

केनरा बैंक  Canara Bank

CREDIT POLICY SECTION

RISK MANAGEMENT WING

HEAD OFFICE : BENGALURU-560002

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A H E R

Sub: Valuation of various kinds of securities on Credit Exposure

SYNOPSIS

Consolidated guidelines on valuation of various kinds of securities on Credit Exposure updated till 31.03.2020

Attention of branches/Offices is invited to H.O. Cir. [357/2018](#) dated 17.07.2018 wherein the consolidated guidelines regarding valuation of various kinds of securities on credit exposure have been enumerated. Further modifications were conveyed vide HO Cir. [593/2018](#) dated 11.12.2018, [47/2019](#) dated 31.01.2019, [119/2019](#) dated 12.03.2019 and [139/2020](#) dt. 18.03.2020.

Enclosed document covers in detail the comprehensive & consolidated guidelines issued by the bank regarding Valuation Policy for Current Assets & Fixed Assets, Procedure for empanelment of valuers, Stock Auditors and SARFAESI valuers and Empanelment of Lenders Independent Engineers (LIE), TEV Consultants (External) and Forensic Auditors updated till 31.03.2020.

The guidelines detailed in this Circular shall be used by the amalgamated bank w.e.f 01.04.2020.

Branches / Offices to take note of the above and be guided by the same.

**A.V.RAMA RAO
GENERAL MANAGER**



GUIDELINES ON VALUATION OF VARIOUS KINDS OF SECURITIES ON CREDIT EXPOSURES

- Guidelines on valuation of assets including stock audit by valuers/ auditors from the panel of valuers of the bank.
- Guidelines for Empanelment of fixed assets valuers, stock auditors, SARFAESI valuers and Lenders' Independent Engineers (LIE)
- Forensic Audit Policy of the bank, guidelines for empanelment of the Forensic Auditors and
- Empanelment of TEV Consultants.

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PART-A

CHAPTER - I

VALUATION OF SECURITIES

Bank has been following robust asset valuation approach to drive risk management practices across the business vertical and has put in place a detailed policy guideline for collateral management as part of Credit Risk Management Policy of the Bank (HO Cir 555/2019 Dated 31.10.2019), Key highlights of which are as under:

- a) It sets out the selection of collateral acceptance criteria
- b) Valuation of Collaterals
- c) Inspection and insurance of collateral
- d) Enforcement of security interest / liquidation of collaterals
- e) Custody of Title deeds / loan documents

The collateral management policy of the Bank lays down the process, objectives, accepted types of collaterals and the framework including suitable management information system for effective collateral management.

Across the life-cycle of asset, proper asset valuation can lead to benefits across three areas:

- (a) Profitability Enhancement
- (b) Capital Optimization
- (c) Loss Mitigation

Against the above backdrop, a comprehensive policy on standardized procedures for valuation of assets and empanelment of valuers is proposed covering the following aspects of the valuation:

- a) Standardized valuation methodology
- b) Processes for valuer empanelment
- c) Performance management of valuers and
- d) Standardized reporting formats and templates

The guidelines also sets out the Banks approach to selection of valuers, outlining the criteria for selection, duration of empanelment, empanelment procedure, and processes to manage independence and objectivity.

Thus, the Policy on Valuation is likely to ensure that valuation of the assets adequately covers the marketability and transferability aspect of the assets based on standard procedures and also the fact that the valuation procedures are adequately documented to enable any auditor (regulatory/ statutory) to verify it independently.

CHAPTER II
STOCK & RECEIVABLE AUDIT OF BORROWAL ACCOUNTS

1. APPLICABILITY

Annual Stock & Receivable Audit should be got compulsorily done in respect of all borrowal accounts enjoying **Fund Based & Non Fund Based (NFB) working capital limits of Rs. 1 Crore & above for Moderate, High Risk and Unrated accounts and Rs. 5 Crore & above for accounts rated upto Low Risk III and Normal Risk** from our Bank/ Banking System. All NFB limits, which are being used for Working Capital Funding like Letter of Credit (LC), Standby Letter of Credit (SBLC), Bank Guarantees for purchase of goods and/ or for mobilization of Advances are to be included within threshold limit for stock audit, but Capex LCs, Bid Bond Guarantees etc., need not be included in NFB limits for the purpose of conducting stock audit.

2. COVERAGE & PERIODICITY:

The items forming part of the current assets of borrower entities concerned and obtained as prime and / or collateral security shall be got valued/ audited by the Bank by its panel valuer(s)/ Auditor(s) at specified periodicity indicated below:

Particulars	Internal Risk Rating				
	Upto Low Risk III Accounts	Normal Risk Accounts	Moderate Risk Accounts	High Risk Accounts	Others
	1	2	3	4	5
(A) FB/NFB Working Capital Exposure	Rs.5 crore and above	Rs.5 crore and above	Rs.1 crore and above	Rs.1 crore and above	Rs.1 crore and above
(B) Periodicity (minimum)*	Once in a YEAR	Once in a YEAR	Once in a YEAR	Once in a YEAR	<ul style="list-style-type: none"> • Unrated accounts classified as unrated Standard account-Annually. • Sub standard assets and Doubtful Asset - Once in 2 years. In respect of accounts with balance of Rs.5 crore and above and classified as doubtful, stock audit has to be got done once in a year.
	In case of Non-Standard Assets, guidelines as applicable to NPA shall be adhered to.				

- * Besides ensuring strict adherence to the above said stipulations, the charged assets may be subjected to valuation by valuers from Bank's panel at any point of time, if the same is felt **necessary by the controlling authorities (RO/CO as the case may be).**

3. Schematic Lending:

In respect of loans secured by mortgage of residential, commercial and landed properties (other than agricultural properties), which are granted based on value of such properties as per its valuation and loans granted on the value of the collaterals such as Canara Trade, Traders Scheme, Canara Mortgage, Canara Rent, Canara MSME CAP, Canara LRD etc., valuation of current assets shall be carried out in tune with the scheme guidelines.

4. Migration of Rating and Stock Audit:

Wherever the ratings of the accounts are downgraded from Low/Normal risk to Moderate or High Risk as the case may be, immediate valuation within a period of 3 months of such down gradation shall be undertaken (**subject to condition stipulated in (i) & (ii) below**) and subsequent valuation shall be as prescribed above.

- (i) If the current valuation report is not older than 6 months, then fresh valuation need not be insisted, where the rating of the accounts are downgraded to normal, moderate or high risk as the case may be.
- (ii) However, if the account is downgraded by two notches, then stock audit is to be carried out as per extant guidelines, i.e., within a period of 3 months of such down gradation irrespective of the **condition stipulated above.**

5. Takeover of Accounts:

Stock audit to be carried out for takeover of working capital limits, as a pre-release condition for all eligible accounts. Thereafter, valuation shall be conducted as per PARA 2 above.

6. Periodicity of conducting Stock Audit in NPA Accounts

- (i) In respect of NPA accounts, before recommending for entrustment of stock audit / valuation of assets, Branch/Offices shall ensure availability of the stock / charged assets, the need for valuation etc, and Branch shall seek instruction from the Circle office regarding the need for conducting valuation.

In case the Circle Office after due visit to the borrowing unit, finds that no stock is available, Circle Office shall proceed as per PARA 6(iii) below

- (ii) Whenever an account gets classified as NPA, a normal cooling period of one quarter shall be provided for up-gradation/rectification of default. In case the account continues to be NPA even after cooling period, Stock Audit shall be undertaken within a maximum period of 6 months of account turning NPA and subsequent valuation/ stock audit shall be as prescribed above till Stock Audit Reports show substantial depletion in value of Stock/Book Debts.
- (iii) When substantial depletion in the value of Stocks/Book Debts is noticed, the decision for not conducting Stock Audit, should be got approved from the NPA monitoring Authority / committee, of the said account.

7. Applicability in Case of Consortium Accounts / Joint Lending Arrangement (JLA) / Any other joint Mechanism for Lending

- 1. In respect of consortium advances/ JLA, where we are the leader, the stock audit shall be conducted as per extant bank guidelines and in cases where we are not the leader, we may take up the matter with the Lead Bank for getting the stock audit of the borrowal account.
- 2. In case any other member bank, designated or otherwise, gets the current assets valuation done, the Bank may accept the same report and separate valuation by our Bank is not required.

8. Applicability in Case of Multiple Banking Arrangement

In the case of borrowal accounts under MBA, stock audit of the current assets should be got done as per the guidelines as per Point No. (2) above. However, where any other bank under MBA has got the stock audit of current assets done, in such cases, our Bank may accept the report submitted by the panel valuers of the other bank as submitted to the said bank. However, the report should not be older than 6 months. The subsequent Stock audit should meet the periodicity stipulations of our Bank.

9. Delegation for Permitting waiver of Stock Audit including accounts under Consortium Accounts / Joint Lending Arrangement (JLA) / Any other Joint Mechanism for lending

	Upto Low Risk III accounts	Normal Risk / Moderate Risk Accounts	High Risk Accounts	Unrated Accounts
	1	2	3	4
Delegated Authority for permitting waiver of valuation (applicable for accounts under sole banking, multiple banking and consortium).	<p>Waiver of valuation / stock audit, in respect of accounts falling upto and inclusive of the sanctioning powers of Circle Head may be permitted by the concerned Circle Head.</p> <p>In respect of HO power accounts, respective sanctioning authority may permit waiver. In respect of MC power accounts, the waiver can be permitted by CAC of the Board on case to case basis.</p>	<p>Waiver of valuation / stock audit, falling below the sanctioning powers of Circle Head may be permitted by concerned Circle Head.</p> <p>In case of sanction by Circle Head and above authorities, waiver may be permitted by next higher authority. In respect of CAC of the Board/MC power accounts, the waiver can be permitted by CAC of the Board on case to case basis.</p>	No waiver	<p>For accounts classified as Standard assets, waiver of valuation/stock audit may be permitted by the authority as applicable in case of Moderate risk category. No waiver in respect of sub standard and doubtful assets. However, in respect of Doubtful assets where security is negligible/ not available, fully provided accounts and fully written off under technical write off, such accounts are exempted from Current Assets valuation.</p>

Exemption from Stock Audit shall be based on merits and business considerations of each case and wherever, exemption from stock audit is permitted, the reason for the same shall be incorporated at the time of fresh sanction/renewal/review of the working capital limits.

In respect of Doubtful Assets where security is negligible/not available, fully provided accounts and fully written off under Technical Write Off, such accounts are exempted from current assets valuation.

If the borrower is permitted exclusive bills limit like BPSB, BE, FDB, FBE, etc., then stock audit need not be insisted.

Wherever a Consortium has waived Stock Audit of Current Assets, as a member of the said Consortium, our Bank may fall in line with the same subjected to concurrence/approved by Sanctioning Authority. In cases, where such formal waiver is not available, Stock audit of Current Assets has to be got done annually. Waiver of Stock Audit of Current Assets of a Consortium account can be permitted by the sanctioning authority based on merits of individual cases. In the case of CAC of the Board/MC power accounts, the waiver can be permitted by CAC of the Board.

Role of branches including PCBs:

- Branches shall identify the eligible accounts for stock audit of the current financial year and submit a review programme in the first week of June every year.
- The details of external valuers allotted by RM&CRM Section at CO shall be obtained and followed with the valuers and borrowers for conducting the audit and completing the same and submission of the stock audit report to CO within the timeline.
- Branch to attend to the rectification of any deficiency pointed out during the audit.
- The pending issues, adverse remarks communicated by CO on analysing the audit report at their end, shall be attended to and compliance/rectification shall be informed to CO within 2 weeks of receipt of such communication.
- Delay on the part of the valuer or non-co-operation of the borrower if any, shall be brought to the notice of CO immediately for resolving the same.
- In respect of PCB accounts, on receipt of the copy of the audit report and on completion of rectification / compliance, PCB shall submit the recommendations for closure to CAM Wing, HO for closure.

Role of Regional Offices:

- Credit Review Section at RO shall collect the data of eligible accounts and shall follow up with CO for allotment.
- The progress in conducting the audit shall be monitored periodically.
- The deficiencies, matters of non-compliance and adverse remarks observed by Circle office shall be followed up with the branches for compliance/rectification and closure of the report.
- Credit Sanctioning Sections at ROs to incorporate the details of Stock Audit observations and status of its compliance/closure of the Stock Audit report in their office Notes for sanctions/Renewals.

Role of Circle Office:

- RM&CRM Section at CO shall collect/consolidate the data on accounts eligible for the stock audit for the current financial year, in the second fortnight of June.
- In the first fortnight of July, CO shall complete the allocation of panel valuers for conducting the stock audit.
- CO shall allocate the task among as many valuers as required in such a way that the work is distributed fairly even to cover all the active empanelled valuers.
- As far as possible it shall be ensured that the accounts in the branches nearer to the valuers office is allotted to them. However, care shall be taken to rotate the valuer allotted to each account so as to ensure that the same valuer is not allotted with audit of a particular account for more than three years consecutively.
- The copy of the letter addressed to the valuer shall be sent to branches/RO concerned for their follow up.
- The progress in conducting the audit shall be monitored periodically. Delay on the part of the valuer/borrower in conducting the audit to be resolved to ensure smooth progress of the process.
- In respect of RO, CO & HO sanction accounts (other than PCBs) on receipt of the copy of the audit report, credit review section shall analyse and place the same to the reviewing authority at CO.
- The deficiencies, matters of non-compliance and adverse remarks if any observed during the analysis of the report shall be communicated to the branch and followed up for compliance/rectification.
- On satisfactory compliance/completion of rectifications, note for closure of the audit report to be placed before the reviewing authority.
- A quarterly consolidated progress report shall be submitted by the Circles/ PCBs to CA&M Wing, HO informing the number of Stock audits programmed during the year, completed till the end of the quarter & the number of Stock Audits pending with reasons.
- The stock auditors shall undertake the work early and complete the work before December of the financial year.
- The report should be closed before January of relevant financial year along with compliance of observations, if any.

Role of Head Office:

- Stock Audit Reports under the powers of Circle Head CAC and HO Power accounts shall be reviewed and closed at Credit Administration and Monitoring Wing by the respective reviewing Authority.
- Circles / PCBs to forward a copy of the Stock Audit Report along with the Circles/PCBs views and comments on the report and action taken if any, on the basis of the observations of the report.
- Credit Administration and Monitoring Wing, HO to place a review note on the progress of the stock audits as at the end of December every year to Executive Director of the Bank.

10. TIME SCHEDULE

Maximum time taken for such audit varies from 2-6 weeks, except in case of non-cooperation by borrowers, where it may take some more time. Time frame for completion of such audit should be clearly spelt out. It should be ensured that the entity conducting Stock Audit submits its report as per the format given in **Appendix-III To Annexure-4**, immediately after completion of audit.

11. FOLLOW UP AND CLOSURE OF STOCK AUDIT REPORTS:

For disposal of Stock Audit Reports, following guidelines must be kept in view:

1. In the case of Consortium Accounts / JLA /Any other Joint Mechanism / MBA, where we are the Lead Bank/ Lender, the matter should be pursued with the Stock Auditor for submission of stock audit report immediately after completion of stock audit. The report should be scrutinized and important observations and action points emerging from stock audit should be circulated to other member banks and the same should be thoroughly discussed at the next consortium meeting.
2. In the case of Consortium Accounts / JLA /Any other Joint Mechanism /MBA, where we are a member bank, it should be ensured that the Stock Audit observations are independently analyzed/scrutinized and taken up with the Lead Bank for discussion in the next meeting.
3. If the Lead Bank is not forthcoming with effective follow up action on receipt of the report, matter should be taken up **in the consortium meeting and simultaneously** with the company directly for initiating corrective measures on action points emerging from the stock audit. Circle Heads may take a view in this regard on case to case basis.

4. Authorities for review and closure of stock audit reports:

Sanctioning Authority	Authority for review and closure
CM/AGM- Branch Head DM/AGM CACs- SME SULABH/RAH RO-CACs including RO Head- AGM-CAC	AGM/DM-CO overseeing credit review section
DGM(RO Head)-RO-CAC DGM CO CAC (GM Headed Circles) DGM SME SULABH	DGM - CO overseeing credit review section
CIRCLE Head-CAC DGM-CO-CAC CGM/GM-CO-CAC	DGM CAM Wing, HO GM, CAM Wing, HO
HO POWER ACCOUNTS /ACCOUNTS IN PCBs	GM, CAM Wing, HO Through Credit Review Section of Circles / CMOs of PCBs

5. RM&CR Sections in Circle shall undertake/oversee the process of review and closure of stock audit reports at Circles.

6. Closure of stock audit under Consortium / JLA/ Any other Joint Mechanism /MBA, following additional guidelines to be complied with:

- i. In respect of stock audit conducted by our bank, whether as leader or as a member, stock audit shall be placed for closure, as above.
- ii. In respect of stock audit conducted by other banks where we are member in consortium /JLA/ Any Other Joint Mechanism/ MBA, the stock audit report shall be placed for interim closure by the Circle / CA & M Wing by ensuring observations are rectified to the satisfaction of our Bank, as per above guidelines. However, in respect of such accounts, Circles/Regions /Branches will follow up with the leader / bank who conducted the stock audit till closure by the respective banks.

12. GENERAL GUIDELINES FOR THE PANEL VALUERS ENTRUSTED WITH VALUATION OF CURRENT ASSETS

These are furnished in **Appendix i to Annexure-4**. Branches and offices shall carefully go through the same and take note thereof. Also, the branches while addressing letters to the panel valuers as per the draft given in **Annexure-4**,

should note to send these guidelines also to them for their compliance while carrying out the valuation assignment.

CHAPTER -III

VALUATION OF FIXED ASSETS

1. VALUATION OF PROPERTIES

In order to ensure that the properties taken as primary/collateral security are valued at realisable prices all the time, the following guidelines shall be observed:

2. PURPOSE OF VALUATION

- To ascertain the amount to be given as a loan.
- For periodically ascertaining the value of the property that has been mortgaged, whether it is increasing or decreasing over the mortgage period.
- For the purpose of realizing the value of Non-Performing Assets (NPA) and
- For the purpose of redemption of properties in cases of default.

(A) VALUATION OF IMMOVABLE PROPERTY

I. ELIGIBILITY CRITERIA

All borrowal accounts where immovable property (other than Agriculture Property) has been obtained as security (Primary/ Collateral) for securing the loans / advances, Branches / Offices shall obtain valuation of such immovable property from the valuer on the Bank's approved panel .

In respect of loans secured by mortgage of residential, commercial and landed properties (other than agricultural properties), which are granted based on value of such properties as per valuation, and loans granted on the value of the collaterals such as Canara Trade, Traders Scheme, Canara Mortgage, Canara Rent Canara LRD etc., valuation shall be carried out in tune with the scheme guidelines.

II. PERIODICITY OF VALUATION

a) Where the fixed assets of a borrower viz., land and building (other than Agricultural property), plant & machinery, etc. are obtained as prime and / or collateral security, the same should be subjected to valuation by competent valuers from the panel of valuers **once in three years**.

b) Since, concession in rate of interest (ROI) (for MSME accounts) is available on the basis of collateral securities, it has been observed that properties were re-

valued before the prescribed time to allow concession in ROI and sanction additional credit facility against tangible collateral security on the basis of fresh valuation. The purpose of allowing concession in ROI linked with collateral security is to encourage collateral based lending. However, frequent valuation of properties for allowing concession in ROI and sanction of additional credit facility is not a fair practice. Hence, it is suggested that minimum gap between two valuation should be Two years. **However, the Circle Head CAC & above authorities, if required, can get the valuation of immovable assets done at lower frequency. In case of valuation is carried out at frequency lesser than 3 year then value of property shall be taken at 85% of the present value of the property (latest valuation) and valuation shall be carried out by valuer other than the valuer who had given the earlier report.**

III. VALUATION OF ONLY LANDED PROPERTY (OTHER THAN AGRICULTURAL PROPERTIES) WITHOUT ANY SUPER STRUCTURE ON IT.

If the security is only by way of landed properties (other than Agricultural properties) / sites / plots without any super structure on it, no valuation by an outside valuer is necessary. In such cases, the guidelines are as under:

- **The acquisition cost as per registered sale deed may be considered as cost of land, if it is acquired within immediate preceding one year.**
- **If the land is acquired /purchased beyond preceding one year, 85% of the Fair Market Value assessed by the Bank's Approved Valuer should be taken as value of the land.**

Branches / Offices shall update the value of the immovable property once in three years.

Circle Office should ascertain this information periodically, preferably once in a year, by making informal market enquiries / enquiries at the land registrar's office and circulate it to all Regional Office and Branches under their jurisdiction.

IV. VALUATION OF PROPERTIES (LAND & BUILDING) OF Rs. 10 CRORE & ABOVE

Bank shall obtain minimum 2 independent valuation reports from 2 empanelled valuers in respect of loan accounts where the value of individual property (Land and Building) obtained as collateral for the loan is Rs. 10 crore and above. Bank shall adhere to the procedural guidelines laid down in this regard.

- a. Of the 2 empanelled valuers entrusted with valuation, wherever possible, one valuer may be selected from a place different from the other.
- b. In the case of fresh proposals, the valuation as above shall be conducted before sanction of loans.
In the case of existing loans wherein the above has not been undertaken, valuation as above shall be undertaken at the time when the next valuation of fixed assets is due as per the existing policy guidelines and subsequently at the time interval of every 3 years.
- c. In addition to the above, in case of need, Branches/Offices may seek second opinion from valuer and advocate (other than from whom first opinion was obtained) in respect of high value property and large borrowal accounts of Rs 5 Crore and above, with prior permission from the Circle Office.
- d. The required charges (including taxes, if any) for valuation by the two different empanelled valuers shall be collected by the Bank from the borrower and remitted directly to the empanelled valuer/s who conducted the valuation. It shall be noted that no payment is made to the valuer by the borrower directly. **Payment of Fee to the Valuer should preferably through Savings / Current Account maintained with our bank.**
- e. While conveying the sanction, these clauses will have to be specifically incorporated in the sanction memorandum. In the case of existing parties, the above revised norms shall be informed to the borrower while getting the fixed assets valued as per the existing policy of the Bank.

V. VALUATION OF IMMOVABLE PROPERTIES (12 MONTHS PRIOR TO THE DATE OF VALUATION):

- i. In case the immovable properties are recently purchased (12 months prior to the date of valuation) and if the guideline value has been revised after the date of sale deed, then the purchase price as per the sale deed or the guideline rate, whichever is higher, and not the market value shall be reckoned for arriving at the value of the property.
- ii. The period for recent purchase shall be taken as 12 months from the date of sale deed.
- iii. This shall be a general guideline across all loan products of the bank where such valuation is warranted.

(B) VALUATION OF MOVABLE PROPERTY

- i) In cases where **new plant and machinery** is to be financed, the cost price indicated in the quotation/ supplier's bill shall be reckoned as its value, which should be verified by making enquiries through other vendors supplying such machinery.
- ii) In fresh borrowal accounts where credit facility is to be considered against the principal/collateral security of **existing plant & machinery** to be charged to the bank by way of hypothecation, mortgage, etc., valuation of such plant & machinery be got done by branches from the valuer on the Bank's approved panel .
- iii) However, where the value of Plant & Machinery to be charged is **Rs.50 crore & above**, branches shall get valuation of such P&M done from minimum two valuers on the Bank's approved panel.
- iv) Valuation report should be submitted by valuers on the Proforma available at **Annexure-7**. While giving its report; **the valuer has to indicate only the realizable value of the plant & machinery**.
- v) Frequency of valuation shall be as **PARA 2. (A). II. (a)**.

3. GENERAL GUIDELINES FOR VALUATION OF FIXED ASSETS:

i) Migration of Rating and Valuation:

Wherever the ratings of the accounts are downgraded to normal, moderate or high risk as the case may be, immediate valuation within a period of 3 months of such down gradation shall be undertaken subject to terms & conditions as stipulated in Chapter II Para IV of this Circular and subsequent valuation shall be as prescribed above.

- ii) **Takeover of Accounts:** In respect of taken over borrowal accounts, the first time valuation shall be got done before disbursement of the loan **irrespective of the loan quantum**.

iii) Periodicity of conducting Valuation in NPA Accounts

In respect of NPA accounts, before recommending for entrustment of valuation of assets, Branch/Offices shall ensure availability of the charged assets, the need for valuation etc, and Branch shall seek instruction from the controlling office regarding the need for conducting valuation.

Whenever an account gets classified as NPA, a normal cooling period of one quarter shall be provided for up-gradation/rectification of default. In case the account continues to be NPA even after cooling period, Valuation shall be undertaken within a maximum period of 6 months of account turning NPA and subsequent frequency of valuation shall be as prescribed for **NPA under PARA 2.(A). II. a. of CHAPTER III.**

iv) Applicability in Case of Consortium Accounts / Joint Lending Arrangement (JLA) / Any Other Joint Mechanism

In respect of consortium advances/ JLA /Any other Joint Mechanism, where we are the leader, the valuation of Assets shall be conducted as per extant bank guidelines and in cases where we are not the leader, we may take up the matter with the Lead Bank for getting the Valuation of Assets charged to the bank.

Wherever a consortium has specifically waived valuation of the charged fixed assets, our Bank, as a member of the said consortium may fall in line with the same. In cases where such formal waiver is not available, valuation of the fixed assets shall be carried as stipulated under **PARA2 (A) II of Chapter III** and PARA (B) above, as the case may be.

In case any other member bank, designated or otherwise, gets the fixed assets valuation done, the Bank may accept the same report and separate valuation by our Bank is not required.

v) Applicability in Case of Multiple Banking Arrangement

In case of borrowal accounts under MBA, valuation of the Fixed Assets should be got done as per the guidelines as per PARA (A) & (B)) above. However, where any other bank under MBA has got the valuation of fixed assets done, in such cases, our Bank may accept the report submitted by the panel valuers of the other bank as submitted to the said bank.

vi) Delegation for Permitting waiver of valuation of Fixed Assets including accounts under Consortium Accounts / Joint Lending Arrangement (JLA)

Waiver of valuation of fixed assets of a consortium account can be permitted by the sanctioning authority based on merits of individual cases. In the case of CAC of the Board/MC power accounts, the waiver can be permitted by CAC of the Board. Delegation for waiver by various authorities shall be as that stated under **PARA 9 of CHAPTER II.**

vii) In order to avert instances of over valuation of immovable properties, Valuation report should clearly indicate:

- a) Date of purchase of immovable property,*
- b) Purchase Price of immovable property,*
- c) Distress Sale Value (Realisable Value) of immovable property and*
- d) Guideline Value (value as per Circle Rates), if applicable, in the area where immovable property is situated.*

viii) Subsequent valuation should be assigned to the empanelled valuer other than the valuer who has conducted the previous valuation.

ix) In respect of accounts classified as sub standard and doubtful accounts with exposure of Rs 1 crore and above shall be subjected to valuation. No waiver can be permitted in respect of accounts classified as sub standard and doubtful assets. However, in respect of doubtful assets where security is negligible/ not available, fully provided accounts and fully written off under technical write off, such accounts are exempted from Fixed Assets valuation.

The process must ensure that in respect of all NPA accounts fully secured, independently or along with other collaterals by Land & Building, then those fixed assets should have a valuation not more than 3 years old.

x) Besides ensuring strict adherence to the above said stipulations, the charged assets may be subjected to valuation by valuers from Bank's panel at any point of time, if the same is felt necessary by the controlling authorities.

xi) Other Guidelines:

- The valuation should always be got done by an empanelled independent valuer i.e., the valuer should not have a direct or indirect interest in the assets being valued.
- All the necessary / relevant papers / documents should flow directly from the branch to the valuer & vice versa without routing the same through the borrower / guarantor concerned.
- The Valuation Report to be submitted by the valuers should be strictly as per stipulated formats. It should also be ensured that the report invariably contains the Fair Market Value, the Book Value and the Distress Value of the property being valued. However, for the purpose of determining the present value of the property mortgaged / to be mortgaged, the Fair Market Value should be taken into consideration. Also in the case of Plant & Machinery, Fair Market Value is to be accepted for valuation purposes.
- Residual age of the immovable property should be at least 5 years more than the tenure of the loan while accepting as prime/collateral securities to the loan.
- Branch should verify the correctness of the valuation by making independent verifications with respect to the valuation and certify to that extent in the valuation report itself as per certificate given in formats of valuation of fixed assets under different methods are given in Annexure-6,7,8,9,10,11,12 and13.
- A declaration should necessarily be obtained from valuers with every valuation report as per the format (Annexure-22) along with a signed copy of the Model code of conduct for valuer as given in Annexure 23.
- Where the fixed assets of a borrower viz., land and building (other than Agricultural Property), plant & machinery, etc., are obtained as prime and /or collateral security, the same should be subjected to valuation by competent valuers from the panel of valuers once three years.
- Valuation Report must contain specific views / comments on the impending threat, if any, of Road Widening, Take-over of property for public service purposes, Sub-merging, Attracting provisos of Coastal Regulatory Zone (CRZ) etc.

4. VALUE OF ASSETS IN CASE VALUATION REPORT IS MORE THAN ONE YEAR OLD (DEPRECIATION TO BE CHARGED)

(i) In case the valuation report is more than one year old, the value of fixed assets as per valuation report is to be pro-rata depreciated as under:

- | | | | |
|-----|-------------------|---|--------------|
| (a) | Building | - | 5% per year |
| (b) | Plant & machinery | - | 15% per year |
| (c) | Vehicle | - | 20% per year |

(ii) The fixed assets other than land have to be depreciated applying written-down value (WDV) method and at the rates specified above. Land value need not be depreciated.

5. SECURITIES HELD UNDER 2nd CHARGE

In respect of securities held under 2nd Charge, the extant guidelines on inspection and valuation of the securities to be followed. Wherever the 1st charge holder/s / are other than our Bank, in such cases, the matter should be taken up with them with regard to inspection and valuation of securities, and also to ascertain total outstanding dues with them, so that the residual value of security available to our bank can be arrived at. The guidelines shall be equally applicant to Current as well as Fixed Assets.

6. Branches/ offices shall also note the following for strict adherence:

- (i) The value of collateral security provides additional comfort to the loan. But the focus should be on the soundness of the project viz., the people/ promoters behind the project, their track record, technical feasibility, financial viability and the bankability of the project.
- (ii) Examine the role of the valuer, if any, in respect of loan accounts which have suffered quick mortality and initiate appropriate action against the erring valuer as per the existing norms enumerated in Chapter XII, Chapter XIII wherever required.
- (iii) Valuation of property is contingent on various factors extraneous to the guidelines / circle value and hence it is advised that Pin Code wise / Area Wise Circle rate or guidelines Value may be compiled by Circle Office on Annual Basis and submitted in the month of June every year to Recovery Legal & Fraud Prevention Wing for uploading the same on Cannaet.

iv. While placing office notes for sanction of Credit Proposals (Both fresh as well as renewal), following confirmation shall invariably be incorporated in the subject office notes:

'The Caution List of TPEs available in Cannet is verified and found that the TPE who provided the services of valuation with respect to the particular loan proposal is not in the Caution List'.

7. Formats of valuation of fixed assets under different methods are given in Annexure-7, Annexure-8, Annexure-9, Annexure-10, Annexure-11, Annexure-12, Annexure 13.

CHAPTER - IV
VALUATION OF ASSETS IN RESPECT OF SUIT FILED ACCOUNTS

Wherever securities are present and are in the custody of borrower, following procedure should be adopted to get the securities valued:

1. If the court receiver / commissioner have already been appointed, he/she may be requested to arrange for valuation of securities at Bank's cost. If he/she insists for court's direction, the same may be obtained by filing necessary petitions.
2. If court receiver / commissioner have not been appointed, an application has to be filed for appointment of a receiver / commissioner for taking up inventory and valuation, along with petition for seizure and disposal of the movable assets.
3. If for any reason, appointment of a receiver / commissioner is not solicited / permitted by the court, then, court's permission may be sought for valuing the securities by filing necessary application. In such cases, the authorization may be sought in the name of the branch manager or the panel valuer who is proposed to undertake the valuation.
4. In all the above cases, the court may be convinced about the reason for valuation, such as for obtaining insurance cover and also to evaluate our advances for balance sheet purposes and to meet regulatory directions.
5. In the case of non-suit filed accounts, if the securities cannot be verified / valued due to non co-operation of the borrower, the value of such securities may still be estimated reasonably based on the market conditions / enquiries and such value should be furnished in the supporting sheets relating to advances by making suitable remarks to this effect therein.

CHAPTER - V
VALUATION FOR THE PURPOSE OF BALANCE SHEET

1. While furnishing the security value in the balance sheet and relevant advances, branches should furnish the correct value of security in CBS.
2. To ensure scrupulous compliance with the guidelines on Prudential Norms in a uniform manner, asset classification and valuation of securities should be confirmed by the Head of the branch. Further, such classification and valuation of securities should be vetted by RO in respect of accounts falling under their powers and by the Circle Offices in respect of accounts falling under CO and HO powers in the format as per **Annexure-14 and Annexure-15** and confirmation is made available to the branches.
3. Branches should ensure the physical existence of securities and that the values thereof so declared are realistic.
4. Wherever valuation report of fixed assets is more than 3 years old, branches should take immediate steps to obtain fresh valuation report.
5. The value of security approved shall be confirmed by the RO / CO.
6. In the case of securities which are charged to the Bank in the form of second charge or subsequent charge, the security available to the Bank should be computed after providing for the full liability with the first charge holder / prior charge holder. For this purpose, the branches should deduct the total liability subsisting with the first charge / prior charge holder out of the value of security and based on confirmation of balances.
7. In the case of consortium / multiple banking where the charge on the security is created on a pari passu basis, the security should be shared on a prorata basis. **Branches / Offices should ensure correctness of valuation details captured in CBS of the Bank.**
8. Wherever sanction terms stipulate II charge / EMT, etc. as the security, in the case of standard and sub-standard assets which are not recalled or doubtful assets which are marked for recovery or where advances are recalled, the value of the security should invariably be updated in CBS, only if the II charge is created / EMT has been put through. Therefore, branches should follow up the matter with the borrower / other banks / other institutions concerned and ensure that required formalities get completed at the earliest.

9. Where the valuation of securities, both current and/ or fixed assets, by an outside valuer is not mandatory, branches may evaluate the value of security on the following broad guidelines:
- (i) In the case of fixed assets excluding land, only the written down value of the security after providing for the depreciation may be taken as the value of the security (It has to be ensured that the assets are in working condition and the corresponding audited annual accounts is not more than 18 months old).
 - (ii) In the case of current assets like stocks, the latest stock statements have to be obtained from the borrower. The value of the assets would be estimated in such cases as advised in the Manual of Instructions on Working Capital and would relate to all categories of assets i.e. Standard, Sub-standard and Doubtful. Though the value of old / obsolete/ unusable stocks should not be reckoned for the purpose of arriving at the drawing power under the sanctioned limit, **for the purpose of furnishing the value of security in the Balance Sheet, the realizable value of entire stocks hypothecated to the Bank should be taken.**
 - (iii) In the case of book debts, only such book debts, which are realizable and not considered as bad or doubtful of recovery should be considered as the security subject to the specific stipulation in the sanction communication.
10. Where Attachment before Judgment (ABJ) is obtained against any assets of the borrower / guarantor which were not earlier taken as security, the same may also be treated as security and the value thereon may be mentioned in the advances invariably in the CBS/ other reporting formats.

CHAPTER-VI
ELIGIBILITY NORMS FOR EMPANELMENT OF STOCK AUDITORS AND FIXED ASSETS
VALUERS

Bank during the course of financing the requirement of the various entities accepts different kinds of Assets (Immovable and or Immovable) for securing the loans / advances. Some of the assets accepted by the bank as security are as under:

- (i) Land and Building
- (ii) Agricultural Land subject to state laws
- (iii) Plant & Machinery
- (iv) Electronic goods including Computers
- (v) Automobiles like Car, Bike, Bus, Truck etc.
- (vi) Stocks (Shares)
- (vii) Trading Stock (inventory)
- (viii) Book debts / Receivables

In order to ascertain the economic value of the assets, bank shall utilize the services of the valuers for carrying out the valuation of different types of assets stated above. In order to ensure that the valuers empanelled with the bank are competent and capable of providing high quality of service, the criteria for different category of valuers shall be adhered to while empanelling valuers.

