinquencies to be made immediately by Zonal Office for onward reporting to IBA under advice to Head Office, Credit Monitoring Department.

- (v) If a valuer is prima-facie found to have been involved in some fraudulent activities/conspiracy with the borrowers in over-valuation of property, following the procedural guidelines laid down by the IBA, the Bank shall report immediately the name of such delinquent valuer to IBA for placing it on the IBA's Caution List of Third Party Entities (TPEs) involved in fraud. For the purpose, Zonal Heads shall submit information on such delinquent valuers as per prescribed format to Head Office, Credit Monitoring Department on an on-going basis.

- (vi) Any valuer on the panel of the Bank is liable for removal by the Bank for any other reasons whatsoever and/or at the discretion of the Bank without assigning any reasons therefor.

15. Re-empanelment of Valuers:

Valuers once delisted/removed from the Bank's panel shall not be re-empanelled on its panel.

16. OBLIGATIONS OF THE BANK

This document casts the following obligations on the Bank:

- 16.1 All appointments/empanelment of valuers shall be done in accordance with the provisions in this document and its amendments from time to time.

- 16.2 All instructions to valuer shall be given by the Bank in writing.

- 16.3 Supportive documents, wherever possible, shall be provided to valuer before commencement of valuation work. Sufficient time shall be provided by the Bank to valuer for procurement of any other document and, cost of procurement of such documents shall be reimbursed by the Bank upon production of relative original bills by valuer.

16.4 A maximum of ten days' time shall normally be given to valuer to carry out valuation. Maximum time for valuation shall be mutually decided by valuer and the Bank depending upon the nature of the valuation job and circumstances, on a case to case basis.

In case of outstation properties or in case of large property valuations, more time shall be given, depending on circumstances, on a case to case basis.

16.5 No security deposit or any other indemnity money shall be taken from valuers as security for professional services that they shall provide.

16.6 Where the valuation report submitted by valuer is found to be not in order by the Bank, it shall bring the same to his/its notice within 15 days of its submission for rectification and re-submission failing which, it shall be presumed that the valuation report has been accepted.

16.7 In case of valuations under SARFAESI Act, the provisions under the Act shall have to be followed.