A. ELIGIBILITY NORMS FOR EMPANELMENT FOR STOCK AUDITOR

Stock Auditor / Credit Auditor should have the following qualifications, namely,

- i. Chartered Accountants and Cost Accountants and /or group/ firm of Chartered Accountants/ Cost Accountants who are in practice alone shall be empanelled. **Persons employed by the Bank as Statutory Auditors, Income/ Concurrent Auditors , Internal auditors should not be appointed for valuation during the period of such appointments**
- ii. All the partners must be a member of the Institute of Chartered Accountants of India or the Institute of Cost and Works Accountants of India; and
- iii. Evidence of previous experience needs to be provided to the Banks / FIs. In case of partnership firms undertaking valuations, the qualification and experience shall apply to the lead valuers of the company / all partners of the partnership firm.
- iv. In case of Merger / Demerger of the Firm, proof of empanelment of earlier entity, as Stock Auditor with other Banks/FIs, can be considered as requisite experience for the demerged entity or newly merged entity.
- v. GST registration number, unless exempted, shall be obtained before empanelment of the valuer

B. ELIGIBILITY NORMS EMPANELMENT OF FIXED ASSETS OTHER THAN AGRICULTURE

i. The valuer of Fixed Assets shall be

- (a) post-graduate degree or post-graduate diploma, in the specified discipline (including Architecture & Town planning), from a University or Institute established, recognised or incorporated by law in India and **at least three years of experience in the specified discipline thereafter**; or
- (b) a qualified engineer having Bachelor's Degree or equivalent, in the specified discipline (including Architecture & Town planning), from the University or Institute established, recognized or incorporated any law in India; or
- (c) a qualified chartered engineer from The Institution of Engineers (INDIA), Kolkata having Diploma in the specified discipline; or
- (d) Any other Qualification as specified by Government of India or Insolvency and Bankruptcy Board of India under Companies (Registered Valuers and Valuation) Rules, 2017 notified by the Ministry of Corporate Affairs on 18th October, 2017 or any amendment from time to time.

ii. For the valuation required under Companies Act 2013, the Valuers shall be registered with "Insolvency and Bankruptcy Board of India" as per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs on 18.10.2017. The same shall be applicable w.e.f 01.10.2018.

iii. A member of any Registered Valuers Organization recognized under Companies (Registered Valuers and Valuation) Rules, 2017 notified by the Ministry of Corporate Affairs on 18th October, 2017.

iv. Only Limited companies & LLP having valid registration under Registered Valuers and Valuation Rules, 2017 and All Directors / Partners satisfying the eligibility criteria as set out under "Eligibility Condition" shall only be considered for empanelment. The company shall not be empanelled as Valuer in terms of Section 34AB of the Wealth Tax Act 1957.

v. GST registration number, unless exempted, shall be obtained before empanelment of the valuer.

vi. The above requirements shall be ensured for existing valuers in the panel also before awarding any fresh assignment of valuation.

C. CATEGORIES OF VALUERS

All the valuers (**both Existing & Fresh**) shall be grouped into Four categories viz., 'A', 'B', 'C' & 'D' based on the capacity, standing and experience of the valuers. The objective of categorization of valuers is to have a correct mix of empanelled

valuers for Retail and Corporate Assets and also have sufficient number of valuers for complex assignment. Based on the work experience and assignment handled by the valuer(s); empanelled valuers shall be categorized as under:

Sl. No.	Category of Valuers	Work Experience in Undertaking Valuation*	Value of property for assignment of Valuation Work
1.	A	More than 10 years	No limit
2.	B	More than 5 years and upto 10 years	Upto Rs.25 crore
3.	C	More than 2 years and upto 5 years	Upto Rs.5 crore
4.	D [#]	Upto 2 years	Upto Rs.1 Crore

**work experience should be in the relevant field of valuation after completion of the degree or equivalent.*

Category "D" shall be applicable only to Fixed Assets Valuer (Land & Building) and not for any other category of valuers/ stock auditors and they shall be empanelled for limited purpose of obtaining the valuation for Housing Loan schemes of the Bank.

D. OTHER CONDITIONS

In addition to the above, the other conditions to be fulfilled by the valuers for empanelment are as under:

- a. The valuer (s) / auditor(s) has not been found guilty of misconduct in professional capacity
- b. The valuer(s) / Auditor(s) should not be on the caution list circulated by IBA.
- c. **At the time of empanelment, the valuer shall give an undertaking to this effect on a letter head. In case of Firm, Individual partner's declaration need not be obtained; declaration from the firm shall be sufficient.**

E. QUALIFICATIONS AND EXPERIENCE FOR EMPANELMENT AS VALUERS OF AGRICULTURAL LAND

- i) There is no Act to regulate profession of valuation of agricultural land.
- ii) There are no courses available in our country to qualify as a valuer of agricultural land. Valuer of agricultural land ought to have knowledge of following principles of valuation
 - Cost, price, value and worth
 - Various types of value
 - Value elements - ingredients - characteristics

- Annuities - capitalization - rate of capitalization - redemption of capital
- Three approaches to value viz. Income, Market and cost
- Laws applicable to agricultural land

iii) Till the courses are available, the empanelment may be carried out as per criteria laid down under the Wealth Tax Rule 8A (3) and same is reproduced below:

a) Rule 8A (3) A Valuer of agricultural lands (Other than plantations referred to in sub-rule (4) shall have the following qualifications, namely :-

- i. he 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. He/ She must be in possession of CCIT registration under Section 34 AB of Wealth Tax Act, 1957

b) Valuers of agricultural land (plantations) under wealth tax rule 8a(4) - educational qualifications and experience for empanelment

A valuer of coffee plantation, tea plantation, rubber plantation or, as the case may be, cardamom plantation shall have the following qualifications, namely:-

- i. The valuer should preferably have a graduate degree in agricultural science.
- ii. He/ She must be in possession of CCIT registration under Section 34 AB of Wealth Tax Act, 1957

NOTE : Registration with IBBI is not compulsory for Valuers empanelled under PARA (E) above

F. MINIMUM AGE REQUIREMENT (APPLICABLE TO VALUER / STOCK AUDITOR APPLYING IN INDIVIDUAL NAME OR AS PROPRIETORSHIP CONCERN)

The minimum age for empanelment with banks and financial institutions shall be 21 years and there is no maximum age limit for a valuer to remain on the panel.

G. MEMBERSHIP OF PROFESSIONAL BODIES:

It is important that a valuer actively participates in professional activities in various professional bodies. It shall be necessary that every valuer empanelled by us, shall be a member in good standing of any one of the valuer associations recognized by Insolvency and Bankruptcy Board of India (IBBI) or by Institute of Valuers, Delhi.

For the valuation required under Companies Act 2013, the Valuers shall be registered with “Insolvency and Bankruptcy Board of India” as per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs on 18.10.2017. The same shall be applicable w.e.f 01.10.2018.

In exercise of powers conferred by Section 247 of the Companies Act 2013 (18 of 2013), the Central government, Ministry of Corporate Affairs amended the Companies (Registered Valuers and Valuation) Rules, 2017 with regard to Eligibility Qualifications and Experience for Registration as Valuer for valuations required to be done under Companies Act, 2013 and the same are furnished as under:

ELIGIBILITY, QUALIFICATION AND EXPERIENCE FOR REGISTRATION AS VALUER AS PER THE COMPANIES ACT, 2013 (18 OF 2013)

ASSET CLASS	ELIGIBILITY	Experience in specified discipline
	Qualifications	
Plant & Machinery	(i) Graduate in Mechanical, Electrical, Electronic and Communication, Electronic and instrumentation, Production, Chemical, Textiles, Leather, Metallurgy or Aeronautical Engineering, or Graduate in Valuation of Plant and Machinery or equivalent.	Five Years
	(ii) Post Graduate on above courses	Three Years
Land and Building	(i) Graduate in Civil Engineering, Architecture, or Town Planning or equivalent;	Five Years
	(ii) Post Graduate on above courses and also in valuation of land and building or Real Estate Valuation (a two-year full time post-graduation course).	Three Years
Securities or Financial Assets	Member of Institute of Chartered Accountants of India, Member of Institute of Cost Accountants of India, Master of Business Administration or Post Graduate Diploma in Business Management (specialization in finance).	Three Years

In the light of the above directions, before assigning any assignment of valuation required under Companies Act 2013 Branches/Offices shall ensure that the Panel Valuers are having the eligibility requirements as conveyed above.

H. PROOF OF EXPERIENCE:

Valuers need to furnish proof of experience. Any one of the following may be accepted as proof of experience:

- a. Letter of empanelment by any Schedule Commercial Bank / Financial Institution
- b. Letter of empanelment by any Court of India
- c. Registration Certificate under Wealth Tax Act, 1957 (**Applicable only for Empanelment as SARFAESI Valuer & Valuers for Agri Land as per Para (E) above**)
- d. Letter of appointment as valuation consultant by Government of India / any State Government / any Municipal Corporation
- e. Letter of appointment as valuer employee by Government of India / any State Government / any Municipality / any Municipal Corporation
- f. Letter of appointment as a valuer employee by any Limited Company engaged in the business of valuation
- g. Letter of appointment as a valuation consultant by any Limited Company.
- h. Letter of appointment as a valuer employee by any partnership / proprietorship / private limited Company engaged in the business of valuation/ stock auditor, for the last five years

The Experience of the Valuer shall be calculated from the date of his first empanelment with any Bank / Financial Institution / High Court or registration under Wealth Tax Act, 1957.

I. REGISTRATION WITH GOVERNMENT APPLICABLE IN RESPECT OF FIXED ASSET VALUERS

Registration with the authority as notified by the Central Government (Presently IBBI) is compulsory in terms of Government of India (Ministry of Corporate Affairs) notification on **Registered Valuers & Valuation Rules** Dated October 18, 2017, For the valuation required under Companies Act 2013.

It may be noted that for undertaking valuations under the SARFAESI Act, valuation has to be obtained from Registered Valuer under the Wealth Tax Act (Sections 34 AB). While assigning valuation work to valuers, it is necessary that Offices/

Branches take the provisions of the SARFAESI Act into account and comply accordingly.

J. DURATION OF EMPANELMENT

The duration of empanelment shall be for a period of **FIVE** years. However, the quality of service provided / performance of the valuers shall be reviewed annually by the banks / Financial institutions. An annual performance review shall be carried out by a committee comprising of senior officers of the bank. The composition of the committee shall be decided by the individual Bank / FI.

- K.** The above requirements shall be ensured for existing valuers / stock auditors in the panel also before awarding any fresh assignment of valuation.

In case of existing valuer, Circle Office to contact the individual Firm and inform the revised guidelines and obtain the consent of the valuer / stock auditor for continuity of valuer under our panel.

- L.** The company shall not be empanelled as Valuer for SARFAESI valuation.

- M.** The above requirements shall be ensured for existing valuers in the panel also before awarding any fresh assignment of valuation.

CHAPTER-VII
PROCEDURAL GUIDELINES

(A) EMPANELMENT PROCEDURE

1. Empanelment of valuers/ stock auditors shall be effected by Risk Management Wing, Head Office, based on obtaining permission from the committee formed for this purpose. Members of the committee for empanelment comprises of GM-RM Wing, GM-SAM Wing & GM-CA&M Wing. Convener shall be DGM, RM Wing.
Quorum:- any 2 GMs other than GM, RMW.

2. Whenever request for empanelment is received, Circle Office shall obtain application in the prescribed format as per Annexure-1 and same shall be entered in the “Empanelment Application” Register available under SAS package on CANNET.

The application shall be perused at CO as per Illustrative checklist (**APPENDIX-I To Chapter VII**) and if the applicant complies with the eligibility criteria, the same may be forwarded to Risk Management Wing, HO duly furnishing recommendation of CO as per **Appendix-II To Chapter-VII**, provided the Circles find the necessity for additional empanelment based on the capability, likelihood of additional assignment and requiring sufficient agencies in the area etc.

Before entertaining any request/application for empanelment in our Bank as a TPE, Circle Office must verify the Caution List of TPEs available in Cannet and ensure that the name of the applicant/s is/are not appearing in the Caution List. Circles to ensure that the same is recorded in the office note recommending for empanelment of TPEs.

Presently the data base of all the TPEs involved in frauds in our bank/other banks is available in Cannet → Wing Specific Sites→ RM Wing → Publications→ TPE (<http://cannet/risk/iad/TPEnew.html>) and branches/offices are also advised to ensure that TPEs in the Caution List are not entrusted with any assignments.

3. In case a valuer does not conform to the eligibility criteria as per norms or Circle Office is not in favour of additional empanelment, then, any request for empanelment received from a valuer should be disposed off suitably from their end only. The applicant shall be informed suitably.
4. While recommending empanelment of valuers, such of those valuers who belongs to the same group or partner in any empanelled group with our bank should be avoided. In other words, different valuers belonging to the same group should not be empanelled separately as well as in case of same person as partner in different firm, only one firm to be considered.

5. Circles to ensure availability of the following while recommending for empanelment:

- (i) Registration with CCIT/ CCWT (Chief Commissioner of Income Tax / Chief Commissioner of Wealth Tax) in respect of Fixed Assets valuers as required under the regulatory statutes.
- (ii) Registration with the Appropriate Authority appointed by Government of India for registration of valuer (Registered Valuers and Valuation Rules, 2017).
- (iii) Goods and Service Tax registration number, in case not exempted at the time of application.

The above shall be ensured for existing panel valuers also before awarding any fresh assignment of valuation.

6. PROCESSING OF APPLICATION AT HO

At HO, on receipt of complete bio-data through SAS package (As per APPENDIX-II To Chapter VII) and other details of the applicant along with the Circle's views / recommendations as per Annexure-2, the proposals with all the valid documents as per extant guidelines for empanelment would be placed before the committee for empanelment of valuers for decision. Decisions on empanelment or otherwise when taken would be communicated to the concerned Circle Office.

NOTE: Circle Recommendation in Annexure 2 should contain the unique application Id Number generated through SAS Package.

7. Empanelled valuers should be grouped by the Circle Offices into four categories viz., 'A', 'B', "C" & "D", based on the capacity, standing and experience of the valuers for the purpose of allotting work as under:

- (i) Borrowers with exposure above Rs.25 crore and above and complex assignment irrespective of the amount of exposure are to be entrusted to valuers in panel 'A'.
- (ii) Other cases may be entrusted to valuers in panel 'B', 'C' & 'D'. The valuers in panel 'B' may also be entrusted with the assignment as in (i) above depending upon the need, circumstances and capability of the valuer to undertake such assignment. **However, Panel valuers under category 'C' & 'D' shall not be entrusted with assignment applicable to Category 'A' & 'B' valuers / Stock Auditors.**
- (iii) There will be no restriction for a valuer in panel 'A' to conduct valuation /stock audit in respect of exposures below Rs.25 crore.
- (iv) Circle to maintain list of valuer as per Category 'A', 'B', 'C' and 'D' and total list of valuers as well. **Updated List of Valuers shall be sent electronically in the specified format to the Credit Policy Section, Risk Management Wing, HO on half-yearly basis (June & December) for updation on CANNET.**

8. Limited Companies

Only Limited companies & LLP having valid registration under Registered Valuers and Valuation Rules, 2017 and All Directors / Partners satisfying the eligibility criteria as set out under “Eligibility Condition” shall only be considered for empanelment. Application from the Company/LLP should contain details of directors / partners already empanelled with our bank. Circle Office to scrutinize the same before recommending the same to HO.

Companies/LLP already empanelled in the Bank for valuation of Fixed Assets, such company shall not be entrusted with the valuation. All such Companies/LLP, if satisfying the eligibility Criteria set out by bank, shall only be empanelled. In case, Company/LLP is empanelled then the directors of the company cannot be empanelled separately. In case any of the director(s) is already empanelled then same shall be de-paneled by the bank.

Directors / Partners shall be responsible in individual capacity for correctness of the content (substance of the assignment) along with the company for the authenticity / correctness of the contents therein.

9. Utilisation by other Circles

Empanelment of valuers shall be Circle specific i.e. the valuer empanelled in respect of a particular Circle will be eligible for entrustment in that particular Circle only. However, where the valuers having upcountry branches / offices in the jurisdiction of other Circles and requests for entrustment of valuation from such other Circles, may submit their request to that particular Circle. The Circle in turn, may entrust the work to the valuer only after obtaining necessary permission from Risk Management Wing, HO. The permission needs to be obtained only once and not every time the assignment is entrusted.

10. The Circle where the valuer is empanelled shall only be empowered to depanel the valuer. In other words, where a valuer empanelled in a particular Circle and has been permitted to take assignments in other Circles, for depanelment of such valuers, the other Circle/s shall take up with the Circle where the valuer is primarily empanelled furnishing full details and the circumstances warranting depanelment. It may be noted that parent Circle initiating the process of depanelment shall inform all the concerned Circle utilizing the services of the said valuers/ auditors.

(B) PROGRAMMING FOR VALUATION

1. At the beginning of the financial year, the branches should identify the borrowal accounts whose securities are to be verified and valued by the panel valuer during the year and draw out a calendar of valuation plan for completing the same by December. One copy of the plan should be sent to the controlling office concerned as under:

(i)	In the case of RO follow up accounts (i.e. inclusive of accounts under the sanctioning powers of branches)	:	Concerned RO for onwards submission to CO
(ii)	In the case of accounts in the sanctioning powers of CO / HO or Branches reporting directly to CO	:	CO

2. The calendar of valuation plan so prepared should be submitted to the above said authorities by 30th April each year. Receipt of the same from the branches should be followed up by the latter promptly.
3. The plan for valuation is to be drawn evenly and in such a way that there is no pressure on the branch/valuer, lest the quality of the report / review will get affected adversely.
4. Even in respect of cases where the branch is of the view that valuation by the panel valuer is to be exempted, they should take up the matter with the appropriate authority at the beginning of the financial year itself while submitting the calendar of valuation plan and proceed as per the decision of the authority concerned.
5. The CO shall monitor the valuation with reference to the valuation plan drawn by the branch and ensure that valuation is carried out as per the programme.
6. The CO should ensure that such valuation of securities by panel valuer is completed by December of every year and the Circle Office should send a consolidated confirmation report to the Credit Review & Monitoring Section (CR&MS), Credit Administration & Monitoring Wing, HO as per **Annexure-15** for the whole Circle. Any cases of non-compliance should be followed up by CO closely with the branch concerned to ensure completion unless permission for waiver is obtained from the sanctioning authority [see para 9 of Chapter II] in the intervening period.
7. Circle to forward quarterly progress report (March/ June/ September/ December) to CR&M Section, Credit Monitoring Wing, HO as per the format furnished in Annexure-15 without fail.

(C) ENTRUSTMENT OF THE VALUATION WORK TO EMPANELLED VALUERS

1. The entrustment of valuation assignment to the empanelled valuers should be permitted by the Circle Head. Format of the Note is furnished in **Annexure-3** in this regard.
 - (a) Approved valuer can continue to remain in our approved list without any break.
 - (b) Such empanelled valuer may be entrusted with valuation assignments relating to a particular branch for a **maximum period of 3 years**.
 - (b) **After completion of 3 years of work relating to a particular branch, the services of the said valuer can be utilized in respect of the valuation assignments of another branch.** In other words, no valuer in our panel can be entrusted with valuation assignments relating to a particular branch continuously for more than 3 years.
2. The qualification, area of specialization, experience in the field shall be taken note of, before entrustment of the assignment to the valuers and same shall be recorded while entrusting the work.
3. The Circle should ensure equitable distribution of work among the empanelled valuers and monitor their performance with regard to the quality and accomplishment of the work entrusted.
4. In respect of valuation of current assets including book debts, it is to be ensured that atleast one assignment is allotted per panel valuer. Subject to availability of sufficient number of valuers in the panel, the number of assignments to a panel valuer shall not exceed three thereby ensuring equitable distribution.
5. In respect of valuation of fixed assets also, Circles to ensure that work is allotted on similar lines so that each valuer gets equal number of assignments. There shall not be any valuer who has not been given any assignment during any financial year. **Circle to collect half yearly data w.r.t. assignment entrusted by branches /ROs and place a consolidated note to the Circle Head on half yearly basis for period ending 31st May and 30th November.**
6. In case of refusal/non-acceptance of assignment by panel valuer, the reasons thereof may be recorded, preferably obtaining the same in writing from the panel valuer.
7. Branches/Offices shall ensure that valuers are entrusted with the assignments by the branches/Circle concerned. Under any circumstances, borrowers shall not be allowed to approach the valuers directly.
8. The fees for valuation shall be paid in accordance with that stipulated in the guidelines.

9. **The maximum number of valuation work in respect of current assets that can normally be entrusted to a panel valuer in a year is Three. Any deviation by a Circle for any valid reason should promptly be reported to the C.P.Section, R.M.Wing, HO for appraising the appropriate authority.**
10. **The valuation of securities of each borrower should normally be entrusted to a specific valuer 3 times consecutively to ensure continuity. This would enable the Bank to exercise greater control and fix accountability on the valuer for any deficiencies in the report. This will also enable the valuer to gain requisite expertise on each unit and identify the deficiencies / irregularities which do not ordinarily surface and therefore go unnoticed. However, the valuation of Fixed Assets shall be entrusted to different valuers each time the valuation is undertaken. At any cost, a valuer shall not be entrusted with valuation of assets of one borrower consecutively.**
11. **In the case of valuation of stocks where a sizeable portion of which consists of goods like chemicals, photo films and other items which need specialized knowledge / skills for valuing the same, care should be taken to entrust valuations thereof to technically qualified valuers in the field. In other words, while entrusting the valuation assignment to an empanelled valuer, their suitability to the related assignment based on their qualification, area of specialization, technical competence, experience in the field etc., to be taken note of and recorded and accordingly entrustment should be made.**
12. **In respect of loans / advances under various retail lending schemes of the Bank, branches themselves may entrust the job to the panel valuers. In this regard, branches should ensure equitable distribution of work among the empanelled valuers.**
13. **Only the valuer in the panel, who has been entrusted with the assignment, shall carry out the valuation. However, in case the valuer is not in a position to carry out the assignment, he/she shall inform Circle accordingly and seek prior clearance/ permission from the Circle concerned for entrusting to his/her subordinates / fellow valuers duly providing his / her credentials / expertise.**
14. **The panel valuer only shall submit the valuation report who shall be solely responsible for the authenticity / contents therein. In case such reports are found to be false/ incorrect/ inflated leading to falsification of accounts and abetment of fraud at a later date and the Bank is put to pecuniary losses, Bank shall have the right to take suitable action against the concerned valuer.**

Format of the letter to be written to valuer and the format of his / her acceptance letter to be obtained thereof are furnished in **Anneuxre-4** and **Appendix-II** to **Annexure 4** to this enclosure.

(E) ANNUAL PERFORMANCE REVIEW OF EMPANELLED VALUERS' LIST

1. Circle Offices shall conduct a review of the performance of empanelled valuers in the month of **May** every year for assessing the quality of the valuation as also the degree of promptness in completion of such assignments carried out by the concerned valuers.
2. **The review done by the Circle shall be placed before the Circle Head for orders and copy of the review along with the action initiated on the orders shall be submitted to Credit Policy Section, R M Wing, HO within 15 Days from the date of review i.e. positively before 15th June of the year in the format as per Annexure 17.**
3. If the valuation work conducted by any Valuer is found to be unsatisfactory with regard to the quality, contents, promptness etc., then giving future assignments to such valuer shall be stopped forthwith and matter to be referred to HO.
4. Before deletion/depanelment of the name of the valuer, **an opportunity shall be provided to the valuer concerned, to present his/her version on the unsatisfactory valuation report** and then appropriately decide on whether to proceed with deletion from the approved list and initiate steps for lodging complaints if any. During this period, no assignments shall be entrusted to the concerned valuer.
5. The matter shall be immediately referred to Credit Policy Section, Risk Management Wing, HO furnishing full details of the case for removal of the name from list of empanelled valuer / stock auditor / LIE. Formal deletion from the list of panel valuers shall rest with HO.

(F) GUIDELINES FOR SUBMISSION OF VALUATION REPORT

1. The panel valuer should submit his report to the concerned branch in triplicate in the prescribed format along with any relevant views/ comments.
2. Residual age of the immovable property should be at least 5 years more than the tenure of the loan while accepting as prime/collateral securities to the loan.
3. Valuer is required to give details / reference of at least two deals/ transactions (within last two years) with respect to adjacent properties in the areas while giving prevailing market value in the valuation report. If there are no such transactions the same should be brought in the valuation report.
4. For easy identification of the applicable primary / collateral securities which are Land & Building/Land in nature / Plant & Machinery /other fixed tangible assets, Valuers to mention longitude / latitude and co-ordinates or the properties in the valuation report.

5. If possible screen Shot (in hard copy) of Global Positioning System (GPS) /Various APPS /Internet Sites (eg Google Search) etc is to be included in the valuation report by valuers.
6. As soon as the valuation reports are obtained, Branches /Offices shall verify and ensure that the Valuation Report contains all the details and all the columns in the Valuation Report are duly filed with remarks and finding of the valuer.
7. If any column is not applicable in the Valuation Report then a notation to that should be made by the valuer.
8. Blank and cursory Valuation Reports should not be accepted by the Branches/Offices.
9. Every Empanelled Valuer is made aware of the International Valuation Standards (IVS) guidelines and adherence to the same is to be done by the valuer in valuation process.
10. A Declaration on IVS is to be submitted by the Valuer in this regard as per **Format-A** of Annexure-22.
11. The valuer has to sign the Model Code of Conduct as per **Annexure-23** and to submit along with the Valuation Report.
12. Letter of Indemnity is to be obtained from the Engineers/Valuers as per Annexure-24 at the time of Empanelment apart from obtention of letter as per Annexure-5.
13. Valuation reports without complete details shall be taken up with the valuer for resubmission.
14. Immediately on receipt of the valuation report, the branches concerned should carefully study the same duly comparing it with the previous valuation report and promptly initiate appropriate remedial/ follow up action wherever necessary including calling for reasons for any wide variations in the value and adverse observations, if any, in order to safeguard the interest of the Bank. They should also submit a copy (in duplicate in respect of HO power accounts) of the report to the respective follow up/controlling authorities with their specific comments, details of action taken and recommendations wherever necessary.

(G) FEES PAYABLE TO PANEL VALUERS

A. CURRENT ASSETS VALUATION/STOCK AUDIT FEE

The fee structure for the firms conducting stock audit shall be as under:

Amount of Limit	Stock Audit Fee (exclusive of admissible taxes)	
	Manufacturing Concern	Other Than Manufacturing Concerns
The limit should include fund based working capital limits and LC (DA) limit & NFB Limit for WC purpose.	Rs. 500/- per Rs. 1 crore value of stock including stock imported under LC(DA) and book debts with a minimum of Rs.10,000/- and maximum of Rs.60,000/-	Rs. 300/- per Rs. 1 crore value of stock including stock imported under LC(DA) and book debts with a minimum of Rs.7,500 /- and maximum of Rs.50,000/-
	Circle Heads & above Authorities may consider payment of enhanced fee, depending upon the volume of work, number of depots, manpower employed, travelling, boarding & lodging expenses	

- The entire fee inclusive of all expenses to be incurred by Auditors for stock audit of one borrower including travelling, boarding, lodging etc. will not exceed Rs. 1.5 lakhs.
- In respect of LPD/NPA account, the fee payable is 50% of the above and subject to maximum of Rs.30,000/-

B. FIXED ASSETS VALUATION FEE

Fee Structure for undertaking valuation of Fixed Assets (Movable / Immovable) shall be as under:

- LAND & BUILDING / PLANT & MACHINERY

Value of the Security	Maximum Fee Payable (exclusive of admissible taxes)
Upto Rs.5 lacs of the assets valued	0.25%
Next Rs.10 lacs of the assets valued	0.20%
Next Rs.35 lacs of the assets valued	0.10%
Next Rs.50 lacs of the assets valued	0.05%
On Balance of the Assets Valued	0.025%

- The maximum fee payable will be Rs. 30,000/- and Minimum is Rs.1, 500/-.
- In respect of LPD/NPA account, the fee payable is 50% of the above and subject to maximum of Rs. 15,000/-.
- In respect of vacant land, the fee payable shall be 25% of the above and subject to maximum of Rs. 7,500/-.

- The entire fee inclusive of all expenses to be incurred by valuer of one borrower including travelling, boarding, lodging etc. will not exceed Rs. 50,000/-. However, Circle Heads & above Authorities may consider payment of charges over & above the ceiling of Rs. 50,000/- on case to case basis.

c) OTHER TERMS

1. The fee suggested as above shall be inclusive of all charges but **excluding out of pocket expenses** and GST (wherever applicable). However, wherever outstation valuation is involved, To & Fro II AC Train Fare (if overnight stay is involved) for one person can be paid after getting permission of the concerned Overseeing Executive at Circle Office.

Boarding Expenses payable shall be as under:

Cities	Maximum Room Tariff Proposed (exclusive of admissible taxes)
Mumbai, Kolkata, Delhi, Chennai, Ahmedabad, Bangalore & Hyderabad	Rs. 5000/-
Major "A" Class Cities	Rs.4000/-
Agra, Bhopal, Coimbatore, Indore, Jaipur, Kanpur, Kochi, Lucknow, Ludhiana, Madurai, Nagpur, Patna, Pune, Surat, Vadodara, Varanasi & Vizag and State Capitals	Rs.3000/-
Area - I Cities	Rs.2500/-
Other Cities	Rs.2000/-

Note:

- 1) *The above charges are per night stay at the audit / valuation destinations where overnight stay is required.*
 - 2) *Outstation valuation shall be entrusted shall only if the empanelled valuer is not available at the place where the property is situated or the unit is situated. However, same may be entrusted in case of specialized nature of the assets to be valued or audited or the stock audit involves inspection of units of a entity at different locations.*
2. In case of valuation of current assets / stock audit, if the actual fee claimed by the valuer is higher than the above and there are sufficient reasons for its justification and the assignment involved requires specialized audit, the branch may take up with the concerned Overseeing Section at Circle Office for

considering reasonable increase/ higher fees. In such cases, **the Circle Head will be the authority to consider such request.** Circles should keep in view the interest of the borrower concerned and the Bank while determining the fees so that excessive fees are avoided.

3. Where 2 or more assets are required to be valued though situated in different locations, in respect of one borrowal account, all such assets shall be deemed to constitute a single asset for the purpose of computing the fee payable to the valuers.
4. The fees payable should be determined before hand and informed to the borrower and the valuer before assigning the work to the latter. In case of valuation of Fixed assets and the valuer claims higher fees than the stipulated, similar procedure mentioned under para 2 above shall be followed.
5. **Fee payable to valuers shall be paid, preferably, through the account maintained with our Bank. Direct remittance to the account maintained with other banks may be discouraged.**
6. For making payment to a valuer after receipt of the report, the concerned branch need not approach the Circle again, provided the report covers all the points as per the terms of reference / entrustment.

(D) RECOVERY OF EXPENSES OF VALUATION

1. All expenses incurred in connection with the valuation of securities / assets shall be recovered from the borrower concerned. This should be intimated to the borrower well in advance of entrustment of the valuation work to a valuer. If the borrower fails to pay the expenses, the same should be debited to the account of the borrower.
2. In respect of suit filed accounts -
 - (i) The charges may have to be borne by the Bank and hence, to be debited to General Charges - Miscellaneous Account.
 - (ii) In respect of consortium advances/ JLA /Any other Joint Mechanism and Multiple Banking Arrangement, the expenses have to be shared by all the member banks on pro-rata basis to whom the securities have been charged.

APPENDIX - I To Chapter VII
ILLUSTRATIVE CHECKLIST FOR REFERENCE

Sl. No.	Narration	Yes / No
1.	Whether the applicant is	
	(a) Chartered Accountant	
	(b) Cost Accountant	
	(c) Chartered Engineer	
2.	Is the Person /Firm is/are in Practice currently?	
3.	Is firm a private limited company?	
4.	In case of Chartered Accountant , whether the following are submitted:	
	i.Application as per Bank's format	
	ii. Firm Constitution Certificate	
	iii. Certificate of Practice / Membership in respect of all the partners as per latest Firm Constitution Certificate (Generated from ICAI website not more than 3 months prior to submission date)	
	iv. Service Tax Registration Certificate / Declaration if not applicable	
	v. Stock Audit or any other Audit/s - Proof of empanelment with other banks (letter/s issued by Competent Authority)	
vi. IBBI		
5.	In case of Chartered Engineer , whether the following are submitted :	
	i) Application as per Bank's format	
	ii) Qualification Certificate	
	iii) Chartered Engineer's Certificate from Indian Institute of Engineers, Kolkata	
	iv) Approved Valuer Certificate from Indian Institute of Valuers, Delhi	
	v) CCIT Registration under sec 34AB of Wealth Tax Act, 1957	
vi) Proof of empanelment with other Banks (letter/s issued by Competent Authority)		
6.	Is Registration Valid (Check Date)?	
7.	Whether the firm is a company?	
	(a)In case of company, whether the individual registration of Valuer is furnished	
	(b) Whether the valuer is ready to give the report in his/her individual capacity?	
8.	Whether the applicant / firm is on Bank's panel as Statutory Auditor or Concurrent Auditor ?	
9.	Whether group concern is on Bank's panel as Statutory Auditor or Concurrent Auditor ?	
10	Recommendation from Circle Office as per Annexure-2	
11.	PAN Card no.	

Appendix-II To Chapter - VII
Login of Application through SAS package

1. Application is accessed through SAS package, Cannaet > Quick Links > SAS(Single Authentication Service) > login Category > General & Package > Data Management portal Empanelment application > as under

The screenshot displays the 'Data Management Portal' interface. The top header includes the Wipro logo, the text 'Data Management Portal', and the Canara Bank logo with the tagline 'Together We Can'. The user's session information is shown as 'Branch : 0401 - HEAD OFFICE BENGALURU Role Id: 3 Logged in as : SANTOSH CHAUDHARY, Designation: PROB OFFCR Your IP : 172.16.105.115 Office Type Code: 1'. The main content area is titled 'APPLICATION FOR EMPANELMENT AS VALUER/STOCK AUDITOR' and features a breadcrumb trail: 'Home > Empanelment Application'. The form contains the following fields:

- MIS_Date:** 09-02-2017
- Circle Code:** Two dropdown menus, both set to '--Select--'
- Application is for:** Dropdown menu set to '--Select--'
- Name of the Valuer/Firm/Company:** Dropdown menu set to '--Select--' followed by a text input field.
- Qualification of the Valuer/s:** Dropdown menu set to '--Select--'
- Office/Corporate Address Branches, If Any:** Dropdown menu set to '--Select--' and a 'City' dropdown menu set to '--Select City--'
- Permanent Account Number (PAN):** Text input field.
- Telephone Numbers:** Three text input fields labeled 'Office', 'Residence', and 'Fax'.

A 'Rejected Records' section is also present on the right side of the form area.

2. Office / Branches to Enter details of valuer/auditor HERE

The screenshot displays the 'Empanelment Application' form. The left sidebar contains a 'Data Management' menu with various options. The main form area includes the following fields and options:

- MIS Date:** 21-03-2017
- Circle Code:** AGRA C.O
- Rejected Records:** --Select--
- Application is for:** --Select-- (Dropdown menu is open, showing options: LIE, STOCK AUDITOR, VALUER OF LAND & BUILDING, VALUER OF PLANT & MACHINERY, VALUER OF OTHERS)
- Name of the Valuer/Firm/Company:** [Text input field]
- Qualification of the Valuer/s:** [Text input field]
- Office/Corporate Address Branches, If Any:** --Select-- (Dropdown menu) and --Select City-- (Dropdown menu)
- Permanent Account Number (PAN):** [Text input field]
- Telephone Numbers:**
 - Office:** [Text input field]
 - Residence:** [Text input field]
 - Fax:** [Text input field]

3. Once the details are entered and Approved, the Supervisory Authority shall confirm the various parameters under “Empanelment Check List” and Once Complete shall “SUBMIT” the same to HO.

The screenshot displays the 'EMPANELMENT CHECKLIST' web application. On the left is a navigation menu with 'Data Management' selected. The main content area contains a form with the following fields:

- MIS_Date:** 25-02-2017
- Application Number:** --Select--
- Name of the valuers with full address (complete bio data to be enclosed.):** [Text area]
- Whether any associate/sister concerns/firms/ companies who are in the empanelled list of the Circle, if YES, their names and complete details may be furnished as annexure.** --Select--
- No. of empanelled valuers in the circle as on date:** [Text input]
- No. of accounts identified for conducting valuation of securities for the year (Financial year April to March):** [Text input]
- Circle's recommendations for inclusion of the valuer in the Bank's empanelled list:** [Text area]
- Whether the applicant is:** --Select--
- Is the Person/Firm is/are in Practice currently?:** --Select--
- Is Registration Valid(Check Date?):** --Select--
- Whether the firm is a company?:** --Select--
- Whether the applicant / firm is on Our Bank's panel as Statutory Auditor / Concurrent Auditor/ Valuer / Any other Auditor?:** --Select--
- Whether the GROUP concern is on Our Bank's panel as Statutory Auditor / Concurrent Auditor / Valuer / Any other Auditor?:** --Select--
- Recommendation from Circle Office as per Annexure-2:** --Select--

A 'Submit' button is located at the bottom of the form. The footer of the application reads: 'DMP V2.0 Copyright © 2014 Wipro Ltd. All Rights Reserved.'

CHAPTER VIII

ELIGIBILITY CRITERIA & PROCEDURE FOR EMPANELMENT AS SARFAESI VALUER

Under ‘The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)’, the Bank classifies the loan account as ‘NPA’ as per the RBI guidelines, gives a demand notice under section 13 (2) of the Act asking the borrower/s to pay the entire outstanding, deal with the objections if any from the borrower/s under section 13 (3A), will take the symbolic possession of the property under section 13 (4), proceeds with taking the physical possession of the property with the legal assistance etc.

Ascertainment and establishing the ‘value of asset’ is critical for the entire process for recovery under the Act especially when the Bank proceeds with its action under SARFAESI Act, 2002. In terms established practice, once the possession of the secured assets has been taken by the bank, the authorized officer shall obtain valuation of the property from an approved valuer.

In terms of the Act, An “approved valuer” means a person registered as a valuer under section 34AB of the Wealth-tax Act, 1957, and approved by the Board Of Directors or Board Of Trustees of the secured creditor.

Against the above background, the following are the criteria for empanelment of valuers under SARFAESI Act, who will assist the Bank in valuation of assets as per Bank’s approved scheme.

1. ELIGIBILITY CRITERIA FOR EMPANELMENT AS SARFAESI VALUER

- a) Applicant(s) should satisfy the relevant eligibility criteria as specified under Chapter V of this Policy.
- b) The valuer should have a valid CCIT registration under Section 34AB of Wealth Tax Act, 1957.
- c) The individuals, a group of individuals and partnership firms only shall be empanelled for valuation of Assets. The company shall not be empanelled as Valuer in terms of Section 34AB of the Wealth Tax Act 1957. In case partnership concern, all the partners should satisfy and hold the relevant qualification(s), as prescribed above.
- d) The valuer against whom complaints have been registered with the CBI, Serious Fraud Investigation Cell and court(s), and/or blacklisted by our Bank or IBA, shall not be eligible.

2. WORK EXPERIENCE

- a) **For Retail Loans:** The valuer should be empanelled as SARFAESI valuer with any Bank / Public Financial Institution / Housing Finance Company/ NBFC registered with RBI.
- b) **For Corporate Loans:**
- (i) The registration of the firm of the valuer shall be at-least 3 years old at the time of consideration of application by the Bank or the valuer (or any one of the partner of the partnership concern) should have minimum 3 years experience as SARFAESI valuer with any Scheduled Commercial Bank / Public Financial Institution / Housing Finance Company/ NBFC registered with RBI or The valuer/ firm should have completed at least 5 assignments successfully with aforementioned Financial Institutions.
 - (ii) For the valuation required under Companies Act 2013, the Valuers shall be registered with “Insolvency and Bankruptcy Board of India” as per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs on 18.10.2017. The same shall be applicable w.e.f 01.10.2018.
 - (iii) The experience criteria shall not be applicable in case the applicant or the applicant firm is working as the valuer with Debt Recovery Tribunals and/or High Court.
 - (iv) It is desirable that the valuer should have thorough knowledge of the Industry concerned and also the type of assets to be valued.

3. DURATION OF EMPANELMENT:

The duration of empanelment shall be 5 years. However, the performance of the valuers shall be reviewed annually by RL & FP Wing. If the performance is not satisfactory, the valuer can be removed from the panel at the discretion of the Bank.

It should be made clear to the applicant that mere satisfying the eligibility criteria doesn't entitle the valuer to be empanelled with the bank. Empanelment of the valuer shall be solely based on the requirement of the bank and Bank shall reserve the right to reject any application without assigning any reason.

4. REMOVAL AND RE-EMPANELMENT:

In case where the valuer is found to indulge in unfair practice, guilty of professional misconduct and violates the code of ethics and professional practice, he/she shall be removed from panel.

Valuers once removed from the panel of any Bank cannot be re-empanelled. The names of valuers removed shall be reported to the Indian Banks Association (IBA) for placing on its caution list, as per guidelines enumerated in **Chapter XII**.

5. PROFESSIONAL FEES

The valuer empanelled will be paid fee as per bank’s guidelines from time to time.

6. PROCEDURE FOR EMPANELMENT OF SARFAESI VALUER

- (i) Circle Offices based on the requirement shall select the valuer from the existing panel of valuer of the Bank.
- (ii) Circle Office shall collect the requisite application along with relevant documents and consent to act as SARFAESI valuer for the Bank and forward the recommendation to RL &FP wing, HO (along with **Annexure-21**).
- (iii) RL & FP Wing shall effect the empanelment of SARFAESI VALUER after obtaining requisite permission from the Board.
- (iv) At the time of considering application for empanelment for SARFAESI following parameters should be given due consideration :

Sl No.	Particulars	Remarks
i.	Whether the valuer is already empanelled in our Bank? If so, year of empanelment.	
ii.	Whether the Valuer is in possession of valid CCIT registration under sec 34AB of wealth tax Act, 1957.	
iii.	Whether the Valuer is empanelled with other banks under SARFAESI. if yes, details to be obtained	
iv.	Total no of valuers under SARFAESI in the Circle and region	
v.	Number of cases entrusted under SARFAESI during previous year	
vi.	Number of cases likely to be entrusted under SARFAESI for the current year (Circle as a whole)	
vii.	Performance of the valuers in the assignments carried out by them and/or adverse reports received, if any	

PART-B

CHAPTER IX EMPANELMENT OF LENDERS' INDEPENDENT ENGINEERS (LIE)

The Lenders' Independent Engineers (LIE) provide professional engineering consultancy services in project finance. They are engaged in infrastructure projects as well as non infrastructure projects for evaluation of the projects. The monitoring of the project to ensure timely completion and also proper utilisation of the funds are carried out by the LIEs.

Bank has been funding the infrastructure projects on commercial lines and in most cases; the project implementation is reviewed based on the LIE's report. In order to have structured approach to empanelment of LIE's, the Bank issued guidelines for empanelment vide HO Circular 229/2013 Dated 21.05.2013.

Guidelines inter alia envisages separate panel of LIEs keeping in view the complexities involved in execution of the projects mainly under Infrastructure sector, volume of exposure, periodical monitoring of the project and ensuring end use of the funds on an on-going basis.

In this regard, guidelines for empanelment of LIEs are formulated and are furnished in **Appendix-I**. Further, broad services to be provided by LIEs are furnished in **Appendix-II**. The LIEs shall submit the applications to the Circle Offices and the applications received are to be thoroughly reviewed/ analysed by the Circles before recommending for empanelment and submit the application with recommendations to the Project Appraisal Group, IO & CCR Wing, HO for evaluation and copy to Risk Management Wing, HO, for placing the same before the Committee of General Managers for empanelment for approval and empanelment. Composition of the committee is provided in Chapter-VII of this circular.

APPENDIX -I

THE NORMS FOR EMPANELMENT OF LENDER'S INDEPENDENT ENGINEERS

1. SCOPE OF WORK ASSIGNABLE TO LIE:

LIEs can be engaged in infrastructure projects as well as non-infrastructure projects. Infrastructure projects are divided into core and non-core infrastructure projects.

- a) LIE's services shall be engaged in all core infrastructure projects.
- b) Sanctioning authority shall be vested with the powers to decide on engaging the LIEs for non-core infrastructure projects like construction of schools/hospitals etc. Services of Chartered Engineers may be engaged in such projects, who can be partnership concerns, LLP, corporate etc.
- c) LIE's services shall be engaged for non-infrastructure projects with the project cost of more than Rs 50 crores. Chartered Engineers may also be engaged at the discretion of sanctioning authority, depending on the size of the project.

The LIE's role shall be limited only to **post disbursement stage evaluation** as furnished in **Chapter IX**. However their services may also be availed selectively in appraisal stage for specific skills in assessing the techno economic viability also. The decision shall be taken by GM-HO-CAC in such cases.

2. QUALIFICATIONS:

- a) The empanelment may be restricted to reputed Companies, LLPs, partnership firms and **Proprietorship concern** who have proven credentials evaluated based on the assignments already undertaken.
- b) The firms enlisted should have minimum experience of 5 years or have undertaken LIE assignment in minimum of 10 high value projects.
- c) The LIE should have sufficiently experienced technical and non technical team to carry out the assignment in the stipulated time. The LIE firm should have adequate number of qualified engineers at various levels who are on the full time engagement of the consultancy firm. A list of full time engineering executives with their complete bio-data, who are likely to be assigned to this job, should be submitted to the Bank.
- d) Expertise in the area of proposed empanelment shall be the main criteria. Preference shall be given to those who are experienced in the related project activity, say, evaluation of power projects, evaluation of road projects etc.
- e) Antecedents/credentials of the applicants shall be thoroughly checked regarding their qualification, experience in the field etc by obtaining atleast the references from reputed companies/PSUs.
- f) Sufficient disclosure about the association of the LIE with the borrower client or with the Bank in any other capacity, if any, should be made and there should not be any conflict of interest.

- g) Scoring sheet for evaluation may not be feasible as there are few such entities as of now and many of them are well reputed overseas entities.

3. PROCEDURE FOR EMPANELMENT:

- a) Credit Policy Section, Risk Management Wing shall receive applications from Circles and PCBs with due recommendations and after initial vetting and views by Project Appraisal Group (PAG), the application shall be placed before the “**Committee for Empanelment of Valuers**”. Composition of the committee is provided in Chapter-VII of this circular
- b) Circles may also refer to the list of empanelled Chartered Engineers/ firms who are having the required qualification in the field with sufficient experience of handling such assignments, may invite applications from such Engineers/Firms for empanelment as LIE. Circles shall ensure compliance to all the necessary requirements for empanelment and carry out due diligence before inviting the applications and recommending empanelment and submit details to Credit Policy Section, R M Wing for placing to the committee.
- c) The LIEs empanelled with the Bank may be made known about the implications of wrong doing such as reporting to IBA for wider circulation. The errant LIEs shall be dealt with in accordance with the provisions to deal with erring TPEs (Third Party Entities). The application received from the LIEs should contain this clause.
- d) The empanelment shall be for a period of **3 years** subject to annual review, which may be renewed/extended for a further period subject to satisfactory performance of the LIE. However, empanelment of the LIE/ renewal / extension shall be at the sole discretion of the Bank.
- e) Bank reserves the right to cancel empanelment at any time without assigning any reasons.

4. ASSIGNMENT OF WORK TO LIE:

- In case of consortium accounts, the leader bank generally shortlists the name of the LIE and appointment is by way of consensus of the other participating banks. The system is followed wherever we are leaders/members as the case may be.
- In the case of borrowers solely banking with us, the sanctioning authority shall offer a choice of two or three names of LIEs in the Bank’s panel in the sanction letter itself, out of which the borrower can shortlist one LIE.

5. FEES:

The payment of fees shall be made by the borrower and Bank shall not be liable for payment of any fee, expenses etc. The fees shall be fixed considering the project cost, loan quantum, periodicity of the report to be submitted and the time taken to visit the project site, in due consultation with the borrower.

6. STRUCTURE OF REPORTING:

Branches/ offices will be informed in this regard separately by PAG, IO & CCR Wing, HO.

7. PERIODICITY OF REPORTS:

Sanctioning authority may decide on the periodicity for submission of the report duly considering the exposure taken by the Bank and the nature of project.

8. ROLES AND RESPONSIBILITIES:

PAG, HO shall decide on the exact role considering the nature of the project and provide details to the branches/offices along with the sanction communication. An official of the Bank/Branch associated with lending shall accompany the LIE to verify the authenticity of the report submitted once in six months.

9. SUB-CONTRACTING/OUTSOURCING BY LIE:

Since LIEs are a specialised team of professionals, sub contracting/ outsourcing by the LIE may be accepted subject to the LIE report being submitted under the LIE firm's seal and signature.

10. CONFIDENTIAL INFORMATION:

Confidential Information means all technical and commercial information relating to the project that is disclosed to the LIE either orally or in writing in the course of carrying out the scope of work, except for the following:

- a) Any information which is generally available to the public other than as a result of a breach of the LIE obligations in the Agreement.
- b) Any information that the Lenders and / or the Company consents to be distributed or disclosed.
- c) Any information that is required by law or the rules of any applicable regulatory organization, to be disclosed.

The LIE understands and acknowledges that the Confidential Information has been developed or obtained by the Company by the investment of significant time, effort and expense, and that the Confidential Information is a valuable, special and unique assets of the Company, which provides the Company with a significant competitive advantage, and needs to be protected from improper disclosure.

In consideration of the provision of the Confidential Information, the LIE agrees not to disclose or communicate any of the Confidential Information to any person, except for disclosure to the Lenders/ Underwriters and those Directors, employees or affiliates of the LIE who need to receive Confidential Information for the purposes of executing the Scope of Work.

If it appears that LIE has declared (or has threatened to disclose) Confidential Information in violation of the Agreement, the Borrowing Company shall be entitled to an injunction to restrain LIE from disclosing, in whole or in part the Confidential Information. Company shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.

11. CONFLICT OF INTEREST:

The LIE has not been appointed by any other party on the project and has no conflict of interest as on the date of letter of Appointment and throughout the period of his assignment as an LIE on a specified project. The LIE will notify the Borrower and the Lenders as soon as possible of any instructions it receives from third parties, which may in its reasonable opinion conflict with the interests of the Lenders and the Borrower with regard to the scope of work provided under the terms of Agreement.

12. DEPANELMENT:

The existing procedure of depanelment of stock auditors/valuers/third party entity shall apply in the case of LIEs also. PAG, HO shall review the performance of the LIEs and take a view on depaneling the LIE if feedback is not satisfactory and place the matter before the committee for empanelment of valuers.

13. LIABILITY:

The LIE shall exercise reasonable skill, care and diligence in relation to the Project and the lenders shall be entitled to rely on the exercise of the LIE's reasonable skill and care in respect of those matters relating to the Project work or arisen out of carrying out such work. The LIE will, in consultation with the Lenders, seek to coordinate ongoing duties with the technical, legal and other advisers, as and when required. The Liability of the LIE shall be governed by the condition of appointment as LIE.

14. REVIEW OF PERFORMANCE:

Yearly review of performance may be conducted as is done in the case of panel valuers / auditors by Circles.

Performance of the LIEs to be reviewed/monitored by PAG, HO and suggest remedial measures if necessitated. PAG, HO shall review the performance of the LIEs as at June every year and place a review note to the empanelment committee on annual basis.

15. CONTINUATION OF PIPR:

Since LIE will only evaluate the value of the project and will not comment on the funds infusion by promoters, end use verification of loan funds etc., obtention of PIPR in terms of the extant guidelines shall continue.

APPENDIX - II
INDICATIVE LIST OF SERVICES TO BE PROVIDED BY LIE.

The services provided by the LIEs should broadly include:

- a) Pre financial closure review of the projects conceptual design and basic engineering, construction and operation plans.
- b) Assessment of supply chain
- c) Assessment of general infrastructure requirement for implementation.
- d) Assessment of redundancy concept.
- e) Review of project agreements (PPA, Fuel supply agreement, Transportation agreement etc.).
- f) Review of permits and licenses.
- g) Assessment of EPC/various packages and O&M contracts.
- h) Review of financial model and security package mechanism.
- i) Implementation phase monitoring of construction progress and monitoring capital cost and disbursement and adherence to time schedule and budget.
- j) Assessment of variation orders.
- k) Regular reporting during construction upto commercial operation.
- l) Quality surveillance at workshops and project site.
- m) Assessment of plant commissioning.
- n) Assessment of testing performances.
- o) Plant operation phase, O&M systems and preparedness.
- p) Regular reporting of operations (performance, statutory compliance, safety) over the term of debt.
- q) Monitoring and reporting of budgets, revenues, O&M costs etc.
- r) Assessment of proposed plant modifications if any,
- s) The independent Engineer shall have requisite experience/ expertise of similar assignments.
- t) The independent engineer will be responsible to perform the said obligations throughout the assignment period.
- u) Review of Environmental Clearances
- v) Compliance to Energy Efficiency Methods
- w) Green Initiative Norms

PART-C

CHAPTER X

FORENSIC AUDIT POLICY FOR LOAN ACCOUNTS

Due to an increasing trend observed in the incidence of large value frauds in banks, organization's response to fraud is crucial as it has the ability to prevent future occurrences. RBI has emphasized that response to fraud should be swift and effective so as to percolate the right message. This involves taking legal route for prosecution of the fraudsters and their abettors, if required. To achieve the above objectives/ a forensic audit with a view to gather evidence that could be presented in a court of law becomes essential. Further, the availability of competent forensic audit teams with required skill sets, advanced infrastructure, large scale of operations and wide experience required for conducting independent forensic audits of large frauds is limited to only a handful of firms in India.

In case a large fraud is detected in bank, it is observed that there is a time lag in appointment of competent forensic audit firm to investigate the fraud. Incidentally, any such appointment also require adherence to guidelines framed to ensure that procurement of services by public enterprises is done at the most competitive prices and, in a fair, just and transparent manner. In view of the above, a need was felt to formulate Forensic Audit Framework.

1. CONCEPTUAL FRAMEWORK

“Forensic Audit” means an examination and evaluation of a Entity's or individual's financial information to determine if they are accurate and lawful.

Forensic audit involves examination of legalities by blending the techniques of propriety, regularity and investigative and financial audits. The objective is to find out whether or not true business value has been reflected in the financial statements and in the course of examination to find whether any fraud has taken place.

It encompasses: i) complete track of entity's finances (ii) identify any wrongdoing and (iii) use it as evidence in court/ to prosecute a party for fraud, embezzlement or other financial claims.

From operational point of view, the objective of Forensic Audit is to direct the focus of bank on detecting, investigating the warning signals/fraud angle and suggest preventive measures.

2. NEED FOR THE POLICY:

a) Banking Industry in last couple of years has seen surge in proportion to the rise in NPA (non-performing assets) and SMA (Special Mention Accounts) leading to entities approaching the bank(s) / FIs for various structuring and resolution of the distressed assets. Closer examination of the some of the cases shows that accounts became NPA

on account of siphoning of funds but party contested that it was a business loss. Bank and its employee may not be aware of such fraudulent action of the borrower, as much of the fraud is carried out through creative accounting practices and certified by the Statutory auditors of the entity, at times and hence difficult to contest by the processing / sanctioning authority at the time of considering the proposal.

- b) Forensic audit of the account also reveals that action of the entities was a cover-up of fraudulent siphoning of funds as business loss under the guise of book debts having turned bad. So, it is important to have a mechanism that can assist the bank in taking informed decisions with regards to accounts that need to be pursued or followed up for further investigation, and those that need to be written off. Conclusive forensic audit report can provide evidences which can be used in court proceedings.
- c) Such audits were made compulsory for banks by RBI under the corporate debt restructuring (CDR) scheme in 2013 to distinguish between borrowers experiencing genuine financial stress from those company promoters who were siphoning off funds.
- d) Though such a forensic audit was mandatory CDR mechanism of restructuring; however under SDR and other structuring mechanism, an audit is not mandatory but desirable.
- e) In its May 2015 circular, the RBI provided an exhaustive list of 45 warning signals that bankers needed to watch for, while monitoring borrowers, to differentiate fraudulent behaviour from genuine stress. The RBI circular is very exhaustive, and if we take early warning signals like cheque bounce, etc., every second account could be red-flagged. But the spirit of the rule is to pick out serious offenders and forensic audit helps banks to get to the details.

3. REGULATORY GUIDELINES

RBI has issued guidelines for early detection and reporting/prevention of Loan accounts with exposure of Rs. 50.00 Crore or more (RBI circular No .RBI/2014-15/590 dtd.07.05.2015). As per the RBI guidelines, once the account is marked as “Red Flag” , the case for fraud or otherwise will be decided on the basis of forensic audit . The Key guidelines relating to forensic audit are as under:

- a) The initial decision to classify any standard or NPA account as RFA or Fraud will be at the individual bank level and it would be the responsibility of this bank to report the RFA or Fraud status of the account on the CRILC platform so that other banks are alerted. Thereafter, within 15 days, the bank which has red flagged the account or detected the fraud would ask the consortium leader or the largest lender under MBA to convene a meeting to discuss the issue. The meeting so requisitioned must be convened within 15 days of such a request being received. In case there is a broad agreement, the account would be classified as a fraud; else based on the majority rule of agreement amongst banks with atleast 60% share in the total lending, the

account would be red flagged by all the banks and subjected to a forensic audit commissioned or initiated by the consortium leader or the largest lender under MBA. All banks, as part of the consortium or multiple banking arrangement, would share the costs and provide the necessary support for such an investigation.

- b) The forensic audit must be **completed within a maximum period of three months from the date of the meeting authorizing the audit.** Within 15 days of the completion of the forensic audit, the meeting of lenders will be convened to decide on the status of the account, either by consensus or the majority rule as specified above. In case the decision is to classify the account as a fraud, the RFA status would change to Fraud in all banks and reported to RBI and on the CRILC platform within a week of the said decision. **Besides, within 15 days of the RBI reporting, the bank commissioning/ initiating the forensic audit would lodge a complaint with the CBI on behalf of all banks in the consortium/MBA.**

4. SCOPE OF FORENSIC AUDIT:

The scope of Forensic audit will extend to following aspects relating to a borrower:

- i. **Capacity to pay:** Examine as to if the borrower has defaulted in meeting its payment / repayment obligations to the bank even when it has the capacity to honour the same.
- ii. **Money trail & End use of funds** financed by the Bank/lenders.
- iii. **Diversion of funds:** diversion of funds on the part of borrower would be construed in any of the undernoted occurrences:
 - a) Utilization of short term working capital funds for long term purposes not in conformity with the terms of sanction;
 - b) Deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned.
 - c) Transferring borrowed funds to the subsidiaries / group companies or other Corporate by whatever modalities.
 - d) Routing of funds through any bank other than the lender bank or members of consortium without prior permission of the bank/lenders.
 - e) Investment in other companies by way of acquiring equities / debt instruments without approval of lenders.
 - f) Shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for.
- iv. **Siphoning off funds:** siphoning off funds on the part of borrower would be construed to occur if any funds borrowed from bank are utilized for purposes un-

related to the operations of the borrower, to the detriment of the financial health of the entity and/or the lender.

- v. **Capital Structure:** Tracing the source of contribution by promoters by analyzing equity / debt infused by promoters / partners.
- vi. **Abnormal trade transactions:** Commenting on transactions of substantial amount, which seem not to be normal trade transactions at arm's length.
- vii. **Sales:** Verifying revenue from operations including checking sale order, invoices and controls in billing process. The focus should be on inflated turnover / fictitious sales and / or Sales on Return (SOR) basis where profit has been booked and sales returned in the subsequent accounting period leading to writing off of stocks / debtors and reversal of booked profits. The sustainability of sales in future years should be co-related with Technical and Viability (TEV) study.
- viii. **Escrow / Trust & retention Account (TRA):** Commenting on adherence to Escrow / Trust & Retention Account (TRA) arrangements made with various banks. Details of all transactions with banks outside the consortium / other than nominated account.
- ix. **Concentration of Transactions** - sole customer, sole supplier, major transactions with related parties / group companies, analysis of relationship in two-way deals with the same party or indirect payments made by customers of the borrower to the vendors of borrower.
- x. Movements in unsecured loans during specified period.
- xi. Details of substantial debts raised in sister / associate / group companies either through corporate guarantee of borrower or against security of promoters or promoters' family assets.
- xii. Verifying receivables thoroughly as there have been cases where the units have shown reciprocal receivables against each other, especially in case of related parties.
- xiii. Finding details of assets of unit / its promoter (s) / partners to ensure recovery of loans granted by banks as there would be cases where some assets are not reported in financials of the unit / promoters / partners.
- xiv. Examining chain of transactions pertaining to unit / promoters / partners to ensure genuineness of the dealings as there could be cases of bogus family/other transactions
- xv. Examining stocks / inventory & purchase transactions in particular with related parties / sister concerns

- xvi. Identifying the type of fraud that has been operating, how long it has been operating for, and how the fraud has been concealed.
- xvii. Identifying the fraudster(s) involved.
- xviii. Quantifying the financial loss suffered by the bank.
- xix. Gathering evidence to be used in court proceedings.
- xx. Providing advice to prevent the reoccurrence of the fraud.

The above list is indicative only and a Forensic Auditor may be assigned other jobs also within the ambit of Forensic Audit.

5. BENEFITS OF FORENSIC AUDIT:

- i) Detection of red flags, inconsistencies and vulnerable points of the borrower including genuineness of bills/documents/transactions.
- ii) Assessment of regulatory compliance and propriety of transactions
- iii) Money trail of transactions.
- iv) Ascertaining siphoning of funds by the borrower
- v) Identification of control issues from bank's point of view particularly end use of funds /diversion /siphoning.
- vi) Creating evidence for testifying in court, when needed.

6. FORENSIC AUDIT POLICY WOULD BE APPLICABLE TO FOLLOWING IDENTIFIED ACCOUNTS:

- i. Accounts classified in SMA 02 or NPA category with exposure of Rs. 25.00 Crore or more irrespective of the lending arrangement (whether sole banking, multiple banking or consortium) on case to case basis.
- ii. Accounts which are in SMA 02 category for temporary period due to liquidity crunch or otherwise should not be considered for forensic audit, if other parameters have no negative features.
- iii. Red flagged loan (RFA) accounts with exposure of 25.00 Crore or more (sole/consortium basis) on case to case basis.

7. PROCESS OF FORENSIC AUDIT:

Main steps in the process of Forensic Audit are:

- a) determining the issues, planning the investigation,
- b) obtain relevant evidence,
- c) analysis of documents & data and

d) preparing the report.

In addition to this, it may be necessary to formulate framework for legal proceedings, **which shall be done by RL& FP Wing separately.**

7.1 For Bank the process would involve:

- i. **Selection of eligible account:** Selection of eligible account for Forensic Audit should be done on case to case basis by the Bank. Further, the issues involved and the objective of forensic audit to be undertaken are to be identified.
- ii. **Planning stage:** After selection of eligible account for forensic audit, following parameters to be considered: -
 - a) period to be covered for audit
 - b) type of credit facilities to be covered
 - c) whether coverage on solo basis or group of the borrower
 - d) Selection and allotment of borrower account to Forensic Auditor
 - e) Analysis of Report submitted by Forensic Auditors
 - f) Identification of warning signals including siphoning of funds.
 - g) Action plan on findings of the report including legal action to be taken
 - h) Period of checking the records of the defaulting borrower (**i.e records for how many years need to be checked**) will vary from cases to case. Decision of the committee ordering the forensic audit in any account shall be final.

8. CHECK LIST FOR SELECTION OF FORENSIC AUDITOR FIRM/ COMPANY:

- a) Bank shall use the panel of forensic auditors as approved by Indian Bank's Association.
- b) Bank shall examine the track record and conduct of the entity in the past and shall carry out necessary due diligence in this.
- c) Entity should not have been blacklisted by any financial institution/other organizations/any government department. The entity shall furnish self-attested affidavit on stamp paper in this regard.
- d) The name of the Firm/Company or its promoter/partner etc. should not be in the defaulters/barred/caution list published/displayed at websites of public bodies such as by RBI/IBA/ECGC/SEBI/CICs etc.
- e) Forensic auditor working as auditor of the borrower entity for last five years shall not be given the assignment of the borrower entity.

f) Forensic Auditors who were associated with any NPA account as auditor / concurrent auditor in the past will not be allocated Forensic Audit in that NPA account.

9. TIME LIMIT: Forensic audit must be completed within a maximum period of **two months** (extendable by one Month) from authorizing the audit.

Time frame of **2 months** has been given for submission of Forensic Audit report so as to give time to member banks to analyze and discuss/seek clarifications from the Forensic Auditors and then take mandate from Head office for further action. It may be noted that as per RBI guidelines, the overall time allowed for the entire exercise to be completed is **6 months** from the date when the first member bank reported the account as **Red Flag Account (RFA)** or **Fraud on the CRILC platform**. Our endeavour shall be to complete the whole exercise within this framework.

10. PROCESS FOR IDENTIFICATION & SELECTION OF EXTERNAL FORENSIC AUDITOR

A) Empanelment Committee

At present there is no committee for empanelment of Forensic auditors as the empanelment criteria has already been set out by IBA. Bank shall empanel valuers out of the IBA approved list. Committee shall comprise of

- (a) General Manager (RL&FP Wing)
- (b) General Manager (Corporate Credit Wings)
- (c) General Manager (Inspection Wing)
- (d) General Manager (Credit Administration & Monitoring Wing))
- (e) Dy General Manager (RL&FP Wing)- Convener

B) THE PROCESS FOR EMPANELMENT OF FORENSIC AUDITOR

- a. Circle (Recovery Section) shall receive the application as per **Annexure 22** from the valuer willing to be empanelled with our Bank along with the **Declaration by the Audit Firm**
 - i. Acceptance letter on Firm's Letter Head mentioning the name of Partner along with his signature who will conduct the audit.
 - ii. Latest Constitution Certificate duly verified.
 - iii. Non Disclosure Agreement (as per format enclosed APPENDIX-I To Annexure -22)
- b. On receipt of the application the Circle Office shall scrutinize the application based on the eligibility criteria and due diligence, verifications of address, infrastructure etc.
- c. Circle Office shall forward the application to the RL & FP Wing along with recommendation along with details of the past forensic audit assignment handled by the entity.

- d. The name of auditors for empanelment shall be shortlisted and placed to the “Committee on empanelment of Forensic Auditors” for approval.
- e. Mere submission of application does not, in any way, constitute guarantee for empanelment or allotment of any assignment from the Bank. After empanelment, the work will be allotted as & when need arises at the sole discretion of the Bank.
- f. RL & FP Wing shall communicate the decision of the committee to the respective Circle Office and also issue letter of empanelment to all the respective approved Forensic Auditors, detailing at least the following information (so as to avoid any complaints/conflicts at a later stage)
 - i. **fee/remuneration structure,**
 - ii. **scope of work,**
 - iii. **time line for submission of reports**

11. VALIDITY PERIOD OF EMPANELLED FIRMS

The empanelment of the Forensic Auditor will be valid for a period of **three years & thereafter** can be reviewed for extension subject to satisfactory performance.

12. COMPETENT AUTHORITY FOR TAKING VIEW ON ORDERING FORENSIC AUDIT

Identification of accounts for forensic audit would be within the norms as given at para 6 above.

- a) **Red Flag Account sanctioned up to the Powers of DGM-CO-CAC : Recovery Committee**
- b) **Red Flag Account sanctioned by CGM/GM-CO-CAC & CGM/GM-HO-CAC : ED CAC based on the recommendation of the Recovery Committee**
- c) **Red Flag Account sanctioned by CAC of the Board & MC of BOD : CAC of the Board based on the recommendation of the Recovery Committee**
- d) In cases other than above, CAC of the Board will have power to direct forensic audit in any account including SMA-2 irrespective of the amount involved, if so required
- e) **Recommending Authority** : Forensic Audit report with action plan would be placed to respective committee by RL&FP Wing in case of NPA & Red Flag Accounts. In other cases including SMA-2, the note shall be placed by CA&M Wing.
- f) For all such cases which have **although been recommended by the Wing(s)/ Offices but not agreed by the Head Office Committee (other than CAC of the Board), shall be placed to the CAC of the Board.**
- g) **RL&FP Wing shall place monthly report to Audit Committee of the Board giving details of the account where forensic audit has been ordered and action plan post receipt of forensic audit.**

13. MONITORING OF PROGRESS:

Concerned Circle Offices will submit reports on quarterly basis onwards to RL & FP Wing in case of NPA & Red Flag Accounts and to CA&M Wing in other cases including SMA-2

- i. Progress report of all the Forensic Audit conducted cases as per **Appendix II to Annexure 22.**
- ii. Details of Red Flagged / NPA Accounts with exposure of Rs. 25 crore & above, where it has been decided Not to conduct Forensic Audit, as per **Appendix III To Annexure 22.**

14. ALLOTMENT OF WORK & UTILIZATION OF SERVICES OUTSIDE THE GEOGRAPHICAL AREA:

- a. The approved panel of Forensic Auditors will be valid for whole of India; however, preference for allocation of work to be given to local / nearby located Forensic Auditors
- b. Allotment of accounts for forensic audit shall be such that no forensic auditor shall have more than 3 accounts of our Bank for forensic audit at a time.
- c. Allotment of Forensic Audit shall be done by committee comprising of DGM - RL & FP Wing, DGM - CA & M Wing and DGM/AGM heading Restructuring Asset Division, CCW.
- d. *Forensic Audit is to completed within a maximum period of 2 months from the date of authorizing the audit.*

15. REVIEW OF PERFORMANCE

Continuation of the forensic auditor on the Bank's Panel shall be subject to satisfactory performance and annual review by the Circle Office, which is to be completed by 31st May every year and to be submitted to RL & FP Wing within 1 month from the date of review i.e. positively by 15th June of the year in the format as per **Annexure-17.**

Documentation need not be done again for the already empanelled Forensic Auditors, with satisfactory performance. Circle Offices shall submit its recommendations for continuation of the auditors in the panel to RL & FP Wing to finalize the process by end of June of the year.

16. DEPANELMENT OF FORENSIC AUDITOR

In case of any major deficiency in services as per the terms of appointment and scope of work as per Forensic Audit Policy; the allotment is liable to be cancelled. CA firm shall be depanelled from Bank's approved list with immediate effect and the depaneling shall also be reported to RBI, IBA and ICAI.

Depanelment of Forensic Auditors: In case of unsatisfactory performance or any conflict relating to misconduct/false reporting by any Forensic auditor, the **same committee at HO level will take a view on depanelment /blacklisting during any time of the year and without waiting for the annual exercise.** The names of delisted forensic auditors shall be reported to IBA and circulation to all other offices.

RL&FP Wing shall also circulate the complete list of empanelled forensic auditors from to time. The list shall also contain the de-paneled/blacklisted forensic auditor, if any adverse report is received directly from IBA/Other Banks/Vigilance Division/CBI/Police etc.

17. REMUNERATION PAYABLE FOR FORENSIC AUDIT

The remuneration of auditor shall be determined by the bank and the concerned auditor. The amount would depend on the complexity of work involved, the reasonable time the auditor would need to complete the audit and the resources required to be deployed for the completion of work assigned. Depending on the local conditions, the remuneration may vary from place to place.

The scale of fee shall be determined with scope of audit & quotation of panel Forensic Auditors. In case forensic audit is conducted by other banks, fee shall be shared proportionately as per decision of all banks.

50% of the approved fee shall be paid at the time of submission of draft report & balance 50% shall be paid after receipt of final report subject to satisfaction.

18. FEE STRUCTURE PAYABLE TO FORENSIC AUDITORS

The fee payable to Forensic Auditor shall be decided on case to case basis based on the scope of work and complexity and shall follow the same delegation as applicable to payment of Professional fee to Advocates in cases filed by or against the bank as enumerated in recovery policy.

In case of **joint lending mechanism**, the forensic audit fee will be decided amongst the member banks all Banks/Lenders would share the cost.

In case where our Bank is the leader of consortium, fee structure mentioned herein should be considered while negotiating the auditor fee.

It may be noted that where our Bank is the consortium leader or lead bank, the selection of slab of fee will be dependent on the exposure of the consortium and cost shall be shared amongst the Banks/Lenders as per share in the arrangement.

CHAPTER XI

CASES OF THIRD PARTY ENTITIES (TPES) INVOLVED IN FRAUDS - PROCEDURAL GUIDELINES FOR DEALING SUCH CASES AND REPORTING TO IBA/ PROFESSIONAL BODIES / AUTHORITY SET UP BY GOVERNMENT OF INDIA

I. DEFINITION OF THIRD PARTY ENTITIES:

Third Party Entities are individuals or group of individuals, whether incorporated or not, used by bank or its customers/agents, for their product/service/expertise, based on which these entities sell products/provide services/give opinions/certify the accuracy of statements/valuation of assets/ownership of assets, etc. Based on the documents/opinion/certification given, bank takes a decision to enter into a financial transaction with the customer. The transaction could be related to any service the bank provides to its customers. Examples of the TPEs could be builders, warehouse/cold storage owners, tractor/car dealers, equipment sellers, travel agents, lawyers, chartered accountants, financial consultants, property valuers etc.

II. PROCESS OF EVALUATION OF INVOLVEMENT OF TPEs IN THE FRAUD BY THE COMMITTEE AND REPORTING TO IBA/ PROFESSIONAL BODIES / AUTHORITY SET UP BY GOVERNMENT OF INDIA

The following procedure would be adopted for reporting the names of TPEs involved in frauds to IBA for the purpose of dissemination among member banks / **PROFESSIONAL BODIES / AUTHORITY SET UP BY GOVERNMENT OF INDIA**

1. Once the frauds are identified, during the investigation of a fraud if the investigating officer finds that TPEs are involved, the investigation report shall contain the details of their extent of involvement in the fraud (whether his contribution was bonafide or malafide or whether there was gross negligence). Apart from making a mention in the investigation report, the investigating officer shall also send a separate report to the concerned Circle Office about the wrong-doings of TPEs.
2. Branches/Circle Offices may get information about some unscrupulous TPEs, during the course of Consortium Meetings or during the regular exchange of information under MBA. If the said TPE happens to be in our panel or is having connection with our Bank otherwise, Branches/Offices shall endeavour to get full details from the other bank.

Whenever branches come across involvement of TPEs in perpetration of any kind of fraud on our bank, the same shall be reported to Circle Office.
3. The complaint made out against the TPEs should be serious in nature as illustrated below:
 - a) Submitting false valuation reports at the request of borrowers.
 - b) Issuing certificates with inflated value.

- c) Valuation report pertaining to properties /assets of unconnected parties.
 - d) Issuing certificates which are factually incorrect (end use certificates, bringing in of margin, additional capital etc.)
 - e) Valuation on non-existing assets.
 - f) Falsification of Financial Accounts/ ABS of the parties
 - g) Inflated valuation of stock/book debts, without verifying the books of the borrower/s.
 - h) Creating documents for fictitious transactions
 - i) Gross misrepresentation of facts to favour vested interests
 - j) Non disclosure of conflict of interest
 - k) Partnering to engineer fraudulent transactions
 - l) Any other issues which are serious in nature.
4. The Empowered GMs Committee at Head Office shall examine the role of TPEs in the frauds. The Committee shall meet and take stock of involvement of TPEs as and when such instances are reported in which there is reference about the involvement of TPEs in the perpetration of the fraud.
 5. On receipt of report from Circle Office on the involvement of TPEs in any fraud, R & R Section, RL&FP Wing shall place the matter before the Committee for the purpose of taking decision on depaneling the TPE and reporting to IBA/ **PROFESSIONAL BODIES / AUTHORITY SET UP BY GOVERNMENT OF INDIA.**
 6. The Committee will be guided by the principles of natural justice and act independently & impartially.
 7. The Committee shall take a considered view when isolated cases of negligence/ gross negligence on the part of the subject TPE is reported as to the desirability of recommending inclusion of the subject TPE in the caution list. It may not be fair to caution list a TPE for a reported instance of negligence when malafide intentions are not involved.
 8. After review, if the Committee feels that the intentions of the subject TPE were malafide, the Committee will advise the Circle Office to write to the subject TPE and seek explanation for his/her action.
 9. Circle Office to issue notice to the subject TPE after obtaining approval from R&L Section, by Registered Post with acknowledgement due, incorporating the grievance of the Bank and requesting him to submit his reply within 15 days of receipt of notice.

In case a reply is not received within the stipulated time, the Circle Office to send reminder requesting him to submit the reply in 10 days.
 10. After expiry of time to submit the reply to the notice given by the Bank, the Circle Office shall forward the reply, if submitted, along with their views to R&R Section, RL&FP Wing, HO to place the same before the Committee at HO.

11. If the members of the Committee feel that the explanation given by the TPE is logical and acceptable, they shall convey the same to the Circle. A record of the same shall be kept. A letter will be sent to the TPE by the Circle conveying the same.
12. If the members of the Committee do not find the explanation to be acceptable, they will recommend to caution list the TPE and communicate to IBA/ professional bodies / authority set up by Government Of India.
13. The individual responsible for undertaking such assignment and the firm he represents are to be considered for caution listing. In order to ensure proper identification, it is desirable to obtain the PAN /ADHAAR of the TPEs and the firms they represent at the time of assigning the work for the first time.
14. R&R Section, RL &FP Wing, HO shall communicate the name to IBA in the format specified by IBA/ **PROFESSIONAL BODIES / AUTHORITY SET UP BY GOVERNMENT OF INDIA**. All information given to IBA shall be marked confidential and for sharing with Member Banks only, in order to avoid any legal dispute by TPE affected by an adverse opinion.
15. Informing IBA about a TPE involvement in fraud will be independent of the possibility of Bank raising the matter with the regulatory bodies of the profession as well as filing FIR against them. The Committee shall separately take those decision based on the circumstances of each case.
16. This shall be conveyed to the TPE concerned by the Circle in the form of a written communication.
17. Since the matter has significant relevance to promotion of good governance in lending as a whole, the process shall be completed within a specified timeframe. It is to be ensured that the decision on caution listing is taken within 90 days from the date of receiving the report from branches/Offices by H.O.

III. PROCEDURE FOR REPORTING TO PROFESSIONAL BODIES :

The nominated Executive of R & R section, RL & FP Wing, Head Office shall be the authorized officer in our Bank to lodge the complaints with professional bodies like ICAI, Institute of Valuers/Engineers, BAR Council of India, **Professional Bodies, Authority set Up by Government Of India** etc.

IV. CREATION OF DATABASE OF ALL THE TPEs

1. Bank will create centralized data base of all the TPEs involved in frauds in our bank/other banks and included in caution list of IBA for the benefit of branches and offices. Operational Risk Management Department (ORMD) of Risk Management Wing, HO has created link : <http://cannet/risk/iad/TPEnew.html> for hosting details of third party entities involved in frauds.

2. Handling the database received from IBA/ PROFESSIONAL BODIES / AUTHORITY SET UP BY GOVERNMENT OF INDIA:

At periodical intervals, IBA will send a list containing details of such persons included in the caution list to member banks. Upon receipt of such list, the names shall be verified and uploaded to database for the benefit of branches and offices by ORM Department, RM Wing, H.O.

3. RECONCILIATION OF CAUTIONARY LIST

IBA will send a comprehensive cautionary list annually incorporating all persons included in the list from the beginning. The same has to be reconciled with cautionary list of TPEs by ORM Department, RM Wing, HO and confirmation to be sent to IBA through R&R section, RL&FP Wing.

4. ACTION TAKEN BY THE TPEs OR HIS /HER PROFESSIONAL BODY

In the event of a TPE or the professional body of them seeking legal recourse against such action by the Bank, the Bank and IBA shall jointly engage to defend such action. In the event of the Bank receiving a direction from a legal authority seeking to remove the name of the TPE from the cautionary list, the Bank shall decide to appeal against the direction or comply with the same.

If the Bank decides to comply, the Bank shall inform IBA which will notify the other banks of the removal of name from cautionary list.

V. GUIDELINES FOR BRANCHES/OFFICES :

1. Branches/offices to ensure that such caution listed TPEs are not entrusted with any future assignments. Also, they have to ensure not to consider the services rendered by such entities on behalf of our customers. Secondly, such TPEs, if empanelled with us, are to be removed from the panel. In case any representation is received for exempting any person from caution list, the matter may be placed to the Empowered GMs Committee at HO through R&R Section, RL&FP wing for consideration and decision.

2. The system of caution listing requires that the concerned TPE is fully aware of the implications of wrongdoing while executing the assigned responsibilities and it is imperative that he/she be put on notice at the initial stage itself and to get his written assent as regards caution listing/reporting to IBA and circulation among member banks.

3. IBA has forwarded the draft of the clause to be added in the communication to TPEs with whom the bank has direct contractual relationship in the following instances:

- While including the TPE as a retainer for providing professional advice/service on a regular basis.

- While including the TPE as a retainer for providing professional advice/service on an adhoc basis.
- All TPEs who are already empanelled by the Bank and advice/service is being utilized by the Bank.
- All TPEs who do not have a direct relationship with the Bank, but with whom the customer has entered into a relationship on the basis of which the Bank has funded the customer. Examples- Builders, Dealers, etc.

Thus, the branches/ offices while issuing communication to such TPEs, has to incorporate suitable clauses viz. the Bank has a right (a) to evaluate the role of a TPE in the event of fraud in a transaction where the Bank has relied on the opinion or certification services of the TPE (b) to include their name in the cautionary list and circulate the same to other banks through IBA. Draft of such clauses to be included while engaging the services of TPEs are furnished as enclosure.

VI. OTHERS

Financial consultants in TPEs shall carry a proper letter of authority/ be accompanied by the borrower's representative.

CHAPTER-XII

HANDLING CASES OF FALSIFICATION OF FINANCIAL ACCOUNTS - ACTION AGAINST THE CHARTERED ACCOUNTANTS/ COST ACCOUNTANTS / COMPANY SECRETARY

1. RBI has inter alia, stated that in case any falsification of accounts on the part of a borrower is observed by the banks / FIs, a formal complaint against the auditors of the borrowers should be lodged with the Institute of Chartered Accountants of India (ICAI), if it is observed that the auditors concerned were negligent or deficient in conducting the audit to enable the ICAI to examine and fix accountability on such auditors.
2. Hence, whenever instances of falsification of accounts as indicated above comes to the notice of branches / offices, the same shall be reported to the Circle Office with full details along with name, address and registration number of the auditor who has certified such accounts.
3. In case a Bank proceeds with lodging complaint with ICAI in terms of the guidelines circulated by the IBA, the following procedure shall be adopted.

The complaint that is to be lodged against the Chartered Accountants should be serious in nature as illustrated below:

- a) Falsification of Financial Accounts/ ABS of the parties
 - b) Inflated valuation of stock/book debts, without verifying the books of the borrower/s.
 - c) Valuation on non-existing assets.
 - d) Submitting false valuation reports on request of borrowers etc.
 - e) Any other issues which are serious in nature.
4. The complaint shall be placed to Circle Head of the concerned Circle for permission to lodge the same with ICAI through RL&FP Wing.
 5. No future assignments shall be entrusted and the Circle shall proceed with deletion of such valuers from approved list as per procedure.
 6. If Circle Office on examining the issue carefully finds that there is a prima facie case of malpractices / irregularities / falsification of accounts which can be attributed to negligence or deficiency in the conduct of audit by the auditor and that such falsification of accounts is detrimental to the interest of the Bank, then, with the permission of the Circle Head, the Circle shall refer the matter along with the supporting evidences to R & R Section, RL & FP Wing, HO with a copy to Credit Policy Section, R M Wing, HO. The information on such malpractices is to be reported by the Circle Office to the Vigilance Wing in the format as in **Annexure 18**.

7. The complaint, which is to be reported to ICAI prime facie, must have sufficient evidence to prove the case and fix accountability on such Chartered Accountants.
8. On receipt of the references of complaints from the Circle, R & R Section, RL & FP Wing, Head Office shall report the matter to ICAI. The AGM/DGM of R & R Section, RL & FP Wing, HO shall be the authorized officer in our Bank, to lodge the complaint with the ICAI.
9. Bank shall follow the similar process in case of Cost accountant and Company Secretary

10. Procedure for lodging complaint with

a) ICAI AGAINST CHARTERED ACCOUNTANTS:

- I. A complaint shall be filed by the authorized Officer of the Bank.
- II. The complaint filed by the Bank shall be accompanied by fees of Rs.2500/- or as per fee revised time to time, by a demand draft favouring the Institute of Chartered Accountants of India, New Delhi. The fees once paid will not be refunded.
- III. The complaint shall be lodged in specific format (refer Annexure 16) prescribed by the Institute and to be submitted in triplicate to the Director, The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi 110 002.
- IV. The Board of discipline of ICAI will hear the complaint and decide.

b) PROCEDURE FOR FILING COMPLAINT AGAINST COST ACCOUNTANT

- I. A complaint against a member or a firm shall be filed in Format given in Annexure- 16, in triplicate before the Director in person or by post or courier.
- II. A complaint shall be filed by the authorized Officer of the Bank.
- III. Fee for filing complaint.- (1) Every complaint, shall be accompanied by a fee as prescribed by the Council through regulations.
- IV. The fee shall be paid in the form of a demand draft drawn in favour of the Institute of Cost and Works Accountants of India payable at the place where the Directorate is situated.
- V. The fee once paid shall not be refunded

c) PROCEDURE FOR FILING COMPLAINT AGAINST COMPANY SECRETARY

In case of company secretary, bank shall address a letter to ICSI Disciplinary committee, detailing the professional misconduct done by CS along with documentary evidences supporting the stand.

11. ACTION AGAINST VALUERS

Normally, branches/offices rely on the reports / certificates submitted by the panel valuers. Therefore, branches / offices are advised to exercise due caution in this regard and invariably comply with the procedures stipulated.

RBI has advised the banks that where the loan is sanctioned on the basis of the reports / certificates issued by Valuers subsequently found to be incorrect report / certificate, then, such cases shall invariably be reported to the self-regulatory body of the valuers i.e. Institute of Valuers/Engineers etc., giving full particulars of the certifying valuers/Engineers. Accordingly, the following procedures shall be adopted in such instances.

1. Wherever the loans sanctioned on the basis of certificates issued by valuers subsequently found to be incorrect/wrong certificates, such cases as and when detected shall be reported by the branch to the concerned Circle Office furnishing complete details of certificates as also giving full particulars of the certifying valuers/Engineers.
2. No future assignments shall be entrusted and the Circle shall proceed with deletion of such valuers from approved list as per procedure.
3. The Circle Office, immediately on receipt of complete details from the branch, shall invariably place an Office Note to the Circle Head and report to the concerned self-regulatory body i.e. Institute of Valuers/Engineers etc., giving full particulars of the certifying valuers under the signature of the Circle Heads. The copy of the Office Note and the Report shall be submitted to Credit Policy Section, Risk Management Wing, HO. Disclosure need to speak on incorrect report / certificate only without attributing motives.
4. Further, wherever valuers indulge in abetment of fraud, the same should be reported to R&R Section, RL & FP Wing, HO for reporting to IBA with a copy to Credit Policy Section, R M Wing, HO. The information on such malpractices is to be reported by the Circle Office to the Vigilance Wing in the format as in **Annexure 18**.

PART-D

CHAPTER -XIII
NORMS FOR EMPANELMENT OF TEV CONSULTANTS (EXTERNAL)

I. ELIGIBILITY AND QUALIFICATIONS:

- a) **Technical Expertise & Qualification:** Minimum BE / B Tech / CA / ICWA or equivalent in the field of service offered. (In case of consultants other than individuals, and individuals with non technical qualification, specialist staff with requisite qualification to be on the rolls of employment or available on retention basis, with the applicant. Such specialist staff may include senior retired engineers/professors.)
- b) The empanelment may be restricted to reputed Companies, LLPs, and partnership firms who have proven credentials evaluated based on the assignments already undertaken.
- c) The firms enlisted should have minimum experience of 5 years or have undertaken TEV study assignment in minimum of 10 high value projects. The consultant has to give the details of persons giving the report on TEV study with a declaration that both the engineering personnel and chartered accountants have minimum experience of 5 years.
- d) The TEV consultant should be sufficiently experienced technical and financial team to carry out the assignment in the stipulated time. The economic viability of the projects shall be assessed by Chartered Accountants and the technical viability shall be assessed by Engineering Graduates of relevant field.
- e) **Person / entities who are empanelled as Stock Auditor, Statutory Auditor of the Bank and Concurrent Auditor of the Bank or any other Audit of the bank shall not be eligible to be concurrently empanelled for the TEV consultant. Declaration to the effect shall be obtained annually by the Circle Office. In case, any entity is appointed / takes up any of the above assignments with the bank then the circle shall not allot any work to that entity and also take steps to depanel the valuer from TEV panel.**
- f) Expertise in the area of proposed empanelment shall be the main criteria. Preference shall be given to those who are experienced in the related project activity, say, appraisal of power projects, appraisal of road projects, etc.
- g) Antecedents/credentials of the applicants shall be thoroughly checked regarding their qualification, experience in the field, etc. by obtaining at least two references from peer banks/reputed companies.

- h) Sufficient disclosure about the association of the external consultant with the client or with the Bank in any other capacity, if any, should be made and there should not be any conflict of interest.
- i) Person / Entity should not be black listed by any Bank(s)/ FI(s)/IBA or Government.

II. EMPANELMENT OF TEV CONSULTANT AS LENDERS' INDEPENDENT ENGINEER (LIE) AND EMPANELMENT OF LIE AS TEV CONSULTANTS

In order to avoid conflict of interest, Branches / Offices shall adhere to the following guidelines in respect of LIE & TEV:

- Lenders' Independent Engineer(s) empanelled with the Bank may also be eligible for being empanelled as TEV Consultant subject to fulfillment of eligibility criteria as per above guidelines, for TEV consultant.
- TEV Consultant(s) empanelled with the Bank may also be eligible for being empanelled as Lenders' Independent Engineer, subject to fulfillment of eligibility criteria as per Bank's Guidelines, for Lenders' Engineer.
- However same organization/ consultant shall not be engaged as TEV Consultant and Lender Independent Engineer for the same project by the borrower i.e. if a consultant/ organization is engaged for TEV study in a project, he will not be eligible for appointment as Lenders' Independent Engineer for the same project and vice-versa.

III. PROCEDURE FOR EMPANELMENT:

- a. Risk Management Wing shall receive applications from Circles and PCBs with due recommendations and after initial vetting and views by Project Appraisal Group (PAG),HO.
- b. Person/ Entities desirous for empanelment of TEV study shall approach the respective circle office and submit the application along with requisite documents.
- c. Circle office after due scrutiny shall forward the application along with the recommendation to RM Wing after duly entering the details in the Web Package.
- d. RM Wing shall seek the view & comments of the PAG on each application before placing the same to the Committee for empanelment of valuers. The application shall be placed to the Committee for Empanelment of Valuers along with the view & observation of the PAG, HO.
- e. The TEVs empanelled with the Bank may be made known about the implications of wrong doing such as reporting to IBA for wider circulation. The errant TEVs shall be dealt with in accordance with the provisions to deal with erring TPEs (Third Party Entities). The application received from the LIEs should contain this clause.

- f. The empanelment shall be for a period of 3 years subject to annual review, which may be renewed/extended for a further period subject to satisfactory performance of the TEV. However, empanelment of the TEV/ renewal / extension shall be at the sole discretion of the Bank.
- g. Bank reserves the right to cancel empanelment at any time without assigning any reasons and particularly when it is reasonably ensured connivance with the borrower.

IV. TERMS OF REFERENCE :

The bank shall use the External agency, based on requirement for conducting TEV study, the detailed scope of Work is given in **Appendix-I to Chapter XIV**. Gist of the same is as Under:

- 1) **Cost of Project & Means of Finance**
- 2) **Financial analysis of Existing Units**
- 3) **Financial Projection:** The report should carry out NPV/ IRR analysis in all cases and should draw financial projections showing Breakeven level of production/sales and recommended level of production/sales; Profitability; Cash flow and Balance sheet for the entire loan period based on the recommended level of production and sales.
- 4) **Plant & Machinery:** The report shall carry comments on condition, balancing/ adequacy of existing/proposed machinery, technological level, suppliers of machinery etc.
- 5) **Infrastructure:** The report should comment on the availability of the required infrastructure, arrangements made /proposed and adequacy thereof.
- 6) The report should critically examine the **Demand Supply Scenario, Marketing & Distribution network**
- 7) The report should recommend an **economic product mix** and a phased programme of production and sales for the entire period of debt
- 8) The report should determine the sources and availability of essential inputs, viz., **raw materials, water, power, fuel, etc.** and indicate imponderables, if any.
- 9) The report should examine the manning pattern and **wage structure** and indicate adequacy or otherwise with recommendations for the viability of the company.
- 10) The report include the assessment of working capital with due emphasis on holding period of raw materials, Work in Process, Finished Goods Inventory and debtors; **SWOT analysis** including risk factors and risk mitigants; Comments of Serviceability of Debt with computation of Debt Service Coverage of the Project and for the company as whole.

V. FEES:

The payment of fees shall be made by the client and Bank shall not be liable for payment of any fee, expenses etc. the fees shall be fixed considering the project cost, Loan quantum, periodicity of the report to be submitted and the time taken to visit the project site, in due consultation with the borrower.

VI. STRUCTURE OF REPORTING:

Branches/Offices will be informed in this regard separately by PAG, IO &CCr Wing.

VII. ROLES AND RESPONSIBILITIES:

- a) PAG, HO shall issue the letter of empanelment to the TEV consultant detailing the terms & conditions and general scope of work to be completed.
- b) RM wing will host the consolidated list of TEV consultant on CANNET.
- c) Circle Office shall issue the letter of allotment to the TEV consultant and shall ensure that Number of assignment allotted to one TEV consultant shall not exceed 3 in a Financial Year.

VIII. SUB-CONTRACTING/OUTSOURCING BY TEV CONSULTANT:

No sub-contracting / outsourcing for TEV work entrusted shall be permitted. All report should be submitted under the TEV firm's seal and signature.

IX. CONFIDENTIAL INFORMATION:

- (i) Confidential Information means all technical and commercial information relating to the project that is disclosed to the EC either orally or in writing in the course of carrying out the scope of work, except for the following:
 - a. Any information which is generally available to the public other than as a result of a breach of the obligations in the Agreement.
 - b. Any information that the Bank and / or the Client consents to be distributed or disclosed.
 - c. Any information that is required by law or the rules of any applicable regulatory organization, to be disclosed.
- (ii) Following clause shall be incorporated in the all the communication addressed to the TEV consultant.
 - a) The TEV consultant understands and acknowledges that the Confidential information has been developed or obtained by the Client by the investment of significant time, effort and expense, and that the Confidential

Information is a valuable, special and unique asset of the Client, which may provide the Client with a significant competitive advantage, and needs to be protected from improper disclosure.

- b) In consideration of the provision of the Confidential Information, the TEV Consultant agrees not to disclose or communicate any of the Confidential Information to any person, except for disclosure to the Bank/ Underwriters and those Directors, employees or affiliates of the TEV Consultant who need to receive Confidential Information for the purposes of executing the Scope of Work.
- c) If it appears that TEV Consultant has declared (or has threatened to disclose) Confidential Information in violation of the Agreement, the Bank/Client shall be entitled to an injunction to restrain TEV Consultant from disclosing, in whole or in part the Confidential Information. Bank/Client shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.

X. DEPANELMENT:

The existing procedure of depanelment of stock auditors/valuers/third party entity shall apply in the case of TEV Consultants also. PAG, HO shall review the performance of the TEVs and take a view on depaneling the TEV Consultant, if feedback is not satisfactory and place the matter before the committee.

XI. LIABILITY:

The TEV Consultant shall exercise reasonable skill, care and diligence in relation to the Project and shall submit the certificate to the effect they have verified the technical and financial aspects of the project and based on their assessment, the project is technically viable and economically feasible.

XII. REVIEW OF PERFORMANCE OF TEV CONSULTANT AND LIE's:

Yearly review of performance may be conducted as is done in the case of panel valuers / auditors by Circles.

Performance of the TEV Consultant and LIEs to be reviewed/monitored by PAG, HO and suggest remedial measures if necessitated. PAG, HO shall review the performance of the TEV Consultant and LIEs as at May 31st every year and place a review note to the empanelment committee on annual basis.

XIII. TERMS AND CONDITIONS FOR EMPANELMENT :

- a) The Bank may utilize the services of external consultant (TEV Consultant) for conducting Techno- Economic Viability studies (TEV) relating to a unit. In case the services of the TEV Consultant are proposed to be utilized, a written reference will be made by the bank for conducting TEV study specifying the terms of reference containing the description and nature of the study to be carried out in respect of the project.
- b) The reference for carrying out any TEV study in respect of a project will be assigned by the competent authority of the Bank, who will inform the TEV Consultant about the persons to be contacted for discussions and clarifications and for eventual submission of the report. The external consultant shall not enter into any discussion or share any information with any person other than the Official specifically designated by the Bank for this purpose.
- c) The remuneration payable in respect of any reference for conducting TEV shall be discussed and negotiated by the TEV Consultant with the client for whom such a study is being done and the remuneration shall be received directly from the client. The Bank is neither liable nor responsible for payment of the fee/remuneration to TEV consultant.
- d) TEV Consultant shall carry out the TEV study professionally, objectively and responsibly and the report shall represent truly and correctly all parameters that involve such a study. The analysis of the findings in the Report should be clear and objective and based on acceptable standards and should represent fully and effectively all possibilities. The report should be fairly indicative of the result of the TEV and should not contain any finding which is erroneous nor conceal any vital facts which would be detrimental to the interests of the Bank. The report should contain all valid and relevant information to enable the Bank to take a proper financial decision. TEV Consultant shall render itself liable to the Bank where the report is flawed or skewed.
- e) The report should be signed, properly authenticated and delivered to the competent authority who made the reference for TEV study and the contents of the report either partially or in full or the discussions held with the Official(s) of the Bank prior to the report should at no point of time be disclosed to any person including the client in any form. The contents of the report should be kept in strict confidentiality and any disclosure of any kind whatsoever and in any form, leading to any disputes shall be at the sole responsibility of TEV Consultant. TEV Consultant shall indemnify the Bank in respect of all claims which may arise in the event of any breach of any confidentiality.
- f) All information and papers made available by the Bank for the purpose of TEV study shall be kept in confidence by TEV Consultant and shall not be disclosed to any one else including the client.

- g) All rights in the work undertaken in the course of the TEV study including the report that would be submitted to the bank shall become the sole property of the Bank, which shall be free to use them as it sees fit or is required. No information or material received from the Bank during the course of the TEV study shall be utilized or distributed by TEV Consultant which has the effect of infringing on the copyright of such material.
- h) TEV Consultant shall not delegate or assign the TEV study that may be referred to it to any other person(s).
- i) The TEV study shall be undertaken with right earnestness and the Report submitted to the designated official of the Bank within a reasonable time, which is the acceptable time in types of such study.
- j) The report that would be submitted by TEV Consultant is only advisory in nature and hence no part of the report shall be made known to the client or any other person(s).
- k) TEV Consultant shall not use the Bank's name or logo in any of its correspondence, letter head, visiting card or in any other manner.
- l) The tenure of the empanelment is for a period of **three year**, which can be dispensed with earlier also without requirement to give any notice.
- m) The arrangement is in the nature of an empanelment and by virtue of such empanelment, there is no commitment or obligation cast on the part of the Bank to necessarily refer any professional assignment and it is left to the sole discretion of the Bank whether or not to make any reference of the TEV study to the TEV Consultant. The empanelment does not entitle or confer any right on TEV Consultant to seek for any reference to be made to it.
- n) The opinion of consultant would be of vital input for decision making of the Bank. In the event the opinion/ certification of consultant turns out to be untrue and factually incorrect causing loss to the Bank, the Bank may seek such clarification as may be required to investigate the matter and fix accountability. In the event, it is established that there were gross negligence/ unfair practices/ professional misconduct on part of the consultants or it had colluded with the borrower in causing pecuniary damage/ loss to Bank, the Bank may recommend the name for inclusion in the caution list being maintained by the IBA for circulation amongst member Banks, and other penal action.
- o) In case, any report submitted by the consultant is found to be false or distorted and/ or the said consultant is found to be adopting unfair practices and indulge in irregularity/ fraud, the Bank can exercise right to inform/ notify bodies like Institute of Engineers/ Surveyors/ Chartered Accountants/ Valuers and professional bodies for such act/ professional misconduct and request for suitable action.

- p) In the cases where TEV Consultant/ Lenders' Engineer, have played a vital role in credit sanction/ disbursement or facilitated the perpetration of frauds, Branches / Offices shall follow the guidelines as applicable to TPEs as enumerated in Chapter XII.
- q) Empanelment of the firm would not amount to any commitment by the Bank to provide any professional assignment and Bank reserves the right to cancel the empanelment at any time without assigning any reason for the same.

XIV. STANDARD TERMS AND CONDITIONS TO BE INCORPORATED IN LETTER OF APPOINTMENT DURING EMPANELMENT OF TEV CONSULTANT AND LENDER'S INDEPENDENT ENGINEER:

Following terms and conditions shall be incorporated in the letter of appointment of TEV Consultants during empanelment which shall be acknowledged by the consultant so empanelled:

- i. The empanelment of Consultants is for conducting Techno Economic Viability Study of the new and existing projects. However, the Bank has the right to accept or not, the TEV report at its own discretion.
- ii. No costs incurred by the consultant conducting TEV study, in providing necessary clarifications or attending discussions, conferences or site visits be reimbursed by the Bank. The same may be directly negotiated/ arrived at by the TEV consultant and concerned borrower mutually.
- iii. The empanelment shall be valid for a period of three years unless otherwise revoked.
- iv. If information and details furnished by applicants are found to be false at any time in future or any information withheld, which comes to the notice of the Bank at a later date, the empanelment of such applicant will be cancelled immediately.
- v. The Bank reserves the right to call for additional information/ documents for verification as may be required as and when necessary from time to time.
- vi. Bank reserves its right to remove/ delist the consultant firm from the panel without assigning any reason at any time. Consultants approval as empanelled technical Consultant will automatically cease if any adverse feature is noticed or reported by our bank branches/offices without assigning any reasons, whatsoever.
- vii. The empanelment of the TEV Consultant (s) shall be sole discretion of the competent authority of the bank and the decision of the competent authority shall be final and binding in all respects.

- viii. Firm empanelled by the Bank will give undertaking to follow ethics of faith and will carry out the assigned job with due diligence maintaining the quality of work done in least possible time.
- ix. Consultant will be held responsible for the findings/ suggestions/ implications on the report of assignment undertaken by him for any over estimate, wrong estimate/ under estimate etc. therein and withholding any information and will be liable for action as deemed fit.
- x. TEV Study must be signed by consultant and authenticated by the technocrat viz one or more members of the firm having required qualification, Experience and authority. The report prepared for the job has to be sent directly to the Bank.
- xi. The consultant will maintain confidentiality and secrecy of the assignment/ business given by the Bank.
- xii. The consultant will refrain from carrying out any financial transaction with the Bank's borrower/ prospective borrower for whom the assignment is given.
- xiii. The consultant will have to submit a declaration that the TEV firm is neither interested as promoter/ shareholders in the project entrusted for TEV study nor in any way involved in preparation of the project report.
- xiv. The consultant should not have been delisted by any Bank in the past for any act of professional misconduct/ Fraud.
- xv. The Partner/ Director/ Promoter of the empanelled firm/ Company/ agency should not be convicted for any offence and sentenced to a term of imprisonment by any court.
- xvi. The consultant is expected to carry out its assignment with due diligence and in accordance with prevailing standard of the profession.
- xvii. The consultant, under no circumstances should use any legend containing the Bank's name or symbol on his letter heads, signboards, name plates, visiting cards etc., and should not use this empanelment to canvas his business.
- xviii. The consultant should note that the selection for empanelment does not amount to an appointment or right for an appointment to be made by the Bank and the Bank is free to avail the services of any technical Consultant of choice and no right exists for an empanelled Technical Consultant to claim that they alone should be entrusted with Bank's work.
- xix. The opinion of consultant would be of vital input for decision making of the Bank. In the event the opinion/ certification of consultant turns out to be untrue and factually incorrect causing loss to the Bank, the Bank may seek such clarification as may be required to investigate the matter and fix accountability. In the event, it is established that there was gross negligence/ unfair practices/

professional misconduct on part of the consultant or it had colluded with the borrower in causing pecuniary damage/ loss to Bank, the Bank may recommend the name for inclusion in the caution list being maintained by the IBA for circulation amongst member Banks, and take other penal action as deemed necessary.

- xx. In case, any report submitted by the consultant is found to be false or distorted and/ or the said consultant is found to be adopting unfair practices and indulge in irregularity/ fraud, the Bank can exercise right to inform/ notify bodies like Institute of Engineers/ Surveyors/ Chartered Accountants/ Valuers and professional bodies for such act/ professional misconduct and request for suitable action.
- xxi. Empanelment of the firm would not amount to any commitment by the Bank to provide any professional assignment and Bank reserves the right to cancel the empanelment at any time without assigning any reason for the same.
- xxii. Consultant is required to return the duplicate copy of acknowledgement letter wherein all the above terms and conditions are specified by the authorised signatory within **20 days** of date of appointment letter as token of acceptance of above conditions. The empanelment as a Technical consultant shall be effective only on receipt of acceptance from the company/ firm/ agency and after payment of fee for registration to that Bank.
- xxiii. The scope of Work will be as specified, but not limited to, that defined in Bank's Guidelines issued from time to time. Bank reserves the right to ask for any additional information where necessary

Appendix-I to Chapter XIII
SCOPE OF WORK

The bank shall use the External agency, based on requirement for conducting TEV study, the scope of Work shall include the following:

- 1) **Cost of Project & Means of Finance** : The report, inter alia shall include analysis of the Cost of Project & Means of finance with comments on each and every major component of cost of project, on its acceptability and price competitiveness along with comments on suppliers / vendors.
- 2) **Financial analysis of Existing Units**: Wherever the project envisages expansion or modernization of the existing units, the report should invariably carry out an analysis with a view to ascertain investible surplus, expected cash accruals during the implementation of the proposed new/ expansion /diversification project. Other aspects to be studied include inventory and receivable levels maintained vis-à-vis normative requirements and/or industry standards.
- 3) **Financial Projection**: The report should carry out NPV/ IRR analysis in all cases and should draw financial projections showing :
 - (a) Breakeven level of production/sales and recommended level of production/sales.
 - (b) Profitability
 - (c) Cash flow and
 - (d) Balance sheet for the entire loan period based on the recommended level of production and sales.
- 4) **Plant & Machinery** - The report shall carry comments on condition, balancing/ adequacy of existing/proposed machinery, technological level, suppliers of machinery etc. should be given.
 - a) In case of second hand machinery, the report should accompany Chartered Engineer's certificate on age of machinery, condition of machinery, reasonability of cost, residual life and availability of spares etc. along with the comments on the present condition of the Plant & Machinery and its economic useful life.
 - b) The report should estimate the practical achievable capacity of the plant in terms of saleable and established product groups on the basis of past performance and present condition of plant and machinery.
 - c) The report should determine as to what extent the capacities of the different production departments are balanced and whether other utilities are adequate.
- 5) **Infrastructure**: The report should comment on the availability of the required infrastructure, arrangements made /proposed and adequacy thereof. It shall

invariably include the external and internal infrastructure availability for with special emphasis on efficient running of units and selling and transportation of the product manufactured.

- 6) The report should critically
 - a) Examine and estimate the present and future market demand for the company's products.
 - b) Examine the present marketing and distribution arrangements of the company keeping in view the present trade practices and recommend improvements, if any.
- 7) The report should recommend an economic product mix and a phased programme of production and sales for the entire period of debt keeping in view the achievable plant capacity and present and future market demand for the products of the company.
- 8) The report should determine the sources and availability of essential inputs, viz., raw materials, water, power, fuel, etc. and indicate imponderables, if any.
- 9) The report should examine the manning pattern and wage structure and indicate adequacy or otherwise with recommendations for the viability of the company.
- 10) The report include
 - a) the assessment of working capital with due emphasis on holding period of raw materials, Work in Process, Finished Goods Inventory and debtors.
 - b) SWOT analysis including risk factors and risk mitigants.
 - c) Comments of Serviceability of Debt with computation of Debt Service Coverage of the Project and for the company as whole
 - d) Sensitivity Analysis and its outcome
- 11) The report should have concluding comments on technical feasibility and economic viability of the Project.

Note :

- a) *The above list is illustrative and not exhaustive. Bank may decide on additions/deletions to the above list on a case to case basis and depending on the nature of the project and purpose of the report i.e. new finance or restructuring.*
- b) *TEV study should not cover aspects like need for collateral security etc. and other benefits to the Bank as these are to be decided by the Sanctioning Authority. Likewise, valuation of assets is also to be carried out by the approved valuers of the Bank.*
- c) *All credit/project appraisal memorandum submitted by the mandated consultants, including the subsidiaries of the banks, shall contain an unqualified certificate of the appraising consultant stating that they have*

verified the technical and financial aspects of the project and based on their assessment the project is technically viable and economically feasible.

Appendix-II to Chapter-XIII
APPLICATION FORM FOR EMPANELMENT OF CONSULTANTS FOR TEV STUDY
(A) GENERAL DETAILS

S.No	Particulars	Details																																																								
1.	Name of Consultant/ Organization																																																									
2.	Address of the Registered office																																																									
3.	Telephone numbers / Fax No.																																																									
4.	E mail address																																																									
5.	Particulars of administrative office and branches (addresses with telephone, fax numbers etc should be given)																																																									
6.	Constitution (copies of by-laws/memorandum and articles of association, as applicable should be enclosed)	Individual/ proprietorship concern/ partnership firm/ private/public limited company/ co-operative society.																																																								
7.	Date of registration/incorporation																																																									
8.	Date of commencement of business																																																									
9.	PARTICULARS OF PROMOTERS/ PARTNERS/ DIRECTORS																																																									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">S.No.</th> <th style="width: 20%;">Name & Designation</th> <th style="width: 10%;">Age</th> <th style="width: 20%;">Qualification</th> <th style="width: 15%;">Industrial consultancy experience</th> <th style="width: 15%;">Whether working as a partner/directors</th> <th style="width: 30%;">Particulars of partnership/directorship with other organizations, if any</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	S.No.	Name & Designation	Age	Qualification	Industrial consultancy experience	Whether working as a partner/directors	Particulars of partnership/directorship with other organizations, if any																																																		
S.No.	Name & Designation	Age	Qualification	Industrial consultancy experience	Whether working as a partner/directors	Particulars of partnership/directorship with other organizations, if any																																																				

10.	PARTICULARS OF PROFESSIONAL STAFF (*Full /part-time & Associates)	It should include : Name & Designation Age Qualification Specialization Full/part time & Associates Particulars of previous experience
<ul style="list-style-type: none"> i) Detailed bio data of all the professionals to be enclosed ii) Copies of 'No Objection Certificate' in case of present employers of part-time professionals iii) Copies of consent letters from associates 		

(B) BRIEF HISTORY

S.No.	Particulars	Details			
1.	Brief particulars of the organization, indicating changes, if any, in the name, constitution and management				
2.	Total paid-up capital				
3.	Particulars of capital/shares held				
Break up of shareholder holding 10% & above share					
Name		Resident / Non-Resident	Address	% of share Capital Held	
4.	Name & Addresses of bankers				
5.	Brief particulars of the activities, other than consultancy				

6.	Particulars of consultancy income during last 3 years	Copies of latest audited financial statements/annual reports or copies of provisional financial statements in the absence of audited accounts should be enclosed
7.	Particulars of membership/registration with national/international institutions/agencies (eg Institute of Engineers, Chartered Accountants, Cost Accountants, valuers, NACE, IBRD, ADB, CFTC etc)	<p>Details to include :</p> <ul style="list-style-type: none"> • Name of professional body • Type of membership • Name of the organization • Type of services for which registered / enlisted
8.	Particulars of associations with foreign consultancy organizations, if any	

(C) AREA OF SPECIALISATION

Service for which enlistment is sought, type of industry group and size of project should be clearly indicated

- Type of service
- Industry
- Size

(D) LIST OF IMPORTANT ASSIGNMENTS HANDLED (IN INDIA/ABROAD)

(Rs. In Lakh)

S.No	Name & address of the client	Details of services rendered	Month & year in which the assignment was completed	Fee earned	Name(s) of the firms associated with the assignment	Other relevant information such as capital cost of the project in the project report, progress of implementation recommendations etc

(E) DECLARATION FOR COMPLIANCE WITH PRE-REQUISITES:

I/We hereby undertake that all the pre-requisites listed above for enlistment as consultant for undertaking TEV study of industrial projects are satisfied by me/us & that all the information submitted by me/us is correct. I/we, further confirm that all the necessary supporting documents are enclosed with the application.

I/we understand that any discrepancy/wrong information would lead to cancellation of enlistment as consultant with immediate effect.

(F) ACCEPTANCE FOR TERMS & CONDITION

- i. *The empanelment is for conducting Techno Economic Viability Study of the new and existing projects. However, the Bank has the right to accept or not, the TEV report at its own discretion.*
- ii. *No costs incurred by the consultant conducting TEV study, in providing necessary clarifications or attending discussions, conferences or site visits be reimbursed by the Bank. The same may be directly negotiated/ arrived at by the TEV consultant and concerned borrower mutually.*
- iii. *The empanelment shall be valid for a period of **three years** unless otherwise revoked. However, performance review of the work assignment shall be carried out annually and continuation shall be subject to performance being found satisfactory by the Bank*
- iv. *If information and details furnished by me/us are found to be false at any time in future or any information withheld, which comes to the notice of the Bank at a later date, the empanelment of will be cancelled immediately.*
- v. *I / We unconditionally accept that the Bank reserves the right to call for additional information/ documents for verification as may be required as and when necessary from time to time.*
- vi. *I / We unconditionally accept that the Bank reserves its right to remove/ delist the consultant firm from the panel without assigning any reason at any time. Consultants approval as empanelled technical Consultant will automatically cease if any adverse feature is noticed or reported by our bank branches/ Offices without assigning any reasons, whatsoever.*

- vii. *I / We unconditionally accept that the empanelment of the TEV Consultant (s) shall be sole discretion of the bank and the decision of the bank shall be final and binding in all respects.*
- viii. *I / We undertake to follow ethics of faith and will carry out the assigned job with due diligence maintaining the quality of work done in least possible time.*
- ix. *I / We understand that I/We will be held responsible for the findings/ suggestions/ implications on the report of assignment undertaken by him for any over estimate, wrong estimate/ under estimate etc. therein and withholding any information and will be liable for action as deemed fit.*
- x. *I / We will maintain confidentiality and secrecy of the assignment/ business given by the Bank.*
- xi. *I / We will refrain from carrying out any financial transaction with the Bank's borrower/ prospective borrower for whom the assignment is given.*
- xii. *I/We are enclosing declaration that the TEV firm is neither interested as promoter/ shareholders in the project entrusted for TEV study nor in any way involved in preparation of the project report.*
- xiii. *I / We have been not been delisted by any Bank /FI in the past for any act of professional misconduct/ Fraud.*
- xiv. *I / We confirm that the Partner/ Director/ Promoter of the empanel firm/ Company/ agency are not be convicted for any offence and sentenced to a term of imprisonment by any court.*
- xv. *I / We will carry out its assignment with due diligence and in accordance with prevailing standard of the profession.*
- xvi. *I / We undertake that, under no circumstances I/We will use any legend containing the Bank's name or symbol on his letter heads, signboards, name plates, visiting cards etc., and will not use this empanelment to canvas the business.*
- xvii. *I / We unconditionally accept that the selection for empanelment does not amount to an appointment or right for an appointment to be made by the Bank and the Bank is free to avail the services of any technical Consultant of choice and no right exists for an empanelled Technical Consultant to claim that they alone should be entrusted with Bank's work.*
- xviii. *I/ We understand that the opinion of consultant would be of vital input for decision making of the Bank. In the event the opinion/ certification given by me/us turns out to be untrue and factually incorrect causing loss to the Bank, the Bank may seek such clarification as may be required to investigate the matter and fix accountability. In the event, it is established that there were*

gross negligence/ unfair practices/ professional misconduct on part of the consultant or it had colluded with the borrower in causing pecuniary damage/ loss to Bank, the Bank may recommend the name for inclusion in the caution list being maintained by the IBA for circulation amongst member Banks, and take other penal action as deemed necessary.

- xix. // We accept that in case, any report submitted by me/ us is found to be false or distorted and/ or I am/ We are found to be adopting unfair practices and indulge in irregularity/ fraud, the Bank can exercise right to inform/ notify bodies like Institute of Engineers/ Surveyors/ Chartered Accountants/ Valuers and professional bodies for such act/ professional misconduct and request for suitable action.*
- xx. // We unconditionally accept that empanelment of the firm does not amount to any commitment by the Bank to provide any professional assignment and Bank reserves the right to cancel the empanelment at any time without assigning any reason for the same.*
- xxi. // we undertake to carry out the assignment as per the scope of Work specified by the Bank, but same shall not limited to scope defined in Bank's Guidelines issued from time to time. Bank reserves the right to ask for any additional information where necessary*

Date :

Proprietor/Partner/Authorised Signatory

Place:

Seal of the Firm / Entity

PRE - REQUISITE FOR EMPANELMENT

- i. Technical Expertise & qualification - minimum BE / B Tech / CA / ICWA or equivalent in the field of service offered. (In case of consultants other than individuals, and individuals with non technical qualification, *specialist staff with requisite qualification to be on the rolls of employment or available on retention basis, with the applicant*. Such specialist staff may include senior retired engineers/professors.
- ii. Experience in the field of specialization/services for individuals. (In case of consultants other than individuals, the specialist staff employed/retained to have above experience.)
- iii. Constitution - Individual, proprietor ship concern, partnership firm, private/public limited company or a co-operative society
- iv. Track-record of industrial consultancy
- v. Proof of establishment
- vi. Proof of Registration / affiliation with professional bodies
- vii. Willingness to take up assignment anywhere in the country
- viii. Proof of Empanelment by other banks/FIs
- ix. Satisfactory status reports from existing bank. In case of individuals, satisfactory references from previous employer.

NOTE: *Wherever required and if the space provided is not sufficient, particulars can be furnished in Annexure, but such details shall be clearly mentioned in the respective columns of the Application Format. Applicant should enclose latest copies of brochures and technical documentation giving additional information about the applicant. Each page of the document should be duly signed by the Applicant or their authorized representative.*

(A) COPIES OF DOCUMENTS TO BE SUBMITTED ALONG WITH APPLICATION

- i. Registration with local authorities
- ii. Memorandum & articles of association for company
- iii. Audited Balance sheets for the last three years
- iv. Other documents supporting expertise
- v. Registrations with professional bodies/organizations.
- vi. Letters of empanelment from other banks/financial institutions
- vii. TEV reports prepared in the past (last three)
- viii. CV of all key personnel, including that of technical experts
- ix. letters of assignments from clients
- x. Copies of 'No Objection Certificate' in case of present employers of part-time professionals
- xi. Copies of consent letters from associates
- xii. Any Other Documents as desired by Bank

PART- E

ANNEXURE-I

APPLICATION FOR ENROLMENT IN THE PANEL OF VALUERS FOR FIXED ASSETS / STOCK AUDITORS

From:

.....
.....
.....

To,
The General Manager
Circle Office

.....
.....

Sir/ Madam,

I / We hereby apply for empanelment as **Fixed Assets Valuer (Please indicate the category)** / STOCK AUDITOR and furnish hereunder the requisite bio-data/information/documents.

1.	NAME OF THE VALUER / FIRM / COMPANY	:	
2.	OFFICE / CORPORATE ADDRESS	:	
3.	BRANCHES, WITH ADDRESS, IF ANY		
4.	TELEPHONE NUMBERS		
	OFFICE		
	RESIDENCE		
	FAX		
	E MAIL		
	MOBILE NUMBER		
5.	Whether entity has account maintained with Our Bank? If Yes, please furnish the account Number		
6.	IF THE FIRM IS A PARTNERSHIP, NAMES OF PARTNERS WITH A BRIEF PROFILE WITH THEIR QUALIFICATIONS	:	<p><i>Following information needs to be incorporated for Proprietor/ Individual / Each Partner or Director of the firm / company.</i></p> <p><i>a) Educational Qualification</i></p> <p><i>b) Professional Qualification</i></p> <p><i>c) Date of Birth / PAN / Aadhar/ Mobile Number of each individual</i></p> <p><i>d) Work Experience</i></p> <p><i>(if required attach the details in separate sheet)</i></p>
7.	REGISTRATION NO. FROM INSTITUTE OF VALUERS / ICAI/ ICSI AS APPLICABLE (ATTESTED COPY OF VALID REGISTRATION CERTIFICATE TO BE	:	<p><i>Following information needs to be incorporated for Proprietor/ Individual / Each Partner or Director of the firm / company.</i></p>

	ENCLOSED) ALONG WITH THE DATE OF ESTABLISHMENT		<p>a) Name of the Institute / Professional Body</p> <p>b) Membership Number (if applicable)</p> <p>c) Date of Membership / enrollment</p> <p>d) Asset Class/ Category of Valuer</p> <p>e) Valuation Specific Qualification /course</p> <p>f) Recognized Registered Valuer Organization (name & registration Number)</p> <p><i>(if required attach the details in separate sheet</i></p>																																			
8.	REGISTRATION NUMBER a) Under Companies (Registered Valuers and Valuation) Rules, 2017 b) WITH CCIT FOR VALUATION U/S 34AB OF WEALTH TAX ACT 1957 (SELF ATTESTED COPY TO BE ENCLOSED)	:																																				
9.	GST REGN. NO., IF APPLICABLE (ATTESTED COPY TO BE ENCLOSED)	:																																				
10.	Work Experience																																					
a)	Whether all members/ Partners/ Directors are professionally qualified?																																					
b)	Number of years in practice or of work experience in the relevant profession or in valuation (in years and months)																																					
c)	Number of Years in employment (in years and months)																																					
	<table border="1"> <thead> <tr> <th>S.No.</th> <th>From Date</th> <th>To Date</th> <th>Employment / Practice</th> <th>If employed, Name of Employer and designation</th> <th>If in practice , experience in the relevant profession / valuation</th> <th>Area of Work</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	S.No.	From Date	To Date	Employment / Practice	If employed, Name of Employer and designation	If in practice , experience in the relevant profession / valuation	Area of Work																														
S.No.	From Date	To Date	Employment / Practice	If employed, Name of Employer and designation	If in practice , experience in the relevant profession / valuation	Area of Work																																
d)	In Case Included In The Panel Of Other Banks/ Institutions, Give Details																																					
e)	DETAILS ON MAJOR ASSIGNMENTS HANDLED SO FAR	:	<i>(FURNISH NATURE OF ASSIGNMENT, NATURE OF ASSETS AND SIZE OF AMOUNT)</i>																																			

			SL NO	NATURE OF ASSET/ ASSIGNMENT	VALUE OF ASSETS
				CURRENT ASSETS	
				FIXED ASSETS	
				ANY OTHER ASSIGNMENT	
11.	WHETHER ANY ALLIED FIRMS ARE ALREADY IN THE PANEL OF OUR BANK. IF SO, FURNISH DETAILS	:			
12.	WHETHER THE APPLICANT WAS DELISTED FROM ANY BANK'S PANEL ON ANY EARLIER OCCASION. IF SO, FURNISH REASONS	:			
13.	HAVE YOU OR ANY OF THE PARTNERS / DIRECTORS EVER BEEN CONVICTED FOR AN OFFENCE		Yes / No If Yes , please give Details		
14.	ARE ANY CRIMINAL PROCEEDINGS PENDING AGAINST YOU OR YOUR PARTNERS /DIRECTORS?		Yes / No If Yes , please give Details		
15.	ARE YOU OR ANY OF YOUR PARTNERS/ DIRECTORS UNDERCHARGED BANKRUPT, OR HAVE APPLIED TO BE ADJUDGED AS A BANKRUPT?		Yes / No If Yes , please give Details		
16.	ANY OTHER INFORMATION	:			

16. AFFIRMATIONS

I / We hereby apply for enrolling in the panel of valuers / **Stock Auditor** of your bank as an approved valuer/ stock auditor. The particulars given above are correct to the best of my / our knowledge.

I / We shall submit the reports as per standard formats prescribed by the professional institutes / bank with correct and full information and without negligence.

If My / Our application for empanelment in your bank is considered favourably, I / we shall abide by all the terms & conditions stated here below as well as other terms & conditions prescribed by the bank from time to time:

- (A) Empanelment as such does not guarantee award of valuation assignments by the bank.
- (B) Entrustment of valuation assignments is subject to periodical review by the bank.
- (C) The bank reserves the right to delete / cancel the empanelment / stop awarding future assignments without prior notice or assigning any reasons whatsoever.
- (D) The remuneration payable shall be as per the policy of the bank.
- (E) The valuation shall be conducted on the basis of accepted principles as also the criteria specified by the bank from time to time.
- (F) Valuation report shall reveal true & fair assessment keeping in view the market conditions and the report shall be submitted in the bank's approved format.
- (G) I / we shall maintain secrecy of the business allotted by the bank
- (H) I / we shall not enter into any financial transaction with the bank's borrowers to the detriment of bank's interest.
- (I) Under no circumstances, I / we shall use the name or logo of the bank in our correspondence with other banks.

- (J) If any wrong certification is detected, I / we hereby consent that the bank may take appropriate steps as deemed fit.
- (K) I / We understand that valuation /opinion/certification/ audit report given by us would be an input for the decision making of the Bank. Therefore, I/ We would like to state that in the event of my/our valuation /opinion/certification/ audit report turns out to be untrue and factually incorrect causing loss to the bank, Bank may seek such clarifications as may be required to investigate the matter and fix the responsibility. In the event it is established that there was gross negligence on my /our part or I/ we had colluded with the customer of the Bank in causing pecuniary damage/loss to the bank, the Bank may recommend my/ our name for including in the caution list being maintained by the Indian Banks' Association (IBA) for circulation amongst member banks or any authority as deemed fit.
- (L) I am / we are not disqualified from being registered as a valuer under the Companies (Registered Valuers and Valuation) Rules, 2017.
- (M) This application and the information furnished by me along with this application is true and complete. If found false or misleading at any stage, the registration of the applicant shall be summarily cancelled.
- (N) I hereby undertake that the partnership entity/company and its partners/directors shall comply with the requirements of the Companies Act, 2013, the rules made there under, the directions given by the authority, and the bye-laws, directions and guidelines issued or the resolutions passed in accordance with the bye-laws by the registered valuers organisation with which I am enrolled.

**SIGNATURE OF THE APPLICANT
(Proprietor / Individual)
or
Name and Signature of applicant's
Representative (firm/ Company)**

**DATE:
PLACE:**

ANNEXURE-2
RECOMMENDATION OF THE CIRCLE FOR EMPANELMENT OF VALUERS

FROM:

SUBMITTED TO

Section:

The General Manager

CO:

Credit Policy Section
Risk Management Wing, HO

BANGALORE

SUB: EMPANELMENT OF VALUERS FOR VALUATION / STOCK AUDIT

1.	Name of the valuers with full address (complete bio data to be enclosed).	
2.	Whether any associate / sister concerns/ firms/ companies who are in the empanelled list of the Circle, if yes, their names and complete details may be furnished as annexure.	Yes/ No
3.	No. of empanelled valuers in the Circle as on date	
4.	No. of accounts identified for conducting valuation of securities for the year. (Financial year April to March).	
5.	Circle's recommendations for inclusion of the valuer in the Bank's empanelled list.	
6	Whether the Caution List of TPEs available in Canner is verified and ensure that the name of the applicant/s/ Firm is/are not appearing in the Caution List. (Circle to Confirm)	

Date:

Place:

Signature of the Circle Head
(GM/ DGM as the case may be)

ANNEXURE-3

NOTE TO BE PLACED BEFORE THE CIRCLE HEAD FOR ENTRUSTMENT OF THE VALUATION WORK TO EMPANELLED VALUERS

..... SECTION CIRCLE OFFICE	SUBMITTED TO THE GENERAL MANAGER/ DY. GENERAL MANAGER (CIRCLE HEAD)
--	--

SUB: VALUATION OF SECURITIES BY OUTSIDE VALUERS

REG: ENTRUSTMENT OF VALUATION ASSIGNMENT TO OUTSIDE VALUERS IN THE PANEL

1.	Name of the party and branch		
2.	Name and address of the proposed valuer		
3.	Since when the valuer is in our approved panel		
4.	Quality of the valuation work done/ report and the promptness in carrying out the assignments entrusted to this valuer as per the review done as at May/November) (In case of Fixed Assets)		
5.	Total number of panel valuers in the Circle and also at the center where the branch is situated.	Circle	Center
6.	Total number of valuers to whom valuation assignments have been entrusted during the current financial year for the circle as a whole		
7	Total Number of assignments entrusted to this valuer (No.2 above) to whom the job is now proposed to be assigned during the current financial year. (In case of Fixed Assets Valuation)		
8.	Of which, number of assignments entrusted to this valuer (No.2 above) to whom the job is now proposed to be assigned during the current financial year subject to a maximum of 3 per year (In Case of Current Assets valuation)		
9.	Since how long (No. of years) the valuer has been assigned with the job relating to this particular branch (No.1 above) subject to maximum of 3 years.		
10	Name of the valuer who had conducted the previous valuation and the observations		
11.	Remarks, if any, and recommendations of the section including in respect of the fee payable to the valuer.		

//SUBMITTED FOR ORDERS//

MANAGER/ SENIOR MANAGER

DM/AGM

AGM/DGM

//ORDERS OF DGM/GM//



ANNEXURE -4

**FORMAT FOR THE LETTER TO BE ISSUED TO THE STOCK AUDITOR AT THE TIME OF
EMPANELMENT (TO BE ISSUED BY CIRCLE OFFICE ONLY)**

REF.NO.

Section :

DATE :

Circle Address :

To

Name & Address of the Auditor

Dear Sir/ Madam,

Sub: Your application dated for empanelment as Stock Auditor in our Bank.

* * * *

We are pleased to inform you that your firm / company's name has been included in our Bank's panel of stock auditors for entrustment of work relating to stock valuation in respect of borrowal accounts. **This empanelment shall be valid up to** The terms and conditions of empanelment are as follows:

- (i) You will be required to conduct independent valuation of the Stock and Receivables audit in detail as and when the work is entrusted to you which should include inter-alia, (a) Quantity, quality and value of the current assets (b) System of inventory and receivables management followed by the unit (c) Verification of Concurrent borrowing of the unit (d) Certification of compliance of accounting procedure as per accounting standards (e) Verification of invoices (f) Verification of charges registered with ROC and (g) Critical verification of few randomly selected items of stock, book debts, invoices, entries, transactions etc. as decided in pre audit discussion with the Branch. The fees shall be payable as prescribed by the Bank from time to time and report should be submitted in enclosed envelope on Bank's standard format within 45 days from the acceptance of Bank's offer.
- (ii) You shall maintain full secrecy of our client's affairs and information regarding stock/receivable and all information provided to you for valuation.
- (iii) You shall not use the Bank's name or logo in any form or style on your letterhead, visiting card, rubber stamps or any other publicity material.
- (iv) It should, however, be noted that the reports prepared by you may not be binding on the Bank for any decision making or otherwise.
- (v) In case the performance is found unsatisfactory during the term of empanelment, the services may be terminated even before the next renewal without assigning any reason or intimation to you.

- (vi) No minimum work is assured and you will be deputed for carrying out valuation at the sole discretion of the bank. Empanelment is not a contract of employment and it does not give any vested right to demand/get work from the Bank. Your engagement will be at the sole discretion of concerned Branch/Branches and your engagement is only on case to case basis.
2. Please note that your renewal application on standardized bank format with all the following enclosure should reach us latest by
 3. Renewal will be subject to condition that name of the applicant firm/ partners/constituents should not figure as defaulter in CIC report and cautionary list of IBA.
 4. You are advised that in the event gross negligence/malpractice is noticed by the bank in conduct / scope of the work, the Bank reserves the right to include your name in the cautionary list of circulation to all the banks/FIs through the IBA. Further, the Bank may also de-panel your name and lodge complaint to Institute of Chartered Accountants regarding professional misconduct on your part.
 5. Please acknowledge receipt and confirm that the above terms are acceptable to you by signing the latter and returning the same to us, within a week of its receipt.

Yours faithfully,

ASSISTANT GENERAL MANAGER

I acknowledge receipt and confirm that the terms and conditions are acceptable to us.

Signature of the Firm/Company



APPENDIX- (i) TO ANNEXURE-4
GENERAL GUIDELINES TO BE ADHERED TO BY THE PANEL VALUERS WHO ARE
ENTRUSTED WITH VALUATION OF CURRENT ASSETS(Stock & Book Debt Audit)

1. Valuation of Current Assets includes valuation of stock and book debts charged to the Bank as security (either taken as prime or collateral security).
2. Physical verification of stocks should be conducted adopting test check method.
3. However, high value items to be checked 100% and low and medium value items should be covered under test check method to the extent of at least 25% to 50% of value on random basis and the valuer should make comments regarding the quality thereof.
4. The valuer should ensure that the borrower has maintained proper records for production and also for maintaining stocks.
5. The valuer is expected to exercise reasonable care and skill to satisfy himself / herself that there are adequate procedures adopted by the borrower which would enable them to give the correct valuation of stock as at any given time.
6. Special attention should be given by the valuer for valuation of work-in-progress. The appropriateness of the method for arriving at the work-in-progress and also the rates applied etc., have to be carefully looked into.
7. Items which are in transit / lying with third parties should also be carefully verified. There should be a proper record maintained by the borrower showing the details of stocks lying with third parties. It should also be ensured that there are proper permissions in the sanction for including stock-in-transit, work-in-progress and also stocks with third parties for the purpose of determining the drawing power.
8. If the valuer is engaging assistants for this work, he should ensure that the qualified people are sent for the purpose with sufficient authorization and they are properly skilled on the verification process.
9. It is also to be verified by the valuer that the value of stocks furnished in the stock statement as at the end of a financial year of a borrowing concern is in agreement with the value of stocks given in the financial statements. If there are any discrepancies, the same should be reconciled by the valuer after verifying with the borrower wherever necessary.
10. Goods purchased in respect of which the possession has been passed on to the borrower client and which the said client has paid for, should alone be included in inventories declared to the Bank. Goods sold should be excluded from the inventories.
11. The valuer should pay attention to items in the inventory, which appear to be slow moving or obsolete or unusable. He should enquire with the borrower about the reasons for the same and should incorporate in the valuation report.
12. The valuation of inventories should be done as per the prescribed method i.e., at the cost price or market price, whichever is lower.
13. By means of test check of the records and available information, the valuer must ensure that inventories have been correctly valued. The basis of valuation of stocks must be consistent from year to year.

14. The valuer is expected to make an intelligent scrutiny of the stocks and devote particular attention to the items, which have material bearing on the inventory, and to items whose quantities and values appear unreasonable.
15. If the borrower is maintaining any cost records, the valuer should enquire into general basis on which costs have been determined. Any lacunae in this system should be pointed out in the report.
16. Valuation of raw materials, semi-finished goods and finished goods have to be given in separate schedules indicating the cost price/market price, etc. along with comments regarding movement of stock, old and obsolete / unusable / slow moving stocks etc.
17. Report should also cover the details relating to the production process, storage of materials, coverage of insurance, etc.
18. The valuation of work-in-process should be done on the basis of cost of production.
19. Wherever the goods are sent to the processing units, the report should also cover the comments on such goods.
20. The valuer should verify the insurance policy taken by the branch for the stocks and ensure that the coverage is adequate. It should also be ensured that all items of stocks have been covered for necessary risks as laid down in our manual / sanction communication.
21. Specific care should be taken to ensure that stock-in-transit, stocks lying with third party, work-in-progress are all adequately covered by insurance policy.
22. In the case of book debts, it should be ensured that the bills discounted with the banks are shown separately and borrower has not availed double finance against such book debts.
23. The valuer should also certify that the book debts declared by the borrower are recoverable and none of them are considered as bad/ doubtful of realization. He should also ensure that no bank finance is extended against such bad / doubtful book debts.
24. The valuer should study the composition of book debts like age-wise classification, whether all such debts are owed by a single debtor or by different debtors and whether such debts are arising out of normal trade transaction of the borrower clients and not actually relate to inter / intra group transfer of funds. If any contra indications are available, specific comments about the same should be made in the report.
25. Report shall also highlight on major suppliers / major buyers, percentage of purchases / sales by such suppliers / buyers to the total purchases / sales, whether such sales / purchases are made to the allied concerns.
26. The valuer may also bear in mind that ultimately what matters in the stock audit is obtaining a fair and realistic picture of the realizable value of stocks and book debts hypothecated to the Bank and, therefore, if the borrower reasonably complies with the requirements of the Bank, trivial discrepancies need not be over played.

APPENDIX- (ii) TO ANNEXURE-4

FORMAT FOR ACCEPTANCE LETTER TO BE OBTAINED FROM THE VALUER

From:

.....
.....
.....

To

The Manager
Canara Bank
..... Branch
.....

Dear Sir,

**SUB: VALUATION OF SECURITIES CHARGED BY M/S.....
..... TO YOUR BANK**
REF: YOUR LETTER DATED

* * * * *

I / We acknowledge receipt of the letter cited.

I / We thank you for your offer and confirm our acceptance of the same. I / We shall be submitting reports as requested by you in the prescribed format sent enclosed to your above letter.

Thanking you,

Yours faithfully,

AUDITOR

APPENDIX-(iii) TO ANNEXURE-4
FORMAT FOR VALUATION OF CURRENT ASSETS

(Name & Address, Telephone No. of the valuers)

SUB: STOCK / BOOK DEBT VALUATION REPORT PERTAINING TO M/S.
.....CONDUCTED BETWEEN TO
.....

A. BORROWER PROFILE

1.	Name & Address	:	
2.	Name of the Branch - Details of the limits - Date of commencement and date of completion of valuation - Last inspection of stock done by _____ on _____ :	:	
3.	Sole / MBA/ Consortium	:	
4	Names of the persons who conducted valuation:		
5.	Audit based on the stocks / book debts declared by the borrowers in their statement as at (here specify the date, month and the period covered)	:	

B. PHYSICAL VERIFICATION OF STOCKS (RAW MATERIALS, STORES, SPARES, WORK IN PROCESS AND FINISHED GOODS)

1. Description of stock declared: (Here give the major items of materials brand name, quality, whether they are normally used by units with similar activities carried on by the borrower)

	Value in Rs	Quantity in units
Opening stock as on		
Purchases		
Used / sold		
Closing stock as on		

(Furnish the details both in terms of quantity and value. The stock should be valued at cost price or market value, whichever is less).

2. Bifurcation of closing stock at various locations / godowns as declared by the borrower: (including goods lying with the processing / outstation godown, goods in transit, if any).

Where the borrower is having different units / division, division-wise details shall be furnished. Full address of the location of the premises where the stock is held is to be furnished unit-wise, division-wise. If the stock held in any division / location is not verified / valued, the reasons for not verifying and value of such stock should be specified.

		Site No.		Site No.		Site No.	
		Qty.	Value	Qty.	Value	Qty.	Value
a)	Raw Material Less: Unpaid stock Imported Indigenous						
b)	Work-in-process						
c)	Finished goods						
d)	Stores / Spares						
	TOTAL						

3. Comments on Quantity and value of goods:
(Here specify the major items which constitute more than 5% of total value of stocks, if the number / variety of such materials is innumerable).

4. Details of the goods if any, received: (Amount in Rs)

a)	Goods received under LC	:	
b)	Goods received under BG	:	
c)	Goods on consignment basis	:	
d)	Goods on credit purchases	:	
e)	Any other stock not paid for	:	
f)	Others TOTAL VALUE OF GOODS HELD BY THE BORROWER (IF THERE IS DIFFERENCE IN THE VALUE DECLARED BY THE BORROWER AND ACTUAL STOCK. THE SAME SHOULD BE COMMENTED IN DETAIL)		

5. Whether stock received for processing (job work) is included? Whether such goods are separately accounted?

6. Stocks physically verified:

Location/ Godown	Raw Material	As %age to Total	Stock in process/ semi- finished goods	As %age to Total	Finished Goods	As %age to Total	Stores/ Spares	As %age to Total

Note: High value items to be checked 100%, medium and low value items could be checked 25% to 50% at random.

(a) Comments on value of old / obsolete goods/ non-usable stocks, non-moving stocks, sales returns, and %age of such stocks to the total stocks:

(b) As per information gathered and to the best of our knowledge, the following stock to be further excluded from the stock declared in Col. No.4 under item No.6 above for the reasons mentioned (This shall include old / obsolete, non-usable and slow moving goods, goods in transit, goods received from others for processing / job work etc.)

(Amount in Rs. lacs)

Description	Quantity	Value	Reasons for exclusion

C. SYSTEMS OF INVENTORY CONTROL

- (a) Observation on the quality of stock (To include method of storage, safety and security protection from rain, sun, moisture, dust, pilferage, etc.)
- (b) Observation on market, demand / supply position, future prospects
- (c) Observations regarding the movement of stock and holding level of raw materials, work-in-process and finished goods:
- (d) Whether consumption of raw materials is commensurate with production activity and other production expenses:
- (e) Risk identification and suggestions for risk management:
- (f) Comments on inventory control and management systems practiced by the borrower. Comments regarding maintenance of books of accounts, bin cards, procedure adopted for deployment of stocks (FIFO / LIFO), valuation of stock in process and finished goods.

- (g) Brief comments on description of production activity, whether there were any special events like, breakdown in production activity, loss of materials and other relevant issues, which are relevant to the financing bank.

D. METHOD OF COSTING OF RAW MATERIALS, WORK-IN-PROCESS AND FINISHED GOODS

(Comment on valuation method adopted by the company: Valuation is done on the basis appropriate to business carried on by the borrower, applicable accounting standards are followed. Accounting standards followed should be specified).

E. 1. PLANT LAYOUT AND PLANT MAINTENANCE

(Here comment on functioning of plant and machinery, capacity utilization, whether any machine is remaining idle for long. Maintenance of the machineries).

2. Insurance coverage

Yes / No

a)	Whether the goods are fully insured for all the industry specific risks	:	
b)	Whether the policies are in force	:	
c)	Whether 'Banker's clause' included in the policy	:	
d)	Whether additional risks like / strike, electrical, theft, etc. are included in the policy	:	
e)	Location of goods properly stated in the policy with Door No. / Survey No., Municipal No., etc.	:	
f)	Extent of insurance cover available	:	
g)	Goods sent to the processing units/ sub-contractors; whether insured / transit insurance obtained	:	
h)	Whether any location / godown is not covered in the insurance. Whether any risk is excluded; If so, specify the reasons.		

F. QUALITY CONTROL

[Comment on quality control measures like quality management audit (ISO Audit), internal quality improvement process, R&D orientation].

G. LABOUR TURNOVER

(Comment on method of measurement of labour turnover: here specify replacement method or separation method, industrial relation and overall position relating to industrial peace).

H. DRAWING POWER COMPUTATION

(Comment on whether the drawing power is computed as per the norms advised by the bank: whether there is any difference in computation of DP).

Observation as to the marketability / salability of the stock. (Briefly describe market condition, demand pattern, marketing arrangement, etc.)

Any qualifying comments of the statutory auditors of the company regarding maintenance of books of accounts and accounting policy adopted by the borrower. This should be commented.

J. GENERAL CHECKLIST

1. Whether the turnover in the account is abnormal, comparable with the past levels / operating levels? Please comment.
2. Whether sale proceeds are routed in the account? Please comment. If not routed, the reasons are to be enquired and commented in the report.
3. Whether purchase commitment is met by issue of cheque on CC / CA? Please comment.
4. Whether the borrower holds stock received for processing (job work) and whether they are separately stored? Please comment.
5. If so, whether it is so declared and deducted from the total stock? Please comment.
6. Whether stock turnover is satisfactory? Please comment.
7. Whether borrower's record maintenance of stock and accounting is satisfactory? Please comment whether there are any deficiencies.
8. Comment on accounts - conduct with other consortium banks / banks under multiple banking arrangements.
9. Comments on accounts with any other banks / any diversion of funds (If no diversion is observed, specific comment should be made).
10. Whether random physical inspection now conducted represent a correction position of the entire stock? Please comment.
11. Whether Bank's hypothecation board is displayed? - Yes/No
12. Whether stocks are properly stored? - Yes/No
13. Whether stock book is maintained up-to-date? - Yes/No
Comment.
14. Whether details of stock, as per Stock Register and Stock Statement tally? Whether value of stock declared in the stock statement tallies with stock declared in the balance sheet and for insurance cover? Please comment.
15. Whether purchase / sale invoices are verified? Whether valuation of purchase is correct? Whether over valuation of purchases is done? Please comment.
16. Whether there are any purchases from allied / sister concerns. Whether all such transactions are genuine? Please comment.
17. Whether there are cash purchases? Whether such cash purchases are proportionate? Please comment.

18. Whether level of sundry creditors is commensurate with past trends? Please comment.
19. Compliance of sanctioned terms with reference to registration of charge on stocks and book debts.

Any other observations on:

- a) Verification of invoices
- b) Physical verification of stock
- c) Stock held with processing / job works or outstation godowns
- d) Old, obsolete, non-moving stock

CERTIFICATE

I/We certify that the valuation of stock and book debts has been done on the basis of accepted accounting principles and those specified by the Bank. I/We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our valuation. In my / our opinion proper books of account as required by law / Bank have been kept by the company so far as it appears from the examination of the books.

___ % of stocks of the finished goods, stores, spare parts and raw materials have been physically verified. I/We certify that the stock and / or book debts position as declared in the stock and / or book debts statement/s as at _____ reflect/s the true and correct picture of the stocks and / or book debts as reflected in the book of the accounts of the borrower company. No material discrepancies have been noticed on physical verification of such stocks and / or book debts as compared to the records.

On the basis of our examination of stock and / or book debts records, I/We am / are of the opinion that, valuation of stock and / or book debts is fairly and properly carried out in accordance with the normally accepted accounting principles and is on the same basis, as in the preceding year.

In my / our opinion and according to the information and explanation given to us, the transactions of purchase and sale of goods in pursuance of contracts/ arrangements entered in the register maintained under Section 301 of Company's Act have been made at the prices which are reasonable having regard to the prices at which transactions of similar goods have been made with other parties.

I / we also certify that market value of stocks and / or book debts offered as security to the Bank is adequate to cover the outstanding after providing for margin as stipulated by the Bank.

I / we certify that to the best of my / our knowledge, the figures, facts and details furnished in this report are true and correct and are compiled after due diligence.

Place :

Date :

Signature of Auditor

ANNEXURE-5

**FORMAT FOR THE LETTER TO BE ISSUED TO THE FIXED ASSETS VALUER AT THE TIME
OF EMPANELMENT (TO BE ISSUED BY CIRCLE OFFICE ONLY)**

REF.NO.

Section :

DATE :

Circle Address :

To

Name & Address of the Valuer

Dear Sir,

**Sub: Your application dated for empanelment as Valuer in our
Bank.**

* * * *

1. We refer to your application requesting us for empanelment as Valuer on our Bank's panel and have pleasure to inform you that the competent authority has acceded to your request and you are empanelled on our Bank's panel as Valuer with effect from till or till further review, whichever is earlier, for Valuation of **(Category of Valuer)**
2. Your services will be utilized by our Branches in Circle as and when the need arises.
3. Your empanelment will be restricted to Valuation of properties/assets for the category mentioned above and you will not conduct valuation of any properties/assets-category for which you are not empanelled.
4. You will provide full details on the basis of valuation in the report and you are required to clearly specify whether the property is in actual possession of the applicant/borrower and no one else has any interest in the said property.
5. You will be responsible/accountable for the findings/suggestions/implications in respect of the valuation report submitted by you. You have to submit a declaration in valuation report that you/your firm do not have any interest as promoters / stakeholders in the valuation work entrusted. The Bank would take appropriate action, as deemed fit, in case any concealment of facts and figures in the report that would jeopardize Bank's interest.
6. You will maintain secrecy and confidentiality of the assignment given to you and will not divulge any information to others/applicant which is detrimental to the interest of the Bank.
7. You should undertake/commence the work only after receipt of a specific request from the Bank officials / Branch Manager in writing and you should submit your report directly to concerned Branch / Office of the Bank.

8. Your opinion/certification/report would be an input for our decision making. Therefore, in the event your opinion/certification/report turns out to be untrue and factually incorrect, causing loss to the Bank, we may seek such clarifications as may be required to investigate the matter and fix accountability. In the event, it is established that there was gross negligence/unfair practices/professional misconduct on your part or you had colluded with our customer in causing pecuniary damage/loss to the bank, we may recommend your name for inclusion in the caution list being maintained by the Indian Banks Association (IBA) for circulation amongst member banks. The association has been mandated by RBI to do so.
9. The valuation of property/assets for the category mentioned above should be carried out by the empanelled valuers only. You should not sub-contract the valuation work to any other persons/valuers, but must carry out the same yourself. You are required to furnish valuation report by visiting/ inspecting the property/assets personally and should certify in your report that you have physically verified the identity and boundaries of the property. The valuation report must be authenticated and signed by the person in whose name empanelment is made by affixing rubber stamp containing his name and registration number (under Sec.34AB of Wealth Tax Act, 1957 for SARFAESI and Registered Valuers & valuation Rules,2017 in Non SARFAESI).
10. Photograph of property valued with owner of the property should be submitted with every valuation report. Owner of the property valued to be identified from independent source and the same may be brought out in the report.
11. You will refrain from carrying out any financial transaction with the Bank's borrowers/prospective borrowers on whom the assignment is given to you.
12. You will submit the valuation report within a reasonable time of receiving the assignment letter / email / communication from the branch but maximum within 15 days.
13. For each assignment allotted to you, fees payable will have to be negotiated with the official of the Bank within the schedule of indicative fees prescribed mentioned below. The fees may undergo change from time to time. You will be paid your charges in lump sum only after satisfactory completion of the assignment.
14. Indicative fee structure for Valuation is :

Valuation Amount	Fee Charged

The valuation fees in any case should not exceed Rs..... GST will be extra as applicable and reasonable out of pocket expenses on actual basis (if any).

15. You must open a current/saving account in the name of valuer/firm/company with convenient branch of our Bank for facilitating payment/service charges for the services rendered by you.

16. The Bank reserves the right to call for additional information/documents for verification as may be required as and when necessary from time to time.
17. The Bank reserves the right to remove/delist you/ your firm from the panel without assigning any reasons at any time. Your approval as empanelled valuers will automatically cease if any adverse features is noticed or reported by our branches/controllers. No claim in this regard shall be entertained.
18. Any misconduct in your professional capacity will render your empanelment cancelled and also liable for the loss suffered by the bank due to your any act or omission/commission. If it is observed that assets are valued beyond its realistic value, the bank will be at liberty to initiate appropriate action against you as deemed fit. Further, in such cases as and when detected, the Bank may report the same to self-regulatory bodies like Institute of Valuers, Institute of Engineers, Council of Architecture etc. in which the Valuer is a member and IBA/RBI/Chief Commissioner of Income Tax for taking appropriate action, as it deems fit.
19. The Bank has a right to evaluate your role as a Third Party Entity (TPE) in the event of fraud in a transaction where the Bank has relied on your valuation report. In case you or any of your associate is found being involved in a fraud or gross negligence, the Bank has the right to include your name in a cautionary list and circulate the same to other Banks through IBA/take other actions like raising the matter with the regulatory bodies of the expert TPEs, filing FIR etc. and will take appropriate action against you as deemed fit.
20. Any adverse developments such as disqualification / debarment / de-listing by any bank / institution / professional body may be immediately brought to the notice of the Bank.
21. Technical scrutiny of property is the responsibility of a valuer who should examine whether the company has all technical sanctioned from local bodies, permissions like approval of the building plan, Town Planning Department clearance, Environment certificate, if necessary etc. Similarly, for Plant & Machinery Invoices, Certificate of Inspection from Government Inspector, Log Book etc. should be verified.
22. You should note that the selection for empanelment does not amount to an appointment or right for an appointment to be made by the Bank and the Bank is free to avail the services of any Valuer of its choice and no right exists for an empanelled valuers to claim that they alone should be entrusted with the Bank's work.
23. You are advised that under no circumstances, you should use any legend containing the Bank's name or symbol on your letterheads, signboards, name plates, visiting cards etc. You will not use this empanelment to canvas for your business.
24. Your performance will be reviewed from time to time and continuation/renewal on panel would depend upon the quality of services/performance and other related things prevailing at that time.
25. For renewal of empanelment, you are required to submit application along with all the required details 15 days in advance before the expiry of above mentioned period. Thereafter review/renewal will be taken at appropriate time considering services provided by you to our operating functionaries. The Bank may in its sole discretion

renew/continue your empanelment as valuer for further period as deemed fit and proper on mutually agreed revised terms and conditions. If no request for re-empanelment/renewal as valuer is received before expiry of the term as mentioned above, your empanelment as valuer with our Bank will be cancelled and your name will be deleted from our panel without giving any notice in this regard.

26. You are advised to submit your letter of acceptance of Terms and conditions along with an affidavit to the following effect that

- (a) You are not dismissed or removed from any government services/assignment.
- (b) You are not convicted of an offence connected with any proceedings under the Income Tax Act, 1961 (43 of 1961), or Wealth Tax Act, 1957 (27 of 1957) or Gift Tax Act, 1958 (18 of 1958) or a penalty has been imposed on you under clause (iii) of subsection (1) of section 271 or clause (i) of section 273 of Income Tax Act, 1961 or under clause (iii) of subsection (1) of section 18 of Wealth Tax Act, 1957 or under clause (iii) of subsection (1) of section 17 of the Gift Tax Act 1958 or
- (c) You are not declared an undischarged insolvent.
- (d) You are not convicted of any offence and sentenced to a term of imprisonment.
- (e) You are not found guilty of misconduct in professional capacity i.e. in a case where you are a member of any association or institution established in India having as its object the control, supervision, regulation or encouragement of the professional engineering, architecture, accountancy, or company secretaries or such other profession as the Board may specify in this behalf by notification in the Official Gazette, by such Association or Institution.
- (f) Your services have not been found deficient by any Bank.

27. You are requested to return the duplicate copy of this letter duly signed within fifteen days of date of this letter, as a token of acceptance of the above terms and conditions. The empanelment will be effective only on receipt of your acceptance.

Yours faithfully,

DGM/AGM/DM

I do hereby accept all the terms and conditions mentioned above for empanelment as valuer with CANARA BANK

Name of the Valuer	
Category of Assets for which empanelled as Valuer	
Category No. and date of Category	
Signature of Valuer	
Seal of Valuer with Category No.	
Date	

ANNEXURE-6

LETTER TO VALUER FOR ENTRUSTMENT OF CURRENT/FIXED ASSETS VALUATION

Ref:

Date:

From:

Canara Bank

_____ Branch

To

Dear Sir,

SUB: VALUATION OF SECURITIES CHARGED TO OUR BANK

* * * * *

1. *We are glad to inform you that we have decided to entrust you with the work of valuation of the securities (herein after referred to as the assets) of M/s..... charged to our Bank.*
2. The details of assets charged to the Bank, which are to be valued by you, are as under:
(The details of the fixed/current assets shall be furnished)

The valuation report is to be submitted in the prescribed format as furnished in the enclosure. The valuation report shall reveal the true and fair assessment keeping in view all the factors relating to such valuation. **There shall not be any disclaimer clause incorporated in the valuation report for any reason whatsoever.**

3. We request you to undertake valuation of the said assets on the basis of accepted accounting principles and / or any other criteria specified by the Bank. The valuation work should be completed within _____ days and a detailed report along with your specific views / comments should be submitted within _____ days in triplicate.
- @4. The general guidelines of the Bank for valuation of current assets by way of checklist (Appendix-I) are enclosed to this letter. We request you to take due notice of the same.
- ♣5. While conducting the valuation of an immovable property, due consideration to aspects like self-occupancy or tenancy and its impact on the value of the immovable property should be given.

6. The remuneration payable for the said assignment shall be Rs. _____ (Rupees _____ only), all-inclusive.
7. If our offer is acceptable to you, please send us your letter of acceptance as per the format in Appendix II enclosed to this letter to be received by us within 10 days of this letter. In case your letter of acceptance does not reach us within the above period, we shall presume that you are not interested in our offer and the same stands automatically cancelled.

Thanking you,

Yours faithfully,

MANAGER

- * In this annexure, please furnish the details of current and / or fixed assets to be valued.
- @ This is applicable only in respect of valuation of current assets. Hence, in respect of valuation of only fixed assets, it may be deleted.
- ♣ This is applicable only in respect of valuation of fixed assets. Hence, in respect of valuation of current assets, it may be deleted.

Appendix - I to Annexure -6
Guidance Note on valuation methodology (FIXED ASSETS)

(Ref: Report of the Group constituted by the Department of Financial Services,
Ministry of Finance, Govt. of India to Standardise Procedures for Valuation of Assets -
Chairman: M D Mallaya (Ex CMD Bank of Baroda)

Valuation methodologies can be broadly classified into two categories

1. Market-based valuation and approaches
2. Bases other than market-based valuation

1. Market-based valuation of assets

Market value is defined as the estimated amount on the date of valuation for which an asset should be exchanged between a willing buyer and a willing seller. The transaction should be at arms-length and after proper marketing. Each party should act knowledgeably, prudently and without compulsion.

Estimating market value should assume the highest and best use of the subject asset. In estimating this use, one needs to analyse other uses - possible, permissible, feasible and, finally, the highest and best use. The following four conditions need to be met to estimate the highest and best use:

- a. The use must be legal
- b. The use must be probable and not speculative or conjectural
- c. There must be a profitable demand for such use
- d. It must bring the asset the highest net return for the longest period of time

1. (A) VALUATION OF LAND

To estimate and report the market value of land, the valuer should:

- a) Set forth the valuation in a clear and non-misleading manner
- b) Apply higher judgement in case of agricultural land to select the comparables.
- c) Provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses and conclusions.
- d) Define the value being estimated; state the purpose and intended use of the valuation, the effective date of valuation and the date of the report
- e) Clearly identify and describe the land and ownership rights or interests being valued
- f) Physically inspect the land and describe the scope and extent of the work undertaken

- g) State clearly the assumptions and limiting conditions upon which the valuation is based.
- h) Explain completely the valuation basis and approaches applied and the reasons for the applications and conclusions

1 (B) VALUATION OF BUILDINGS

To estimate and report the market value of a building, the valuer should:

- (i) Set forth the valuation in a clear and non-misleading manner
- (ii) Ensure that the estimate is based on market derived data. Market valuations are generally based on comparable buildings. The valuer should conduct adequate and relevant research for market comparables and analyse it to draw well-informed and supportable judgements
- (iii) Ensure that the estimate is reached using the appropriate, widely accepted methods and techniques
- (iv) Provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses and conclusions.
- (v) Define the value being estimated; state the purpose and intended use of the valuation, the effective date of valuation and the date of the report
- (vi) Clearly identify and describe the building and property rights or interests being valued
- (vii) Physically inspect the building, describe the scope and extent of the work undertaken, and the extent to which the building was inspected
- (viii) State clearly the assumptions and limiting conditions upon which the valuation is based.
- (ix) Explain completely the valuation basis and approaches applied and the reasons for the applications and conclusions.

1.(C) VALUATION OF PLANT AND MACHINERY

To estimate and report the market value of plant and machinery, the valuer should:

- a) Set forth the valuation in a clear and non-misleading manner
- b) Ensure that the estimate is reached using the appropriate, widely accepted methods and techniques
- c) Provide sufficient information to permit those who read and rely on the report to fully understand its data, reasoning, analyses and conclusions.
- d) Define the value being estimated; state the purpose and intended use of the valuation, the effective date of valuation and the date of the report

- e) Identify clearly and describe the plant and machinery, and ownership rights or interests being valued
- f) Physically inspect the plant and describe the scope and extent of the work undertaken, and the extent to which the plant was inspected
- g) State clearly the assumptions and limiting conditions upon which the valuation is based.
- h) Explain completely the valuation basis and approaches applied and the reasons for the applications and conclusions
- i) Additionally, the valuer should clearly and unambiguously make the following disclosures, as applicable:
 - (i) Make a proper disclosure where market data is limited or essentially non-existent, and state whether the estimate is in any way limited by the inadequacy of data.
 - (ii) State clearly whether the market value estimate is based on market evidence, or upon the valuer judgement because of the nature of the building and lack of comparable market data
 - (iii) Include specific references on how the land has been viewed in terms of its utility or its highest and best use, and a statement of all substantive assumptions

Any departure from this standard should be clearly stated in the valuation report along with the reasons and justification for the same. The special circumstances which warranted departure from the established norms need to be adequately explained.

2. BASES OTHER THAN MARKET-BASED VALUATION

Valuation on bases other than the market requires valuers to make additional assumptions. These are often more specific than those required to establish market value as they may relate to the circumstances of a particular party. This section defines and discusses other valuation bases which fall into three principal categories:

First category: This includes the benefits that an entity enjoys from the ownership of an asset. The value is specific to that entity. Although under some circumstances the same amount could be realised from the sale of the asset, this value essentially reflects the benefits received from holding the asset. It therefore does not necessarily involve a hypothetical exchange. Investment value falls in this category.

Second category: This reflects the price that two specific parties would agree upon to exchange an asset. Although the parties may be unconnected and negotiate at an arm's length, the asset is not necessarily exposed in the wider market, and the price agreed upon may reflect the specific advantages or disadvantages of ownership to the parties

involved rather than the market at large. This category includes fair value, special value and synergistic value.

Third category: This is the value determined in accordance with a definition set out in a statute or a contract.

The definitions of bases other than market-based valuation:

- **Fair Value:** The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction
- **Investment Value:** The value of a property to a particular investor, a class of investors or an entity, with specific investment and/or operational objectives/criteria. This value is thus a subjective concept
- **Special Value:** An amount above the market value that reflects the particular attributes of an asset that are of value only to a special purchaser
- **Synergistic value:** An additional element of value created by the combination of two or more interests, where the value of the combined interest is worth more than the sum of the original interests

The valuation methodology for assets with bases other than market should follow similar standards as laid out in sections (1) above; for land, building, and plant and machinery respectively. In addition to these standards, the valuer should ensure the following:

- (a) Distinguish clearly and unambiguously that the reported value is not a market value estimate
- (b) Explain fully the valuation basis approaches applied, the reasons for the applications and the conclusions
- (c) Include all data used for valuation and disclose whether the estimate is in any way limited by the inadequacy of data

Any departure from this standard should be clearly stated in the valuation report along with the reasons and justification for the same. The special circumstances which warranted departure from the established norms need to be adequately explained.

3. DETAILS TO BE COVERED IN VALUATION REPORT

<p>Physical characteristics of the asset</p>	<ol style="list-style-type: none"> 1. Location of the asset 2. Municipal Ward No. 3. Postal address 4. Area of the plot/land (supported by a plan) 5. Layout plan of the layout in which the asset is located 6. Details of Roads abutting the asset 7. Demarcation of the asset under valuation on a neighborhood layout map 8. Description of Adjoining properties 9. Survey no. if any 10. Details of the building/buildings and other improvements in terms of area, height, no. of floors, plinth area floor wise, year of construction, year of making alterations/additional constructions with details, full details of specifications to be appended along with building plans and elevations
<p>Town planning parameters (if applicable)</p>	<ol style="list-style-type: none"> 1. Master plan provisions related to the property in terms of land use 2. Planning area/zone 3. Development controls 4. Zoning regulations 5. FAR/FSI permitted and consumed 6. Ground coverage 7. Transferability of development rights if any, building bye-law provisions as applicable to the property viz. setbacks, height restrictions, etc. 8. Comment on surrounding land uses and adjoining properties in terms of usage 9. Comment on unauthorized constructions, if any 10. Comment on demolition proceedings, if any 11. Comment on compounding / regularisation proceedings 12. Comment on whether OC has been issued or not 13. Any other aspect

<p>Legal aspects</p>	<p>Description of legal aspects to include:</p> <ol style="list-style-type: none"> 1. Ownership documents, 2. Names of Owner/s 3. Title verification, 4. Details of leases if any, 5. Ordinary status of freehold or leasehold including restrictions on transfer, 6. Agreements of easements if any, 7. Notification for acquisition if any, 8. Notification for road widening if any, 9. Heritage restrictions if any, All legal documents, receipts related to electricity, water tax, property tax and any other building taxes to be verified and copies as applicable to be enclosed with the report, 10. Comment on transferability of the property ownership, 11. Comment on existing mortgages/charges/encumbrances on the property if any 12. Comment on whether the owners of the property have issued any guarantee (personal or corporate) as the case may be 13. Building plan sanction, illegal constructions if any done without plan sanction/violations.
<p>Economic aspects</p>	<ol style="list-style-type: none"> 1. Reasonable letting value 2. Details of monthly rents being received if any including status of tenancy rights 3. Taxes and other outgoings 4. Property insurance 5. Monthly maintenance charges 6. Security charges, etc. 7. Any other aspect
<p>Socio-cultural aspects</p>	<p>Descriptive account of the location of the asset in terms of the social structure of the area, population, social stratification, regional origin, age groups, economic levels, location of slums/squatter settlements nearby, etc.</p>
<p>Functional and utilitarian aspects</p>	<p>Description of the functionality and utility of the asset in terms of:</p> <ol style="list-style-type: none"> 1. Space allocation, 2. Storage spaces, 3. Utility of spaces provided within the building,

<p>Infrastructure availability</p>	<p>a) Description of aqua infrastructure availability in terms of</p> <ol style="list-style-type: none"> 1. Water supply, 2. Sewerage/sanitation, 3. Storm water drainage, <p>b) Description of other physical infrastructure facilities viz. Solid waste management Electricity Roads and public transportation connectivity Availability of other public utilities nearby</p> <p>c) Social infrastructure in terms of</p> <ol style="list-style-type: none"> 1. Schools 2. Medical facilities 3. Recreation facilities in terms of parks and open spaces
<p>Marketability</p>	<p>Analysis of the market for the property in terms of</p> <ol style="list-style-type: none"> 1. Locational attributes 2. Scarcity 3. Demand and supply of the kind of subject property 4. Comparable sale prices in the locality.
<p>Engineering and technology aspects</p>	<p>Description of engineering and technology aspects to include</p> <ol style="list-style-type: none"> 1. Type of construction, 2. Materials and technology used, 3. Specifications, 4. Maintenance issues, 5. Age of the building 6. Total life of the building, 7. Extent of deterioration, 8. Structural safety 9. Protection against natural disasters viz. earthquakes, 10. Visible damage in the building if any, 11. Common facilities viz. lift, water pump, lights, security systems,etc., 12. System of air-conditioning, 13. Provision for fire fighting, 14. Copies of plans and elevations of the building to be included.
<p>Environmental factors</p>	<ol style="list-style-type: none"> 1. Use of environment friendly building materials, Green building techniques if any, 2. Provision for rain water harvesting, 3. Use of solar heating and lighting systems, etc., Presence of environmental pollution in the vicinity of the property in terms of industries, heavy traffic, etc.

Architectural and aesthetic quality	Descriptive account on whether the building is modern, old fashioned, etc., plain looking or with decorative elements, heritage value if applicable, presence of landscape elements, etc.
Valuation	<p>The valuer may consider various approaches of valuation and state explicitly the reasons for adoption of a particular approach and the basis on which the final valuation judgment is arrived at.</p> <p>A detailed analysis and descriptive account of the approaches, assumptions made, basis adopted, supporting data (in terms of comparable sales), reconciliation of various factors, departures, final valuation arrived at has to be presented here.</p>
Enclosures:	<ul style="list-style-type: none"> ■ Layout plan of the area in which the asset is located ■ Building plan ■ Floor plan ■ Photographs of the property being valued ■ Any other relevant documents/extracts

APPENDIX -II To ANNEXURE-6

GUIDANCE NOTE ON RESOLVING DIFFERENCES IN VALUATION BY INDEPENDENT VALUERS

In case of differences in valuation, banks shall examine, in preferably the same order, the following four dimensions - which primarily bring about the differences - to identify the cause of variation:

- 1. BASIS OF VALUATION:** It is a practice in banks to appoint more than one valuers in respect of valuation of assets having high value, e.g., valuation of assets of a borrower which is more than Rs. 10 crore. In the case of differences in valuation of assets done by two independent valuers, the average of the two valuations may be taken as the notional valuation of the property. Banks should also test whether the two reports have used the same basis for valuation or not. In case the bases are different, reports using bases other than market value should clearly lay out the rationale for doing so. Banks shall examine the justification provided to establish whether the right basis has been used.
- 2. Methods/techniques used:** Valuers are expected to use methods and techniques that are widely accepted and used. The use of different methods by valuers can lead to variation in their findings. Given the situation, banks shall assess the appropriateness of methods used and thus identify which valuation is more accurate.
- 3. Data:** Even if the valuation procedure is aligned with respect to basis and methods, variation can result from the use of different data sets. Banks shall examine the data and establish which is more appropriate in terms of similarity with the asset being valued, recency of data, etc.
- 4. Underlying Assumptions:** The difference in value can also be a function of large variation in underlying assumptions (or minor variation in assumptions which have high sensitivity). Following a systematic and structured approach will enable banks to identify the key assumptions behind the variation in value. The bank shall then conduct a detailed study of the specific assumptions instead of repeating a full valuation effort

ANNEXURE-7
REPORT FORMAT FOR VALUATION OF PLANT & MACHINERY

(Name & Address of Valuer)

VALUATION REPORT
(IN RESPECT OF PLANT & MACHINERY)
NAME OF ACCOUNT _____,
_____ BRANCH
(To be filled in by the Approved Valuer)

Name of the Entity :

Address of the Factory Premises:

(Where the Plant & machinery is situated)

Note : In case the Borrower / entity has multiple location then all addresses needs to be incorporated . Further, list of plant & machinery shall be bifurcated based on the location of the factory / units.

1. PRESENT VALUE OF MOVABLE ASSET IS Rs.(IN WORDS RUPEESONLY).
2. REALISABLE VALUE CAN BE TAKEN% LESS THAN THE PRESENT MARKET VALUE. REALISABLE VALUE OF MOVABLE ASSETS IS Rs.(IN WORDS RUPEESONLY).

Declaration

I hereby declare that:

- a) The information provided is true and correct to the best of my knowledge and belief.
- b) The analysis and conclusions are limited by the reported assumptions and conditions.
- c) I have no direct or indirect interest in the assets valued.
- d) I/my authorized representative by the name ofwho is also a “valuer” , has inspected the subject property on
- e) I am a “valuer” as per the existing provisions in Category and fulfill the education, experience and other criteria laid out therein.

Name and address of the Valuer

.....
.....

Name of Valuer Association of which I am a bonafide member in good standing

.....

Membership Number

.....

Signature of the Valuer *Date*

Tel.No..... Mobile no.....

E-Mail

APPENDIX- I to Annexure - 7
VALUATION DETAILS OF PLANT / MACHINERY

Sr. No.	Particulars	Details
1	Name and Address of the Factory	
2	Location of the Factory/work/premises	
3	Location Where The Assets Is Located	IN FACTORY SHADE.
4	Purpose For Which Valuation Is Made.	
5	Date of Inspection	
6.	Date As On Which Valuation Is Made	
7.	Brief Description Of The Item Machinery Or Movable Assets	Please attach DETAILED MACHINERY LIST ATTACHED As per Appendix -II
8	Basis of valuation/assumptions made	
	a) Indigenous Machines	
	b) Imported Machines	
9.	Whether Item Or Machine Indian/Imported? If Imported, year of Import	
10	Attach Photographs of major items at factory location	

APPENDIX- II to Annexure - 7 TO HO CIR /2020 DATED

DETAILS OF MACHINERY

Sl No.	Description of Machinery	Factory Sl No. if any	Function	Name of Manufacturer/Supplier & Country of Origin	Sl No. of Machine/Model No./Identification Mark	Quantity	Year of Make	Year of Purchase
1	2	3	4	5	6	7	8	9
1	Main Plant & Machinery							
2	Utilities & Services (including pipe fittings & insulations etc)							
3	Fixtures, Tools, & other instruments							
4	Other Miscellaneous Fixed Assets							

Technical Specification of Machine Viz 1. Tag No. 2. Capacity 3. RPM	Condition of the Machinery/Maintenance (New/old/Reconditioned)	Residual Life of the Machinery	Purchase Value /Original cost (Rs.)	Fair Market Value (Rs.)	Depreciation	WDV as per latest ABS	Current Replacement cost	Realizable Value	Distress Value
10	11	12	13	14	15	16	17	18	19

Remarks, if any:

Photograph of owner/representative with machines to be enclosed.

Undertakings:

1. This is to certify that the fair market value of the assets (Plant & Machinery) of manufacturing unit of M/s. Address as per our detailed appraisal

and analysis is amounting to Rs (In words and figures). This should be considered as true and fair.

2. The information given in this report is correct & true and I have no direct or indirect interest in the assets valued.

3. I have personally inspected the unit on (Date)

4. All the above machines are installed at the unit and found to be in working / running condition. I have exercised due diligence in furnishing the above information.

Date:

Place:

Signature
(Name and Official seal of the approved Valuer)

Encl:

1. Declaration from the valuer in Format (Annexure-22)
2. Model code of conduct for valuer (Annexure-23)

**ANNEXURE - 8
VALUATION OF PROPERTY (LAND & BUILDING)**

REPORT ON VALUATION

Ref. No.

Date:

PART A - BASIC DATA

I. GENERAL:

1.	Purpose of valuation	:	
2.	a. Date of Inspection	:	
	b. Date on which the valuation is made	:	
3.	Name of the reported owner with present address and phone number Name of the owner(s) and his/their addresses(es) with Phone No.(details of share of each owner in case of joint ownership)	:	
4.	Documents produced for perusal: i) ii) iii)	:	
5.	Brief description of the property taken for valuation (Including leasehold/freehold etc)	:	
6.	Scope of valuation	:	
7.	If this report is to be used for any bank purpose, state the name of the bank and branch, if known	:	

II. DESCRIPTION OF THE PROPERTY:

1.	Postal address of the property with Pin code	:	
2.	City/Town	:	
	Residential Area	:	

	Commercial Area	:							
	Industrial Area	:							
3.	Classification of the Area	:	High/Middle/Poor Urban/Semi Urban/Rural						
4.	Coming under Corporation Limit /Village Panchayat/Municipality	:							
5.	Whether covered under any State/Central Govt. enactments (e.g.Urban Land Ceiling Act) or notified under agency area/scheduled area/cantonment area	:							
6.	In case it is an agricultural land, any conversion to house site plots is contemplated	:							
7.	Location of the property Plot No. / Nagar/Survey No. Door No. S.F. No. / T.S. No. / R.S. No. Village / Block Taluk / Ward Mandal/District/Municipality/ Corporation	:							
8.	Boundaries of the property North South East West	:	<table border="1"> <thead> <tr> <th>A</th> <th>B</th> </tr> </thead> <tbody> <tr> <td>As per Deed</td> <td>As per visit/ Actuals</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	A	B	As per Deed	As per visit/ Actuals		
A	B								
As per Deed	As per visit/ Actuals								
9.	Latitude, Longitude and Coordinates of the site	:							
10.	Property tax receipt referred Assessment number Tax amount Receipt in the name of	:	Period Rs.						
11.	Electricity service connection consumer number In the name of Other details, if any	:							
12.	Property is presently occupied by	:	Owner / Tenants/ Both / Vacant						
13.	If tenanted fully, What is the gross monthly rent?	:	Rs.						
14.	If occupied by both	:							

By assuming the entire building is let out, (i) What is the probable monthly rent? (ii) What is the advance amount?	:	Rs.
	:	Rs.

III. PROCEDURE OF VALUATION:

	Valuation Details	:	Discussed in Part B,C,D,E &F
1	F.S.I.	2	Plot Coverage

(Describe the property details)

PART B - LAND

1.	Dimension of the site	:	A [As per title deed] (B) (Actuals)	
	North		:	
	South		:	
	East		:	
	West		:	
	Extent		:	
2.	Extent of site (least of 1a & 1b)	:		
	Size of the Plot	:		
	North & South	:		
	East & West	:		
	Total Extent of the Plot	:		
3.	Characteristics of the site	:		
	* What is the character of the locality?	:		
	*What is the classification of the locality?	:		
	Development of surrounding areas	:		
	Possibility of frequent flooding/sub merging	:		
	Feasibility to the Civic amenities like school, hospital, bus stop, market etc.	:		
	Level of land with topographical conditions	:		
	Shape of land	:		

	<p>Type of use to which it can be put Any usage restriction Is plot in town planning approved layout? Corner Plot or Intermittent Plot? Type of road available at present * Road facilities are available? Is it a land - locked land? Water Potentiality * What is the width of the Road? Width of road - is it below 20ft or more than 20 ft. Underground sewerage system Is power supply available at the site? Advantage of the site 1. 2. Special remarks, if any, like threat of acquisition of land for public service purposes, road widening or applicability of CRZ provisions etc (Distance from sea-coast/tidal level must be incorporated) * Any factors which affect the marketability of the land? * Type of the land? * Accessibility</p>	
<p>4.</p>	<p>Value on adopting GLR (Guideline Rate) i) Guideline rate as obtained from the Registrar's office (an evidence thereof to be enclosed) : ii) Value of land by adopting GLR (..... X)</p>	<p>Rs. Rs.</p>
<p>5.</p>	<p>Value by adopting PMR (Prevailing Market Rate) Prevailing market rate(Along with details/reference of at least two latest deals/transactions with respect to adjacent properties in the areas) :</p>	<p>Rs. Rs. Rs.</p>

	Unit rate adopted in this valuation after considering the characteristics of the subject plot Value of land by adopting PMR (..... X))	
--	---	--

PART C - BUILDINGS

	Type of Building		Residential/Commercial/Industrial
1.	Type of construction	:	Load bearing /RCC/Steel Framed/ framed structure
2.	Quality of construction	:	Superior / I Class / II Class
3.	Appearance of Building	:	Common / Attractive / Aesthetic
4.	Maintenance/Condition of the Building	:	Exterior: New one / Excellent/Good /Normal Average/ Poor
			Interior: Excellent/Good /Normal Average/ Poor
5.	Plinth Area	:	As per IS 3861 - 1975
6	Number of floors and height of each floor including basement, if any	:	

Floor	Year of Construction (as reported/ as per actual observation/ as per deed)	R o f	Plinth Area		
			Main Portion A	Cantilevered Portion B	Total A+50% of B
G.F.					
F.F.					
S.F.					
	TOTAL				

1. Drawing approval

- a. Date of issue and validity of layout of approved map/plan
- b. Approved map/plan issuing authority
- c. Whether genuineness or authentic of approved map/plan is verified?
- d. Any other comments by our empanelled valuers on authentic of approved plan?
- d. (Discuss on the building approval, reference, violations observed, consequences of violation etc.)
- 8.. Value of building is estimated by adopting suitable unit plinth area rate depending upon the specifications. Depreciation is calculated by straight-line method assuming a salvage value of _____ %.

8. VALUATION OF BUILDING:

DESCRIPTION	Ground Floor	First Floor	Second Floor	Other floor, if any
Specification Floor finish Superstructure Roof Doors Windows Weathering course				
Plinth area				
Year of construction (as reported/ as observed/ as per the deed)				
Age of the building				
If the age is not exactly known, further life expected				
Total life of the building estimated				
Depreciation percentage (assuming salvage value =%)				
Replacement rate of construction with the existing conditions and specifications				
Replacement Value				
Depreciation Value at the rate of %				
Present value of the building				
Total value of the building (GF + FF+other floors if any)				

(Note: Add extra sheets for additional floors and buildings)

Sl No	Particulars of items	Plinth Area	Roof Height	Age of the building	Estimated replacement rate of construction Rs.	Replacement Cost Rs.	Depreciation Rs.	Net value after depreciations Rs.
	Ground Floor							

	First Floor							
	Other floor, if any							
	Total							

PART D - AMENITIES & EXTRA ITEMS
(Value after Depreciation)

1.	Portico	:	
2.	Ornamental Front / Pooja door	:	Rs.
3.	Sitout/Verandah with Steel grills	:	
4.	Extra Steel/collapsible gates	:	
5.	Open staircase	:	Rs.
6.	Wardrobes, showcases, wooden cupboards	:	Rs.
7.	Glazed tiles	:	
8.	Extra sinks and bath tub	:	
9.	Marble/ceramic tiles flooring	:	
10.	Interior decorations	:	Rs.
11.	Architectural Elevation works	:	Rs.
12.	False ceiling works	:	Rs.
13.	Paneling works		
14.	Aluminum works		
15.	Aluminum handrails		
16.	Separate Lumber Room	:	Rs.
17.	Separate Toiler Room	:	Rs.
18.	Separate water tank/sump		
19.	Trees, gardening		
20.	Any other	:	Rs.

PART E - SERVICES (Value after Depreciation)

1.	Water supply arrangements	:	Rs.
	Open Well	:	
	Deep bore	:	
	Hand pump	:	
	Motor	:	

	Corporation Tap	:	
	Underground level sump	:	
	Overhead water tank	:	
2.	Drainage arrangements	:	Rs.
	Septic Tank	:	
	Underground sewerage	:	
3.	Compound Wall Rm. @ Rs. /m2. Height Length Type of construction	:	Rs.
4.	Pavements Rm. @ Rs.... /m2	:	Rs.
5	Steel gate Rm. @ Rs.... /m2	:	Rs.
6.	E.B Deposits, water deposits, drainage deposits etc.	:	Rs
7.	Electrical fittings & others	:	Rs.
	Type of wiring	:	Rs.
	Class of fittings (superior/Ordinary/Poor)	:	Rs.
	Number of light Points	:	Rs.
	Fan Points	:	Rs.
	Spare Plug Points	:	Rs.
	Any other item	:	Rs.
8.	Plumbing installation	:	Rs.
	No. of water closets and their type	:	Rs.
	No.of wash basins	:	Rs.
	No.of bath tubs	:	Rs.
	Water meter, taps etc	:	Rs.
	Any other fixtures	:	Rs.
9.	Any other	:	Rs.
	Total	:	Rs.

PART F - ABSTRACT VALUE

Part	Description	Value of adopting			
		GLR	Rs.	PMR	Rs.
B	Land				
C	Building				
D	Amenities				
E	Services				
Total					
Say					

Factors favouring for an additional value		
1.		
2.		
Add	(+)	Rs.
Factors favouring for less value		
1.		
2.		
Less	(-)	Rs.
Present Market Value		Rs. (F)

ANY OTHER DETAILS:

(Valuation: Here the approved valuer should discuss in detail his approach to valuation of property and indicate how the value has been arrived at, supported by necessary calculations. Also, such aspects as i) Salability ii) Likely rental values in future in iii) Any likely income it may generate, may be discussed).

As a result of my appraisal and analysis, it is my considered opinion that the present fair market value of the above property in the prevailing condition with aforesaid specifications is Rs. _____ (Rupees _____ only). The book value of the above property as of _____ is Rs. _____ (Rupees _____ only) and the distress value Rs. _____ (Rupees _____ only). Realisable Value is Rs. _____ (Rupees _____ only)

Place:

Date:

Signature

(Name and Official seal of the Approved Valuer)

Encl: 1. Declaration from the value in Format (Annexure-22)

2. Model Code of conduct for Valuer (Annexure-23)

PART G - CERTIFICATE

1. It is hereby certified that in my opinion
 - i) The present market value of the property discussed in the report (above) by adopting prevailing market rate for land is Rs. (Rupees only)
 - ii) The forced sale value of the property is estimated as % less than the present market value.
2. Number of title deed(s) involved in this property is The relevant document for the subject property in the opinion of this valuer is the deed dated with Registration Number registered in the Registrar's Office
3. If this property is offered as collateral security, the concerned financial institution is requested to verify the extent of land shown in this valuation report with respect to the latest legal opinion.
4. Value varies with the purpose and date of valuation. This report is not to be referred if the purpose is different other than mentioned in I(1).

5. The property was inspected on by in the presence of
6. The legal aspects were not considered in this valuation.
7. This valuation work was/ has been undertaken by the valuer based upon the request from

Place : (Panel Valuer)
Date :

Note : This report contains Pages

Enclosures:

- Key plan showing the location of the property
- Site plan with boundaries
- Photograph of owner/representative with property in background
- Screen shot of longitude/latitude and co-ordinates of property using GPS/Various Apps/Internet sites

(Note: The valuer may add any number of additional sheets for providing any vital data and relevant information)

ANNEXURE-9

**VALUATION OF COMMERCIAL BUILDING BY RENT CAPITALISATION METHOD
(Under Schedule III of the Wealth Tax Act 1957)
REPORT ON VALUATION OF PROPERTY**

Ref. No.:

Date:

I. GENERAL DETAILS

1.	Name of the reported owner (s) and his/their address(es) with Phone no.(details of share of each owner in case of joint ownership), Address and Phone No.	:	
2.	Purpose for which this valuation is made	:	
3.	Date on which this valuation is made	:	
4.	Brief Description of the property (including leasehold/freehold etc)	:	
5.	List of documents produced for perusal i) ii) iii)	:	
6.	Scope of valuation	:	
7.	Location of Property: a. Plot No./Survey No. b. Door No. c. T.S.No./Village d. Ward/Taluka e. Mandal/District	: : : : : : : : : :	
8.	Postal Address of the property City/Town Residential Area Commercial Area Industrial Area	:	

9	Classification of the Area		i) High/middle/Poor ii) Urban/Semi Urban/Rural					
10	Coming under Corporation Limit/Village Panchayat/Municipality							
11	Whether covered under any State/Central Govt. enactments (e.g Urban Land Ceiling Act) or notified under agency area/scheduled area/cantonment area							
12	In case it is an agricultural land, any conversion of house site plots is contemplated							
13	Boundaries of the property North South East West	: : : : :	<table border="1"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>As per the Deed</td> <td>Actuals</td> </tr> </table>		A	B	As per the Deed	Actuals
A	B							
As per the Deed	Actuals							
14	Dimensions of the site	:	<table border="1"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>As per the Deed</td> <td>Actuals</td> </tr> </table>		A	B	As per the Deed	Actuals
A	B							
As per the Deed	Actuals							
	North							
	South							
	East							
	West							
15	Latitude, Longitude and Coordinates of the site							
16	Extent of the site							
17	Extent of the site considered for valuation (least of 14A & 14B)							
18	Whether occupied by the owner/tenant? If							

	occupied by tenant, since how long? Rent received per month.		
19.	Property tax details Assessment Number Tax In the name of Receipt referred (Date)	: : : : :	
20.	Electricity Service connection details S.C.No. In the name of	: : :	
21.	Date of physical inspection of the property	:	
22	How the identification of the property was made (Method)	:	

II. QUESTIONNAIRE

1.	Character of locality	:	Residential/Commercial/ Shopping/Agricultural/ Industrial/Mixed
2.	Classification	:	Aristocrat/Upper Middle Class/Middle Class/Poor/ Slum/Not applicable
3.	Development of the surrounding areas	:	Fully developed / Partially Developed/Undeveloped
4.	Is the locality subjected to frequent flooding?	:	No / Yes / Occasional
5.	Accessibility to the civic amenities like schools, hospitals, offices, markets, etc.	:	Nearby/Moderate distance/Far away
6.	Level of land with topographical conditions	:	Level / Undulated / Normal/ Sloping
7.	Shape of land	:	Rectangular / Regular / Irregular / Odd
8.	Type of use to which it can be put	:	Residential / Commercial / Mixed
9.	Any restriction of usage?	:	No / Yes
10.	Whether leasehold / free hold?	:	Leasehold / Freehold
11.	Is it in town planning approved lay out?	:	No / Yes / Scheme area
12.	Is it a corner plot?	:	No / Yes
13.	Road facilities	:	Available / Not available
14.	Water potentialities	:	Available / Not available
15.	Underground sewerage system	:	Available / Not available
16.	Commercial potentiality of the property	:	Poor / Fair / Good / Bright/ Excellent

17.	Any other sentimental / Social issue which may affect the value	:	No /Yes
18.	Variation if any, in the value of assets during preceding 3 years.	:	
19.	List out 3 significant factors which may bring down the value of assets drastically in the near future	:	
20.	Details / Amount payable under ground rent / unearned increase, if any.	:	
21.	Illegal constructions, if any	:	
22.	State / Central Government Legislation, if any, regarding taking up a particular property as security for specific purpose	:	
23.	Remarks, If any?		

II. DESCRIPTION ABOUT THE BUILDING

Sl No	Type of construction	:	RCC Framed structure / Load bearing
1.	Quality of construction	:	Superior / I Class / II Class
2.	Appearance of the building	:	Common / Attractive / Aesthetic
3.	Number of floors	:	
4.	Maintenance/Condition of the building	:	i) Exterior: New one /Excellent/ Good /Normal/ Average/ Poor ii) Interior : New One/Excellent/ Good /Normal/ Average/ Poor
5	Date of issue and validity of layout of approved map/plan		
6	Approved map/plan issuing authority		
7	Whether genuineness or authenticity of approved map/plan is verified.		YES / NO
8	Any other comments by our empanelled valuers on authentic of approved plan		
9	Plinth area as per IS 3861 - 1975	:	

Floor	Year of Construction (as reported/ as per actual observation/ as per deed	Roof	Plinth Area		
			Main Portion	Cantilevered Portion	Total
			A	B	A+50% of B

G.F				
F.F				
S.F				
	TOTAL			

10.	What is FSI achieved	:	
11.	What is the plot coverage?	:	
12.	Property occupied by	:	Owner/Tenants/Owner and tenant/vacant
13.	Water supply arrangements	:	
14.	Drainage arrangements	:	
15.	Compound wall	:	Length Height
16.	Does the building require any immediate repair works?	:	
17.	Any other details	:	

IV.RENT & ADVANCE DETAILS

1.	Whether the entire premises are occupied by the tenants?	:	
2.	If partly tenanted a) Tenanted area / portions b) Owner occupied area / portions	: : :	
3.	For the tenanted portions a) Total advance amount received b) Monthly rent	: : :	Rs. Rs.
4.	For the portions occupied by the owner a) Notional advance b) Notional monthly rent	: : :	Rs. Rs.
5.	Total income from the property (as reported by the owner)	:	Rs.
Occupier		Portions occupied	Rental Advance (Rs.) Monthly Rent (Rs.)
Tenants			
Owner			(Notional) (Notional)
Total			

6.	Average rent / Sq.m. of plinth area	:	
----	-------------------------------------	---	--

7.	After comparing with the prevalent rates, whether the valuer is convinced with the genuineness of this rate?	:	
8.	a) What is the tenancy period? b) What is the unexpired period of tenancy / lease if it is long termed?	: :	
9.	Apart from the above, any premium collected from the tenants? If so, what is the amount and for how many years?	:	
10.	Any service charge collected from the tenants? If so, the amount?	:	
11.	Who is bearing the repairs of the building - Tenants or the owner?	:	
12.	Total extent of land (Aggregate area)	:	
13.	Unbuilt area	:	
14.	a) Locality of building b) The percentage of specified area as per schedule of Wealth Tax Act 1957 (60% / 65% / 70%)	: :	

V. VALUATION

i) GROSS MAINTAINABLE RENT (GMR)

1.	Monthly rent from all portions	:	Rs.
2.	Annual rent from all portions	:	Rs. (A)
3.	Add: a) Service charge collected from the tenants b) 1/9th of the actual rent - If repairs are to be borne by the tenants c) Interest on advance received in excess: Advance taken : Rs. Less permissible Advance (3 months Rent) : Rs. Excess Advance : Rs. Interest 15% p.a. on : Rs.	: : : : : : : : : :	Rs. Rs. Rs.

	Excess advance		
	d) Premium taken from the tenants divided by the number of years	:	Rs.
	e) Total	:	Rs. (B)
4.	Gross Maintainable Rent (A+B)	:	(i)

ii. DEDUCTIONS

1.	Municipal Taxes	:	Rs.
2.	15% of GMR	:	Rs.
3.	Total deduction	:	Rs. (ii)

iii) NET MAINTAINABLE RENT (NMR)

	Gross Maintainable Rent	:	Rs.
	Less deductions	:	Rs.
	Net Maintainable Rent (i - ii)	:	Rs. (iii)

iv. VALUE FOR EXCESS LAND

1.	Aggregate area	:	
2.	Unbuilt area	:	
3.	Specified area (..... % on aggregate area)	:	
4.	Difference between unbuilt area and specified area	:	
5.	Percentage difference to aggregate area for excess lands	:	
6.	Value of the property to be further increased by(as per Schedule III of Wealth Tax Act of 1957)	:	

V. VALUE OF THE PROPERTY

1.	The property is free hold or lease hold	:	
2.	If lease hold, for how many years?	:	
3.	Net maintainable rent	:	Rs.
4.	Multiplying factor	:	
5.	Value of the property	:	Rs.

6.	Increase in value for excess land by% [vide iv (6)]	:	
7.	Total value of the property	:	Rs.
8.	The composite rate for the purpose of comparison (Total value / Total Plinth Area)	:	Rs.
9.	After comparing with the prevalent composite rates for the almost similar building with almost similar specifications, whether the valuer is convinced with the genuineness of the composite rate arrived at in (8)	:	

VI. ANY OTHER DETAILS

VII. CERTIFICATE:

1. It is hereby certified that in my opinion
 - i) The present market value of the property described in the report (above) by adopting rent capitalisation method is Rs..... (Rupees only)
 - ii) the forced sale value of the property is estimated as % less than the present market value.
 - iii) the realizable value of the property is Rs. (Rupees only)
2. Number of title deed(s) involved in this property is The relevant document for the subject property in the opinion of this valuer is the deed dated with Registration Number registered in the Registrar's Office
3. If this property is offered as security, the concerned financial institution is requested to verify the extent of land in this valuation report with respect to the latest legal opinion.
4. Value varies with the purpose and date of valuation. This report is not to be referred if the purpose is different other than mentioned in I(2).
5. The property was inspected on by in the presence of
6. The legal aspects were not considered in this valuation.
7. This valuation work was/ has been undertaken by the valuer based upon the request from
8. This valuer is convinced about the unit rental rate and also the composite rate arrived at
9. Details of lease agreement (if existing)

Place : (Panel Valuer)
Date :

Note : This report contains Pages

Enclosures :

1. Key plan showing the location of the property
2. Site plan with boundaries
3. Photograph of owner/representative with property in background
4. Screen shot of longitude/latitude and co-ordinates of property using GPS/Various Apps/Internet sites

(Note: The valuer may add any number of additional sheets for providing any vital data and relevant information)

ANNEXURE-10 TO HO CIR /2020 DATED

**VALUATION OF FLAT BY COMPOSITE RATE METHOD
REPORT ON VALUATION**

(Under construction/ existing flat)

Ref. :

Date :

PART A

I.	GENERAL		
1.	Purpose of Valuation	:	
2.	a. Date of Inspection b. Date of Valuation	:	
3.	Name of the owner (s) and his/their address (es) with Phone No. (details of share of each owner in case of joint ownership) (as reported) and address		
4.	Document produced for perusal		
	i)	:	
	ii)	:	
	iii)	:	
5.	Brief description of the property	:	
6.	Location of the property	:	
	a. Plot No./Survey No.	:	
	b. Door No.	:	
	c. T.S.No./Village	:	
	d. Ward/Taluka	:	
	e. Mandal/District	:	
	f. Date of issue and validity of layout of approved map/plan	:	
	g. Approved map/plan issuing authority	:	
	h. Whether genuineness or authenticity of approved map/plan is verified	:	YES/NO
	i. Any other comments by our empanelled valuers on authentic of approved plan		
7.	Postal Address of the property	:	
8.	City/Town	:	
	Residential Area	:	
	Commercial Area	:	
	Industrial Area	:	
9.	Classification of the area	:	i) High/Middle/Poor ii) Urban/Semi Urban/Rural

10.	Coming under Corporation limit/Village Panchayat/Municipality	:					
11.	Whether covered under any State/Central Govt enactments (e.g Urban Land Ceiling Act) or notified under agency area/scheduled area cantonment area	:					
12.	Boundaries of the property	:					
	North	:					
	South	:					
	East	:					
	West	:					
13.	Dimensions of the site	:	<table border="1"> <tr> <td>A</td> <td>B</td> </tr> <tr> <td>As per the Deed</td> <td>Actuals</td> </tr> </table>	A	B	As per the Deed	Actuals
A	B						
As per the Deed	Actuals						
14.	Extent of the site	:					
14.1	Latitude, Longitude & Co-ordinates of flat	:					
15.	Extent of the site considered for valuation (least of 13A & 13B)	:					
16.	Whether occupied by the owner/tenant? If occupied by tenant, since how long? Rent received per month.	:					

II. APARTMENT BUILDING:

1.	Nature of Apartment	:	
2.	Flat No. and Floor	:	
3.	Name of the Apartment	:	
4.	Postal Address	:	
5.	Location	:	
	T.S.No.	:	
	Block No.	:	
	Ward No.	:	
	Village/Municipality/Corporation	:	
	Door No., Street or Road (Pin Code)	:	
6.	Description of the locality	:	Residential/Commercial/Mixed
7.	Year of Construction	:	
8.	Number of Floors	:	
9.	Type of structure	:	Framed/Load bearing
10.	Number of dwelling units in the building	:	
11.	Quality of construction	:	
12.	Appearance of the building	:	
13.	Maintenance of the building	:	
14.	Facilities available	:	
	Lift	:	
	Protected water supply	:	
	Underground Sewerage	:	

	Car Parking	:	
	Open/Covered	:	
	Around Compound wall	:	
	Pavement around the building	:	
	Any other facility	:	

III. FLAT

1.	The floor in which the flat is situated	:	
2.	Door number of the flat	:	
3.	Specification of the flat	:	
	Roof	:	
	Flooring	:	
	Doors	:	
	Windows	:	
	Fittings	:	
	Finishing	:	
4.	House Tax	:	
	Assessment No.	:	
	Tax amount	:	Rs.
	Tax paid in the name of	:	
5.	Electricity service connection number	:	
	Meter Card is in the name of	:	
6.	How is the maintenance of the flat?	:	
7.	Sale Deed executed in the name of	:	
8.	What is the undivided area of land as per sale deed?	:	
9.	What is the plinth area of the flat	:	
10.	What is the floor space index (Approx)?	:	
11.	What is the carpet area of the flat?	:	
12.	Is it Posh/I Class/Medium/Ordinary	:	
13.	Is it being used for residential or commercial?	:	
14.	Is it owner occupied or tenanted	:	
15.	If tenanted, what is the monthly rent?	:	Rs.

DRAWING APPROVAL (Discuss here the building approval, reference, violations observed if any, and its consequences thereof)

PART B - VALUATION OF FLAT UNDER CONSTRUCTION

a) CERTIFICATE ON GENUINENESS OF RATE:

a)sq.m of undivided share of land @ Rsper sq.m	=	Rs
b)sq.m of building construction @ Rssq.m	=	Rs
c)	Total value on completion	=	Rs
	Composite Rate	=	Rs

It is hereby certified that the composite rate is genuine / not genuine for the specification and location.

b) STAGE VALUE

- a) Actual works completed =
- b) Percentage of works completed =

c) VALUATION DETAILS

Present stage value of the flat:

- 1. Undivided share of land sq ft = Rs
- 2. Stage value of building % x Rs = Rs
- 3. Total stage value of the flat as on date = Rs

PART C - VALUATION OF EXISTING FLAT

A. GENERAL:

1.	How is the marketability	:	
2.	What are the factors favouring for an extra potential value?	:	
3.	Any negative factors observed which affect the market value in general		

RATE

1.	After analysing the comparable sale instances, what is the composite rate for a similar flat with same specifications in the adjoining locality? (Along with details/reference of atleast two latest deals/transactions with respect to adjacent properties in the areas)	:	
----	--	---	--

2.	Assuming it is a new construction, what is the adopted basic composite rate of the flat under valuation after comparing with the specifications and other factors with the flat under comparison (Give details)	:	
3.	BREAK UP FOR THE RATE	:	
	Building + Services	:	Rs.
	i) Land + others	:	Rs.
4.	Guideline rate obtained from the Registrar's office (an evidence thereof to be enclosed)	:	

B. COMPOSITE RATE ADOPTED AFTER DEPRECIATION:

a.	Depreciated Building Rate	:	
	Replacement cost of flat with Services (v(3)i)	:	Rs.
	Age of the building	:	
	Life of the building estimated	:	
	Depreciation percentage assuming the salvage value as 10%	:	
	Depreciated Ratio of the building	:	Rs.
b.	Total Composite rate arrived for valuation	:	
	Depreciated Building rate VI(a)	:	Rs.
	Rate for Land & other V(3) ii	:	Rs.
	Total Composite Rate	:	Rs.

C. VALUATION DETAILS:

Sl. No.	DESCRIPTION	QUANTITY	RATE PER UNIT (Rs.)	ESTIMATED/ PRESENT VALUE (Rs.)
	Present value of the flat(incl.car parking, if provided)			
	Wardrobes			
	Show cases / Almirahs			
	Kitchen arrangements			
	Superfine finish			
	Interior decorations			
	Electricity, water, drainage deposits etc			
	Electrical fittings, etc.			

	Extra Collapsible gates/ grill works etc.			
	Potential Value, if any?			
	Share of common amenities, if any?			
TOTAL				

Factors favouring for an additional value		
1.		
2.		
Add	(+)	Rs.
Factors favouring for less value		
1.		
2.		
Less	(-)	Rs.
Present Market Value		Rs.
Any other details		

(Valuation: Here, the approved valuer should discuss in details his approach to valuation of property and indicate how the value has been arrived at, supported by necessary calculation. Also, such aspects as impending threat of acquisition by government for road widening/public service purposes, sub merging & applicability of CRZ provisions (Distance from sea-coast/tidal level must be incorporated)and their effect on i) salability ii) likely rental value in future and iii) any likely income it may generate may be discussed).

Photograph of owner/representative with property in background to be enclosed.
Screen shot of longitude/latitude and co-ordinates of property using GPS/Various Apps/internet sites.

As a result of my appraisal and analysis, it is my considered opinion that the present fair market value of the above property in the prevailing condition with aforesaid specifications is Rs. _____ (Rs. _____ only). The book value of the above property _____ as _____ of _____ is Rs. _____ (Rupees _____ only) , the distress value Rs. _____ (Rupees _____ only) and Realisable value is Rs. _____ (Rupees _____ only).

Place:

Date:

Signature
(Name and official Seal of the Approved Valuer)

The undersigned has inspected the property detailed in the Valuation Report dated _____ on _____. We are satisfied that the fair and reasonable market value of the property is Rs. _____ (Rs. _____ only).

Signature
(Name of the Branch Manager with Office Seal)

Encl: 1. Declaration from the value in Format A (Annexure 22)

2. Model Code of conduct for valuer-B (Annexure 23)

PART D - CERTIFICATE

1. It is hereby certified that in my opinion
 - i) The present stage value of the flat which is under construction is Rs. -----
(Rs. ----- only)
 - ii) The present market value of the flat by adopting suitable composite rate is Rs... (Rupees only)
 - iii) The forced sale value of the property is estimated as % less than the present market value.
 - iv) The Realizable value of the property is estimated as % less than the present market value
2. Number of title deed(s) involved in this flat is The relevant document for the subject flat in the opinion of this valuer is the deed dated with Registration Number registered in the Registrar's Office
3. If this flat is offered as security, the concerned financial institution is requested to verify the extent of undivided share of land mentioned this valuation report with respect to the latest legal opinion.
4. Value varies with the purpose and date of valuation. This report is not to be referred if the purpose is different other than mentioned in I (1).
5. The property was inspected on by in the presence of
6. The legal aspects were not considered in this valuation.
7. This valuation work is undertaken by the valuer based upon the request from
8. Any other details

Place : (Panel Valuer)
Date :

Note : This report contains Pages

- Enclosures:
1. Key plan showing the location of the property
 2. Sketch showing the location of the subject flat with reference to the floors.
 3. Sketch of the flat if available
 4. Photograph of owner/representative with property in background
 5. Screen shot of longitude/latitude and co-ordinates of property using GPS/Various Apps/Internet sites.

(Note: The valuer may add any number of additional sheets for providing any vital data and relevant informations)

ANNEXURE - 11

GENERAL FORMAT VALUATION REPORT
OTHER PROPERTIES

I. GENERAL DETAILS

1.	Purpose for which this valuation is made	:	
2.	Date on which this valuation is made	:	
3.	Name of the reported owner and address	:	
4.	Documents produced for perusal	:	
5.	Brief Description of the property	:	
6.	Scope of valuation	:	
7.	Location of the property Plot No./Colony name S.F.No/T.S.No./R.S.No. Village / Block Taluk / Ward District/Municipality/ Corporation	: : : : : :	
8.	Postal Address of the property	:	
9.	Boundaries of the property North South East West	: : : : :	
10	Property tax details	:	

	Assessment Number Tax In the name of Receipt referred	:	
11	Electricity Service connection details S.C.No. In the name of	:	

II. QUESTIONNAIRE

1.	Character of locality	:	Residential/Commercial/Shopping/Agricultural/ Industrial/Mixed
2.	Classification	:	Aristocrat/Upper Middle Class/Middle Class/Poor/ Slum/Not applicable
3.	Development of the surrounding areas	:	Fully developed / Partially Developed/Undeveloped
4.	Is the locality subjected to frequent flooding?	:	No / Yes / Occasional
5.	Accessibility to the civic amenities like school, hospital, offices, markets, etc.	:	Nearby/Moderate distance/Far away
6.	Level of land with topographical conditions	:	Level / Undulated / Normal/ Sloping
7.	Shape of land	:	Rectangular / Regular / Irregular / Odd
8.	Type of use to which it can be put	:	Residential / Commercial / Mixed
9.	Any restriction of usage?	:	No / Yes
10.	Whether leasehold / free hold	:	Leasehold / Freehold
11.	Is it in town planning approved lay out?	:	No / Yes / Scheme area
12.	Is it a corner plot?	:	No / Yes
13.	Road facilities	:	Available / Not available
14.	Water potentialities	:	Available / Not available
15.	Under ground sewerage system	:	Available / Not available
16.	Commercial potentiality of the property	:	Poor / Fair / Good / Bright/ Excellent
17.	Any other sentimental / Social issue which may affect the value	:	No /Yes
18.	Variation if any, in the value of assets during preceding 3 years.	:	
19.	List out 3 significant factors which may bring down the value of assets drastically in the near future	:	

20.	Details / Amount payable under ground rent / unearned increase, if any.	:	
21.	Illegal constructions, if any	:	
22.	State / Central Government Legislation, if any, regarding taking up a particular property as security for specific purpose	:	

III. VALUATION DETAILS

The entire assets under valuation are divided into the following parts.

PART A	-	Land
PART B	-	Building
PART C	-	Services
PART D	-	
PART E	-	
PART F	-	
PART G	-	

Valuation of each asset is discussed in the following pages and the abstract value is discussed at the end.

PART A - LAND

.....
.....

NOTE: [Discuss about the guideline rate (GLR) and the prevailing market rate (PMR)]

PART B - BUILDING

.....
.....

NOTE: [Discuss about the drawing approval, reference, violations observed if any, and its consequences thereof]

PART C - SERVICES (etc.,)

.....
.....

(Note: Discuss the Valuation details elaborately)

IV. ABSTRACT VALUE

Part	Description	Value of adopting			
		GLR	Rs.	PMR	Rs.
A	Land				
B	Building				
C	Services				
D					
E					
Total					
Say					
Factors favouring for an additional value					
1.					
2.					

Add	(+)	Rs.
Factors favouring for less value		
1.		
2.		Rs.
Less	(-)	
Present Market Value		Rs.

V. **ANY OTHER DETAILS**

VI. **CERTIFICATE**

1. It is hereby certified that in my opinion
 - i) The present market value of the property described in the report above by adopting the prevailing market rate for land is Rs. (Rupees only)
 - ii) The forced sale value of the property is estimated as % less than the present market value.
 - iii) Realisable value of the property is estimated as % less than the present market value.
2. Number of title deed(s) involved in this property is The relevant document for the subject property in the opinion of this valuer is the deed dated with Registration Number registered in the Registrar's Office
3. If this property is offered as security, the concerned financial institution is requested to verify the extent of land shown in this valuation report with respect to the latest legal opinion.
4. Value varies with the purpose and date of valuation. This report is not to be referred if the purpose is different other than mentioned in I (1).
5. The property was inspected on by ----- in the presence of
6. The legal aspects were not considered in this valuation.
7. This valuation work is undertaken by the valuer based upon the request from
8. Any other details

Place : (Panel Valuer)

Date :

Note : This report contains Pages

- Enclosures:
1. Key plan showing the location of the property
 2. Site plan with boundaries
 3. Photograph of owner/representative with property in background
 4. Screen shot of longitude/latitude and co-ordinates of property using GPS/Various Apps/Internet sites.

(Note: The valuer may add any number of additional sheets for providing any vital data and relevant informations)

ANNEXURE - 12
VALUATION OF VACANT SITES/ RESIDENTIAL PLOT / COMMERCIAL SITE / LAND
REPORT ON VALUATION

Ref.

Date:

I. GENERAL

1.	Name of the reported owner(s) and his/their address(es) with Phone No.(details of share of each owner in case of joint ownership) and address with phone number	:							
2.	Purpose of Valuation	:							
3.	a. Date of Valuation b. Date of Inspection	: :							
4.	List of documents produced for perusal i) ii) iii)	:							
5.	Location of the property	:							
	Plot No.								
	Name of Nagar/Layout								
	S.F.No/T.S.No./R.S.No.								
	Village / Block								
	Taluk / Ward								
	Mandal/District/Municipality/ Corporation								
	Postal Address of the Property with Pin Code								
6.	Boundaries of the property	:							
	North	:							
	South	:							
	East	:							
	West	:							
7.	Dimensions of the site North South East West	:	<table border="1"> <thead> <tr> <th>A</th> <th>B</th> </tr> </thead> <tbody> <tr> <td>As per the deed</td> <td>Actuals</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	A	B	As per the deed	Actuals		
A	B								
As per the deed	Actuals								
8.	Extent of the site	:							
9.	Extent of the site considered for valuation (least of 8A & B)								

II. CHARACTERISTICS OF THE SITE:

1.	Character of locality	:	
2.	Classification of locality	:	
3.	Development of surrounding area	:	
4.	Possibility of frequent flooding	:	
5.	Accessibility to the civic amenities like school, hospitals, offices, markets, etc.	:	
6.	Level of land with topographical conditions	:	
7.	Shape of land	:	
8.	Type of use to which it can be put	:	
9.	Any usage restriction?	:	
10.	Tenure of Land	:	
11.	Plot is in town planning approved lay out?	:	
12.	Will there be any problem to get drawing approval at a later date	:	
13.	Corner plot or intermittent plot	:	
14.	Ratio between the average depth and width	:	
15.	Road facilities	:	
16.	Type of road available at present	:	
17.	Width of road - Is it below 20' or more than 20'	:	
18.	Is it a land locked land?	:	
19.	Water potentiality	:	
20.	Underground Sewerage Systems	:	
21.	Power supply is available in the site	:	
22.	Advantages of the site	:	1) 2) 3)

23.	Disadvantages of the site	:	1) 2) 3)
-----	---------------------------	---	----------------

III. VALUATION

A	Value by adopting GLR		
i)	Guideline rate as obtained from the Registrar's office (an evidence thereof to be enclosed)	:	Rs.
ii)	Value of land by adopting GLR (..... X)	:	Rs.
B.	Value by adopting PMR		
i)	Prevailing market rate (Along with details/reference of atlas at two latest deals/transactions with respect to adjacent properties in the areas)	:	Rs.
ii)	Unit rate adopted in this valuation after considering the characteristics of the subject plot	:	Rs.
iii)	Value of land by adopting PMR (..... X)	:	Rs.
C	Extra items		
i)	Compound wall / Fencing	:	Rs.
ii)	Deep bore with motor/open well	:	Rs.
iii)	Gate	:	Rs.
iv)	Power supply	:	Rs.

D. Abstract Valuation

Part	Description	Value of adopting			
		GLR	Rs.	PMR	Rs.
1	Land				
2	Extra items				
Total Say					
Factors favouring for an additional value					
	1.				
	2.				
	Add	(+)		Rs.	
Factors favouring for less value					
	1.				
	2.				
	Less	(-)		Rs.	

Present Market Value	Rs.
----------------------	-----

ANY OTHER DETAILS:

(Valuation: Here the approved valuer should discuss in detail his approach to valuation of property and indicate how the value has been arrived at, supported by necessary calculations. Also, such aspects as i) Salability ii) Likely rental values in future in iii) Any likely income it may generate, may be discussed).

As a result of my appraisal and analysis, it is my considered opinion that the present fair market value of the above property in the prevailing condition with aforesaid specifications is Rs. _____ (Rupees _____ only). The book value of the above property as of _____ is Rs. _____ (Rupees _____ only, the distress value Rs. _____ (Rupees _____ only) and the Realisable value is .

Signature

(Name and official Seal of the Approved Valuer)

- Encl: 1. Declaration from the value in (Annexure 22)
2. Model Code of conduct for valuer (Annexure 23)

IV. CERTIFICATE

1. It is hereby certified that in my opinion

i) the present market value of the property described in the report above by adopting the prevailing market rate for land is Rs. (Rupees only)

ii) The forced sale value of the property is estimated as % less than the present market value.

iii) Realisable value of the property is is estimated as % less than the present market value.

2. Number of title deed(s) involved in this property is The relevant document for the subject property in the opinion of this valuer is the deed dated with Registration Number registered in the Registrar's Office

3. If this property is offered as security, the concerned financial institution is requested to verify the extent of land shown in this valuation report with respect to the latest legal opinion.

4. Value varies with the purpose and date of valuation. This report is not to be referred if the purpose is different other than mentioned in I(1).

5. The property was inspected on by ----- in the presence of

6. The legal aspects were not considered in this valuation.

7. This valuation work is undertaken by the valuer based upon the request from

8. Any other details

Place : _____ (Panel Valuer)

Date :

Note : This report contains Pages

- Enclosures: 1. Key plan showing the location of the property
2. Sketch of the plot with boundaries
3. Layout drawing if available

(Note: The valuer may add any number of additional sheets for providing any vital data and relevant information)

ANNEXURE -13

**VALUATION REPORT (IN RESPECT OF AGRICULTURAL LANDS)
(To be filled in by the Approved Valuer)**

REPORT ON VALUATION

Name & address of Valuer)

NAME OF THE BANK

BRANCH: _____

1.	GENERAL			
1.	Purpose for which the valuation is made			
2.	a)	Date of inspection	:	
	b)	Date on which the valuation is made	:	
3.	List of documents produced for perusal			
	i)		:	
	ii)		:	
4.	Name of the owner(s) and his / their address (es) with Phone no. (details of share of each owner in case of joint ownership)		:	
5.	Brief description of the property		:	
6.	Location of property			
	a)	Plot No. / Survey No.	:	
	b)	Door No.	:	
	c)	T. S. No. / Village	:	
	d)	Ward / Taluka	:	
e)	Mandal / District	:		
7.	Postal address of the property			
8.	Coming under Corporation limit / Village Panchayat / Municipality		:	
9.	Whether covered under any State / Central Govt. enactments (e.g. Urban Land Ceiling Act) or notified under agency area / scheduled area / cantonment area		:	
10.	Is any conversion to house site plots contemplated?		:	
11.	Boundaries of the property		:	
	North		:	
	South		:	
	East		:	
12.	Dimensions of the site		:	
				A
				B
			As per the Deed	Actuals
	North		:	

	South	:	
	East	:	
	West	:	
13	Extent of the site	:	
13.a	Latitude, Longitude and Coordinates of the site	:	
14	Extent of the site considered for valuation (least of 12 A & 12 B)	:	
15	Whether occupied by the owner / lessee? If cultivated by lessee, since how long and type of tenancy agreement?	:	
16	Income received (per year)	:	Rs.
II.	CHARACTERISTICS OF THE SITE	:	
1.	Whether the land under consideration is suitable for cultivation	:	
2.	Irrigation facilities - canal / well / bore / rain-fed	:	
3.	Possibility of frequent flooding / submerging	:	
4.	Level of land with topographical conditions.	:	
5.	Shape of land	:	
6.	Is it a Land - locked land?	:	
7.	Whether any cottages / buildings exist in the Land?	:	
8.	Whether fencing and gates are arranged?	:	
9.	General conditions of the land	:	
10.	Quality of soil of the sand	:	
11.	Whether the land is situated on a Main / National Highway Road? If not, distance from the Main / Highway Road.	:	
12.	Types of crops grown	:	
13.	Water supply & electricity facilities.	:	
14.	Advantage of the site	:	
	1.	:	
	2.	:	
15.	Disadvantages of the land	:	
	1.	:	
	2.	:	
16.	Special remarks, if any, like threat of acquisition of land for public service purposes, road widening or applicability of CRZ provisions etc. (Distance from sea-coast / tidal level must be incorporated)	:	
III. VALUATION OF AGRICULTURAL LAND			
1.	Size of land	:	
	North & South	:	
	East & West	:	
2.	Total extent of the land	:	

3.	Prevailing market rate (per acre) (Along with details /reference of atleast two latest deals/transactions with respect to adjacent properties in the areas)	:	Rs.
4.	Guideline rate obtained from the Registrar's Office / Mandal Revenue office (an evidence thereof to be enclosed)	:	
5.	Assessed / adopted rate of valuation	:	Rs.
6.	Estimated value of land	:	Rs.

(Valuation: Here, the approved valuer should discuss in detail his approach to valuation of property and indicate how the value has been arrived at, supported by necessary calculations. Also, such aspects as i) Salability ii) likely rental values in future and iii) any likely income it may generate may be discussed).

As a result of my appraisal and analysis, it is my considered opinion that the present fair market value of the above property in the prevailing condition with aforesaid specifications is Rs. ----- (Rupees ----- only). The book value of the above property as of ----- is Rs. ----- (Rupees ----- only), Realisable value is Rs. ----- (Rupees ----- only) and the distress value Rs. ----- (Rupees ----- only)

Signature

(Name and Official Seal of the Approved Valuer)

The undersigned has inspected the property detailed in the Valuation Report dated ----- on ----- . We are satisfied that the fair and reasonable market value of the property is Rs. ----- (Rupees ----- only)

Signature
(Name of the Branch Manager with Office Seal)

Date:

Encl:

1. Key plan showing the location of the property
2. Sketch of the plot with boundaries
3. Layout drawing if available
4. Photograph of owner/representative with property in background to be enclosed.
5. Screen shot of longitude/latitude and co-ordinates of property using GPS/Various Apps/Internet sites
6. Declaration from the valuer in Format E (Annexure-22)
7. Model code of conduct for valuer (Annexure-23)

ANNEXURE - 14
CONFIRMATION ON ASSET CLASSIFICATION TO RO/CO

From:
Canara Bank
..... Branch

To:
CANARA BANK
RO / CO

Sub: Confirmation on Asset Classification

Name of the Borrower :

Limits and Liabilities :

Sl. No.	Nature of account	Tenable till	Limit	Liability	Overdue in the account	Overdue since*	Value of securities	Interest applied upto	Remarks #

* Mention date # Date of stock statement / valuation report to be furnished

Sanctioning Authority :

Details of Collateral Securities:

Land & Building	Rs.	(As per valuation report dated)
Plant & Machinery	Rs.	(As per valuation report dated)
Other Assets	Rs.	(As per valuation report dated)

Asset classification in the last Balance Sheet:

Asset Classification now proposed by the Branch:

In case of any change from the previous asset classification,
Furnish reasons in detail:

We request that the proposed asset classification may be confirmed.

HEAD OF THE BRANCH

CONFIRMATION BY RO / CO

- NOTE: 1. The above format has to be prepared in triplicate by the branches, 2 copies to be sent to the respective Controlling Offices (RO / CO) seeking confirmation of the Asset Classification. After confirmation, 1 copy is to be sent to the branch for their records, retaining the other copy by the RO / CO
2. This exercise should start in right earnest 3-4 weeks prior to the date of Balance Sheet to ensure compilation of the Balance Sheet immediately after 30th September and 31st March.

ANNEXURE-15

CONFIRMATION ON ASSET CLASSIFICATION

From:

To:

Credit Review & Monitoring Section,
Circle Office
Wing

The General Manager
Credit Administration & Monitoring
.....

HO:: Bangalore

Sub: Valuation of securities by valuers in Bank's panel.

* * * * *

Consolidated confirmation report for the Circle as a whole to be submitted by 31st January every year.

We confirm that the valuation of securities by valuers in the panel of valuers has been conducted in respect of all the applicable accounts for our Circle as a whole as per the guidelines contained in Cir. No. ____/2008 dated _____.

Section Manager

DM / AGM/DGM

Circle Head

Date:

ANNEXURE-16

QUARTERLY POSITION OF STOCK AUDIT FOR THE CIRCLE AS A WHOLE
(MARCH / JUNE / SEPTEMBER / DECEMBER)

From:
Credit Review & Monitoring Section,
Circle Office

To
Credit Administration & Monitoring Wing,
Head Office

Accounts eligible for stock audit as per the Credit Policy of the Bank (No. of accounts) ♣	Accounts where waiver of stock audit is contemplated (No. of accounts)	No. of A/cs programmed for valuation during the year	Stock audit completed till the current quarter end (No. of accounts)	Any serious irregularities in the stock audit in respect of any account *

♣ In respect of borrowal accounts under Multiple Banking Arrangement and Consortium, number of accounts to be reported here if only valuation work is to be entrusted by our Bank

* Furnish details as an annexure

Date:

Deputy General Manager

ANNEXURE - 17
Format for lodging complaint against Chartered Accountants
FORM 'I'
[See sub - rule (1) of Rule 3]

1.	Name of the Complainant: (with membership number, if member of the Institute of Chartered Accountants of India)	
2.	Name of the member/firm against whom complaint is being made: (with membership number/registration number of the firm, if known)	
3.	Latest address of the complainant for communication	Pin Code:
4.	Last available professional address of the Member or the firm against whom the complaint is made	Pin Code:
5.	Particulars of allegation(s) serially numbered together with corresponding clause/part of the relevant Schedule(s) under which the alleged acts of commissions or omissions or both would fail	1. 2. 3. 4. 5
6.	Particulars of evidence(s) adduced in support of the allegation(s) made	
7.	Name(s) of person who has/have knowledge of the facts of the case	

Date:

Place:

Signature of the Complainant

VERIFICATION

I, _____, the Complainant, do hereby declare that what is stated is true to the best of my information and belief.

Verified today the _____ day of _____ 20____ at _____.

Date :

Place :

Signature of the Complainant

ANNEXURE 18

**FORMAT OF OFFICE NOTE ON ANNUAL PERFORMANCE REVIEW OF VALUERS/
STOCK AUDITORS/ FORENCIS AUDITOR IN THE BANK'S PANEL**

SUBMITTED BY CANARA BANK _____ SECTION CIRCLE OFFICE _____	SUBMITTED TO DEPUTY GENERAL MANAGER / GENERAL MANAGER CIRCLE OFFICE _____
REF:	DATE:

**SUB: ANNUAL PERFORMANCE REVIEW OF STOCK AUDITORS/VALUERS FOR THE
YEAR ENDED JUNE.....**

I. PURPOSE OF NOTE:

To apprise on the performance analysis / review of valuers / auditors in Bank's panel whose services are engaged for Stock audit / valuation of Securities during the year.

II. DETAILS OF AUDITORS / VALUERS IN THE PANEL.

Type	Category	Details
No. of Valuers Of Fixed Assets	Panel `A`	
	Panel `B`	
Sub Total		
No. of Stock Auditors	Panel `A`	
	Panel `B`	
Subtotal		
Total		

**III. OUT OF THE ABOVE, NO. OF VALUERS EMAPANELLED FOR VALUATION
UNDER SARFAESI ACT::**

**IV. DETAILS OF VALUATION / STOCK AUDIT ENTRUSTED AND ASSIGNMENTS
COMPLETED:-**

Sl.No.	Name of the Valuer/Auditor	No. of Assignments carried out during the Review Period	Performance Findings	Fees Earned by the Valuer during the Review Period
1. Fixed Asset Valuers (`A` Category)				
2. Fixed Asset Valuers:(`B` Category)				
3. Stock Auditors:(`A` Category)				
4. Stock Auditors: (`B` Category)				

(a) OUT OF WHICH, CREDIT AUDIT ASSIGNMENT ALLOTTED IN RESPECT

- Rs 1 crore and upto Rs 5 crores - _____ (in Nos.)
- Rs 5 crore and above - _____ (in Nos.)

(b) OUT OF THE ABOVE, DETAILS OF

ASSIGNMENTS UNDER SARFAESI ACT - _____ (in Nos.)

V. DETAILS OF THE VALUERS NOT ENTRUSTED WITH ANY ASSIGNMENT DURING THE PERIOD.

Sl No.	Name	Type	Category	Reasons

VI. DETAILS OF VALUERS / AUDITORS ADDED TO THE PANEL DURING THE YEAR

Sl.No	Name Of The Valuer	Fixed Asset Valuers/ Stock Auditors(Specify)	Category ('A'/'B')

VII. DETAILS OF VALUERS/ AUDITORS REMOVED FROM THE PANEL DURING THE YEAR :

Sl. No.	Name of the Valuer/Auditor	Date of Removal	Reasons for Removal	Whether the valuer was given an opportunity to submit his/ her/ their view/s?	If so, Details of response from the valuer

VIII. DETAILS OF COMPLAINTS MADE AGAINST THE VALUERS/ AUDITORS:

Sl.No.	Name of the valuer/Auditor	Complaints made to ICAI/Inst.of Valuers	Reasons	Action taken by the Regulatory bodies

IX. ANY OTHER MATTERS :

X. CERTIFICATE:

We certify that:

1. Copy of the Service Tax Registration No. of the valuers has been obtained wherever applicable and valuation assignments have been entrusted only to those eligible valuers.
2. All Chartered Engineers in the panel are registered with CCIT/CCWT under Section 34AB (Rule. 8A) of the Wealth Tax Act, 1957.
3. Assignments were entrusted only to those valuers in the panel who have complied with the terms of assignment.
4. All depanelment are reported / conveyed to :
 - i) Risk Management Wing, HO
 - ii) The concerned valuer/s and the branches
 - iii) All Circles.

XI. VIEWS AND RECOMMENDATIONS:

OFFICER **SUBMITTED FOR REVIEW / ORDERS** **MANAGER/SR.MANAGER**

VIEWS OF DIVISIONAL MANAGER/ASST.GENERAL MANAGER

VIEWS OF ASST. GENERAL MANAGER / DEPUTY GENERAL MANAGER

ORDERS OF DEPUTY GENERAL MANAGER / GENERAL MANAGER

ANNEXURE-19 TO HO CIR /2020 DATED

**FORMAT OF INFORMATION ON MALPRACTICE/MISCONDUCT BY PROFESSIONALS LIKE
CHARTERED ACCOUNTANTS/ADVOCATES/VALUERS RESULTING IN FRAUDS**

From:

Canara Bank
R&L Section
Circle Office

To:

Canara Bank
R &R Section
RL&FP Wing
HO : Bangalore

Sl.No.	Particulars	Details
1	Name and address of the professional	
2	Profession	
3	Registration number, if any, issued by the professional body	
4	Nature of professional services rendered	
5	Brief details of misconduct/ malpractice detected	
6	Financial losses suffered by the Bank, if any	
7	Details of action taken, including reporting to the professional body, police etc.	

Place:

Date :

Officer

Manager/Sr Manager

ANNEXURE-20

FORMAT OF INFORMATION ON MALPRACTICE/MISCONDUCT BY CHARTERED ACCOUNTANTS RESULTING IN FRAUDS
(TO BE USED BY HO ONLY)

1.	Name of the Complainant (with membership number, if member of Institute of Chartered Accountants of India)	
2.	Name of the member/firm against whom complaint is being made (with membership number/ registration number of the firm, if known)	
3.	Latest address of the complainant for communication	
4.	Last available professional address of the Member or the firm against whom the complaint is made	
5.	Particulars of allegation(s) serially numbered together with corresponding clause/ part of the relevant schedule(s), or Particulars of allegation(s) serially numbered together with clause/part of the relevant schedule(s) under which the alleged acts of commission or omission or both without fail	
6.	Particulars of evidence(s) adduced in support of the allegation(s) made	
7.	Name(s) of persons who have knowledge of the facts of the case	

Place :

Date :

Signature of the Complainant (BANK)
VERIFICATION

I,, the Complainant, do hereby declare that what is stated above is true to the best of my information and belief.

Verified today the day of 20at

.....

Place :

Date :

Signature of the Complainant (BANK)

ANNEXURE-21

THIRD PARTY ENTITY
ENCLOSURE

(A) Clause to be added in communication addressed to TPEs with whom the bank has direct contractual relationship

1. While including the TPE as a retainer for providing professional advice/ service on a regular basis

“Your opinion/certification would be an input for our decision making. Therefore, we would like to state that in the event your opinion/ certification turns out to be untrue and factually incorrect causing loss to the bank, we may seek such clarifications as may be required to investigate the matter and fix the responsibility. In the event it is established that there was gross negligence on your part or you had colluded with our customer in causing pecuniary damage/loss to the bank we may recommend your name for including in the caution list being maintained by the Indian Banks’ Association (IBA) for circulation amongst member banks. The Association has been mandated by the RBI to do so”

2. While including TPE as a retainer for providing professional advice/service on a one-off/adhoc basis

“Kindly note that your opinion/certification is being utilised by the bank in _____ (mention here the specific purpose for which the advice/service of the TPE is being utilised). Therefore, we would like to state that in the event your opinion/certification turns out to be untrue and factually incorrect causing loss to the bank, we may seek such clarifications as may be required to investigate the matter and fix the responsibility. In the event it is established that there was gross negligence on your part or you had colluded with our customer in causing pecuniary damage/loss to the bank, we may recommend your name for including in the caution list being maintained by the IBA for circulation amongst member banks. The Association has been mandated by the RBI to do so”

3. Communication to be sent to a TPE who is already empanelled by the banks and advice/services are being utilised by the bank “Please refer to our letter no. _____ dated _____ appointing you as _____ (indicate the nature of engagement/empanelment). Your opinions/certifications are being used as an input for our decision making from time to time. We would like to state that in the event your opinion/certification turns out to be untrue and factually incorrect causing loss to the bank, we may seek such clarifications as may be required to investigate the matter and fix the responsibility.

In the event it is established that there was gross negligence on your part or you had colluded with our customer in causing pecuniary damage/loss to the bank we may recommend your name for including in the caution list being maintained by the IBA for circulation amongst member banks. The Association has been mandated by the RBI to do so”

(B) Communication to be sent to TPEs who do not have a direct relationship with the bank, but with whom the customer has entered into a relationship on the basis of which the bank has funded the customer. Examples- Builders, Dealers, etc.

M/s Mr/ Mrs /Ms

Dear Sir(s)/Madam(s)

We are in the process of considering loan to M/s ----- for purchasing -- -----
----- (please give details) We note that the above person is acquiring the
house/vehicle/equipment/-- ----- from you. We would like to state that in the event
the property / item covering the transaction is not as per the terms of sale agreement or
it is established that both the borrower and yourselves colluded in causing loss/potential
loss to the bank, we may seek such clarifications as may be needed to investigate the
matter. In the event it is established that you had colluded with our customer in causing
pecuniary damage/ loss to the bank, we may recommend your name for including in the
caution list being maintained by the IBA for circulation amongst banks as per advice
received from the RBI. Association has been mandated by the RBI to do so.”

Yours sincerely,

Authorized Signatory

ANNEXURE-22

FORMAT-A

DECLARATION FROM VALUERS

I hereby declare that-

The information furnished in my valuation report dated ----- is true and correct to the best of my knowledge and belief and I have made an impartial and true valuation of the property.

I have no direct or indirect interest in the property valued;

I have personally inspected the property on ----- The work is not sub-contracted to any other valuer and carried out by myself.

I have not been convicted of any offence and sentenced to a term of Imprisonment;

I have not been found guilty of misconduct in my professional capacity.

I have read the Handbook on Policy, Standards and procedure for Real Estate Valuation, 2011 of the IBA and this report is in conformity to the "Standards" enshrined for valuation in the Part-B of the above handbook to the best of my ability.

I have read the International Valuation Standards (IVS) and the report submitted to the Bank for the respective asset class is in conformity to the "Standards" as enshrined for valuation in the IVS in "General Standards" and "Asset Standards" as applicable.

I abide by the Model Code of Conduct for empanelment of valuer in the Bank. (Annexure III- A signed copy of same to be taken and kept along with this declaration)

I am registered under Section 34 AB of the Wealth Tax Act, 1957.

I am the proprietor / partner / authorized official of the firm / company, who is competent to sign this valuation report.

Further, I hereby provide the following information.

Sl No.	Particulars	Valuer comment
1	background information of the asset being valued;	

2	purpose of valuation and appointing authority	
3	identity of the valuer and any other experts involved in the valuation;	
4	disclosure of valuer interest or conflict, if any;	
5	date of appointment, valuation date and date of report;	
6	inspections and/or investigations undertaken;	
7	nature and sources of the information used or relied upon;	
8	procedures adopted in carrying out the valuation and valuation standards followed;	
9	restrictions on use of the report, if any;	
10	major factors that were taken into account during the valuation;	
11	major factors that were taken into account during the valuation;	
12	Caveats, limitations and disclaimers to the extent they explain or elucidate the limitations faced by valuer, which shall not be for the purpose of limiting his responsibility for the valuation report.	

Date:
 Place:

Signature
 (Name of the Approved Valuer and Seal of
 the Firm / Company)

ANNEXURE -23
MODEL CODE OF CONDUCT FOR VALUERS

{Adopted in line with Companies (Registered Valuers and Valuation Rules, 2017)}

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:

1. A valuer shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
2. A valuer shall carry out professional services in accordance with the relevant technical and professional standards that may be specified from time to time
3. 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.
4. 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.

5. A valuer shall not carry out any instruction of the client insofar as they are incompatible with the requirements of integrity, objectivity and independence.
6. 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:

1. 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.
2. 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.
3. A valuer shall maintain complete independence in his/its professional relationships and shall conduct the valuation independent of external influences.
4. A valuer shall wherever necessary disclose to the clients, possible sources of conflicts of duties and interests, while providing unbiased services.
5. 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.
6. A valuer shall not indulge in “mandate snatching” or offering “convenience valuations” in order to cater to a company or client’s needs.
7. 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).
8. 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:

1. 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:

1. 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.
2. 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.
3. 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.
4. 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:

1. A valuer or his/its relative shall not accept gifts or hospitality which undermines or affects his independence as a valuer.
2. 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).

3. 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.
4. Remuneration and Costs.
5. 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.
6. 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.
7. Occupation, employability and restrictions.
8. 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.
9. A valuer shall not conduct business which in the opinion of the authority or the registered valuer organisation discredits the profession.

Date:

Place:

Signature
(Name of the Approved Valuer and
Seal of the Firm / Company)

ANNEXURE-24

LETTER OF INDEMNITY BY ENGINEERS / VALUERS

To,

Name of the Bank,

_____.

Dear Sirs,

In consideration of Name of the Bank (herein after called the "Bank" which expression shall include its successors and assigns) empanelling me / us on their panel of approved Engineers and Valuers for the purpose of assessing the market value of the properties proposed to be taken as securities for the credit limits granted or to be granted by the Bank to its various borrowers, I/ We jointly and severally, extend this letter if indemnity.

Whereas by the letter of empanelment dated _____, the bank has empanelled me / us on their panel of approved Engineers & Valuers for the purpose of assessing the market value of the properties proposed to be taken as securities for the credit limits granted / to be granted by the Bank, I/ We jointly and severally agree as follows:-

I / We shall duly and faithfully perform and discharge all the duties in the works entrusted by the Bank and in relation to the purposes of empanelment, fairly without any favour and discrimination and I / we hereby undertake and agree to indemnify you, your successors and assigns at all times and from time to time from and against all loss, damage and all actions, suits, proceedings, expenses, costs, charges and demands arising out of any act, lapses, defaults, negligence, errors, mistakes committed by me/ us in performance of my / our professional obligations and I / we also hereby undertake and agree to pay to you on demand sums of money, costs, charges and expenses incurred in respect thereof and also to pay you interest on all such moneys at your ruling rate.

I / We further specifically agree that this indemnity shall continue to remain in force and I /We shall continue to be liable there under for all losses, damages, costs, charges and expenses arising out of any act, lapses, defaults, negligence, errors, mistakes committed by me/ us in performance of my / our professional obligations and shall be binding on me / us and our legal and personal representatives, successors and assigns.

Yours Faithfully,
Signature
(Name and Official Seal of the
Approved Valuer)

Place:

Date:

PART-F

ANNEXURE-25

SARFAESI FORMAT TO BE SUBMITTED ALONG WITH THE RECOMMENDATION OF R&L SECTION, CIRCLE OFFICE

1	Name and present address of the valuer	
2	Whether the valuer is already empanelled in our Bank? If so, year of empanelment.	
3	Whether the valuer has submitted in writing his willingness for considering his/her name under SARFAESI empanelment. If so, please forward a copy of the same	
4	Whether the Valuer is in possession of VALID CCIT REG under sec 34AB of wealth tax Act, 1957. Please furnish the CCIT Registration No. and forward a copy of the same	
5	Whether the CE is empanelled with other banks under SARFAESI? If so, please furnish the names of such banks and forward copy of proof of such empanelment/latest assignments handled under SARFAESI	
6	Total no of valuers under SARFAESI in the Circle (Circle as a whole)	
7	No of cases entrusted under SARFAESI during previous year (Circle as a whole)	
8	NO of cases likely to be entrusted under SARFAESI for the current year (Circle as a whole)	
9	Performance of the valuers in the assignments carried out by them and/or adverse reports received, if any	

RECOMMENDATIONS:

DATE:
PLACE:

SIGNATURE OF CIRCLE HEAD

PART-G

ANNEXURE -26

FORENSIC AUDIT FORMATS

APPLICATION FOR EMPANELMENT AS FORENSIC AUDITORS

The General Manager/Dy. General Manager,
Canara Bank
Circle Office,

Date :

Dear Sir,

We hereby apply for empanelment as **Forensic Auditors** and furnish hereunder the requisite bio-data/information/documents.

1	Name of the Individual / Firm / Company	
2	Constitution (Individual / Partnership firm / Company)	
3	Date of Establishment	
4	Registered / Communication Address of the Individual / firm / Company	
5	Contact Phone / Mobile Nos.	
6	PAN No. / TIN No.	
7	Address of Branch Office	
8	Email Address	
9a	Registration Number of Individual / Firm / Company with Institute of Chartered Accountants of India / Institute of Cost Accountants of India (as applicable)	

9b	Whether registered as forensic auditor with IBA? If Yes, Registration number and year of empanelment.						
10	Whether any disciplinary action by ICAI institutes / pending against any member / partner of the firm / Company (if yes, give details)						
11	Whether any assignment given by Canara Bank in past was refused / discontinued / terminated						
12	Details of Current Assignment/s of Forensic Audit of Public Sector Banks on hand						
13	Nature of present activity of the individual / firm / company and since when						
14	Particulars of individuals / partners / members / Directors etc.						
	Name	Qualification	ICAI Membership No.	Date of Certificate of Practice	FCA / ACA	Mobile No.	DISA / CISA
15	Details of Associate firms, if any, of the applicant firm / company and their current assignment of Forensic Audit of public sector banks on hand (Please attach proof in this regard)						
16	Additional information :						

	If individual / firm / partner / company or its Director/s etc. have availed any credit facilities / stood as guarantor with Canara Bank, please furnish the following details :			
A)				
	Name of individual / firm / partner / company or its Director/s etc.	Name of Bank's Branch	Nature of credit facilities/ Guarantee	Account No.
B)	If any of your client is having credit facilities with Canara Bank, furnish names of the branches :			
17	Revenue & Net Profit during the last 3 years of the firm / company			
18	Details of present set-up / infrastructure available to conduct the forensic audit of our Branches / offices / locations all over the country			
19	Particulars of empanelment with other banks/ financial institutions for forensic audit			
20	Past experience in forensic audit of other PSU/FIs (give details year-wise data of number of borrowal accounts of various Banks and period of such assignment with supplementary proof)			
21	Furnish details if the individual / firm / company or its Director has been depanelled by any Bank/organization in the past			

We solemnly declare that the information furnished above is complete and entirely true, and nothing has been concealed.

We affirm that terms and conditions of Canara Bank relating to empanelment of Forensic Auditors are acceptable to us.

DECLARATION

- i. I/we declare that the particulars furnished above are true to the best of my/our knowledge and belief. I/we, further confirm that all the necessary supporting documents are enclosed with the application.
- ii. I/we hereby undertake that the firm/company, if empanelled, shall have arm's length distance with the proposed clients for whose forensic audit of loan account is done, will not have any business dealings with them or give them undue favour, will not demand additional remuneration than what is initially settled nor will unnecessarily delay the investigation report.
- iii. I/We hereby also undertake to perform the assignment given to us by the Bank with utmost integrity and professionalism.
- iv. In the event of our inability to comply with any of the conditions mentioned above at any point of time, for any reasons whatsoever, we shall recuse myself/ourselves from the assignment and shall inform the Bank with all promptness and we shall abide by the decision of the Bank in such regard.
- v. I/we hereby apply to the bank to empanel firm/company on the Bank's panel as forensic auditor.
- vi. I / We understand that empanelment of my/our Firm/Company shall not confer us any right to claim entrustment of any forensic audit assignment.
- vii. I/we understand that any discrepancy/wrong information/breach of undertaking would lead to cancellation of enlistment as auditor with immediate effect.
- viii. I/We further confirm that:
 - ix. I/We have necessary office set up & adequate personnel to ensure proper deployment and timely completion of assignments.
 - x. The assignment will not be given on sub-contract to any outside firm or other persons.

The details/information furnished above are/is true and correct (if any detail furnished above is found incorrect later on, the Bank has right to terminate the assignment, if given any, without giving any notice).

Date:
Place:

Signature of All partners with Name & Seal

ICAI Membership No.

(a) is now or subsequently becomes legally and publicly available without breach of this Agreement by the Receiving Party

(b) was rightfully and lawfully in the possession of the Receiving Party without any obligation of confidentiality prior to receiving it from the Disclosing Party

(c) was rightfully and lawfully obtained by the Receiving Party from a source other than the Disclosing Party without any obligation of confidentiality

(d) was developed by or for the Receiving Party independently and without reference to any Information and such independent development can be shown by documentary evidence, or

(e) is disclosed pursuant to an order of a Court or Government Agency as so required by such order, provided that the Receiving Party shall, unless prohibited by law or regulation, promptly notify the Disclosing Party of such order and afford the Disclosing Party the opportunity to seek appropriate protective order relating to such disclosure.

2. Non-Disclosure: The Receiving Party shall not commercially use or disclose any Information or any materials derived there from to any other person or entity other than persons in the direct employment of the Receiving Party who have a need to have access to and knowledge of the Information solely for the Purpose authorized by Disclosing Party. The Receiving Party may disclose information to consultants only if the consultant has executed a Non-Disclosure Agreement with the Receiving Party that contains terms and conditions that are no less restrictive than these. The Receiving Party shall take appropriate measures by instructions and written agreement prior to disclosure to such employees or consultants to assure against unauthorized use or disclosure. The receiving party agrees to notify the Disclosing party immediately if it learns of any use or disclosure of the Disclosing party's information in violation of terms of this agreement and shall assist the Disclosing Party in remedying such use or disclosure, if necessary.

3. Publications: The Receiving Party shall not make news releases, public announcements, give interviews, issue / publish advertisements / publicize in any other manner whatsoever in connection with this Agreement, the contents/provisions thereof, other information relating to this Agreement, the Purpose, the Information or other matter of this Agreement, without the prior written approval of Disclosing party.

4. Title and Proprietary Rights: Notwithstanding the disclosure of any information by the Disclosing Party to the Receiving Party, the Disclosing Party shall retain title and all intellectual property and proprietary rights in the Information. No License under any trademark, patent or copyright or application for same which are now or thereafter may be obtained by such Party is either granted or implied by the conveying of Information. The Receiving Party shall not conceal, alter, obliterate, mutilate, deface or otherwise interfere with any trade mark, trade mark notice, copyright notice, confidentiality notice or any notice of any other proprietary right of the Disclosing Party on any copy of the Information, and shall reproduce any such mark or notice on all copies of such Information.

Likewise, the Receiving Party shall not add or emboss its own or any other mark, symbol or logo on such Information.

5. Return of Information: Upon completion of assignment / written demand notice of the Disclosing Party, the Receiving Party shall

- (i) cease using the Information,
- (ii) return the Information and all copies, abstract, extracts, samples, notes or modules thereof to the Disclosing Party within seven (7) days after receipt of notice
- (iii) If the information is provided through electronic form such as email, scanned documents etc shall be preserved safely in suitable form or deleted, as the case may be, by the Receiving Party, as instructed by the Disclosing Party and
- (iv) upon request of the Disclosing Party, certify in writing that the Receiving Party has complied with the obligations set forth in this paragraph.

6. Remedies: The Receiving Party understands and agrees that failure to comply with any of its obligations hereunder may result in an irreparable injury and damage to the Bank, where in such event, without prejudice to the other suitable legal remedies against the Receiving Party, the Disclosing Party will also have the right to claim adequate pecuniary compensation from the Receiving Party. In addition, in the event of breach of this Agreement or dishonest use of any such information, the Disclosing Party can hold the Receiving Party liable for criminal breach of trust.”

We are of the view that we may also mention de-panelling of the Auditor as one of the optional remedies available for the Bank in the event of non-compliance of obligations. Further, please also examine as to whether Bank needs to be indemnified by the Auditor against any loss that may be caused on account of non-compliance of the obligations by the Auditor.

7. Entire Agreement, Amendment, and Assignment: This Agreement constitutes the entire Agreement between the Parties relating to the matters discussed herein and supersedes any and all prior oral discussions and/or written correspondence or agreements between the Parties. Neither this Agreement nor any right granted hereunder shall be assignable unless permitted by the other party. Further, this Agreement shall be non-transferable.

8. Governing Law: The provisions of this Agreement shall be governed by the Laws of India. Any proceedings arising out of or in connection with the provisions of this Agreement shall be subject to the jurisdiction of the competent courts situated at Bangalore, Karnataka, India.

9. General: The Receiving Party shall not reverse-engineer, decompile, disassemble or otherwise interfere with any software disclosed hereunder. All Information is provided “as is”. In no event shall the Disclosing Party be liable for the inaccuracy or incompleteness of the Information. None of the Information disclosed by the Disclosing Party constitutes any representation, warranty, assurance, guarantee or inducement by it to the Receiving Party with respect to the fitness of such information for any particular purpose or infringement of trademarks, patents, copy rights or any right of third persons.

10. This Agreement shall be effective from the date hereof and shall continue in full force and effect at all times thereafter. The Receiving Party agrees and acknowledges that the terms and conditions of this Agreement shall survive even after the removal/voluntary withdrawal of the Receiving Party from the Panel of Forensic Auditors of the Disclosing Party.

11. The Parties to this Agreement warrant and represent that the persons executing this Agreement have the authority to do so on behalf of the respective party.

IN WITNESS WHEREOF, the parties hereto have executed these present on the day, month and year first herein written below.

For and on behalf of

_____ (Receiving Party)

Signature:

Name:

Capacity:

Date:

Witness 1 :

Witness 2 :

For and on behalf of CANARA BANK

Signature:

Name:

Designation:

Date:

Witness 1 :

Witness 2 :

APPENDIX-II TO ANNEXURE 26

Circle Office:

Date :

PROGRESS REPORT OF FORENSIC AUDIT CONDUCTED DURING THE PERIOD*-

(Rs. In lacs)

N o.	Circl e Offic e	Name of Accou nt allotte d to the Forens ic Audito r	Exposure in the account		Asset Code Wheth er: 1.SMA- 2 2.Sub- Std 3.D.Fu l-I, II, III 4.Loss	Whether Account is categoriz ed as Red Flag A/c	Whether Forensic Audit complet ed	Whethe r Forensi c Audit report receiv ed	As per Report whether Fraud establis hed	Wheth er fraud report ed to RBI
			Fund base d	Non- Fund based						

Circle Head

NOTE*:

- *Progress report of June will be for 3 months
- *Progress report of Sep will be for 6 months
- *Progress report of Dec will be for 9 months
- *Progress report of March will be for 12 months

APPENDIX-III To ANNEXURE-26

Details of Red Flagged NPA Accounts with exposure of Rs. 50 Crores & above, where Circle Office has decided Not to conduct Forensic Audit During The Period* _____

No.	Circle Office	Name of Red Flag Account Not allotted for Forensic Audit	Exposure in the account (give separate outstanding of fund based and non-fund based)		Asset Code 1.SMA-2 2.Sub-Std. 3.D.Ful-I, II, III 4.Loss	Reasons/Justification for not conducting Forensic Audit in Red Flag accounts with exposure of Rs. 50 crore & above.
			Fund Based	Non-Fund Based		

Circle Head

NOTE*:

- *Progress report of June will be for 3 months
- *Progress report of Sep will be for 6 months
- *Progress report of Dec will be for 9 months
- *Progress report of March will be for 12 months

x x x